



## REGIONAL DEVELOPMENT AS A ROADMAP TO SUCCESSFUL CROSS BORDER PROJECTS

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**Abstract:** Center for the Development of Jablanica and Pcinja Districts (Center) is accredited regional development agency with mandate to initiate, prepare and implement development projects on the territory of Southern Serbia. Since 2007 Center's activities are focused on reducing regional disparities by supporting economic activities in two districts.

Center implemented six Cross Border Cooperation (CBC) projects, worth € 1,1 m, out of which two were awarded as best practice examples.

This paper intends to show how one organization can create preconditions for successful partnerships with the local communities, institutions and individuals, set the standards in communication and business and how it leads to the successful projects of regional and cross-border character that bring benefits for the inhabitants in the two districts.

**Keywords:** Regional development, CBC projects, preconditions for partnerships, setting standards.

### 1. Introduction

The problems of **uneven regional development** are one of the most important issues of the country's macroeconomic policy and also one of the most complex development problems in the Republic of Serbia (RS). In the period from 2002 to 2007, the regional policy framework in the RS largely depended on the financial assistance provided by the European Union (EU) to address the problems of differences in the development of the regions. The existing **legal framework** for regional development starts with the RS

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Constitution of 2006, Article 94 of the RS Constitution ("Official Gazette of the Republic of Serbia" No. 98/06), which stipulates the obligation of the state to ensure equal regional and sustainable development, in accordance with the law.

Regional Development Agencies (RDAs), as civic initiatives, have emerged from different donor assistance programs. Donors began to solve the problem of regional differences, and the state later provided legal and **institutional framework**, so that, in accordance with the Law on Regional Development ("Official Gazette of RS", Nos. 51/09 and 30/10), Article 19, RDAs became officially the stakeholders in the regional development legal and institutional framework.

**Regional development policy** is also one of the oldest common policies of the European Union, with the main objective to improve the coherent development of the EU and to reduce the differences in the level of development of the various regions or the continuous lagging behind of the least developed regions.

In order to strengthen the regional cooperation at the international level, the Law on the Ratification of the Framework Agreement between the Government of the Republic of Serbia and the European Union Commission on the rules of cooperation related to the financial assistance of the EC to the Republic of Serbia in the framework of implementing the **Instrument for Pre-Accession (IPA)** assistance was adopted.

Projects for **cross-border cooperation (CBC)** of Serbia with the surrounding countries are financed from these funds. European Union and the Member States both have a primary interest in promoting regional development in the areas located by the EU's external borders. Cross border programs give chance to transform the border into the area for development, provide a possibility for regions to jointly identify and address the specific challenges and opportunities presented by the border between them. Also, important issue about importance of cross-border cooperation is that it leads to better relations between the participating countries. Also it fosters people-to-people contacts as well as networks between local communities.

The aim of this paper is to show how the concept of regional development, with adopted general rules and developed both generic and specific skills of the implementing agents and partners, can serve as a roadmap to successful and sustainable cross border projects.

We have presented how one organization can set the standards in communication and business, create preconditions for successful partnerships with the local communities, institutions and individuals, and how it leads to the successful projects of regional and cross-border character that bring benefits for the inhabitants in the two districts.

## **The roadmap to successful cross border projects**

### **1. How can an organization set the standards in communication and business?**

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The Center for the Development of Jablanica and Pcinja Districts (Center) was set up in 2006 as one of the regional development agencies in Serbia. Its establishment was supported by one of the multi-donor programs implemented by UNDP in these two districts. After the end of the program, the Center remained as one of the "projects" with uncertain sustainability. The plan was there, all the signatures on the paper, but neither legal nor institutional framework in Serbia existed at the moment, nor was the regular financing from the founders actually available.

Therefore, the newly established organization, registered as a nonprofit L.t.d. Company, faced many challenges from the very beginning of its work. It was clear from day one that it should be **entrepreneurial and more businesslike** in its daily operations and overall functioning in order to survive without donors' help or national financing, since neither was available at that moment. At the same time it had to remain oriented to public and civil sector development, as a development institution ruled by public law, since the majority of the founders were local self governments. And finally, the staffing was project based and continuity could not be achieved due to financial reasons.

Therefore, the management decided to continue to treat the Center as a **"project"** but **with the emphasis on sustainability**. We had to ensure all the support for the daily functioning we could get. It is one of the basic rules known from theory as well as the management's previous work experience that any newly established company of the kind would need a strong financial support and expert guidance or mentoring for at least five years to reach some basic shape, and another five years to be on the safe side of stability and sustainability.

The management's efforts and lobbying were successful. The Center got the 3 year "Operating grant" funding from EC and a 4 year, 2.2 million EUR project financed by the Austrian Development Cooperation (ADA) aimed at building capacities of the Center and the regional stakeholders- "Support to Sustainable Regional Development of Jablanica and Pcinja Districts" Our "project" was thus given a chance for success.

At this stage the Center, not having permanent premises, had to move from the offices it was using at the time. The management made agreement with one of the founding companies, Zdravlje Actavis, to host the Center for a year. This was a very smart managerial decision and one of the key moments in the institutional development of the Centre. We ensured our host company's massive in-house or outsourced expert support. This support provided us with the necessary knowledge needed to run the Center as a modern, successful company. We got the expert **legal** support and set strong basis for transparent and accountable way of doing business. The Center also got support in **financial management** and in setting the **ISO standardization** in its processes. Our **visibility** was significantly improved through the help of a company's outsourced PR service. **HR** manager from our founder host company provided an invaluable support in an independent, professional and business oriented choice of staff. Finally, the management, through numerous contacts with Zdravlje Actavis management at different levels, got the **generic, on the job training** that proved really useful in the following period.

The next step forward was to focus on **employees and processes**. One task was to make a feasible plan for employment of already sufficiently qualified staff. The standards

were set high and it is important to mention that it was not at all easy to find people with the desired level of knowledge and skills, despite the competitive positions, salaries and working conditions. So, one part of the employees was tested through the sub/project implementation in order to get the strong core team, while the other group consisted of people with solid education but no previous experience in the field. With the HR support we chose the potential candidates and also tested the current employees to check their potential for growth. We performed the Training Needs Assessment (**TNA**) and made the Capacity Building Plan (**CBP**) for our staff. Only then we could concentrate at the "outside" plans.

Our core values were embedded in all our internal and external ways of "doing business". The internal communication was based on "**client**" principle, meaning that RDA staff was expected to treat each other in the same manner as we were supposed to treat the "real clients" outside the organization. This way of communication became the integral part of the Center's image among founders and beneficiaries, leading to the increased level of trust and cooperation within the team as well as among the partners in the region.

It also made possible to communicate to the different stakeholders the need for common planning, programming and financial resource allocation between the municipalities and the national level in the area of development initiatives. This became particularly relevant with the envisaged access to IPA and other EU funding, after Serbia was given the "candidate status" for EU accession.

These "first steps" in institutional building were also recognized at the national level and among donors, when the Center organized the celebration of the three years of its work under the motto "Partnership for success". It was important to measure up the results, rise the visibility and check the support at the national level. Since the representatives of numerous donors, embassies, ministries, programs, projects and all the founders were present, the management could dare to concentrate its efforts on the next steps, for the Center and for the region.

If there was a "lesson learned" from this period, it would be to put emphasis on the importance of leadership and management, clear internal and external communication and on setting high standards for the way any company, private or development one, is doing business at all times.

At the ten-year celebration of the Center's work, we have measured again our achievements, together with the partners, founders and beneficiaries. Over 250 national and international public and private stakeholders and partners from the wider region joined us to celebrate ours as well as their own successes: over 50 successfully implemented projects, worth more than 30 million EUR, numerous new jobs created, supported dozens of new small businesses, clusters, NGOs etc. If there is a common issue that makes crucial difference in success of creating an organization, it would be strong leadership and knowledge and commitment of a managerial team.

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### **2. How can an organization create preconditions for successful partnership with the local communities, institutions and individuals?**

The Center's management, with the support of senior staff members, performed the Stakeholder Analysis in order to position the Center as appropriately as possible in the system that had not envisaged the existence of such organization as RDA. Having finalized the first obvious task- to **set the standards in communication and business, both internally and externally**, our plan was to **establish the methodology** that would lead to the successful preparation of projects of regional and cross-border character that bring benefits for the inhabitants in the two districts.

In order to provide a platform for such cooperation, the RDA needed to rise its own capacities and become capable of combining knowledge from scientific theories and applying it in practice.

The Stakeholder Analysis showed a wide gap between the Center's core staff capacities and the capacities of the regional stakeholders in almost all fields important for cooperation. Working on the **capacities of the regional stakeholders** was a long term goal of another sub project financed from the Austrian Development Cooperation (ADA) financed project, over four years. The Center's management had a strong ADA support in this activity, while the on - going functioning was at the same time ensured from the Operating grant from the EC.

We used this time to support communication among the different regional and national stakeholders, which was still a novelty approach. We used the "soft skills" to facilitate different aspirations, political issues and needs and bring all different ideas to the same table to discuss and decide upon, at the regional level. The Center used all the available tools and resources to lead to the dialogue among the stakeholders and achieve consensus about the regional priorities. Through **numerous events, meetings, trainings, thematic working groups and implementation of sub projects, we managed to position the Center as a platform for communication and facilitated decision making and cooperation of the founders** and other interested parties using own resources, influencers among decision makers and expert help whenever needed.

Our communication skills and channels, supported strongly by donors, both EC and ADA, **positioned the Center also as a knowledge base** to refer to when the need for common projects emerged, related to regional development, rural development, green energies, tourism development and other selected priority areas.

The parallel process was to keep building the RDA and stakeholders capacities to manage the overall process of strategic planning, prioritizing, and implementing programs and projects that will add to the improvement of the socio - economic situation in our two districts, including the cross-border region. To do this in a coherent and democratic way the RDA management was aware that certain principles had to be obeyed and certain practices had to be respected:

i) The inclusion of all relevant parties at regional level (local communities, business sector, civil society organizations) in the process of planning and execution of the development strategies (participatory model);

ii) Making use of transparent procedures throughout every step of the process (transparency and accountability); and

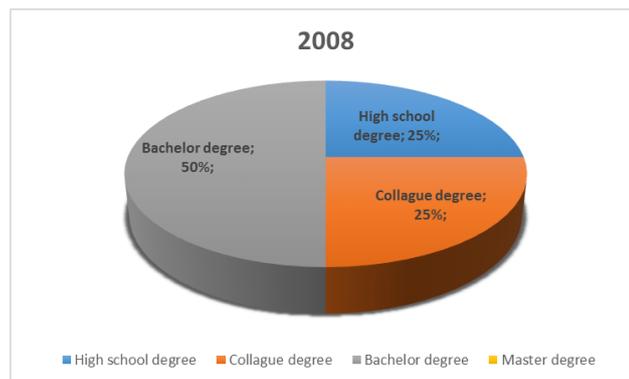
iii) Empowerment and engagement of professionally experienced persons in the process (expert professionalism).

The assumption that regional development and cross border cooperation are strongly enhanced through an institution at the regional level that has the capacity to manage the overall process of strategic planning, prioritizing, and implementing projects beneficial to the improvement of the socio-economic situation in the region is correctly incorporated the project's theory of change. It does so by abiding by principles of inclusion and transparency.

Management of the RDA has put a lot of effort to establish RDA as an organization that supports the planning process as well as implementation of the projects of regional and cross-border character whose implementation bring benefits for the inhabitants in two districts.

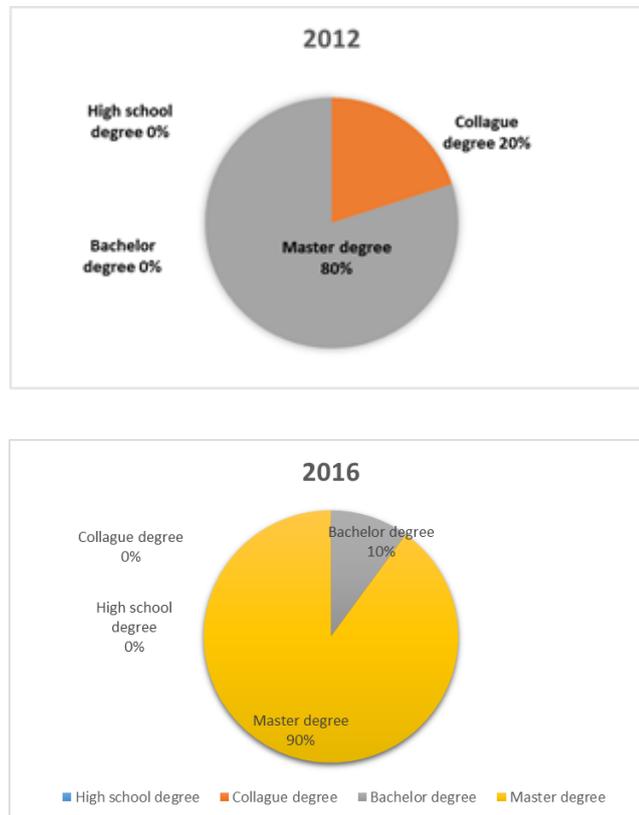
We managed to create the high capacity institutional base for strategic regional planning, coordination and the delivery of regional development services, including our own capacities in the field of **Project Management**. The RDA financed, through ADA support, the MA studies in Engineering Management for the employees. This period was marked by the **increase in general level of education** of the majority of employees.

**Educational level of employees before and after the managerial decision to invest into the key competences of the staff**



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The big change at the national level was the **adoption of the Law on Regional Development and the accreditation process**, through which the Centre became a part of the national system of Accredited Regional Development Agencies, out of which 16 are functional nowadays<sup>1</sup>. It was and it will be important that the RDA managed, through its activities, to become an integral part of local, regional and (to a considerable extent) national administrative institutional framework for development.

All this led to the sustainable set of preconditions for successful partnerships with the local communities, institutions and individuals with the same goal.

„The Centre's vision is to become the main coordinator of development of all the municipalities in the Jablanica and Pcinja districts, and to become recognized as such by domestic and international development institutions.

The Centre, through partnerships with the local communities, institutions and individuals, set the standards in communication and business, by insisting on legality, transparency in work, efficiency and rationality, protection of the environment and respect

for human rights. The Centre supports the projects of regional and cross-border character whose implementation bring benefits for the inhabitants in two districts. The Centre established the collaboration with those regions in the country and abroad which have compatible strategic objectives or which can contribute to overcoming of the development problems which are actual in Southern Serbia with their experience.”<sup>2</sup>

### **3. How it leads to the successful projects of regional and cross-border character that bring benefits for the inhabitants in the two districts**

The major challenge from the very beginning, that has never changed, was that the Center had to ensure continuous support in terms of participation of the key stakeholders and founders, without any legal tool for such endeavor. The law and by laws were adopted, but envisaged no legal consequences for founders, some of which refused to practice it. Consequently, in practice, the by-law imposes obligations to the accredited RDAs, gives it some level of easier access to the national funding through work with the relevant Ministry, but no connection to the founders unless otherwise ensured.

Therefore, the business like orientation and use of its own capacities in project management of the Centre proved to be the only sustainability tool that kept the institution stable through different political changes, donor change of policies, national level policy changes etc.

Under these circumstances it was very brave to think about regional, in the sense of cross border, international cooperation. Yet, the management decided that one part of the RDA concept should also be to establish successful cross border cooperation. Why do some regions cooperate more successfully than others, internally and internationally? What is the role of an RDA in that process? Is it possible to create a roadmap for the successful and sustainable cooperation in cross border region? These were some of the questions in front of us, as RDA management.

It was another challenge to sustain in **creating a network of partners in cross border region**, which provide possibilities for all parties to see themselves and others as partners in the development process and are willing to jointly participate in the implementation of different socioeconomic projects.

Not less important is that the **core services of a modern RDA**, such as concrete data and knowledge resources or planning tools and procedures for systematization and coordination, are in place and fully operational. The **level of awareness of all interested parties** that such tools exists and are available for them need to be very high.

Also important for successful communication and partnership is the fact that RDA management respected socio-cultural conditions and gender dimension across its operations. RDA took as one of the most important imperatives to promote equal opportunities for men and women to participate in those activities on equal terms in and

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<sup>2</sup> <http://www.centarzarazvoj.org/tekstovi.php?tag=onama>

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will control the results of the project implementation through series of indicators measuring the level of involvement of both sexes in project activities.

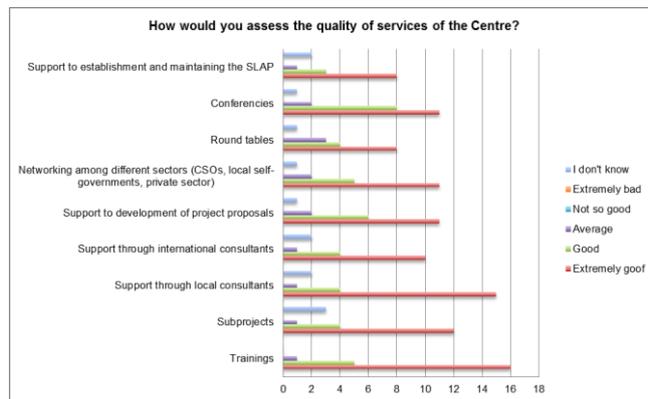
The RDA activities aimed at increasing development partnerships between different sectors in the region (private and public stakeholder groups), towards analyzing and prioritizing the required investments for the region and designing regional development projects. The Center invested significant efforts in acting as **synergetic factor for connecting and linking different sectors in different initiatives**. Activities within this result were organized within two sets of activities, namely: building the capacities and increase engagement of development partners; and engagement of relevant long-term consultancies to foster the development initiatives. The overall orientation in this period inclined towards private sector, supported by donor project “Private Sector Development” financed by USAID and implemented in cooperation with Development Agency of Serbia and another 3 RDAs. Since the introduction of the Standard Set of Services for SMEE sector, implemented by RDAs and financed by the Ministry of Economy, the agencies had received some, although not enough, relatively regular sources of income and some stability.

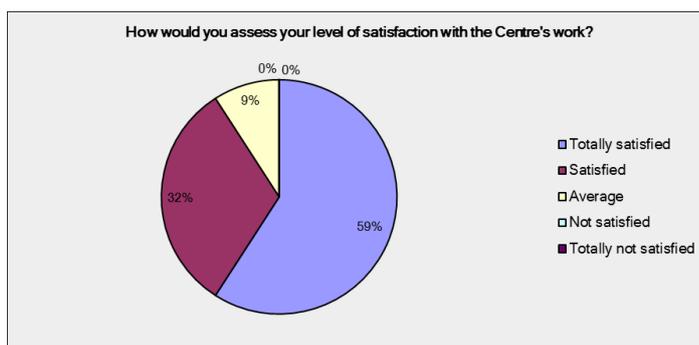
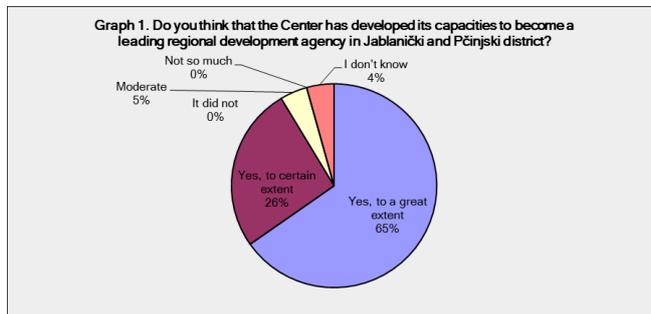
This process of linking RDAs with national level should be further exploited in the future period.

These activities led to the overall improvement of the Center’s visibility, level of satisfaction among the founders and increased chances for institutional sustainability.

The Center's management paid close attention to the satisfaction of stakeholders, and continuous improvement through evaluations of the implemented activities and adjustments of work plans and processes accordingly. Evaluators were a valuable resource of information that served to improve the services of the Center.

Charts below are downloaded from one of the evaluations and they show how stakeholders see the Center and its services.





All this said and done, the Center entered into the new “arena”-implementation of IPA CBC projects. The Center implemented 6 CBC projects worth 1,1 million Euro IPA - CBC BG SR (see Table below)

Project name	EUR
E INCLUSION: MOBILE INTERNET, E SERVICES AND TRAINING FOR RURAL COMMUNITY IN CROSS BORDER REGION.	325,378.85
Table - furniture cluster CBC“TABLE	196,735.95
CONNECTION: Centre for exchange of information on cross – border economic cooperation	444,537.00
„In Search for Economic Reviving and Development: Preparation for Joint Promotion of the Cross-Border Region“ REVIVAL	119,942.76
Exchange of good practices for quality management of municipal administrations	147 932,63

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CHILDREN - Practices exchange between Bulgaria and Serbia and acquirement of best practices by representatives of institutions working with children at risk	73,202.42

The aim of this paper was to contribute to the overall understanding among general public and deeper insight among the professionals on the principles followed in the institutional building of a RDA and the way it led to the successful overall functioning.

Only with all these preconditions fulfilled, the Center staff were well trained, empowered and capable of designing and implementing CBC projects. Without all the steps mentioned above none of the projects would have been implemented, let alone awarded or listed among the “best practice” examples in CBC implementation.

The separate projects and lessons learned are topic of other papers, from the same authors, as well as from the core staff of the Center.

**3. Conclusion**

South Serbia is still one of the least developed regions in Serbia. Economic and social indicators show that the region significantly lags behind the national average. The reasons for such situation are many, mainly connected to historical facts, to the lack of understanding tasks and responsibilities of different actors in region, to depopulation processes throughout the history, where majority of intellectual and economic elite left the region, political instability and the threat it represents to the institutional development and many others. Actual understanding of democratic processes and movement from centrally planned towards market economy is still extremely slow but increasing.

The assignment of the Center is to enhance overall socioeconomic activities in the region by supporting regional development initiatives. Thanks to the donor assistance, the Center managed to fully develop internal potentials, enhance the capacities, and increase potentials of the region to absorb financial assistance available through EU IPA instrument, through national financing resources and through different bilateral projects implemented in region. The attractiveness of region for future direct investments is increased, and the capacities of local workforce were significantly improved.

Over the years Center developed all functions required for managing regional development process, and became an independent, neutral broker and sustainable institution having the required knowledge, strong human resources, reputation and experience. This will enable it to further build strong regional networks to streamline future development towards diminishing the development gap existing at present.

Capable and committed Center staff, with extensive knowledge of the needs as well as regional priorities, successfully implemented numerous projects financed from different sources of funding, received awards and prizes, built up an extensive list of partners, strong financial management capacity and a strong network of stakeholders and partners in the cross-border region. It all made the Center a desirable partner in cross border cooperation.

Based only on the capacities of the management or the core staff, even with solid general skills and knowledge of junior staff, without the staff retention policy, the Center would have only served as a nursery for creation of excellent project managers, experts in their fields, who leave the RDA looking for jobs adequate to their experience. To a certain extent it happens in reality as a natural process where the seasoned experts look for new challenges and opportunities. But, with the institution built on these principles and the above described "road map", the sustainability is secured through continuous circles of implementation of the procedures and actions we have described here. Hoping that the Centre's example, treated as a „Project“ and this paper will serve to others to achieve the same goals with less effort, time and money, we hope to have contributed at the very practical and usable level to the topic of the Regional development as a road map to successful cross border projects.

## **REGIONALNI RAZVOJ KAO PUT DO USPEŠNIH PROJEKATA PREKOGRANIČNE SARADNJE**

**Master inženjer menadžmenta, Dobrića Sudimac Mratinković**

**Master inženjer menadžmenta, Biljana Stanković**

*Centar za razvoj Jablaničkog i Pčinjskog okruga (Centar) je akreditovana regionalna razvojna agencija koja ima mandat da inicira, priprema i sprovodi razvojne projekte na teritoriji južne Srbije. Od 2007. godine aktivnosti Centra su usmerene ka smanjivanju regionalnih dispariteta kroz podršku ekonomskim aktivnostima u dva okruga.*

*Centar je implementirao šest projekata u programu Prekogranične saradnje (CBC) vrednih 1,1 milion evra, od kojih su dva nagrađena kao primeri dobre prakse.*

*Ovim radom želimo da prikažemo kako jedna organizacija može kreirati preduslove za uspešno partnerstvo sa lokalnim zajednicama, institucijama i pojedincima, postaviti standarde u komunikaciji i poslovanju i kako to vodi ka uspešnim projektima regionalnog i medjunarodnog karaktera koji donose dobrobit stanovništvu dva okruga.*

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***Ključne reči:*** Regionalni razvoj, CBC projekti, preduslovi za partnerstva, uspostavljanje standarda