

COST Action CA20112

**Evaluation on Rural and  
Territorial Development,  
Urban Development**

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**PROFEED** *book 3*



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Evaluation community for  
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## ABOUT PROFEEDBACK

The COST Action PROFEEDBACK - Platform OF policy Evaluation community for improved EU policies and Better ACKnowledgement (CA20112, MoU 052/21) 2021-2025 aims to foster the networking of the policy evaluation community at EU-level, raise awareness on the importance of evaluation policy research and improve its impact on policy-making. The Platform, following a bottom-up and open approach, will gather researchers and professionals from various scientific fields and sectors to present and evaluate theories, topics, tools and methods of policy evaluation. Results of the Europe-wide assessment of good practices will provide direct and high-quality inputs for national and EU bodies responsible for policy evaluation.

Policy evaluation is a key tool in understanding, developing and modernising EU policies, thus there is a growing demand for EU-wide and high quality evaluation services. The main challenge is that currently there is no bottom-up platform for European researchers and professionals working in policy evaluation. They have limited possibilities to discuss common problems, assess country specific practices and share their knowledge in a mutually beneficial and effective way.

The PROFEEDBACK Action has three key objectives to achieve during the Action period 18/10/2021 - 17/10/2025 and beyond.



**Foster networking and knowledge-exchange of the policy evaluation community at European level**



**Raise awareness on the importance of policy evaluation research and improve its impact on policy-making**



**Reinforce state-of-the-art research in the policy evaluation field and contribute to evaluation standards**

## ABOUT PROFEEDbook3

In the framework of the PROFEEDBACK Action, one conference every half-year is implemented. After each conference thematic deliverables are issued, the so called PROFEEDbooks (D4.1-D4.8). They summarise the main presentations and results of the conferences.

PROFEEDbooks support multidisciplinary, the systematisation of different methodologies and the exact transfer of know-how for the policy evaluation community. These also serve the interests of European and national policy-makers in developing the frameworks of the next programming periods and of a common European evaluation culture.

In addition, the PROFEEDbooks enrich the literature of public policy, aiming to develop theory, knowledge, method and tool base of European evaluation policy as well as a common understanding of the current problems and challenges. PROFEEDbooks support the Action in reaching audience beyond the Action members.

The 3rd PROFEEDBACK Conference focuses on **Evaluation on Rural and Territorial Development, Urban Development**. During the conference, we discuss evaluation results on regional development policies to understand:

- the factors influencing the effectiveness of these policies at the national or regional level
- strengths and challenges of the methodologies applied to measure the success of regional development policies
- the challenges of policy evaluation in distinguishing between short-term versus long-term effects of social inclusion policies
- role and efficiency of social innovation in the regional development
- impact of the global megatrends on the issues related to fair regional development

The conference has taken place in **Bratislava, Slovakia** between **18-19 May 2023**.

The event has been organised by the **Centre for Social and Psychological Sciences of the Slovak Academy of Sciences**.





Ivan Nikolić

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## Why do regional disparities persist in Serbia?

### ABSTRACT

#### Introduction

Regional disparities are an ongoing, systemic and multi-decade challenge in Serbia, despite the fact that regionalization and regional policy issues occupy an important place in national public policy. Yet another peak appears to have been reached after the global financial crisis and during the COVID-19 pandemic. This paper seeks an answer to the question of how to reverse the divergent movements on the regional map and the increasingly sharp division into developed and underdeveloped areas. Also, how realistic and certain will it happen in the medium term? In this regard, the sustainability of regional growth drivers and the necessary institutional framework changes will be analyzed to achieve sustainable and efficient regional growth and a greater degree of regional cohesion.

#### Literature review/theoretical background

Theoretically, regional economic development is a complex and multi-dimensional phenomenon. Consequently, a predominantly part of the literature was consulted that seeks to identify local conditions that allow an economic system to achieve and maintain high rates of development, and accepts the idea that exogenous factors, such as the presence of infrastructure and innovation, are at the basis of regional development.

#### Methodology

This paper presents the main insights into convergence patterns for 18 Serbia districts (NUTS 3 level) during 2012-2021 measured in terms of 'beta' and 'sigma' convergence (Barro and Sala-i-Martin, 2004). Using the RE model, these panel data were simultaneously utilized to examine the statistical significance of three alternative funding channels for regional productivity growth (gross fixed investments, net inflow of FDI, and total regional state incentives).

#### Findings

Regarding 'beta' convergence moderate convergence has been present since 2015 but, on average poorer districts haven't grown faster than richer districts in the period 2012-2021. Moreover, during the pandemic, the divergence was further deepened. 'Sigma' convergence reveals no convergence pattern until 2019, as well as divergence during the COVID crisis. During the period 2015-2021. unlike the positive inflow of net FDI and gross fixed capital investment, total regional development incentives by the central government had no statistical significance on the growth of GVA per employee in the observed districts.

## Discussion/Policy implications

Encouraging investment is a key driver of regional growth. But the tendency to quickly bridge the development gap by attracting FDI benefits only certain districts in Serbia. At the same time, due to various structural problems, regional variations in investment efficiency persist. Exports have played the role of driving growth in those areas that are equipped with infrastructure and available labor and that, with the help of financial benefits, incentives, and competitive costs of doing business, have managed to attract renowned foreign companies. The new regional development agenda must therefore also promote alternative drivers of growth.

## Conclusion

This paper brings a practical and integrated perspective of some development paradigms that should be taken into account when creating a new regional development agenda in Serbia. But existing regional disparities are a subtle phenomenon that integrates many factors. Hence, future research should encompass the collection of a wider and multidimensional set of regional data to bypass current research limitations in incorporating spatial planning and governance processes in a better understanding of regional development trends.

## Keywords

regional disparities and cohesion, regional development, Serbia

JEL Classifications: R11; O18; P48;

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