

# Donor interventions and local economic development in Serbia



Research title: DONOR INTERVENTIONS AND LOCAL ECONOMIC DEVELOPMENT IN SERBIA

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## PROBLEM, GOALS AND EXPECTED RESULTS OF THE RESEARCH

Local economic development in Serbia was initiated by international development agencies that presented the concept and started several projects and initiatives focused on this type of development. Even though the first donor projects were initiated immediately after the democratic changes, they were focused on the revitalisation of local communities and thus did not have a development character. However, in the middle of the first decade of the third millennium, the first development projects were initiated, financed by the EU and bilateral donors such as USAID, SDC, Sida, ADA, Government of the Kingdom of Norway and the kingdom of Denmark. Donor aid for Serbia, focused on local economic development, can be divided in three categories:

- Projects covering the overall territory of the Republic of Serbia (national projects);
- Projects covering regions that are not connected in territory (so called geographically dispersed projects); and
- Projects including cities and municipalities with connected territories (so called geographically concentrated projects).<sup>1</sup>

Even though it has been a decade since the beginning of implementation of different donor interventions in Serbia, no systematic study has been done so far, which analyses effects and impacts of donor development assistance on the local level.

This research actually follows the recommendations from InTER's policy brief (2012) "A decade of local economic development in Serbia: lessons for the future",<sup>2</sup> which identifies the main donor development interventions in Serbia and underlines that local economic development projects mostly focused on the following four intervention areas:

- preparation of strategic and action plans for local economic development;
- capacity building for project development and implementation;
- local social and communal infrastructure development; and
- establishment of local economic development offices.

Taking these four intervention areas as starting points, the **goal** of this research is to analyse the impact of donor, geographically concentrated, development assistance on local economic development.

In that regard, the research will conduct a comparative analysis of the sample of local self-government units which have been receiving a long-term geographically concentrated donor assistance and those that did not have such an opportunity, by controlling other most important factors.<sup>3</sup>

<sup>2</sup> *Idem*

<sup>3</sup> *Such as population, economic development (average wage and unemployment rate) and turnout in local elections.*

<sup>1</sup> <http://www.lokalnirazvoj.org/publications/details/20>

## VARIABLES, INDICATORS AND OBJECT SAMPLING METHOD

The main **Dependent Variable (DV)** of this research is **local economic development**, and the main **Independent Variable (IV)**: geographically concentrated **donor development assistance for local self-governments**.

The term **local economic development** is most often defined<sup>4</sup> as a set of activities with the goal to build capacities of the local community to improve its economic future and the quality of life for all.<sup>5</sup> Local economic development is actually a process where public sector, businesses and civil sector organisations work together in order to create better conditions for economic development and job creation.

Basic groups of indicators<sup>6</sup> related to DV, and which make the focus of the research, are:

- Administrative capacities of local self-governments including capacities to attract donor funds;
- Partnership of authorities, businesses and the third sector (participatory decision-making);
- Inter-municipal cooperation; and
- Different types of institutions and organisations existing on the local level (Institutional thickness).

**Geographically concentrated donor development assistance** is in this research defined as long-term support provided to local self-government units, in a certain geographical area, by international development agencies, in order to support local socio-economic development, and strengthening of administrative capacities of local self-governments. Basic indicators related to IV will include the existence of geographically concentrated long-term development interventions with the goal to promote local economic development, as it is defined in this research proposal.

Therefore, donor development assistance will be considered a treatment (cause) which, depending on its goal, should lead to desired consequences.

Main criteria for selection of units in the test group (treated with donor assistance) and control group (not treated with donor assistance) that were taken in consideration in the process of selection of local self-government sample to be used for empirical part of the research are:

- Population, census 2002;
- Economic development in 2002 (average wage and unemployment rate); and
- Turnout in local elections in 2004.

When defining the sample, the data from the period before development interventions were used. After a detailed analysis, the following municipalities and cities were selected as units that constitute the test group sample:

### Test group sample:

- Leskovac;
- Surdulica;
- Nova Varoš;
- Novi Pazar;
- Zaječar;
- Sokobanja.

### Control group sample:

- Kruševac;
- Alibunar (or Senta);
- Svilajnac;
- Loznica;
- Kikinda (or Jagodina); and
- Vrnjačka Banja.

## RESEARCH STAGES AND DATA COLLECTION METHODS

The first (descriptive and exploratory) research stage will consist of mapping all donor interventions related to local self-government units and collecting data about type of assistance i.e. implemented development intervention, as well as data about the duration of intervention. Data collected in the first part of the research will allow for more clear definition of precise measures for variables. The second (explicative) research stage will focus on comparison of the selected sample of local self-government units treated with donor assistance, and control, not treated group. It will consist of in-depth analysis that will enable reaching an answer to the key research question: **to what extent has geographically concentrated donor assistance influenced local economic development in Serbia**.

Empirical analysis will be based on the following data: project documents, developed project reports and all other relevant documents (secondary data), as well as perceptions, views and opinions of social actors that were involved, either as target groups or promoters of donor projects (primary data). This implies that a detailed analysis of the document will be followed by field work, when the data will be collected through interviews and focus groups.

**Suggestions, comments and questions related to this research can be sent to: [fiket@lokalnirazvoj.org](mailto:fiket@lokalnirazvoj.org).**

<sup>4</sup> Generally accepted definition of the term local economic development still does not exist.

<sup>5</sup> Swinburn G, Goga, S. and Marphy, F., *Local Economic Development: A Primer – Developing and Implementing Local Economic Development Strategies and Action Plans*, the World Bank, 2006, p.1.

<sup>6</sup> Each of these groups of indicators will consist of several separate indicators, and their selection will depend on the availability of empirical data.