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## **PUBLIC-PRIVATE PARTNERSHIP AS A CONCEPT FOR STRENGTHENING THE COMPETITIVENESS OF SMALL AND UNDERDEVELOPED LOCAL GOVERNMENTS**

**Abstract:** Bosnia and Herzegovina is a rural country; therefore, rural development should be the primary goal of the development policies of the entire country. Depopulation of villages, migration of rural population, weak economic power and poverty are characteristics of rural communities in Republika Srpska. Small underdeveloped municipalities do not have answers to the challenges and problems that are imposed on them. Given that BiH is gravitating towards the EU, the development policies of rural areas of western countries can offer sustainable solutions for these areas. On the example of the municipality of Kalinovik, primary research was conducted in order to prove the hypotheses of the scientific research. The subject of research in this paper is the applicability of the public-private partnership model in the municipality of Kalinovik and the possibility of adopting this concept as an optimal solution in encouraging rural development in order to strengthen the competitiveness of above-mentioned municipality. The aim of the research within this paper is to offer scientifically based answers to the possibilities of accelerating the process of rural development itself with the application of modern European methods and a comprehensive approach to solving specific problems of the local community in the Republika Srpska. The main hypothesis of this research is that the public-private partnership model represents the optimal solution for encouraging rural development in the Kalinovik municipality. The results of the research show that there is an interest in the development of public-private partnership in the Kalinovik municipality and that the application of this model with the involvement of all levels of government through an integral, multiple approach will bring good results in encouraging rural development and strengthening the competitiveness of this area.

**Keywords:** rural development, public-private partnership, local action group, European integration

### **1. INTRODUCTION**

The disproportions in the development of passive regions and urban areas in the Republika Srpska are easily noticeable, so that urban areas are quite populated with active economic life, while rural underdeveloped areas are depopulated and characterized by a weak economy, unemployment and poverty as a common denominator of most rural local communities. The unfavorable trends of the death of settlements, the emigration of vital groups of residents and the economic decline

of rural local communities continue, and the differences in basic infrastructure and the delivery of public services between urban and rural areas are becoming increasingly large. About 60 percent of the population in Bosnia and Herzegovina lives in the countryside, that is, in rural areas. Therefore, the development of these areas is of crucial importance for the overall economy. Along with Montenegro, Finland and Ireland, Bosnia and Herzegovina is at the very top of the countries in terms of the number of inhabitants in rural areas in the world. It can be confirmed with certainty that small municipalities in Republika Srpska face a number of challenges in stimulating local development and that this topic is extremely topical and represents an almost insoluble enigma for local officials, leaders and citizens as a whole.

Namely, in the Republika Srpska there is a disparity in the size, development, demography and economic strength of municipalities. On the one hand, there are large differences in the ability to deliver public services between developed and underdeveloped municipalities, and on the other hand, the legislation does not distinguish between municipalities in terms of their competencies. Given the limited budgets and other ways of financing local administrations in the Republika Srpska, rural areas face the problem of financing projects for the construction of communal infrastructure, agricultural incentives, the development of rural tourism, as well as other innovative ideas that could improve the competitiveness of less developed municipalities. In short and clearly stated, "small" municipalities do not have money, and what little they have in their budgets they spend mostly on the salaries of their employees. Therefore, in order to trigger local development and create jobs in order to prevent depopulation and youth exodus, municipal administrations are looking for new sustainable ways of financing.

One of the possible solutions is a public-private partnership. It is necessary to emphasize that the implementation of public-private partnership has as its ultimate goal the delivery of higher quality and more efficient public services, which is particularly reflected in the development of the local community. The forms of public-private partnership can be very diverse and can have different goals, size and number of participants, but it should be emphasized that partnership relations must in any case be regulated by a contract.

The subject of this research is the applicability of the public-private partnership model in the municipality of Kalinovik and the possibilities of adopting this concept as an optimal solution in stimulating rural development in the function of strengthening the competitiveness of the municipality. During the research, an attempt will be made to correlate the positive aspects of the bottom-up concept, citizen participation in decision-making when creating local development policies and the mobilization of local entrepreneurial capacities and public administration in achieving common interests. It will also be examined whether there is interest among decision-makers at the municipal level and entrepreneurs in the research area for this type of cooperation, i.e. for the implementation of projects through forms of public-private partnership, and the level of knowledge and capacity of the local administration for project implementation will be assessed. The aim of the research in this paper is primarily to offer scientifically based answers to the possibilities of accelerating the process of rural development itself by applying modern European methods and a comprehensive approach to solving specific problems of the local community in the Republika Srpska, which are specified on the example of the extremely underdeveloped municipality of Kalinovik. Of course, one of the goals is to stimulate new ways of thinking and encourage the application of innovative methods in the research area. Several hypotheses were tested within the framework of this research:

- *H0. By obtaining the status of candidate for accession of BiH to the EU, which implies free access to IPA fund programs, the public-private partnership model will represent the optimal solution for stimulating rural development in the area of the Kalinovik municipality.*
- *H1. The local community of the Kalinovik municipality has an interest in developing a public-private partnership model for the purpose of stimulating rural development.*
- *H2. The municipal administration does not have a sufficient number of trained personnel for the implementation of public-private partnership projects.*
- *H3. Citizen participation in the development of local community development strategies as well as in making decisions on launching projects at the municipal level will strengthen the links between the public and private sectors and will positively influence the mobilization of all interested stakeholders.*

The research concept in this paper was based on the following scientific methods: historical method - through the use of scientific and professional literature from the field of research; comparative method - in the sense of comparing public-private partnership models in the world and in the country; descriptive method - in order to better describe the research issue; questionnaire and survey method - in the function of collecting data during the testing of the research hypotheses in the municipality of Kalinovik and on the population in the research area. In addition to the above methods, other

scientific methods were also applied during the preparation of the scientific paper, primarily the methods of analysis and synthesis, induction and deduction, abstraction and concretization, and classification.

## 2. PUBLIC-PRIVATE PARTNERSHIP – LITERATURE REVIEW

The challenges of the modern era require changes in the traditional organizational structures of local and rural development management, which implies that the state begins to share its competencies and funds with a large number of partners in order to deliver public services more efficiently and improve the quality of life in rural areas. Therefore, one of the forms of decentralization is represented by public-private partnerships. In the broadest sense, this concept can be defined as a set of joint initiatives of the public sector and the private profit and non-profit sectors in which each entity makes certain resources available and participates in planning and decision-making, while in a narrower sense, the term PPP refers to cooperative ventures in which the public and private sectors pool resources and expertise in order to meet a public need through appropriate allocations of resources, risks and rewards.

PPP have achieved excellent results in their application so far, in different regions in Europe and the world and in various economic sectors, which clearly indicates the effectiveness and success of the application of this concept (Hodge & Greve, 2007). PPP are complex contracts that require careful design and planning of their financial structure to ensure long-term success and fair risk sharing between private and public sector partners (Yescombe, 2011).

Berg et al. (2002) classify the most powerful drivers of PPP development into four groups. First, they cite changes in the public services market, as there is a change in the way of thinking about the provision, delivery and management of public goods. Second, the attractiveness of PPP lies in the simple combination of public and private sector approaches in infrastructure development. Third, the concept of partnership, in addition to the philosophy of partnership itself, also represents a technical aspect as a contribution to development, most specifically in the field of organization. Fourth, forms of private sector financing. The development of sophisticated financial techniques, which arose as a result of the development of financial markets, has particularly contributed to the development of the PPP concept.

PPP are characterized by the following elements (Sredojević, 2010): long-term partnership, the source of financing for the project or service is the private sector, the allocation of responsibilities between private and public sector partners, and the allocation of risks between public and private sector partners. Also, public-private partnerships, combining resources and expertise from both sectors, are increasingly used in the implementation of public projects, which contributes to increasing overall social well-being (Roehrich, Lewis, & George, 2014).

Each country separately develops and applies the PPP concept in its own way, most often due to the existence of a large number of types of PPP (the PPP concept differs in the Netherlands, Great Britain, Australia, the USA, France, etc.). However, in addition to these differences, it is possible to distinguish general common characteristics for all types of PPP (Bult-Spiering, M. & Dewulf, 2006): participants, relationship between participants, division of responsibility and risk, investment of resources (money, ownership, reputation, authority, etc.), continuity provided by the contract, risk allocation, focus on services, costs throughout the entire cycle, innovation.

Public-private partnerships enable (local) authorities, the business sector and civil society to take responsibility for development and to improve their environment through joint action. Public-private cooperation is today developing into a specific, widely applicable form and method of improving social development. European trends in numerous mergers, acquisitions and the establishment of mutual cooperation, especially at the local level, which have been implemented through a variety of policies and instruments of the EU and its member states, point to the conclusion that the future of sustainable development lies precisely in the mutual cooperation of all market actors, that is, in joining the joint forces of the public and private sectors. Given that the actions of the state administration are conditioned by the efficient management and allocation of available resources and the judgment of the public and the satisfaction of the citizens themselves, it can be said that successful PPP also implies the acceptability of the projects themselves by the broad public. It is certain that society does not directly manage economic processes, but taking into account that citizens are the ultimate users of public services, attitudes towards the implementation of projects must be positive and the projects themselves should reflect the fulfillment of the needs of the local and wider community. Of course, it is also necessary to respect the requirements of the private sector, primarily in terms of the profitability of the projects themselves.

According to Grimsey and Lewis (2004), there are two models of PPP organization, the traditional and the financial approach, depending on who leads the organization of the arrangement. The traditional approach implies that the sponsors of the project company assume both responsibility and commitment to the project and its completion within the stipulated time and budget. The financiers participate in terms of a minority stake in the capital of the project company. The financial approach implies specialized investment banks that take an active role in the management of the project company from the very beginning of the project.

According to Grimsey and Lewis (2004), there are two models of PPP organization, the traditional and the financial approach, depending on the OECD's principles for managing PPP, which define a public-private partnership as a long-term contractual agreement between a government and a private partner, under which the private party implements and provides financing for public services using capital assets, with the distribution of the associated risk. A public-private partnership can imply an accepted cooperation between the private and public sectors, either at the central or local community level, based on agreed development goals for a particular public order. A PPP, according to Mijatović (2007), is characterized by the following: it leads the organization of the arrangement. The traditional approach implies that the project company sponsors assume both responsibility and obligation for the project and its completion within the foreseen time and budget. Financiers participate in terms of a minority stake in the capital of the project company. The financial approach involves specialized investment banks that take an active role in managing the project company from the very beginning of the project.

- This is a long-term project relationship that includes various forms of cooperation between public and private partners.
- The private entrepreneur participates in part in the financing of the project, and the remaining value is compensated by the public body from its budget. The relatively long duration of the relationship (maximum up to 40 years) enables the private entrepreneur to recover the invested funds.
- The private partner plays an important role by participating in various phases of the project (design, construction, reconstruction and extension, implementation, financing), while the public partner focuses on determining the goal that lies in the public interest, the quality of the service offered and the pricing policy, and assumes responsibility for respecting these goals.
- There is a division of risk between the public and private partners, i.e. the transfer of part of the risk to the private partner. However, this does not mean that it bears the entire risk of the project.

Literature and case studies on many PPP that have been implemented so far in Europe and the world indicate the following categories of risks present (Perez, 2004): technical risk, construction risk, operational risk, revenue risk, financial risk, regulatory risk, environmental risk, risk of project failure. The interests of stakeholders in PPP projects can be diverse, so the public partner, generally wants to improve efficiency and effectiveness in achieving objectives of a public, general nature, and this can be achieved through a number of activities such as:

- improving the infrastructure for providing public services (water, electricity, natural gas, and other services),
- expanding financial sources and increasing financial opportunities,
- building new, developing and modernizing existing infrastructure and other projects in the short term,
- protecting the environment,
- developing the local market,
- achieving greater value for money and better services for the same price.

The goals of the private partner are mainly reflected in the need to make a profit, develop capacity by creating a new workforce and means of production, open new markets, as well as use of resources under favorable conditions and a number of others. According to Vasiljev (2014), cooperation between the public and private sectors can be systematized into five types of contractual relationships:

- service contracts,
- management contracts,
- rental/leasing,
- BOT models,

- concessions.

Thus, contracts that define joint activities of public and private participants can be: service contracts, management contracts, lease contracts, concession contracts and all variants of BOT contracts. The application of the concept of public-private partnership in rural development covers a much wider scope than the traditional, i.e. narrow application of this model in infrastructure projects and similar public-private sector cooperation ventures. In rural areas, there is great untapped potential for strengthening cooperation, taking into account the increase in the volume of food production, market liberalization and the underdevelopment of rural infrastructure itself. Of course, it should also be emphasized that the rich natural potential and opportunities for promoting rural tourism and organic food production are not being used. Based on previous foreign experiences, cooperation between the public and private sectors on projects and activities in rural areas has moved in several directions:

- Improving the general business environment and entrepreneurial environment in the local community in order to attract investment,
- Improving agricultural production,
- Improving the quality of life in rural areas by expanding the availability of social services,
- Developing the local economy based on the sustainable use of community resources.

Due to difficulties and delays on the European path, BiH has lost huge sums of EU money intended for development projects because it failed to meet the conditions. In 2013, 45 million euros were lost, primarily due to the failure to implement the judgment of the European Court of Human Rights in the Sejdić and Finci case, and then it lost an additional five million euros for agricultural and rural development due to the failure to establish an agricultural paying agency and a managing body.

In the 2007-2013 programming period, around 11.5 billion euros were allocated to all countries using IPA funds. The total allocation of funds for BiH in that period amounted to around 650 million euros, however, due to non-fulfillment of conditions, BiH has only used half of the funds available to it overall. For comparison, the European Union member states have withdrawn around 350 billion euros from the EU Structural Funds and Cohesion Fund in the same period.

In the Republika Srpska, several PPP projects have been developed in the past. This area is regulated by a special law and bylaws adopted in 2009, as well as a number of other regulations related to PPP and concessions, and the aforementioned legal norms protect the rights of investors, that is, they regulate the complex relations between the public and private sectors during the implementation of projects. The most common public partner in the Republika Srpska during the implementation of PPP projects was the local government unit. It is obvious that the funds that municipalities receive from the budget are not sufficient to finance infrastructure projects necessary for the balanced and modern development of the local environment. Therefore, there is a need to find other, additional sources of financing for individual projects. One of the possible solutions offered to local governments is the PPP model.

### 3. RESEARCH METHODOLOGY

The subject of research, in this case, refers to two phenomena, namely the public-private partnership model and rural development, and their mutual relationships and connections. Thus, the determination of the subject of research itself included two elements, first defining the key phenomena between which the connection is determined and then establishing the nature of the connections themselves and the mutual interactions of the characteristics and indicators of the phenomena in question.

The operational determination of the research subject was carried out to concretize the theoretical determination of the research subject. The model of local public-private partnership, i.e. local action groups in the function of rural development, the possibilities of application and perspectives of this concept in the municipality of Kalinovik, induced the further course of the research and determined the research hypotheses. The research concept of this work includes the theoretical and empirical part and is based on secondary and primary sources, while the following scientific methods were used during the research technique itself, the formulation and explanation of the obtained results:

- historical method through the use of scientific and professional literature from the field of research;

- comparative method in terms of comparing public-private partnership models in the world and the country;
- descriptive method in order to better describe the research issue;
- questionnaire and survey method in the function of collecting data during the testing of the research hypotheses in the municipality of Kalinovik and the population in the research area.

In addition to the above methods, other scientific methods were also applied during the preparation of the scientific paper, primarily the methods of analysis and synthesis, induction and deduction, abstraction and concretization, and classification. When proving the hypotheses set in this research, the questionnaire method was applied. When choosing the method of research for the defined subject and problem, the decisive role was played by the fact that this is a small number of cases from practice, which are also in the early stages of implementation. The research, using the questionnaire method, was conducted on a sample from the municipality of Kalinovik, with the primary goal of examining the level of awareness of citizens, local officials and entrepreneurs about the applicability of this model as well as the advantages of the bottom-up principle when making key decisions at the local level.

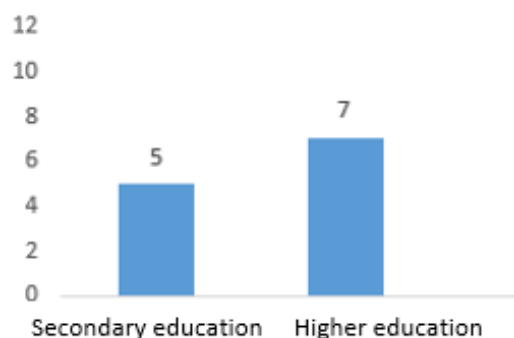
Questionnaire number one covered the municipal administration in Kalinovik in order to investigate the existence of interest in the application of the local public-private partnership model in the municipality itself, as well as the capacity of local government employees to implement the concept itself. The second questionnaire tested various entities in the municipality of Kalinovik (population, entrepreneurs, associations) with the aim of examining awareness of rural development and the level of interest in the application of the PPP model and the formation of LAGs in order to stimulate rural development and strengthen the competitiveness of this area.

Considering the complexity of the subject and research problem, as well as the complexity of the phenomenon itself and the limitations in applying this model in practice, the questionnaire method represents the optimal choice of basic scientific methods for analyzing the characteristics of observed cases of this phenomenon at the present time in the municipality of Kalinovik and the broader social environment of the Republic of Srpska and Bosnia and Herzegovina.

## **4. RESEARCH RESULTS AND DISCUSSION**

The sample on which the empirical research was conducted is represented by employees in the private and public sectors in the territory of the Municipality of Kalinovik. The research included two target groups that were surveyed using a questionnaire. The first group consists of employees in the municipal administration of the local self-government of Kalinovik. The second group of respondents includes the population of the Municipality of Kalinovik. When researching the attitudes and opinions of the population, all categories and ages of members of the local community with different occupations and different educational structures were included. The primary research was implemented through two questionnaires that were adapted to the respondents. The aforementioned questionnaires asked several identical questions in order to examine the existence of significant differences between the opinions and attitudes of municipal administration employees on the one hand and residents on the other hand regarding certain statements regarding local development in the municipality. The population sample included respondents from all three sectors, private, public and civil, bearing in mind the nature of the local public-private partnership itself.

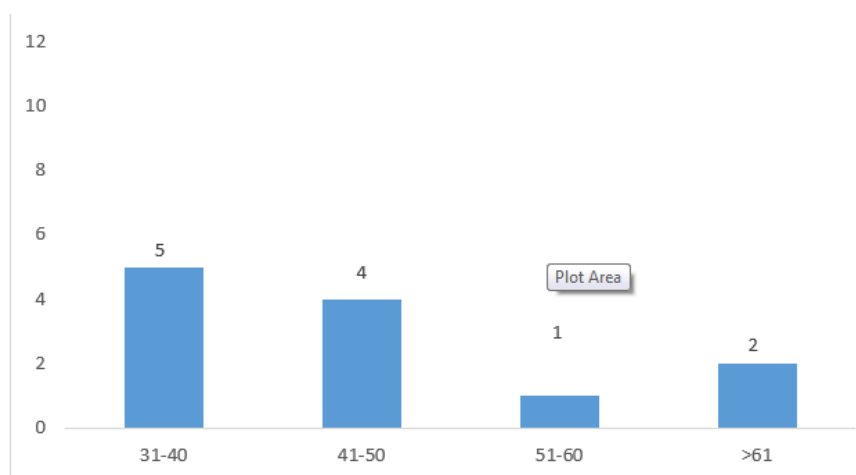
The employees of the Municipality of Kalinovik were surveyed using questionnaire number one. Out of a total of 19 employees, 12 were surveyed, which is 63.1%. Taking into account the structure of the respondents, education, jobs, as well as the size of the sample itself, it can be considered representative. The educational background of the respondents is as follows: 5 people (41.6%) with secondary education and 7 people (58.3%) with higher education.



**Figure 1.** Educational background of surveyed municipal officials

Source: Author's processing

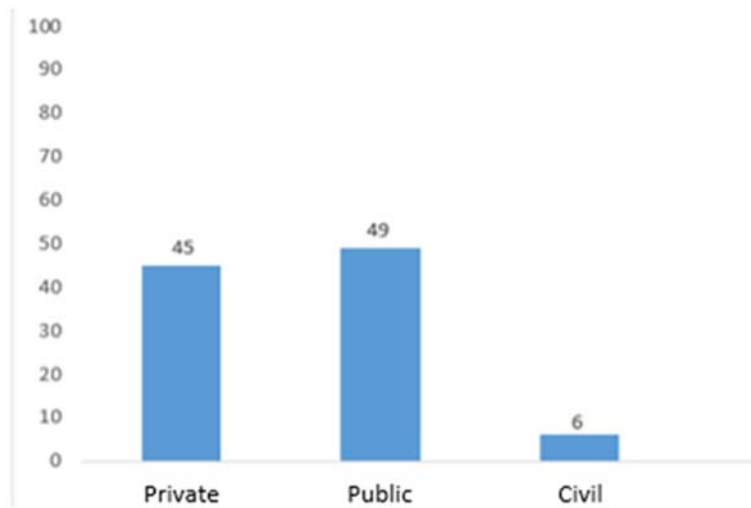
Of the total number of surveyed employees of the local government of Kalinovik, 4 people are female and 8 people are male. Of the total number of respondents from the Municipality of Kalinovik, the largest number of them, 5 (41.6%) belong to the age group of 31-40 years, 4 (33.3%) to the group of 41-50, 1 (8.3%) to the group of 51-60 years and two people (16.6%) are over 61 years of age.



**Figure 2.** Age background of surveyed municipal officials

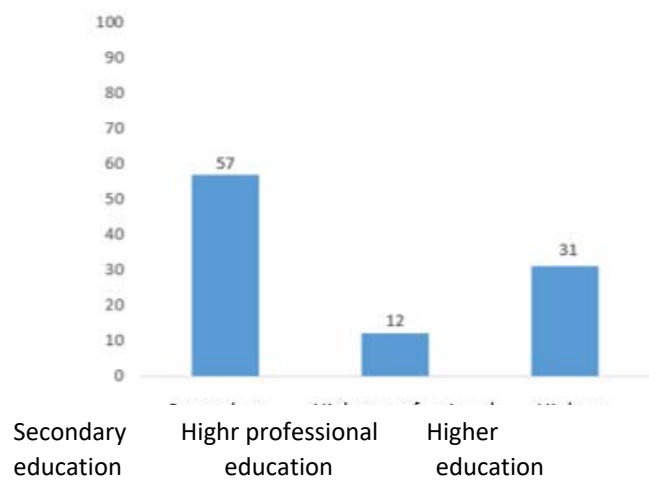
Source: Author's processing

Questionnaire number 2 surveyed the population of the Municipality of Kalinovik. The survey was carried out through 100 questionnaires, which represents 4.9% of the total population in the Municipality of Kalinovik. Of the surveyed persons, 73 reside in the settlement of Kalinovik, making up 7% of the total population of the settlement of Kalinovik, while 27 surveyed persons live in the surrounding villages belonging to the municipality, making up 2.73% of the total population of rural settlements in the Municipality of Kalinovik. The survey covered persons from all three sectors (public, private and civil) and 49 (49%) from the public, 45 (45%) from the private and 6 (6%) from the civil sector were surveyed.



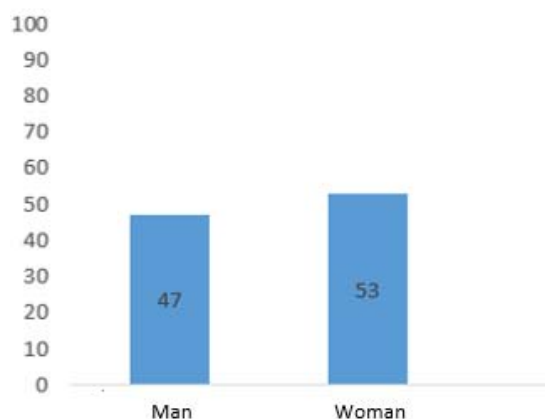
**Figure 3.** Selection of respondents by sector  
Source: Author's processing

Of the total number of respondents, 57 (57%) have completed secondary school, 12 (12%) have completed higher professional education, and 31 (31%) have a higher education. The gender structure of the respondents is 47 men and 53 women.



**Figure 4.** Education of surveyed residents  
Source: Author's processing

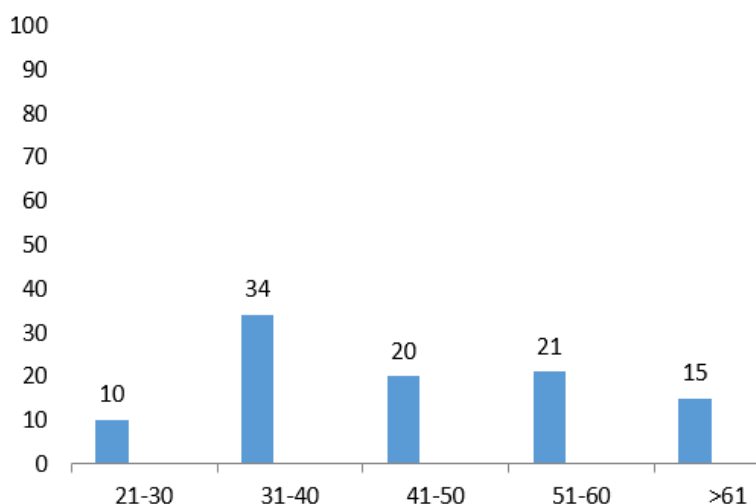




**Figure 5.** Gender structure of surveyed residents of the municipality of Kalinovik

Source: Author's processing

Of the total number of surveyed residents from the Municipality of Kalinovik, 10 (10%) people fall into the age group of 21-30, 34 (34%) into the group of 31-40, 20 (20%) into the group of 41-50, 21 (21%) into the group of 51-60, and 15 (15) people are over 61 years of age.



**Figure 6.** Age structure of surveyed residents of the municipality of Kalinovik

Source: Author's processing

Considering the complexity of the observed phenomenon as well as the fact that the phenomenon of public-private partnership, i.e. local action groups in the function of stimulating rural development, has been insufficiently researched in this area, and that the application of this specific form of public-private partnership is limited to a small number of cases in the RS, the questionnaire method was applied when proving the main hypothesis. The primary research, which was implemented through two questionnaires in the area of the Kalinovik municipality, completed the process of proving the validity of the hypotheses. Testing of auxiliary hypotheses with the aim of confirming or rejecting them for the purpose of proving or confirming the main hypothesis was set in the following order: H1, H2, H3.

*First auxiliary hypothesis (H1)* - in the local community of the municipality of Kalinovik there is an interest in developing a public-private partnership model for the purpose of stimulating rural development. The auxiliary hypothesis (H1) was tested using data collected through a questionnaire, a targeted search of websites, as well as theoretical knowledge from relevant scientific literature. The quantification of the variable "existence of interest" was measured based on the perception of respondents on a five-point Likert-type scale within the research questionnaires.

**Table 1. Research results**

<b>Claim: Local resources are fully utilized</b>	<b>Municipal employees</b>	<b>Population</b>
I don't agree at all	50%	42%
I mostly disagree	25%	20%
I partially agree	16,6%	20%
I mostly agree	8,3%	6%
I completely agree	0	12%
Total respondents	12	100

Source: Author's processing

The largest number of respondents from the municipal administration and population disagree with this statement, which supports the assumption that local resources are not fully utilized. Developing the potential of the municipality, allocating its unused resources in the function of initiating rural development requires the creation of sustainable projects that will contribute to the increase in jobs. It is clear that the small, underdeveloped municipality of Kalinovik does not have enough funds to initiate key projects that would strengthen the competitiveness of this area and activate available underdeveloped resources. Accordingly, it is necessary to find alternative sources of funds for the implementation of projects in addition to existing financing methods. Accordingly, the claim was made that there is an interest in the local government in seeking alternative sources of financing for development projects, and based on this, the attitudes of employees in the Municipality of Kalinovik were surveyed. Analysis of the responses from the questionnaire revealed that 41.6% of the surveyed municipal workers fully agree with this statement, while 16.6% mostly agree. Partial agreement was expressed by 16.6% of the respondents, and 16.6% mostly disagree, while 8.3% completely disagree with this statement. Therefore, based on the opinions of the respondents, it can be concluded that there is interest in finding new ways to finance projects in the Municipality of Kalinovik. Problems of underdeveloped communal infrastructure as well as slowness or complete absence of public service delivery are characteristic difficulties faced by residents of passive communities. The surveyed residents of the municipality of Kalinovik disagree with the statement that the municipal infrastructure is fully functional, with 36% of them completely disagreeing, 30% mostly disagreeing, 26% partially agreeing, 8% mostly agreeing, while no respondent fully agreed with this statement. The perception of public service delivery was examined by the attitude that public services in the municipality are delivered in a quality and timely manner. The evaluation of the questionnaire determined that 22% of respondents completely reject this attitude, 34% mostly disagreeing, 20% partially agreeing, 16% mostly agreeing, while 8% fully agree with this statement. From the above results, it can be concluded that the majority of the surveyed citizens believe that the municipal infrastructure is dysfunctional and that public services are not delivered in a quality and timely manner. The connection between citizens and the local community, and the sense of belonging and cohesion, is the strongest foundation of the bottom-up approach. All projects start with an individual, with an idea and energy, as well as the will and enthusiasm to initiate change. The projects are tailored to the needs of the individual, the group and the local community. Accordingly, primary research in the local environment of the municipality of Kalinovik examined the claim that projects proposed by citizens can contribute to the accelerated development of the municipality's competitiveness. The research results are presented in the following table.

**Table 2. Research results**

<b>Claim: Projects proposed by citizens can contribute to the accelerated development of the municipality's competitiveness</b>	<b>Municipal employees</b>	<b>Population</b>
I don't agree at all	33,3%	4%
I mostly disagree	16,6%	4%
I partially agree	25%	26%
I mostly agree	16,6%	28%
I completely agree	8.3%	38%
Total respondents	12	100

Source: Author's processing

From the presented results, it is evident that the majority of residents fully agree, or rather mostly agree, with this statement. On the other hand, employees of the Kalinovik municipality do not share this opinion. Namely, the majority of respondents from the Kalinovik municipality disagree, or rather mostly disagree with this statement, while 25% of respondents partially agree, 16.6% mostly agree, and 8.3% fully agree.

The differences in opinions and attitudes between respondents from the two target groups can be explained by traditional approaches to solving rural development problems, which are guided by top-down principles, the implementation of development policies through a pyramidal centralist structure as a methodology that is still represented in local municipal administrations in Republika Srpska and BiH. In contrast, modern approaches to local development are community-led, strengthen the bottom-up approach, empower people's ideas through a policy of providing assistance in the development of rural areas with the ultimate goal of exploiting their full potential and mobilizing all available resources.

The attitudes and perceptions of the respondents regarding the current cooperation within the local community of Kalinovik as well as the possibilities of joining forces and creating public-private partnerships were further examined. 41.6% of the municipal employees completely agreed with the statement that the municipality has good cooperation with entrepreneurs and the private sector, 50% mostly agreed, while 8.3% mostly disagreed with this statement. Thus, it can be concluded that the respondents believe that the current mutual cooperation between the public and private sectors is at a good level.

The majority of the respondents from the municipal administration believe that the municipality is interested in cooperation with neighboring municipalities in terms of stimulating rural development. Namely, 25% of them completely agree with this statement, 33.3% mostly agree, 25% partially agree, while 8.3% mostly disagree, and 8.3% of the respondents completely disagree. Inter-municipal cooperation is an important feature of local action groups, which are often formed for the territory of several municipalities, i.e. they cross official administrative borders depending on the cultural identification of local residents, the homogeneity of the space and the sense of community with the wider natural environment.

Municipal employees have a very positive attitude towards the possibility of developing and implementing the local action group model in the municipality. Thus, the view that the municipality is interested in developing and implementing local public-private partnerships, i.e. local action groups to stimulate rural development, is fully supported by 25% of respondents, 41.6% mostly agree, 16.6% partly agree, and on the other hand 8.3% mostly disagree and 8.3% completely disagree with this statement. Therefore, the majority of surveyed employees of the municipality of Kalinovik support the idea of implementing and developing local public-private partnerships in the function of stimulating rural development, which supports the proposed auxiliary hypothesis.

The surveyed residents do not believe that cooperation between participants in public life is at a good level; on the contrary, the statement that residents, business entities and civil society organizations have good cooperation with the municipal administration was assessed negatively by the majority of respondents, with 24% completely disagreeing with this statement, 28% mostly disagreeing, 34% partially agreeing, 8% mostly agreeing, while 6% completely agreeing with this statement. Residents are hesitant to state that local entrepreneurs actively participate in the implementation of projects supported by the local government, with 52% partially agreeing, 24% mostly agreeing, 12% mostly disagreeing and 12% completely disagreeing.

Analyzing the opinions of residents, it is evident that they believe that it is necessary to improve cooperation between participants in public life. The survey questionnaire examined the opinion of residents on the possibility of association in the territory of the municipality, and the view that the association of all relevant participants in public life when identifying and solving problems represents a good basis for initiating positive changes in society is supported by 50% of respondents in full, 18% mostly agree, 30% partially agree, while only 2% of respondents completely disagree. Residents believe that the association of all social actors for the purpose of solving problems is a good basis for initiating positive movements, which further supports the validity of the first auxiliary hypothesis. From all of the above, taking into account the results of the theoretical discussion of the research concepts as well as the results obtained from the primary research that arise from the attitudes and opinions of respondents from the two target groups of the sample from the municipality of Kalinovik, it can be concluded that the first auxiliary hypothesis is fully confirmed.

*The second auxiliary hypothesis (H2)* - the application of public-private partnership is at the very beginning, and the municipal administration does not have a sufficient number of trained personnel for the implementation of projects. The implications of the failure of European integration are reflected in the development of civil society, which was especially felt in rural areas and negatively worsened the position of domestic producers and farmers and had an unfavorable impact on the work of local action groups formed so far. The training of municipal administration staff in implementing local development projects, as well as the awareness and education of workers regarding modern European approaches to rural development, was tested using a questionnaire method through several statements. The responses of the surveyed persons from the municipality of Kalinovik are presented in the following table.

**Table 3.** Responses of municipal workers on the issue of staff education

<b>Claim</b>	<b>I don't agree at all</b>	<b>I mostly disagree</b>	<b>I partially agree</b>	<b>I mostly agree</b>	<b>I completely agree</b>
At the municipal level, there are trained personnel for the successful implementation of local economic development policies	0	0	50%	41,6%	8,3%
Proposals for implemented development projects come from employees of the municipal administration	8,3%	16,6%	41,6%	25%	8,3%
The municipality has good cooperation with scientific research institutions and centers in the Republic of Srpska	33,3%	16,6%	33,3%	16,6%	0
The municipality has a sufficient number of employees who are familiar with EU project cycle management methods.	33,3%	25%	16,6%	8,3%	16,6%
The education of municipal administration in the field of European approaches to rural development has been at a good level so far	25%	33,3%	16,6%	25%	0

Source: Author's processing

Based on the results obtained, it can be concluded that the employees of the municipality of Kalinovik believe that there are trained personnel at the municipal level to implement local economic development policies. 50% of the respondents partially agreed with this statement, 41.6% mostly agreed, and 8.3% completely agreed. It is visible that no one among the respondents completely rejects this statement. In contrast, the residents of Kalinovik are largely reluctant to accept this statement, with 46% partially agreeing, 18% completely disagreeing, 18% mostly disagreeing, 16% completely agreeing, and 2% of the respondents completely supporting this statement. Also, 33% of respondents do not agree at all with the statement that the municipality has a sufficient number of employees who are familiar with the methods of managing the EU project cycle, 25% mostly disagree, and 16.6% partially agree, while 8.3% mostly agree and 16.6% completely agree with this statement. The majority of respondents give a poor assessment of the current level of education in the field of European approaches to rural development. Furthermore, with the statement that the municipality has good cooperation with scientific and research institutions and centers in the RS, 16.6% mostly agreed, 33.3% partially agreed, 16.6% mostly disagreed, while 33.3% of respondents completely reject this statement. Therefore, according to the respondents, it can be said that cooperation with scientific and research institutions is not at a good level. The results

obtained further confirm the second supporting hypothesis, namely that the municipal administration is not sufficiently familiar with European rural development initiatives and EU project cycle methods.

Education of public servants as a continuous process, continuous improvement of knowledge, change of attitude towards citizens and adoption of new principles of work in the future will represent a great challenge for local self-government during the reforms and the process of European integration. Adaptation of local self-government to new concepts, strengthening of democratic mechanisms will be a priority of all levels of government in order to find simpler and more direct ways of solving problems and issues within the community itself. Taking into account the knowledge gathered through the theoretical part of the work and the data collected through primary research on a sample from the Municipality of Kalinovik, it can be concluded that the second auxiliary hypothesis is confirmed.

*Third auxiliary hypothesis (H3)* - citizen participation in the development of local community strategies and in decision-making on launching projects at the municipal level will strengthen the links between the public and private sectors and will positively influence the mobilization of all interested stakeholders. Area-based strategies encompass small, homogeneous, socially cohesive territories, with a common tradition, local identity, sense of belonging or common needs and expectations, and represent a target area for the implementation of certain development policies. Deciding on the implementation of a rural development strategy in this way facilitates the recognition of local values, strengths and weaknesses, threats and opportunities, as well as dangers and obstacles on the path to sustainable development. The term "area-based" essentially means at the local level. People, or rather the inhabitants of small local communities, identify with the projects, because they are made and designed according to their wishes and provide answers adapted to local needs. Within this program, residents recognize themselves as participants in the development of rural policies, and not just as mere observers and beneficiaries of vague projects that are imposed on them.

In this way, local stakeholders must get to know each other and, through dialogue, share their views and goals for the development of the rural area. This dynamic enables the sharing of energy and resources. It has been shown that collective decisions, accepted by more people, create a stronger community and stronger cooperation on future projects. Considering that local public-private partnerships gather and connect all available local resources and unite local actors on joint projects and multi-sector activities, there is a high probability that their actions will stimulate rural development. Partnerships in their organic structure should involve the critical mass needed to improve the economic competitiveness of the area. By strengthening dialogue, synergy, as well as overcoming differences and conflicts of interest groups, local partnerships direct the entire community towards the goal and better sustainable development.

Theoretical knowledge and findings presented in case studies support the confirmation of the auxiliary hypothesis. The validity of the hypothesis was additionally tested with questions from the questionnaire that were adapted to the population and municipal officials, and are directly related to the issue under consideration. The statement that the proposals for implemented development projects originate from employees in the municipal administration tested the perception of the population and municipal officials about the previous method and established practices of initiating projects in the municipality. The data obtained from the research are presented in the following table.

**Table 4.** Research results

<b>Claim: The proposals for implemented development projects came from municipal administration employees</b>	<b>Municipal employees</b>	<b>Population</b>
I don't agree at all	8,3%	16%
I mostly disagree	8,3%	10%
I partially agree	41,6%	36%
I mostly agree	33,3%	18%
I completely agree	8.3%	20%
Total respondents	12	100

Source: Author's processing

The population and municipal employees were generally reserved regarding this statement, with the majority of respondents expressing partial agreement. Municipal officials, 33%, mostly agreed with the statement, while 20% of the population fully supported the statement, and 18% of them mostly agreed. Furthermore, the research results show that municipal officials and the surveyed residents have a similar perception of the importance of direct citizen participation in the development of local development strategies, as well as its positive impact on strengthening mutual cooperation in the local community. The research results are presented in the following table.

**Table 5.** Research results

<b>Claim:</b> <b>Citizen participation in the development of local development strategies will strengthen the links between the public and private sectors</b>	<b>Municipal employees</b>	<b>Population</b>
I don't agree at all	0	0
I mostly disagree	8,3%	6%
I partially agree	33,3%	32%
I mostly agree	41,6%	30%
I completely agree	16,3%	32%
Total respondents	12	100

Source: Author's processing

By analyzing the research results, it can be concluded that residents and employees in the municipality have similar views and that more than half of them generally agree or completely agree with this statement. The results obtained support the confirmation of the third auxiliary hypothesis. By examining public opinion, that is, the views of the residents of Kalinovik, the third auxiliary hypothesis was additionally tested, and the results are shown in the following table.

**Table 6.** Research results, residents of the municipality of Kalinovik

<b>Claim</b>	<b>I don't agree at all</b>	<b>I mostly disagree</b>	<b>I partially agree</b>	<b>I mostly agree</b>	<b>I completely agree</b>
Civil society organizations and other citizens' associations are actively operating in the municipality with the goal and programs of improving the local community	38%	32%	18%	8%	4%
In our municipality, residents actively participate in the decision-making process that is important for local development	46%	28%	16%	2%	8%
All participants in local life in the Municipality of Kalinovik have an interest in strengthening mutual cooperation	18%	18%	10%	28%	26%
A local community, or municipality, if it is guided by ideas and	6%	8%	10%	32%	44%

projects that are tailored to the wishes and real needs of its residents, has great chances for good and accelerated development					
Citizens should participate in the key decision-making process in their local community.	0	2%	4%	24%	70%
Bringing together all relevant participants in public life when identifying and solving problems is a good basis for initiating positive changes in society	2%	0	30%	18%	50%

Source: Author's processing

The surveyed residents share a negative opinion about the active activities of civil society organizations in the municipality, so the vast majority do not support the above statement. As for the current active participation in the decision-making process, the citizens believe that participation is not at a good level, which was to be expected considering the overall situation in society. The surveyed residents mostly support the claim that there is a mutual interest of all participants in local life in the Municipality of Kalinovik to strengthen cooperation. In percentages of 44% completely agree and 32% mostly agree, the respondents agreed with the statement that a local community guided by the ideas of citizens has great chances for good and accelerated development, which directly supports the validity of this hypothesis. The confirmation of the hypothesis in question is supported by the fact that 70% of respondents fully agreed, 24% of them mostly agreed with the statement that citizens should participate in the process of making key decisions in their local community. Finally, the surveyed residents of the Municipality of Kalinovik mostly accepted the statement that the association of all actors of public life represents a good basis for initiating positive changes in society, which further strengthens the hypothesis. Taking into account all of the above as well as the analysis of the research results, it can be concluded that the third auxiliary hypothesis is fully confirmed.

*Main hypothesis H0* - if Bosnia and Herzegovina obtains EU candidate status, and thus fully accesses the IPA funds program, the application of the public-private partnership model will represent the optimal solution for stimulating rural development in the area of the Kalinovik municipality. The Strategic Plan for the Development of Agriculture and Rural Areas of the Republika Srpska is aligned with the EU rural development policies, supports the development of local action groups, emphasizing that modern rural development policy must be based on a "bottom-up" initiative, i.e. on the active participation of representatives of the rural community in the planning and programming of rural development. In order to achieve this, it is necessary to improve the capacities of organizations in rural areas, the possibility of participation in the planning and implementation of pilot rural development programs at the local level, as well as to improve the level of strategic planning in the field of rural development at the local level.

Given the importance of planning, a survey of local officials from the Municipality of Kalinovik examined their views on the compliance of local development planning documents with national strategic documents. The analysis of the results revealed that 16.6% of those surveyed believe that the planning documents are fully compliant, 41.6% believe that they are mostly compliant, 33.3% partially agree, and 8.3% believe that the documents are mostly not compliant with national strategic documents. Furthermore, the questionnaire examined the opinions of municipal officials on the level of cooperation with national government institutions on all issues of local economic development. The majority of respondents positively assess the cooperation, 25% of them fully consider the cooperation successful, 41.6% mostly agree and 33.3% partially agree that the cooperation between the municipality and republican institutions is at a high level.

One of the goals of the strategic development of rural areas of the Republika Srpska, expressed through the rural development policy of the RS, is to retain the population in rural areas, because this is the basis for sustainable development of society, balanced territorial development, a prerequisite for the restoration and preservation of natural resources and the preservation of natural, cultural and social heritage. The implemented research using the questionnaire method surveyed the residents of the local community of Kalinovik regarding the statement that the lack of permanent employment is the key reason for leaving these areas, 24% of them fully agreed, 27% mostly agreed, 32% partially agreed with this statement, while 11% mostly disagreed and 6% completely disagreed. The majority of those surveyed believe that the key reason for leaving the municipality is the lack of permanent employment. The productivity of agricultural production is positively proportional to the degree of mechanization of work processes, which has caused a lower need for labor, and in the future, agriculture will not be a significant source of employment for the rural workforce. Thus, according to the rural development policy of the Republic of Srpska, solutions for creating jobs should be sought outside agricultural activities, but in rural areas, close to the place of permanent residence in order to prevent migration motivated by finding better and permanent employment. Accordingly, it is necessary to encourage all types of entrepreneurship in rural areas. Diversification of income and starting a microbusiness in or outside agriculture is the key to employment and increasing the living standards of the rural population.

Employees of the Kalinovik municipal administration were surveyed with the claim that the municipality's budget and local revenues are sufficient for the implementation of projects and the sustainable development of the local community. Contrary to the researchers' expectations, the municipality's employees mostly agree with this statement, namely 25% of them completely agree, 33.3% mostly support this statement, 25% are restrained, i.e. partially agree, 8.3% disagree and 8.3% completely disagree with this statement. On the other hand, the residents of the Kalinovik Municipality have a different opinion on this issue. 35% of respondents agree with the statement that the municipality does not have enough money to implement projects that could improve living conditions in our environment, 22% mostly agree, 15% partially agree, 15% mostly disagree, and 13% of respondents completely disagree with this statement.

The Policy and Strategic Plan for Rural Development of the Republic of Srpska stipulates that local government units should build partnerships and develop networks with representatives of the public and business sectors, as this is a model for sustainable planning and implementation of development programs, but also a model for using EU pre-accession funds. Unfortunately, BiH is not able to use the aforementioned EU pre-accession funds to their full capacity. The causes of the unfulfilled conditions from the European integration program stem from the overall political situation and the dysfunctionality of Dayton BiH. The consequences of the standstill and non-activation of the entire package of IPA pre-accession funds, and especially the IPARD instrument, have been felt by agricultural producers, small family farms and residents of rural communities.

Primary research examined the opinions of employees of the Municipality of Kalinovik on this issue. Regarding the statement that the unavailability of EU pre-accession assistance packages, and especially the IPARD instrument, negatively affects rural development and agricultural development, 41.6% mostly agreed with this statement, 25% of respondents fully supported this statement, while 25% partially agreed, and 8.3% mostly disagreed. The research results further support the thesis that the full activation of pre-accession funds will have a positive impact on rural development, as well as on the development of local public-private partnerships, i.e. local action groups in the research area. The statement that successful local economic development will increase employment and living standards in the coming period tested public opinion and employed officials in the Municipality of Kalinovik.

**Table 7. Research results**

<b>Claim: Successful local economic development will increase employment and living standards in the coming period</b>	<b>Municipal employees</b>	<b>Population</b>
I don't agree at all	0	8%
I mostly disagree	0	6%
I partially agree	8,3%	30%
I mostly agree	66,6%	30%
I completely agree	25%	26%
Total respondents	12	100



The analysis of the results shows that the residents and employees of the Municipality of Kalinovik are optimistic about the future development of their local community. Most respondents believe that a successful LED will increase employment and living standards in this area in the coming period.

The main hypothesis is also supported by the fact that all three auxiliary hypotheses were confirmed. The model of local action groups as a specific form of public-private partnership with the support of government institutions, recognizing the fact that rural development requires a multifaceted integrated approach, can offer good and sustainable solutions for stimulating rural development. The effectiveness of local action groups in stimulating rural development has been proven in numerous examples from practice because this model collects and combines human and financial resources from the public, private and civil sectors and promotes the activation of voluntary engagement of individuals from the local community. The application of the local action group approach in the Municipality of Kalinovik would strengthen the connection between local stakeholders around joint project and multi-sector activities in order to achieve synergy of efforts as well as the critical mass necessary to improve the competitiveness of this area. By strengthening dialogue and cooperation between different rural actors, reducing potential conflicts and facilitating negotiations and agreements through consultations and discussions and the interaction of different participants in local life, it is possible to facilitate the process of adaptation and change in the agricultural sector, integrate environmental protection issues, diversify the rural economy and improve the living and working conditions of the community.

The efforts of local action groups should be supported by all levels of government, as foreseen by the policies and plans of rural development in the RS and BiH. Public-private partnership can be the optimal solution for stimulating rural development in the territory of the Municipality of Kalinovik, for the sustainable development of this rural area, the revitalization of the entire space, the implementation of an integrated approach that will combine the capacities of the state, entities and local communities is necessary. Considering the theoretical discussion, the presented case studies from practice, primary research, successfully proven auxiliary hypotheses, it can be concluded that the main hypothesis of the work is confirmed.

## CONCLUSION

Given the progression of the disappearance of small local communities in the territory of the Republika Srpska and Bosnia and Herzegovina, it is realistic to expect that some new generations will not have the opportunity to grow up carefree in the countryside, nor will they spend their school holidays in peaceful rural areas. The decline of villages, a decades-long process that leaves passive areas without inhabitants, has its peak in the mountainous regions of Eastern Herzegovina, and especially in the area of the Municipality of Kalinovik. In accordance with the real indicators that point to the complete emptying of several hundred villages in the Republika Srpska, it can be concluded that rural development policy has not been conducted in an appropriately rational manner that brings successful results to the extent that the question can be raised whether rural development is a myth or a reality.

Within the framework of this work, the basic concepts of research, the phenomenon of rural development and public-private partnership are theoretically explained. The dynamics of the European path of BiH are investigated, with its challenges and limitations and the analysis of the availability of IPA funds. The previous application of classical PPP models as well as the operation of local action groups in the research area are examined by evaluating the available scientific literature. The research is concluded by implementing the empirical part and testing the scientific hypotheses.

The problems of rural development, unfortunately, represent an insoluble enigma for local officials, leaders, citizens and society as a whole. The experiences of the development of rural areas in Europe can offer solutions for the initial phase of identifying specific problems and developing local development strategies in order to start the process of sustainable rural development. A local action group, as well as a specific, more comprehensive model of public-private partnership, can generate new positive changes in the local community. The application of this model in the Municipality of Kalinovik was tested through the implementation of primary research on public change and municipal administration officials. On the specific example of the Municipality of Kalinovik, a combination of scientific research methods confirmed the main and auxiliary hypotheses of the research.

A multifaceted, integrated approach to rural development is necessary for the sustainable development of rural areas. A sustainable solution requires a joint effort of the local community, the Republika Srpska, and society as a whole. The research results show that without financial support, an integrated planning process, and changes in the concept of managing local development, i.e. adapting development itself to the real needs of citizens, the functioning of local public-private partnerships is not possible. If Bosnia and Herzegovina becomes a member of the European Union, it is certain that modern rural development initiatives, with the availability of EU funds, will offer solutions for the long-term recovery of rural areas.

One of the goals of this research is to stimulate new ways of thinking and encourage the application of innovative methods in the research area. The expected contribution of this scientific work is primarily in expanding knowledge about the identified problem through classification, explanation of existing scientific achievements, as well as predicting possible trends in observed phenomena in the near future. A permanent process of verifying acquired knowledge is one of the goals of all scientific research, so criticism of the research work will be welcome and may encourage the implementation of new research, which will complete and expand knowledge about this issue.

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## ATTACHMENTS

### ANNEX 1: QUESTIONNAIRE FOR EMPLOYEES IN THE MUNICIPALITY OF KALINOVIK

*Application of the public-private partnership/local action group model in stimulating rural development in the area of the Kalinovik municipality*

Dear Sir/Madam,

The questionnaire before you is an instrument of scientific research on the application of modern initiatives to encourage rural development in the territory of your municipality. Considering your extensive experience and knowledge acquired while performing tasks within the scope of municipal administration, your opinion is extremely valuable to us in analyzing the subject matter. The data obtained will serve as parts and indicators of scientific research that will have its practical application in the function of improving local economic development and adopting models and experiences of European approaches to rural development.

**Educational level:** 1. Secondary education; 2. Higher secondary education; 3. Higher education;  
4. Other

**Age** \_\_\_\_\_; **Gender:** M W

*Please put a cross (x) next to the answer that represents your personal opinion:*

<b>Data</b>	<b>I don't agree at all</b>	<b>I mostly disagree</b>	<b>I partially agree</b>	<b>I mostly agree</b>	<b>I completely agree</b>
At the municipal level, there are trained personnel for the successful implementation of local economic development policies.					
The municipality has successful cooperation with republican government institutions on all issues of local economic development.					
Successful local economic development will increase employment and living standards in the coming period.					
The budget and local revenues of the municipality are sufficient for the					

implementation of projects and the sustainable development of the local community.					
Local development planning documents are aligned with national strategic documents.					
Proposals for implemented development projects come from employees of the municipal administration					
The municipality has good cooperation with entrepreneurs and the private sector.					
Local resources are fully utilized					
The unavailability of EU pre-accession assistance packages, especially IPARD, negatively affects rural and agricultural development.					
The municipality is interested in the development and implementation of local public-private partnerships, i.e. local action groups to stimulate rural development.					
Citizen participation in the development of local development strategies will strengthen links between the public and private sectors					
Projects proposed by citizens can contribute to the accelerated development of the municipality's competitiveness.					

The municipality has good cooperation with scientific research institutions and centers in the Republic of Srpska.					
The municipality has a sufficient number of employees who are familiar with EU project cycle management methods.					
The municipality is interested in cooperating with neighboring municipalities in terms of encouraging rural development.					
There is successful cooperation with other municipalities in the implementation of projects.					
There is interest in local government in seeking alternative sources of financing for development projects.					
The education of the municipal administration in the field of European approaches to rural development has been at a good level so far.					

## ANNEX 2: QUESTIONNAIRE FOR RESIDENTS OF THE MUNICIPALITY OF KALINOVIK

*Application of the public-private partnership/local action group model in stimulating rural development in the area of the Kalinovik municipality*

Dear Sir/Madam,

The questionnaire before you is an instrument of scientific research on the application of modern initiatives to encourage rural development in the territory of your municipality. Considering your extensive experience and knowledge acquired while performing tasks within the scope of municipal administration, your opinion is extremely valuable to us in analyzing the subject matter. The data obtained will serve as parts and indicators of scientific research that will have its practical application in the function of improving local economic development and adopting models and experiences of European approaches to rural development.

**Employment:** 1. Public sector; 2. Private sector;

**Educational level:** 1. Secondary education; 2. Higher secondary education; 3. Higher education;  
4. Other

**Age** \_\_\_\_\_; **Gender:** M W

*Please put a cross (x) next to the answer that represents your personal opinion:*

Data	I don't agree at all	I mostly disagree	I partially agree	I mostly agree	I completely agree
Civil society organizations and other citizens' associations are actively operating in the municipality with the goal and programs of improving the local community.					
The utility infrastructure is fully functional.					
Successful local economic development will increase employment and living standards in the coming period.					
Citizens should participate in the key decision-making process in their local community.					

At the municipal level, there are trained personnel for the successful implementation of local economic development policies.					
Proposals for implemented development projects come from employees of the municipal administration					
Residents, businesses and civil society organizations have good cooperation with the municipal administration.					
Public services in our municipality are delivered in a quality and timely manner.					
Local resources are fully utilized					
In our municipality, residents actively participate in the decision-making process that is important for local development.					
The municipality does not have enough money to implement projects that could improve living conditions in our environment.					
Lack of permanent employment is the key reason for leaving these areas					
Citizen participation in the development of local development strategies will strengthen links between the public and private sectors					
Projects proposed by citizens can contribute to the accelerated development of the					

municipality's competitiveness.					
A local community, or municipality, if it is guided by ideas and projects that are tailored to the wishes and real needs of its residents, has great chances for good and accelerated development.					
All participants in local life in the municipality of Kalinovik have an interest in strengthening mutual cooperation.					
Local entrepreneurs actively participate in the implementation of projects supported by local government					
Bringing together all relevant participants in public life when identifying and solving problems is a good basis for initiating positive changes in society.					