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## PREFACE

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Dear all,

The document that you hold in your hands is the Vukovar-Srijem County Development Strategy 2007-2013. It was prepared based on the first Regional Operational Programme in VSC and represents its upgraded version.

Lessons learned, experience and know-how from the VSC ROP preparation and implementation as well as the best practice of the ROPs' processes from throughout Croatia have been incorporated in the preparation of this document.

When we started with the preparation of the ROP in 2003, it was a pioneer venture in strategic planning of the regional development. Partnership based, bottom-up approach was quite a new and unknown principle and level of understanding of the point of that process amongst the stakeholders was very low. However, step by step, with the support from the ECD in Croatia, in cooperation with the line Ministry of sea, tourism, transport and development as well as the Ministries of finance and Foreign affairs and European integrations, with the provided technical assistance, we managed to prepare the ROP and implement it withdrawing all available funds.

Namely, through the CARDS 2003 programme, some 7,5 Mio EUR were planned to be invested in the VSC. Thanks to huge efforts of all parties (e.g. Regional partnership, The County, the stakeholders, the Programme Management Unit and others), through the ROP process, priority projects have been identified and prepared within the given time frame. Following the defined ROP strategy (the vision, long-term objectives, priorities and measures) two projects, among 46 proposals received from the stakeholders, have been selected for financing: Construction of four business zones (Vinkovci, Otok, Lovas and Gradište) and Upgrading and equipping of 8 VET schools. The implementation of these projects is ongoing and should be finished by June, 2007 when these facilities will be fully operational..

Now we have to move forward and keep on working on the implementation of this Strategy, following guidelines from the national and EU level. Awareness about the EU regional development policies among the stakeholders today is at much higher level than few years ago, the Regional partnership has been strengthened as well as the County's administration

capacity. All these facts give a good perspective to the County in exploitation various available sources and it's further development.

If we continue to work on the regional development according to basic EU principles and methodologies, this Strategy will be an excellent tool to maximise benefits from our efforts and achieve our vision. That will be our contribution to the Croatia's overall pre-accession activities.

Implementation of this Strategy, together with the ROP experience, will be a good training for us for the time that we all expect: EU membership and eligibility to use the Structural and other EU funds.

Sincerely Yours,

Saša Dević, BSc. Econ.

ROP Director

A handwritten signature in blue ink, appearing to read 'Dević', is positioned below the printed name and title.

## INTRODUCTION

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### **ROP retrospective**

Following new methodology of planning its own development e.g. combined bottom-up top-down approach, in view of Croatia's pre-accession process, Vukovar – Srijem County (VSC) has in June 2003. started with the preparation of the Regional Operational Programme (ROP) – a development programme initiated by the European Commission Delegation (ECD) in Croatia and the Ministry of sea, tourism, transport and development (MSTTD). From the CARDS 2003 Programme, 7,5 Mio EUR was secured for the VSC's ROP preparation and implementation.

The ROP, as the first development-planning document based on the best EU practice in the County, outlined how EU co-funding will be used in the County to address key challenges and exploit opportunities. It was prepared in an open and transparent manner, with the support of the EU technical assistance, applying participatory approach of wide range of VSC's stakeholders e.g. public administration, business community and civil society with the Programme Management Unit (PMU) as the coordination and secretary unit.

In order to prepare as good document as possible, respecting the ownership and inclusiveness principles, the Regional Partnership was formed, comprised of the representatives of all interest groups. This partnership approach resulted in joint efforts of the official County Government and local stakeholders in planning the VSC's development according to EU standards.

As a result of consultation process among the stakeholders, the vision and three strategic objectives were defined as a backbone of the ROP:

1. Enhance the conditions for a competitive and sustainable economy
2. Bridge the gap between education and demands of the economy
3. Improve the quality of life, protect cultural heritage and exploit tourism/traditional crafts opportunities

with the related priorities and measures.

Among all project ideas received from stakeholders, that were exceeding available budget, the Regional partnership and the County have prioritised them and selected two that were of the most importance to the County development:

- a) Construction of four business zones (Vinkovci, Otok, Lovas and Gradište)
- b) Upgrading and equipping of 8 VET schools in VSC

After positive opinion of the ECD and MSTTD, preparation of these projects took place. Up to date, implementation of the projects is ongoing and it should end by May, 2007. The total value of the projects is around 6,5 Mio EUR and the rest is Technical assistance expense.

## **County development strategy**

After the implementation of first ROP's in Croatia, raised awareness on the importance of regional development, knowledge gathered during past few years and progress in negotiations with the EU regarding accession, the central government prepared the draft of "The National Strategy for Regional Development" and other documents defining future regional development in Croatia.

Following the best EU practice and in line with the national policy, VSC has started with the next phase in planning it's development – revision of the ROP and it's evolving into The County Development Strategy (CDS).

The County Development Strategy is a general development document that covers all aspects of socio-economic life in the county. It was prepared based on the ROP's best practice, lessons learned, and experience. Participatory approach, consultation process, partnership based programming and decision-making, openness and transparency are the main characteristics of the process of preparation of the County Development Strategy.

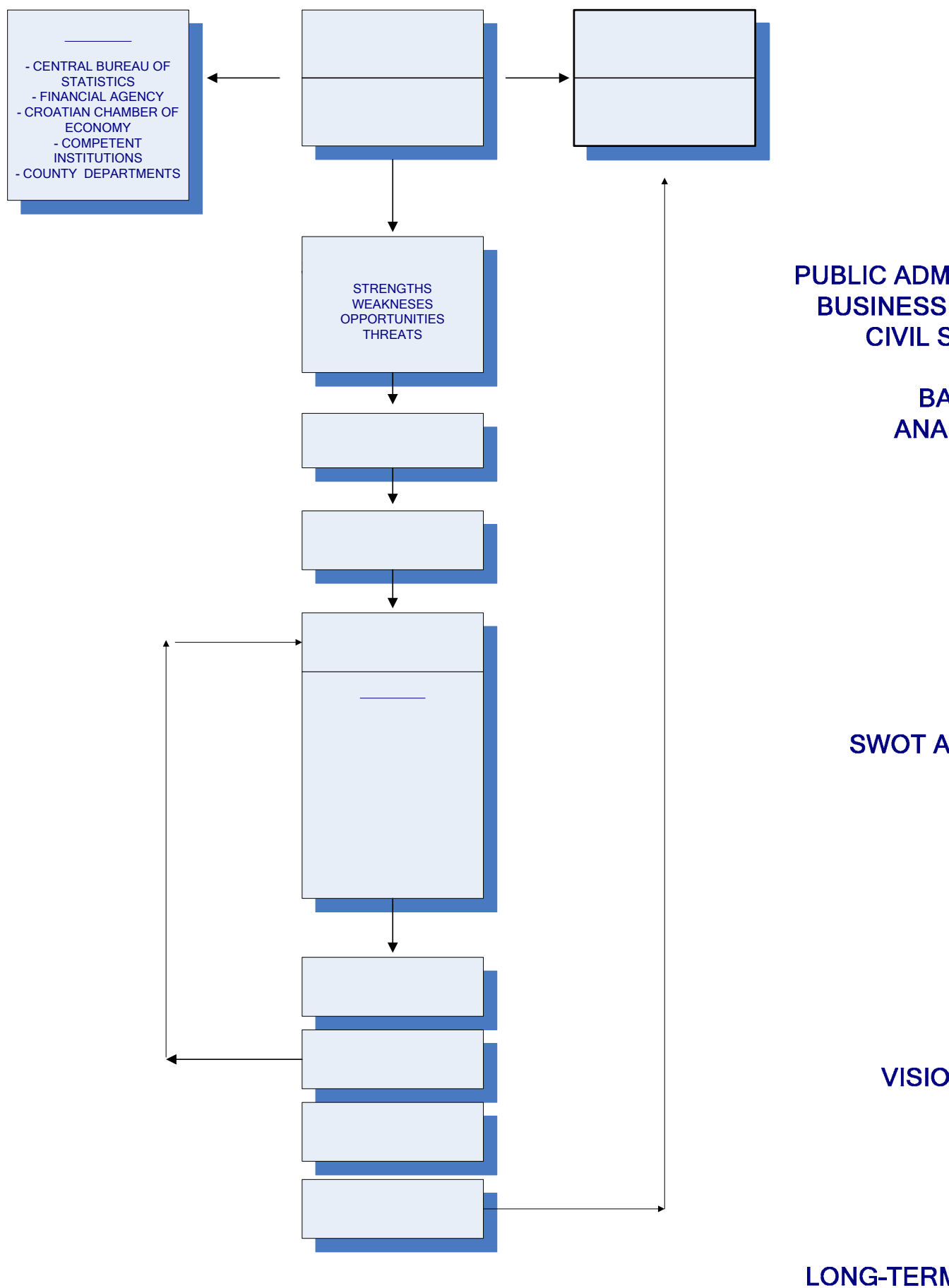
In order to prepare a document that meets the needs of the VSC stakeholders, a series of workshops took place e.g. with the County working group, Public administration (mayors of all VSC LSGUs), the Business community (all institutions related to economy such as Chambers of commerce and Crafts, the Employment service, trade unions, Local economic development agency, VSC tourism board) and the Civil society (various NGOs and institutions in education, healthcare, sports, national minorities, environment protection, youth etc.). Furthermore, the Regional partnership has been strengthened; now it consists of 21 members, seven from each interest group (public administration, business community, civil society)

This document is in compliance with other relevant documents at the national level, such as "The strategic framework for development 2006-2013", "55 recommendations to increase competitiveness of Croatia", "The pre-accession economic programme 2006-2008", draft version of "The National Strategy for regional development" etc.

The CDS represents a modern, comprehensive developmental framework for the County and will be used by the County for defining and prioritisation of it's development priorities as well as the ministries, various international donors, pre-accession funds and other institutions as a guidelines for their support to the County.

It is prepared for a period 2007-2013. In order to keep the CDS updated and relevant for the County, it will be periodically revised. That will ensure using and practical value of the CDS as a tool for strategic regional development planning in the County. Also, it will be supported on a regular basis with additional documents prepared annually by the County departments.

# PROCESS OF MAKING COUNTY DEVELOPMENT STRATEGY



## **PREFECT'S FOREWORD**

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Since the lang syne, Vukovar-Srijem County was renowned by its wealth, natural, beautiful and fruitful landscape as well as traditional culture and archaeological sites, its excellent geo-strategic location and, above all, by its hardworking people who knew how to create new values.



In the recent history, Vukovar-Srijem County became known, unfortunately, by its damages and losses in the Homeland war, both human and material, which caused its lagging behind other parts of Croatia in all aspects of life. Today, Vukovar-Srijem County is one of the most under-developed counties in Croatia.

The team I lead and me personally do not want and we don't have the mandate to conciliate and accept the present situation.

We want, know and can make Vukovar-Srijem County well organised and prosperous county with open possibilities leading toward the society of knowledge, with developed and sustainable economy based on added value, natural resources and educated labour force, active civil society, preserved natural and cultural heritage, environmental protection as well as socially and existentially safe county with satisfied inhabitants.

In order to succeed in our vision, we have realised that we have to work in a systematic and organised way, with clearly defined objectives, aware of our advantages but disadvantages also.

Therefore we started with the preparation of the County Development Strategy 2007-2013., supported by the EC Delegation in Croatia and line ministries.

County Development Strategy is based on the Regional Operational Programme, on its best experiences and the EU best practice in planning of the overall development. It represents comprehensive and modern development document that covers all aspects of socio-economic life in the County.

County Development Strategy is also in accordance with the draft National Strategy for Regional Development that defines future regional development in Croatia, as well as other strategic development documents at the national level.

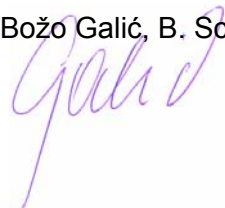
While preparing the strategy, we considered main natural resources of the County and other advantages also, and we have defined them as our strengths that will help us to prevail our weaknesses and furthermore, with a lot of joint efforts and learning, to realise our objectives:

- Creating preconditions for development of competitive and sustainable economy with emphasis on the environment protection
- Human resources development through lifelong learning
- Improvement of quality of life through preservation of natural and cultural heritage, health and social inclusion
- Proactive role of Vukovar-Srijem County in integration processes and creation of partnerships

**However, the key of success, both of this document and overall development are quality designed projects whose realisation we wish to contribute to creation of socially and economically desirable Vukovar-Srijem County.**

Therefore, I invite all local self-government units, institutions, businesses, NGO's and other stakeholders to help create projects in line with the vision and priorities defined in the Vukovar-Srijem County Development Strategy, actively participating and contributing to the success of this document and, as the most important, to the County development and standard of life improvement for its citizens.

Prefect  
Mr. Božo Galić, B. Sc. Eng.



## 1. THE COUNTY PROFILE

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Vukovar – Srijem County, one of 21 Croatian regional self-governments, is situated in the Eastern-most part of Croatia, between the Danube and Sava rivers, bordering with Serbia in the East and Bosnia Herzegovina in the South. It covers 2448 km<sup>2</sup>, which is 2,8 percent of the total Croatian territory. The VSC population of 204.768 inhabitants makes around 4.6% of total Croatian population.

VSC has a strong historical and cultural heritage e.g. the City of Vinkovci is the oldest permanent inhabited place in Europe (over 7000 years) with two Roman emperors born in it; the first European calendar, “The Orion”, was found in Vinkovci; “Vucedol’s dove”, the most important display of the Vucedol culture from the eneolithic period was found at the locality of Vucedol; the biggest folklore festival in Croatia and one of the biggest in Europe takes place in Vinkovci every autumn; numerous monuments are spread all over the County.

Although having an excellent geo-strategic position in the region and a huge potential in natural resources (high quality arable land and unique oak forests), due to various events that happened during past two decades, VSC is one of the economically weakest counties in Croatia.

Namely, prior to 1991, Vukovar Srijem-County thrived under the former Yugoslavia’s socialist ‘planned economy’, with key state owned enterprises successfully underpinning the County’s economic development. For example, VSC’s state owned shoe factory employed over 20,000 people and had a strong export market; two large agricultural conglomerates produced mass quantities of raw products (corn, wheat, fruit, vegetables) much of which was processed within the County; VSC’s major wood processing company successfully exploited the County’s rich forestry resources and exported its stock throughout Europe. In addition to these state owned enterprises, VSC was renowned as a major Eastern European rail hub.

Following a series of events that devastated its economic and social structures, aggression before all, VSC is today struggling to recover whilst attempting to reposition itself within an independent, democratic, free market economy. According to FINA (Financial Agency), VSC contributed approximately 4% to Croatia’s economy prior to 1991, but this had plummeted to 1.4% by 2005. The main factors that impacted on the County were:

- Homeland War

The Croatian Government designated VSC as an 'Area of Special State Concern' (ASSC) since it suffered more war damage than any other County, with 41% of its territory occupied between 1991– 1997 and officially verified direct war damages of 4.1 billion EUR with immeasurable losses in humans' lives. Although efforts have been made to repair the physical damage to property and infrastructure, the impact of the war continues to impinge on all aspects of VSC's social and economic life.

- Decrease/loss of the market

Under the socialist planned economy, the market for many of VSCs large state owned enterprises consisted of the 22 million potential customers in the former Yugoslavia. Following its demise, this marketplace shrank to a mere 4.6 million customers within Croatia, thus requiring enterprises to become market oriented and face the complexities of exporting their goods to new markets.

- Uneasy slow transition to a market economy

Already crushed from the impact of the war, VSC's former economic backbone was further damaged when its state owned conglomerates were unable to adapt themselves to compete in the free market economy due to unjustifiable staffing levels, lack of capital investments and archaic technology. From the 1990's, Croatia underwent an economic transition process in which these state owned enterprises were privatised and mass unemployment ensued. For example, VSC's state owned shoe factory employed 20,000 prior to 1991 but, post-privatisation, this diminished to a meagre 1200 employees by 2006.

- Breakdown of the local banking system

Three local banks were operating in VSC with major part of their activities and investments directed to the economy sector. During the transition period those banks went bankruptcy and, unlike elsewhere in Croatia, none of them was supported and restructured by the government, what created additional problems to the already poor economic situation. Namely, because of ownership interconnectivity and doing business with those banks, a significant part of local companies also went bankruptcy, mostly in the area around the city of Županja. After that, branch offices of the privatised banks have been opened which, in the beginning of their operations, were focussed on assisting enterprises with existing credit-worthiness, as opposed to providing mechanisms such as micro-finance to small businesses.

- Disparity in regeneration

In the post-war years 1998-2005 the Croatian Government invested Eur 520 mill. (3.8 billion Kn) to support VSC's reconstruction (EUR 342 mill. for communal infrastructure; Eur 178 mill. for housing). Although a significant contribution in itself, this sum was woefully inadequate for VSC to attain the same level of regeneration/development that other, significantly less war damaged counties, managed to achieve. This resulted in a disparity in VSC's development vis-a-vis other counties, whereby many other counties forged ahead and are now able to support themselves to a greater extent, whilst VSC was unable to enter this level (developmental) playing field and thus remains disadvantaged.

- Weak investor confidence

In the immediate post-war era, VSC was clearly not in a position to offer conditions that would attract investors (local or FDIs) bearing in mind the gravity of the war damage and the ensuing socio-economic problems that created negative image of the County. The primary need was to reconstruct basic infrastructure and housing using mostly central government funds, but also significant donor contributions in order to resume a level of normality in day to day life. This revival is well underway and stimulation of the economy is now paramount. However, without continued targeted donor assistance, VSC will be unable to create the right conditions to generate investor confidence. If not addressed, this will eventually hinder Croatia's overall equitable development.

Despite its enduring problems, VSC is now able to offer good multi-modal transport linkages, extensive high quality arable land suitable for agricultural development, huge potential for economic gains from its significant natural resources (Slavonian Oak forests) and possibilities to develop continental tourism. However, such potential has yet to be effectively exploited to expedite and maximize VSCs socio-economic development.

## 2. VSC GEOGRAPHIC PROFILE

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VSC's total surface area is 2 448 km<sup>2</sup> or 2.8% of Croatia's total surface area of 87,609 km<sup>2</sup>. Situated in the eastern-most part of Croatia, between the Danube and Sava rivers, it has an excellent geo-strategic location bordering Serbia in the East and Bosnia & Herzegovina in the South. Total border length is 266 km. Its low altitude landscape ranges from 78m to 204m and it has a moderately continental climate comprising cold winters and warm summers. Average annual temperature is 11.2°C (summer - median warmest 30°C; winter median coldest – 12°C). Average annual rainfall is 660 mm.



*Vukovar Srijem County position*

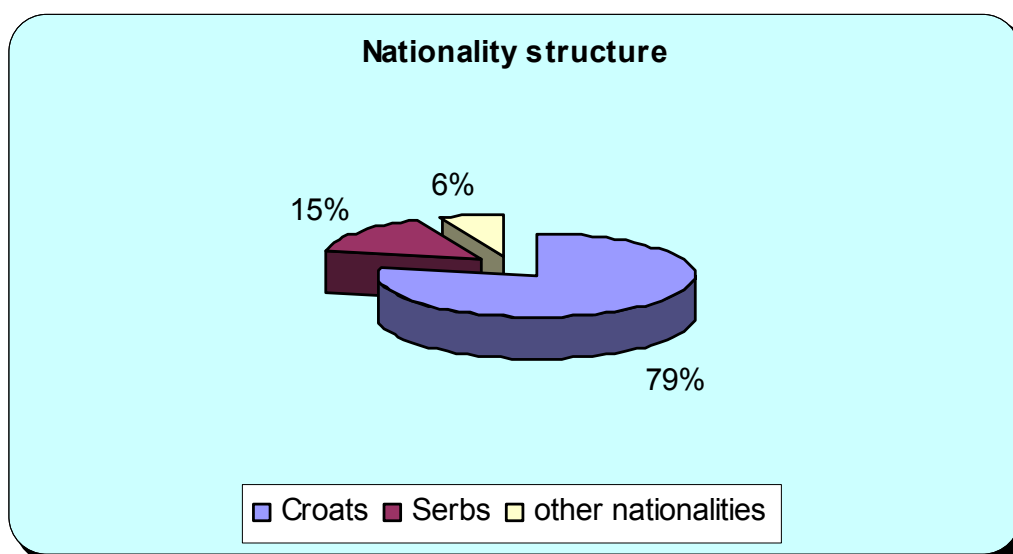
## 3. DEMOGRAPHIC PATTERNS

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According to the 2001 census, the County's population is 204.768, or 4.6% of Croatia's total population. The average density of VSC's population is 84 inhabitants per km<sup>2</sup>, slightly above the Croatian average of 78 per km<sup>2</sup>.

VSC's ethnic mix is 78,27% Croats, 15,45% Serbs and 6,28% other nationalities (eg. Hungarians, Slovaks, Bosnians, Ukrainians, Roma).

### *Nationality structure in VSC County*



*Source: 2001 census*

The 2001 census highlighted a 13% (26.473) decline in population over 10 years (1991 = 231.241; 2001 = 204.768). Suggested causes of this decline are:

- Long term impact of the war
- Fall in birth rate
- Poor quality of life (lower salary per capita than Croatian average, lack of social life)
- Lack of employment opportunities
- Greater employment opportunities outside the County
- Young people going to universities and not returning
- Destruction of rural areas (de-ruralisation)

Currently, 49% of VSC's inhabitants live in 5 urban centres (Vinkovci, Vukovar, Županja, Otok, Ilok) and 51% in 26 rural settlements (municipalities). In addition to population shifts during the homeland war, negative population migrations have affected VSC since 1991, with both rural and border areas becoming increasingly abandoned as the population moves to urban centres within or outside the county to seek a better life. For the young and the active labour force struggling to survive in such areas, relocation is often a means of escaping a perceived lack of prospects in areas that are essentially 'pockets of poverty'.

**Key issues:**

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- a) *VSC has an excellent geographic location which can provide great development possibility if properly used.*
- b) *Ongoing depopulation process (mainly in bordering, rural areas) represents a serious threat to the County and requires an integrated social-economic approach.*
- c) *Ethnic mix of the population in VSC is a valuable resource for strengthening the cross-border / international cooperation with minorities' countries of origin (e.g. Hungary, Slovakia, BiH, Serbia, Ukraine etc)*
- d) *Natural resources (e.g. high quality arable land, oak woods, thermal waters, rivers etc) offer great possibilities for bigger economic growth if properly used.*

#### 4. NATURAL RESOURCES

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VSCs main natural resources providing a competitive advantage are:

- Rich agricultural land
- Extensive woodlands
- Water resources (rivers, thermal springs)
- Clay, gravel and sand pits
- Geo-strategic location
- Climate

Its rich soil, mild climate and favourable annual rainfall distribution (average annual = 660mm) enable high quality agricultural production. It has 150,354 Ha of agricultural land, of which 62% is high quality arable land. Over 90% of this agricultural land is ploughed, whilst the remainder is used for cattle grazing, orchards and vineyards. The main agricultural products are wheat, corn, sunflower, soybean, sugar beet and vegetables.



Woodland (predominantly Slavonian Oak and Ash) covers 69,000 Ha (28%) of VSC and is an important natural asset offering significant potential for further economic development of the County. Of the total disposable wood volume of 19 million m<sup>3</sup>, some 300.000m<sup>3</sup> is felled annually. Replanting occurs at the same rate as felling.



The County's principal rivers are The Danube and The Sava. Along with numerous smaller rivers, accumulation lakes and over 4.800 km of canal network, these represent great potential for good preconditions for large-scale irrigation. The creation of a Danube-Sava canal could significantly impact on overall development of VSC by enhancing transport based economic development, enabling provision of an underground water management system for oak forests, improving irrigation for agriculture, plus employment generation during the physical construction of the canal.



*Danube, Sava, canal network*

Existing oil and gas springs are representing a good basis for faster economy development in the County. Also, clay resources and, mainly thanking to Danube and Sava rivers, gravel and sand findings are traditionally used as basis for operation of some key development drivers in VSC and basis for development of construction industry,

On the VSC territory there are thermal water springs that offer a significant potential to construct a thermal spa / wellness/ recreation and tourism facility, as well as green houses and a heating system for the nearby municipalities.

VSC is located within European corridor 10 (west-east), close to European corridor 5 (north-south), and is easily accessible from Europe by highway, railway and waterway. This, along

with the Danube and Sava rivers and future Danube-Sava canal, represents good potential for further development of the County.



*Ships on the Danube, highway and railway*

## **5. ENVIRONMENT**

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Generally speaking, VSC is considered to be an area of great natural beauty that does not face significant environmental threats from large-scale polluters such as heavy industry. However, it does lack a planning, monitoring and evaluation systems for environmental management which unables planning of activities on improvement the existing situation and, at the end, development of a system for evaluation of environmental management. To date, there has been insufficient analysis of VSC's environmental status due to a lack of systematic data collection and processing, a lack of trained personnel to conduct such activities.

However, following guidance from 'The National Strategy for Environmental Protection' (Ministry for environment protection, spatial planning and construction, MEPSPC, 2002), VSC has commissioned the Croatian Agency for Special Waste to draft a 'Report on the Status of the Environment in VSC' in 2006. This provides the basis for development of the County's environmental protection program which will determine objectives and environment protection priority measures according to comprised segments.

Despite no major environmental threats from heavy industry, the county has environmental problems that require a strategic, sustained approach. These include:

- Waste management

There is a significant lack of legal, engineered landfill sites. According to the 'Report on the State of the Environment in VSC' the County has 11 legal landfills, whilst 85 illegal landfills must be closed down. The largest legal landfill (Bazjaš) will soon to be closed since it has reached full capacity, leaving VSC without its main landfill site. According to "Waste management plan in VSC" from 2006, opening of central landfill site for VSC is planned in the Municipality of Stari Jankovci, in case of not opening the Regional landfill site in the Antunovac Municipality (Osijek-Baranja County) that will cover both counties.



Bazjaš landfill

- Waste water treatment

The county's wastewater treatment system is highly inadequate. Only the City of Vinkovci (35,000 inhabitants) has a wastewater treatment plant; another is planned for Nuštar Municipality (10,000 inhabitants). The remaining 29 local self-government units (160,000 inhabitants) do not have wastewater treatment systems, thus unpurified wastewater flows directly to canals/ivers. This is unacceptable according to existing legislation. Extensive planning is underway to address this situation but implementation of such plans may take years, considering available funds.

- Drinking water

According to the National water management company 'Croatian Waters' , VSC's drinking water is of the lowest acceptable quality in Croatia due to the level of hard metals in the soil that seep into the water basin and, in some areas, the old network of pipes laid over 30 years ago. Croatian Waters is currently constructing a Kn400 Mill (approx. EUR55 Mill) worth regional water supply system to import water, through the existing pipe network, from a safer source in Sikirevci and Gundinci (Brod-Posavina County) to VSC and neighbouring counties. Completion of first phase (which is including VSC) is expected in 2010.

- Pollutants from neighbouring counties / countries

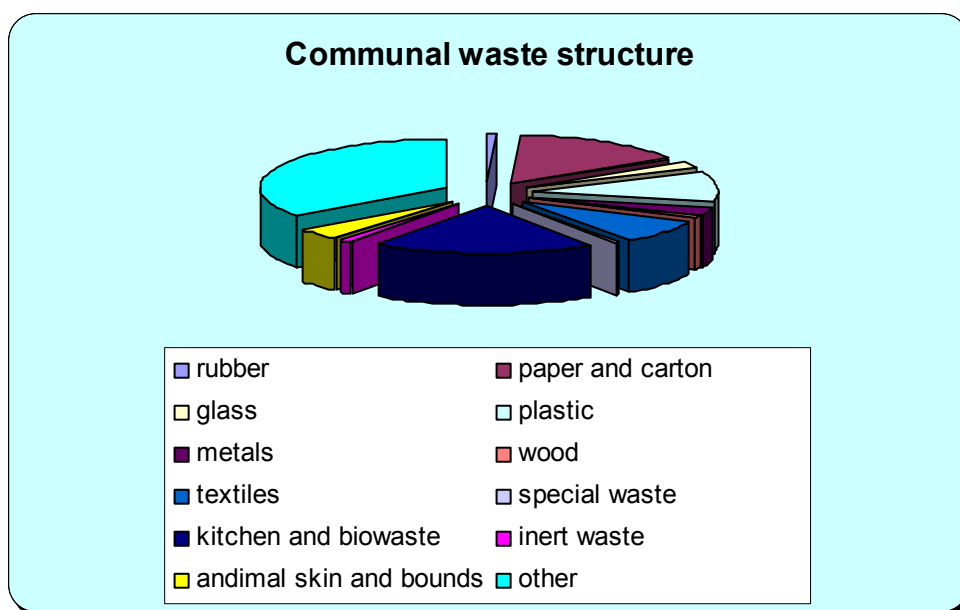
Chemicals (e.g. pesticides) used for farming in neighbouring counties and countries seep into the underground water table that feeds the Danube and Sava rivers, which flow into VSC. Untreated wastewater is also released into the Danube and Sava rivers upstream before flowing to VSC.

Although VSC has rich flora, fauna and natural resources, according to the Agency for Environmental Protection, less than 1% of its territory by 2006 is defined as a protected area of nature. Continued efforts are needed to study and classify other areas as protected. Furthermore, VSC ranks amongst the few counties in Croatia that has not established a public institution to manage its protected areas. This indicates a level of complacency towards environmental management, perhaps as a result of the County's focus remaining on the magnitude of other socio-economic problems that it still faces.

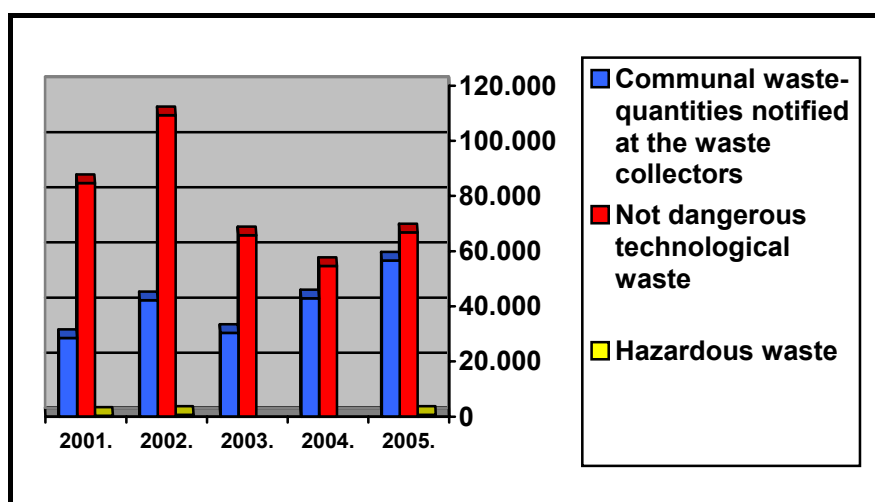
Communal waste structure on VSC area

Communal waste structure	%
rubber	0.9
paper and carton	15.2
glass	2.2
plastic	10.1
metals	2.8
wood	1.0
textiles	8.0
special waste	0.4
kitchen and biowaste	19.1
inert waste	1.1
animal skin and bones	4.3
other	34.9

Source: IPZ Uniprojekt MCF, 2005



*Quantities of waste reported in CEE according to the type of waste*



*Source: Department for spatial planning, environmental protection, construction and legal-property issues*

## 6. SPATIAL PLANNING

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By the end of 2006, all 26 municipalities and 5 cities in VSC have produced and adopted their spatial plans. Clearly, VSC's future development initiatives should take these sources of data into consideration since it can highlight developmental imbalances between different areas of VSC. However, the data should be systematically analysed in order for the results to direct strategic investments. Limited financial resources, capacities and technology at the County level indicate that such analysis is unlikely to occur.

Although VSC has a full complement of spatial plans, a lengthy legal process encumbers the updating or adjusting of such plans to meet specific development priorities. This hinders the pace of development.

**Key issues:**

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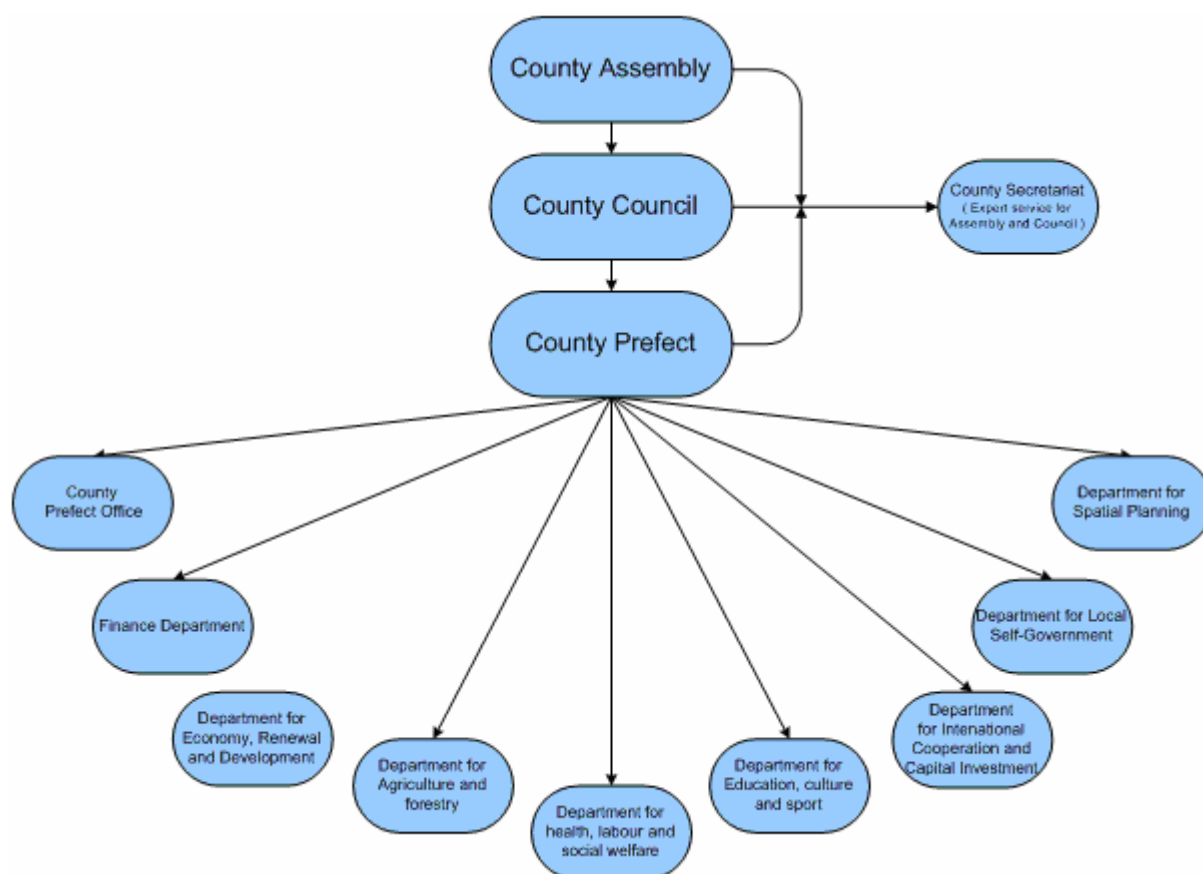
- a) *Although there are no major environmental threats from heavy industry, the general / overall situation in environment protection is not at the satisfactory level due to lack of overall monitoring system of pollution in all environment categories (air, soil, water, waste) which is resulting with improper planning activities for improvement of system, monitoring of potential polluters by the authorised inspections and evaluation of environmental management improvement.*
- b) *Lack of legal, engineered landfills and presence of large number of illegal landfills has negative impact on environment and requires instant actions for adopting and implementing modern standards in environmental protection*
- c) *Waste water treatment system in VSC is highly inadequate for sustainable environment protection (e.g. there is only one waste water treatment facility (joint mechanical and biological) in the County)*
- d) *Construction of Eastern Slavonia regional water supply system and other activities which will improve quality of life and overall development of the County, will require adjustment of VSC spatial plan.*
- e) *Implementation of joint projects with surrounding counties / countries can address negative incoming environmental impacts on VSC*
- f) *Management of protected areas of nature is relatively weak and requires establishing of public agency for environmental protection*
- g) *Detailed analysis of spatial plans and their active use is necessary in order to improve balanced development of the County*
- h) *Lack of data collection system and updated data base, information technology and experts results in inadequate environment protection system in VSC.*

## 7. URBAN NETWORK AND ADMINISTRATION

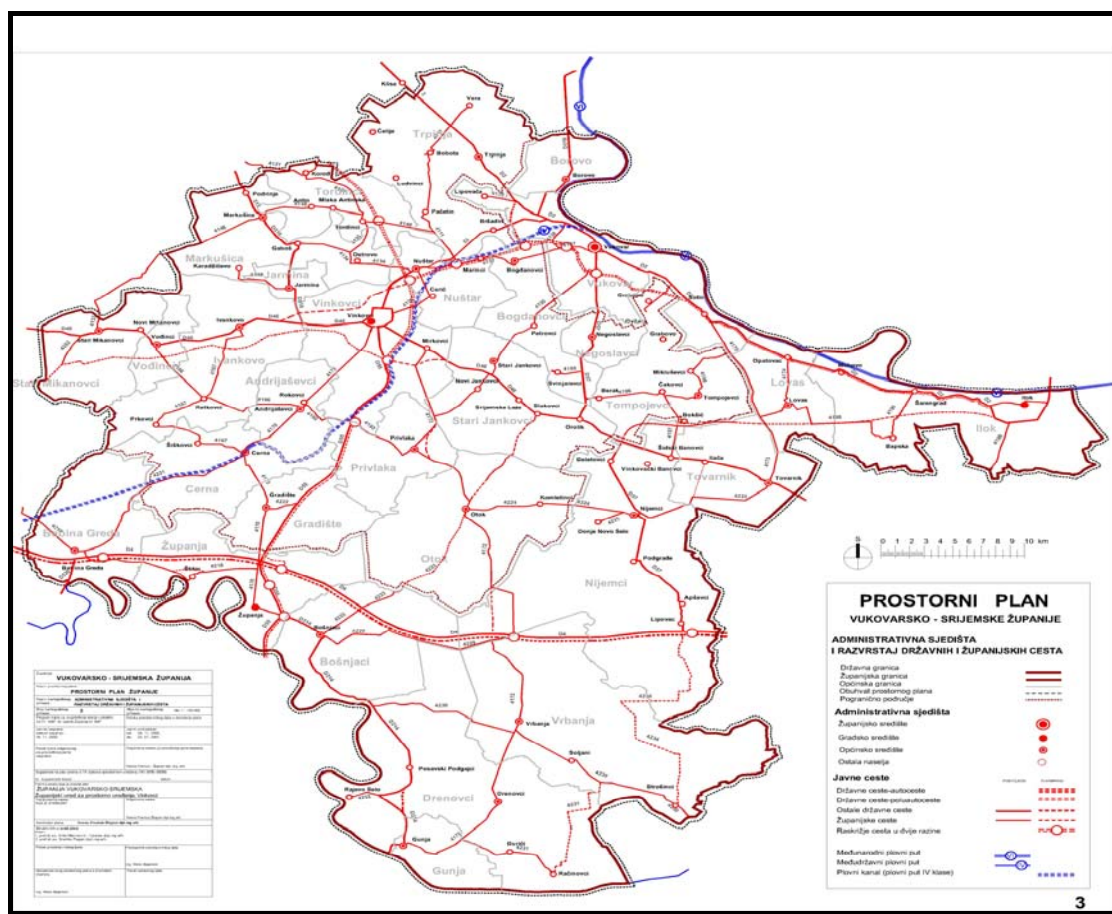
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VSC is a regional self-government unit comprising 5 cities (Vinkovci, Vukovar, Zupanja, Ilok, Otok) and 26 municipalities with 84 belonging settlements. The official seat of the County is in the City of Vukovar.

*VSC organisation structure*



## Map of VSC cities and municipalities



Source: VSC spatial plan

Within its autonomous framework, the County's central administrative structure oversees policy issues in education, health, spatial and urban planning, economic development, traffic, infrastructure, planning and development, and manages a network of educational, healthcare, social and cultural institutions.

The county predominantly cooperates with its city and municipal administrative structures through its Department for Local Self Government, as well as through other administrative Departments. Municipalities and cities are independent decision making bodies that cover issues such as housing, spatial and urban planning, communal activities, childcare, social welfare, primary health care, sports and culture, emergency management and civil protection.

VSC acknowledges that weak linkages exist amongst local self-government units (LSGUs) and between LSGUs and the County Administrative Units. The formation in 1994 of the Assembly of City and Municipality mayors was an attempt to strengthen cooperation between

municipalities. Also, a good example of cooperation between the LSGs is joint Department for international cooperation founded by 4 municipalities (Tompojevci, Nijemci, Tovarnik i Lovas), as well as joint programmes for overall development prepared by several municipalities together. Further development and usage of IT sector at the operational level would strengthen better connections in order to speed up the information change and communication between LSGs and additionally initiate joint activities.

If human resources are not strengthened, inadequate skills and knowledge amongst LSGU employees will delay development initiatives within VSC and result in the county missing out on available funding to address its developmental priorities. Whilst LSGUs are completely competent to deal with domestic regulations and procedures, they are unable to effectively manage complex EU, multi-lateral and bilateral donor rules and regulations without training and capacity building. Several LSGUs have very few employees and often no personnel with key language skills (mainly English) – critical for accessing available funding.

All general acts adopted by LSGU Assemblies or Councils must be published in either the County's or a local official gazette. This serves as a tool to promote transparency in local government functions.

***Key issues:***

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- a) Poor vertical and horizontal administrative and institutional links within the County and nationally hinders overall progress of VSC.*
- b) Capacity building (especially on EU issues) at the LSGU and the County level is of crucial importance within the ongoing accession process in order to harness available funding*
- c) Balanced development of the County requires stronger integrated urban-rural initiatives*

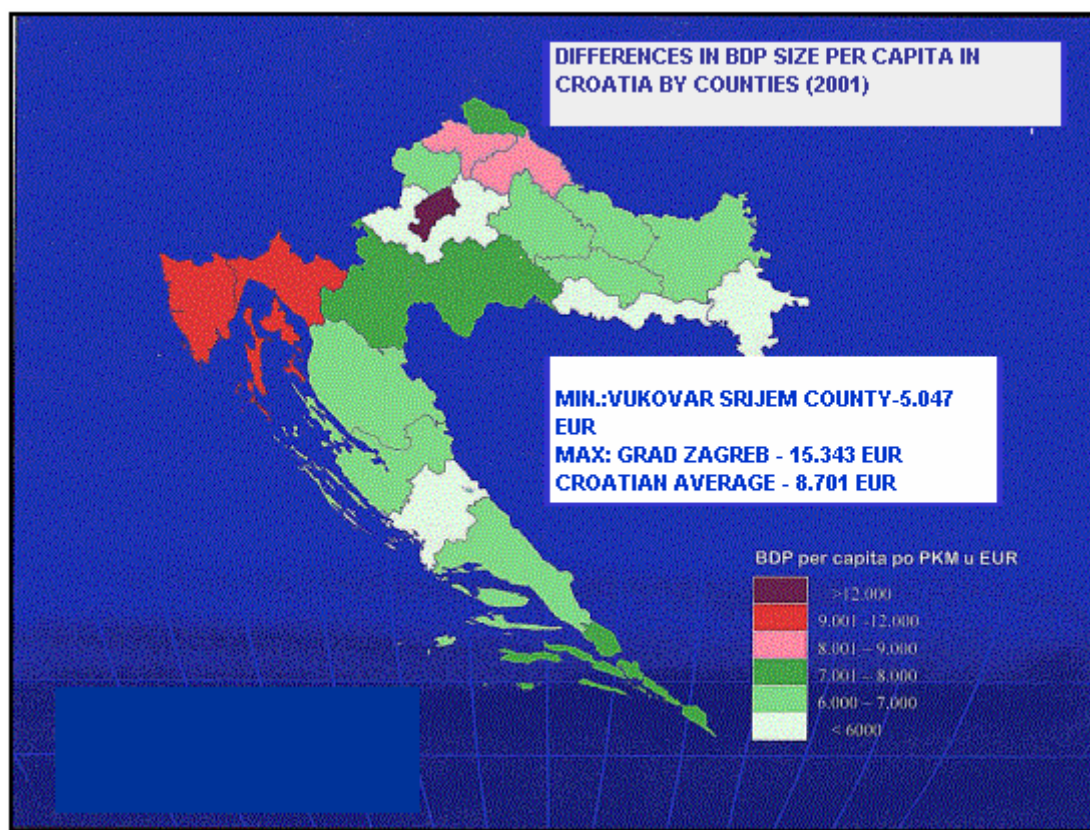
## 8. ECONOMY

Traditionally, the VSC was considered to be one of the richest areas in the former Yugoslavia with several huge agricultural conglomerates and well developed processing and manufacturing industries driving the economy.

Now, almost a decade after the end of the homeland war (1991-1997) and the subsequent break-up of Yugoslavia, VSC is now considered amongst the economically weakest counties in Croatia. This is unsurprising considering the enormous negative impact the war had on the physical, economic and social structure of the county compared to other counties. Such problems were compounded when VSC faced the transition from a planned to a market economy.

Although showing some signs of improvement since 2000, VSC's economy continues to lag behind most other counties due to two main reasons:

1. Other counties had a head start in their development efforts (e.g. unlike other counties, almost half of VSC was occupied till 1997);
2. The speed of positive change since 2000 is inadequate to enable VSC to catch up with the rest of Croatia, thus reinforcing its lagging position.



Source: Economic Institute Zagreb, Central Bureau of Statistics

Verified direct war damages in VSC were estimated by the Croatian Government at €4.1 billion, of which €1.3 billion were categorized as economic damages. In its efforts to mitigate the consequences of that destruction, the central government invested approximately €0.6 billion in renewal of communal infrastructure and houses between 1998 and mid 2006. However, due to finite resources, it was unable to focus on investments for renewal of the economic sector.

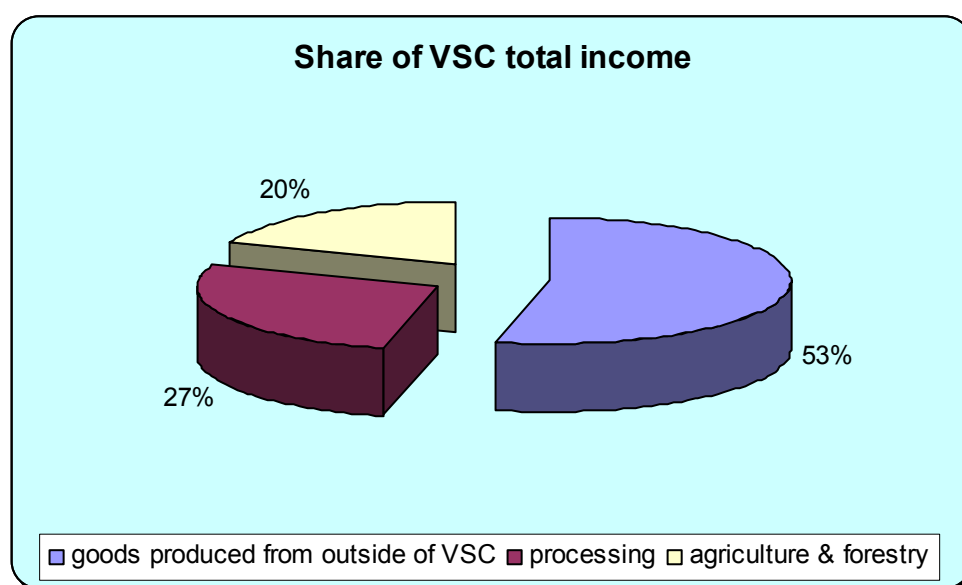
Following independence, Croatia's non war-damaged counties were able to begin investing in economic development initiatives themselves, whilst VSC was struggling to deal with its renewal process.

### 8.1 Business environment in VSC

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VSC has classic economic transition problems. In order to become a modern and successful county, VSC's business enabling environment requires structural change. Despite its rich range of natural resources, the biggest share of VSC total income (44% in 2005) arises from trade sector, mainly of goods produced from outside of VSC, whilst agriculture & forestry represents 16% and processing industry 22%.

VSCs primary sector contribution to its economy far exceeds comparative Croatian or European averages (VSC 16% in 2005 vs 2.5% Croatian average; EU less than 2%). This inflated primary sector can be attributed to a long-term absence of capital investments in modern technologies, thus a lack of the basic precondition to create more competitive products through processing or raw materials in VSC.



Source: Financial agency (FINA)

*Total income by sectors*

Sector	Vukovar Srijem County			
	2004.		2005.	
	sum	structure in %	sum	structure in %
Agriculture, hunting and forestry	1.097.325	17,1	1.163.830	15,8
Fishery	-	-	-	-
Mining	-	-	-	-
Processing industry	1.256.842	19,6	1.566.648	21,3
Electricity, gas and water supply	195.254	3,0	240.269	3,3
Construction	530.716	8,3	570.945	7,7
Retail sale and wholesale	2.854.543	44,6	3.231.206	43,9
Hotels and restaurants	45.462	0,7	57.324	0,8
Transport, storage and communications	174.330	2,7	180.707	2,5
Financial agencies	31.985	0,5	41.455	0,6
Real estate agencies	97.223	1,54	155.967	2,1
Public administration, compulsory social insurance	-	-	-	-
Education	8.762	0,1	10.544	0,2
Medical care and social welfare	47.391	0,7	49.334	0,7
Other social and personal services	68.968	1,2	79.705	1,1
<b>TOTAL</b>	<b>6.408.799</b>	<b>100,0</b>	<b>7.347.945</b>	<b>100,0</b>

*Izvor: Financial agency, 2005*

**Significant hurdles for VSC economy development to overcome include:**

- **Weak Business environment**

In general, the business-enabling environment in VSC remains very weak, although showing signs of improvement. Namely, in the period 2000-2006, there has been 20% growth in new jobs in business sector and 40% in crafts sector. Stimulative measures conducted by the County significantly contributed to this trend. .

This increase is mainly related to individual entrepreneurs who, after redundancy from former state owned enterprises, have set up small family run businesses with limited funds and knowledge.

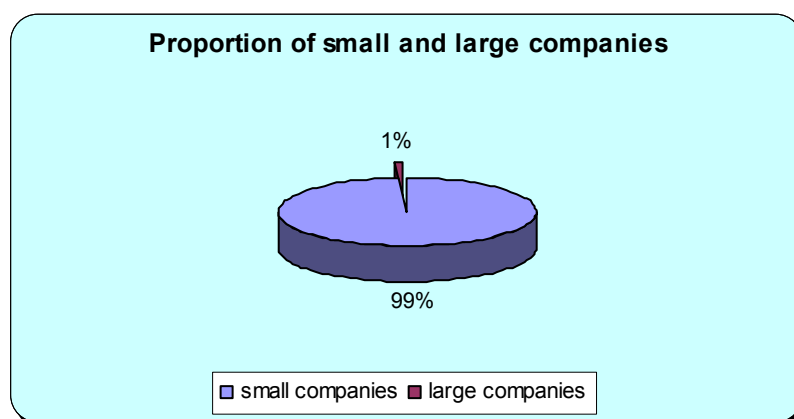
Up to 2005, VSC had only one established business zone to support entrepreneurs (Drenovci Municipality). Although supporting institutions do exist, they do not have

adequate staffing levels or sufficiently skilled staff to stimulate and support a significant number of local companies. Among these existing institutions, there is a low level of networking, joint efforts/projects and a proactive approach. This is coupled with a lack of awareness among local entrepreneurs of the services mentioned (and other) institutions provide.

- **Too small number of big companies – economy development drivers**

The former 'planned economy' included a preponderance of large enterprises and a business culture that emphasized economies of scale and vertical integration. In the transition to a market economy, most enterprises were privatized and the ensuing restructuring of VSC's economy has resulted in a large number of SMEs, many of which were 'spun off' from state owned enterprises. The structure of VSC businesses now comprises 99% SME's and only 1% large companies.

According to FINA 2005, VSC has 1116 entrepreneurs of which 98.3% belong to the SME sector, 1.7% to large companies. Of these 1116, some 1015 (91%) are "micro-businesses" (i.e. family businesses with few employees).



*Source: Financial Agency, 2005*

Without effective organization of this disparate sector (e.g. clustering) and forging links between SMEs and larger enterprises in the supply chain that are able to 'add value' to raw products from VSC, SMEs will struggle to become effective drivers of VSC's economy. This domination of micro and small enterprises signifies a vulnerable economy, easily influenced by highly volatile markets.

- **Lack of linkages between large companies and SMEs**

In 2005, 40% of VSC's total income was generated by its large companies while in Croatia overall that share was in excess of 60%. Of the total number of employed people in VSC, 30% were employed in large companies, while the Croatian average is 48%. Creating the preconditions to attract FDIs will be crucial to encourage the establishment and growth of large market oriented companies that can, in turn, stimulate demand for locally produced raw materials from SMEs.

Identifying and establishing strategic linkages between SMEs and large companies in key sectors (e.g. agriculture and food processing; wood felling and high value wood processing) will lock supply-chains into the local economy

## ***8.2 Achieved results (in the period 2003-2006)***

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Although reconstruction and social well-being remains a focus for VSC, the developmental focus has now shifted firmly towards economic development measures. Although recognizing the various problems that were hampering development of the local economy, VSC was unable to devote adequate time, money and planning into economic revival activities when basic services had to be restored for all citizens. However, VSC has now begun to address economic problems and has been highly successful in achieving CARDS and ISPA funding to this end.

New initiatives include:

- Business Zones

In recognizing the need to strengthen the efficacy of the SME sector, the Croatian Government has adopted a policy to develop Business Zones throughout Croatia, which includes 16 zones in VSC. In line with this National Strategy, VSC successfully applied for EU CARDS 2003 funding to establish business zones in 4 local self-government units, in Vinkovci (7,95 ha), Otok (13 ha), Lovas (10 ha) and Gradiste (10 ha).



These should be ready for occupation by summer 2007. and total value of their construction is Kn 35 Mill (EUR 4,8 Mill)

In parallel, some local self-governments (e.g. Vukovar, Zupanja, Nustar, Drenovci, Tovarnik, etc.) initiated construction of business zones, which will additionally strengthen business environment in VSC.

These initiatives were recognised and supported by the Ministry of economy, labour and entrepreneurship with Kn11,75 Mill (€1.6 Mill.) in the mentioned period.

In order to maximise sustainability of business zones and strengthen economic potentials of the County, the European Commission Delegation in Croatia (ECD) financed technical assistance to support adequate long-term structure for business zones management. Potential investors should benefit from that system as well as from various other initiatives such as highly competitive plots and exclusion of local taxes.

ECD also financed technical assistance to support adjustment of the education system with the needs of local economy.

Besides investments in physical infrastructure, through the Programme “Local development projects – Entrepreneur” in the period 2003-2006, some Kn 220 Mill (EUR 30 Mill) was invested in economic development. Interest rate was co-financed by the Ministry of economy, labour and entrepreneurship and VSC.

Additionally, Croatian bank for reconstruction and development invested approx. Kn 190 Mill (EUR 26 Mill) in 80 economic projects during last two years.

- VET Schools

As part of efforts to better align training within VSC with employers needs, VSC successfully applied for EU CARDS 2003 funding to renovate and equip 8 Vocational Education Training Schools in VSC. Implementation is on going and finalisation is expected by the summer 2007. Total value of the project is approx. Kn 20 Mill (EUR 2,7 Mill)

Apart from CARDS funding, for upgrading and equipping VET schools in VSC, it was invested around Kn 300 Mill (EUR 41 Mill) in the period 2003-2006.

Besides mentioned projects, financed through the CARDS2003 Programme, in Vukovar-Srijem County was invested from other sources too, mainly from budgets of line Ministries:

<b>Investment in Vukovar Srijem County overview (2003 – 2006)</b>		
<b>Sektor</b>	<b>In millions Kuna</b>	<b>In millions EUR</b>
<i>business</i>	11,75	1,6
Economy - <i>infrastructure</i>	410	56,2
- <i>credits</i>		
Agriculture - <i>incentives</i>	780	106,9
- <i>credits</i>	93	12,8
Education	300	41,1
Health and Social welfare	101,6	13,9
Spatial planning and Environmental protection	29,5	4
Infrastructue	1.500	205,5
<b>TOTAL</b>	<b>3.225,85</b>	<b>441,90</b>

### 8.3. Labour market and employment

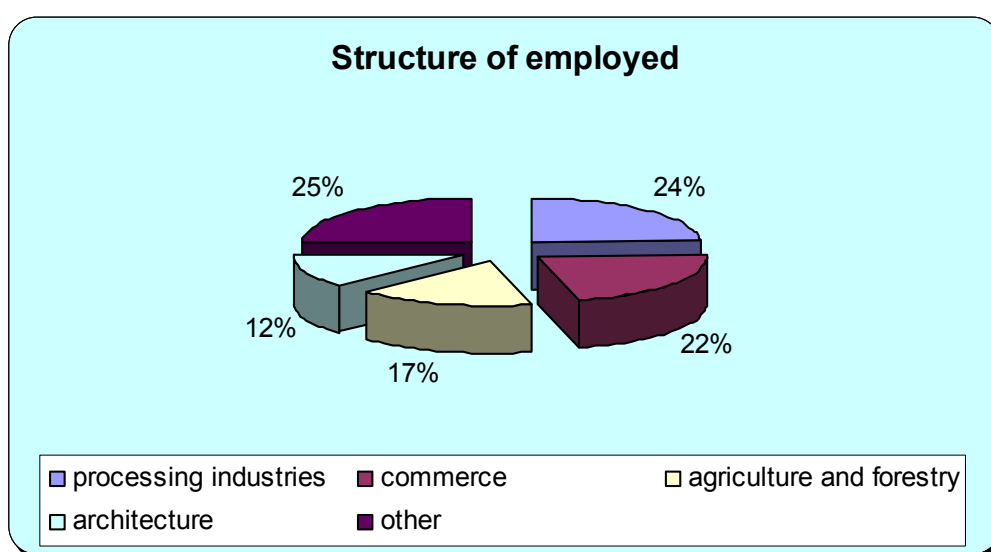
VSC has a high labour contingent, with approximately 66% of its population aged between 15 – 64 and eligible for work. However, according to the Croatian Statistics Bureau<sup>1</sup>, VSC suffers the highest unemployment rate during period from 2002-2005 in Croatia at 36.6%, compared to the Croatian average of 20,5 %. According to Croatian Employment Service in 2005 there are 19,260 registered unemployed, compared to 22,668 in 2000. which represents a decrease of number of unemployed for 3.408 persons or 15%.

*Unemployment rate in March 31. within four years from 2002 to 2005*

Year	2002	2003	2004	2005
Croatia	23,6	20,6	18,9	19,0
Vukovar-srijem	40,8	37,7	34,2	33,6
County				

*Source: Croatian State Bureau of Statistics – statistical information from 2005 and 2006 year*

According to Croatian Institute for Health Insurance number of employed people in VSC in 2002 was 38.226 while in 2006 48.526. Increase of employment from 2000-2006<sup>2</sup> was most expressed in economy sector and crafts, which is 37%, while increase in non-production sector during the same period of time was less than 5%. In the structure of employed in economy (without crafts and public sector) 30<sup>th</sup> of June 2006 the biggest share had processing industry (24%), trade (22%), agriculture (17%) and construction (12%).



<sup>1</sup> See Annex 1a and 1b

<sup>2</sup> See Annex 2

*Employees and netto wages by sectors*

<b>VUKOVAR SRIJEM COUNTY</b>					
<b>Sector</b>	<b>Number of entrepreneurs</b>	<b>Number of employees</b>		<b>Average netto wage in kn</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>
Agriculture, hunting and forestry	91	2.628	2.595	3.240	3.386
Fishery	1	-	-	-	-
Mining	-	-	-	-	-
Processing industry	171	4.279	4.568	2.835	3.108
Electricity, gas and water supply	7	612	644	3.632	3.784
Construction	159	1.943	2.172	2.369	2.431
Retail sale and wholesale	416	3.900	4.362	2.399	2.456
Hotels and restaurants	30	365	355	2.179	2.316
Transport, storage and communications	53	575	599	2.859	3.109
Financial agencies	11	38	42	4.521	4.620
Real estate agencies	118	335	382	3.103	3.291
Public administration, compulsory social insurance	-	-	-	-	-
Education	21	64	81	2.215	2.126
Medical care and social welfare	16	277	273	3.291	3.448
Other social and personal services	21	423	440	3.205	3.317
<b>UKUPNO</b>	<b>1.116</b>	<b>15.439</b>	<b>16.513</b>	<b>2.778</b>	<b>2.914</b>

*Izvor: Financial Agency (FINA), Zagreb*

Increase of employed in economy is, first of all, busted by County stimulation measures (under favourable conditions, over 500 entrepreneurs realised credits amounting more than 55 mill. Euros), finalisation of bankruptcy processes caused by bank crisis in Croatia e.g. bankruptcy of all three domestic banks and "Employment support programme" conducted by the Employment service.

In 2005, 54% of total unemployed persons are 35+ years<sup>3</sup>, whilst 55% are women. 62% are high school graduates (11 or 12 years of education); 3% hold a university degree; nearly one third have only elementary school education (8 years); 5% are not educated. These ratios have not changed significantly over the last 5 years.

<sup>3</sup> See Annex 3

*Structure of unemployed by level of education from 2000 – 2006 year in Croatia and Vukovar-srijem County*

**VUKOVAR SRIJEM COUNTY**

YEAR	TOTAL	Women	Non qualified workers	Semi qualified workers	Qualified workers	Highschool	College	Faculty
31.12.2000	22.668	11.799	2.618	6.332	8.228	4.706	387	337
31.12.2001	23.364	12.384	2.536	6.560	8.615	4.918	410	325
31.12.2002	22.543	11.893	2.163	6.634	8.219	4.856	390	281
31.12.2003	20.897	11.526	1.870	6.559	7.619	4.324	325	200
31.12.2004	20.162	10.955	890	5.321	9.065	3.782	501	326
31.12.2005	19.260	10.750	825	5.207	8.352	3.819	477	304
31.12.2006	18.280	10.520	810	5.021	7.605	3.783	490	304

**CROATIA**

YEAR	TOTAL	Women	Non qualified workers	Semi qualified workers	Qualified workers	Highschool	College	Faculty
31.12.2000	378.544	200.652	72.460	55.750	131.882	91.886	11.754	14.812
31.12.2001	395.141	214.716	71.701	62.807	135.952	96.996	12.432	15.253
31.12.2002	366.162	206.105	66.259	63.709	121.718	89.204	11.604	13.668
31.12.2003	318.684	186.281	58.939	56.957	105.728	76.087	9.891	11.082
31.12.2004	317.557	185.073	20.262	70.946	128.524	76.750	8.660	12.435
31.12.2005	307.851	182.421	19.501	71.910	117.680	77.328	9.189	12.243
31.12.2006	293.153	177.649	19.436	70.301	105.139	76.942	9.194	12.141

*Source: Croatian Employment Institute – District Service Vinkovci in years 2000-2006*

The fact that very few new jobs are created can be attributed to slow economic development/expansion and a small number of highly qualified people in the total available labour force - only 4% of VSC's total labour force have a degree and 3.2% are illiterate in VSC vs 1.8% in Croatia. Weak cooperation between vocational education training and the needs of local economy must also be addressed to ensure that training matches the county's current and potential employment opportunities. Although the national plan for VET is adjusted to the needs of economy, it is not fully implemented in schools due to a lack of means. The result for VSC is a labour force that corresponds poorly with market needs.

Total income has increased in the last 5 years by 50%. In 2005, the average turnover per employee was Eur 56,000 vs Eur 37,000 in 2001. The average net wage in 2005 was Eur

400 / month vs Eur 330 in 2001, a 21% increase in 4 years. However, this is significantly below the Croatian average of €530.

#### 8.4. Foreign Trade

Prior to the homeland war, VSC total exports exceeded imports by 29%. In 1990, it stood at US\$163 Mill, 4% of Croatia's total exports (US\$4020 Mill), but by 2005 this has plummeted to US\$135 Mill, 1.5% of Croatia's total (US\$ 8800 Mill) by 2005. VSC has since failed to reach pre-war levels and, since 1991, imports have exceeded exports. However in recent years, there have been signs of improvement. In 2005 VSC's coverage of import by export was 97,1% while the Croatian average was only 47,5%.

#### EXPORT

		in 000 000 US \$								
N o.	Area	Years					Index			
		1990.	2002.	2003.	2004.	2005.	02/90	03/02	04/03	05/04
1.	Croatia	4.019	4.898	6.186	8.024	8.808	121,9	126,3	129,7	109,8
2.	Vukovar- srijem County	163	57	87	65	135	35,4	151,8	74,2	208,0
3.	VSC share in RH (2:1) in %	4,06	1,18	1,42	0,81	1,54	-	-	-	-

Source: Croatian State Bureau of Statistics

## IMPORT

		in 000 000 US \$								
N o.	Area	Years					Index			
		1990.	2002.	2003.	2004.	2005.	02/90	03/02	04/03	05/04
1.	Croatia	5.187	10.713	14.209	16.589	18.546	206,5	132,6	116,7	111,8
2.	Vukovar-srijem County	134	68	99	108	139.226	51,2	144,8	109,7	127,8
3.	VSC share in RH (2:1) in %	2,58	0,64	0,70	0,66	0,75	-	-	-	-

Source: Croatian State Bureau of Statistics

Aiming at sustainable economic growth, it is essential to increase local production of goods or services, networking between local companies, the presence of larger companies as economic drivers, plus strong institutional support and an educated/ skilled labour force.

## Balance sheet of foreign trade exchange

		u 000 000 US \$									
N o	Elements	Croatia					Vukovar-srijem county				
		1990.	2002.	2003.	2004.	2005.	1990.	2002.	2003.	2004.	2005.
1.	Export	4.019	4.898	6.186	8.024	8.809	163.000	57.738	87.669	65.081	135.371
2.	Import	5.187	10.713	14.209	16.589	18.546	134.000	68.609	99.357	108.955	139.226
3.	Balance	-1.168	-4.481	-8.022	-8.565	-9.737	+29	-11	-11	-44	-4
4.	Coverage import by export	77,5	45,7	43,5	48,4	47,5	121,6	84,1	88,9	59,6	97,1

Source: Croatian State Bureau of Statistics

**Key issues:**

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- a) *Enormous negative impact of the war places VSC amongst the economic weakest Counties in Croatia; disparate growth of VSC's economy vis-à-vis other counties in the post war era leaves it lagging behind*
- b) *Integrated actions are needed to address high unemployment (e.g. life-long education, creation of business enabling environment – business zones, incubators..., targeting FDIs toward County development priorities etc)*
- c) *Stronger relations and integrated actions of business supporting institutions (e.g. Chambers of Commerce and Crafts, Local economic development agency, Employment service, VET schools etc.) are required in strengthening competitiveness of VSC economy.*
- d) *There is a disproportionate share of SME's (in relation to big companies) in VSC economy and weak horizontal and vertical integration of local companies in VSC (e.g. clusters)*
- e) *The structure of local economy with trade companies prevailing and low production/processing doesn't provide a basis for sustainable development.*
- f) *Establishment of business zones and upgrading/equipping of VET schools aims to henceforth strengthen the business enabling environment*
- g) *FDI's and export are at very low level in VSC*
- h) *Integrated development plans are required to address inside VSC development disparities*

## 8.5. Agriculture and forestry

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Agriculture and forestry offer significant economic potential for VSC due to the large surface of high quality land (150.000 ha; 62% of total surface) and Slavonian oak woods (69.000 ha; 28% of total surface). These two resources, along with VSC's geographical location, represent the main potential for its development. Traditionally, VSC was a production base for raw material (mainly cereals – corn and wheat) whilst processing occurred elsewhere, but this organizational structure is un-sustainable in a market economy. If the County is to evolve economically, it must continue to leverage on its natural assets but simultaneously redefine the agricultural sector to add value to its raw materials through strengthening the processing sector.



Compounding the difficulties in the agricultural sector is the issue of poor linkages between agricultural producers and the market. The problem is twofold: a horizontal disconnect between producers themselves resulting in a highly fragmented production base; a vertical disconnect between producers, processors and markets, thus weak identification of markets and weak supply chains.



Fragmentation of agricultural land is another factor that threatens to hinder development of VSC's agricultural sector. Cereal (corn, wheat) forms the major share of agricultural production in VSC, but small plots render the crop uncompetitive when compared to the mass production in other EU countries. For example, in VSC the average plot of ploughed land (parcel) is 4,57Ha compared to some 40,4Ha in Germany. In total, VSC has approximately 75,216 parcels (worked by companies or households), with an average of 2.7 parcels per household and 24.9 per company. Average household farm use in 2002 – 2004 is: 94% arable and gardens, 1% meadows, 3% pastures, 1% orchards, 1% vineyards.

Country	Average farm size in ha		
	1890	1955	2003
England	25	26,5	68
Germany	5,9	7,1	37
France	8,7	14,2	42
Holland	10	20	20
Sweden		12	36
<b>CROATIA</b>	<b>8</b>	<b>3,4</b>	<b>2,4</b>

*Source: Collection of papers from Scientific conference: „Meliorations measurements for the purpose of rural area development“, Zagreb, 2007*

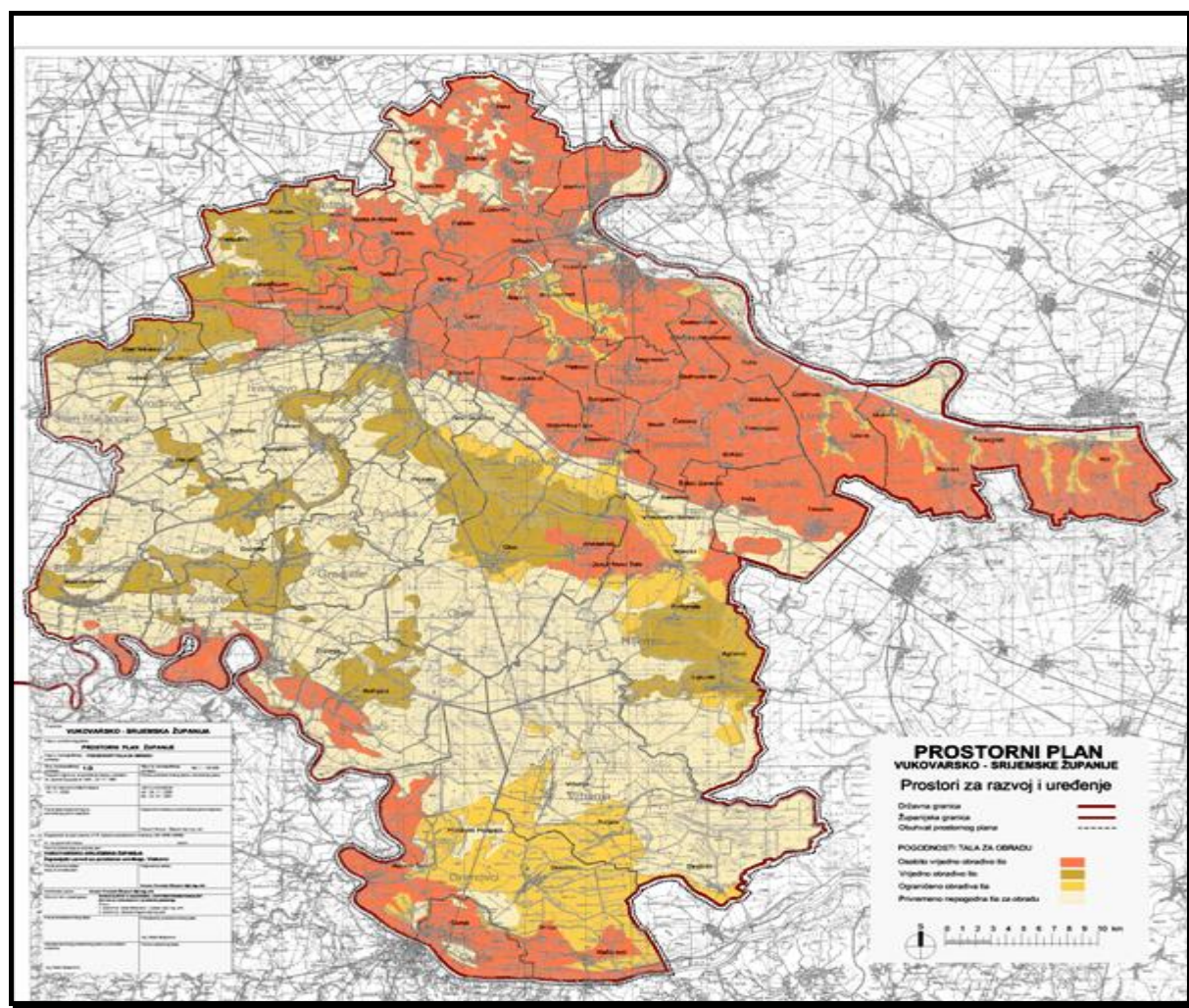
Lack of organization of the agricultural sector is aggravated by a particular lack of awareness amongst local producers of the potential for market oriented agricultural cooperatives. Concerted efforts will be required to promote the benefits of modern cooperatives, as opposed to those that existed under the former socialist planned economy, or companies hiding behind the coop guise in order to gain easy registration or bookkeeping. Continuous efforts to promote lifelong learning amongst agricultural producers would also help to increase valuable skills and modern know how into the sector.

VSC faces a significant threat from large scale, low cost, competition when Croatia accedes into the EU. VSC cannot afford to delay its response to this impending challenge through diversification of agricultural production, cooperative development, maximization of irrigation, identifying niche markets, finalising production and encouraging producers to consider fruits, vegetables, medical herbs, spices (i.e. products aligned with the current national guidelines for agricultural production), as ways to maintain a strong, competitive agricultural sector. As part of efforts to better organize agricultural production in VSC, the County commissioned

‘Soil analysis and agro-technological basis for agriculture in VSC’ to guide farmers toward those products best suited to the specific soils conditions in their area, as well as “Irrigation plan for VSC” based on the National plan of irrigation.

At present, less than 1000 Ha is being irrigated, whilst the plan propose irrigation of 7.500 Ha by 2010. Along with irrigation, it is necessary to ensure drainage of agricultural land through better maintenance of detailed canal network. The programme of cleaning the detailed canal network is ongoing and by 2008. it should be brought down to zero status and handed out to the County to manage. De-mined areas, that haven’t been used in agricultural production for years, because of their un-pollution by the chemicals, offer a quality basis for development of ecological agriculture.

*Areas for development and land restructuring*



Source: Vukovar Srijem County spatial plan

Establishing a unique brand name and image for local, domestic Slavonian food specialties such as 'Kulen' (meat sausage) or 'Rakia' (fruit brandy), could provide a much needed competitive advantage for VSC and add to its tourist offer. However, it is important to note that for VSC to be export oriented and competitive in foreign markets, local producers must be licensed and standardize their production in line with valid international standards (HACCP). Widespread use and acceptance of such standard is not yet commonplace in VSC. In the current economic climate, local producers recognize the need to comply with international standards, yet the process of adopting them is considered to be expensive and unaffordable.

VSC has significant potential to develop wood processing industry due to the fact that it has 69.000 Ha (19 million m<sup>3</sup> wood volume; an annual harvest of 300.000 m<sup>3</sup>) of Slavonian oak

and ash. However, VSC's wood processing sector is unable to increase its contribution to the economy under a centralized forest management system. Slow-moving decentralization is underway but "Hrvatske šume" (the Croatian Woods state owned company) still have exclusive rights on forest management throughout Croatia.

VSC's wood processing industry is organised through one large company and several smaller manufacturers. The main products are parquet, doors and windows (which are treated as semi-finished goods), but production of finished goods (ie. turning wood into furniture) is lacking.

VSC's significant raw material base (forests), its cutting capacity to transform logs to planks (approximately 3 times greater than current levels), its 120 year tradition of wood processing, its retained knowledge, experience and goodwill earned by former wood processing enterprises, all contribute to VSC's wood processing industry having enormous potential to reposition itself as a key driver of VSC's economy. However, further investments in modern technology, marketing, human resources and training are required as well as better linkages between small producers and processors, e.g. clustering.

Even though VSC imports almost 90% of its sweet water fish, own water resources are currently underutilized for development of commercial fish farming. Only one company established a successful fish farm to date within the cage fish farming pilot project.



**Key issues:**

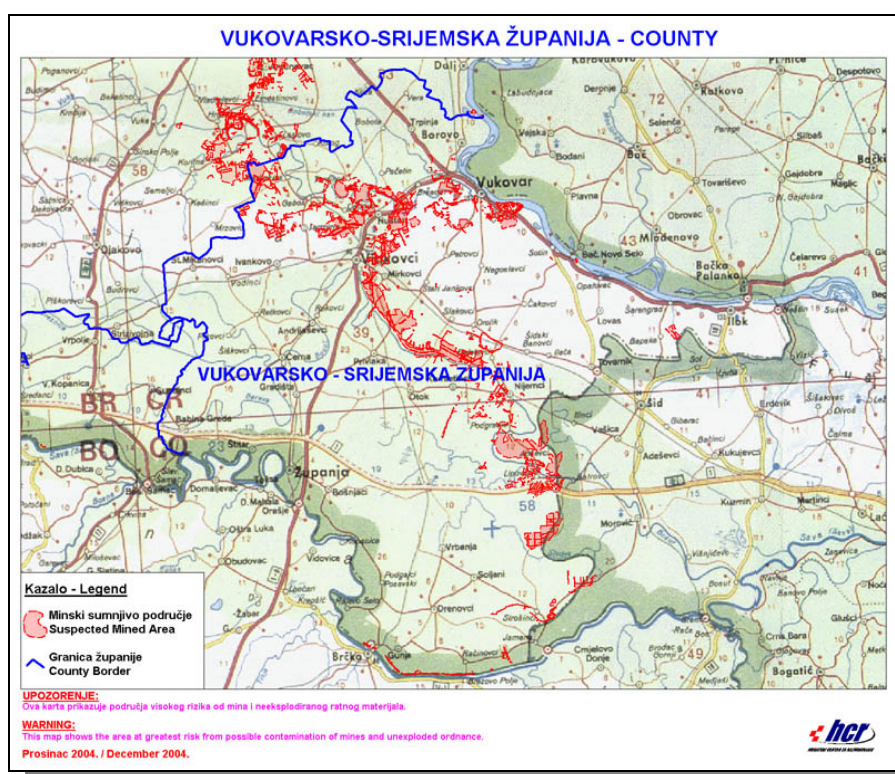
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- a) *Traditionally based agricultural production is not adequate for modern market economy*
- b) *Fragmentation of agricultural land requires diversification in agricultural production – changing low income cultures (corn and wheat) into more profitable (vegetables, fruits)*
- c) *Land disposal policy is of crucial importance for further agricultural development in the County*
- d) *Sustainable agricultural development requires restructuring of existing model – shifting from raw materials production towards higher value added products*
- e) *Weak horizontal and vertical integration among agri-producers (e.g.lack of modern cooperatives), weak access to the market and insufficient use of modern know-how do not support strengthening of agricultural sector.*
- f) *There is a potential to create strong Slavonian brand within which to market traditional VSC produce (e.g. food, drink, souvenirs etc)*
- g) *Despite existing preconditions (rivers, lakes) fishery in VSC is underdeveloped*
- h) *Introduction of international standards in agricultural production (e.g. HACCP) is still at very low level*
- i) *There is a lack of cross-sector linkages (e.g. between agriculture / tourism).*
- j) *There is a lack of strong linkages between SMEs and large wood processors as well as marketing, design and promotion*
- k) *Long-life learning among local agricultural producers and know-how transfer are necessary in order to be competitive agricultural region*

## 8.6 Demining

Apart from the visible war damage that remains in VSC, mined areas still present a major obstacle to economic growth and overall development. Following reintegration of the formerly occupied part of VSC into Croatia's constitutional system in 1997, 5.2% of VSC's surface area (approx. 127 km<sup>2</sup> out of 2440 km<sup>2</sup> total) was suspected as being mined. Of this, 89% was arable or woodland, which limited possible exploitation of natural resources.

### Suspected mined area (SMA)



Source : Croatian mine action center

### Suspected mined area structure

		SMA STRUCTURE OF SUSPECTED MINE AREA ACCORDING TO PURPOSE OF USE															
MUNICIPALITY /CITY	MUNICIPALITY /CITY	HOUSES		INFRASTRUCT. OBJECTS		AGRICULTURAL AREAS		FORRESTS, ROADS ETC		LAWNS AND PASTURES		MACCHIA AND KARST		REST AREAS			
		km2	%	km2	%	km2	%	km2	%	km2	%	km2	%	km2	%	km2	%
TOTAL	18	107,6	4,4	0,7	0,7	0,3	0,3	46,8	43,6	53,2	49,4	0,6	0,6	0,1	0,1	5,8	5,4

Source : Croatian mine action center

Although de-mining in VSC started in 1998, the enormity of the task and a lack of resources resulted in a very slow process. Only 23.6km<sup>2</sup> of mine suspicious area was checked /cleared between 1998-2006. At this pace, it will take more than 3 decades to verify all of VSC's mine suspected areas. This de-mining process has thus far been funded by central government, foreign donors and VSC, who have invested (approx. 33 Mio EUR) 240 Mio Kn to de-mine the 23,6 km<sup>2</sup>. Approx. (170 mil. EUR) 1,3 billion Kn is needed to verify / clear the remaining 103 km<sup>2</sup> of mine suspected areas, 573 known mine fields still threaten over 100.000 of VSC's population since high density areas are affected.



The challenge for VSC is how to systematically diminish the downtrodden image that clings to it due to the significant amount of visible war damage that still pervades the County, alongside the perception of it as a dangerous mined area. Without such an approach, VSC will struggle to attract FDI's and thus exacerbate economic stagnation.

**Key issues:**

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- a) *Mined areas are permanent threat to the safety of local population and obstacle to VSC's further development. They also create a bad image of VSC as non-safe area.*
- b) *Intensive de-mining process is necessary in order to clear the remaining area in an acceptable time span*

## **9. INFRASTRUCTURE (communal, transport, communication)**

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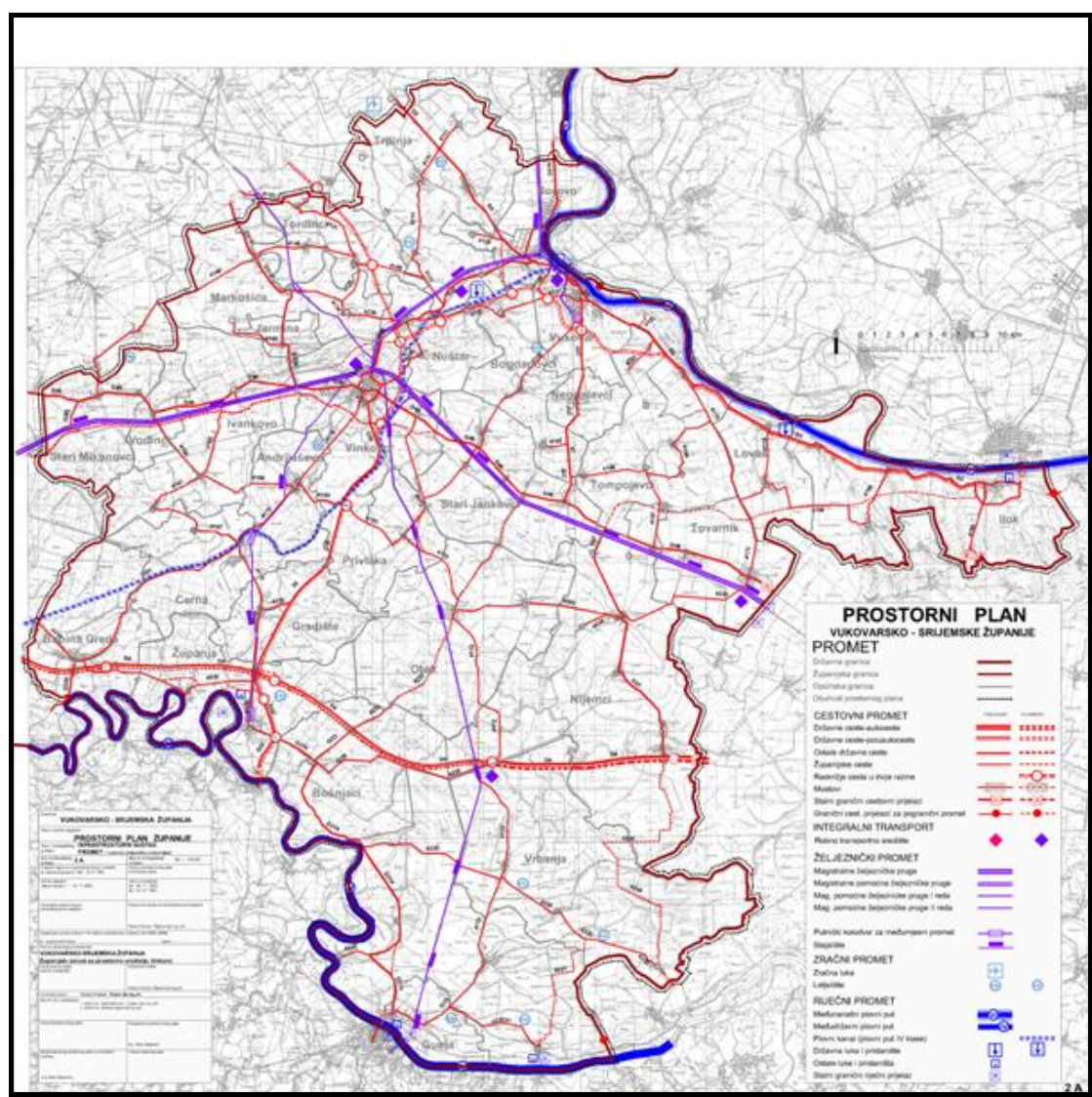
### *Transport*

Significant infrastructure damages during the homeland war impaired the County's functioning in the post-war era. Between 1998-2005, the central government and international donors invested approximately 2.5 billion Kn (approx. €340 mill.) in communal infrastructure, transport, communication etc. Furthermore, in line with the national transport policy, the County now boasts a two-lane motorway (European corridor 10) and upgrading of the railway in the same corridor is underway. The Port of Vukovar is again functioning, albeit at a reduced capacity, and the Port of Ilok is expected to be operational soon. This will give VSC an opportunity to benefit from the European corridor 7 (the Danube). All such investments will assist VSC's to regain its former position as a key transport and logistics hub prior to 1991.

A combined road / rail (RO-LA) terminal was recently opened close to the Serbian border. This should reduce the number of heavy trucks on the motorway through transporting them by rail to the Slovenian border. The aim of this initiative was to increase motorway safety, decrease transport costs and promote environment protection. Other transport links include a small airport in neighbouring Osijek County (35 km from Vinkovci), which is predominantly used for cargo flights.

VSC is strategically located in a border region, easily accessible by a variety of means (road, rail, water, air) and, complemented by its improving relations in the region and cross-border cooperation, it further strengthens VSC's opportunity to regain lost ground as a trans-shipment hub.

## Transport network



Source: Vukovar Srijem County spatial plan

### 9.1 Roads

The east-west Zagreb-Belgrade motorway passes through VSC, with four exits in to the County. Along with this, VSC has a mix of state, county and local roads totalling 715 km (472 km county and 243 km local roads).

VSC Directorate for Roads is in charge of maintaining county roads, and LSGs are in charge for maintenance of local roads. According to this Directorate, the quality of VSC's roads is generally lower than that in other parts of Croatia due to war damage, non-maintenance of the roads during eight years of occupation, insufficient investments from the central level and an increasing number of vehicles on the roads.

Therefore, this road network needs further modernisation by constructing bypasses and new roads due to better connections of the county border areas with the centres and the highway, aiming at safer, faster and more quality traffic.

*Number of regitered vehicles in Vukovar-Srijem County*

Year	2002		2003		2004		2005	
	total number	from total number - personal vehicles	total number	from total number - personal vehicles	total number	from total number - personal vehicles	total number	from total number - personal vehicles
<b>Vukovar-Srijem County</b>	51148	<b>40139</b>	54979	<b>40838</b>	56443	<b>41642</b>	56200	<b>43203</b>

*Source: Croatian State Bureau of Statistics – statistical information from 2005 and 2006 year*

Cargo traffic poses and additional burden on VSC, mainly caused by trucks transiting between Bosnia to the Ports of Osijek and Vukovar. Since the use of public roads in VSC is free of charge (except the highway), this creates serious maintenance burden and absorbs funds that could otherwise be invested to benefit the economy and local population.

## 9.2 Railway

The railway has traditionally had an important impact on VSC's development. In past decades, development of the City of Vinkovci was based around rail traffic since it was the seat of a major rail hub. With over 200 km of railroads in VSC, including 58 km of the European corridor 10 West-East, it offers great possibilities to transport goods anywhere in Europe.



*Railway station Vinkovci*

VSC is taking an integrated approach towards regaining its previous trans-shipment levels (c.1.7mill. tonnes in 1990 transported by rail vs 960,000 tonnes in 2005). In addition to the earlier mentioned RO-LA terminal, planned reconstruction of the war-damaged rail track between Vinkovci and Osijek will re-connect passenger and goods transport, and connect the Port of Osijek with the main rail corridor.

Also, the reconstruction of the railway at the European corridor 10, from Vinkovci to Tovarnik (state border) is ongoing (ISPA co-funded project).

However, condition of other railroads in VSC, because of deterioration of tracks and communication and security signal systems, as well as other systems and facilities necessary for proper traffic functioning, can barely follow a significant increase of cargo transport from and to the Port of Vukovar. At present, only on Vinkovci-Novska direction (towards Zagreb), tracks and supporting equipment is at satisfying level.

### **9.3 Inland waterways**

VSC waterways include Danube and partially Sava river, used to transport goods, and the Port of Vukovar that serves as a trans-shipment centre, although river transport, both cargo and passengers, is permanently growing. The Croatian Government is backing a major initiative to construct a 61.5km multi-purpose Danube-Sava canal between Vukovar and Županja (Slavonski Šamac). This would significantly reduce transport time between the Port of Rijeka at the Adriatic Sea via Zagreb (280 km of railway), along the Sava river (306 km of waterway), through the Canal to the Danube (61.5 km of waterway), and onwards into Europe along the Danube.

An important role in development on inland waterways will have winter port on the Danube, located in Municipality Opatovac, which will enable anchoring of the ships throughout the year, especially during the winter when ice blocks on the Danube threaten the safety of navigation.

The canal would also provide VSC with significant opportunities to improve its weak irrigation system. Potentially, over 35.000 Ha of arable land and 50.000 Ha of forest basin could be irrigated using water from the canal, thus paving the way for diversification in agricultural production - a much-needed evolution for VSC's agricultural sector if it is to develop a competitive advantage in the face of EU accession.

It would also enable surface drainage regime on around 173.000 Ha of agricultural land, secure conditions for upgrading of underground drainage on around 62.000 Ha and eliminate

flood damages. All that will enable increase in agricultural production and its further development, and by regulating water system in the Spačva basin, according to forest vegetation demands, increase wood biomass.

The Canal will enable further development and expansion of the Port of Vukovar, construction of huge business zone with trading, production and warehousing facilities, development of more smaller ports, service and business zones, fish-farming and tourism-sports-recreational centres along the whole route of the Canal. These will lead to increase in employment, economic and urban progress, environment protection, increase in value of the land and strengthening trans-national relations.

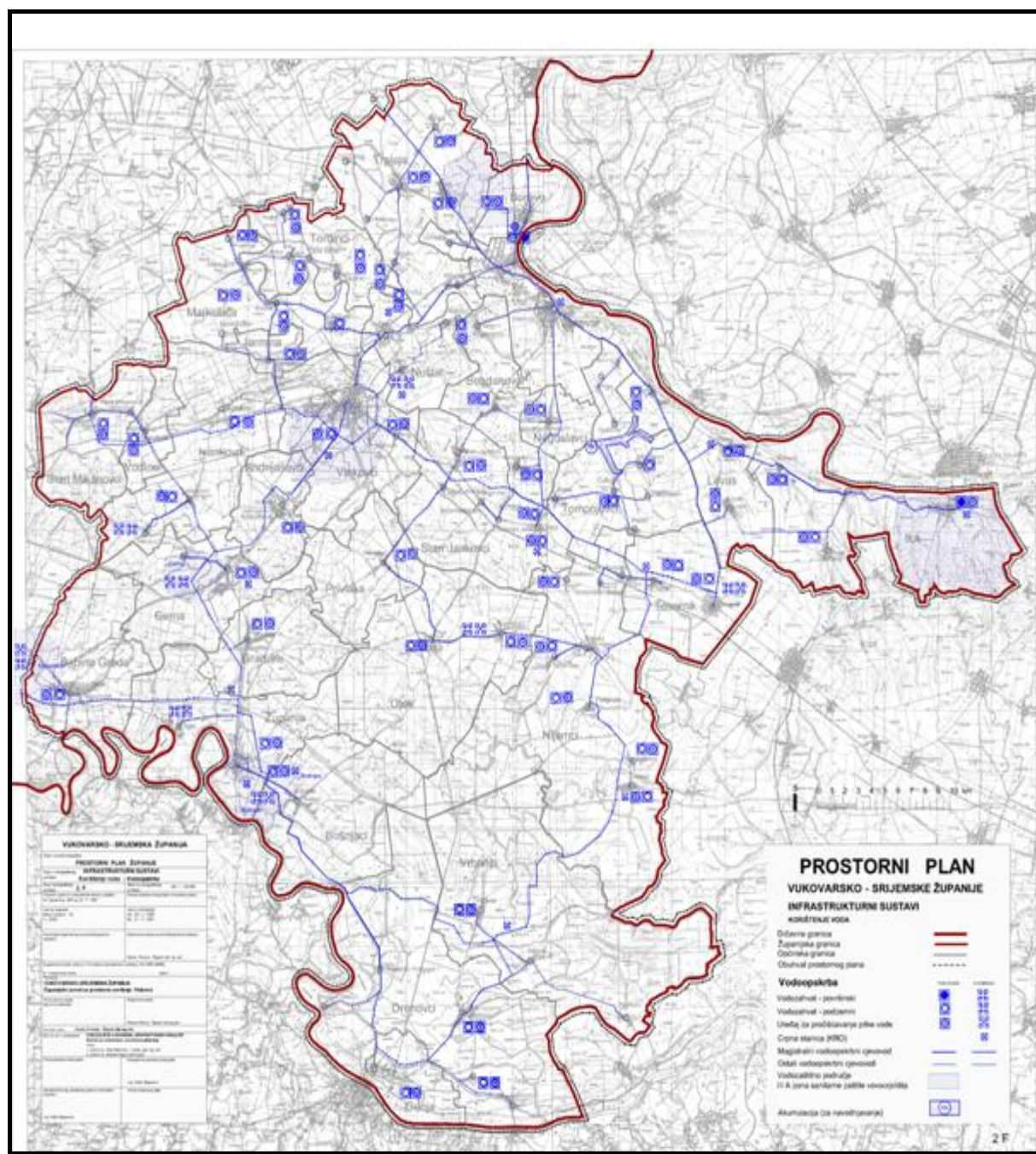
The Croatian Government supports the initiative to construct the Canal, which should stimulate economic development and progress within VSC.



## 9.5 Sewage and water supply

VSCs water supply network covers more than 90% of the County and major construction initiatives are currently underway to further expand this network. However, costly maintenance work (many pipes over 30 years old) poses a significant challenge, as does a distinct lack of water purification plants. The county suffers from low quality drinking water due to hard metal in the natural water table, thus provision of good quality drinking water supply throughout the County is of utmost importance. In order to overcome that problem, the construction of the regional water supply system started.

### *Infrastructure system of Vukovar Srijem County*



Source: Vukovar Srijem County spatial plan

Unlike the drinking water network, the sewage system in VSC is extremely underdeveloped. The majority of households rely on septic tanks (often constructed with no regard to existing legislation) whilst only 5 cities and 1 municipality (only 52% of VSC population) are connected to main sewage systems, which are not completely covering related settlements and need further development. Consequently, the remainder of the population (particularly those in already disadvantaged rural areas and low-lying areas prone to flooding), have a poorer quality of life. Furthermore, economic development will falter if new businesses and industry have little / no opportunity to be connected to the sewage system. In order to address that problem, some municipalities started with the preparation of necessary technical documentation

#### ***Key issues:***

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- a) High quality of water supply and sewage system requires continuous investments in maintenance of already existing, and low quality drinking water will require construction of Regional water supply system and continuation of related activities.*
- b) Insufficient waste water system requires the construction of system in line with needs and laws/regulations.*
- c) Water supply system (pumps and pipes) requires regular maintenance in order to secure good quality drinking water for inhabitants of VSC*
- d) Good gas supply and electricity network secure sufficient energy supplies for industrial and population needs*
- e) Bordering north and east areas of VSC are not linked with the highway. Quality of roads is not adequate for suitable support of economy development.*
- f) Ongoing upgrading of the main railroad (European corridor 10 West-East) will create preconditions for further development of VSC as a transportation hub.*
- g) The Port of Vukovar plays an important role in VSC development, although modernisation and expansion are required. The Port of Ilok could be an important factor for tourism development, if operational.*
- h) An integrated water trans shipment system throughout the County ( e.g. inland canal Danube-Sava) could be an important factor for County development*
- i) Broadband internet, as a support to economic development, is at very low level in VSC in terms of territorial coverage and usage. Public access to internet is also at very low level.*

## 10. EDUCATION, CULTURE AND SPORTS

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### 10.1 Education

In the VSC there are 55 primary schools with 45 appurtenant regional schools. Out of 100 school buildings in total, 20 have to be renewed and 14 new ones have to be constructed, almost all schools have to be partially equipped and furnished. Introduction of Croatian national education program (CNEP) e.g. one shift work and whole day stay, will have to ensure additional school space, IT equipment and education means and tools.

High school activities in VSC are performed in 17 high schools (gymnasiums, vocational schools, music high school and the pupils dormitory ) located in 4 cities: 8 in Vinkovci, 5 in Vukovar, 3 in Zupanja and 1 in Ilok. Introduction of mentioned national education program, lack of facilities or its' inadequacy, will result with need for construction or renewal of high school facilities in order to secure additional space and relevant equipment.

Even though existing primary and high school net is mainly satisfying present needs in near future changes will be necessary due to the introduction of National education program and modernisation of vocational education and training.

Further more, in order to stop the de-ruralisation process, it is necessary to establish high schools in bordering areas in VSC.

Although there is a certain level of cooperation between schools, the Chambers of Commerce and Crafts, the Employment Service and the County for planning courses, a gap still exists between the needs of local economy and the educational system. Therefore preparation for vocational education modernisation and training and better connection between all stakeholders (schools, Economy and Craft chambers, Employment services, Agencies for development, Agency for vocational education and other) are ongoing in order to develop quality education in line with economy needs.

Recently opened further education colleges in Vukovar with the existing ones in Vinkovci will help to increase the percentage of the population that goes on to higher education. Currently, only 3, 75% of labour force has a faculty degree (4 years), which is significantly lower than the European average of around 20%. Precondition for increase the percentage of high-educated people in the labour force is existing of physical infrastructure, which includes construction/upgrading and equipping high education institutions.

Job generation will increase the return of highly educated people and stop migration trend present in VSC.

## 10.2. Culture

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VSC has an extremely rich cultural and historical heritage that dates back to the prehistoric era. Inhabited for over 7.000 years, the City of Vinkovci is the oldest permanent inhabited area in Europe. Notable amongst the numerous historical eras and events related to VSC, it is the source of the first European calendar (The Orion), the Vucedol culture from the eneolithic era and the Neolithic Sopot culture. Monuments and artefacts are abundant, over 200 archaeological sites exist that span the centuries, plus two designated 'archaeological parks'. Archived materials are kept in four museums in VSC (Vinkovci, Vukovar, Županja and Ilok), located in historical buildings, and in museums in Zagreb. Although museums still operate in not fully adequate space, they recently experience their revitalisation by realising new permanent exhibitions.



*Vučedol dove*



*Orion*

VSC's libraries are in as poor a state as its museums. Although the national level document "Standards for public libraries and reading rooms" regulates conditions for libraries, most operate in inadequate facilities due to lack of financial resources. Unless library facilities are renovated, written heritage will be lost for future generations. The Library bus, used in municipalities that do not have their own library facility, represents an example of good cooperation between the County and LSGs.

Vukovar-Srijem County needs at least one cultural-business centre e.g. multifunctional (cultural –business) building. Within such centre cinema, exhibition space and multifunctional hall for concerts, theatre plays, projections, exhibitions, conferences and various workshops, galleries, alternative library and reading room, audio-video lab (room for recording of events), library, internet cafe, art cafe, restaurants, CD shops, trade galleries and similar purposes would find its place.

Such centre would be of County wide importance, would create and ensure jobs, initiate IT society and partnership development economy diversity, and finally civil associations and education institutions would find its place for full operation and therefore civil society development while project would show long term sustainability.

This centre would be of importance for the whole County, new jobs would be created, information society and partnership relations would be upgraded, economic variety would be initiated, NGOs and educational institutions would find the location for their activities and the project would be sustainable. In the whole VSC, not a single concert hall exists.

VSC's population thrives on maintaining its exceptionally deep-rooted folk traditions. Over 70 folklore groups exist organised through VSC's Association of folklore groups. Traditional dances and music are an important part of life in the County and an expression of national identity and belonging. A series of local and international festivals are held annually throughout the County, headlining with the "Vinkovačke jeseni", the biggest folklore event in Croatia and one of the biggest in Europe (over 70 groups with 3.500 participants from Croatia and abroad).

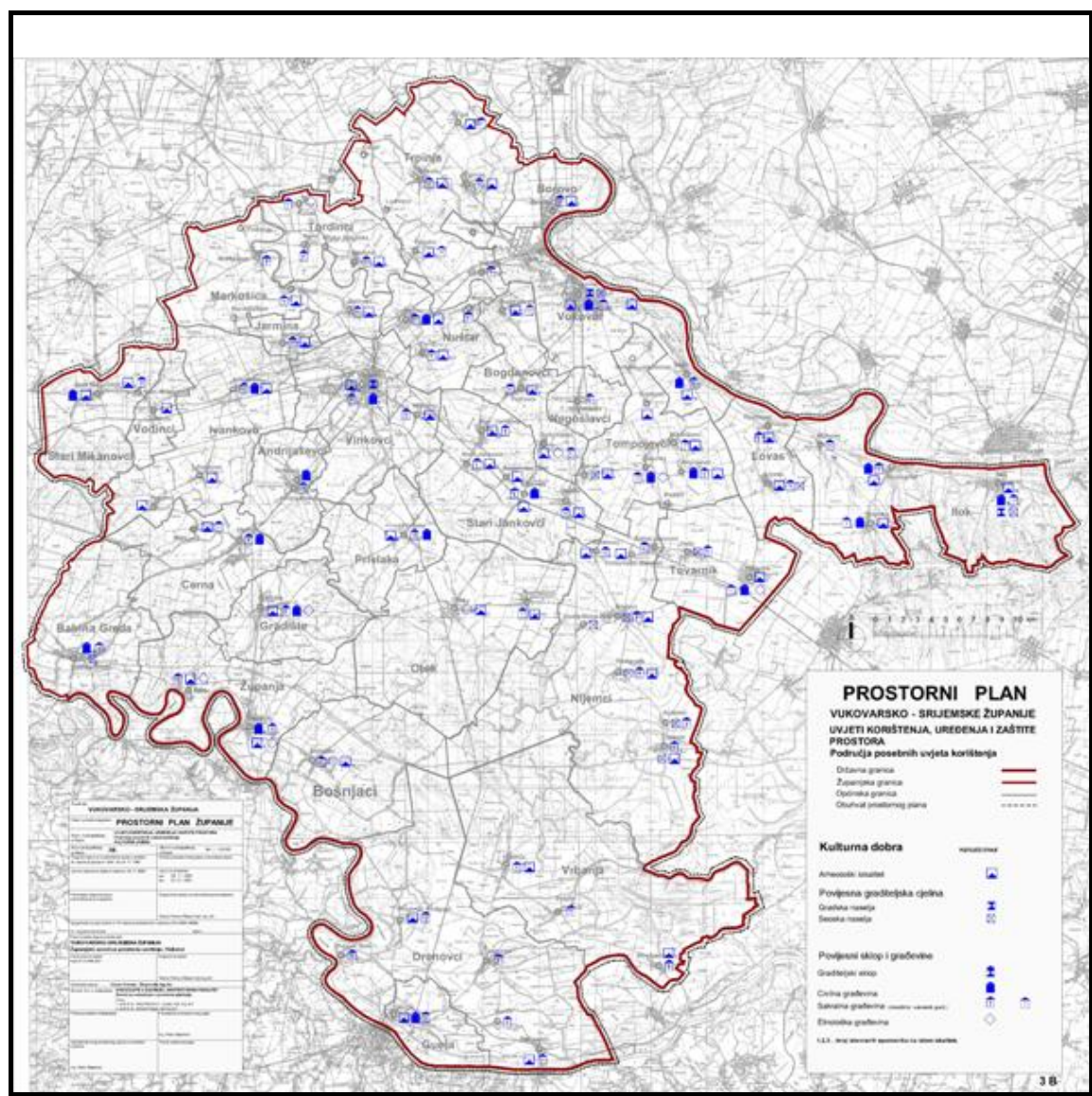


«Vinkovačke jeseni»

Since VSC has struggled to reconstruct every facet of life in the post-war years, little effort has been made to date to maximize potential economic benefits that could result from cultural offer.

VSC has an opportunity to better exploit its unique historical and cultural heritage, but lacks an integrated programme to better link cultural events with tourism/economy. Key events require effective marketing to attract a wider audience - thus building tourism on the back of such events to derive economic benefits. Furthermore, stronger linkages between museums, galleries, public authorities, the association of folklore groups, tourism boards and agencies as well as the line Ministry are necessary.

## Cultural assets



Source: Vukovar Srijem County spatial plan

## 10.3 Sports

VSC has around 300 registered sports associations organised through the County sports alliance. There are professional sports clubs, recreation associations, associations for the rehabilitation of invalids and associations for schools sports contests. Most operate on a voluntary basis, financed mainly with help from Local Self Government budgets.

Due to war damages, a weak local economy and a lack of resources, sports facilities in VSC either do not exist or are in a very poor shape. Throughout VSC there is only one public sports hall located in Vukovar and it is not currently fully operational (heating system is not in function). Football facilities (even though it is the most popular sport) in VSC do not fulfil the

Croatian football association's requirements for playing in the first league; there is no closed swimming pool in the County; open air swimming pools in Vukovar and Vinkovci do not fulfil modern safety and health standards, 1/3 of schools in VSC do not have school a sports hall; facilities dedicated to integrated rehabilitation of approximately 2.500 war invalids in VSC do not exist.

Because of the insufficient number of public sports halls, sports associations are allowed to use schools' sports halls. However, this leads to increase wear and tear in those facilities and weaker results for the associations. Some planned initiatives may improve the situation in VSC, e.g. the proposed construction of sports complex in Vinkovci, but this will certainly not meet the County's overall need for sports facilities. Such facilities are crucial to promote a healthy lifestyle and recreational alternatives for youth. Furthermore, they can only add to the County's tourism offer.

**Key issues:**

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- a) *Strategic links between labour market demand and education supply (via VET schools, relevant institutions and local economy) are not synchronised / adjusted, thus, generate unemployment.*
- b) *Integrated long-term human resource development (life-long education) with the County development priorities is rather weak*
- c) *Limited accommodation in VSC's kindergartens and not synchronised working hours with businesses don't meet the existing needs*
- d) *There is far too low share of higher educated people in total labour force in VSC, e.g. only 3,17% in 2005.*
- e) *Commissioning of R&D from higher education institutions has not been sufficiently integrated in regional development processes*
- f) *Implementing of CNEP (Croatian national education program) will require additional capacities for educational institutions*
- g) *Lack of employment opportunities in VSC results in a brain-drain from the County*
- h) *Museums and galleries are in inadequate shape to promote VSC's rich cultural and historical offer or support tourism development.*
- i) *Absence of multipurpose culture-business centre is limited factor in civil society development*
- j) *Numerous folklore events in VSC are not properly promoted and exploited through integrated all-year-long programs that could contribute to tourism development.*
- k) *Sports facilities are either in inadequate shape or do not exist at all and cannot offer preconditions for recreation / healthy life style of the population, professional sports achievements or tourism development.*

## 11. HEALTH AND SOCIAL WELFARE

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### 11.1 Health

In VSC 88% of policy holders are realising obligatory health insurance which is significantly lower than 96% Croatian average (Croatian health insurance institute, 2003) and unemployment, weak economy (company bankruptcy is causing decrease of insurance payments) and migration of population could be listed as causes of such situation. Health insurance in VSC is organised on primary and secondary level in 6 county and 12 private health institutions. Tertiary health level, which is considering the most complicated forms of health protection, is not organised in VSC but services for such patients are ensured in Osijek or Zagreb.

On primary health protection level, VSC lacks institution for palliative care (care and rehabilitation for patients with progressive diseases and for achieving higher quality of patients' life and their families).

In general, access to and provision of health services is considered adequate. However, war damage and a lack of financial resources left VSC's health institutions operating at the minimum standard determined acceptable at the national and county level. Health centres, responsible for primary protection, have inadequate space to function, equipment that falls below acceptable standards and an insufficient medical staff. Emergency services within health centres also have inadequate space as well as insufficient emergency intervention vehicles and equipment within those vehicles.

Vinkovci and Vukovar hospitals are still not fully renovated and equipped after the war. Also, both are failing to attract the required number of specialist doctors for the number of contracted beds and required tasks.

*VSC Primary health protection basic net*

ACTIVITY	Needed	Contracted	DEFICIT
General medicine	99	90	9
Children protection	16	7	9
Stomatological protection	90	65	25
Women protection	13	9	4
<b>TOTAL</b>	218	171	47

Source: Croatian Employment Institute, 2006

County Institute for public health is primary level institution conducting public health measured, especially epidemic, statistic and social-medical activities, health promotion and disease prevention in VSC. Due to mentioned activities as prescribed by law, the activities of VSC's Institute for Public Health are severely constrained due to a lack of space, thus it fails to provide the minimum acceptable service for the population.

*10 main diseases or conditions*

Diseases	Number of patients
Acute infection of breathing system	50.928
Hiper-intensive illness	21.972
Spine injuries	15.307
Neurosis	12.477
Infection of urinary bladder	8.637
Dermatological disease	8.515
Acute bronchitis	8.088
Diabetes mellitus	6.253
Eye disease	5.851
Bronchitis and asthma	5.229
<b>TOTAL</b>	<b>143.257</b>

Source: Public health institute, 2004

*Death causes in VSC according to diseases and rates per 100.000 inhabitants in 2004*

Diseases - conditions	Deceased		rate per 100 000 residents	Rating Number
	Number	%		
Illness of circulation system	1.099	50,41	536,70	1
Neoplasm diseases	527	24,17	257,36	2
Respiratory diseases	144	6,61	70,32	3
Injury, poisoning and other effects from external factors	144	6,61	70,32	3
Digestive system diseases	72	3,30	35,16	4
Nourishment and metabolism diseases	47	2,16	22,95	5
Other symptoms and abnormalities	46	2,11	22,46	6
Diseases of urinary organs and genitals	24	1,10	11,72	7
Disturbance in mental system and in behaviour	20	0,92	9,77	8
Contagious diseases	18	0,83	8,79	9
Neurosis system	14	0,64	6,84	10
<b>TOTAL</b>	<b>2.155</b>			

*Source: Croatian health-statistic report, Croatian Public Health Institute, 2004.*

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## 11.2. Social welfare

Welfare institutions in Croatia are split into three categories: social welfare centres, social welfare homes and centres for help and care. In VSC there are 3 social welfare centres and five social welfare homes. Under the reform of the social welfare system that began in October 2006, centres for social welfare will be networked and unified database of beneficiaries compiled that will be incorporated in the National register of social welfare beneficiaries. Due to expansion of activities and increasing needs, all centres in VSC have inadequate space, and lack both equipment and staff and, in addition, centre in Vinkovci operates in inadequate space.

*Most needed material rights*

<b>TYPE OF SOCIAL ASSISTANCE</b>	<b>NUMBER OF BENEFICIARIES (singles or families) 31.12.2003.</b>	<b>NUMBER OF BENEFICIARIES (singles or families) 31.12.2004.</b>	<b>NUMBER OF BENEFICIARIES (singles or families) 31.12.2005.</b>
Sustentation aid	2666	4210	4603
Contingency for help and nursing	1883	2587	2936
Lump sum assistance	2295	2122	2936
Personal invalidity	598	666	710
<b>TOTAL</b>	<b>7.442</b>	<b>9.585</b>	<b>11.185</b>

*Source: Department for health, labour and social welfare*

The increasing number of social welfare beneficiaries in VSC is evident from the above table, thus centres need an increased support in order to provide adequate services.

A social welfare home is a public institution founded for conducting social welfare activities outside the family and can be home for children and younger adults and home for grown-ups. Although 5 public and 6 private homes exist in VSC, they operate with inadequate and insufficient space. Also, VSC lacks adequate facilities for victims of domestic violence and orphans who must vacate orphanages at 18. Development of non-institutional forms of social welfare programs, such as “fostering”, will reduce the burden on the existing care homes and improve the quality of their service.

**Key issues:**

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- a) *Medical facilities (due to not completed renovation and equipping after the war and poor working conditions) do not entirely respond to the needs of VSC population.*
- b) *Since medical facilities in VSC are partially used by patients from BiH also, they need stronger and more frequent upgrading and equipping.*
- c) *Significant lack of medical personnel causes inadequate health service to the public.*
- d) *Emergency service in VSC is not adequately equipped.*
- e) *Integrated trainings / programs / education to address main causes of death / diseases are lacking.*
- f) *VSC has not yet leveraged on it's natural resources (e.g. thermal water) to boost the County as a rehabilitation centre*
- g) *Vulnerable groups (e.g. orphans, elderly people, victims of domestic violence etc) need better facilities and stronger support from the society*
- h) *An increasing number of social welfare beneficiaries places an additional financial burden on VSC*

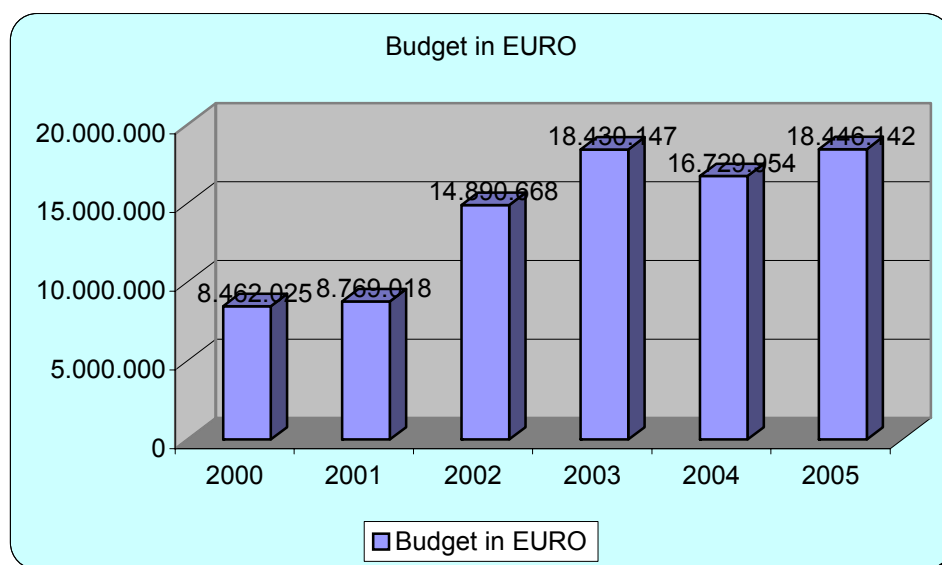
## 12. FINANCE

VSC, as a regional self-government unit, finances its activities through the county's budget with its own revenues and financial support from the central government. Due to difficult overall situation in the county (e.g. verified war damages estimated at 4,1 billion EUR, weak local economy, slow recovery process, mined areas, unemployment etc.) the budget is unable to cover all of its existing needs.

### *Vukovar Srijem County Budget*

Year	Budget in EUR	Budget in Kn
2000	8.462.025	61.772.782,50
2001	8.769.018	64.013.831,40
2002	14.890.668	108.701.876,40
2003	18.430.147	134.540.073,10
2004	16.729.954	122.128.664,20
2005	18.446.142	134.656.836,60

Source: Finance Department (note : 1 EURO – 7,30 Kn)



The almost doubling of VSC's budget between 2001 and 2002 (see above table) is explained by the fact that a decentralization funding process was introduced in 2002. The county's revenues are now composed of tax income, non-tax income and state contribution.

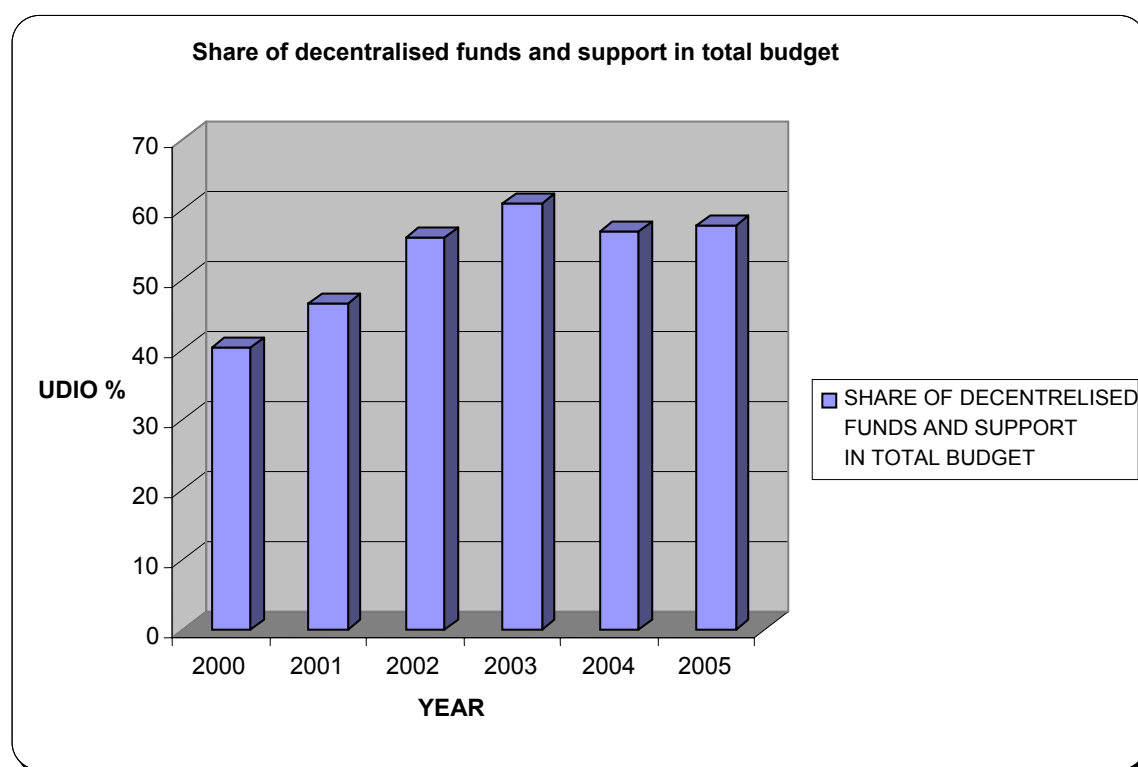
From 2002 onwards, because of disparity between the needs and available funds especially in education and health sector, the state has contributed around 50% of VSC's budget. Education and healthcare make over 70% of the county's expenditures<sup>4</sup>.

*Share of decentralised funds and support in total budget*

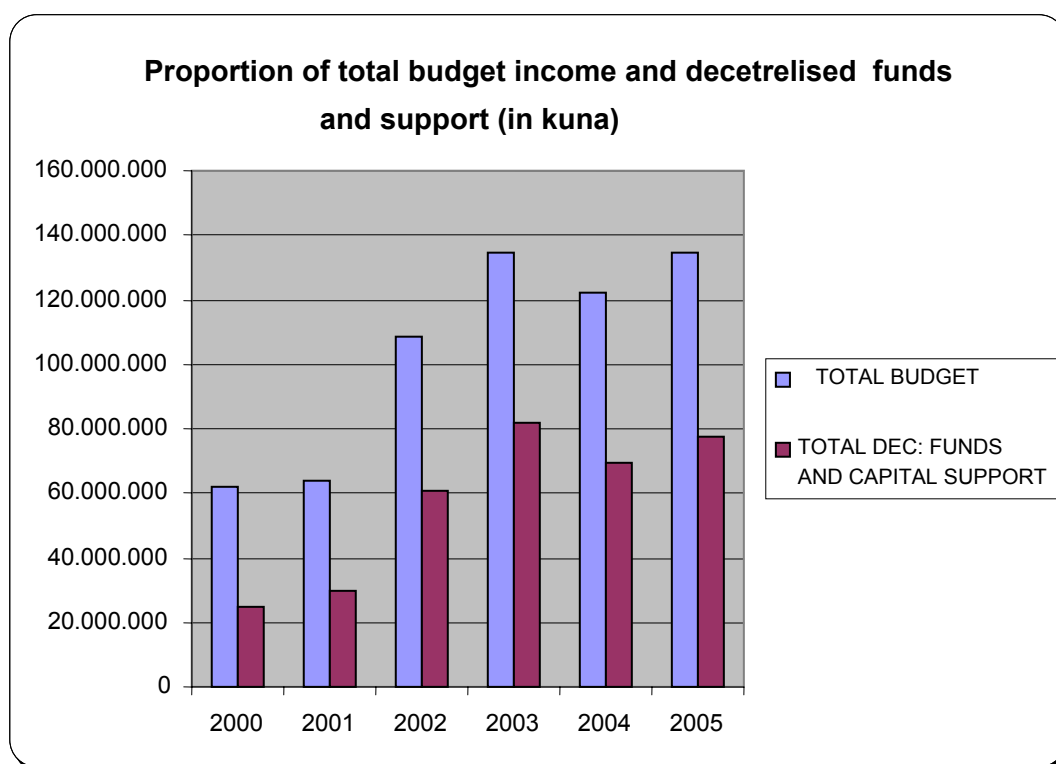
*in HRK*

YEAR	TOTAL BUDGET	DECENTRALISED FUNDS	SHARE OF DECENTRALISED FUNDS AND SUPPORT IN TOTAL BUDGET
2000	61.772.787	24.869.210	40%
2001	64.002.723	29.901.275	47%
2002	108.703.118	61.026.694	56%
2003	134.540.069	82.012.376	61%
2004	122.128.664	69.446.522	57%
2005	134.656.835	77.817.430	58%

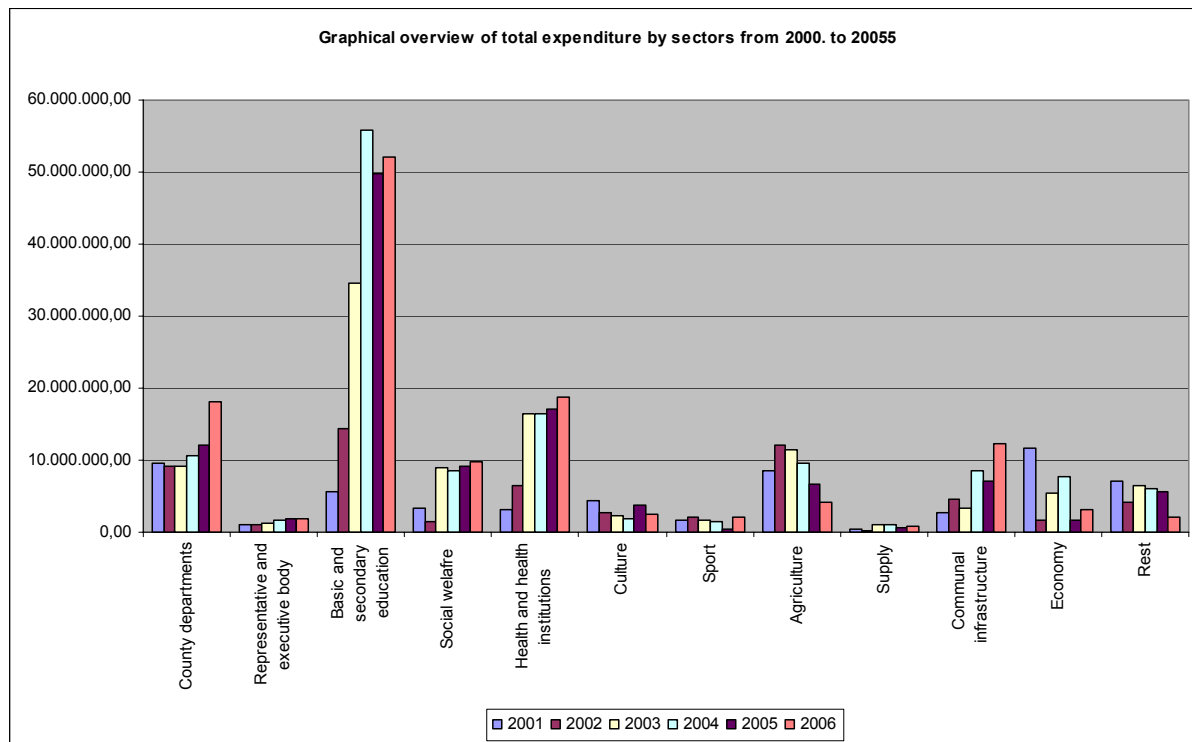
Source: VSC Finance Department, 2006



<sup>4</sup> See Annex 4



Although there are both social and developmental components integrated in the budget, it is still too weak to provide stronger support to further development despite the state's contribution. This low budget income, based on the very weak local economy, hinders the County from making substantial capital investments. Strengthening of financial management capacities especially long term strategic planning of resources allocation would contribute to increase of benefits from available county resources.



### Key issues:

- Financial resources in the County's and LSGUs' budgets are insufficient to meet their needs.*
- Based on NSRD, VSC will be required to allocate available funds, according to identified development priorities.*
- The forthcoming NSRD will require joint budgetary planning activities between the County and LSGU's*
- There is a weak capacity amongst public administration to harness funds from all available sources.*

### 13. INTERNATIONAL AND CROSS-COUNTY COOPERATION

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Post independence in 1992, Croatia has travelled a long road towards accession into the EU. In recent years, pre-accession activities have intensified with Croatia gaining candidacy status in June 2004 and commencing negotiations at an intergovernmental conference with EU members in October 2005.

To prepare for eventual accession of Croatia in the EU, VSC is attempting to adjust its structure and strengthen its capacities through establishing various bodies in charge for international cooperation. To this end, it has formed the European Integration Committee and the Department for International Cooperation and Capital Investments (ICCI).

Since 1991, a significant proportion of the County's international cooperation was based around humanitarian aid and donations for the renewal and upgrading of war-damaged facilities. However, during recent years, that type of cooperation has advanced into more partner-based relations with various European countries, regions, associations and donors, VSC is becoming an increasingly active player in associations like "The Euro-region Danube-Drava-Sava" and the "Working community of the Danube regions".

Also, rich cultural heritage of national minorities, which significantly contributes to overall VSC's historical and cultural heritage, represents good basis for strengthening cooperation with countries of their origin. At the same time, a huge potential for the development of international cooperation represents Croatian diaspora and establishing relationships with it.

Despite these initiatives, there remains a huge gap between the rapidly changing situation (regarding EU integration processes) and capabilities of the County's institutions and stakeholders to adjust themselves and better exploit new opportunities.

Although there is a certain level of cooperation between VSC and other counties in Croatia, such as for establishment of a Regional water supply system, water management, woods management etc., cooperation overall remains relatively weak. There are significant opportunities to improve cooperation through joint projects that might be of mutual interest.

Efforts that have been invested so far, in the field of international cooperation as well as other fields e.g. economy, agriculture, education etc., resulted in increased interest of foreign investors.

**Key issues:**

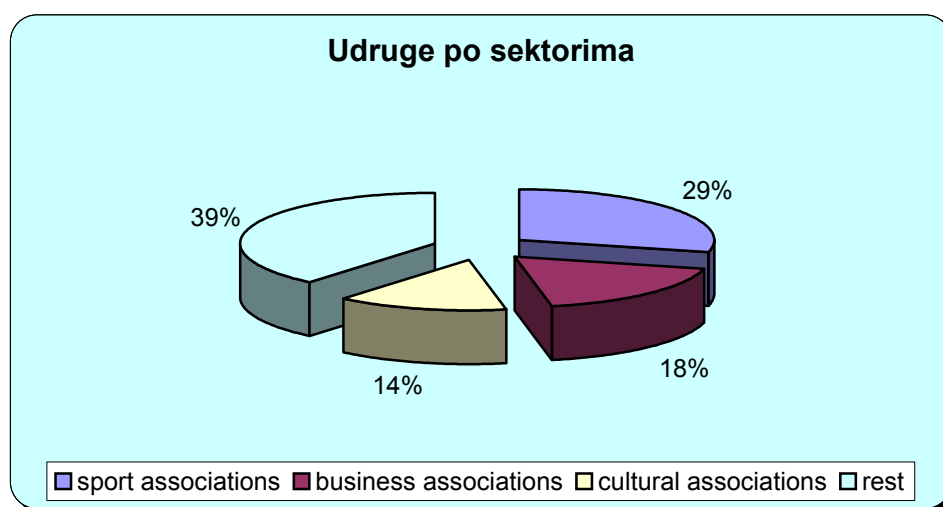
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- a) *Stronger international cooperation activities require highly educated and skilled professionals.*
- b) *New and constantly changing situation requires new approach and flexible organisation structure in order to adjust administration to EU regulations.*
- c) *Although involved in different types of international cooperation, VSC still does not exploit to the maximum extent existing opportunities offered through the accession process.*
- d) *Negative impact of borders can be reduced by strengthening of crossborder cooperation*
- e) *Ethnic mix of the population is valuable resource for strengthening the cross-border / international cooperation with minorities countries of origin (e.g. Hungary, Slovakia, BiH, Serbia, Ukraine etc)*
- f) *Despite large number of croatian diaspora, relations with them are not on satisfactory level.*
- g) *Despite existing possibilities/needs, cross-county cooperation is still relatively weak*
- h) *Existence of "poverty gaps" demands development strategy on micro-level (local level)*

## 14. CIVIL SOCIETY

Civil society in VSC is represented through more than 1.000 NGOs organised in 20 sectors. The majority of NGOs are sports associations (29%), business associations (18%) and cultural associations (14%). In spite of this preponderance of NGOs, numerous are inactive. Hence NGOs do not play as significant role as they could in supporting all aspects of County development. Additional problems are caused due to NGO's weak memberships and weak interrelations.

*Share of NGOs by sectors*



*Source: Public administration office in Vukovar Srijem County, 2006*

Cooperation between the County and civil society was formalised in 2004. through "The Charter on the cooperation of VSC and NGO/ non-profit making sector". This charter helped to improve cooperation and provided a secure transparent financing framework for NGOs. They now receive a portion of their funding from the County's or LSG budgets. However, there are insufficient financial resources<sup>5</sup> in VSC to cover all NGO demands and financial support is provided to those who are active and have plans and programs of their activities. VSC secures approximately 0.5 mill. Kn (EUR 70.000) annually for funding NGOs and selection is organised through "The Committee for coordination of financial support to NGOs' projects"; both VSC and civil sector have their representatives in the Committee and it's work is public. The rest of financial resources, amounting at around 2.5 Mill Kn (EUR 350.000), acts as a support to the NGOs regular operations.

<sup>5</sup> See Annex 5

Civil society is included in other county bodies such are Committee for gender equality, for human rights, drug abuse prevention, elderly people care and coordination for financial support allocation.

***Key issues:***

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- a) A weak organisation of the civil society sector results in it's low level of participation in and influence on the county activities.*
- b) Although formalised, the cooperation between the civil society and VSC LSGUs could be further strengthened.*
- c) Weak capacity and cooperation amongst NGOs to identify and apply for funding from a range of sources, results in high dependence on LSGUs budgets*

## 15. TOURISM

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Due to lack of exploitation of the County's potential, as opposed to the County having little to offer, tourism has never made a significant contribution to VSC's economy. Under the planned socialist economy, the tourism focus was directed towards Croatia's Adriatic coast, with continental tourism of the kind that VSC could offer little understood and mainly overlooked.

*Number of tourists in VSC in relation to Republic of Croatia during the time between 2001 – IX.2006*

YEAR	1990.	2001.	2002.	2003.	2004.	2005.	2006.
CROATIA	8.496.858	7.859.757	8.320.203	8.877.981	8.735.126	9.268.168	9.568.685
VSC	75.254	20.658	22.486	21.568	17.770	23.026	24.157

*Source: Croatian State Bureau of Statistics – statistical information from 2005 and 2006 year*

*Number of overnight stay in Vukovar-Srijem County in relation to Republic of Croatia during the time between 2001-IX.2006*

YEAR	1990.	2001.	2002.	2003.	2004.	2005.	2006.
CROATIA	52.523.305	43.404.354	44.692.456	46.635.103	45.845.888	49.308.355	50.728.529
VSC	115.392	49.425	52.439	47.339	32.050	40.178	50.187

*Source: Croatian State Bureau of Statistics – statistical information from 2005 and 2006 year*

VSC has a range of assets that collectively encapsulate its significant tourism potential. These include natural beauties, unique Slavonian gastronomy, extensive forest hunting grounds for numerous tourism types (hunting, excursions...), excellent terrain for outdoor sports such as fishing, cycling etc., the thermal waters (e.g. in Babina Greda), a tradition of and wine production, and a significant historical / cultural tourism offer arising from VSC's rich history and on-going traditions. The under-utilized Danube riverbanks are also an important natural asset, but must be recognized within the context of a much wider 'international' tourism offer spanning the length of the Danube. Banks of other rivers are also under-utilized for the tourism purposes. Although currently at a very low level, rural tourism may be expanded through exploitation of such natural assets.



VSC's 1100 hotel beds, ranging from basic rooms to a new 4\* hotel, can accommodate a far greater number of visitors to the County than current levels. Since accommodation throughout the remainder of the Continental Region is deemed to be at a low level, this appears to be a comparative advantage for VSC's hotels to absorb increased tourist numbers. At present, the vast majority of hotel accommodation is used by business not tourism travellers. Only recently, out of 9 VSC's travel agencies, two identified themselves as primary receptive (whose main programme offer is visits to VSC) and others are focussed on providing holidays for VSC citizens wishing to travel out of the County.



In 2000, the Institute of Tourism in Zagreb produced a 'Development Marketing Plan for Tourism in VSC' but its weak implementation has resulted in few tangible results thus far. In general, integrated tourism promotion activities are non-existent since stakeholders are not taking individual or collective responsibility to promote tourism within VSC. Revival and promotion of the strategic plan should raise stakeholders' awareness of their potential roles and responsibilities to this end. A tourism promotion institution does exist within VSC through the County Tourist Board and its branch agencies at the local self-government level. However, capacity building is required to enable this network to function more effectively. In last three years, several international organizations have shown interest and offered their expertise to intensify tourism activities in Eastern Slavonia. The Austrian Development Agency produced a study for development of the Danube area, and also promoted 'Development of Tourism in Eastern Slavonia' which gathered a significant number of VSC's tourism stakeholders together to discuss potential actions to enhance tourism.

**Key issues:**

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- a) *Existing tourism potentials (e.g. natural beauty, gastronomy, cultural heritage etc.) have not been adequately exploited so far.*
- b) *The Danube and other rivers' banks have not been utilized in terms of urban development (development of the centre of a settlement)*
- c) *Accommodation capacities offer logistical support to tourism development.*
- d) *Implementation of existing tourism development strategy is relatively weak*
- e) *Stronger tourism development requires an integrated approach/programme that includes involvement of different actors such as tourism board network, tourist agencies, hotels, museums and cultural associations, LSGUs etc.*
- f) *Capacity building of different stakeholders is of crucial importance for further tourism development.*
- g) *Low level of international cooperation causes lack of FDIs in tourism sector.*

## **16. SWOT ANALYSIS**

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An overview of the situation that VSC is in, by sectors and trends within those sectors, is given the Chapter “Basic analysis”. At the end of each part, “Key issues” are highlighted, as the most important characteristics of each part.

Basic analysis, along with the Key issues, represents the base for creation of the SWOT analysis which position VSC by defining it’s strengths, weaknesses, opportunities and threats. Based on results of the SWOT analysis, activities that need to be undertaken can be defined in order to improve the present situation.

## STRENGTHS

### **Demographic patterns, Natural resources and Environmental protection**

- *Rich and diverse natural resources (forestry, agricultural land, water...)*
- *Excellent geostrategic location*
- *Clean environment*
- *Start of process related to environment care ( e.g. closing of illegal waste dumps)*
- *Absence of significant industrial pollutants*

### **Spatial planning, Urban network and Administration**

- *Updated cadastre and land registry documentation for entire County*
- *Whole County covered with spatial planning documentation*

### **Economy, Agriculture and Forestry, Demining**

- *Expanding SME sector*
- *Area of Special State Concern offering comparative advantages ( taxation, subsidies)*
- *Progressive export orientation of local economy*
- *Developed financial sector (offer)*
- *Unique domestic products (kulen)*
- *Good climate suitable for agricultural production*

### **Infrastructure**

- *Good transport network (roads, railroads, river port)*
- *Energy supply serve currently needs*
- *Good telecoms coverage*

### **Education, Culture and Sport**

- *Rich cultural and historical heritage*
- *Multi-ethnic composition of VSC population*

### **Health and Social welfare**

- *Medical staff with good capabilities, experience and expertise*
- *Developed network of Social institutions*

### **Cross-border and Cross-county cooperation**

### **Civil society**

### **Tourism**

- *Expanding service sector (e.g. accommodation capacity in tourism)*

## WEAKNESSES

### **Demographic patterns, Natural resources and Environmental protection**

- Brain drain; young people leaving the county
- Falling birth rate; ageing population (especially rural areas)
- Low value exploitation of natural resources (e.g. fragmented land, thermal waters...)
- Weak awareness among population of the County's worth (natural assets, products etc.)
- Weak waste flow control system and waste management system (legal landfills, waste recycling)
- Lack of waste treatment plants; insufficient coverage of waste water network
- Low number of public and science institutions; Low level of education for waste management staff, inadequate education of society and low number of employees in waste management area (on all levels)
- Lack of monitoring system for environment (air, ground, water)

### **Spatial planning, Urban network and Administration**

- Weak strategic links (horizontal and vertical) between county administration, LG and stakeholders

### **Economy, Agriculture and Forestry, Demining**

- Lack of employment opportunities and poor working conditions
- Insufficient use of new industrial production / processing / IT technologies
- Low level of FDI's
- Weak use of information about markets
- Inadequate structure of economy
- Lack of entrepreneurial spirit
- Underdeveloped infrastructure for entrepreneurs (incubators, tech.parks, financing entrepreneurs micro-projects)
- Processing sector not focussed on adding value to products from VSC raw material base
- Reluctance to meet challenges of socio-economic change
- Unbalanced economic development
- Poor organization of agricultural production
- Low level of companies / cooperative integration
- Low number of modern cooperatives
- Mined areas

### **Infrastructure**

- Deterioration of water supply network
- Lower quality roads than Croatian average
- Weak broadband internet coverage

### **Education, Culture and Sport**

- Weak link between education / training and labour market demands
- Low number of university graduates
- Inadequate physical capacities of educational infrastructure
- Lack of kindergartens and playgrounds Nedostatni kapaciteti vrtića i dječjih igrališta
- High dependency on centralized budgetary subsidies
- Lack of natural and cultural heritage protection

### **Health and Social welfare**

- Lack of medical programmes and institutions for palliative care
- High dependency on centralized budgetary subsidies
- Minimum acceptable level of doctors
- Lack of accommodation capacity in institutions of social welfare and new forms of social welfare
- Underdeveloped civil society

### **Cross-border and Cross-county cooperation**

### **Civil society**

- Large number of people affected by the war (invalids of homeland war, war veterans, war victims family, returnees etc.)
- Weak quality of social life (absence of info-center for young people, undeveloped library network, insufficient number of theaters, multipurpose cultural(social) centers, lack of technical culture practising opportunities, riverside management, sports objects etc.)

### **Tourism**

- Poor exploitation of tourism / culture potential

## OPPORTUNITIES

### **Demographic patterns, Natural resources and Environmental protection**

- *Sustainable exploitation of natural resources e.g. health tourism, greenhouse production, energy production*
- *Waste management as economic activity*

### **Spatial planning, Urban network and Administration**

### **Economy, Agriculture and Forestry, Demining**

- *Potential to attract Foreign Direct Investments*
- *Establishing local guarantee agency*
- *Better use of EU pre-accession funds*
- *Development of „brown field“ investments*
- *Strengthen local economy by exploiting proximity to neighbouring countries of Serbia and Bosnia*
- *Market regional identity / natural goods, products, cultural heritage*
- *Stimulate growth of undeveloped areas*
- *Better exploitation / promotion of BZs*
- *Integrate and expand existing business support institutions*
- *Consolidate arable land (pilot project ongoing)*
- *Add value to agricultural production and related export*
- *Most LG's have adopted Disposal of State agricultural land program*
- *Strengthen organic / non-traditional agricultural production*
- *Irrigation strategy adopted (pilot project ongoing)*
- *Strengthen cooperative sector*
- *Finalise de-mining*

### **Infrastructure**

- *Expand sustainable transport / logistic hub*
- *Further development of internal waterways (e.g. construction of Danube-Sava canal)*
- *Develop existing canal network*
- *Construction of Eastern Slavonia regional water supply system*
- *Develop transport network (roads, railways etc.)*
- *Construction of new energetic facilities in economy development role*

### **Education, Culture and Sport**

- *Expand quality spectrum of education and VET*

### **Health and Social welfare**

- *Develop social welfare system (pilot project ongoing)*

### **Cross-border and Cross-county cooperation**

- *Expand cross-border, cross-county and in-county cooperation*
- *Strengthen cooperation with diaspora*

### **Civil society**

- *Strengthen role of civil society*
- *Development of IT society*
- *Social cohesion through multiethnic integration*

### **Tourism**

- *Develop domestic tourist offer*

## THREATS

### **Demographic patterns, Natural resources and Environmental protection**

- *De-ruralisation and depopulation*
- *Centralised natural resources management*
- *Low level of protection from natural resources*
- *Air pollution caused by traffic (heavy cargo transport through city centre)*
- *Air and groundwater pollution as consequence of uncontrolled waste disposal*
- *Pollution of surface waters due to lack of waste water treatment plants*
- *Inadequate waste management*

### **Spatial planing, Urban network and Administration**

- *Inadequate coordination of creation/using spatial-planning documentation and County developmnet planning*
- *Unresolved teritorial issues (borders)*
- *Inflexible administration*

### **Economy, Agriculture and Forestry, Demining**

- *Weak competitiveness of economy*
- *Increased international / EU competition*
- *Un-regulated economic activities/grey market*
- *Negative impacts of war actions (e.g. mine fields) create negative image of the County*
- *Postponed regional development*
- *Permanent education/training programs of agricultural producers are at low level*
- *Slow process of de-minig*

### **Infrastructure**

- *Large traffic burden in settlements (undeveloped bypass network)*

### **Education, Culture and Sport**

- *Relatively high illteracy rate vis a vis Croatia*
- *Absence of libraries slows down society of knowledge development*
- *Reduced possibilities for sports activities influence on peoples health*

### **Health and Social welfare**

- *Quality decrease in health protection due to lack of doctors an social welafare experts*
- *Increased social problems*
- *High poverty rate / social exclusion*

### **Cross-border and Cross-county cooperation**

- *Slow capacity building related to EU*

### **Civil society**

### **Tourism**

## 17. VISION, PRIORITIES AND MEASURES

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Based on indicators from the Basic analysis, Key issues and SWOT directions, components of the County development strategy have been defined as: the vision, long-term objectives, priorities and measures.

### The Vision

Defined in a wide consultative process, the Vision represents wanted situation of VSC in 2013. It promotes the ownership of local interest groups and is set-up with understanding for process of social and economic change. Also, since Croatia is close to full EU membership, the vision is temporally synchronised with the financial perspective of the European Union.

### Long-term objectives

The vision of the strategy, as identified above, will be realised through three long-term strategic objectives. These objectives form the pillars that support the strategic process. They have been developed to provide strategic focus and discipline. In this manner available resources can be effectively marshalled and directed to have the maximum impact. Importantly, the selection of objectives (and associated priorities and measures) allows the impact of the strategy to be better monitored and evaluated. The objectives are to be understood as follows:

#### ***Objective 1. Enhance the conditions for a competitive and sustainable economy with environmental protection***

Economic expansion can only occur in a 'business enabling' environment. Successful local economies are distinguished by their ability to identify and address the barriers to business growth. The Basic analysis and SWOT has identified specific barriers to business in the county and this objective is designed to address these barriers and improve the conditions for economic growth. The objective also reflects the understanding by local stakeholders that environmental degradation can also form a future barrier to business growth. Economic support initiatives, particularly infrastructure related, will respect the principle of environmental sustainability. Importantly, this objective will help the public and private sectors to work in better partnership to develop the conditions for economic growth.

## **Objective 2. Human resources development through life-long learning**

The county faces the challenge of moving from a labour-based economy to a skill-based economy. To achieve this labour productivity has to be increased. This translates into addressing the skills mismatch between market demand and labour supply. New initiatives are required to strengthen the links between education, and business. New possibilities of training provision such as school to work and retraining for the long term unemployed can address this mismatch. Education providers need new resources and new skills to meet this challenge. Failure to develop such policy initiatives will result in continued migration of young persons from the county. This objective is directed towards developing closer relations between education providers, employment services and the business community. Through increased access to education excluded society groups will be encouraged to enter the active labour market.

## **Objective 3. Improve the quality of life through protection of natural and cultural heritage, health and social inclusion**

Economic success and an inclusive society are not mutually exclusive. Quality of life can play an important role in supporting economic development and job creation. This objective is designed to ensure a balanced development perspective. It recognises the importance of an active civil society and the role of natural and cultural identity and health in a successful socio-economy. The quality of life has to be improved, particularly in rural areas, if the threat of depopulation is to be addressed. The county can exploit its strong cultural identity to promote tourism development and traditional craft employment in peripheral rural areas. Improvements in public services can contribute to retaining population and reversing de-ruralisation. Supporting the integration of minority groups can contribute to the vibrancy of local areas. Availability of public services (health, education, kindergarten) has an economic as well as social function. Their availability can contribute to retaining a critical mass of population in smaller municipalities and rural areas.

**Objective 4. Proactive role of VSC in integration processes and creation of partnership-based relationships in the neighbourhood**

We are witnesses of integration processes in our surroundings and partially involved in them. The goal of the Republic of Croatia, thus VSC, is to become an integral part of those integrations e.g. European Union. To achieve that, it is necessary to actively work on implementation of certain measures where partnership is among the most important issues. Territorial cooperation with neighbouring regions, as well as better inter-counties cooperation, can significantly help VSC to maximise supports available in integration processes.

## **VISION**

VSC is a well organised, prosperous county with open possibilities, on its way to the society of knowledge, with developed, sustainable economy based on added value to the natural resources, an educated labour force, active civil society, preserved cultural and natural heritage, environmental protection and socially and existentially safe county of content people.

### **OBJECTIVE 1: Creating preconditions for development of competitive and sustainable economy with protection of environment**

**Priority 1:** *Strengthening/construction/maintenance of communal and business related infrastructure*

**Measure 1:** Construction and equipment of business/free zones

**Measure 2:** Strengthening of supporting institutions

**Measure 3:** Stimulating stronger linkages between economic subjects

**Measure 4:** Maintenance and construction of water supply, wastewater, energetic and traffic systems and other infrastructure objects and decoration of public areas

**Measure 5:** Maintenance and construction of melioration and communal canal network

**Measure 6:** Strengthening of defence systems from elementary disasters

**Measure 7:** Strengthening of local partnerships

**Measure 8:** Stimulating economic activities in rural areas and areas of special state concern

**Measure 9:** Constructing/renewal of inland waterways and use of potentials for development of river ports on the Danube and Sava rivers

**Priority 2:** *Better utilisation of natural and cultural potentials for development of tourism, rural areas and development and restructuring of agriculture with protection of environment*

**Measure 10:** Promotion and introduction of more profitable agricultural production through training and merging of agricultural manufacturers by strengthening processing sector and product finalization as well as constructing/adaptation of objects and new technologies

**Measure 11:** Stimulating pilot projects and production (e.g. irrigation etc.)

**Measure 12:** Utilisation of potentials in renewable sources of energy (geothermal waters, biomass etc.)

**Measure 13:** Creation of documents in environment protection, creation of systems for tracking the situation in environment and foundation of institutions for environment protection

**Measure 14:** Preparation of projects and recovery of landfills, organisation of separated garbage collection, recycling yards, green islands and construction of centres for waste disposal

**Measure 15:** Promotion of Vukovar-srijem County as a tourist location by valorisation of potentials (vine, hunting, rural etc. tourism)

**Measure 16:** Market oriented tourist education and training based on specific advantages of product/place

**Measure 17:** Upgrading and construction of infrastructure for accommodation capacities for all types of tourism

**Priority 3:** *De-mining*

**Measure 18:** Acceleration of de-mining process

**OBJECTIVE 2: Human resources development through lifelong learning**

**Priority 4: Harmonization of existing with the new education system and market needs of the County**

**Measure 19:** Training and expert qualification according to the needs of economy

**Measure 20:** Construction/upgrading and equipping of school buildings in order to apply new educational system

**Measure 21:** Support for development of new higher-educational institutions

**Measure 22:** Strengthening of cooperation between educational institutions and businesses

**OBJECTIVE 3: Improvement of quality of life through preservation of natural and cultural heritage, health and social inclusion**

**Priority 5: *Renewal and protection of natural and cultural heritage***

**Measure 23:** Renewal and protection of cultural facilities and preservation of natural heritage

**Measure 24:** Projection of archaeological and ethnic parks as cultural sites

**Measure 25:** Organisation of workshops and seminars for renewal/revival of traditional crafts (e.g. making folk costumes and instruments), upgrading/construction of facilities for crafts and promotion of manufacturing

**Priority 6: *Promotion of healthier way of life and improvement of healthcare protection***

**Measure 26:** Creating conditions for greater interest in sports through upgrading/construction and equipping of sports facilities and creating adequate programmes

**Measure 27:** Education about healthier nutrition, drug abuse, alcohol etc. and way of life (socialization, alienation)

**Measure 28:** Creating of programmes and acquiring vehicles and equipment required for organizing trainings for healthcare employees and informing of residents

**Measure 29:** Acquiring equipment and upgrading/construction of facilities required for improvement of healthcare protection

**Priority 7:** *Improvement of quality of life for youth, women, war victims, invalids and care for old and disabled people and social inclusion*

**Measure 30:** Upgrading and construction of public and accommodation facilities and acquiring vehicles adapted for invalid persons and old and disabled persons for concerned institutions

**Measure 31:** Development of non-institutional forms of social care

**Measure 32:** Training and instruction for employment of women, invalid persons and war victims

**Measure 33:** Upgrading/construction of multipurpose sports and cultural/social facilities and supporting infrastructure as well as preparation and implementation of activities for youth and children

**OBJECTIVE 4: Proactive role of Vukovar-srijem County in integration processes and creation of partnerships in environment**

**Priority 8:** *Strengthening of international cooperation, cooperation between counties and inner-county cooperation*

**Measure 34:** Improvement in efficiency in utilisation of national and international financial sources

**Measure 35:** Promotion of international and inner county activities of Vukovar-srijem County stakeholders in all areas of life (e.g. economy, agriculture, culture, sports, environment protection etc.)

**Measure 36:** Strengthening of cooperation between municipalities and active role of relevant institutions in regional development

**Measure 37:** Promotion of balanced development of the county

**Measure 38:** Promotion of cooperation with Diaspora

## **VISION, OBJECTIVES, PRIORITIES AND MEASURES**

# VISION



VSC is a well organized, prosperous county with open possibilities, on its way to the society of knowledge, with developed, sustainable economy based on added value to the natural resources , an educated labour force, active civil society, preserved cultural and natural heritage, environmental protection and socially and existentially safe county of content people



## LONGTERM OBJECTIVES

### Objective 1.

Creating preconditions for development of competitive and sustainable economy with protection of environment

### Objective 2.

Human resources development through lifelong learning

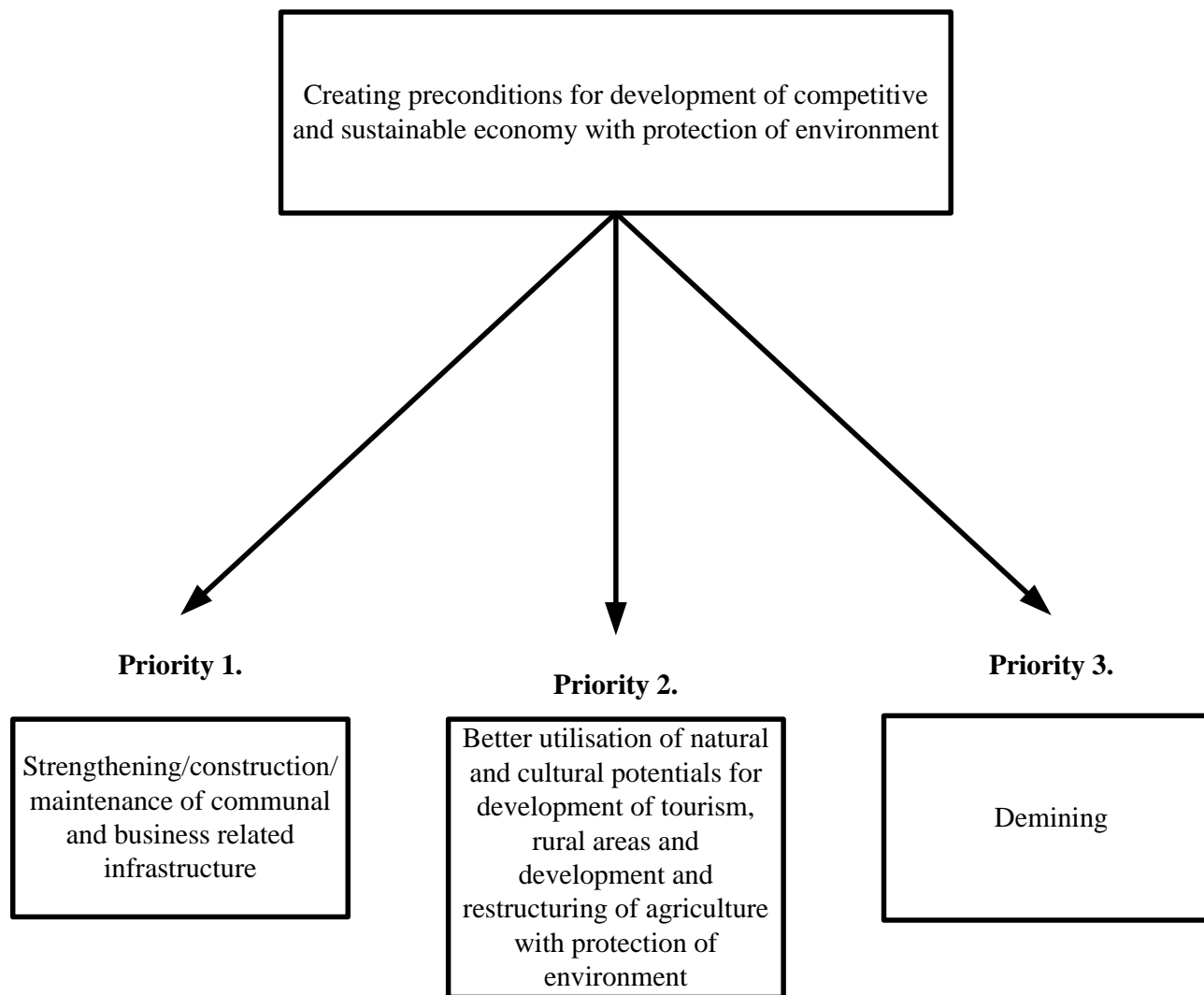
### Objective 3.

Improvement of quality of life through preservation of natural and cultural heritage, health and social inclusion

### Objective 4.

Proactive role of Vukovar-srijem County in integration processes and creation of partnerships in environment

## OBJECTIVE 1



## **OBJECTIVE 2**

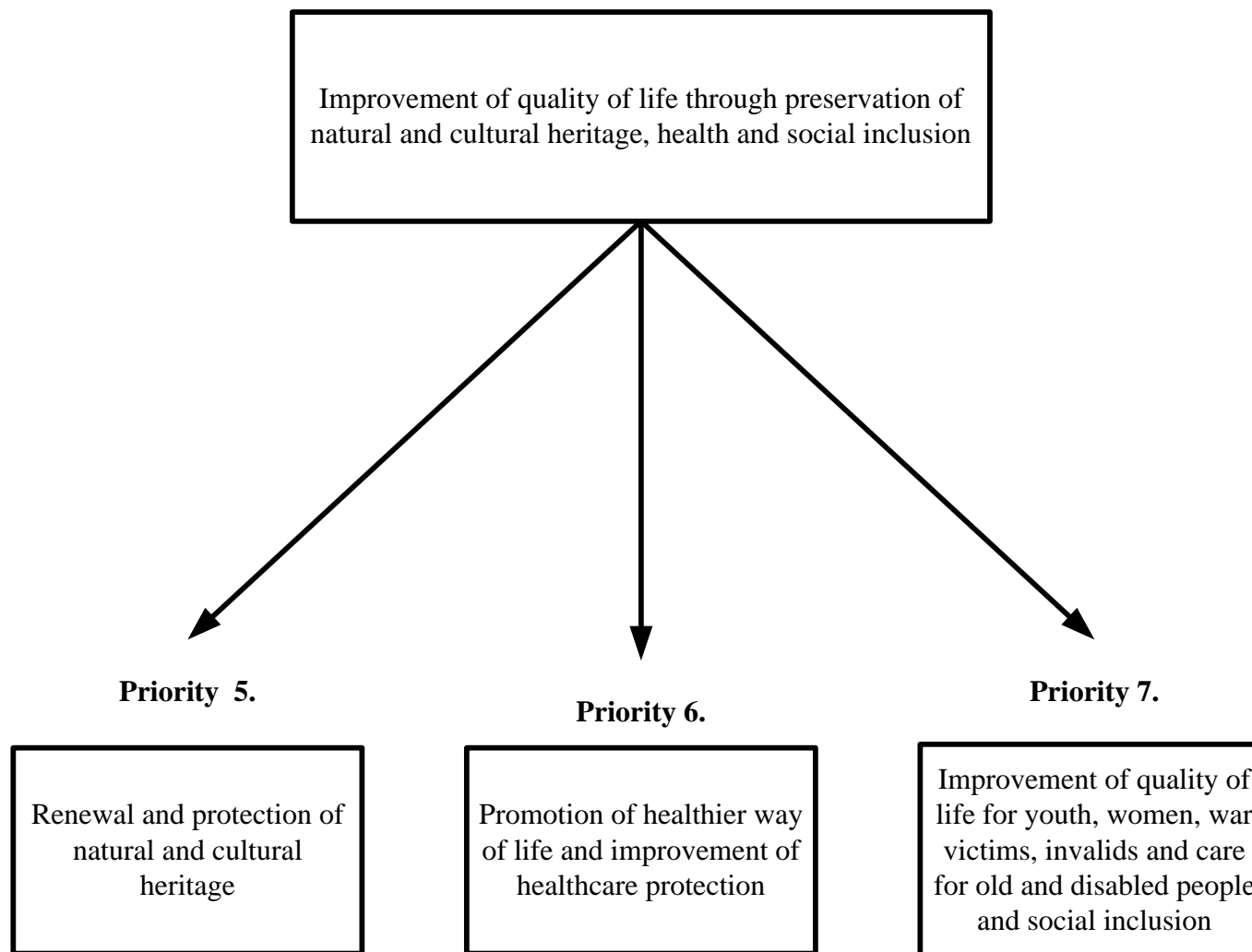
Human resources development through lifelong learning



### **Priority 4.**

Harmonization of existing with  
the new education system and  
market needs of the County

### OBJECTIVE 3



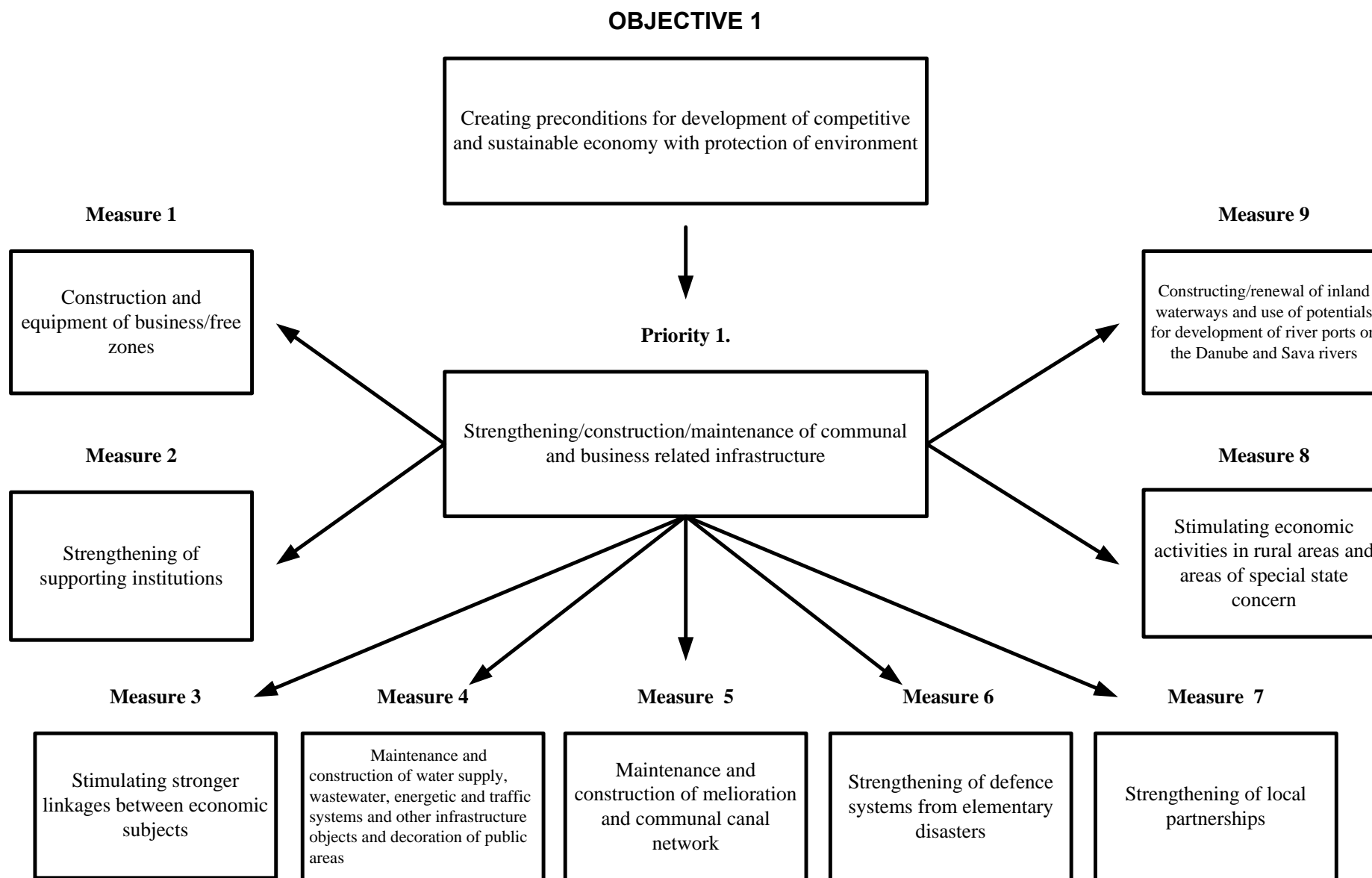
## **OBJECTIVE 4**

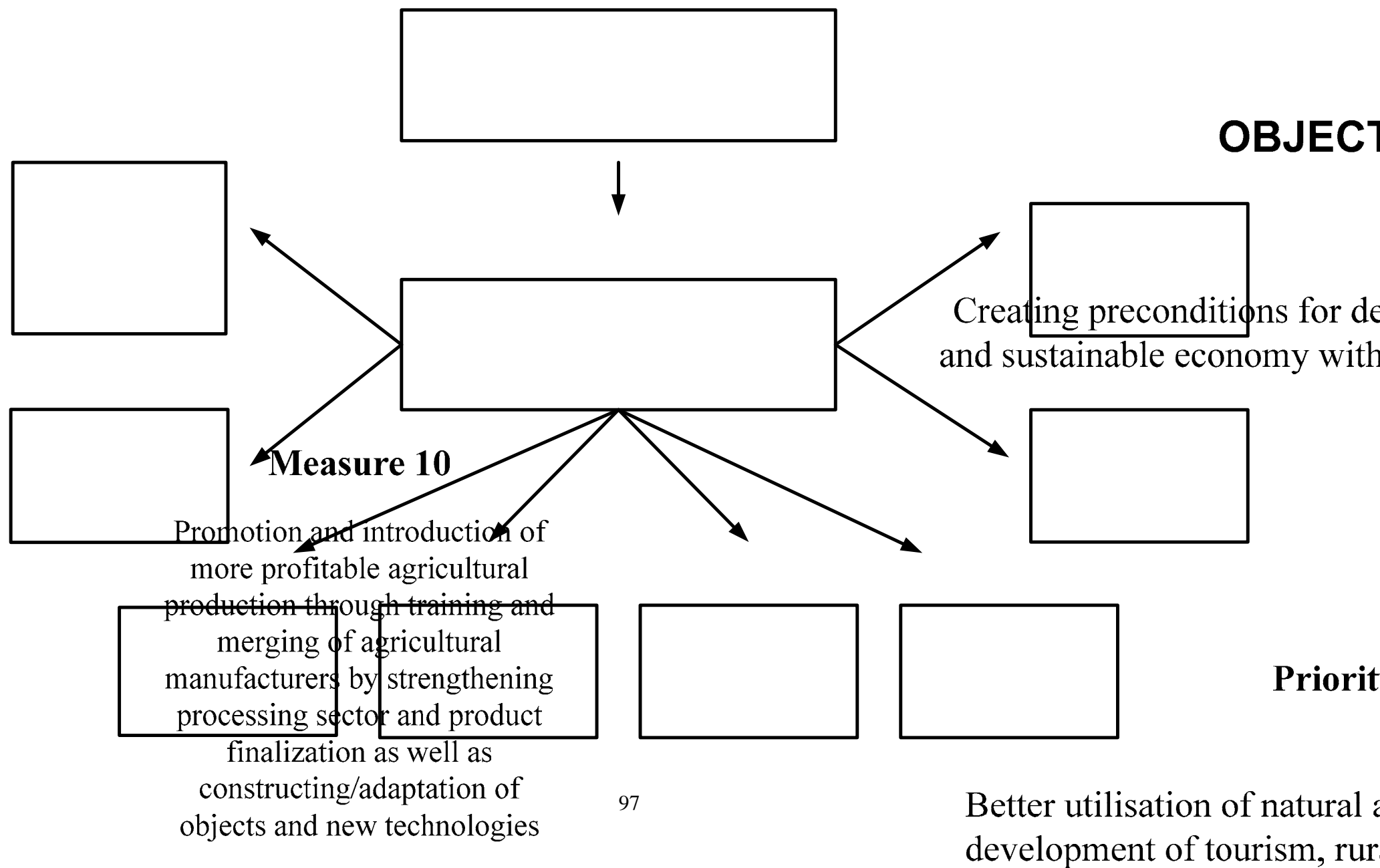
Proactive role of Vukovar-srijem County in integration processes and creation of partnerships in environment



### **Priority 8.**

Strengthening of international cooperation, cooperation between counties and inner-county cooperation





## **OBJECTIVE 1**

Creating preconditions for development of competitive and sustainable economy with protection of environment



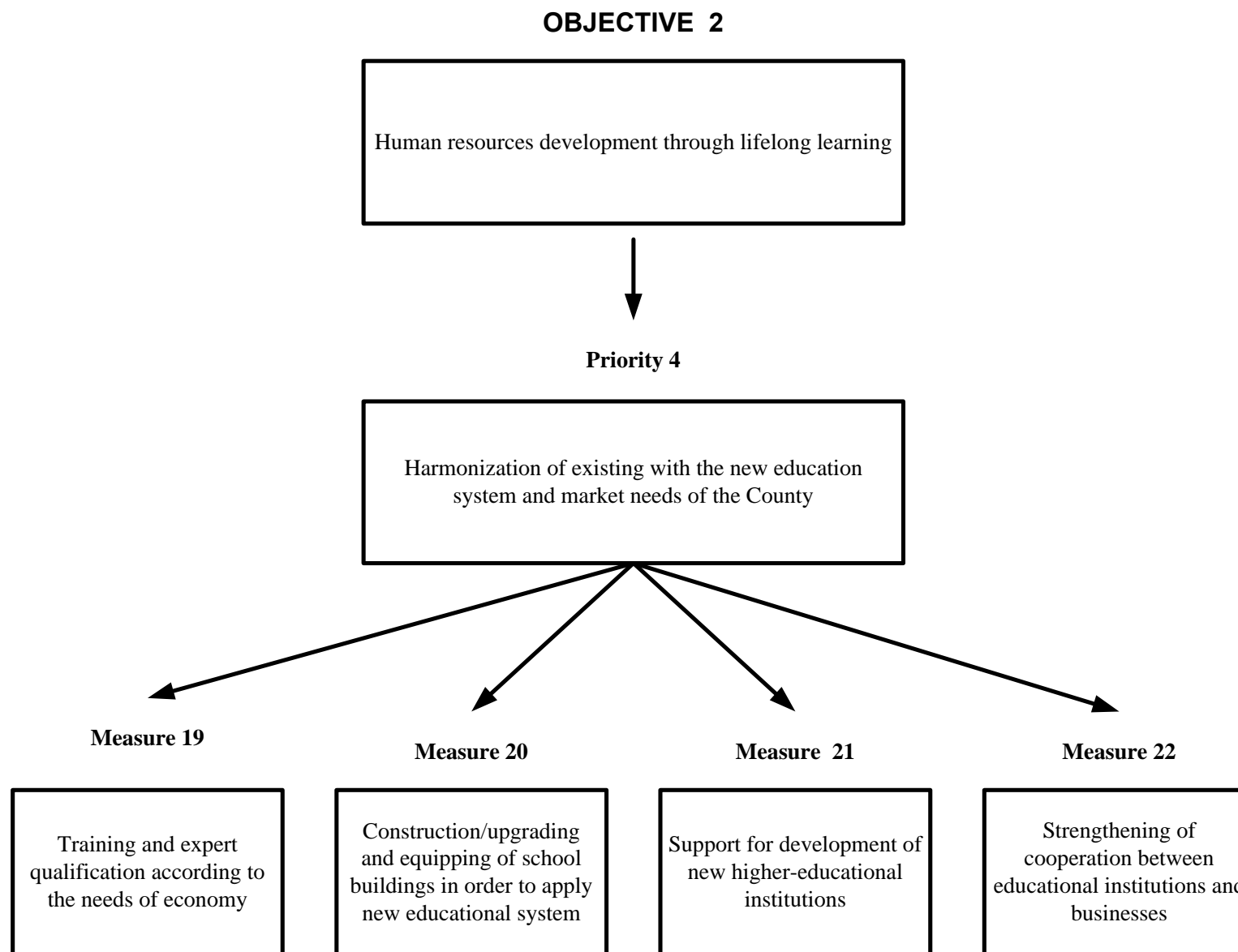
### **Priority 3.**

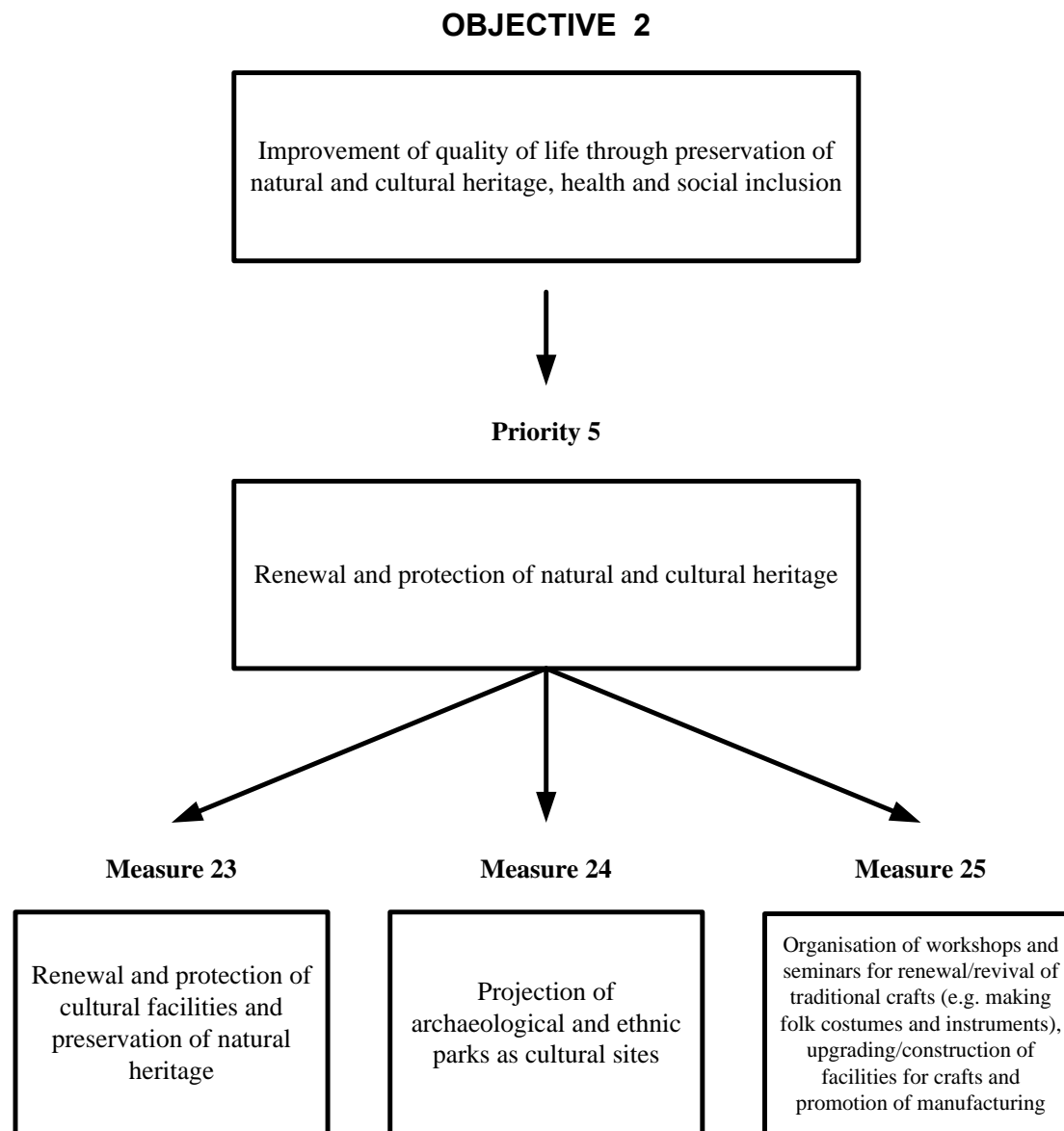
Demining

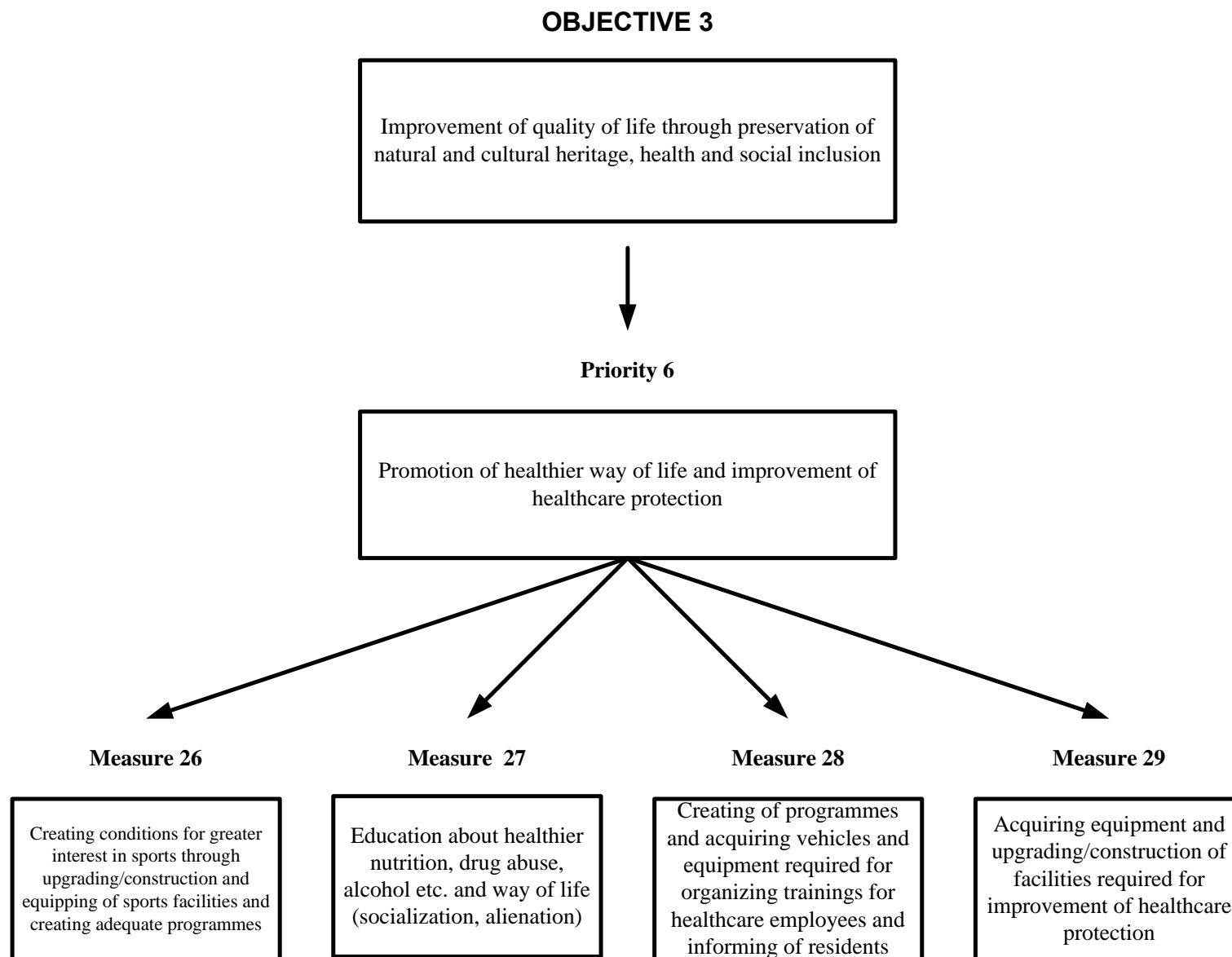


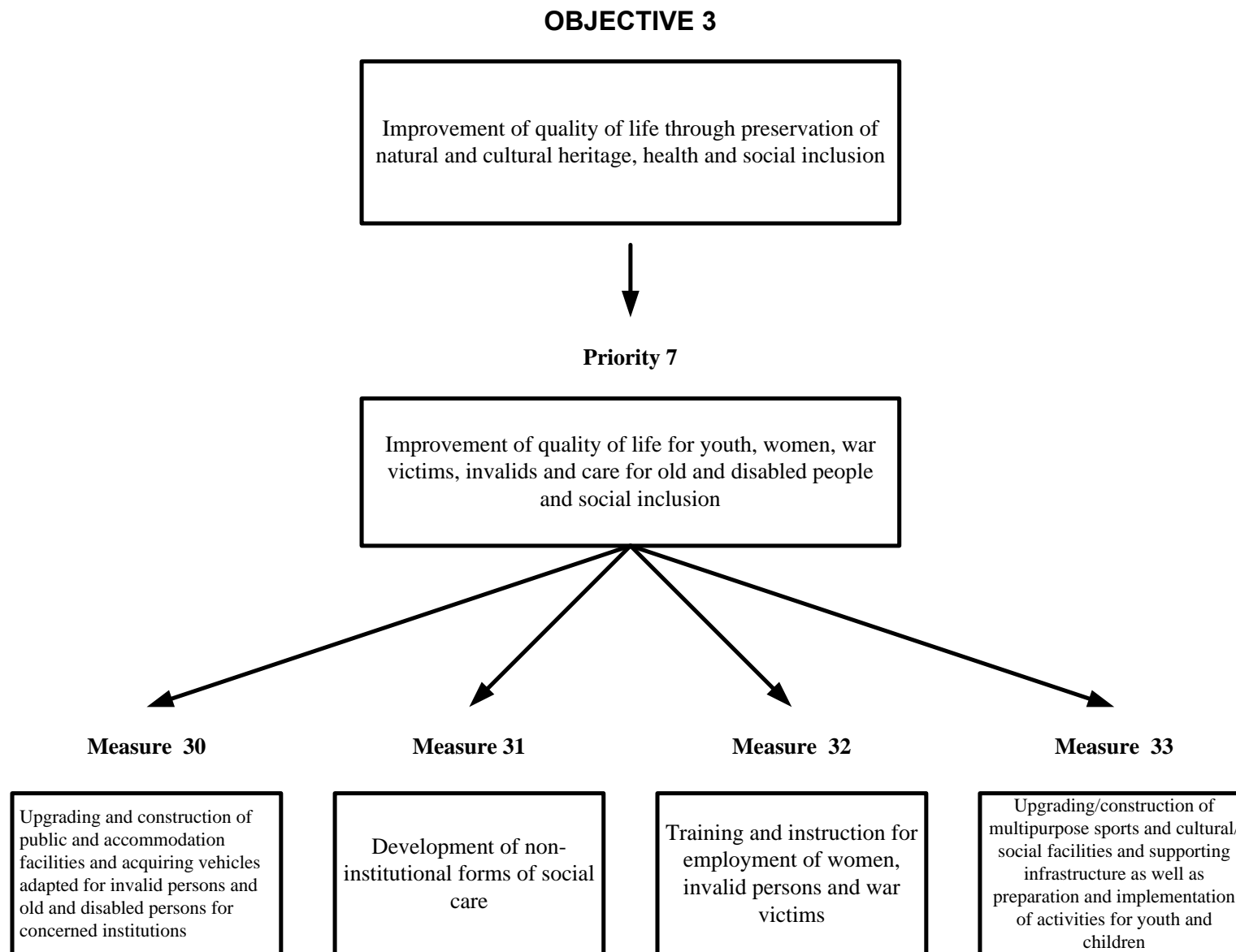
### **Measure 18**

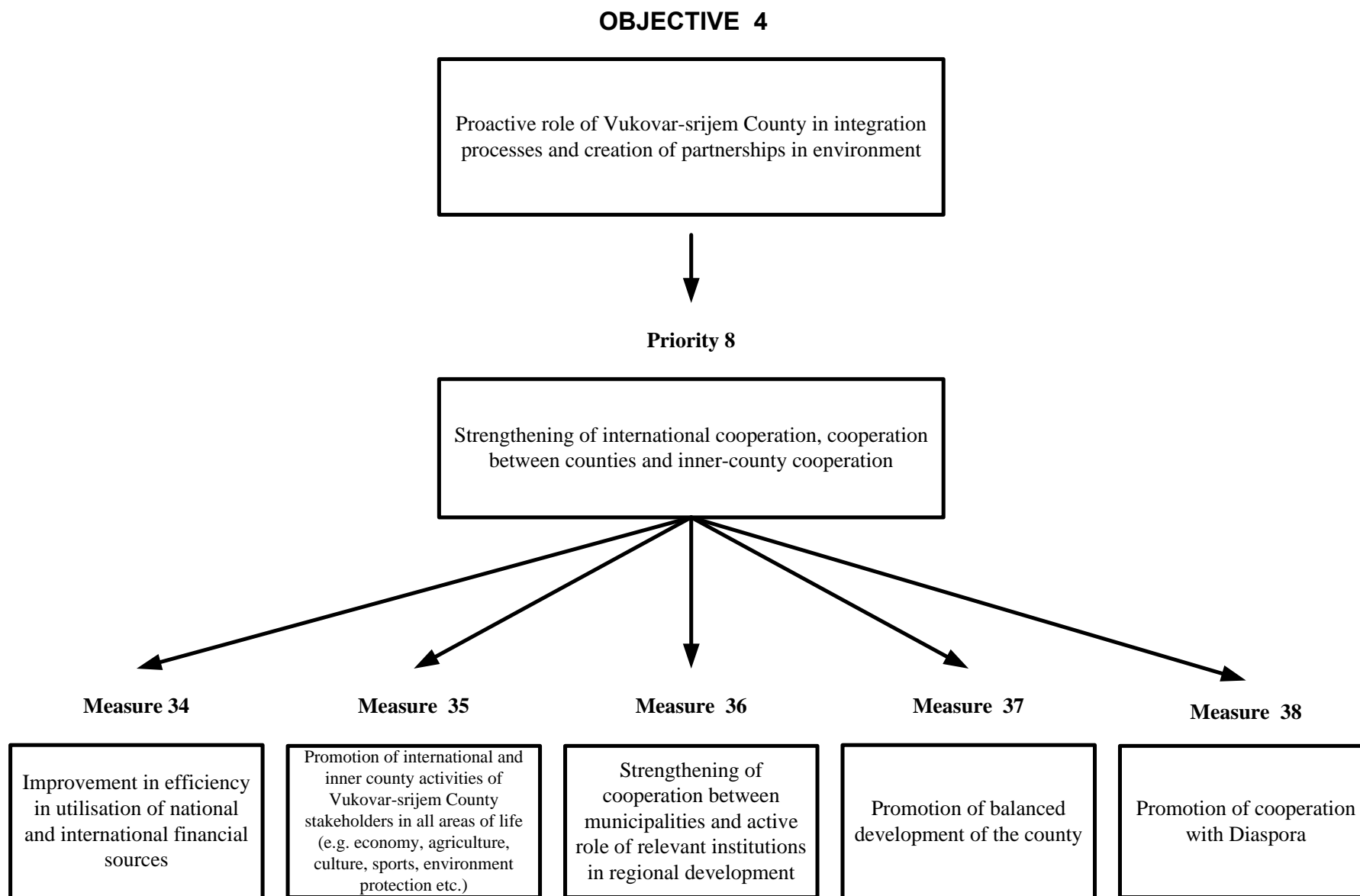
Acceleration of demining process











## 18. PROJECT SELECTION CRITERIA

In order to prioritise projects by relevance on objective and transparent way, there can be used following criteria

	Criteria	Weight	Rating					Score	Group Score	Group %
1	Strategic Context:		1	2	3	4	5	45	0	0%
I	The extent to which the proposed Project addresses high priority sectoral deficiencies or future needs	3	0					0		
II	The extent to which the project sector has been prioritised within the County	3	0					0		
III	The extent to which the Project is consistent with Strategic Planning & Development principles	3								
	i.e. the extent to which the Project sits within an overall national/county and/or local-level strategic planning framework: i.e. Vision➔ Strategy ➔ Programme➔ Project.									
	i.e. The extent to which the Project has a long-term strategic focus (i.e. rather than a short-term focus)									
	i.e. The extent to which the Project is consistent with the Regional Operational Programme and/or with the Local Strategy		0					0		
2	Level of Commitment and Support for Project:	Max Score					15	0	0%	
I	The extent to which the Project has political, community and/or public support. (to be remarked depending on the CP	1	0					0		
II	The extent to which the Project satisfies the eligibility criteria but has been delayed only due to the lack of funding allocations. (higher project quality, more points - written guarantess or L/Intention)	1	0					0		
III	The level of contribution from the applicant organisation towards the Project (financial, in kind, organisational)	1	0					0		
3	Horizontal Principles:	Max Score					50	0	0%	
I	The extent to which the Project demonstrates a positive environmental impact where possible or incorporates mitigation measures to minimise any negative impact. (if criteria not relevant mark it 3)	2	0					0		
II	The extent to which the Project will make the public aware of the importance of addressing environmental issues (e.g. through campaigns, training, etc.) (if criteria not relevant mark it 3)	1	0					0		
III	The extent to which the Project addresses the development of disadvantaged areas of the county (ASSC defined by croatian law)	3	0					0		
IV	The extent to which the Project will achieve an improved level of social inclusiveness (e.g. The extent to which the Project will contribute to inter-ethnic equity or support target vulnerable groups – such as poor, handicapped, elderly,	2	0					0		

	orphans, children, etc.)					
V	The extent to which the Project will support gender equality. (i.e. the extent to which women have been involved in the project initiation or will be involved in project implementation or be specifically targeted as beneficiaries?)	2	0	0		
<b>4</b>	<b>Socio-Economic Benefit:</b>	<b>Max Score</b>	<b>65</b>	<b>0</b>	<b>0%</b>	
I	The extent to which the Project will have a positive economic impact in the region/area. The extent to which the Project will show improvement in relation to the relevant socio-economic indicators of the area or region.	3	0	0		
II	The extent to which the Project will benefit the larger community or a group from the community rather than an individual or an individual business or enterprise.	3	0	0		
III	The extent to which the Project will help to consolidate existing jobs or create new self-sustainable jobs, either directly or indirectly.	3	0	0		
IV	The extent to which the Project will help improve the standard or the quality of life of communities/families (e.g. access to services or basic needs)	3	0	0		
V	The extent to which the Project will provide training that will improve people's chances of getting work or income and/or improve the way they carry out their current job. (if criteria not relevant mark it 3)	1	0	0		
<b>5</b>	<b>Sustainability and Affordability:</b>	<b>Max Score</b>	<b>30</b>	<b>0</b>	<b>0%</b>	
I	The extent to which the Project has long-term economic and/or social sustainability: i.e. The extent to which the Project will be affordable, post- implementation, during the operational phase Projects should be affordable, not only to the project proponent, or implementing line agency, but also to the proposed beneficiaries. The cost per beneficiary is sometimes used as a proxy for affordability	3	0	0		
II	Management capability of applicant organization for operational phase: The extent to which the operating organization has the management capability to manage and/or maintain the project following implementation. e.g. how the ongoing operation of the Project will be financed and will be managed and will be able to continue after the initial funding has finished (e.g. how equipment or construction works will be maintained and /or managed and by whom)	3	0	0		
<b>6</b>	<b>General Suitability:</b>	<b>Max Score</b>	<b>90</b>	<b>0</b>	<b>0%</b>	

I	Alignment with available and potential funding streams. i.e. The extent to which Project is consistent with or aligned with donor availability and/or donors' Programme requirements and/or donors' funding priorities i.e. The extent to which here is a reasonable prospect that the Project will be financed.	1	0	0		
II	The state of readiness of the project e.g. Completion of Preparatory Planning; Completion of Feasibility Study, including EIA, where appropriate; Statutory Approvals (e.g. Location Permits/ Construction Permits) obtained; Completion of detailed design of Project, including Cost-Benefit Analysis, etc.	3	0	0		
	e.g. The Project can be built within the existing institutional framework; the Project avoids any land acquisition and resettlement requirements and does not require any additional studies to be carried out					
III	The extent to which there is flexibility in the Project in respect of size and/or scale e.g. The overall Project can be divided in lots, modules or phases and/or is suitable for inclusion in a 'bundle' with other projects	1	0	0		
IV	The extent to which the Project is cost effective and provides Value for Money (VFM). (i.e. The Project maximises benefits in relation to costs. The per capita cost per beneficiary should be minimised. Costs should not only include capita cost, but also operation and maintenance, and total life cost should be estimated.) (If criteria not relevant mark it 3)	3	0	0		
V	The extent to which the Project complements other ongoing or proposed projects. (i.e. The Project supports other ongoing projects or there are synergies between the project and other ongoing or planned projects)	3	0	0		
VI	The extent to which the Project will promote good relations and co-operation between local authorities and local communities/ civil society.	3	0	0		
VII	Management capability of applicant organization for implementation phase: The extent to which the Project proponent/applicant organisation has the necessary capacity to successfully manage the delivery of the Project. i.e. the extent to which the implementing organisation has the organisational capability - of implementing the project within the appropriate timescale	2	0	0		
VIII	The extent to which the Project demonstrates an innovative approach to addressing problems	2	0	0		
7	Partnership:	Max Score		10	0	0%
I	The extent to which the Project is consistent with the partnership principle and the participatory approach in its development	2	0	0		

	e.g. The extent to which the Project is partnership-orientated and will involve the wider community in its development.					
<b>8</b>	<b>Other Criteria:</b>	<b>Max Score</b>		<b>15</b>	<b>0</b>	<b>0%</b>
I	The extent to which the Project has measurable, clear, attainable and verifiable targets in terms of outputs, outcomes and impacts in respect of monitoring and evaluation. (look at the the Log Frame Matrix if available)	3	0	0		

## **IMPLEMENTATION AND SOURCES OF FUNDING**

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The first step after adoption of a developmental document and crucial for its success or failure is implementation. Without implementation, every, even the best developmental document, becomes only one in a row of numerous useless materials without any results. Due to those reasons, The County development strategy should be used as a tool in creation of development projects.

Implementation of projects, and consequently the strategy, might be done by various bodies: the County, cities, municipalities, institutions and NGOs, briefly, all stakeholders with sufficient human, material and financial capacities that are eligible (in line with the prescribed criteria).

To implement projects, it is necessary to secure their financing. Sources of founding also could be various: County's and LSG's budgets, national budget through line ministries and funds, pre-accession programme and initiatives of the European Commission, World bank, EBRD, EIB, bilateral donors and other.

## **MONITORING AND EVALUATION**

An important part in applying new methods in regional/county development planning is forming the Regional partnership in VSC. For the purposes of preparation and implementation of the ROP, the Regional partnership was formed in VSC in 2004. It actively participated in all stages of project selection and preparation.

The Regional partnership was structured as "The Assembly" (all stakeholders involved in the preparation of the ROP) and "The Executive board" with 9 members, 3 from each interest group (public administration, business community and the civil society).

In the stage of transformation of the ROP in the County development strategy (CDS), due to further strengthening of the partnership relations, adjustment to the new situation and improved quality of work, the Regional partnership was reorganised and became one-level body with 21 members (7 representatives from each interest group).

One of the roles of the Partnership would be monitoring of the implementation of the strategy, together with the County.

Since the Strategy is supposed to be the document that suits the County needs, the revision will be necessary i.e. its harmonisation with the situation in a particular time. It will be done

periodically, every 3 years, and before every revision the strategy will be evaluated in order to identify effects of the strategy and gather valuable information for the revision.

Some of criteria during the evaluation of the strategy might be:

1. To what extend strategy implementation has positive impact on County development
2. To what extend projects are realised (and consistent with priorities) in the period of strategy implementation
3. If there is divergence from framework defined in the strategy, what are the reasons?
4. How many projects are realized, in which sectors and overall value of projects
5. Is principle of partnership applied
6. How much funds is co-financed from the various sources (domestic and foreign)
7. To what extend "development contract "is used in projects financing
8. What were the main problems in strategy implementation

Detailed criteria for Strategy evaluation can be define afterwards with Partnership and County agreement.

## **19. ANNEXES:**

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- **ANNEX 1a** – *Unemployment rate 2003 – 2005*
- **ANNEX 1b** – *Unemployment rate 2002 – 2004*
- **ANNEX 2** – *Structure of employed by sectors in period of 2000 - 2006 (In Croatia and Vukovar-Srijem County)*
- **ANNEX 3** – *Structure of unemployment by age in period of 2000 – 2006 year*
- **ANNEX 4a** – *Review of total expenditure by sectors in period of 2000 - 2005*
- **ANNEX 4b** – *Total expenditure by sectors (Chart)*
- **ANNEX 5** – *Support(Aid) for NGO's in VSC by sectors*

## ANNEX 1a – Unemployment rate 2003 – 2005

	%		
	2003.	2004. <sup>1)</sup>	2005.
<b>Republika Hrvatska</b> <i>Republic of Croatia</i>	20,6	18,9	19,0
<b>Zagrebačka županija</b> <i>County of Zagreb</i>	19,9	15,2	15,4
<b>Krapinsko-zagorska županija</b> <i>County of Krapina-Zagorje</i>	16,7	13,4	14,9
<b>Sisačko-moslavačka županija</b> <i>County of Sisak-Moslavina</i>	32,6	29,7	30,4
<b>Karlovačka županija</b> <i>County of Karlovac</i>	31,2	26,5	27,2
<b>Varaždinska županija</b> <i>County of Varaždin</i>	15,7	15,1	15,0
<b>Koprivničko-križevačka županija</b> <i>County of Koprivnica-Križevci</i>	19,0	17,5	18,5
<b>Bjelovarsko-bilogorska županija</b> <i>County of Bjelovar-Bilogora</i>	27,4	24,5	26,1
<b>Primorsko-goranska županija</b> <i>County of Primorje-Gorski kotar</i>	15,6	14,6	14,6
<b>Ličko-senjska županija</b> <i>County of Lika-Senj</i>	22,1	18,3	22,5
<b>Virovitičko-podravska županija</b> <i>County of Virovitica-Podravina</i>	32,4	29,8	30,5
<b>Požeško-slavonska županija</b> <i>County of Požega-Slavonia</i>	25,5	21,4	21,8
<b>Brodsko-posavska županija</b> <i>County of SlavonSKI Brod-Posavina</i>	33,9	30,1	30,9
<b>Zadarska županija</b> <i>County of Zadar</i>	28,8	23,7	22,4
<b>Osječko-baranjska županija</b> <i>County of Osijek-Baranja</i>	30,4	27,8	28,0
<b>Šibensko-kninska županija</b> <i>County of Šibenik-Knin</i>	36,0	31,5	28,8
<b>Vukovarsko-srijemska županija</b> <i>County of Vukovar-Sirmium</i>	37,7	34,2	33,6
<b>Splitsko-dalmatinska županija</b> <i>County of Split-Dalmatia</i>	27,4	24,2	23,7
<b>Istarska županija</b> <i>County of Istria</i>	10,0	8,8	8,8
<b>Dubrovačko-neretvanska županija</b> <i>County of Dubrovnik-Neretva</i>	23,9	21,0	20,0
<b>Međimurska županija</b> <i>County of Međimurje</i>	17,5	16,8	17,0
<b>Grad Zagreb</b> <i>City of Zagreb</i>	11,2	9,7	10,0

1) Od 2004. u podatke o broju zaposlenih po županijama uključeni su zaposleni u policiji i obrani.

Croatian State Bureau of Statistics – statistical information from 2005 and 2006 year

**ANNEX 1b – Unemployment rate 2002 – 2004**

	2002.	2003.	2004. <sup>1)</sup>
<b>Republika Hrvatska</b> <i>The Republic of Croatia</i>	23,6	20,6	18,9
<b>Zagrebačka županija</b> <i>County of Zagreb</i>	24,4	19,9	15,2
<b>Krapinsko-zagorska županija</b> <i>County of Krapina-Zagorje</i>	20,5	16,7	13,4
<b>Sisačko-moslavačka županija</b> <i>County of Sisak-Moslavina</i>	35,0	32,6	29,7
<b>Karlovačka županija</b> <i>County of Karlovac</i>	32,9	31,2	26,5
<b>Varaždinska županija</b> <i>County of Varaždin</i>	18,2	15,7	15,1
<b>Koprivničko-križevačka županija</b> <i>County of Koprivnica-Križevci</i>	21,0	19,0	17,5
<b>Bjelovarsko-bilogorska županija</b> <i>County of Bjelovar-Bilogora</i>	31,3	27,4	24,5
<b>Primorsko-goranska županija</b> <i>County of Primorje-Gorski kotar</i>	18,9	15,6	14,6
<b>Ličko-senjska županija</b> <i>County of Lika-Senj</i>	30,9	22,1	18,3
<b>Virovitičko-podravska županija</b> <i>County of Virovitica-Podravina</i>	32,9	32,4	29,8
<b>Požeško-slavonska županija</b> <i>County of Požega-Slavonia</i>	29,5	25,5	21,4
<b>Brodsko-posavska županija</b> <i>County of SlavonSKI Brod-Posavina</i>	36,3	33,9	30,1
<b>Zadarska županija</b> <i>County of Zadar</i>	33,0	28,8	23,7
<b>Osječko-baranjska županija</b> <i>County of Osijek-Baranja</i>	32,4	30,4	27,8
<b>Šibensko-kninska županija</b> <i>County of Šibenik-Knin</i>	39,6	36,0	31,5
<b>Vukovarsko-srijemska županija</b> <i>County of Vukovar-Sirmium</i>	40,8	37,7	34,2
<b>Splitsko-dalmatinska županija</b> <i>County of Split-Dalmatia</i>	30,8	27,4	24,2
<b>Istarska županija</b> <i>County of Istria</i>	14,9	10,0	8,8
<b>Dubrovačko-neretvanska županija</b> <i>County of Dubrovnik-Neretva</i>	26,3	23,9	21,0
<b>Međimurska županija</b> <i>County of Međimurje</i>	19,8	17,5	16,8
<b>Grad Zagreb</b> <i>City of Zagreb</i>	13,9	11,2	9,7

1) Od 2004. u podatke o broju zaposlenih po županijama uključeni su zaposleni u policiji i obrani.

Croatian State Bureau of Statistics – statistical information from 2005 and 2006 year

**ANNEX 2 – Structure of employees by activities from 2000 to 2006. (in Croatia and Vukovar**

	ACTIVITIES	31.3.2000 god.		31.3.2001 god.		31.3.2002 god.	
		CROATIA	VSC	CROATIA	VSC	CROATIA	VSC
A	Agriculture, hunting and forestry	30641 (2,89%)	3504 (13,78%)	29995 (2,85%)	3526 (14,17%)	28889 (2,74%)	3529 (13,9%)
B	Fishery	1139 (0,10%)	-----	1222 (0,11%)	-----	1406 (0,13%)	-----
C	Mining	8201 (0,77%)	98 (0,38%)	7506 (0,71%)	81 (0,32%)	6822 (0,64%)	80 (0,31%)
D	Processing industry	258717 (24,47%)	4901 (19,2%)	252317 (24,05%)	4424 (17,78%)	249880 (23,74%)	4325 (17,10%)
E	Electricity, gas and water supply	27381 (2,59%)	860 (3,38%)	27587 (2,62%)	833 (3,34%)	27105 (2,57%)	848 (3,35%)
F	Construction	65774 (6,22%)	1837 (7,22%)	64987 (6,19%)	1896 (7,62%)	69486 (6,60%)	2005 (7,92%)
G	Retail sale and wholesale	156541 (14,81%)	2743 (10,79%)	157265 (14,99%)	2957 (11,89%)	162178 (15,41%)	3210 (12,69%)
H	Hotels and restaurants	36422 (3,44%)	458 (1,80%)	35650 (3,39%)	406 (1,63%)	35078 (3,33%)	353 (1,39%)
I	Transport, storage and communications	82987 (7,85%)	2661 (10,46%)	82039 (7,81%)	2557 (10,28%)	80970 (7,69%)	2373 (9,38%)
J	Financial agencies	29491 (2,79%)	602 (2,36%)	28964 (2,76%)	421 (1,69%)	28996 (2,75%)	421 (1,66%)
K	Real estate agencies	50734 (4,80%)	403 (1,58%)	52179 (4,97%)	377 (1,51%)	52728 (5,01%)	506 (2,00%)
L	Public administration, compulsory social insurance	123503 (11,68%)	1483 (5,83%)	122541 (11,68%)	1543 (6,20%)	119050 (11,31%)	1597 (6,31%)
M	Education	82868 (7,84%)	2800 (11,01%)	83886 (7,99%)	2936 (11,80%)	85425 (8,11%)	3074 (12,15%)
N	Medical care and social welfare	72057 (6,81%)	2435 (9,58%)	71835 (6,84%)	2327 (9,35%)	71361 (6,78%)	2350 (9,29%)
O	Other social and personal services	30502 (2,88%)	632 (2,48%)	31123 (2,96%)	567 (2,27%)	32884 (3,12%)	621 (2,45%)
	<b>TOTAL</b>	1056958 (100%)	25417 (100%)	1049096 (100%)	24869 (100%)	1052258 (100%)	25292 (100%)

Srijem County)

	ACTIVITIES	31.3.2003 god.		31.3.2004 god.		31.3.2005 god.		31.3.2006 god.	
		CROATIA	VSC	CROATIA	VSC	CRO	VSC	CRO	VSC
A	Agriculture, hunting and forestry	29026 (2,69%)	3547 (13,84%)	27137 (2,47%)	3554 (12,07%)		3379 (12,97%)		3298 (12,31%)
B	Fishery	1669 (0,15%)	-----	1442 (0,13%)	-----		-----		-----
C	Mining	7661 (0,71%)	81 (0,31%)	8054 (0,73%)	77 (0,26%)		78 (0,29%)		77 (0,28%)
D	Processing industry	249144 (23,14%)	4294 (16,76%)	246752 (22,5%)	4506 (15,31%)		4438 (17,04%)		4585 (17,12%)
E	Electricity, gas and water supply	26720 (2,48%)	898 (3,50%)	26962 (2,46%)	924 (3,13%)		937 (3,59%)		947 (3,53%)
F	Construction	76687 (7,12%)	2152 (8,40%)	82024 (7,48%)	2091 (7,10%)		2122 (8,15%)		2417 (9,02%)
G	Retail sale and wholesale	174189 (16,17%)	3499 (13,65%)	185362 (16,91%)	3926 (13,34%)		3819 (14,66%)		4126 (15,40%)
H	Hotels and restaurants	33742 (3,13%)	326 (1,27%)	35188 (3,21%)	363 (1,23%)		266 (1,02%)		232 (0,86%)
I	Transport, storage and communications	81686 (7,58%)	2319 (9,05%)	80234 (7,32%)	2112 (7,17%)		2037 (7,82%)		1927 (7,19%)
J	Financial agencies	29931 (2,78%)	406 (1,58%)	30080 (2,74%)	400 (1,35%)		420 (1,61%)		403 (1,50%)
K	Real estate agencies	57165 (5,30%)	511 (1,99%)	64356 (5,87%)	552 (1,87%)		471 (1,80%)		576 (2,15%)
L	Public administration, compulsory social insurance	114690 (10,65%)	1543 (6,02%)	107411 (9,80%)	4614 (15,6%)		1663 (6,38%)		1679 (6,27%)
M	Education	86832 (8,06%)	3098 (12,09%)	89273 (8,14%)	3179 (10,80%)		3305 (12,69%)		3380 (12,62%)
N	Medical care and social welfare	72328 (6,71%)	2351 (9,17%)	73540 (6,71%)	2387 (8,11%)		2412 (9,26%)		2427 (9,06%)
O	Other social and personal services	35149 (3,26%)	619 (2,41%)	37828 (3,45%)	743 (2,52%)		686 (2,63%)		703 (2,62%)
	<b>TOTAL</b>	1076619 (100%)	25617 (100%)	1095643 (100%)	29428 (100%)		26033 (100%)		26777 (100%)

Source: Public administration office, Economy department – Statistics section and Croatian State Bureau of Statistics – statistical information from 2005 and 2006 year

**ANNEX 3 – Structure of unemployment persons by age (from 2000. to 2006.)****VUKOVAR SRIJEM COUNTY**

Year	TOTAL		15-19		20-24		25-29	
	Total	Women	Total	Woman	Total	Woman	Total	Woman
<b>31.12.2006.</b>	18.280	10.520	1.181	629	2.870	1.638	2.350	1.514
<b>31.12.2005.</b>	19.260	10.750	1.237	628	3.081	1.714	2.533	1.554
<b>31.12.2004.</b>	20.162	10.955	1.343	694	3.327	1.712	2.649	1.552
<b>31.12.2003.</b>	20.897	11.526	1.449	768	3.415	1.829	2.619	1.568
<b>31.12.2002.</b>	22.543	11.893	1.696	888	4.136	2.169	3.141	1.843
<b>31.12.2001.</b>	23.364	12.384	2.132	1.093	4.333	2.202	3.358	1.953
<b>31.12.2000.</b>	22.668	11.799	2.143	1.189	4.341	2.210	3.308	1.855

30-34		35-39		40-44		45-49	
Total	Woman	Total	Woman	Total	Woman	Total	Woman
2.167	1.406	2.034	1.309	2.026	1.206	1.979	1.146
2.257	1.426	2.213	1.366	2.198	1.278	2.147	1.229
2.381	1.495	2.514	1.552	2.249	1.256	2.263	1.294
2.392	1.539	2.664	1.626	2.481	1.430	2.449	1.403
2.826	1.719	2.810	1.610	2.424	1.229	2.387	1.277
2.897	1.729	2.863	1.652	2.496	1.350	2.428	1.305
2.892	1.628	2.747	1.505	2.470	1.344	2.275	1.154

50-54		55-59		60 and more	
Total	Woman	Total	Woman	Total	Woman
2.071	1.189	1.258	458	344	25
2.081	1.144	1.210	380	303	31
2.063	1.058	1.065	312	308	30
2.058	1.005	1.013	304	357	54
1.835	835	942	264	346	59
1.717	804	823	221	317	75
1.534	692	682	152	276	70

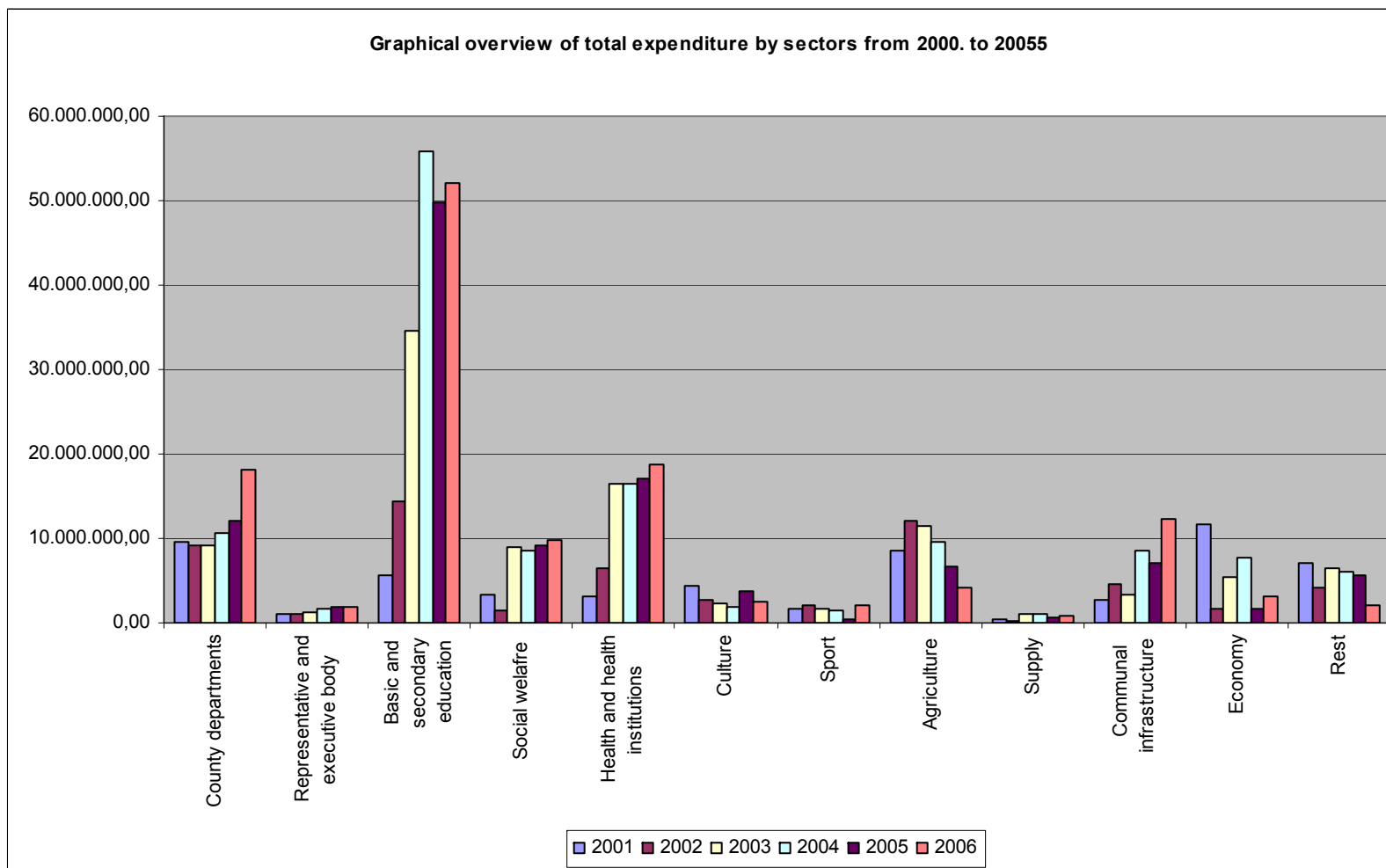
Source: State Bureau of Statistics – statistical reports

**ANNEX 4a – Overview of total expenditure by sectors from 2000. to 2005****OVERVIEW OF TOTAL EXPENDITURE BY SECTORS FROM 2000. TO 2005**

No.	Sector	2000	2001	2002	2003	2004	2005
1.	County departments	9.673.173,00	9.245.343,00	9.201.301,00	10.659.266,00	12.176.141,00	18.058.303,00
2.	Executive bodies	972.661,00	939.365,00	1.221.077,00	1.684.253,00	1.812.597,00	1.796.939,00
3.	Primary and secondary education	5.610.046,00	14.347.791,00	34.503.659,00	55.838.825,00	49.780.739,00	52.021.785,00
4.	Social welfare	3.389.669,00	1.428.129,00	8.877.450,00	8.531.249,00	9.270.718,00	9.853.928,00
5.	Health	3.096.479,00	6.554.213,00	16.392.701,00	16.482.308,00	17.007.561,00	18.845.199,00
6.	Culture	4.349.641,00	2.809.275,00	2.245.387,00	1.817.045,00	3.713.456,00	2.435.133,00
7.	Sport	1.699.192,00	1.999.458,00	1.724.536,00	1.418.662,00	502.000,00	2.044.748,00
8.	Agriculture	8.455.935,00	12.147.185,00	11.553.748,00	9.548.522,00	6.763.615,00	4.189.383,00
9.	Supply	484.420,00	273.333,00	986.389,00	1.064.559,00	692.108,00	894.154,00
10.	Communal infrastructure and env.protection	2.659.000,00	4.609.660,00	3.274.817,00	8.553.407,00	7.042.939,00	12.337.959,00
11.	Economy	11.646.596,00	1.752.000,00	5.391.120,00	7.802.265,00	1.642.776,00	3.226.461,00
12.	Rest	7.129.928,00	4.178.473,00	6.390.529,00	5.974.492,00	5.698.876,00	2.004.496,00
	<b>Total</b>	<b>59.166.740,00</b>	<b>60.284.225,00</b>	<b>101.762.714,00</b>	<b>129.374.853,00</b>	<b>116.103.526,00</b>	<b>127.708.488,00</b>

Source: Vukovar Srijem County - Finance Department

**ANNEX 4b – Graphical overview of total expenditure by sectors from 2000. to 2005**



Source: Vukovar Srijem County - Finance Department

**ANNEX 5 – Support for NGO-s in VSC by sectors****SUPPORT FOR NGO-S IN VSC BY SECTORS**

No.	Name	2001.	2002	2003	2004	2005
1.	Associations grouping within common goals	228.000,00	435.000,00	428.000,00	515.000,00	664.728,00
2.	Humanitarian services	152.000,00	80.000,00	150.000,00	64.000,00	50.000,00
3.	Quality of life improvement	70.000,00	0	40.000,00	51.000,00	61.000,00
4.	Human resources development	10.000,00	25.000,00	25.000,00	73.431,00	98.431,00
5.	Environmental protection	0	15.000,00	0	2.000,00	10.000,00
6.	National minorities associations	0	140.000,00	220.000,00	421.767,00	828.330,00
7.	Cultural associations	600.000,00	685.000,00	700.000,00	800.000,00	740.000,00
8.	Sports associations	500.000,00	500.000,00	500.000,00	500.000,00	500.000,00
9.	Agricultural associations	0	13.808,00	30.394,00	25.366,00	27.500,00
10.	Undefined	0	40.000,00	47.000,00	40.000,00	54.000,00
	<b>TOTAL</b>	<b>1.408.000,00</b>	<b>1.933.808,00</b>	<b>2.140.394,00</b>	<b>2.492.564,00</b>	<b>3.033.989,00</b>

Source: Vukovar Srijem County - Finance Department

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