



City of Niš Development Strategy until 2020

Niš, 2009

Пројекат финансира Влада Италије
у оквиру СИРП Програма становања и трајне интеграције избеглица у Србији
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РЕПУБЛИКА СРБИЈА
Министарство за инфраструктуру



SIRP Settlement and Integration of Refugees Programme in Serbia

This Document, prepared as a revision and the second generation of the City Development Strategy, is the result of work which saw the participation of the City of Niš and the Working Team, and was produced with the technical support of UN-HABITAT, United Nations Human Settlements Programme.

The basic document (from 2007) is the result of group work which saw the engagement of the City of Niš, the City Development Council, the Working Group and the Team of Local Consultants, in the process of formulation of the City Development Strategy carried out with the technical support of UN-HABITAT, United Nations Human Settlements Programme, and the technical assistance of ERVET, the specialized Development Agency of the Emilia Romagna Region in Italy.

The methodology applied has a participatory and didactic approach: each step of the process contains a module on "how to do it" based on which the groups engaged "do it" during the established participatory workshops.

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FOREWORD BY THE MAYOR OF NIŠ

Dear Fellow Citizens,

You have before you the City of Niš Development Strategy, formulated based on European methodology and models, whose aim is to find the best way of raising the city to a higher level of large European cities in keeping with the criteria of modern economy and advanced technology. This Strategy is one of the main preconditions for the City of Niš to become a city in which its citizens will live in a prosperous, safe and healthy environment.

Another aim is to develop a modern system of urban governance and to have you, the citizens, participate in its conception and realization.

The City of Niš, with its almost completely destroyed economy, underdeveloped infrastructure, neglected environmental protection, impoverished social sector, a city that was completely excluded from European integrations, truly needs a long-term strategy.

I believe that we will succeed in activating the City of Niš, integrating it in modern global trends and making Niš a city with great prospects – a City of the Future.

The basic task of the Development Strategy is to help us face the problems of urban development and design policy and make optimum use of valuable resources, values and potential which enable sustainable development in a healthy environment.

This Strategy is aimed at raising Niš to a higher level and offering directions and strategic priorities for achieving this in the foreseeable future.

Perceiving the City as a valuable asset to all those living and working in it, we expect you, the citizens of Niš, and the experts to help make this document a reality through the realization of concrete projects of interest to all of us.

Miloš Simonović, MA

Mayor of the City of Niš

FOREWORD by UN-HABITAT

The challenge was enormous, Niš, third city of Serbia with more than 250,000 inhabitants, suffering some setback in its economic growth and vibrancy, with several thousand of refugees, increase of unemployment and decline in economic opportunities, but with high potentialities. The challenge would mean to go through a participatory process of formulation of the integrated development strategy looking towards EU opportunities, but above all, a learning process for all.

We accepted the challenge under one condition: the City of Niš would be the main protagonist of the formulation of its own development strategy (understanding its territory and visioning its desired future); UN-HABITAT would provide all necessary support during the whole process.

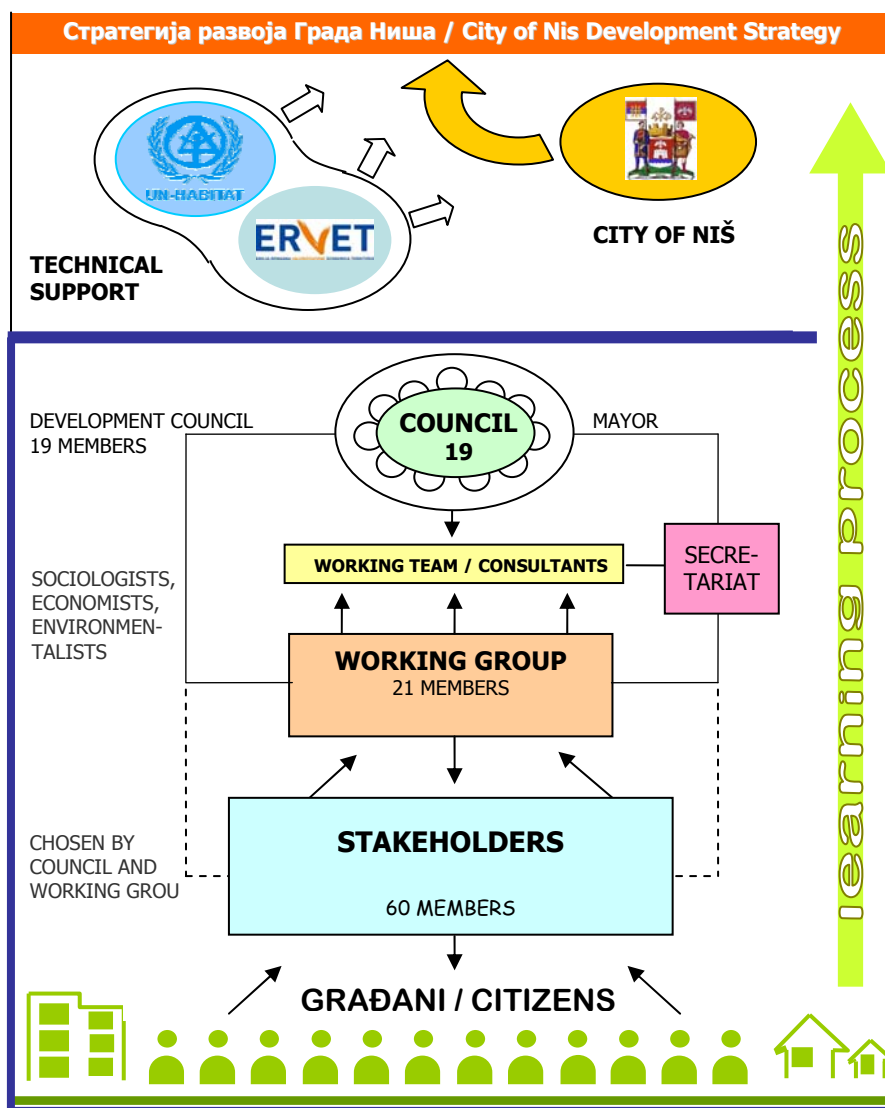
The process of formulation of the first version of the City of Niš Development Strategy officially started in January 2007, and lasted for a period of six months. The process was based on "integration and participation". The methodology applied had a didactic approach: each step contained a module on "how to do it" and subsequently the groups "did it" during the established workshops. The issues of capacity and governance, which are critical to a successful strategic planning process, were addressed systematically by demanding the city leadership and staff to take the driver's seat and formalize the process, while at the same time offering technical support through trainings and European expertise.

The City Assembly officially endorsed the idea of integrated local development and strategy planning. Surprisingly, all the assembly members, irrespective of their party affiliation, took a common stand and agreed to offer their political support to the process. Accordingly the city assembly passed two bylaws to establish a Development Council composed of political representatives and local leaders to oversee the strategy planning process and a working group consisting of practitioners and municipal officers to undertake the technical work involving data collection, analysis, facilitation of focus group discussions and stakeholder consultations.

The architecture of the formulation process was as follows:

The process was broadly designed to include the Reading and Understanding of the Territory of Niš, through the analysis of existing documents, preparing thematic papers based on a select number of indicators, undertaking a thematic SWOT analysis followed by preparing integrated SWOT in parallel to an in-depth analysis of cross-cutting issues especially finance and governance, visioning and project development.

In early May 2007, the first major workshop brought together over 100 stakeholders. The aim of the workshop was to present the SWOT analysis and to identify needs and objectives, which were discussed in plenary and selected by voting. These formed the basis for developing objectives and projects and articulating the vision.



The definition of Niš desired future was reached in a participatory manner, with a series of preparatory open events organized during the last week of May and entitled "Our Niš – a week for glancing into the city's future", to generate ideas and share views on the desired future of the city and to disseminate information to citizens on the ongoing process of formulation of the strategy: Open Children drawing competition on the main piazza "My desired future city" (kids were asked: what message do you want to send to the adults that are thinking about the future city?), 54 drawings were collected; round tables at the Chamber of Commerce and at the University with the participation of the students' parliament. The

questionnaire "What is Niš when it is at its very best?" was distributed in city stalls, and some 120 questionnaires were collected.

During the first week of June 2007, the visioning exercise and the final definition of the framework of the strategy took place on a 3-day workshop. During the first Technical Session, consultants and the working group drafted the general objectives, specific objectives and action lines for each one of the four AXIS deriving from the previous identified needs and agreed to be included in the Strategy. The second session, called the Creative Session, was dedicated to the formulation of the vision. Stakeholders, consultants and working groups worked on material collected during the preparatory events "Our Niš, a day for glancing into the city's future". With great concentration and enthusiasm, the participants, divided into groups, generated ideas, shared views, selected best stories and formulated a vision. Representatives of groups then worked together and produced and presented in plenary at the end of the day the City's Integrated Vision. During this second session the first newsletter dedicated to the formulation process of Niš DS was launched. Participants also selected best children's drawings and the three best stories to be published in the second newsletter and on Niš website. The third conclusive session tuned and gained consensus amongst stakeholders on final development strategy framework with final lists of General and Specific Objectives and related Lines of Action. Prizes were awarded to the three winners of the best stories and the children's drawings.

During this 3-day workshop, the power of collective thinking and the real sense of the word PARTICIPATION were tangible.

On 27th and 28th June 2007 the working group and consultants participated to a 2-day workshop on "Budgeting (or Financing) the Strategy" and "Territorial Marketing (to be included in the strategy) and Communication Plan".

The presentation of the Draft Document of the City of Nis Development Strategy was in July 2007 at the City Assembly of the City of Nis and the Public Hearings, discussions and round tables, were held by the end of August 2007. This document was available on the website of Department of Economy, Sustainable Development and Environmental Protection and on the website of the City of Nis. During September consultants were correcting the document in line with the received suggestions from the public.

By the end of September 2007, there was the final workshop on formulating the Strategy. On that occasion, priority programmes and projects were identified, as well as the number of foreseen projects and those that are in progress in the City of Niš.

In December 2007, the Assembly of the City of Niš adopted the document. Next began the implementation of the Strategy, which was somewhat slowed down by the local election in May 2008. The new local government, headed by the Mayor, launched a large number of development initiatives,

which opened up new development possibilities, particularly activities aimed at regional and economic development. The launched initiatives required the preparation of a three-year Operational Programme and, consequently, some minor corrections and a revision of the City of Niš Development Strategy (corrections of the context analysis, activities within specific objectives, corrections of the budget and the communication plan of the Strategy).

From December 2008 to May 2009, the Working Team, comprising local consultants and local administration representatives, formulated this document with the technical support of UN-HABITAT. This process, like the previous one, was carried out in a participatory manner and through group work at workshops.

The City of Niš and all its citizens have an important task to accomplish, namely *the implementation of their Strategy*. The participatory process was *outstanding* and could be considered as a "best practice" at international level. We hope that the process of implementation will be the same.

FOREWORD by ERVET experts

First of all we would like to say that it is a great pleasure and honour for ERVET team to participate in the creation of a vision which will contribute to the better future of the City of Niš. Having in mind the big responsibility that this task brings, we would like to briefly explain the reasons for ERVET's participation in the process of formulating the City of Niš Development Strategy. The decision was taken for several reasons. First, our Regional Government and many Local Administrations from Emilia-Romagna, where we are located and work, have a long-lasting tradition in cooperation with Serbian Institutions and Municipalities. Second, the project is conceived as a pilot project involving not only the City of Niš but also other Serbian municipalities as observers, enlarging the potential outcome of our engagement. Third, we saw a challenge in working in a participatory programming process outside our national borders together with local Serbian authorities and the United Nations Agency UN-HABITAT. Last but not least, Serbia is one of the countries with the biggest development potentials in the Balkans and a traditional economic partner of Italy. Moreover, it is one of the priority areas for international cooperation according to our Regional Plan for International Relations.

After eight months of intense work on the process of the formulation of the Development Strategy we are really happy to be part of it. Since the very beginning of the project we were pleasantly surprised by the great enthusiasm, proactive participation and contribution of the City of Niš representatives involved in the process. Then we understood that this enthusiasm is easily perceived even when walking through the streets of Niš. It is a very beautiful and lively city. Thanks to this spirit of the city we managed to support some important steps for the creation of the vision for the sustainable development of the city, together with the city administration, local experts and UN-HABITAT experts. Although the city has several big problems, it also has big opportunities which can initiate the development cycle.

Our task is not easy to accomplish due to the short period of time available and to the fact that we are not here to transfer an already existing solution. We are here to share with Niš our experiences and methodologies which had success in Italy, but which should be adapted to the reality of Niš. We also had problems with the non-functioning of the big industrial companies during the 1970s and 1980s. But eventually we managed to find alternative ways for development. From our experience I can confirm that this is a difficult process which requires a lot of courage and long-term vision. There are no certain solutions or secure remedies.

What we have accomplished so far with the representatives of the City of Niš and UN-HABITAT is only the first step. The future vision of the City must be supported by institutions, citizens and all stakeholders at local and central levels. That means that all these actors have to invest a lot of effort to highlight priorities and actions. In the future, it will be necessary to work on the evaluation of all the aspects related to the realization of the Strategy components, potential solutions, partnerships and resources that need to be activated. That implies the commitment and enthusiasm that we have come across so far in Niš.

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Chapter 1 - Introduction

The City of Niš Development Strategy is a planning document whose purpose is to steer the integrated development of the city with high-quality general environmental conditions – spatial-physical, social, economic, infrastructural and institutional. This would provide Niš with a position of excellence, based on which the city would become competitive at regional level and would offer a quality of life comparable to developed European cities of similar size.

The development of Niš also implies achieving even regional and macro-regional development. By providing the necessary resources, the City of Niš contributes to not only local, but also regional development and ultimately the economic development of the entire country.

The Development Strategy defines the basic development strategies, based on the local context and endogenous potential, and the creation of favourable conditions in different sectors. The Development Strategy has a time horizon of 2020.

Strategic Planning is a process which, thanks to coordinated and consensual planning with the main actors in a city and the participation of all citizens, enables the definition of the desired joint vision of the future that the whole community strives for, and allows for the identification of the scenarios for realizing that vision, the projects that form an integral part of it, the stakeholders who need to implement it and the necessary resources.¹

The process initiated in Niš, especially the creative workshops, allowed the identification of this vision, which has been defined as follows:

Niš will become a crossroads and a meeting point for people, ideas, culture and traditions; a leading city in the region in economy, university, sport and tourism; a centre of sustainable development where high quality of life is achieved for all citizens.

The vision has been synthesized in a slogan:

No limits for this (Boundless)

Infinite fountain of (Resource of)

Solid perspectives (Chances)

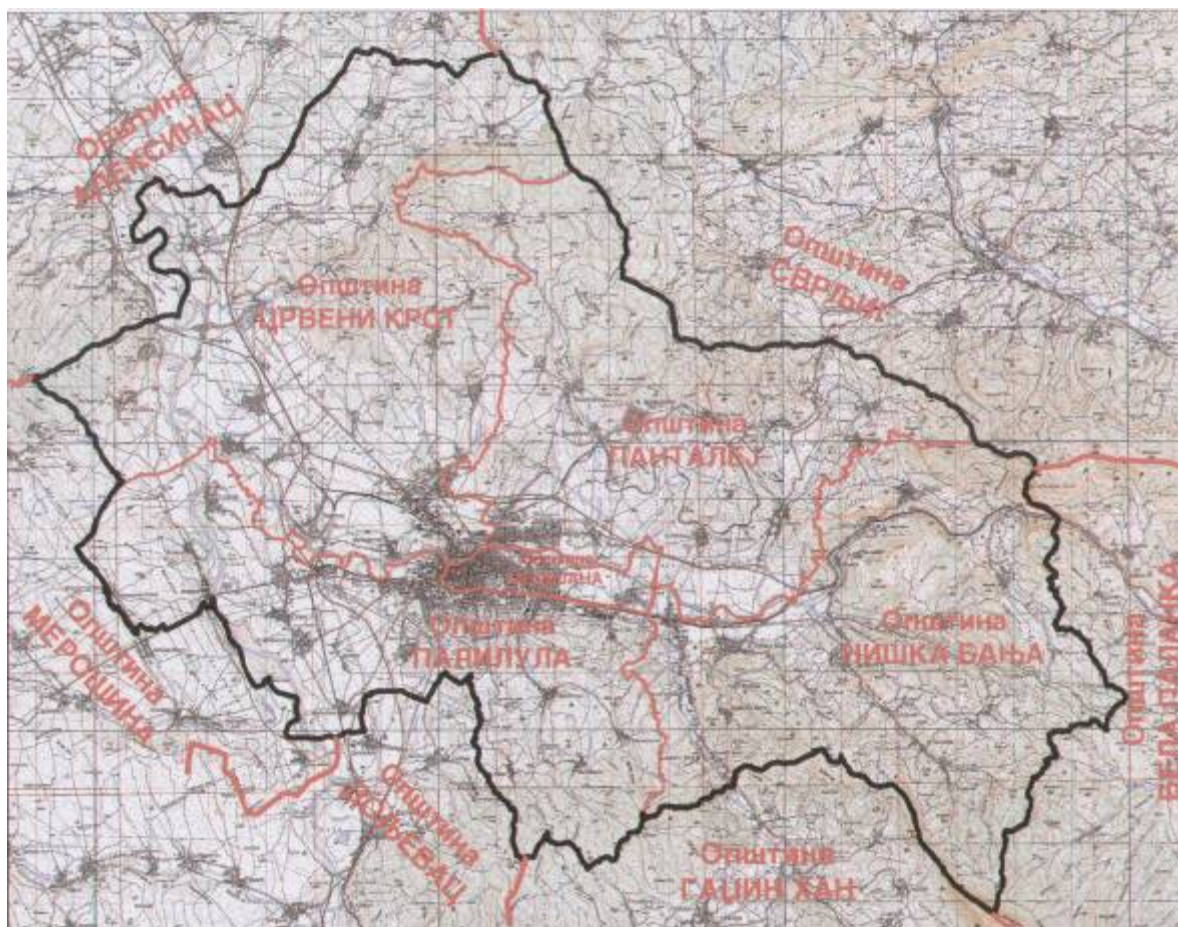
¹ This claim is supported by numerous researches carried out in this field by some more successful cities, such as Barcelona, Lisbon, Lyon and Glasgow. Through the elaboration and implementation of their own strategic plan or plans (Barcelona has just started implementing its third plan in twenty-five years), these cities succeeded in overcoming certain crisis situations and significantly improving their achievements.

In short, Niš: Boundless Resource of Chances.

It is a very ambitious *vision* that requires acceptance of the urban community in order to be attained. At the same time, it is necessary to verify whether the right conditions for the realisation of this vision exist in Niš and, if they do, to identify the actions to be taken. The aim of carrying out the analysis and the preparations for the Strategy was precisely the evaluation of the feasibility of such ambitious objectives.

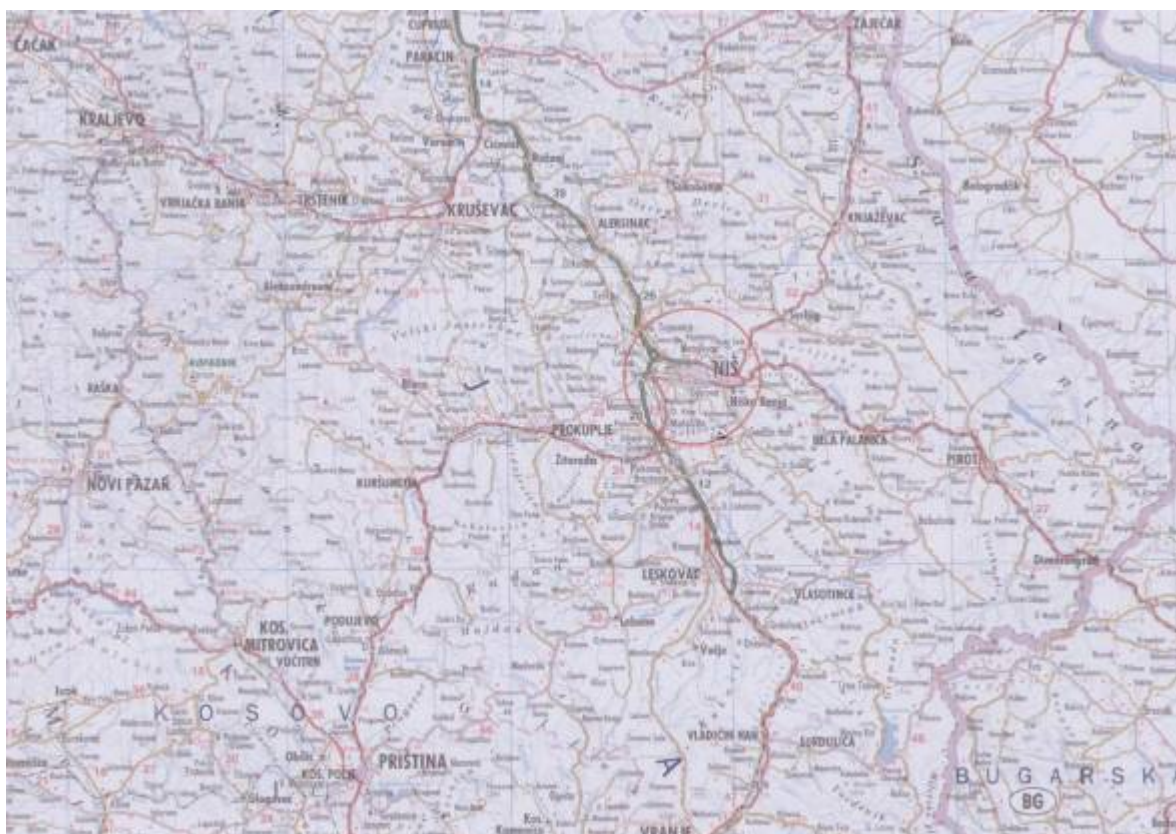
Two forms of evaluations have been carried out.

The first one was a detailed analysis and examination of the strengths and weaknesses of the economic, social and territorial context of Niš and it was carried out using the SWOT analysis. On the one hand, these analyses showed a state of general weakness in the economic and social context and the backlog of the city infrastructures. On the other hand, they also evidenced great development potentials in the fields of environment, culture and new locations, which could allow the designing of city development policies able to significantly improve the level of productivity by achieving the objectives of the defined *vision*.



The City of Niš and the five municipalities

The second form of analysis started from the potentialities and critical points identified during the context analysis for the definition of a system of development strategies, actions and projects necessary for achieving the vision. This second part of the work has led to the conclusion that such actions and projects should be guided by the idea of a city where the overall environmental conditions – physical, social, economic and infrastructural – would be improved within a period of ten years. This would provide the City of Niš with an excellent positioning to compete even beyond its regional borders and to offer its citizens a quality of life comparable to the one offered by the most developed European cities of similar dimensions. To this aim, the development strategies should focus on contextual factors and the creation of favourable conditions in the different identified sectors. The following text explains the analysis carried out, providing a detailed account of the proposed strategies and the main stakeholders that are to implement them. However, one should bear in mind that this work represents only a temporary and transitional moment in the formulation of the Strategy, not only because of the very short time in which it has been accomplished, but also because of the proper nature of strategic planning, which is an ongoing process subject to modifications and updates.



Area of the City of Niš

Indeed, it should be clearly stated that, to some extent, the most difficult work begins from the very moment in which the joint vision has been defined and the strategy formulated. From that time onwards

begins the action, which could be defined as true strategic *governance*, and without which all the previous efforts would be useless.

Such strategic *governance* is realized through the following actions:

- Monitoring and control of the implementation of the Strategy, within which all the stakeholders take on the responsibility of the implementation of the Strategy to the extent of their competence;
- Implementation of the contents of the Strategy that, although it has its fixed definition in the *vision*, should undergo changes of certain strategies and projects in order to adapt to changes in the context;
- Communication towards the community which, for the Strategy to be implemented, has to be constantly informed so as to be able to continuously control the process and offer suggestions during the implementation of the plan;
- External communication through urban marketing, which is already applied worldwide, in order to attract human and material resources necessary for achieving the objectives of the Strategy.

These are the tasks awaiting the future leaders and the community of the City of Niš over the next few years. Therefore, more challenges remain on the agenda of the Strategic Development of the City of Niš and they should be taken by both the City Government and all those who contributed to the elaboration of this document. These challenges should find driving force in the City of Niš and its resources and internal strength, but they should also necessarily involve the central government, which should view Niš as a strategic hub for the development of the whole country.

Chapter 2 - The context

2.1 Introduction

This chapter presents and analyzes the basic data on territory, population, economy and the political and social institutions of the City of Niš.

Niš is the third largest city in Serbia with a population of over 250,000 inhabitants² (3.3% of the population of Serbia and 65.5% of the population of the Nišava district) living in five municipalities. It is the administrative centre of the Nišava district and the regional centre of southeastern Serbia.



Source: Statistical Office of the Republic of Serbia

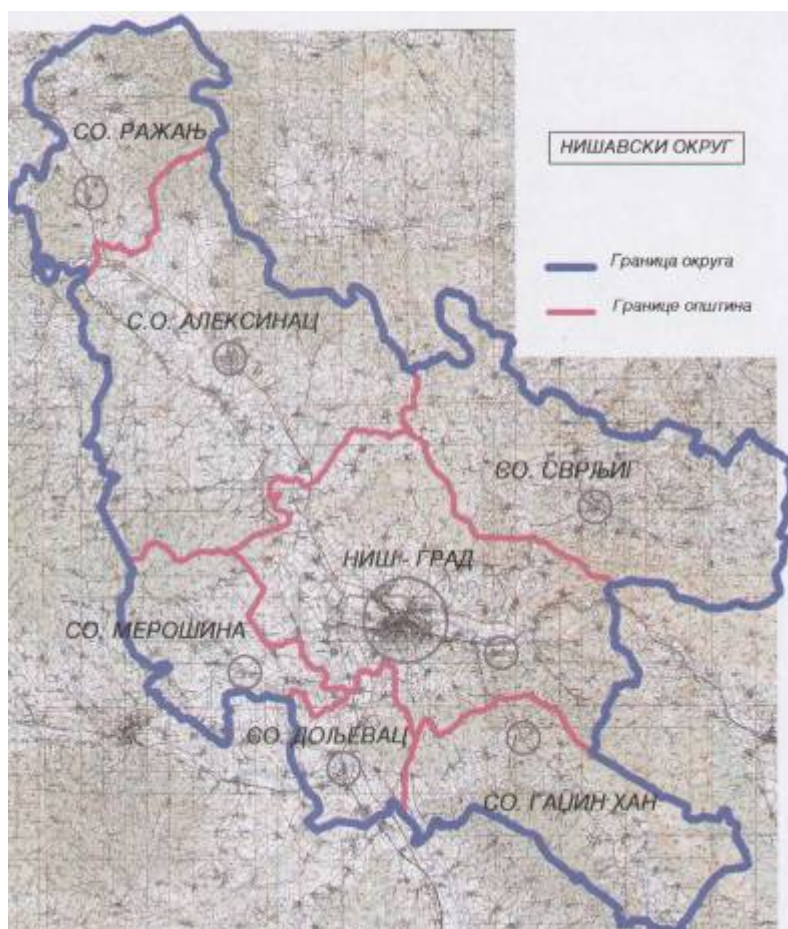
Niš covers an area of 597 km² (around 0.7% of the area of Serbia and 21.8% of the area of the Nišava District). It is situated at an intersection of Balkan and European roads. The City territory is intersected by the highway and railway lines connecting the north and south of Serbia. In Niš the highway and railway line branch off from Corridor X leading to Eastern Serbia and the Bulgarian border. Important regional roads and railway lines lead from Niš to Kopaonik, Novi Pazar and Montenegro, Kosovo and Metohija, Zaječar and Negotinska krajina. Two important axes of the European transport network, Corridor X (Salzburg - Ljubljana - Zagreb - Beograd - Niš - Skopje - Veles - Thessalonica) and Corridor VII (the waterway on the Danube linking Germany to the Black Sea), directly or indirectly connect Niš

² Census, 2002.

with the wider, European environment. An international airport with excellent technical and meteorological conditions for handling passenger and freight air traffic is located in the northern zone of the city.

Niš is one of the six functional macro-regional centres of Serbia³. In addition to municipalities that belong to the Nišava District (Aleksinac, Gadžin Han, Doljevac, Merošina, Ražanj i Svrljig), the entire southern (the districts of Toplica, Jablanica and Pčinj) and eastern Serbia (the districts of Zaječar, Bor and Pirot), i.e. a region with approximately 1 million inhabitants, also gravitate towards Niš. According to European nomenclature, the City of Niš belongs to category NUTS3.

The territory of Niš is situated on the dominant Morava development axis of Serbia, an area that represents a first-rate zone of intensive development⁴. Niš belongs to the group of the more developed municipalities in Serbia. It is an industrial and tourist centre of national importance and one of the largest medical, educational and cultural centres in Serbia.



Nišava District

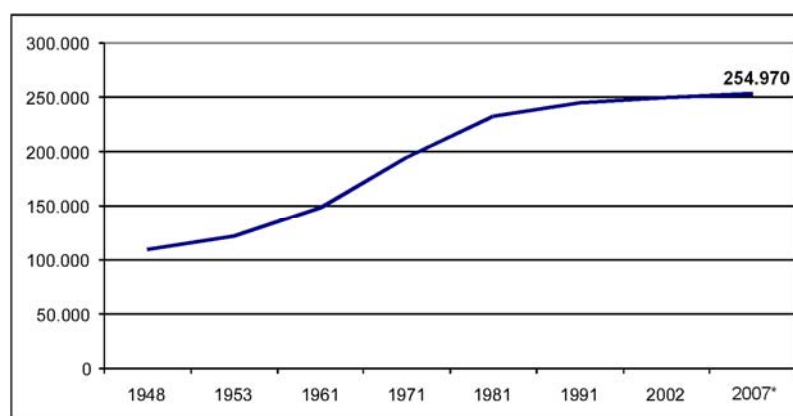
³ *Spatial Plan of the Republic of Serbia, 1996.*

⁴ *Ibid*

2.2 Population

The estimated population of Niš is 254,970⁵. It constitutes 3.43% of the total population of the Republic of Serbia and 67.23% of the population of the Nišava District. In the last 50 years the population has grown 2.3 times. The population of the city centre has increased 3.5 times. In the last decade the population growth has significantly decelerated, approaching zero level.

Population dynamics in the City of Niš (1948 – 2007*)



* estimation for 2007 (situation on 30 June)

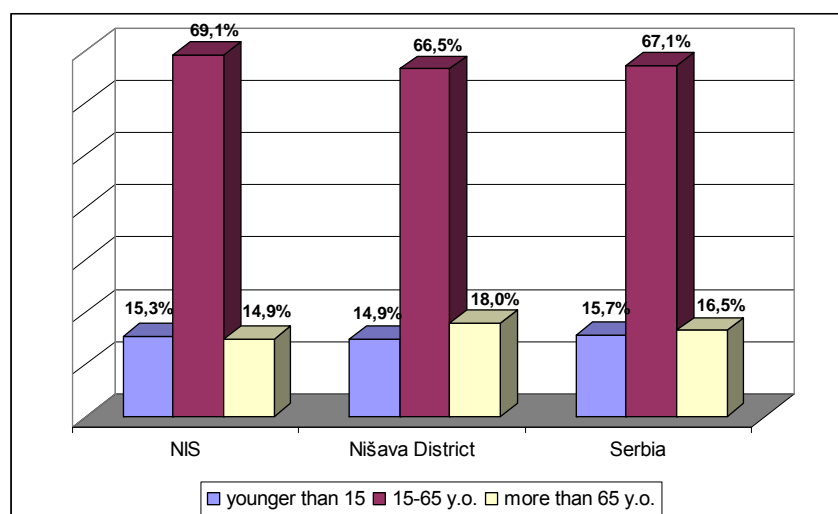
According to the last Census from 2002, the average age of the population is 40.3 years. The percentage of old population (65+ years of age) increased from 10% to 14% between the last two censuses, while at the same time the percentage of the young population (up to 24 years of age) decreased from 32% to 29%. Life expectancy for children born after the year 2000 is 72 years for the male population and 75 for the female.

Table 1: Indicators of the aging of Niš population 1953 – 2002

Indicator	Year					
	1953	1961	1971	1981	1991	2002
Elderly index (60+/0-19) (Serbian statistics)	21.1	24.3	32.4	37.9	61.0	95.1
Elderly index (64+/0-14) (UN statistics)	18.3	18.9	30.0	35.7	50.5	97.4
Median age	25	27	30	32	36	39

With regard to the age structure of the population of the City of Niš, working-age population constitutes 69.12% of the total population (more than in the Republic of Serbia – 67.12% and the Nišava District – 66.46%). Children of pre-school and school age constitute 15.34% (15.69% in Serbia, 14.86% in the Nišava District), while the population over 65 years of age constitutes 14.93% of the total population of the City of Niš (16.54% in Serbia, 17.95% in the Nišava District).

⁵ City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 105.

Population age structure in Niš, Nišava District and Serbia (%)

According to the 2002 Census, 51.6% of the City's population was autochthonous, while 47.4% were immigrants. The majority came from other municipalities in Serbia (30%), from the Niš region (10%), from former Yugoslav republics (5%) and from other administrative centres (3.5%). Migrations from neighbouring villages to the city mostly ended in the late 1990s. In the last decade, the number of commuters has increased. In addition to the absolute rise in the population size, population trends are characterized by: a) immigration and b) negative birth rate. Although the annual rates of the population growth were falling in the period 1948 – 2002 (for example, from 121.5 in 1961 to 102.2 in 2002), the population size in fact increased almost three times.⁶ In the period between the last two censuses (1991–2002) the population size increased at an annual rate of 485 inhabitants (the number of inhabitants in the Republic of Serbia was falling at the annual rate of 7,167 inhabitants). Bearing in mind the data on the negative birth rate from 1997 to date⁷, it can be concluded that there is still a strong population inflow towards the City. The number of immigrants amounted to 21,967 in the period between the last two censuses.

Population density is 421 inhabitants per km² which is five times higher than the average of the Republic of Serbia. Population density is above the Serbian average in rural areas as well. In the central area of the City the population density approximates 520 inhabitants per km². In the last four decades population density has increased from 332 in 1971 and 396 in 1981 to 416 in 1991 and 420 inhabitants per km² in 2002.

The settlement network consists of Niš, 68 inhabited villages and suburban settlements and two settlements (Koritnjak and Manastir) without permanent population. Settlement network density (one settlement per 8.41 km²) is almost twice above the Serbian average (one settlement per 14.2 km²),

⁶ *The City of Niš Local Economy Development Study, 2005*

⁷ *Since 1997 Niš has had a negative birth rate: 1997: – 0.4; 1998: – 1.3; 1999: – 2.1; 2000: – 1.9; 2001: – 1.1; 2002: – 2.1; 2003: – 1.7; 2004: – 1.3; 2005: – 2.5. (Source: City of Niš Statistical Yearbook 2005, City of Niš, 2006)*

while the average settlement size is almost three times larger than the Serbian average (3.528 inhabitants per settlement in Niš, 1.218 inhabitants per settlement on average in Serbia). The urbanisation rate is 71.1% (lower than two decades ago, when it was 86%) and it is above the Serbian average (56.4%).⁸ More than two thirds of the population lives in the city. The remaining population (72,357 inhabitants or 29% of the total population) lives in rural settlements. 10% of the rural population lives in small settlements (up to 500 inhabitants), 40% of the rural population lives in medium settlements (500 – 2,000 inhabitants), while the remaining half of the rural population lives in settlements with over 2,000 inhabitants. These villages and suburban settlements take up more of the city territory than the city core.

There are over 85 thousand family households with an average of 2.9 members. The most numerous are two-member households (27%) and four-member households (24%), followed by three-member households (22%) and single-member households (17%). Around 13% of persons over 25 years of age live in a shared household with their parents. Single-parent families account for 13% of all households. Among them, there are twice as many single mothers as there are single fathers. The number of divorces is growing as compared with the number of marriages.

There is no precise data on the standard of living of households. Household stratification assessment based on the projection of Serbian national data suggests the following: 12,000 (14%) households live in extremely difficult financial conditions; 42,000 (50%) are poor; 18,500 (21%) are in an average financial situation; 8,500 (10%) have average to high earnings, and 4,200 (5%) households live comfortably.

2.3 Economy

2.3.1 Economic growth

One of the most relevant indicators for evaluating the level of economic development of an economy or a region is the economic growth rate. It shows the speed at which the economy of a region goes from one level of development to the next.

Table 2: National income (2005)

	Укупно, у хиљ. дин. <i>Total, in thousand dinars</i>	По становнику	
		<i>Per capita</i>	
		у дин. <i>in dinars</i>	Ниво, Република Србија=100 <i>Level, Republic of Serbia =100</i>
Република Србија, <i>Republic of Serbia</i>	918 732 972	123 473	100,0
Нишавски округ, <i>Nis district</i>	45 036 985	118 807	96,2
Град Ниш, <i>City of Nis</i>	37 974 652	149 971	121,5

⁸ *The City of Niš Local Economy Development Study, 2005*

Ниш-Медијана, <i>Nis-Medijana</i>	...	...	...
Ниш-Нишка Бања, <i>Nis-Niska Banja</i>	845 099	54 944	44,5
Ниш-Палилула, <i>Nis-Palilula</i>	...	...	...
Ниш-Пантелеј, <i>Nis-Panteleј</i>	...	...	...
Ниш-Црвени Крст, <i>Nis-Crveni Krst</i>	...	...	...
Алексинач, <i>Aleksinac</i>	3 320 292	59 566	48,2
Гацин Хан, <i>Gadzin Han</i>	1 120 302	115 782	93,8
Дољевац, <i>Doljevac</i>	733 239	38 716	31,4
Мерошина, <i>Merosina</i>	806 845	55 868	45,2
Ражањ, <i>Razanј</i>	438 362	41 594	33,7
Сврљиг, <i>Svrlјig</i>	643 293	38 928	31,5

Source: City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 288.

The City of Niš participates with 4.13% in the creation of the total national income (GNI) of Serbia and with 84.31% in the creation of the national income of the Nišava District. The total share of the other municipalities of the Nišava District in the creation of the national income of the Republic of Serbia (Aleksinac, Gadžin Han, Doljevac, Merošina, Ražanj and Svrljig) is extremely low, with a downwards trend.

Table 3: National income according to types of ownership and *per capita*

(000 RSD)

	Укупно <i>Total</i>	По облицима својине <i>As per types of ownership</i>					По становнику <i>Per capita</i>	
		друштвена својина	приватна својина	задружна својина	мешовита својина	државна својина	у динарима	ниво просек PC=100
		<i>social property</i>	<i>private property</i>	<i>joint property</i>	<i>mixed property</i>	<i>public property</i>	<i>in dinars</i>	<i>level average PC=100</i>
1996	1 874 025	946 287	493 816	9 757	424 165	-	7 443	140,2
1997	2 447 008	1 128 986	712 013	7 921	598 088	-	9 718	139,0
1998	3 410 206	1 333 798	961 859	19 297	997 042	98 210	13 559	132,7
1999	4 185 970	1 626 804	1 403 557	55 624	1 004 866	95 119	16 670	102,8
2000	9 245 483	2 696 445	3 163 491	135 503	2 310 117	939 927	36 908	104,0
2001	15 798 950	6 867 222	5 227 069	133 592	3 723 415	-152 348	63 120	109,5
2002	21 964 017	7 975 843	7 676 401	156 871	5 810 664	344 238	87 646	114,8
2003	23 497 852	2 343 552	9 055 794	119 435	10 907 094	1 071 977	93 482	105,9
2004	35 693 779	2 749 951	12 630 785	132 474	18 097 455	2 083 114	141 568	119,0
2005	37 974 652	576 699	31 253 037	90 891	2 760 533	3 293 492	149 971	121,5

Source: City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 121.

Note:

The Private Property column includes companies, farms and stores.

The data for 2005, calculated without VAT, are not comparable with that for the previous year.

National income according to types of ownership (000 000 RSD)

Source: City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 121.

The national income originating from the public sector has been falling in the past years (from 6,867,222,000 RSD in 2001 to 576,699,000 RSD in 2005), while GNI in the private sector has been rising (from 5,227,069,000 RSD in 2001 to 31,253,037,000 RSD in 2005). The participation of public ownership in creating the national income increased until 2002 when it reached the value of 7,975,843,000 RSD, only to start decreasing rapidly the following year to 2,343,552,000 RSD. The GNI of the private sector was rising slightly until 1999, after which it began to rise rapidly and reached the value of 31,253,037,000 RSD in 2005. Such a trend is a consequence of accelerated privatization in the City of Niš over the last few years. In the last decade, GNI per capita has been above the average of the Republic of Serbia. In the early 1990s GNI per capita in the City of Niš was falling compared to the average of the Republic of Serbia, but it has been gradually rising in the past few years (5.9% in 2003, 19% in 2004 and 21.5% in 2005).

2.3.2 Economic structure

Analyzing the economic structure of the City of Niš according to the three-sector model, it can be observed that the tertiary sector participates with the highest percentage in creating GNI, followed by industry and agriculture which have a lower percentage. The participation of the tertiary sector is far below the level of some European cities of similar size, which is particularly true of the participation of tourism in the total GNI.

The processing industry has a dominant position in GNI creation (49.1% in 2005), followed by wholesale and retail trade and transport (23.5% and 9.7% respectively). As for other activities, only the construction sector has a significant share in the creation of the national income (5.1% in 2005), while it

is interesting to note the very low share of agriculture, hunting, forestry and water management (3.9%), as well as the extremely low share of hospitality and tourism facilities in the creation of the national income (2.0%), which points to the abovementioned low contribution of tourism to the overall development of the City of Niš.⁹

Industry

Industry in Serbia suffered a drastic decline of 50% between 1989 and 2000. Today, the traditionally lucrative export sectors of metal, machines, equipment industry, textile industry, leather and shoes industry operate with less than 25% of their level in 1989. In addition, there is no evidence of significant changes in industrial production in the four-year period between 2000 and 2004.¹⁰

The general level of industrial production in Niš is low. In 2004 it was 45% of the level from 1990. The biggest decline of the level of industrial production was in 1993 -37% and 1999 -25.6%. In the period between 1994 and 1998 industrial production increased. The chain indices of industrial production show a constant downward trend, so that total industrial production declined by 17.9% in 2004/03, 8.1% in 2005/04, 2.3% in 2006/05 and 3.7% in 2007/06¹¹.

In the period between 1995 and 1998 there was a growth of chain indices of industrial production (from 87.1 to 124), only for the index to fall to 70.8 in the following year of 1999, which was mainly a consequence of war events. In 2000 this index was again on the rise (133.4), in 2001 it was in decline (91), in 2002 on the rise (121.7), in 2003 in decline (97.7), in 2007 it was again in decline compared to 2006 (96.3) and so on, continuing in cycles.¹² This is, among other things, an indicator of serious structural problems of the City of Niš economy, but also of Serbian economy in the last decades.

Agriculture

Agriculture, as a very important segment of total economic activity, participated with 3.87% in generating the total Gross National Income of Niš in 2005, while the share of agriculture in generating GNI was considerably higher at 16.98% at the level of the Republic of Serbia and 10.80% in the Nišava District. The share of agriculture, forestry and water management in the total employment of the City's population was 0.80% in 2006, which is also less than the share at the level of the Republic of Serbia – 2.9% and in the Nišava District – 1.4%.¹³

The total land stock of the City of Niš is 596.71 km². The total agricultural land area on the territory of the City of Niš is 37,837 ha, 81.15% of which is in private property (30,708 ha)¹⁴. The average land estate is about 3 ha, while the share of arable land in the average land estate is about 2 ha per

⁹ See tables 1 and 2, Annex 1.

¹⁰ *Strategy of Enhancement and Development of Foreign Direct Investment (2006)*, p. 11.

¹¹ *City of Niš Statistical Yearbook 2007, City of Niš, November 2008*, p. 129; See Table 4, Annex 1.

¹² *City of Niš Statistical Yearbook 2007, City of Niš, November 2008*, p. 127, 128 and 129.

¹³ *City of Niš Statistical Yearbook 2007, City of Niš, November 2008*, p. 278.

¹⁴ Calculated on the basis of data from the *City of Niš Statistical Yearbook 2007, City of Niš, November 2008*, p. 133.

household. Fragmented private land estates are predominant, usually consisting of several plots whose average size is under 5 ha. Out of the total agricultural land, arable land accounts for 55.96%, orchards for around 5.0%, vineyards for 9.30%, meadows for 5.1% and grazing fields for 24.58%.¹⁵ There is a predominance of land of capability classes II, III, IV and V. The basic comparative advantage of the land stock of Niš is its diversity by type, altitude, manner of exploitation (which is a prerequisite for all forms of agricultural production) and lack of land pollution, which allow for the shortest and most efficient conversion from conventional to organic agricultural production¹⁶.

On December 1st, 2006 the livestock of the City of Niš numbered about 3,610 cattle, 4,750 sheep, 15,369 pigs and 93,088 poultry.¹⁷ Stock farming relies on the production of plants, which in 2006 amounted to: 14,671 tons of wheat, 26,876 tons of corn, 3,109 tons of clover and 11,408 tons of lucerne.¹⁸ In the past few years stock farming has been recovering, modernizing and increasing the quality of its products, with a slightly higher growth rate in dairy production compared to other types of stock farming. In the last few years there has also been an expansion of unconventional types of stock farming (snails, rabbits, nutrias, worms, and emus), while organic agricultural production is still sporadic. Wooded land covers about 15,671 ha. The abundance of ground and surface waters suitable for irrigation is important for establishing profitable crop production, mineral water industry and the development of spa tourism.¹⁹

The suburbs and villages on the territory of the City of Niš are inhabited by about 72,357 inhabitants (28.89% of the total population), whose average age is about 40, while about 23,310 inhabitants are between 15 and 40 years of age. In the period between the two censuses (1991-2000), the share of agricultural population in the total population of the City of Niš decreased from 4.4% to 2.05%, while the share of active agricultural population in the total population decreased from 3.65% to 1.5%. At the same time, the share of agricultural population in the total population of the Nišava District is 7.9% and in the total population of the Republic of Serbia 10.9%, while the share of active agricultural population in the total population is 7.06% and 8.37% respectively.²⁰

There is a considerable level of agricultural mechanization on the territory of the City (7,000 tractors, 14,000 single-axis automatic machines, 130 combines, 1,000 force-pumps for irrigation, etc.), with 99.5% of the machinery in private ownership. Its basic characteristics are the extreme age (average age is 20 years) and amortization of the machines.

Niš has a developed industry of processing of agricultural products, raw materials and equipment for agricultural production (over 30 agro-industrial companies). Out of the 20 domestic and foreign banks on the territory of the City of Niš, only 6 have made placements in agricultural production, which, alongside high interest rates, gives a complete picture of the unfavourable conditions for agricultural financing.

¹⁵ *City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 133.*

¹⁶ *Strategy of Economic Development of the Rural Area in the City of Niš 2007-2010, 2006. See also tables 5 and 6, Annex 1.*

¹⁷ *City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 137.*

¹⁸ *City of Niš Statistical Yearbook 2007, City of Niš, November 2008, pp. 134 and 135.*

¹⁹ *Strategy of Economic Development of the Rural Area in the City of Niš 2007-2010, 2006.*

²⁰ *City of Niš Statistical Yearbook 2005, pp. 42, 179.*

What is extremely significant is the presence of a large number of institutions supporting rural development, such as PC Agrozvoaj Niš, Centre for Viticulture and Fruit Growing Niš, Veterinary Specialist Institute Niš, University of Niš, Regional Cooperative Union Niš, Regional Chamber of Commerce of Niš and the local self-government. What also stands out are the past positive experiences with development projects of foreign donors (projects "The Milk River" and "The Good Farm"), which should be continued and expanded in the future.

The rural area of the City of Niš is characterized by production diversity. It is grouped into 4 districts: crop-farming and gardening district, stock farming district, agro-tourism district and fruit-growing district. Districting has been done according to production potentials, tradition, and natural and technical prerequisites. The agro-tourism district has the greatest potential for growth due to its size and very favourable natural conditions for the development of production and services, which creates added value in agricultural production. Natural resources (Sićevo and Jelašnica canyons, mountain tops with ski slopes, paragliding sites, motocross tracks, spa resorts and monasteries) enable the development of rural tourism (agrotourism, ecotourism, ethno tourism, hunting and transit tourism).²¹

Construction

The City of Niš participated with 3.78% in the value of all construction works carried out in the Republic of Serbia in 2006 and with 5.11% in the value of housing construction. The total number of constructed apartments in the City of Niš in 2006 was 970 (in Serbia it was 18,162 apartments). The number of constructed apartments per 1,000 inhabitants in the City of Niš is 3.8, which is more than in both the Nišava District – 3.1 and the Republic of Serbia – 2.5.²²

The share of the construction sector in creating the national income of the City of Niš in 2005 was 5.1% and was higher than in the Nišava District where it was 4.84%, but lower than in the Republic of Serbia, where it was 7.33%.²³ This data points to both the need and the potential for increasing the share of the construction sector in the creation of the national product and the national income of the City of Niš and the Nišava District in the upcoming period.

Commerce

In 2005 the Wholesale, Retail and Reparation Sector generated a national income of 8,897,140,000 RSD, which amounts to 23.5% of the total national income of the City of Niš for that year. Since 2002, the share of this sector in the creation of the national income of the City of Niš has constantly been above 20%, which points to its great significance in terms of the structure of economic activity in the City of

²¹ *Strategy of Economic Development of the Rural Area in the City of Niš 2007-2010, 2006.*

²² *City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 305.*

²³ *Calculated on the basis of data from the City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 291.*

Niš. This is further reinforced by data on the number of employed persons in the Wholesale and Retail Sector, which was 9,642 in the City of Niš in 2007, that is, 12.4% of the total number of employed persons, which is higher than the 9.8% average of the Republic of Serbia.²⁴

Considering the structure of economy according to the number of active enterprises, in the year 2004 of total number of enterprises in Niš, the greatest share operated in commerce (46%) and the processing industry (30%). The industrial sector (43.6%) and the commerce sector (39.4%) had the greatest share in the total revenue of Niš.²⁵ Furthermore, the commerce sector had a significant share in the self-employment sector, since there were 4,116 stores which employed 6,118 persons (not counting the owners).²⁶

Tourism

The number of tourists in the City of Niš has decreased in comparison with the early 1990s. The total number of tourists in 1991 was 118,344, while in 2007 it was only 84,279²⁷. The total number of tourists in the period from 1990 to 2007 showed a cyclic trend. The number of foreign tourists from the year 1991 (33,637 guests) has not been attained since (30,349 guests in 2007)²⁸.

The number of overnight stays has showed a decline since 1991. The total number of overnight stays in 1991 was 350,293 while in 2007 it was 310,039. The number of overnight stays of foreign tourists has been on the increase since 2000 (41,037 in 2007), but the number of overnight stays of domestic tourists has been constantly decreasing (it decreased from 487,828 in 2000 to 269,002 in 2007²⁹).

The average number of overnight stays in the City of Niš has remained unchanged in the past ten years (3.9 overnight stays in 1995, and 4.6 overnight stays in 2006). The average number of overnight stays of foreign tourists was only 1.6 overnight stays in 2006³⁰. The largest number of tourists stayed in hotels, while the smallest number stayed in camps, which is also true of the number of overnight stays.

The number of foreign and domestic tourists

²⁴ *City of Niš Statistical Yearbook 2007, City of Niš, November 2008, pp. 109, 123 and 285.*

²⁵ *City of Niš Statistical Yearbook 2005, City of Niš, 2006, p. 101.*

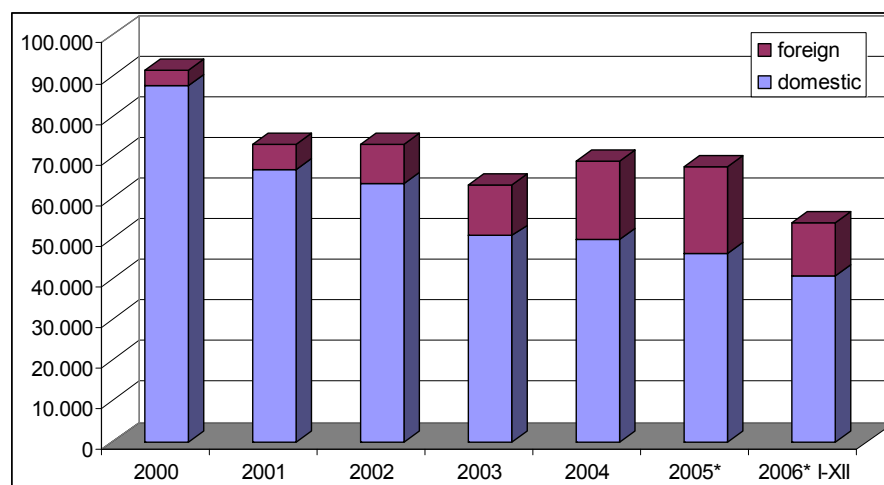
²⁶ *City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 154.*

²⁷ *Statistical Bulletin of the City of Niš, 7-9, 2008, City of Niš, Department of Economy, Sustainable Development and Environmental Protection, Unit for Statistics, p. 7.*

²⁸ *Ibid*

²⁹ *Statistical Bulletin of the City of Niš, 7-9, 2008, City of Niš, Department of Economy, Sustainable Development and Environmental Protection, Unit for Statistics, p. 7.*

³⁰ *See table 7, Annex 1.*



2.3.3 Employment and Education

Employment

Based on an analysis of the structure of active population on the territory of the Nišava District, that is, Niš Subsidiary, and according to the report of the Statistical Office of the Republic of Serbia, the recorded number of employed persons in the City of Niš in all sectors of activity is 78,167 persons, specifically, 61,457 employed persons in companies, institutions, cooperatives and organizations, and 16,710 private entrepreneurs, self-employed persons and their employees³¹, plus 3,425 individual farmers³², which amounts to a total of 81,592 employed persons. In the last few years there has been a decrease in the total number of employed persons from 80,457 in 2005 to 78,167 in 2007 (a 2.84% decrease), as well as in the number of persons employed in companies, institutions, cooperatives and organizations from 65,084 in 2005 to 61,457 in 2007 (a 5.57% decrease). At the same time, the number of private entrepreneurs and self-employed persons has increased from 15,374 in 2005 to 16,710 in 2007 (an 8.69% increase). This is a consequence of the privatization, bankruptcy and liquidation of a considerable number of public enterprises in the past few years, along with the growth of the private sector and an increase in the number of persons employed in it. The employment growth in the private sector is also reflected in the fact that in 2001 a full 91.6% of employed persons in the City of Niš worked in companies and institutions and only 8.4% as private entrepreneurs, while in 2007 these percentages were 78.6% and 21.4% respectively.³³

One of the most important macroeconomic indicators that show the condition of the economy is the indicator of employment/unemployment. The total number of employed persons in the City of Niš varied

³¹ *City of Niš Statistical Yearbook 2007, City of Niš, November 2008, pp. 107 and 108.*

³² *Ibid, p. 260.*

³³ *City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 133.*

from 2000 onwards, but generally it increased from 2000 to 2007. Employment rate is 60.1% (while it is 60.4% at the level of the Republic of Serbia). According to the 1991 Census, the employment rate was 81.2%³⁴. The largest number of employed persons works in the sector of economy (43,600 in 2006), while that number is several times lower in the non-economic sector (18,453 in 2006). The largest number of employed persons works in the processing industry, commerce and transportation, which is a consequence of sectoral participation in GNI generation³⁵.

The City of Niš has a high unemployment rate³⁶. At the end of 2007 the total number of unemployed persons was 37,457. The majority of the unemployed have secondary education (13,485). There is also a large number of unemployed persons with university degrees (2,506).

The number of the employed, the unemployed and people who seek employment for the first time, as well as the fluctuation of this data over a ten-year period, from 1997 to 2007, can best be seen in the following graph.

The employed, the unemployed and people who seek employment for the first time³⁷

The majority of the unemployed are aged between 31 and 40 (24.4%), with a large percentage of unemployed young people between the ages of 19 and 25 (21.1%) and between the ages of 26 and 30

³⁴ *The City of Niš Local Economy Development Study, 2005, p. 14.*

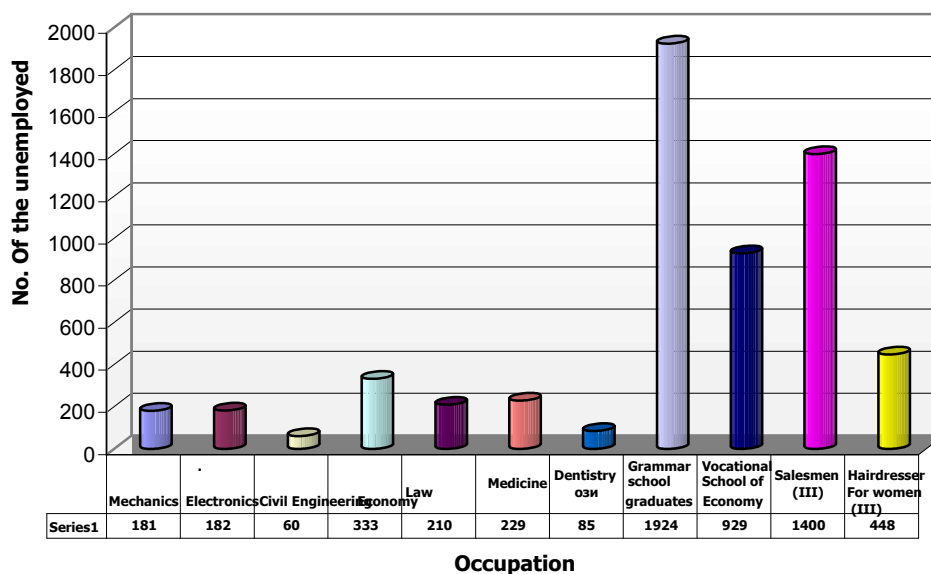
³⁵ *City of Niš Statistical Yearbook 2007, City of Niš, November 2008, pp. 107 and 108.*

³⁶ *See table 8, Annex 1.*

³⁷ *City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 113.*

(16.7%). Among young people, the largest number of the unemployed have secondary and vocational school education, but there is also a large number of the unemployed with university degrees (VII-I).³⁸

No. of the unemployed according to occupations in the City of Nis – December 2005



The majority of the unemployed have vocational school and secondary education, although the largest number of vacancies is precisely for that level of qualification. When it comes to highly qualified personnel (with university degrees), the data of the National Employment Service – Niš Subsidiary shows that there are more vacancies than there are persons looking for employment (4,396 in proportion to 2,601), while in the case of highly qualified personnel, the demand is significantly greater than the supply (114 in proportion to 50).³⁹

Even though there is a demand for highly qualified personnel, there is a disproportion between supply and demand from the viewpoint of certain occupations, which indicates that educational institutions are not sufficiently responding to the needs of the economy for certain occupations. Namely, the largest number of highly qualified unemployed persons is among graduate economists, lawyers and doctors of medicine, while in the case of secondary education, the largest number of the unemployed is secondary-school graduates, economic technicians, salespersons and hairdressers. This trend has continued to date.

The average earnings of employed workers are below the average of the Republic of Serbia both in total and in the sector of economy (total earnings in 9/2008 were 40,231 in the City of Niš and 46,015 in the

³⁸ Monthly Newsletter 12-2006, National Employment Service, Niš Subsidiary, see table 9, Annex 1.

³⁹ Operation Report for 2006, National Employment Service, Niš Subsidiary, January 2007.

Republic of Serbia; earnings in the sector of economy were 34,593 in the City of Niš and 43,837 in the Republic of Serbia).⁴⁰ Analyzed according to municipalities, the municipality of Crveni Krst had the highest average earnings (34,972 in 9/2008), followed by the municipality of Niška Banja (32,455). The municipality that had the lowest average earnings in 9/2008 was Palilula (20,410), while in the previous months of 2008 it was the municipality of Pantelej. In relation to sectors, the non-economic sector, namely, financial intermediation, health care and public administration have the highest average earnings. The processing industry, as the sector with the highest share in GNI generation and the highest number of employed persons, has a low level of average earnings. Commerce, tourism and transportation, as the leading tertiary sectors, also have very low average earnings.

The unemployment rate is close to 40% of the active population. Around 19.9% of the City population lives on pensions and other transfers. That percentage is 20.2% in the Republic of Serbia and 20.7% in the Nišava District. The share of this category of the population increased by 6.1% in 2002 compared to 1991. The share of dependent population is 34.3% (34.5% in the Republic of Serbia, 34.3% in the Nišava District)⁴¹. It has decreased by 4.4% since 1991. The share of farming population in the total population is 2%, while the participation of active farming population in the total active population is 3.2%. The economic dependency index increased from 114 in 1991 to 119 in 2002.

Table 4: Economic dependency indices from 1953 to 2002

	1953	1961	1971	1981	1991	2002
Dependency Index (UN)	48.4	49.6	38.5	38.9	40.1	43.4
Dependency Index (Serbia)	66	76	70	61	72	76
Index of active population turnover	3.48	2.16	2.64	2.25	1.09	1.11

Note: In Serbian statistics, the contingent of dependent population is defined as people younger than 20 plus males older than 64 plus females older than 59. UN statistical office defines dependent population as people younger than 15 plus people older than 64.

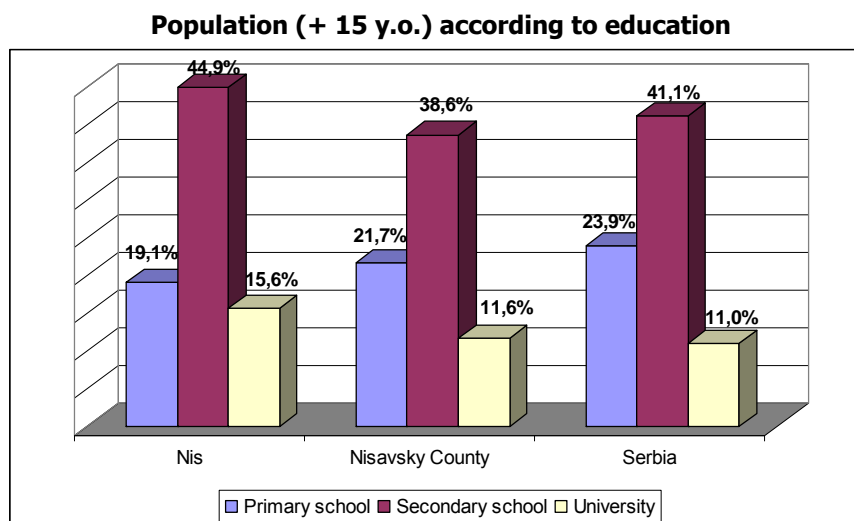
Education

According to the 2002 Census, the educational structure of the population of the City of Niš aged 15 and over is dominated by population with secondary education – 44.9% (RS – 41.1%, Nišava District – 38.6%), with primary-school education – 19.1% (RS – 23.9%, Nišava District – 21.7%), while the population with university degrees constitutes only 15.6% of the population (RS – 11%, Nišava District – 11.6%)⁴². The large share of population with primary-school or lower education (even though it is slightly below the average of the Republic of Serbia) shows there is a need to make greater efforts to educate the population through different programmes of additional education, additional training, retraining and permanent education, etc.

⁴⁰ See tables 10, 11 and 12, Annex 1.

⁴¹ City of Niš Statistical Yearbook 2005, City of Niš, 2006.

⁴² Calculated from: City of Niš Statistical Yearbook 2005, City of Niš, 2006, pp. 175 and 176.



2.3.4 Competitiveness of the economy on the territory of the Regional Chamber of Commerce of Niš

Regional competitiveness is the ability of a region to attract, accelerate and support economic activity in order to ensure dynamic economic growth of the region. What is particularly important are the so-called micro-indicators of regional competitiveness such as the results of the economic activity of a region, the efficiency and effectiveness of business activities.

The Regional Chamber of Commerce in Niš monitors data on the activity of business entities of three regions – Nišava, Pirot and Toplica regions, which allows for a comparative survey, as well as an assessment of the competitiveness of not only the City of Niš, but a wider area of southeast Serbia, compared to other regions and Serbia as a whole.

In addition to labour productivity, the labour cost rate per employee, as well as the share of labour costs in total operating costs, represents a very important economic competitiveness indicator from the standpoint of investors and in terms of attracting foreign direct investments. In this regard, the three regions covered by the Regional Chamber of Commerce of Niš have lower labour costs per employee per hour than Serbia as a whole, particularly the City of Belgrade and regions in Vojvodina. In terms of the share of labour costs in total operating costs, the situation is less favourable. The share of labour costs in the Nišava District is about 15% and in the Pirot and Toplica Districts over 20%, which makes these regions less competitive compared to Serbia as a whole (about 13%) and particularly some regions in Vojvodina.⁴³

The starting element in the analysis of the competitiveness of a country or region is the balance of payments. The negative balance of goods and, consequently, the negative total current balance is one of the biggest macroeconomic problems in the economy of Serbia as a whole and in the economy of certain

⁴³ *Regional Development Strategy of the Republic of Serbia, 2008, p. 50.*

regions. Chronic and increasing deficit and low covering of import by export are also causing a huge external debt whose servicing accumulates many serious problems.

In the analysis of the competitiveness of the economy of the City of Niš, we used the analysis of the Regional Chamber of Commerce of Niš (RCC), which follows the foreign trade exchanges of three districts - Nišava, Pirot and Toplica. In 2006, in the RCC area, a total foreign trade exchange in the amount of 669,350,304 USD was realized. Compared to the same period of the previous year, the total foreign trade flow was increased by 141%. In the structure of exchange, export accounted for 44% and import for 56%, which indicates that the region had a deficit of 85,801,264 USD, which is a significant increase compared to 2005. The covering of import by export amounted to 77%, which is a sharp fall compared to 2005 when it was as high as 96%. The increase of the deficit in trade balance and the decrease of the coverage of import by export are indicators of the decline in the macroeconomic competitiveness of the entire region. The Pirot District has a dominant role in the realised export (55%) and the Nišava District has a dominant role in import (75%), while its participation in export is only 40%. The Toplica District participates with 3% in import and 5% in export. The economy of this area participates with only 3.4% (4.5% in export, 2.8% in import) in the total foreign trade exchange of the Republic of Serbia.

In terms of the foreign trade exchange of the municipalities, one can conclude that the most successful one is the municipality of Pirot with its foreign trade participation of 34%. More than half of the export of this region (52%) is realized by this municipality. Municipalities that have realised a positive exchange with foreign countries include Aleksinac, Babušnica, Bela Palanka, Blace, Kuršumljija, Merošina, Ražanj and Svrlijig.

The greatest import was realised in the municipalities of Medijana and Crveni krst with 60% of the total import of the region⁴⁴. The main export and import destinations of the region are mostly EU countries, as well as former Yugoslav republics. The region of Niš realised the greatest export in EU countries - France, Germany and Great Britain, while the greatest import came from Germany, China and Bulgaria⁴⁵. The most competitive goods in the export of the region in 2006 were: rubber and rubber products (export in the value of 131,099,936 USD), simple metals products (42,240,578 USD), textil and fabrics (26,148,312 USD), machines, appliances and devices (17,547,047 USD), vegetable products (17,182,385 USD). The following products had the greatest participation in import: machines, appliances and devices, (91,031,120 USD), plastic and Indian gum products (54,893,326 USD), simple metals and simple metal products (48,777,531 USD), fabrics and fabrics products (37,898,957 USD), chemical industry products and related industries' products (33,548,717 USD).

⁴⁴ See tables 13 and 14, Annex 1.

⁴⁵ See table 15, Annex 1.

The region comprising these three districts realised an open comparative advantage only in the production of vegetable products, animal products, plastic and gum products, wood products and footwear. The accent is on the production of low process degree and raw material products, which in the modern conditions clearly indicates that the region is still in the first phase of competitiveness – the phase of “price competitiveness”, which can be very easily imitated and which is very rigid in modern economic conditions.

As for the Nišava District, the aforementioned is also confirmed by data on the share of certain technological groups of the manufacturing industry in the gross value added. Namely, the share of low-tech groups of the manufacturing industry in this structure is 47.2%, medium-tech groups 33.2% and high-tech groups 19.6%.⁴⁶ The Manufacture of Food Products, Beverages and Tobacco has the largest share with 43.9%, followed by the Manufacture of Basic Metals and Fabricated Metal Products with 15.3% and the Manufacture of Chemicals, Chemical Products and Man-Made Fibers with 12.1%.⁴⁷ Therefore, the low-tech and medium-tech groups of the manufacturing industry are prevalent, while the high-tech products, which create the highest value added in industry, have a small share.

2.3.5 Capital and investment

Only 13-16% of GDP of Serbia goes to investment, which is one half of the level of investment in other successful transition countries. Domestic investments are important because in most cases they are larger than foreign direct investments (FDI). The share of domestic investment in GDP in Serbia for the year 2003 was 14.1%, while for the year 2004 it was estimated at 19.2%.

In the period 2000-2006 FDI in Serbia (in millions of USD) amounted to: in 2000 – 50 million USD; in 2001 – 165; in 2002 – 475; 2003 – 1,360; in 2004 – 966 and in 2005 – 1,481, i.e. almost 1.5 billion USD.⁴⁸ In 2006 the inflow of FDI was almost three times higher and amounted to 4.1 billion USD. The largest share of the FDI inflow in Serbia came through the privatization of public and state-owned enterprises.

⁴⁶ *Regional Development Strategy of the Republic of Serbia, 2008, p. 127.*

Note: The low-tech groups of the manufacturing industry include: Manufacture of Food Products, Beverages and Tobacco, Manufacture of Textile and Textile Products, Manufacture of Leather and Leather Products. The medium-tech groups include: Manufacture of Wood and Wood Products, Manufacture of Pulp and Paper, Manufacture of Coke and Refined Petroleum Products, Manufacture of Chemicals and Chemical Products, Manufacture of Rubber and Plastic Products, Manufacture of Basic Metals and Fabricated Metal Products. The high-tech groups include: Manufacture of Machinery and Equipment, Manufacture of Electrical and Optical Equipment, Manufacture of Transport Equipment, etc.

⁴⁷ *Regional Development Strategy of the Republic of Serbia, 2008, p. 126.*

⁴⁸ *Strategy of Enhancement and Development of Foreign Direct Investment, 2006, p. 22.*

Niš economy has 86% of assets value and 82% of value of the capital of the Nišava District. It generates about 89% of the revenue, 80% of the profit and 94% of all losses. Generally, the economy of Niš makes big net losses (in the year 2004 the total loss in the economy of Niš was 5.2 times higher than the profit).

Fixed assets in the economy of the City of Niš (as per purchase price) in 2003 amounted to 184,544,707,000 RSD, 35.24% of which is accounted for by equipment. The amortization of fixed assets for the same year amounted to 5,988,436,000 RSD.⁴⁹ If we consider investment in the City of Niš by sectors, data from 2006 show that the greatest part of the total investment in new fixed assets went to processing industry – 23.75%, transportation – 26.43%, construction – 13.3%, wholesale and retail trade – 11.26% and significantly less to other sectors.⁵⁰ Regarding the character and technical structure of investment in the City of Niš, data from 2006 show that the largest part of investments was made in new capacities – 46.4%, reconstruction and modernization – 41.12%, and the maintenance of existing capacities – 12.48%. The technical structure of investment shows that most investments went into construction works – 72.2%, domestic equipment – 18.67%, imported equipment – 7.05%, and other 2.08%⁵¹. The value of total investment in the period 1995-2002 in the City of Niš increased 29 times, which indicates a significant growth of investment activities, but represents a minor growth (10%) compared to the investment level from 1990. In 2006 the share of realized investment in fixed assets in Niš in the total investments in the Republic of Serbia was 3.72%, and in the investments in Nišava District 94.82%⁵².

2.3.6 Entrepreneurship

SMEs play an important role in the economy of the Republic of Serbia, especially when we take into account the share of this sector in:

- 1) the total number of enterprises (99.8%) and employed persons (65.5%, 149 thousand new jobs were created in the SME sector between 2004 and 2007);
- 2) turnover (67.6%), gross domestic product (approx. 36%), gross value added (GVA – 58.3%), profitability (38.6%) and business productivity;
- 3) export (50.2%), import (64%) and investments (51.2%) in the non-financial sector;

⁴⁹ *City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 124.*

⁵⁰ *Ibid, p. 177.*

⁵¹ *City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 175 (calculated on the basis of provided data).*

⁵² *Ibid, p. 237. See tables 16 and 17, Annex 1.*

4) micro-enterprises dominate the SME sector with a share of 95.6% of the total number of enterprises and employ nearly 50% of the total number of employed persons.⁵³

According to data of the Statistical Office of the Republic of Serbia, on 31 December 2006 there were 6,506 enterprises in the Nišava District and 4,884 in the City of Niš, which is an increase compared to the situation in 2004. The share of private enterprises in the total number of enterprises has increased and there are 3,281 of them in the Nišava District, which is a consequence of the acceleration of the privatisation process in the last few years (*Table 9*). At the same time, the number of public enterprises has decreased to 221 enterprises in the Nišava District, while there are 244 state-owned enterprises.

Table 9: Total level of privatisation activity in Serbia from 2002-2005

2002-2005	Totally offered	Totally sold	Success (in %)	Revenue from sale in 000 E	Programme of invest. in 000 E	Social program in 000 E
Tenders	96	54	56	908.736	737.541	271.955
Auctions	1.608	1.254	78	602.095	160.785	-
Tenders + auctions	1.704	1.308	77	1.510.831	898.326	271.955
Capital market	773	523	68	325.838	5.902	-
Total	2.477	1.831	74	1.836.669	904.227	271.955

Source: *Strategy of Enhancement and Development of Foreign Direct Investment (from 2006)*

The decision for privatising was made for 87 public enterprises in the City of Niš. According to the Department of Economy, Sustainable Development and Environmental Protection of the City of Niš, the results of the privatisation of public enterprises are the following:⁵⁴

- (i) in 2001, according to the then current Law on Ownership Transformation, 5 publicly owned enterprises were privatised in the City of Niš;
- (ii) in 2002, 3 public enterprises were privatised (1 by public tender method, 2 by public offering);
- (iii) in 2003, 18 public enterprises were privatised (3 by public tender method, 15 by public offering);
- (iv) in 2004, 5 public enterprises were privatised by public offering;
- (v) in 2005, 12 public enterprises were privatized by public offering;
- (vi) in 2006, 12 public enterprises were privatised (1 by public tender method, 11 by public offering);
- (vii) in 2007 (until May), 9 public enterprises were privatised by public offering.

The total number of privatised public enterprises is 64, 5 of which were privatised by public tender method and 59 by public offering. There are 7 enterprises listed on the stock exchange.

⁵³ *Strategy for the Development of Competitive and Innovative Small and Medium Enterprises 2008-2013, 2008, p. 5.*

⁵⁴ *Information about the privatization of public enterprises on the territory of the City of Niš, The Department of Economy, Sustainable Development and Environmental Protection of the City of Niš, May 2007.*

The number of private entrepreneurs and their employees has been rising constantly over the past ten years as a consequence of the aforementioned privatization of public and state-owned enterprises, which can best be seen in the following table.

Table 10: The number and income of private entrepreneurs, self-employed persons and their employees

	<i>Number of private entrepreneurs and their employees</i>		<i>Monthly net income, dinars</i>		<i>Performed work during a year (average number of months)</i>	
	<i>entrepreneurs</i>	<i>employees</i>	<i>entrepreneurs</i>	<i>employees</i>	<i>entrepreneurs</i>	<i>employees</i>
1998	4 680	1 365	1 750	1 300	12	12
1999	4 720	1 378	2 500	1 800	12	12
2000	5 628	1 693	4 630	3 330	12	12
2001	6 044	1 845	7 680	5 530	12	12
2002	5 850	6 253	9 014	6 400	12	12
2003 ¹⁾	6 234	6 292	9 659	6 528	12	12
2004	6 539	6 467	9 756	6 738	12	12
2005	7 314	7 209	15 416	8 087	12	12
2006	8 663	9 205	16 495	12 150	12	12
2007	9 716	10 240	17 846	13 680	12	12

¹⁾ Correction of data for 2003 was made on the basis of official letters from the Ministry of Finance, Niš Regional Centre, Niš Subsidiary, dated 19 May 2005 and 25 May 2005.

Source: City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 153.

In the period 2000-2007 the number of registered and active small and medium enterprises (SME) constantly grew in both Niš and Serbia. However, the SME sector still participates on a relatively low level in the economy of the City of Niš. In 2004 there were 2,327 small and medium enterprises in the Nišava District, which is 99.1% of the total number of enterprises in Niš. At the same time, SMEs in Niš represented 25.97% of the total number of small firms in Serbia and 3.49% of the total number of all firms in Serbia.⁵⁵

The rising number of registered stores in the past decade shows a development of entrepreneurship in Niš. This number has been growing constantly - from 5,850 in 2002 to 9,716 in 2007. The number of people employed in them has also been growing and, according to data for 2007, amounts to 10,240 (not counting the owners). The largest number of stores and employees in stores is in the commerce sector (4,116 stores (42.36%) and 6,118 employees) and in handicraft (3,321 stores (34.18%) and 2,897 employees).⁵⁶ This data can best be seen in the following table.

Table 11: Self-employed persons who use their own funds

	2002	2003 ¹⁾	2004	2005	2006	2007
1. Craft						
- number of stores	2 580	1 699	1 693	1 997	2 875	3 321
- number of employees (without employer)	1 410	962	1 894	2 163	2 587	2 897
2. Service industry						
- number of stores	455	473	505	572	636	657
- number of employees (without employer)	810	547	563	625	954	1 054
3. Independent professional activities						
- number of stores	342	413	498	513	957	1 052

⁵⁵ The City of Niš Local Economy Development Study, 2005.

⁵⁶ City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 154.

- number of employees (without employer)	49	62	76	96	152	171
4. Transportation						
- number of stores (transporters)	629	711	722	786	520	570
- number of employees (without employer)	...	-	-	-	-	-
5. Trade						
- number of stores	1 844	2 938	3 121	3 446	3 675	4 116
- number of employees (without employer)	3 984	4 721	3 934	4 325	5 512	6 118

¹⁾ Correction of data for 2003 was made on the basis of official letters of the Ministry of Finance, Niš Regional Centre, Niš Subsidiary, dated 19 May 2005 and 25 May 2005.

Source: City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 154.

The structure of assets and capital of SMEs in Niš is generally unsatisfactory. Current assets have the dominant share in the assets (62.25%), while fixed assets participate with only 34.75%. A comparison of the available data on entrepreneurship in Niš, Serbia and the countries of Central and Eastern Europe shows the following⁵⁷:

- (i) Niš has 9 registered firms per 1,000 inhabitants, in Serbia this index is 20, in Central and Eastern Europe 31 and in EU 43⁵⁸;
- (ii) The average age of an SME owner in Niš is 45, in Serbia 35 and in Central and Eastern Europe 38;
- (iii) Owners of SMEs in Central and Eastern Europe are mainly manual workers, while in Serbia 65% of owners and managers have higher education. In Niš, over 50% of SME owners and managers have higher education.

As previously mentioned, the number of private entrepreneurs and their employees has been growing constantly in the City of Niš, amounting to 9,716 stores and 10,240 employees in 2007. The largest number of private stores operate in the commerce sector (42.36%) and in handicraft (34.18%), which also employ the largest percentage of workers. It can be said that such a structure of the sector of small private enterprises also exists across Serbia, while it is the enterprises in the industry sector that are prevalent in Central and Eastern European countries.

The Government of Serbia is the main institution responsible for the stimulation and security of the business environment contributing to the development of the SME sector. With that aim in mind, the Government adopted The Strategy for the Development of Competitive and Innovative Small and Medium Enterprises for the period 2008-2013. The Strategy contributes to the further strengthening and efficient use of development potentials of the SME sector, which will have a positive effect on the economic growth of the Republic of Serbia. Such an orientation should contribute to an increase in competitiveness and export, further strengthening of innovative capacities of enterprises, a more

⁵⁷ Strategy for the Development of SMEs and Entrepreneurship in the City of Niš, 2003.

⁵⁸ With regard to this data, we should bear in mind that the number of registered companies per 1,000 inhabitants in Niš and Serbia has probably increased compared to 2003 – author's note.

dynamic growth of employment and a more even regional development. A successful implementation of the Strategy will ensure the following results:

- 1) a larger number of new enterprises that successfully survive the first years of their operation;
- 2) quicker overall growth and development of the SME sector, with a more dynamic transformation of micro-enterprises into small ones and small enterprises into medium ones;
- 3) an increase in export and a significant improvement of the balance of foreign trade;
- 4) a higher employment rate of highly qualified workforce – long-term employment;
- 5) a more even regional development.⁵⁹

Over the past years, the Republic of Serbia has made significant progress in providing support to the development of the SME sector. The total amount of funds allocated for direct support to the SME sector for 2008 amounted to around 20 billion RSD, that is, a little over 240 million EUR. These funds are used through the activities of the Ministry of Economy and Regional Development, Development Fund of the Republic of Serbia, Development Agency for SMEs and Entrepreneurship of the Republic of Serbia, Serbia Investment and Export Promotion Agency, Export Credit and Insurance Agency of the Republic of Serbia and National Employment Service, and they will be directed at providing financial and non-financial assistance. Within the financial support to SMEs, the most significant progress was made by the implementation of the start-up credit line through the Development Fund of the Republic of Serbia and the Development Agency for SMEs and Entrepreneurship of the Republic of Serbia. The used funds from this credit line for 2007 amounted to over 1.2 billion RSD, which is why in 2008 2.2 billion RSD were allocated for this purpose. A decentralized method of collecting and processing credit applications was applied for the first time in the implementation of this credit line. Through a network of regional agencies and its local offices, the Development Agency for SMEs and Entrepreneurship of the Republic of Serbia promoted this credit line and informed potential entrepreneurs about credit conditions, assessed the entrepreneurial potential of interested parties, carried out training in business plan formulation and assisted with the filling out of credit applications. Financial and non-financial support to SMEs were thus combined through the services of the Development Agency for SMEs and Entrepreneurship of the Republic of Serbia.⁶⁰

Over the past years the banking sector has seen an increase in the supply of credit intended for the SME sector, accompanied by good territorial coverage. Despite the increased supply, credit conditions are still

⁵⁹ *Strategy for the Development of Competitive and Innovative Small and Medium Enterprises 2008-2013, 2008, p. 9.*

⁶⁰ *Strategy for the Development of Competitive and Innovative Small and Medium Enterprises 2008-2013, 2008, p. 7.*

unfavourable, particularly in terms of the price of capital, collateral instruments and complicated and costly procedures and different methodologies when submitting credit applications. Consequently, the Government of the Republic of Serbia has taken measures in the form of subsidizing commercial banks that extend credit to entrepreneurs for financing investments and operation with stimulating interest rates. What is particularly significant are long-term investment credits, with an interest rate of approx. 6%, a repayment period of 3-5 years and a grace period of 6-12 months.

At local level, there are several projects (realised or in the process of realisation), directed at entrepreneurship and SME development in Niš: (i) Support to SMEs Development, financed by donors; (ii) LEDIB project (Local Economic Development in Balkan) aimed at strengthening the comparative advantages of firms; (iii) Business Incubator Centre (BIC). The users of the Incubator Centre are entrepreneurs, i.e. start up – small and medium enterprises – 14 owners of SMEs and over 100 employees. Development projects financed by foreign donors and foundations are extremely important for the local economy: business incubators for industrial production (it has been mentioned that 14 start-ups - SMEs have started to operate within "MIN Holding Co."), clusters of firms in textile and construction industry, ICIT – Innovation Centre for Information Technologies at the Faculty of Mechanical Engineering in Niš, projects of micro-credits for SMEs, and the like.

In January and February 2009, a survey organized by USAID in Serbia, i.e. MEGA Programme,⁶¹ was conducted among employers in Niš with the aim of gathering information about the views of entrepreneurs on the general business climate in the City. This survey is part of activities in the process of strategic planning and formulating action plans of economic development at the level of the local community, i.e. the City of Niš.

The survey included 71 enterprises, with a total of 9,731 employees. Regardless of the small sample, the result of the survey is considered to be sufficiently relevant to provide an insight into the views of entrepreneurs on the general business climate in the City. 68 of the 71 surveyed enterprises are in majority domestic ownership, while only 2 enterprises are in majority foreign ownership. The majority of the surveyed enterprises (48) operate in the production sector, 12 operate in the commerce sector, 9 in the construction sector and only 2 in the service sector. The sample mostly consisted of small enterprises, given that 47 enterprises have fewer than 50 employees, 13 enterprises have between 50 and 250 employees and 9 enterprises have more than 250 employees.⁶²

These are some of the survey results:⁶³

⁶¹ *Questionnaire on Entrepreneurship in the City of Niš, survey conducted by the Office for Local Economic Development and the Department of Economy of the City of Niš in cooperation with the Urban Institute and with the support of USAID in Serbia – MEGA Programme, March 2009.*

⁶² *Ibid, p. 1.*

⁶³ *Ibid, pp. 2-3.*

- The surveyed enterprises are planning a slight increase in turnover of 10.9% in 2009 in all sectors except in the service sector, where they believe their turnover will fall by 10%.
- These enterprises do the majority of their business in the region (41%) and in other parts of Serbia (43%). Business with foreign countries accounts for only 16% of the total turnover. More specifically, 8% of the total turnover is realized with Balkan countries, another 7% with the rest of Europe and only 1% with non-European countries.
- 39 of the 71 surveyed enterprises are planning investments in order to expand their business activities in Niš, 26 enterprises are considering this possibility, while only 7 enterprises are not planning investments. Most of these investments will be realized in 2009, while only a few enterprises will realize their investments in 2010 and 2011. The enterprises planning investments expect the total value of investment to amount to 2.830 billion RSD (or 30 million Euro). These investments should create 1,100 new jobs. As many as 18 enterprises are planning to invest outside the territory of Niš, while 17 are considering that possibility. The small market and the arrival of competition at the Niš market are the main reasons for investing outside the territory of the City.
- One of the indicators of the business climate in the City is the fact that 7 enterprises are planning to relocate some or all of their business operations from the territory of the Municipality and another 9 enterprises are considering that possibility, because of a more favourable business climate elsewhere, a change in market conditions, transport, inadequate space and poor functioning of local government services. In addition, as many as 49.3% of the surveyed enterprises have or expect problems finding new employees with adequate knowledge and skills. This problem is particularly pronounced in the production and construction sectors where as many as 53.6% of the enterprises stated that they have problems finding adequate employees.
- The surveyed enterprises mainly cited the general economic situation, national legislation and high interest rates as the factors with the most negative influence on the present and future development of their business activities.
- It should also be said that the local administration was rated fairly unfavourably by the surveyed enterprises, with only 11 enterprises rating the functioning of the local administration as "good". The functioning of the local administration was rated as "satisfactory" and "poor" by 23 enterprises each, and the worst ratings were given to the Tax Administration and the Development Fund of the Republic of Serbia. The services of the local administration that got the worst ratings were the issuing of building permits (3.8 on a scale of 1 to 4, 1 being the best and 4 the worst), road maintenance (3.56) and development of infrastructure (3.55), while the best ratings were given to housing (2.59) and public safety (2.5). This shows that the economic sector needs the local administration to provide better quality services, particularly in the areas of issuing building permits and developing communal infrastructure,

which should create more favourable conditions for business activities in the City of Niš and a more favourable business climate.

2.3.7 Finance

Domestic sources of financing are: Funds, Agencies, Commercial Banks, Projects, Ministry credits, the city budget, Fund for development and self-financing of common needs of citizens, individual means of the activity holder (company), and funds of interested domestic investors (see chapter – sources of financing).

Foreign sources of financing are EU funds and programmes, credit lines (credit lines of foreign governments and credit lines of international financial institutions), projects and funds of interested foreign investors.

The characteristics of financing of the economic development in the City of Niš are the following:

(i) Financing of the city development is highly influenced by the financial ambient in the Republic, since a huge part of its financial means comes from funds, agencies and projects of the Republic;

(ii) Apart from domestic sources of financing which are the most significant for the development of a country's economy, there are numerous external (foreign) sources of great importance for the development.

(iii) The most favourable conditions for financing seem to be provided by domestic funds and agencies, while less favourable conditions are set by commercial banks, some of which have unrealistically high interest rates. In that regard, the Government of the Republic of Serbia has taken measures in the form of subsidizing commercial banks that extend credit to entrepreneurs with more favourable interest rates, with the aim of stimulating economic activities and investment in particular.

(iv) In addition to domestic (Republic) and international sources of financing, the City of Niš also uses local sources, e.g. budget assets of the City.

(v) There are various types of credits depending on both the credit limit and the time term.

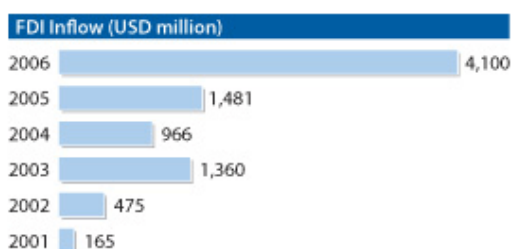
(vi) There are numerous possibilities of obtaining funds on long-term period with grace period, which is important for financing large and significant investment projects.

2.3.8 Business environment

In the Republic of Serbia there is an increase of investors’ confidence to fund Serbian economy (Diagram 1). Considerable growth of foreign investments can be perceived in 2006. Due to low standard and low income of the citizens, Serbia represents a favourable area for investments since the workforce is the cheapest in the area (Diagram 2).

Diagram 1 Foreign investments in Serbia

Investor confidence



Source: National Bank of Serbia

Diagram 2 Comparative advantage

Competitive labor force



Source: EUROSTAT, Statistical Office of the Republic of Serbia

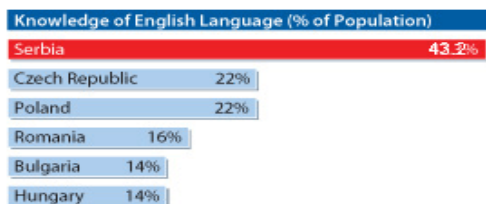
Macroeconomic stability represents one of the most important conditions which define a favourable economic environment. GDP has increased four times in the period between 2001 and 2006 (Diagram 4), while, in comparison to other neighbouring countries, Serbia has the highest percentage of working population that speaks the English language, which is a significant comparative advantage in the case of the entry of foreign companies (Diagram 3).

Annual inflation is an important indicator of economic stability and a precondition for business development (Diagram 5). State tax policy has considerable influence on business development and the creation of favourable economic environment (Diagram 6).

Diagram 3 English-speaking population (in %)

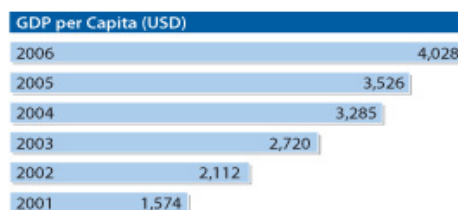
Diagram 4 GDP growth 2001-2006

Highest English language proficiency in the region



Source: Gallup International

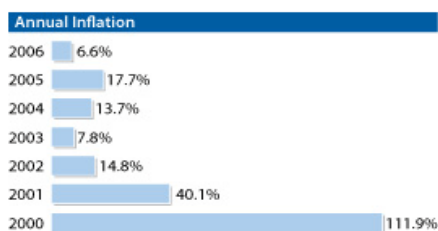
Sustained growth



Source: Ministry of Finance

Diagram 5 Annual inflation 2000-2006

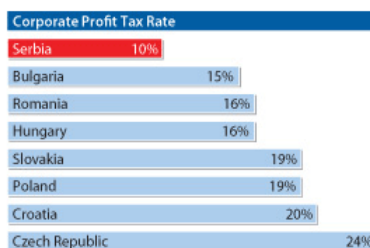
Stable economy



Source: National Bank of Serbia

Diagram 6 Comparative breakdown of corporate taxes

Low corporate profit tax rate



Source: PricewaterhouseCoopers

In addition to macroeconomic influences, which are the competence of national level authorities, the efficiency of the local self-government in developing certain economic sectors also affects the favourableness of the business environment.

Municipalities as units of local self-government have the role of the key local partner in connecting different institutions, organizations and companies, which can influence the improvement of business development.

So far, the role of municipalities in economic development has been minor. Municipal and city authorities do not have adequate competences in this area, for which there are several reasons: (i) The Constitution and the Law on Local Self-government do not provide considerable competences of municipalities in this area. (ii) The main economic functions in Serbia are centralised on the level of the Republic, which leaves little space for municipal activities in the area of economy (privatisations, development funds, capital investments and budget resources). The process of decentralisation and regionalisation, especially in the area of economic development, has not yet been implemented. The top-down model of decision-making prevails in the functioning of almost all institutions. (iii) Limited local budgets are obstacles for direct investments in economic development, especially in less developed municipalities.

(iv) Lack of institutions for local economic development (local micro-finance institutions, local state associations for allocation of credit lines, non-banking institutions for local SME cluster development, technical assistance, self-employment programmes, networking of municipalities, education and training). (v) Limited number and competence of local staff and resources in municipalities. (vi) Political instability and constant changes of local governments, as well as a lack of motivation to work on long-term economic development. (vii) Unfavourable conditions for faster economic development in Serbia. (viii) National legislation has a restrictive effect on the local economic development: Law on Assets Owned by the Republic of Serbia; Law on Privatisation (only 5% of privatisation funds pertain to municipalities), Law on Banks etc.

The main obstacles to the stimulation of a better business environment are the following: high local taxes and compensations, high insolvency in economy, inefficiency of local authorities in issuing various permits, lack of construction land with adequate legal documentation, problems of construction land ownership in the case of foreign direct investments, inadequate appraisal of entrepreneurs' needs, inefficient judicial bodies in certain commercial disputes, corruption, inadequate procedures in public acquisitions, support to the entrepreneurs is more verbal than real.

Harmonisation of Serbian laws with EU regulations will definitely create a more favourable business environment for economic development, especially the development of SMEs, faster privatization and restructuring, as well as improvement of agriculture and development of villages.

Municipalities in Serbia lack the policy and plans for local economic development, as well as the understanding of the need to establish partnership relations in the promotion of local economic development. Municipal officials or elected persons lack the suitable education in this field, except in particular cases, when training programmes were conducted by NGOs, donors or agencies for SME development. Positive trends can be observed in the formation of the Regional Centre for the Development of SMEs and Entrepreneurship in Niš and the formation of the Centre for Women's Entrepreneurship in the Regional Chamber of Commerce in Niš.

2.4 ICT – Information and Communication Technologies

2.4.1 *National policy of information society development*

In analysing ICT sector development, the first step was to consider the legal framework and the existing documents in this field. In the national documents⁶⁴ from the ICT sector the priority fields of development are defined as follows:

⁶⁴ *Strategy for the Development of Information Society in the Republic of Serbia, 2005; Strategy for Telecommunication Development in Serbia, 2004; National Employment Strategy, 2005; Electronic Signature Law, 2006; Information System Law, 1996.*

- (i) *Broadband access*: enabling high-speed access to the Internet at low prices, primarily through telephone lines (DSL) and cables, but also through wireless technology (3G mobile phones, Wi-Fi) or even through satellites, which will be guaranteed by an adequate application of the latest set of EU laws.
- (ii) *Security*: electronic networks have to be safe from hackers and viruses and they have to be safe enough to raise the confidence of clients in payments through the Internet; the question of security must be balanced with issues of the potential invasion of the citizens' privacy.
- (iii) *E-inclusion*: make information society accessible to the majority of the population, regardless of geographical and social differences.
- (iv) *E-governance*: make state and city administration closer to citizens and economic activities by providing modern public services through the Internet by 2005 – mostly through high-speed connections (broadband).
- (v) *E-learning*: adapt the education system and training in the EU economy based on knowledge and digital culture.
- (vi) *E-health*: provide user-oriented electronic health services and information for citizens and health workers across Europe. The main question in this point is introducing infrastructures for health protection, illness prevention and health education through the Internet.
- (vii) *E-business*: stimulation of the development of e-commerce (purchase and sale over the Internet) and the closely linked reorganisation of business processes by using digital technology. E-Europe proposes the adoption of a law on e-commerce and the promotion of self-regulation, the establishing of an electronic market for public procurements and encourages SMEs to "become digital".

2.4.2 Telecommunication infrastructure

Incentive to the telecommunication infrastructure, which is the backbone of information systems, is necessary for the development of the ICT sector. This incentive includes: cable network development, that is, cable/optical cable network development in the region, modernization of old analogue telephone exchanges and installing of new digital exchanges, increase of the number of digital phone lines with ADSL/ISDN capability, faster and wider internet penetration in all regions, without geographical discrimination. The overview of data used for the Second Report to SEE Observatory on the day of 1st November 2005 for the territory of Serbia is as follows:

Table 11: Data on numbers of phone subscribers for 2005 (residential users)

Analogue network connections	Digital network connections	ISDN	Total number of users	Penetration
549.312	1.717.154	25.706	2.292.172	30,57%

Table 12: Data on numbers of phone subscribers for 2005 (business users)

Analogue connections	Digital connections	ISDN	Total number	Penetration
40.796	222.708	19.706	283.210	3,78%

Table 13: Percentage of fixed network digitalization

1 st January 2003	1 st January 2004	1 st January 2005	1 st November 2005	31 st of July 2006	31 st December 06
53,21	64,87	67,35	77,78	85,33	89,00

Table 14: Data on number of users of internet services

Total number of internet users	Penetration of internet users	Internet users/100 households
640.000	8,50%	25,40%

Table 15: Data on numbers of mobile users on 100 inhabitants in Serbia by mobile operator

1 st January 2003	1 st January 2004	1 st January 2005	1 st January 2005	Fixed penetration (1 st November 2005)
32,14	43,80	56,98	73,03	34,35
Telekom Srbija.....18,14 Mobtel 14,00	Telekom Srbija.....23,80 Mobtel 20,00	Telekom Srbija.....30,98 Mobtel 26,00	Telekom Srbija ...40,03 (31.12.2005) Mobtel 33,00	

Table 16: Number of fixed telephone lines in Niš in 2007

City of Niš	Mediana	Niška Banja	Palilula	Pantelejš	Crveni Krst
117.416	45.999	6.991	30.401	21.227	12.798

Source: site of the Statistical Office of the Republic of Serbia

2.4.3 Activities in the field of IC Technologies

Within the City government there is a **Maintenance and ICT Unit** which comprises three groups: 1) Group for User Support; 2) Group for Infrastructure Support; and 3) Group for Application Development and Support and Content Management. Unified University Scientific and Educational Centre JUNIS from Niš⁶⁵ encompasses all the activities that are necessary for the planning and administration of the complex information system, such as the design and realization of information subsystems and software of common interest, the design and realization of computer support, the design and realization of a network for the University and faculties and modern network services, training of users, office and electronic publishing and other operational activities.

⁶⁵ JUNIS is member of the Academic Informatics Network of Serbia - AMRES. The most recent technological advancement of AMRES is the constructions of optic cables infrastructure with gigabyte speeds. By April 2007 some 1200 km of optic cable links were realized from the 2000 km planned, which links all faculties and institutes, libraries and other members of the network. This technological advancement puts the infrastructure of AMRES among the most developed academic networks in Europe. Today the effective capacity of international internet links of AMRES is 350 Mbit/s, which is 5000 times more than the initial speed from ten years ago. The most recent increase of internet link capacity was realized in the framework of the European FP6 project SEEREN2 (South-Eastern European Research and Education Network).

The Innovation Centre for Information Technologies of the Faculty of Mechanical Engineering in Niš (ICIT) organizes the development of innovative products for the needs of economic and other organizations using ICT, and provides services of introduction and application of innovative designs in the field of ICT.

The Association for Information Technologies and Telecommunications, comprising over 120 enterprises from the area, has been formed within the Regional Chamber of Commerce of Niš. The Work Programme of the Association includes maintaining the register of the enterprises, organizing and presenting domestic and foreign offers, appearances at fairs and conferences, organizing ICT forums, organizing professional training, education in the application of standards in designing products and providing services.

Within the UN-HABITAT Programme, there is an ongoing project in Niš for the development of Territorial Information Systems for the support of rural areas entitled "ID Cards for Villages".

The presence of the electronic industry in Niš, which, among other things, produces information equipment, represents an important potential for the development of IC technologies.

2.5 Environment, Territory and Infrastructure

2.5.1 Natural and cultural resources

The City of Niš is situated in the Niš basin near the mouth of the river Nišava into the river Južna Morava. The urban core of the city is at an altitude of 194 meters above sea level. The highest point on the territory of the city is Sokolov kamen, peak of the Suva Planina Mountain (at an altitude of 1,523 m) and the lowest is located downstream from the mouth of the river Nišava into the river Morava near a place called Trupale (173 m). The territory of the City of Niš covers an area of 596.71 km². A special feature of the relief of this area is the Sićevo canyon, which is situated between Niš and Bela Palanaka valley and which is 17 km long and 350-400 m deep.

The whole region has a moderate continental climate (warm summers and moderately cold winters) which is favourable for tourism. The average rainfall is 577.79mm (the maximum is in October 67.8mm, and the minimum in February 35.5mm). In the period between 1993 and 2002, the average rainfall was 565.1mm (annual range from 386 mm to 662 mm), while the average annual temperature was 12,08C (range from 11.0 to 13.1C). The frequency of wind is 81-105 days/year. This area is characterized by a rich geomorphologic diversity (mountains, canyons, valleys, caves, preserved cliffs, planes etc.).



Natural resources:

The territory of the City of Niš abounds in natural resources (several spas, two canyons, a cave, excursion spots, mountainous hinterland, lakes, rivers, etc.).

- Geothermal waters:

- Niška Banja (water temperature 35-40C, abundance 100 l/s, area 65 km²; possible increase of abundance to 250 l/s);
- Banja Topilo - Kravlje (valley of Toponička river, water temperature 30C, abundance 10 l/s, balneotherapy, potential exploitation of twice as much water);
- Miljkovac (valley of Toponička river, water temperature 36C, possible abundance 50 l/s);
- Ostrovica (canyon of the river Nišava, 10 km east of Niška Banja, water temperature 22C, abundance 10 l/s, good quality for bottling of water, proximity of future highway Niš-Sofia);

- Mineral waters: area of Jelašnica (3 km east of Niška Banja, still unexplored mineral water, estimated power of exploitation 5 l/s, temperature of mineral water 20C);

- Canyons:

- Sićevo canyon (eco-ethno centre);
- Jelašnica canyon (rural tourism);

- Cerjanka cave (14 km from Niš);

- Kamenički vis (sports-recreation tourism);
- Suva Planina mountain (Karst waters for production of drinking water, bio food and medicinal plants);

Cultural and archaeological resources:

There are 66 archaeological sites and 265 registered cultural assets on the territory of the City of Niš. The most important among them are:

- Archaeological site "Medijana" covering 100 ha (the summer residence of Tsar Constantine, 4th century and the remains of an imperial residence from late antiquity with a preserved natural mosaic and 16 marble statues);
- Niš fortress from the Roman, early Byzantine and medieval periods;
- Central zone of the old part of the City of Niš (protected ambient area);
- Prehistoric localities in the villages of Niš (Toponica, Vrtišće, Bubanj, Hum...). Objects can be found in the National Museum in Niš;
- Naissus – excavations of the town from the 2nd to the 6th century (today the remains can be found in the Niš fortress);
- Byzantine church from the 11th century (near the village Matejevac);
- Early Byzantine tomb with frescoes in Jagodin-mala (early Christian monument);
- St. Pantelejmon Church from the 12th century;
- St. Nicolas Church from the 14th century;
- Ćele-Kula – a unique monument in the world built from the skulls of Serbian heroes who died in battle;
- Monument on Čegar from the 19th century dedicated to Stevan Sinđelić;
- Monument on Bubanj from the 20th century (memorial to the 10,000 inhabitants of Niš fusilladed in the II World War).

2.5.2 Types of land use

The four main categories of land use are: agricultural land, forest land, wetlands and construction land.

Agricultural land. Agricultural production in the City of Niš contributes 8% to the national revenue and 1% to the total employment in Serbia. It constitutes 62% of the total area of Niš, i.e. 0.15 ha/inhabitant. Out of the total area of agricultural land, 98% is private property. Niš has 80% arable and 20% unarable agricultural land. Arable areas: fields and gardens (58.73%), pasture grounds (20.30%), orchards and vineyards (15.98%), vegetables (0.44%), not cultivated but cultivable area (2%). Unarable areas: dominantly pasture grounds (7.503ha, 40% private property and 60% state property), 7 fish ponds, reeds and swamps.

Forest land, which is administrated by "Šumsko gazdinstvo Niš" (part of the national public enterprise Srbijašume), covers 58,262 ha. It is estimated that there is another 53,636 ha of forests in private property (making the total of 111,899 ha). The total timber volume in state forests amounts to 56 m³/ha and in the private sector 73 m³/ha. The total annual growth in state forests is 2.13 m³/ha and in private forests 1.65 m³/ha. Over 30% of state forests consist of thicket and undergrowth and 21.6% of sprout forests, both of which are of poor quality, 9% consists of artificially cultivated forests, and 17% of tall forests. The situation is bad in private forests as well. In the urban core of the City of Niš there are 14,480 ha of state-owned and 6,674 ha of private forests (total of 20,854 ha).

Wetlands are in the confluence area of the Nišava and Južna Morava rivers.

Construction land is characterized, in addition to residential and other content, by industrial zones situated in the western, north-western, eastern and southern parts of the town.

2.5.3 Spatial/Urban planning

The main activities in 2007, 2008 and 2009 are related to the formulation of the Spatial Plan of the Administrative Area of the City of Niš, Third Amendments to the General Plan of Niš from 1995 (which, among other things, examines the dislocation of the railway towards Sofia and the future civilian use of existing army barracks, adopted on 29 June 2007) and the new General Plan of Niš.

The Spatial Plan of the Administrative Area of the City of Niš

The Spatial Plan of the Administrative Area of the City of Niš is formulated for the period from 2007 to 2021 and will represent the planning document that will determine the long-term concept of the development, organization, design, protection and use of space of the administrative area of the City of Niš. The area covered by the plan comprises the territories of 5 municipalities: Medijana (10.7 km²), Palilula (117.3 km²), Pantelej (141.7 km²), Crveni Krst (181.5 km²) and Niška Banja (145.4 km²). The Programme of the Spatial Plan envisages the creation of spatial prerequisites for achieving goals in terms of raising the urbanization level of the area, improving the quality of life of all the inhabitants and maintaining the environmental-economic balance of the area, as well as the affirmation of the role of Niš as a macro-regional urban centre with a gravitational area of around 1,700,000 inhabitants.

The current General Urban Plan of Niš from 1995 (GUP area is 15,036 ha) defines the following land use (within the limits of the Plan):

- Housing (3,675.68 ha);
- Central functions (facilities of local government, administration, banks, post offices, culture, commerce, hospitality industry, and craftwork on the total area of 376.60 ha);

- Additional services (children's and social care, education, health care and other specialized facilities on the total area of 185.45 ha);
- Working zones (industry, services and storage facilities on the total area of 1,446.75 ha);
- Sport and recreation, on the total area of 350.89 ha;
- City greenery (parks and other green spaces, forests, protection green spaces on the total area of 852.77 ha);
- Communal buildings (graveyards, waste disposals, markets etc., total area 351.80 ha);
- Existing use (335.73 ha);
- Water (381.84 ha);
- Transport (highway, city roads, primary and secondary transport axes, housing area roads, streets, on the total area of 2,169.28 ha);
- Agricultural land (agricultural land inside the city core area is 212.43 ha and outside the area, 4,433.50 ha).

The new General Urban Plan of Niš 2008-2023

The Decision on the Formulation of a New General Urban Plan of Niš was made in May 2008, the Draft Plan has been formulated and the next steps are the public inquiry, verification and adoption. The aim of the General Urban Plan is to define: construction areas; land use; axes, corridors and capacities for transport, energy, water management, communal and other infrastructure. The General Urban Plan identifies the city's potentials, defines the development of public services, transport, infrastructure, business and economic zones, housing and tourism, and determines measures of spatial and environmental protection.

The General Urban Plan of Niš covers an area of 260.06 km², i.e. 26,005.8443 ha, which constitutes 43.58% of the total territory of the City of Niš (596.78 km²).

The coverage area of the Plan has been significantly extended compared to the previous plan in the north, east and west, but has changed very little in the south. In order to improve construction control and the protection of agricultural land from uncontrolled construction, the coverage area of the Plan has been extended to include settlements where transport and other communal infrastructure will be built. The north, west and east parts of the coverage area of the Niš Plan represent the area where the highway, railway, gas network, economic, energy and other facilities will be built. The maximum distance of the coverage area of the General Urban Plan in the east-west direction is 25,734 m. The maximum distance of the coverage area of the General Urban Plan in the north-south direction is 15,344 m.

Other data on the City and the settlements

The area of the City of Niš is characterised by a balanced network of settlements and an uneven population distribution. There is a network of 71 settlements on the territory of the City, with the average settlement size of 3,526 inhabitants. The level of urbanisation is 71.1% and, according to the urban-rural structure, 2/3 is urban and 1/3 rural population.

The City of Niš is the centre of the Nišava District and covers 21.9% of its area (65.5% of inhabitants). Niš is the city with the third largest number of inhabitants in Serbia and it is the centre of the Nišava District (it consists of the city area and the municipalities of Niš, Aleksinac, Svrlijig, Merošina, Doljevac, Gadžin Han and Ražanj).

The City of Niš is a monocentrically organised city with a main city centre (it is planned to remain that way). The urban area of the city of Niš covers 15,036 ha with 11 suburban settlements and 7 villages. Population density in the urban part reaches 500 inhabitants per ha and the average density in the urban area is 520 inhabitants per km². The settlement of this area started in the third century *B.C.*

The city matrix of the central part of Niš is formed as a grid of regular urban blocks (first urban plan dates from 1878, immediately after the liberation from the Turks).

Activities which are ongoing or whose implementation documentation is in the elaboration phase:

- *In Niška Banja:* construction of the recreation centre and aqua park on the location "Lozni kalem"; construction of the tourist sports recreation complex "Ženeva" with the accompanying facilities: fish pond, zoo, botanical garden, swimming and bathing area; construction of golf courses on the location between the club "Jabučilo" and Nišava river; reconstruction of old pools and other sports recreation facilities; enlargement of parks and walking areas; revitalization of the village Koritnik into an ethno-village; construction of a cable railway from Niška Banja to Koritnik; renovation of the swimming area "Jaz" in Prosek; adaptation of the residential houses in Niška Banja.
- *In the urban core of Niš:* construction of smaller representative high-category hotels in the central zone; adaptation of the "Ambassador", "Niš" and "Park" hotels; construction of the exposition fair, business and congress centre.
- *In the neighbourhood of the City of Niš:* renovation of the spa "Topilo" in the northern part of the city area; restoration of the "Cerjanka" cave with the aim of allowing visits and tourist exploitation; examining the area of the mountain Seličevica as a tourist area in the southern part of the city area.

The Spatial Plan for the entire area of the then municipality of Niš was adopted in 1992. Adopted and valid regulation plans for the territory of the city are: Plan of General Regulation (in effect since 1995, first amendments from 2001, second amendments from 2004 and third amendments from 2007), Plans

of general and detailed regulation (144 new plans in the period 2003-2008 adopted according to the provisions of new Law on Planning and Construction) and updated plans from 2003 (277 current updated plans from the period before the new Law on Planning and Construction came into effect in 2003). General and priority strategic objectives are defined in sectoral strategies⁶⁶. The priority objectives are: the provision of land for housing construction (expected results: Decision on Public Construction Land adopted; new residential zones defined; basic construction criteria and standards defined; rental potential of the City of Niš analysed and the like).

The key elements of EU urban policy which should be applied in the development of the City of Niš are:

- integrate local potential into strategies for urban and regional development;
- develop an integrated approach to policy;
- coordinate strategies for urban and regional development and support public/private partnerships;
- strengthen public participation in policy making;
- promote culture: diversity and identity;
- draw upon local traditions;
- adopt sustainable long-term perspectives;
- ensure access to transport, jobs, housing, education and social services.

2.5.4 Communal infrastructure and services

Water supply

Niš is supplied with water from a system of sources which is included in the city water supply system Ljuberađa near Babušnica, Krupac, Mokra and Divljana near Bela Palanka, Studena and Medijana near Niš, as well as through the Morava water supply system. The springs and accumulation of ground waters are used for the water supply of a part of the villages. A smaller number of inhabitants of villages use water directly from rivers or streams. The total amount of water used for the public water supply is 2,290 l/s. The capacity of the water supply systems are as follows: 1) water supply system "Medijana" 100-500 l/s, 2) water supply system "Studena" 220-340 l/s, and 3) water supply system "Ljuberađa-Niš" 800-1,450 l/s.

⁶⁶ *The City of Niš Local Economy Development Study, 2005, Housing Strategy of the City of Niš.*

Data from 2007 indicate that there are 48,380 users connected to the city water supply system, 1,952 of which are buildings for collective housing and 41,878 are private users. The basic problem of the City is the supply of consumers in the III height zone in the summer period and an insufficient percentage of water payments (around 70%). Works are planned to finish the dam "Selova" (Toplica) for the water supply of Niš and Toplica district and protection against floods, irrigation of agricultural land, production of electricity and construction of a fish pond. The completion of the water supply ring around the City of Niš and the III height zone for the supply of settlements in the higher parts of the town depends on the construction of a reservoir in Bubanj and the supply of new quantities of water from the spring "Selova". There are 91,697 connections to the water supply system (out of the total of 95,130 housing units, i.e. 96.4%).

Sewage – coverage is not satisfactory (there is particularly a lack of sewage in the rural parts of the city territory). The number of users connected to the sewage network in the city area is 86.3%. The construction of a main sewer in the northern zone of Niš is underway. The main communal and environmental problem of the City of Niš is the absence of any kind of waste water processing system. The urban plan defines the location of the main city facility for waste water processing in the old bed of the river Nišava between the settlements Trupale and Popovac.

Regulation of water currents – The regulation of the bed of the river Nišava and the transformation of the quay starting from the city centre towards the east have been in progress since the late 1980s. One segment is being transformed each year, bearing in mind both hydrotechnical requirements and the aesthetical and recreational aspects of transformation and regulation. The river Južna Morava is being regulated in the segments around bridges. Numerous streams are gradually regulated in accordance with annual programmes.

Heating – remote heating covers 1,236,138 m² of housing area, or 21,864 flats in buildings for collective housing and 821 houses, which amounts to 30% of the total housing stock of the city. Certain parts of the town are being heated from their own sources (settlement "Tesla" – Stevan Sinđelić). City heating station has 2 larger furnaces ("Krivi vir" with installation power 128 MW and "Toplana Jug" with 60 MW) and 17 smaller ones. All parts of the town are well covered except for "Duvanište" for which there are preparations to build a gas heating plant "Majakovski". The new heating plant "Apelovac" will be finished for the area of the settlement "Crvena zvezda", the hospital "Klinički centar" and SRC "Čair". With the introduction of gas a few years ago, all the capacities of the City Heating Plant have been transferred to the use of gas instead of mazut.

The digitalisation of the **telecommunication network** and the expanding and renewing of the system in 11 settlements will continue.

Gas supply – The branch of the gas pipeline reached Niš in 1998. From that moment on only the primary gas network is being developed, so that no flats have been connected to the gas network to

date. In the further plan of gasification the construction of new facilities is planned: two parts of the city gas pipelines (4 km long) and the closing of the circular main ring of the primary gas network. Other planned works include connection gas pipelines, a measuring-regulation station, a continuation of the main pipeline Nisal-Niška Banja and a secondary gas network for mass consumption. The completion of the city gas plant near Mežgraja on the Južna Morava River is planned for the year 2010.

Electricity – Electricity coverage on the whole territory of Niš is 99.7% (of flats). In order to solve the problem of low voltage in numerous villages, a construction of a supplementary electric network will be carried out. There are also plans to build a sub-station SS 110/10kV ("Niš 8") in Ledena Stena, to reconstruct SS 35/10kV "Ćele Kula" and "Stevan Sindelić" and to expand SS 110/10kV "Niš 10" in the working zone "Sever".

Cadastre – The preparation of the Real Estate Cadastre for the entire territory of the city in accordance with the new legislation is underway. 76% of the territory has been processed by August 2007 and the processing of the entire territory of the City of Niš will be completed by the end of 2009.

2.5.5 Transport infrastructure

Niš is situated at the crossroad of Balkan and European roads. The territory of the city is intersected by three important directions of international road and railway traffic – several roads that connect the Balkans with Central and Western Europe, Vlaška lowlands and Pomoravlje with the Adriatic, Aegean and Black Sea intersect the territory of Niš.



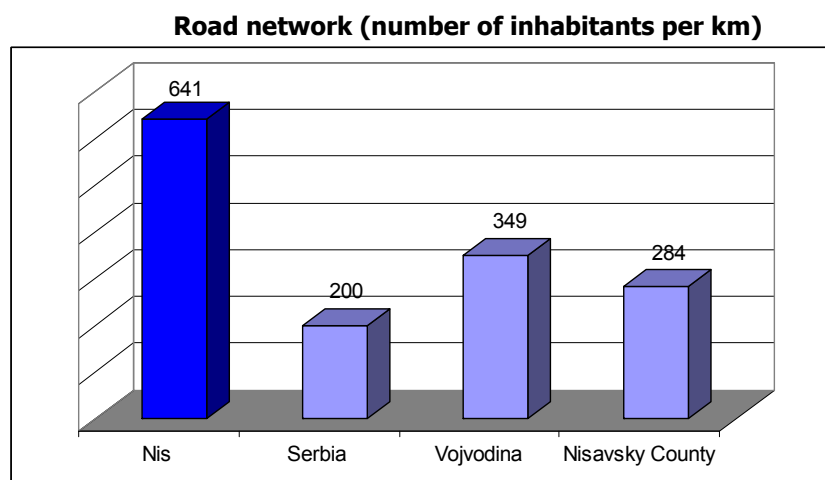
Source: European Commission - Trans-European Transport Networks

Niš is also a multimodal node of the highest rank in Serbia. The intersection of several transport modes is present in this area: highway corridor, railways, airport and planned high-speed railways E-85 and E-70, railway node, trans-shipment centre, optical cables, transit plants, TV and CT transmitters, and electric power level line 400 kV.

The road network is 391 km long and it is composed of: main roads (9%), regional roads (23%), and local roads (68%). All roads have modern grounds and 91.7% of local and 88.8% of regional roads meet the standard.

The main transport axis comes from the direction of Belgrade to the northern side of Niš where it branches towards the south through the valleys of Južna Morava and Vardar leading to Thessalonica and Athens (E-75) and towards the east through the valleys of Nišava and Marica towards Sofia, Istanbul and further towards the Middle East (E-80).

The transport axis that leads from Niš to the west towards Priština, Peć and Čakor (border with Montenegro) links the future highways Belgrade-Southern Adriatic and Đerdap-Zaječar-Niš.



The international highway in Corridor X (section Belgrade-Niš-Grdelica, E-75) has been partially constructed. There are plans to build and reconstruct the section Grdelica-Macedonian border (96 km) and to construct the 86.80 km long highway Niš-Bulgaria border (E-80). In the 1990s the location in Corridor X enabled the frequency of 4,000,000 tourists per year (transit tourism). It is necessary to finish roads E-75 and E-80 and additional objects (mega centres, fuel stations, hotel etc.) and to set up signalization on the road.

Except for the mentioned national and international transport axes, the system of regional roads is less developed on the territory of the city (Niš-Kruševac-Čačak-Užice and the road Niš-Zaječar-Negotin-Bulgaria and the Romanian border). There are 6 regional roads.

There is a public city transport functioning in Niš with several carriers, which is regulated by city decisions. There is also a taxi transport functioning with around 600 vehicles. Still traffic functions through a division of the central part of the city into 2 rate zones – red and blue.

The public city transport, taxi transport and still traffic have been examined through appropriate traffic studies that have been conducted and verified in 2007 and 2008.

Air traffic is carried out through the airport "Constantine the Great". The runway is 2,500 m long and 45 m wide in total, while the taxiway is 290 m long and 25 m wide. The dimensions of the parking apron are 275 x 100 m with 4 marked positions (the total capacity of the airport in emergency situations is 20 airplanes). The total area of the airport terminal is 1,700 m².

The airport is situated in a zone that has very favourable weather conditions all year round, with very few foggy and snowy days. Therefore, it was used in the previous period as an alternative airport for airports in Priština, Belgrade, Podgorica, Skopje and Sofia.

The airport has been used for regular and charter flights and alternative landings by the following companies: JAT, Aviogenex, Montenegro Airlines, Macedonian Airline (MAT), Balkan, Tea, Crossair, Deutsche BA, Lufthansa, Thomson and others.

The coverage area of the Airport will undoubtedly increase in the existing network of airports in Serbia once the contract on the European Common Aviation Area (ECAA) comes into effect in Serbia (the process is ongoing, the contract has been signed and the ratification is expected to take place in 2007). Experience shows that this will certainly result in the arrival of new companies, including low-cost companies, so that it is realistic to expect, given the excellent traffic connections, a larger inflow of passengers from neighbouring areas owing to the quick and efficient road and railway access to the Airport.

The high-quality infrastructure ensures that the objective market potential will very quickly result in a major increase in the number of passengers on the second passenger airport in Serbia.

In October 2008 a contract was signed with an Austrian-British investor to jointly finance and build a logistic, commercial and cargo centre in Niš. The 61,300,000 Euro contract provides for the construction of 135,000 square meters of logistic, commercial and cargo facilities, located in the immediate vicinity of the Constantine the Great Airport.

There are plans to build the General project "Railway junction Niš", while "The Study of Parking Places in the Central Zone of the City of Niš" and "The Study of Public Urban and Suburban Transport of Passengers on the Territory of the City of Niš" have been completed.

2.5.6 Environment

Environmental quality is the state of the environment which is expressed by physical, chemical, biological, aesthetic and other indicators. In a developmental sense, what is even more important is the notion of environmental capacity, which represents the ability of the environment to tolerate a specific amount of pollutants, without disbalance or irreparable damage to the environment. Serbia is obliged to synchronize its legislature and practice with the legal system and practice of the EU.⁶⁷

On the local level, bodies in charge of environmental protection have limited responsibility for environmental issues, which include air protection, protection from noise, communal waste management, urban planning, construction licenses for small buildings, as well as strategic evaluation of plans and programmes, evaluation of effects of projects on the environment, and issuing of integrated licenses in their own field.

Quality of the Environment

This part offers basic information on **priority** issues, condition and quality of the environment in areas which are crucial to the sustainable development of the City of Niš.

Solid Waste

The processing and disposal of solid waste is one of the most significant problems of environmental protection (as indicated by LEAP from 2001 and later research). The City of Niš produces around 250 tones of communal solid waste daily, which exceeds 90 million kg per year. Waste (communal, non-hazardous industrial, construction, partially medical) has been disposed of at the poorly organized city dumping site for four decades. All capacities of the current location have been almost exhausted and waste can be disposed of at this location, with the application of technical and technological solutions, for a very short period, no longer than three years. The projects for sanation, re-cultivation and closure of the current dumping site have been developed, but there is a significant lack of funds for their implementation. A very prominent problem is the existence of 50 or so major "illegal dumps" on the city outskirts, near access roads and in rural areas.

The collection and processing of solid communal waste falls under the jurisdiction of PC "Medijana". All jobs related to communal hygiene and waste treatment are handled by about 500 employees of the "Čistoća" sector in PC "Mediana". Solid communal waste is collected according to a projected dynamic (from a daily to a weekly basis) with 24 special vehicles from about 3,500 public dumpsters and from

⁶⁷ *The institutional and legislative-legal framework of environmental protection is firmly rooted in the Constitution of the Republic of Serbia which confirms the right of citizens to a healthy environment, as well as their duty to protect and improve the environment in compliance with the law. A new legal framework for environmental protection was defined and introduced in the Republic of Serbia in 2004 through the Environmental Protection Law, the Law on Strategic Evaluation of Effect on the Environment, the Law on Evaluation of Effect on the Environment and the Law on Integrated Pollution Prevention and Control.*

individual household bins in individual housing zones. The waste collection system does not include on-site waste separation. Communal service activities cover 60-70% of the city population and only a few rural areas.

On-site waste separation and utilisation of waste material resources is only in the pilot phase. Around 200 specially designed dumpsters were set up in the city about a year ago for separate collection of PET materials. The results of these activities indicate a need for the further development of the separate collection system. Organic (garden) waste, regardless of its considerable share in the total amount of waste, is neither collected separately, nor used.

The waste collection fee is closer to a social than an economic category and it is calculated by the square meter of residential or office space. Nevertheless, the degree of fee collection is around 60% and significantly contributes to the lower incomes of "Medijana".

The drafting of the document "Strategic and Action Framework for Waste Management on the Territory of Niš" is in progress; the document is co-drafted by PC "Medijana" and the Faculty of Occupational Safety, in compliance with the National Waste Management Strategy.

There are plans to create a regional landfill for the needs of the City of Niš and several municipalities in the Nišava District.

Water Supply and Waste Water

The City of Niš has at its disposal about 1,200 l/s of healthy and good-quality drinking water, which will not meet the long-term needs of the City. The inadequate and insufficiently maintained water supply sources in rural areas represent a particular problem.

Niš does not have a central facility for communal waste water processing or for industrial waste water pre-processing, which causes high additional pollution of the Nišava as a recipient. There is no separate system for atmospheric waste water collection. The systematic monitoring of quality and quantity of surface water and groundwater is also inadequate.

The most significant causes of problems in water supply and waste water processing are the following:

- insufficient practical implementation of the existing regulations;
- inconsistent application of the system for the collection of fees for water use and protection and the low cost of water;
- inadequate protection of waters, especially water supply sources;
- poor condition of the drinking water distribution network and high losses;
- uncontrolled application of artificial fertilizers and other hazardous products.

It has been decided that the old bed of the river Nišava between the settlements Trupale and Popovac will be the location of the much needed main city facility for waste water processing which will solve the biggest communal and environmental problem of the City of Niš.

Air Quality

The quality of air in Niš has been systematically monitored for over half a century and there are good data which can be used for city management and development. The dominant sources of air pollution are the following: traffic, industry, heating plants, individual furnaces, and communal activities.

Some of the most important causes of air pollution are the following:

- uncoordinated regulation for emission and immission;
- obsolete technology, low energy efficiency and lack of facilities for fume filtering in the industrial and energetic sector;
- incomplete network for air control monitoring.

Traffic and Quality of the Environment

Besides the widespread traffic-related air pollution, the effect on the environment is also perceived through the emission of hydrocarbons, noise pollution and vibrations, and water and land pollution.

Some of the most significant causes of problems are the following:

- insufficient urban and suburban road network for heavier traffic, including the roundabouts;
- obsolete and faulty vehicles;
- insufficient use of gas and other alternative fuels;
- insufficient number of ecologically more adequate means of public transport;
- an obsolete vehicle fleet of transport companies.

Protected Natural Heritage and Biodiversity

Apart from the protected natural heritage, areas with considerable species biodiversity, medicinal plants and forests also represent important natural resources.

The most prominent problems of the pressure on nature and biodiversity on the territory of Niš are the following:

- fragmentation of ecosystems, i.e. natural habitats, by traffic infrastructure;
- uncontrolled collection of wild flora, fauna, and fungi for commercial purposes;
- application of obsolete technology and inefficient use of non-renewable energetic and mineral resources;
- inadequate protective measures in agriculture;
- purposeful or accidental release of allochthonous species of flora and fauna;
- urbanisation and uncontrolled tourism in zones of sensitive ecosystems and protected natural areas.

Some of the causes of these problems are: inefficient implementation of spatial-planning documents, non-existence of efficient inter-agency and inter-sector cooperation in nature preservation, inefficient

system and mechanism of protected natural heritage management, inefficient control system for collection and trade of plant and animal species, and non-existence of economic and financial instruments for nature preservation.

Noise Pollution

Niš is one of the four cities in Serbia, alongside Belgrade, Novi Sad, and Subotica, in which noise monitoring is performed systematically according to the Programme enacted by the City Assembly.

The basic problems pertaining to protection from noise are related to specific local noise sources, so noise can thus be formulated as a local problem. Some of the causes of noise pollution problems are:

- inadequate placement of industrial facilities, artisan shops, and especially catering facilities in urban areas;
- conversion of residential into office space;
- insufficient network of streets with automated traffic regulation and traffic light synchronization;
- non-systematic noise measuring at the emission sources;
- lack of spatial-planning documentation for designating areas which regulate noise protection.

Other Areas of Importance for Environmental Protection

Development of rural areas is conditioned by the level and quality of infrastructure in almost all rural settlements in Niš. The state of communal infrastructure in the rural areas is mostly unsatisfactory. From the aspect of agricultural production, improper and uncontrolled use of pesticides, inadequate management of soil fertility and use of mineral fertilizers, as well as some other causes, have led to pollution of arable soil and groundwater and to eutrophication of waterways.

The energy balance of the city is related to environmental protection, especially to the part pertaining to the use of natural gas as the economically and ecologically most favourable energy source. One should also bear in mind the insufficient activity on the promotion of economic and rational use of energy and energetic efficiency. As regards energy efficiency, what is of particular importance is the poor condition (heavy losses) of energy distribution systems, especially heat ducts. Niš has a great potential (especially of biomass) for the development and utilization of alternative energy sources.

Tourism and its effect on environmental quality can be viewed through inadequate siting and illegal construction of tourist facilities, through waste and waste water pollution, and air emission from traffic and heated objects. Another particular problem is the uncontrolled development of tourist capacities in areas with protected natural wealth.

Public green areas in Niš are rather old. They are insufficiently revitalized and it is necessary to establish a separate public service for their preservation and maintenance.

Finances for environmental protection on the territory of the City of Niš are provided from the city budget. Possibilities of funding from other sources (funds, donations, project financing, etc.) are insufficiently used. The inefficient system for financing environmental protection and the lack of economic incentive result in low investment in the environment, and the budget becomes the main source of funding. The economic instrument system is underdeveloped and does not enable sufficient economic incentive for reducing pollution.

Education and Training for Environmental Protection

The City of Niš was the first city in the Republic of Serbia to initiate university education for environmental protection almost two decades ago. The Faculty of Occupational Safety has thus far produced over 500 graduates in environmental protection engineering. Such potential in personnel is one of the realistic foundations for developing a system for environmental protection, which would support sustainable development of the city.

There is no established system for information, education, training, and raising public awareness regarding environmental protection. A number of NGOs deals with environmental protection issues through the realisation of various training programmes.

Environment and Health

Elements of environmental quality such as air pollution, water and food contamination, noise, and radiation represent some of the main causes of health deterioration. Air pollution can affect the human health through direct damage to the respiratory system. Lead is a very important pollutant due to its widespread use as a fuel additive. Increased concentration of lead can be transferred into the food chain through soil contamination along highly-frequented roads. Poor hygiene of drinking water can lead to the spreading of digestive system disorders, and chronic and infectious diseases. Poor quality of surface water is a threat to human health when such water is used recreationally. Improper waste management has a detrimental effect on human health and produces epidemiological risk, water source contamination, and emission of highly carcinogenic dioxins, which can be formed by waste incineration.

Insufficient institutional coordination hinders the implementation of development documents, laws, and other regulations, the cause of which are the under-established and underdeveloped institutional capacities, so that any further division of jurisdiction aiming towards decentralisation of environmental policy implementation requires the development and strengthening of capacities. The system for environmental protection monitoring is inadequate. There is no integral registry of polluters. Information and report system is inadequate and underdeveloped, thus providing limited support for management.

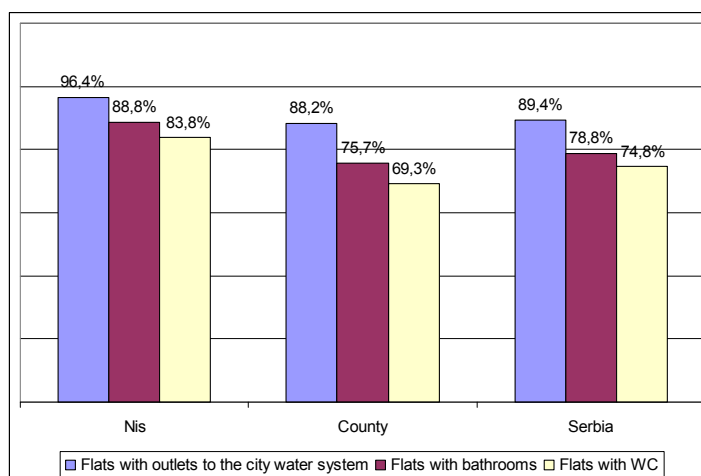
2.6 Social Development

2.6.1 Housing

On the territory of the City of Niš, there are 85,269 households occupying 95,130 flats, which equals 1.1 flat per household. The average flat surface area is 59 m². On average, one person has 22.5 m². Every fifth flat is overcrowded. On average, 1.2 inhabitants occupy one room.

One third of the flats is small (20% less than 15 m² per person, 10% less than 10 m²), which is identical to the situation in Belgrade. Half of the flats have 15-30 square meters per person. Most flats extend to 50-60 m². Only 3% of the flats are larger than 100 m². Single-room flats and separate rooms constitute 5% of the housing stock, small flats 9%, two-room flats 37%, three-room flats 36%, and four-room flats and bigger 13% of the housing stock. One third of the flats are in the rural area. About 10,000 flats (almost 12%) are not occupied. 80% of the housing stock is less than 45 years old.

Flat equipment standards in Niš, Nišava District and Serbia



The housing standard is relatively high. About 28% of the flats are completely equipped, including central heating. Two thirds have everything, apart from heating. Only 3.5% of the flats do not have sewerage system, while 2.6% do not have water and sewerage systems. In the villages, the situation is much worse. A third of the housing units are more than 45 years old, and two thirds of the units lack modern sanitary devices.

98% of the total number of flats is owned by private individuals. Between 6,000 and 7,500 flats are offered to let. Housing expenses are relatively low due to the non-economic prices of rents and other

communal expenses. About 85% of the households do not invest into the maintenance of their housing unit, nor are they able to independently finance (or secure a credit for) the purchase of a flat.

Most of the housing units were built in the period between 1960 and 1980.

The fact that 11,000 requests for the legalization of illegally constructed facilities have been submitted to date indicates the volume of the so-called informal construction. Most of these buildings are located in suburban areas. Two substandard settlements (Stočni trg and Crvena Zvezda) are mostly inhabited by the Roma population. Many areas on the outskirts of the city lack asphalt roads and sewerage.

In terms of housing, the most vulnerable categories of the population are: elderly households, rural households, Roma households, refugee households, poor – socially marginalized households and other vulnerable groups. This category also includes refugees and displaced persons, persons in need of other people's help and disabled individuals. Refugees from Croatia, Bosnia and other former Yugoslav republics (4,554) mostly live in rented flats (92%). Persons displaced from Kosovo either bought flats in the open market, or constructed their own housing facilities (often without proper permits and documentation) or lived in rented flats or with relatives. It is estimated that there are 1,200-1,500 families in each of these categories. Persons in need of other people's help (around 1,000) and disabled individuals (700-800 people in wheelchairs) comprise yet another group needing special attention. There are still architectonic obstacles in the city which are insurmountable for this category of the population. Over half of these persons are poor, which influences poverty in terms of their housing.⁶⁸

It is estimated that in the next five years about 1,000 new flats a year will be needed, a fifth of which should be intended for social housing. About 2,000 flats are already needed for new families. The estimation is that the number of residents of the urban zone will increase by approximately 3,000 people by 2010 and that, at the same time, rural population will reduce by approximately 2,000 inhabitants. Contributing factors of this are: local migration from villages to the city, prevention of further emigration of the young and the return of a number of migrants from abroad. Mostly young couples will be looking for flats. The average size of the household will stabilize at 2.8.

2.6.2 Social care

Social care in the City of Niš is prevalently provided by state-owned institutions. There are no civil, non-profit or privately-owned social care institutions (except for several private nurseries). The National Strategy for Social Care Development contains an intention to include such institutions in the system, which should be taken into account when formulating the development strategy. There are a number of organisations working in the city which gather potential beneficiaries (veterans, disabled persons, single

⁶⁸ *Housing Strategy of the City of Niš, 2007.*

mothers) and which should be perceived as the beginning of a more diversified approach to the social care problem.

Social care institutions are: Social Care Centre, Pre-school facility "Pčelica", Day Care Facility for Children with Developmental Impairment, Gerontology Centre, and Home for Children without Parental Care "Duško Radović", Home for Hearing Impaired Children and Home for Youth Education.

The principal institution in this field is the Social Care Centre. Although it was founded by the local self-government, the Centre largely depends on the Republic of Serbia and its bodies. That is why the functional relationship between the Social Care Centre and the local self-government is weak and unstable. The basic functions of this institution are: direct use of social welfare, custody, monitoring and study of social needs and problems, prevention, planning and defining of social care, coordination of activities in the field.

The source of the majority of social problems in the city is unemployment. Although Niš is one of the more developed municipalities, it is located in the poorest region of Serbia. 20% of the people in Southeast Serbia are poor and more than half of the population is facing the poverty risk. Apart from the threat of poverty, a problem that will gain in importance and severity is the problem of population ageing. The city does not have an institution that systematically deals with ageing and old age. The Gerontology Centre takes care of elderly people who are unable to live alone, but there is no one dealing with the problems of the social status of the elderly.

The Social Care Centre has initiated various innovative programmes that take social care activities out of the mostly closed institutions and involve associations, families and individuals from the community in social care. Such programmes include: Prevention of Family Violence; Shelter for Women and Children Victims of Violence; One Step to Independence – programme for residents of the Home for Children without Parental Care who are over the age of 20; Placement of Children in Foster Families; Project with Diversion Schemes (intended for delinquent children). The number of minors and persons of legal age using social care services has been growing over the past few years. Ongoing social projects are the following: construction of flats for disabled persons, housing for persons with disability; purchase of abandoned rural households for refugees from collective centres; housing and integration of refugees and the like. The following programmes are implemented in the field of social care strengthening: Community Reconstruction through Democratic Action and Strengthening the Capacities of the Youth for Action in the Local Community.

In late 2008 an Agreement of Cooperation was signed between the City and the Ministry of Labour and Social Policy for the implementation of the national Social Welfare Development Strategy. Based on this Agreement, a working team has been formed and has begun the formulation of a local social welfare development strategy which should be adopted by the end of 2009.

2.6.3 Health care

According to the organisational scheme and the Decision on the Plan of Health Care Institutions Network, there are 13 state-owned health care institutions providing health care on the territory of the City of Niš. The Public Health Institute in Niš, as well as the Blood Transfusion Institute and the Institute of Legal Medicine, perform health care activities on all three levels of health care. The Public Health Institute provides preventive health care in the fields of social medicine, microbiology, hygiene and epidemiology.

Primary health care in the City of Niš is provided by institutions in both the public and private sectors. The backbone of the primary health care system is formed by the following state-owned institutions: Primary Health Care Centre with a network of health stations and infirmaries, Institute of Emergency Medicine, Institute of Labour Medicine, Institute of Student Health Care, Institute of Pulmonary Diseases and Tuberculosis, Dental Clinic and Health Care Institution "Pharmacy Niš".

Primary health care for students is provided by the Institute for Student Health Care, while the preventive and curative health care of workers is provided by the Institute of Labour Medicine (4 outpatient centres and 7 infirmaries).

In the private sector, primary health care is provided by a number of private practices, polyclinics, dental practices and private pharmacies.

With 174 inhabitants per one physician, the situation is much more favourable than in Serbia, where there are 376 persons per one physician.

The Primary Health Care Centre in Niš provides primary, mostly preventive, health care and comprises ten organisational units. It consists of a central building and 54 health stations and infirmaries: 8 health stations and 5 infirmaries in the city, 10 health stations and 10 infirmaries in suburban settlements and villages and 21 school infirmaries. Although 45 settlements on the territory of Niš do not have any health institutions, the good disposition of health stations and infirmaries makes health care relatively easily available on the entire territory of the city.

There is also a Department of Home Care functioning within the Primary Health Care Centre. The Department takes care of about 4,000 patients. Two thirds of the patients are over 65 years old. This service also provides palliative care for terminally ill patients. The strategy defined to provide healthcare to the elderly sets the following goals: 1) needs assessment; 2) increased and better availability of services; 3) increased scope – up to universal; 4) promotion of a healthy and successful old age, 5) development of a health care system for the elderly on local and regional levels.

The secondary level of inpatient health care for insured persons from the territory of the City of Niš is not on an adequate level. The Clinical Centre in Niš provides secondary and tertiary health care to the inhabitants of the City of Niš. The Clinical Centre in Niš also provides tertiary health care for the region of southeastern Serbia.

On the territory of the City of Niš there are 4 health care institutions for inpatients medical treatment of persons insured with the Medical Insurance Institute with 2,710 hospital beds (Clinical Centre in Niš – 1,465 beds, Stomatology Clinic – 25 beds, Special Hospital for Psychiatric Illnesses in Gornja Toponica – 800 beds, Institute of Medical Care and Rehabilitation in Niška Banja – 420 beds). The said number of hospital beds is intended for the medical treatment of the inhabitants of Niš and southeastern Serbia.

In addition to the abovementioned health care institutions, medical treatment for persons with military insurance is also provided in Niš by the Military Hospital with 300 beds and the Department of Primary Health Care.

2.6.4 Culture

Cultural activities in Niš mostly take place in cultural institutions founded by the city. These are: National Theatre, Puppet Theatre, Niš Cultural Centre, Niš Symphony Orchestra, Gallery of Contemporary Fine Arts, National Library, National Museum, Historical Archives, Institute for the Protection of Cultural Monuments and Children's Cultural Centre. The City also boasts the Student Cultural Centre, Youth Centre, Niš-Film, a number of cultural artistic societies, art associations, private production companies, non-governmental organizations active in the cultural domain, and informal art groups. In the past few years a number of foreign cultural centres (American, French, Italian) have been opened in Niš, which are playing an ever more important role in the cultural life of the city.

The most important cultural events in the city are: the Film Festival of Actors' Achievements "Filmski susreti" Niš, International Choral Festival (both events used to have the attribute "Yugoslav" and represented important cultural events for the entire former Yugoslavia), Fine Arts Colony Sicevo, Literary Colony Sicevo, NIMUS (Niš Music Festival – a programme of concerts of classical music), Nišville Jazz Festival; Nisomnia (music festival) and May Song (festival of children's music).

The cultural offer in the city is poor despite the fact that it boasts a Faculty of Fine Arts within Niš University and numerous cultural institutions and that substantial funds are allocated for cultural activities from the city budget. The main reasons why the endowments and efforts do not produce a better cultural offer are the following:

- there is no clear policy to define the concept of culture (or cultural values) that the city wants to promote,
- financing and support are directed at institutions rather than programmes and projects,
- there is a growing negative influence of politics on cultural events in the City and the City's cultural institutions.

Nowadays 95% of the funds intended for culture are transferred directly to cultural institutions – public companies founded by the City. Most of these resources (70-80%) are spent on the salaries of employees and maintenance of facilities, while a smaller portion of the resources is used for financing programmes.⁶⁹

Cultural actors that are not formally connected to city institutions (production companies, cultural managers, NGOs, freelance artists) have almost no access to city funds intended for culture. Through the newly-formed Art Council, a small portion of the funds intended for culture (3%) is now available to these cultural workers. The City does not have a strategy for cultural marketing or a system for collecting donations for cultural development. Cultural institutions are almost entirely dependent on the funds from the city budget.

In 2003 the document "Contributions to Defining the Strategy of Cultural Development of the City of Niš" was prepared as a basis for the formulation of a long-term policy in this domain. A cultural development strategy has been defined and proposed and it includes: changes in the organization of public administration; changes in the way culture is financed in the city; changes in human resources policy; list of strategic cultural projects; improved conditions for the work of artists and institutions; additional activities aimed at the development of culture and art; proposal for solving spatial issues and development of international cultural cooperation.

In Niš there is an ongoing programme for the protection of cultural heritage and religious facilities; the reconstruction, adaptation and maintenance of memorial centres and archaeological sites (the Fortress; Red Cross Concentration Camp; Čegar Hill; Mediana), as well as the construction and reconstruction of cultural facilities (the Library; Symphony Orchestra; the Synagogue; Niš Cultural Centre building; the Summer Amphitheatre).

2.6.5 Education

In the late 1990s all educational institutions were state-owned and the entire system of education was run by the Ministry of Education. Local governments also had a share of the responsibility for the functioning of institutions of elementary and secondary education. Since then privately owned educational institutions have also begun providing education on all levels.

The educational infrastructure of the City of Niš consists of: 35 elementary schools, 19 secondary schools in public ownership, the University of Niš with 13 faculties in public ownership, 7 departments of privately owned faculties, 5 schools for pupils with special needs and 1 adult education institution.

The entire territory of the City is well covered with a network of primary schools. There are 21 in the city and 14 independent schools in the villages. In 46 villages there are detached departments of primary

⁶⁹ *Contributions to Defining the Strategy of Cultural Development of the City of Niš, 2003*

schools with all eight (4) or just the first four (42) grades. In 14 settlements there is no organized education. These are the settlements that are the most vulnerable in terms of population. According to the Census from 2002, ten of those fourteen settlements were inhabited by a hundred or less residents. There are 24,000 pupils attending primary schools in Niš.

All secondary schools are situated in the city centre. There are 4 high schools, 2 art schools (music school and school for drawing technicians), 6 technical schools, school of economics, school of commerce, school of tourism and catering, school of law and administration, medical school, chemical, food production and processing school. There are about 15,000 pupils attending these schools.

Table 17: Number of students in elementary and secondary schools

	1990	% of total population	2000	% of total population	2003	% of total population
Republic of Serbia						
Elementary schools	1.156.533	8,6	726.578	9,4	677.767	9,0
Secondary schools	365.740	3,0	330.947	4,3	305.204	4,1
Elementary school Expenditure per student	6.718		6.743		35.625	
RS=100	100		100		100	
The City of Niš						
Elementary schools	26.809	2,3	24.650	3,4	23.784	3,5
Secondary schools	13.675	3,7	16.233	4,9	14.963	4,9
Elementary school Expenditure per student	6.425		6.240		29.603	
RS=100	100					

Source: The Statistical Office of the Republic of Serbia, 2005

The thirteen faculties of the University of Niš employ 1,515 teachers and lecturers. There are 25,844 students studying at the University, 433 of which are foreign citizens. The number of graduates from the University of Niš since its foundation exceeds 41,000 students of different profiles. 1,869 graduate students have obtained master's degrees and 1,085 doctoral theses have been successfully defended in the same period.⁷⁰ It is necessary to estimate to what extent the University is able to provide additional services in education (additional education, knowledge innovation, development of new educational profiles) and research (research projects, laboratories, equipment).

In the last decade, each year around 3,000 pupils finished elementary school, around 4,000 pupils finished secondary school and around 1,500 students graduated from the University of Niš. In the period between the two censuses the number of illiterate persons decreased to a total of 4,781 or 2.1% of the

⁷⁰ Data refers to the 2007/2008 school year.

total population. Therefore, in that same decade, the literacy rate increased from 95.8% to 97.9%, which is above the average of the Republic of Serbia (96.5%).

Table 18: Institutions of higher education

	COLLEGES				FACULTIES			
	total	Students		graduated	total	Students		graduated
		total	budget-financed			total	budget-financed	
1996/97	2	1 259	635	395	8	13 842	9 897	985
1997/98	2	1 198	578	301	8	15 830	10 525	805
1998/99	2	1 163	531	289	8	16 876	10 655	942
1999/00	2	1 557	705	225	8	19 413	11 511	947
2000/01	2	1 191	356	216	10	17 811	7 888	1 003
2001/02	2	1 090	376	110	10	18 079	8 665	944
2002/03	2	983	313	189	11	18 136	10 468	1 115
2003/04	1	939	310	166	12	18 467	11 724	1 286
2004/05	1	906	305	176	11	18 245	11 825	1 419
2005/06	2	878	325	197	11	18 592	12 225	1 478
2006/07	2	1 057	335	200	11	18 493	12 687	1 832

Source: *The City of Niš Statistical Yearbook 2007, p. 186.*

In addition to formal education, there are numerous, diverse forms of education in the City offered by private firms (languages, computers), NGOs (communication, participation, project management) and different projects (management of enterprises, business, management of farms, etc.)

2.6.6 Non-governmental organizations and civil associations

According to the records of the Centre for Non-profit Sector Development, in Niš there are 61 non-governmental organizations and dozens of associations (sport, professional, musical, hobby, etc.). It is estimated that there are about 200 civil associations active in the city. There are also a dozen offices of various international organizations.

The most prominent is the work of organizations dealing with community development and capacity building. There are also Roma organizations and organizations of disabled persons working successfully. The influence of the trade unions is growing weaker by the day. The idea of social dialogue could not be realized in Niš mainly because of the weakness of the trade union.

The website "Niško selo" records 29 associations dealing with agriculture. These are mostly associations of cattle breeders, but also those of fruit growers, wine producers, producers of medicinal herbs and village tourism associations. There are still cooperatives, remaining from the previous period (of the socialist Yugoslavia).

2.6.7 Crime and safety

The main factors threatening the safety of the citizens of Niš are: five major international drug-dealing channels running through Niš; a major intersection of roads that are also routes of illegal trade; political situation and proximity of turbulent zones; general criminalisation that is interpreted as a consequence of the deep political and economic crisis during the 1990s. A high rate of violence and illegal activities is recorded in the City.

2.6.8 Minority groups

According to the Statistical Yearbook, the inhabitants of Niš belong to 26 different ethnic groups (Table 19).

The Roma people are the most numerous and conspicuous ethnic minority group in the City. According to the Census from 2002, there were 5,687 Roma inhabited in Niš. The informal, real number of the members of the Roma community is several times higher. Estimates of their real number range between 15,000 (using the estimation method of the so-called "hidden numbers" – the official number times 3) and 25,000 – 30,000 (estimated by Roma associations). About 1,200 Roma belong to the category of displaced persons. One half of the Roma population is under the age of 25 and only 4% is over the age of 60. The unemployment rate is four times higher than the average of the entire population. Only 27% of the Roma are economically active. One third receives some form of social assistance, while for 18% of the Roma families this assistance is the only source of income. Only 9% of the Roma have permanent income from employment and only 2.5% of the Roma women have permanent employment. There are 10,780 Roma living in extremely bad housing conditions in three settlements (Beograd mala, Stočni trg and Crvena Zvezda). The number of Roma people that have permanent employment is increasing. After the founding of several companies for "communal waste management", a number of Roma people found permanent employment with decent income in these companies. In Niš there is also a radio and TV programme broadcast in the Roma language.

Table19: The main ethnic groups in Niš in 1991 and 2002

Ethnic groups	Census 2002	Census 1991	Difference 2002 - 1991	Difference as a % of the 1991 count
Serbs	235.657	229.378	+6.279	2.7
Roma	5.687	5.652	+35	0.6
Montenegrins	846	2.231	-1.385	-62.1%
Bulgarians	799	1.097	-298	-27.1%
Macedonians	715	1.465	-750	-51.2%
Yugoslavs	664	(unregistered)	+664	
Croats	417	705	-288	-40.8%
Muslims	89	318	-229	-72%
Bosnians	24	(unregistered)	+24	
Slovenians	92	189	-97	-51.3%
Others	174	6.310	-6.136	
Groups listed in 2002 but not in	322	+322		

1991 Census				
Refused to be categorized	1.460 (162)		+1.298	
Unknown	3.473	(370)	+3.103	

Source: *The City of Niš Statistical Yearbook, 2005*

The second most numerous ethnic group in Niš are the Bulgarians. Their presence in the city is noticeable due to media, both electronic (Programme of Radio Niš in the Bulgarian language) and printed (Publishing House "Bratstvo" with its main office in Niš prints publications in the Bulgarian language). The members of this ethnic group are very well integrated into the local community.

Besides the dominant Orthodox Church, there are also several minority religious communities in Niš, namely the Catholic, Adventist and Baptist churches. The mosque that was set on fire and burned in 2005 has been partially restored and reopened. There is no noticeable religious intolerance in the City.

2.7 Governance

2.7.1 *The structure and functions of local self-government in Serbia and the City of Niš*

The Constitution of the Republic of Serbia from 1990 reinstated the notion of *local self-government*. Two years later, the Constitution of the Federal Republic of Yugoslavia established the right to local self-government, but at the same time prescribed that all the real property and other resources of the local self-government were owned by the state. On that basis, the Law on Assets Owned by the Republic of Serbia was passed (in 1995), according to which all local self-governments were deprived of property rights. Due to the rather bad economic situation of the entire country and the absence of some of the mechanisms for the management of their own development, local self-governments faced great difficulties in their functioning. Two Laws on Local Self-government have been adopted since 2000 - in 2002 and 2007, which led to the achievement of a certain degree of decentralization and an increase in the competences of municipal authorities.

The National Assembly of the Republic of Serbia is competent to determine the territory and borders of a local self-government and it has regulated these issues by the Law on Territorial Organization of the Republic of Serbia. According to this law, the territorial organization of the Republic of Serbia consists of three types of territorial units: *autonomous provinces* (as forms of territorial autonomy), *municipalities* and *cities* (as territorial units in which local self-government is realised), and the *City of Belgrade* (as a special territorial unit), while districts do not have territorial character.⁷¹

⁷¹ *Districts (of which there are 29 in Serbia) are not units of local self-government, but the mode of execution of central power. They do not have autonomy or separate staff and they receive funding directly from the state budget for the performance of their duties. Districts are not separate legal entities and they do not own any property (the resources used for the execution of entrusted duties are government property). However, in*

Municipalities are the basic territorial units in which citizens exercise their rights and activities from the field of local self-government in affairs defined by the Constitution, laws and the Statute of the Municipality. The territory of the municipalities consists of areas of one or more inhabited localities, and it is defined by law by enumerating the populated places and cadastre municipalities that constitute the municipality (or the city). When it comes to *cities*, the division of a city into municipalities is not determined by the law, but instead by statutes of cities, which are, the same as municipalities, determined by law. Prior to 2007, in addition to Belgrade, only Novi Sad, Niš, Kragujevac and Priština had the status of a city, while nineteen more municipalities were given that status according to the provisions of the new Law on Territorial Organization of the Republic of Serbia.⁷² In addition to municipalities that are part of cities, of which there are 17 in Belgrade and 5 in Niš (while the previous Law on Local Self-government and Law on Territorial Organization of the Republic of Serbia were in effect, Kragujevac had five municipalities and Novi Sad had two, but only "on paper" as they were never constituted), there are another 150 autonomous municipalities in Serbia, as well as 22 municipalities that have been promoted to cities by the new Law on Territorial Organization of the Republic of Serbia.⁷³

The average municipality in Serbia has about 50,000 inhabitants, which makes it the largest basic unit of local self-government in Europe. Among the municipalities, there are those with less than 10,000 inhabitants, as well as those with more than 250,000 residents. There are also big differences among them concerning their territorial amplitude, economic power and other characteristics.

According to current regulations, which do not differ from those in previous laws on local self-government and territorial organization, the territory of a local community should be a natural and geographic entity, economically linked space that has a developed communication between inhabited places, and a nucleus as a gravitational centre. In addition to those characteristics, homogeneity, complementarities, financial potentials, territorial amplitude and population size are also significant. In some cases, the expressed will of citizens can also be important, as well as cultural, ethnic or similar reasons, or a political decision on the reform of local self-government in a certain area. A municipality can also be abolished because of the formation of new municipalities or due to the annexing of its territory to some already existing municipality, but only with previously obtained opinions of citizens, assemblies of relevant local self-government units as well as the body of territorial autonomy competent for the local self-government units on its territory.

Serbia, municipal bodies maintain close contacts with the branch offices of various ministries of the Republic of Serbia, which are grouped under the supervision of the District Head.

⁷² They are: Valjevo, Vranje, Zaječar, Zrenjanin, Jagodina, Kraljevo, Kruševac, Leskovac, Loznica, Novi Pazar, Pančevo, Požarevac, Smederevo, Sombor, Sremska Mitrovica, Subotica, Užice, Čačak and Šabac.

⁷³ More precisely, 150 municipalities with 4,695 settlements and 4,254 cadastre municipalities, 23 cities with 1,260 settlements and 1,223 cadastre municipalities, the City of Belgrade with 166 settlements and 174 cadastre municipalities and two autonomous provinces: Vojvodina, with 39 municipalities and 6 cities, and Kosovo and Metohija, with 28 municipalities and one city.

Under the provisions of the Law on Local Self-government (adopted on 29 December 2007), the local bodies in the City of Niš are the following⁷⁴:

- *The City Assembly*⁷⁵;
- *The Mayor*⁷⁶;
- *the City Council*⁷⁷;

*The City Administration*⁷⁸ consists of various *departments* and *units*⁷⁹, which deal with and implement specific policies regarding city development, management of city property, enterprises and finances, education, health, public works and utilities, social assistance, environmental protection, etc.

Following the last local elections (May 2008) *City Attorney* and *Ombudsman* were appointed in Niš for the performance of works in the City, while *City Architect* and *City Manager* were not elected. The *Ombudsman* is particularly important, since his job is to protect individual and collective rights and

⁷⁴ See also the Organization chart of City of Niš in Annex 2.

⁷⁵ The City Assembly is the most important decision-making body in the local self-government unit. It consists entirely of directly elected representatives – assemblymen. The City Assembly of Niš has 61 members and has meetings at least once in three months. The normative competence of this body includes passing the statute of the city, various regulations and general documents, budget, final account, development programme, urban plan and other decisions. The City Assembly also elects the Mayor and Deputy Mayor, its president and his deputy, members of city council, city secretary, chief of city administration, as well as managers of the public communal enterprises, institutions, organizations and services founded by the City of Niš.

⁷⁶ The Mayor is elected through a secret vote and by a majority of votes of the total number of assemblymen and is in charge of executive functions. The Mayor's primary responsibilities are associated with the maintenance of public order, city budget implementation, management of long-term programmes, etc. The Mayor performs executive functions with the support of appointed officials and the city administration. His term in office is 4 years. The Mayor is also supported in his work by the Deputy Mayor (elected by the City Assembly) and five assistants (appointed and dismissed by the Mayor himself).

⁷⁷ The City Council is the body that enables the coordination of the work of the Mayor and the City Assembly and controls the whole city administration. This is a minor organ of decision-making that consists of nine members nominated by Mayor and appointed by the City Assembly. Deputy Mayor is also a member of the Council, while the Mayor is both its member and its President. The mandate of the members of the City Council is four years. A particularly important body of the City Council is the Economic Committee which develops initiatives related to economic development, considers strategies and monitors the implementation of local economic development plans and programmes.

⁷⁸ According to the Law on Local Self-government, city administrations are formed in cities, which enforce legal acts adopted by the city or national assembly, i.e. laws and other legal acts whose execution is entrusted to the city. It prepares drafts of decisions and other city legal acts and performs professional and other activities entrusted to it by the city assembly. The Decision on the organization of the city administration of the City of Niš stipulates that city administrations: prepare drafts of regulations and other acts adopted by the City Assembly and the Mayor, enforce regulations and other acts of the City Assembly and the Mayor, decide in the administrative procedure of the first degree about the rights and duties of citizens, companies, institutions and other organizations within the City's competence – supervise the enforcing of regulations and other general acts of the City Assembly, carry out inspections, execute laws and other regulations whose execution is entrusted to the city, perform professional and other activities determined by the City Assembly and the Mayor, perform other activities stipulated by law, City Statute and regulations.

⁷⁹ These are: Department of Citizen and General Affairs, Department of Finance, Local Self-government Revenues and Public Procurement, Department of Children's, Social and Primary Health Care, Department of Education, Culture, Youth and Sports, Department of Communal Affairs, Energy and Traffic, Department of Urban Planning and Construction, Department of Real Estate and Inspection, Department of Economy, Sustainable Development and Environmental Protection and Department of Agriculture and Rural Development, as well as Unit for City Assembly Affairs, Unit for Mayoral Affairs, Unit for City Council Affairs and Maintenance and ICT Unit.

interests of citizens, by carrying out a general control of the functioning of city departments and public services.

The citizens of Niš also have the right to manage their local community *directly* through *citizen initiative*, *citizen assembly* and *referendum*.

In the city of Niš there are *five municipalities* – Pantelej, Crveni Krst, Palilula, Medijana i Niška Banja – which consist of inhabited localities and which have existed since 2003. Other than in Niš, municipalities currently exist only in Belgrade, even though the previous Law on Local Self-government stipulated that every city *must* consist of municipalities. Since no elections for members of Municipal Assemblies were ever held in Kragujevac and Novi Sad, it can be said that the City of Niš has gone furthest in the local government decetralization process. However, Article 25 of the new Law on Local Self-government stipulates that the City Statute *can* provide for the establishment of two or more municipalities on the territory of the city, but does not stipulate that they must be established.⁸⁰

As for Niš municipalities, they differ greatly in terms of infrastructural quality, entrepreneurial capacities, social and economic conditions, development plans and the like.

2.7.2 Responsibilities of the City of Niš (City government as a public service)

The competences of the City of Niš, like of all other cities in Serbia, include the following:

- adopting development programmes and responsibility for economic development;
- adopting the budget and final statement;
- urban planning and construction;
- communal activities: maintaining roads, streets (including street lighting), squares and public transport; heating, water supply, sewerage, garbage collection and disposal;
- transport;
- culture and education;
- health care;
- social care as a whole, especially for children and youth;
- sports;
- tourism, including hotel and restaurant management, crafts and commerce;
- protection of natural resources and the environment;
- public information on issues of local importance;
- natural disaster contingency planning and management;

⁸⁰ According to the current Law on Local Self-government, municipalities are not local self-government units, which means that Niš municipalities do not have full economic and financial autonomy. 3.56% of the City budget is allocated for the direct functioning of Niš municipalities. However, one should also take into account substantial additional funds intended for the construction of communal, transport and other infrastructure which is realized on the territory of the municipalities and thus directly influences the quality of life of their citizens.

- legal aid.

The current Law on Self-government has brought about a certain transfer of competences in the fields of elementary education, primary health care and child and social care from the central to the local/city level. The competence of the municipality is determined by the City by its Statute and whatever the city entrusts to the municipality becomes municipal responsibility. In addition to the implementation of city assembly decisions and general acts, municipal responsibilities primarily include administration work (issuing of different excerpts, certificates, licenses, etc.), as well as other work related to everyday urban life.⁸¹

The city government of Niš has several instruments by which it affects the quality of life of all its citizens. Within the city administration, it is primarily the *registry office* (that issues various certificates, certifies documents, birth certificates, etc) that has direct contact with the citizens. This office is only partially computerized and still does not meet the criteria of *e-government* I-level, since there is no possibility of accessing the office via Internet or obtaining any document that way.

The city government also possesses a media company named *Niška televizija* (NTV), whose primary task is to inform the citizens about relevant events in the City of Niš and wider region. Many citizens of Niš and the surrounding area would like to see NTV grow into a regional public service broadcaster in the future.⁸² This media company is partly financed by the city and partly through marketing (advertisements). NTV has good ratings – especially its news programme that is almost completely oriented to hot city topics.

Another instrument that has a direct effect on the citizens' standard of living are *public enterprises* that perform activities of general interest and provide various communal services.⁸³ The founder of these companies is the City of Niš. According to the surveys, the functioning of public enterprises can be considered satisfactory from the viewpoint of the services provided to the citizens.

⁸¹ In addition to adopting their own Statute, budget and final statement, **Municipalities** also implement their own development projects and improve the general economic framework in the municipality, comment on spatial and urban plans, monitor the functioning of communal services, participate in organizing protection from natural disasters, provide the use of business premises, protect and improve the environment, organize relevant cultural and sporting events, propose measures concerning the external appearance of residential buildings and business premises, green areas, children's playgrounds, street lighting and traffic signs, provide legal aid to citizens, regulate the organization and operation of peace councils, stimulate the development of amateur cultural societies and different forms of solidarity with disabled and disadvantaged citizens, etc.

⁸² This is witnessed by the 33,000 signatures on a petition from December 2007 by which the citizens of Niš asked that this media company be transformed into a regional public service broadcaster. The petitioners were asking for the creation of legal possibilities for local self-governments, i.e. cities, to be the founders of regional public service broadcasters or to be integrated into the National Public Service Broadcaster – RTS.

⁸³ Public enterprises in the City of Niš include: PC for heating "Gradska toplana", PC for communal services "Mediana", PC for water supply "Naissus", PC "Parking Service", PC "Market", PC "Airport", PC City Housing Agency, PC Directorate for Construction of the City of Niš, PC for housing services "Nišstan", PC "Common payment", TV "Niška televizija", PC "Tourist Organization of Niš", PC "Nišfilm" and PC "Urban Planning Institute".

2.7.3 *Cross-sector relations and efficiency of local authority*

With the help of new legal acts, through the process of adjusting to the standards of local administration in EU countries and with the help of donors (programmatic aid, training courses, material-technical support), the City of Niš has generally accepted the basic principles of modern local administration that imply an efficient, available and accountable local self-government. A good example of that in Niš is the opening of the so-called "City Service Centre" in June 2003, with 18 separate counters where citizens can quickly and efficiently obtain information, licenses, documents and certificates from several different units of the city administration.

It is estimated that there are around 200 different citizens' associations with several thousand members working in Niš. There are also ten offices of various international governmental or non-governmental organizations that play a significant role in the creation of the development of the City of Niš. Available resources also include all relevant political parties with more than 10,000 members. What is also important is the good media support of the City, represented by numerous local radio and TV stations that make the work of the local government bodies more transparent and ensure that the citizens are well informed.

An analysis of the local strategic documents of the City of Niš, as well as an insight into ongoing projects in the field, shows that the economic aspect of development is prevalent in them, which is an indication of the general interest in the overall increase of the standard of living. The international cooperation between the City of Niš and other local government units from abroad has improved, while a number of municipalities are realizing projects with the help of particular countries and international institutions. However, there is a disproportion between the number of local projects (over fifty) and the number of strategic documents (which are only a few). There are several possible explanations for that. The first one is that funding is provided more easily for smaller projects; the second one is that many international institutions most often finance projects on the level of the local community; finally, the third one assumes that there is insufficient interest of local bodies in long-lasting (strategic) projects, whose results are less visible in the short run. As for the projects themselves, they have different levels and territorial amplitudes – some of them produce smaller effects, while others are very complicated and have clear developmental character.⁸⁴

Past experience shows that local governmental bodies cooperate with each other only to the extent which is necessary for the formal-legal functioning of local government. Insufficient cooperation and sharing of information between different institutions causes a mixing of competences, overlapping of projects and favouring of certain (target) social groups. That is why participation in decision-making and promotion of partnerships between all social actors in the formulation, implementation and management

⁸⁴ *A Contribution to the Integrated Local Development Planning Process in Niš, UN-HABITAT, research, 2006.*

of local processes and initiatives are essentially important for the future development of the City of Niš. Good administrative covering of different sectors corresponds to the idea of the decentralization of governance and responsibility, but it also requires intersectoral cooperation, a synchronized approach to problems, data transparency and an efficient system of information sharing. Basically, one could say that the current major problems of the local community in Niš are an unsynchronized administration, unstable political consensus on basic developmental directions, insufficient participation of the public in decision-making processes, and generally poor interest of citizens in decisions made at local level.

Depending on their work plans most departments are focused only on one of the possible goals/areas which are treated as integral parts of local development. Few departments have competencies and are engaged on several projects which, by their characteristics, cover different fields of local development. This is especially noticeable in the case of institutions that belong to different sectors. Links between institutions from the same sector are better, since the exchange of information within the sectors is more developed due to the common goals of their work.

In order to achieve the necessary unity and coordination between activities of different sectors and departments, it is first and foremost necessary to work on harmonizing individual *development documents* adopted by the highest city authorities – the City Assembly and the City Council.⁸⁵ The documents in question (action plans including financing sources) are prepared by City departments, public companies and institutions. Often they are not synchronized with each other or internally coherent in terms of establishing the scope and principle of classification, that is, project priorities for relevant development goals. Uncoordinated programmes and plans, which at times resemble mere “wish lists”, seriously hinder attempts at proposing, creating and prioritizing potential projects that could result from them. This fact leads to the conclusion that work must also be done on unifying potential projects in general terms, as well as on providing the necessary funding for them. This would be made possible by an appropriate *Operational Programme* which would cover a certain period of time and make it easier for the local government to programme and budget both its own and potential “external” resources.

Some positive examples of cooperation in the process of project preparation and realization indicate that departments can find some common interests in their fields of work when participating in the same project. Quality cooperation realized with adequate departments resulted in the initiation of several projects that directly support some of the areas of local development. In many cases this kind of projects were financed by international institutions which had set the improvement of the self-government in Serbia as one of the objectives in their programme frameworks. However, there is a small number of institutions in Niš which have established official relationships with domestic and foreign partners, based on long-term plans of cooperation.

⁸⁵ To name only a few of the most important documents: the City Budget, City Development Programme, Construction Land Design Policy, Programme for the Management of Communal Infrastructure of Construction Land of Urban and Rural Areas, Programmes of City Public Companies and Institutions, etc.

Chapter 3 - Challenges and opportunities

3.1 SWOT analysis

The SWOT analysis is a logic procedure - taken from business economy – which can provide a synthetic and exhaustive description of the main territorial characteristics/drivers. The SWOT analysis identifies the following factors:¹

A **STRENGTH** is a resource or capacity that the area can take advantage of to improve its territorial system and competitiveness

WEAKNESS is a limitation, fault or defect that will keep the area from improving the territorial system

OPPORTUNITY is a favourable situation in the area (city/region)

THREAT is an unfavourable situation in the area (city/region) that may potentially jeopardise the strategy

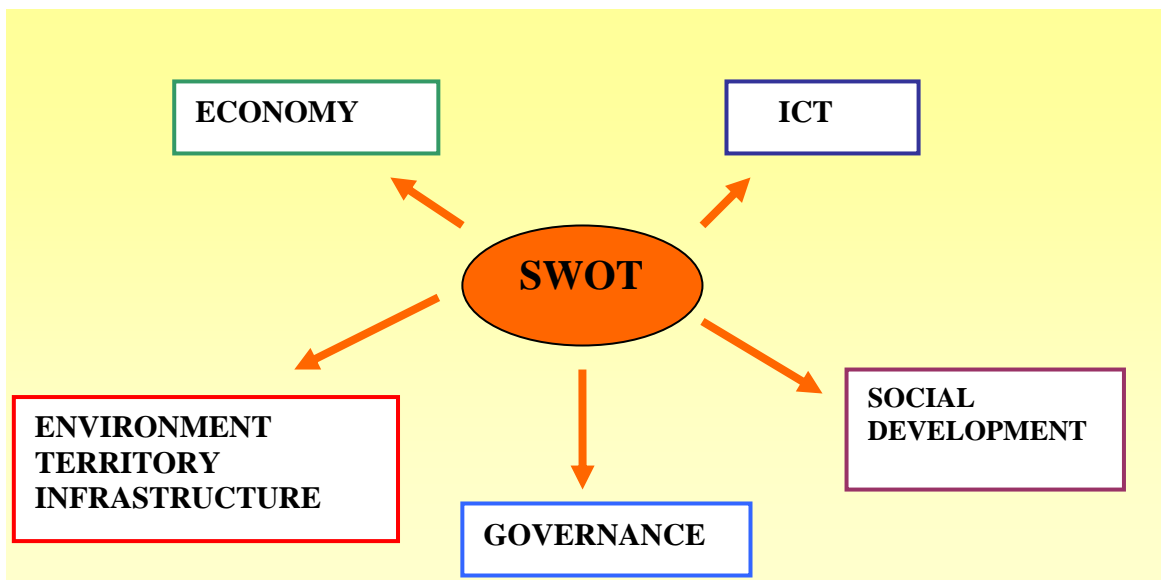
INTERNAL FACTORS	Strengths	Weaknesses
	Opportunities	Threats
EXTERNAL FACTORS		

The SWOT analysis was carried out at sessions which saw the participation of representatives of local working groups and teams. The following areas have been particularly addressed by the analysis: i) economy, ii) environment/territory, infrastructure and iii) social development, which are considered the “three pillars” of sustainability of the strategy. Another two areas, namely iv) information and communication technologies and v) the area of governance, were included in the analysis as they were deemed extremely important. The importance of governance is reflected in the fact that it provides the conditions for the management of the development of a *space* – i.e. what we call “*territory*”, by building physical, spatial and non-physical relationships, in the precise knowledge of the institutional relationships in the administrative processes, etc. In order to improve the governance of a local community, it is necessary to:

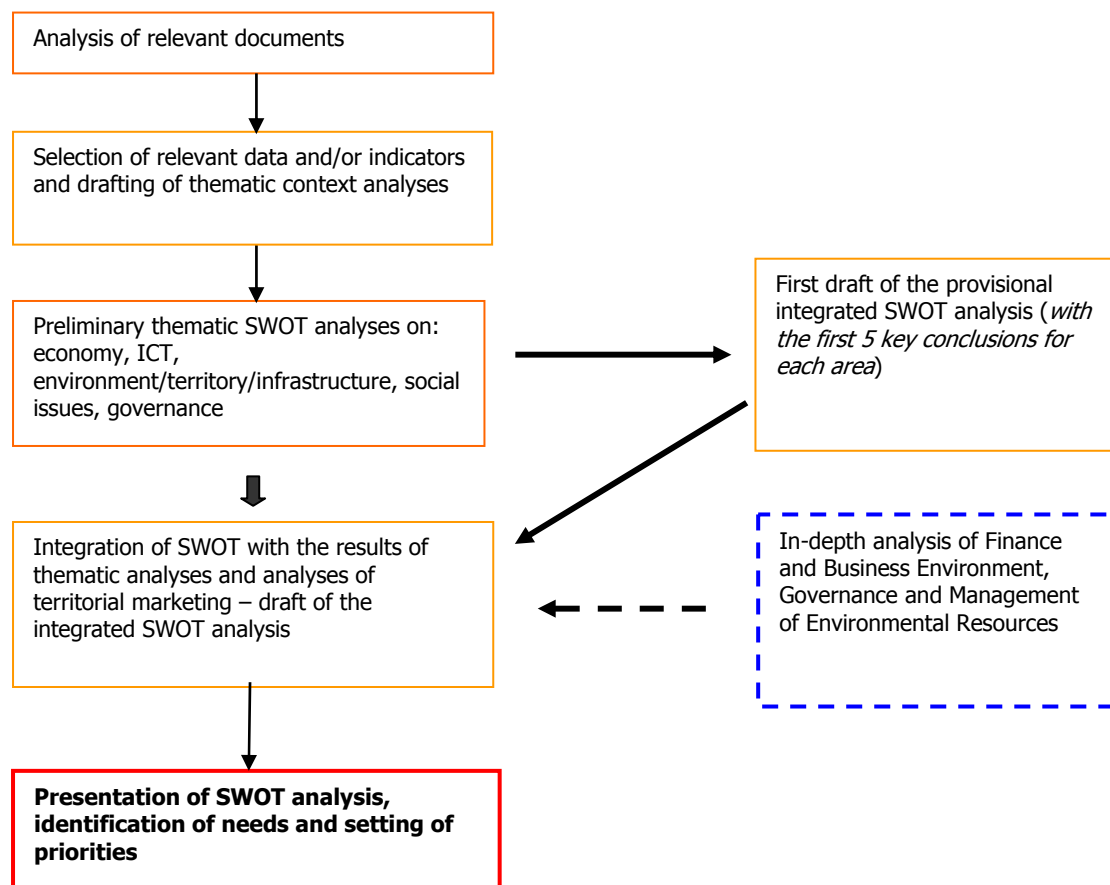
- identify problems that impede successful development management;

¹ “Internal factor” (in this case we are referring to a territorial system) means any factor – positive or negative – whose modification is “under the control” of the project/programme manager, that is, whose evolution he can influence by realising specific actions. On the contrary, “external factor” is any factor – positive or negative – that can strongly influence the dynamics of the territorial system, although it is not under the control of the project/programme manager.

- define adequate solutions from the technical, organisational or financial points of view.



The following scheme shows the main steps that are performed to get to the final version of the SWOT analysis, which is the basis for defining priority needs.



3.2 SWOT analysis of the territorial system of Niš

3.2.1 Economy

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> • Excellent geostrategic position and hub for air, road and rail traffic, energy and infrastructures. • Presence of natural and cultural resources (mountainous area, thermal waters, fortresses, archaeological sites, Niš Spa, Cerjanka Cave and Sićevo and Jelašnica canyons) relevant for the development of tourism. • Tradition in manufacturing and/or crafts. • Availability of low-costs and well-educated labour force. • Low corporate tax rates. • Major university centre, large number of university educated professionals of different profiles. • Constantine the Great international airport. 	<ul style="list-style-type: none"> • Corridors X and IV and the airport allow the development of logistic centres for goods, services and transportation. • Development of entrepreneurial skills thanks to the activity of municipal Entrepreneurship Development Centres, the Chamber of Commerce, the Regional Agency for SMEs and the Faculty of Economy. • Development of clusters of SMEs and incubator and innovation centres. • Presence of favourable entrepreneurial environment (Chamber of Commerce and other organisations). • Wide range of credit lines for companies with lower interest rates offered by certain funds of the Republic of Serbia and by commercial banks subsidized by the Government of the Republic of Serbia • International agreements (EU, CEFTA, Russia). • Development of natural and cultural resources for tourist purposes. • Possibility to develop free economic zones, industrial and technological parks and (integrated) logistic centres/pools. • Locations for Brownfield investments. • Possibility of using contacts from the past, old business partners, as potential investors. • Improvement of cooperation and institutional support to the local business community. • Promotion of fast consuming goods industry through well developed media. • Macroeconomic stability.
WEAKNESSES	THREATS
<ul style="list-style-type: none"> • Insufficient number and area of industrial zones equipped with communal infrastructure to attract Greenfield investments. • Low rate of competitiveness of the local economic system. • Obsolescence of industrial equipments. • Predominant role of commerce and branches of processing industry with low value added. • Low presence of advanced services sector. • Small size of farms. • Lack of skills and information services for entrepreneurship. 	<ul style="list-style-type: none"> • Non-existence of ecological awareness and education. • Uncompleted privatisation of large socially-owned companies. • Centralisation of the institutional system. • Unfavourable sectoral structure of the economy. • Global economic crisis.

<ul style="list-style-type: none"> • Low use of existing capacities (especially in industry). • Weak connections between the economy and the University. • Insufficient cooperation between the local business community and local self-government. • Absence of free zones with special tax, financial and other incentives for foreign investors. 	
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3.2.2 Information and communication technology

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> • Huge academic knowledge recognised at EU level, mainly in software industry, planning and software testing. • Active partnership between Niš faculties and centres of excellence in the EU. 	<ul style="list-style-type: none"> • Existence of legislation framework: <ul style="list-style-type: none"> • ICT Cluster Formation • Strategy for Information Society Development of the Republic of Serbia 2006; • Strategy for Telecommunication Development of the Republic of Serbia 2004; • National Employment Strategy 2005; • Electronic Signature Law 2006; • Information System Law 1996. • Presence of a high number of young educated people. • Existence of a high number of European development programmes. • Growing IT market, particularly the software industry.
WEAKNESSES	THREATS
<ul style="list-style-type: none"> • Lack of cooperation between SMEs and University. • Low level of ICT literacy of citizens. • Lack of local documents in regard to: <ul style="list-style-type: none"> • strategy for information society development of Niš; • strategy for telecommunication development in Niš; • cooperation between University and industry; • excellence centres in Niš. ▪ Poor knowledge of European framework programmes (i.e. FPs). 	<ul style="list-style-type: none"> • Traditional way of thinking and fear of changes. • Lack of lifelong education necessary for professional advancement.

3.2.3 Environment / Territory / Infrastructure

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> • Niš is the functional macro-regional centre of Serbia with an excellent geostrategic position. • Presence of fertile agricultural land in the valleys of Nišava and Južna Morava, orchards and vineyards in the south-east part of the hilly territory. • Presence of good traffic infrastructure (airport, railway and roads) as well as energy network. • Good coverage of urban areas with water supply and telephone network. • Access to clean water and mineral water 	<ul style="list-style-type: none"> • Availability of EU funds to support the development of transportation and logistic infrastructure (i.e. IPA, EU funds). • Military complexes to be converted for new spatial functions and purposes. • Improving environmental and urban quality by moving the railroad to the north. • Niš as the centre for regional gas distribution, construction of a gas pipeline and an oil products pipeline. • Reintroduction of trams in Niš. • Increasing level of consumer demand for high-quality foodstuffs. • Availability of thermal water.
WEAKNESSES	THREATS
<ul style="list-style-type: none"> • Inadequate public communal infrastructure in rural areas (water supply and telephone coverage). • Informal construction of buildings around urban areas not included in the appropriate urban plan. • Lack of solution of traffic and parking places in the city. • Endangered environment and lack of an advanced system of waste management, including the municipal sanitary landfill. • Lack of central installation for purification of wastewater. • Low awareness concerning wild dumps. 	<ul style="list-style-type: none"> • Further environmental degradation (soil and water). • Incomplete legislative procedures on regional competence concerning planning. • Lack of different levels of decentralisation and lack of definition of local authorities' competences influence spatial development issues. • Inadequate regulations on land ownership limit the management of real estate. • Ongoing electrification of the railroad Niš-Sofia may prevent its dislocation outside the City of Niš. • Uncontrollable transformation of military bases for different purposes.

3.2.4 Social development

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> • Developed network of institutions, professionals and competences in health and social care sectors. • Existence of developed cultural and educational institutions and a large number of cultural events. • Growing influential and skilful civil sector, which is active in resolving social issues. 	<ul style="list-style-type: none"> • Existence of national strategies (for poverty reduction, social care, etc.) and the status of the Niš Regional Medical Centre. • Privatisation in the educational domain. • Rise of the number of independent cultural institutions and foreign cultural centres. • Transfer of social care competences from the national to the local level.
WEAKNESSES	THREATS
<ul style="list-style-type: none"> • Depopulation process in the Niš region. • High and spatially unbalanced rate of unemployment (approx. 40% in Niš), including skilled young people. • Social care does not reach all citizens; absence of reliable alternatives. • Traditional approach of the education system; • Financing and support of cultural issues are focused on institutions instead of being focused on programmes and projects. • Absence of a defined local strategy for social policies. 	<ul style="list-style-type: none"> • Ageing of local population and growing risk of poverty. • A high level of dependence on foreign funding of civil sector organisations, which still do not occupy a strong position in the local community. • Inadequate strategy in cultural policy. • Risk of social segregation (specific example are the Roma in local schools). • Brain drain to more developed regions in the country and abroad.

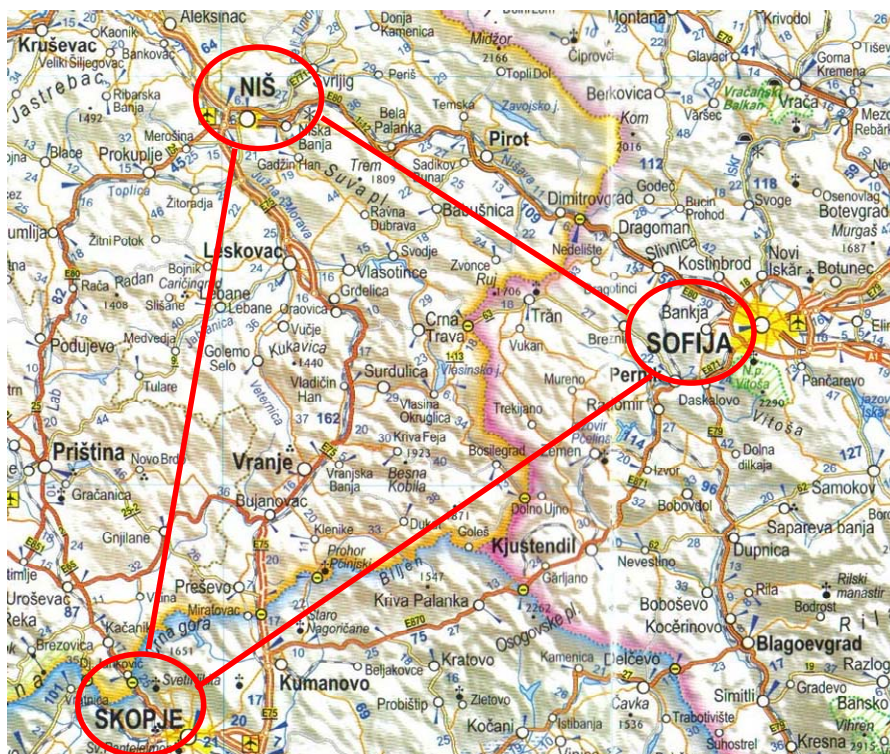
3.2.5 Governance

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> • Political consensus about the need for modernisation of governance according to EU standards. • Acceptable level of cooperation between central authority, district bodies and municipalities of the City of Niš (especially in primary and secondary education and social care). • Already developed network of cooperation with other municipalities through the "Standing Conference of Cities and Municipalities in Serbia" and the "Association of Cities and Municipalities Euroregion-Serbia". • Presence of a large number of projects dealing with unemployment and improvement of standards of living, with positive effects on social development and political stability. • Presence of a large number of NGOs (61). • Good local media presence and coverage of the activities of City bodies. • Increase of the capacity to meet citizens' needs through the Project City Service Centre. 	<ul style="list-style-type: none"> • Decentralisation. • The already existing strategy for regional development and the establishing of an open dialogue between the City of Niš and other local governments in Serbia. • Application of a strategy to reform public administration favouring efficiency, horizontal integration among sectors and cooperation among local actors. • International assistance for rationalising and improving the efficiency of the operation of local administration. • Participation of local government representatives in international conferences, fairs, projects, etc. (such as Euroregions and cross-border cooperation). • Reforming the public and local administration process with international assistance and through programmes of relevant national institutions.
WEAKNESSES	THREATS
<ul style="list-style-type: none"> • Lack of developed mechanisms of collective work in the application of local strategic development documents. • Lack of horizontal coordination among sectors. • Lack of an integrated database for territorial management. • Insufficient trust in joint work. 	<ul style="list-style-type: none"> • Insufficient harmonization between national and local regulations concerning the status of the local self-government. • High costs of administration. • Lack of integration of elements from the national and local strategy for poverty reduction into the City's development strategy. • Domination of political parties' interests over common interests. • High level of corruption.

From the point of view of needs and strategy definition, it is the *Opportunities* of the City of Niš, which demonstrate the City's development capacity and the position of Niš in relation to its regional, national and international environment, that are particularly significant. This aspect can also make a difference in the process of defining and identifying those local resources (including geographic position) that will trigger future local development.

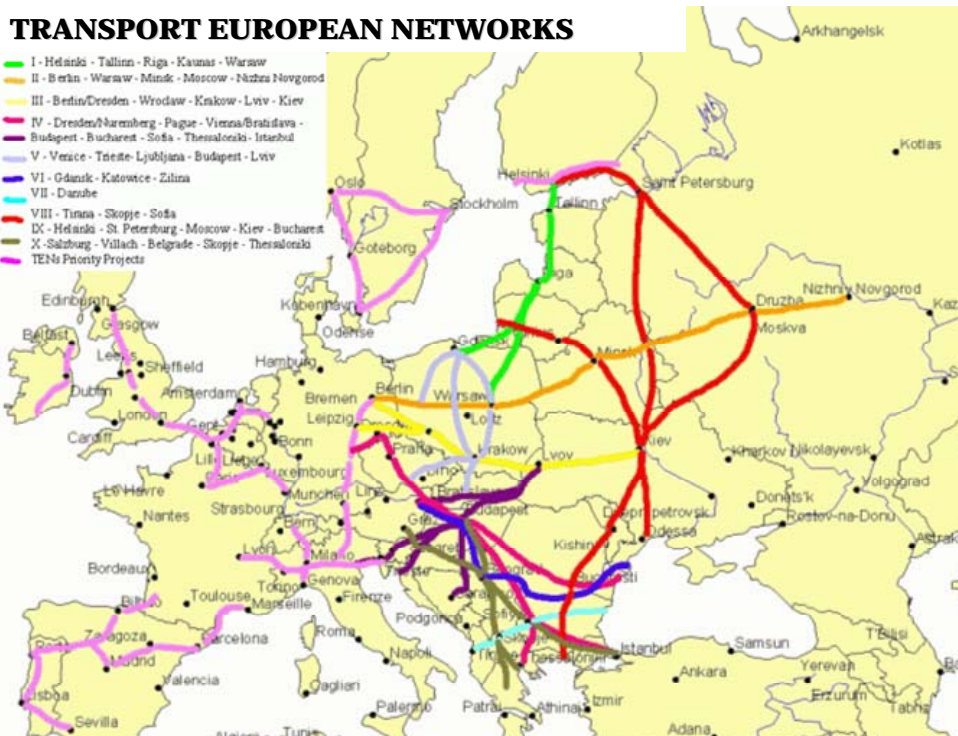
Below are several examples:

- a. the excellent geostrategic position of Niš within the Balkan region and its excellent position concerning infrastructures and energy;



REGION “EUROBALKAN” NIŠ – SOFIJA - SKOPLJE

- b. the position at the crossroads and in proximity of different European traffic corridors;



c. the opportunity to develop the sector of logistics, owing to the proximity of EU corridors IV and X.²

Niš and Pan-European Transport Corridors: Railway Corridors

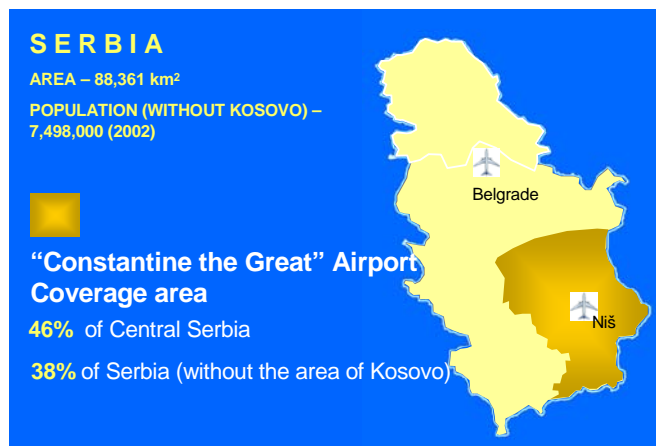


Niš and Pan-European Transport Corridors: Road Corridors



² Romania and Bulgaria have already become EU Member States (in 2007).

Map of airports in Serbia with the gravitational area of Niš airport



SWOT analysis was also used for the identification of the strengths and opportunities to elaborate the concept of “the future Niš”, based on its geographical location that has already been a key factor in its development in the past decades. SWOT analysis has also pointed out the need to improve the institutional aspect, which should ensure the setting for developing Niš within the framework of European midsize towns and cities.

3.3 Needs identification

After comprehensive discussions during the preparation of the City of Niš Development Strategy about the main results of the SWOT analysis, a list of needs has been identified and ranked, according to the priorities of realization. The table below shows the results of the ranking by the participants.³

No.	NEEDS	POINTS
1.	Investments for development (infrastructure, employment)	(18+6)
2.	Local self-government system reform: citizen and economy services (support to SMEs, farms, services tailored to the citizens' needs), regional centre, liaising science and economy through the establishment of centres of excellence, that is, the Institute of Technical Sciences	(10+6)
3.	Need for complementarity concerning the City Spatial and General Plan and the City Development Strategy; investments in information society, databases and introduction of GIS	(10+6)
4.	Development of institutional capacities (administration, public companies, SMEs, information system, social protection, fight against poverty)	(10+3)
5.	Development of the cultural and tourist identity of the City (infrastructure, events); marketing	11
6.	Development of a centre for goods and transport (duty free zones, cargo centre, fair events, commodity exchange)	10
7.	Environmental protection (waste, water, villages, gas, energy, traffic)	(9+1)
8.	Healthier environment	(8+2)
9.	More efficient and effective city administration (integrated)	(5+4)
10.	Homogenous city development in terms of accelerated development of rural areas (infrastructure, economy...)	8

³ The draft of relevant needs was prepared based on a careful examination of the results of the SWOT analysis shown in the previous chapter, including territorial marketing results. The process took place as follows: Representatives of different relevant institutions and organizations from Niš, as well as previously identified stakeholders, participated in the working groups. The participants were divided into 4 working groups according to the criterion of random selection. Each group was given the task of identifying 5 needs. The needs were identified on the basis of the SWOT analysis, but, in order to avoid a closed model of the analysis, each group was given the possibility of identifying one need (out of 5) outside these results, as long as it was supported by objective facts. After that, each working group, with the support of facilitators, ranked the needs through a discussion. The results were presented to the other groups, while the next step was to vote in order to select the first eight needs. The systematization of the needs was carried out with the aim of avoiding duplication, redundancy (which is inoperative) and ensuring the understanding of each identified need. This exercise explains the third column in the table below. The final output was a list of ranked needs.

The need for investments in industrial areas and infrastructures, with the aim of increasing employment and income, is a priority. Furthermore, there is emphasis on the fact that economic development needs to take into account a healthy environment, that is, its protection. The following needs refer to the modernization of public administration, which should:

- become able to provide services in accordance with the citizens' needs;
- promote stronger networking between the needs of enterprises and the technical and scientific institutions;
- overcome the sectoral approach in planning, by connecting different areas towards common development goals;
- provide the development of the capacity of the public administration for an advanced management of information, which is considered key for development.

Almost all the needs are directly related to the improvement of social and economic development in a more effective way (fighting poverty, social care, addressing SMEs' needs, providing public services, etc.).

When implementing the measures, special attentions will be paid to the manner of implementation and the contents that give priority to equal opportunities for men and women, local systems for the development of employment and possibilities of the information society.

In order to successfully incorporate the principle of equal opportunities into the detailed content of the measures and the manner of implementing the strategy, measures developed within the concept of gender equality will be applied. In addition to activities that are intended strictly for the female population and the promotion of the participation of women in the labour market, the orientation towards realizing equal opportunities is also characterized by the transversality (maximum diffusion) of this topic in all the strategies of operation. That means that activities aimed at the development of a specific culture that implies equal opportunities are envisaged within each field of policies.

In order to satisfy the needs of the young, the policies of labour markets must be oriented towards providing access to new opportunities for career development and to innovative professional advancement. Such an approach improves employment opportunities of young people and can even motivate them to start their own businesses.

Finally, the necessity to define development policies (measures) by coordinating existing and future strategic documents in the City of Niš is emphasized as one of the priority needs.

Chapter 4 – The City of Niš development strategies

4.1 The local context

The information included in the context analysis as well as the results of the meetings and workshops held with local stakeholders also show the negative aspects that characterize the situation of the local system of Niš. These are:

- general weakness of the economic context;
- disadvantaged social conditions;
- backlog of the infrastructure system.

At the same time, specific potentials – environmental, cultural and location-wise – become evident, since they allow the opportunity to design development policies and the possibility of improving performance in different fields.

This implies that the general vision, as well as the subsequent strategies, should adopt a 10-year perspective, in order to create a city with a high-quality environment – spatial, physical, social, economic, infrastructural and institutional structure. Integrated development defined in such a manner should promote Niš as the future centre of development at regional, national and international levels (especially in relation to countries in the region). In this framework, the quality of life achieved in Niš as a result of the Strategy implementation should become comparable with the more developed middle-sized European towns and cities, as well as with developed regions, bearing in mind the importance of Niš as the centre of the south region of Serbia.

Following this perspective, the vision and strategies need to point out the critical aspects of the local context, thus creating the possibility of their improvement through a series of planned actions.

4.2 A Vision for the “future Niš”

A crossroads and a meeting point for people, ideas, culture and traditions; a leading city in the region in economy, university, sport and tourism; a centre of sustainable development where high quality of life for is achieved all citizens.

This vision emerged as the answer to the question “How do you image the future of Niš?” during the creative workshop which saw the participation of stakeholders and representatives of the citizens and the local authorities of Niš.

In order to communicate this message to the public, the participants chose the following logo for the City of Niš⁴:

No limits for this (Boundless)

Infinite fountain of (Resource of)

Solid perspectives (Chances)

4.3 Four strategies for the “future Niš”

The four strategies detailed below can be considered of the utmost importance for triggering relevant development mechanisms in the City of Niš.

4.3.1 Strategy I: Territorial development oriented to environmental sustainability

Goal of strategy I: Transform the City of Niš into the urban regional centre with high environmental quality, communal services and transport links in accordance with advanced development policies and best practices of the developed European towns and cities.

Key words for strategy I:

- protection of the natural and cultural heritage;
- sustainable energy production and conservation;
- bio-ecological architecture and high-quality housing;
- public transport and pedestrian zones;
- geographical position enhancement;
- material and non-material networks implementation (ICTs, solid waste and wastewater management networks, intermodal networks optimizations);
- urban planning based on the soil-saving concept;
- sustainable urban-rural relation governance.

⁴ See Annex 5 for a more detailed explanation of the vision and the slogan, as well as the messages from the Student Parliament.

4.3.2 Strategy II: Establish a safe and reliable environment for investments conducive to sustainable economic development

Goal of strategy II: Create conditions for adequate workforce formation, the opening up of financial opportunities for the development of entrepreneurship, logistics, attracting of investments, industrial relocations, the improving of relationships, the increasing of the activity of the local business community, and the creation of new enterprises in high added-value economic sectors.

Key words for strategy II:

- Policies (measures) for investments attraction and industrial relocations (tax and financial incentives, administrative efficiency, services to enterprises, One stop shop, Development Agency/Development Unit)
- Proactive approach to attracting foreign direct investment by reestablishing contacts with former business partners of giants such as EI, MIN, etc. and by using existing contacts of the local business community with suppliers and buyers from the country and abroad
- Policies for supporting entrepreneurship in the tertiary sector
- Policies to improve workforce quality (professional advancement, training and education, university masters, lifelong learning, career development centres)
- Policies for fostering better connections between companies and the University (centres of excellence, technological parks, scientific and technological incubators and clusters)
- Improving relationships with the local business community and creating conditions for maintaining and expanding its existing business activities
- Policies for creating material and non-material infrastructures (industrial zones, BICs and incubators, science and technology parks, industrial parks, free zones, logistic platforms)
- Policies for solving unemployment problems (development plans for bridging the gap between the needs of the economy and the existing educational profiles, centres for professional orientation, credit programmes for SMEs, start-up loan programmes)
- Urban marketing policies (Urban Info Point, spreading the culture and practice of strategic planning; territorial marketing oriented towards external subjects with the aim of spreading the new image of the "future Niš")

4.3.3 Strategy III: Balanced and comprehensive improvement of the quality of life in the City of Niš

Goal of strategy III: Create an encouraging and safe social environment in which all citizens will be able to express and fulfil their needs for belonging and identity, socialization and personal growth.

Key words for strategy III:

- Safety (decrease of risks and alleviation of consequences of exposure to risks to life and health, property, social safety and housing)
- Possibility for personal and social development (through education, culture and sport)
- A rich, eventful and high-quality social life
- Inclusion of all the citizens of Niš in the life of the City

4.3.4 Strategy IV: Improvement of the institutional setting and the governance processes

Goal of strategy IV: Implement institutional reforms aimed at increasing the capacities and the efficiency of the community decision-making processes, following principles of subsidiarity on the territory of the City.

Key words for strategy IV:

- Reform of public administration (with the support of appropriate national regulations which are the basis for the functioning of the local self-government and the adoption of City regulations)
- Adoption of an organized approach to project activities of the City and the municipalities by forming/identifying a Project Management Unit at the level of the City of Niš and Project Implementation Units within City public companies and institutions and the municipalities
- Establishment of better coordination procedures among municipalities
- Mediation between institutional partners and stakeholders
- Establishment of a special local self-government unit for the strategic development planning of the City of Niš
- Adoption of the European Chart of Human Rights in towns
- Ombudsman

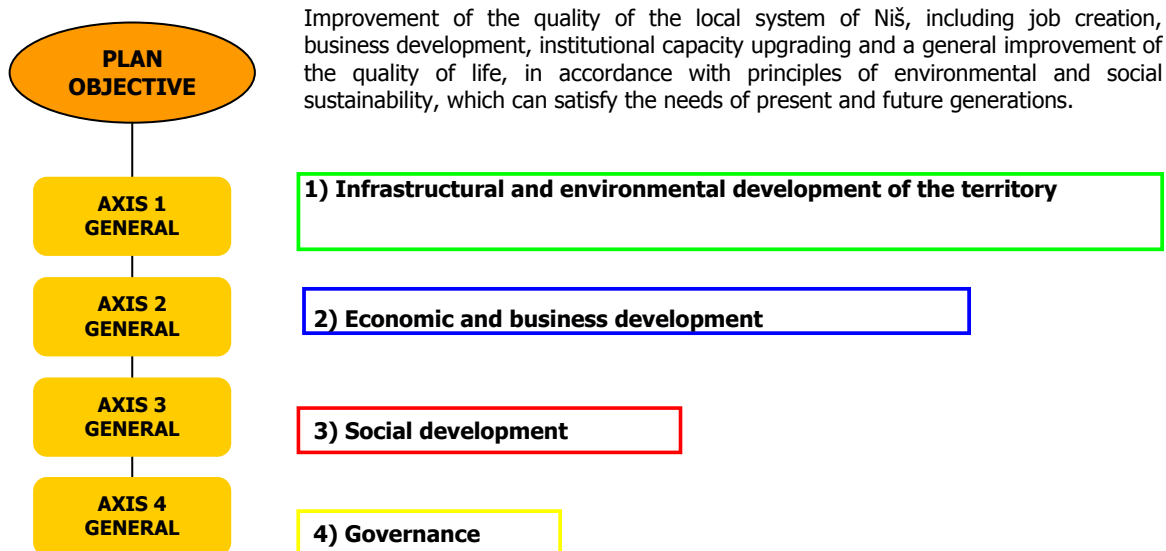
4.4 From strategies to actions

4.4.1 The Plan objective tree

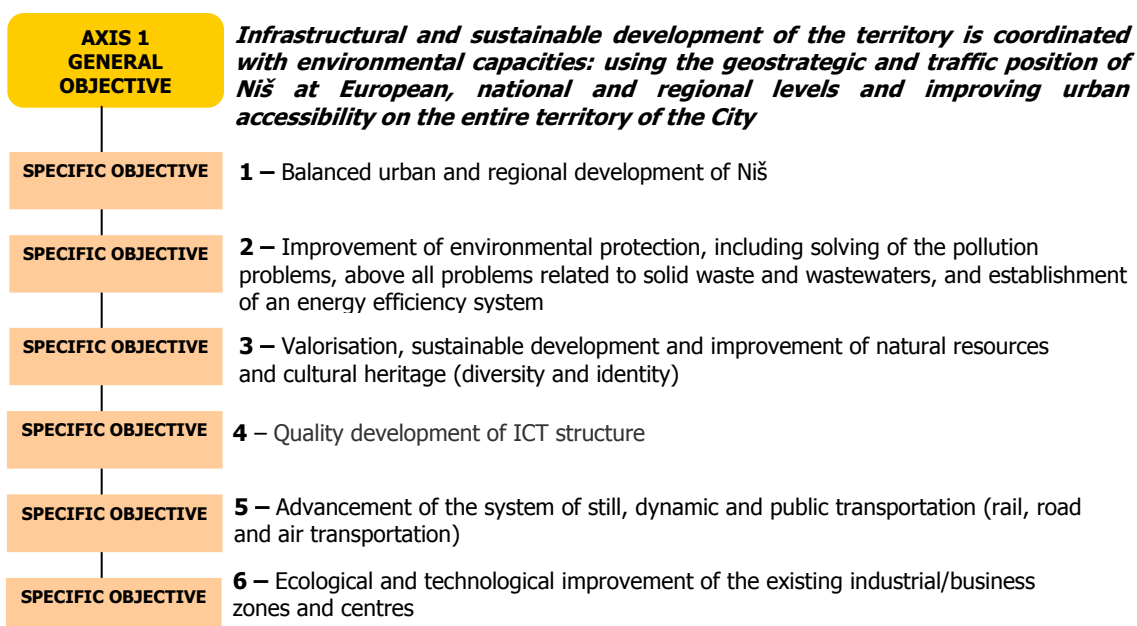
The identified strategies have been translated into concrete and operational actions, that is, into what is to become the "manual for implementation" or a kind of toolkit for the people who will be in charge of the implementation of the City of Niš Development Strategic Plan.

The following schemes represent the structure of the Strategic Plan, where each of the identified strategies corresponds to an operational Axis, characterized by general and specific objectives, as well as

by concrete actions/programmes/projects that are supposed to be realised during the Strategic Plan implementation time frame.

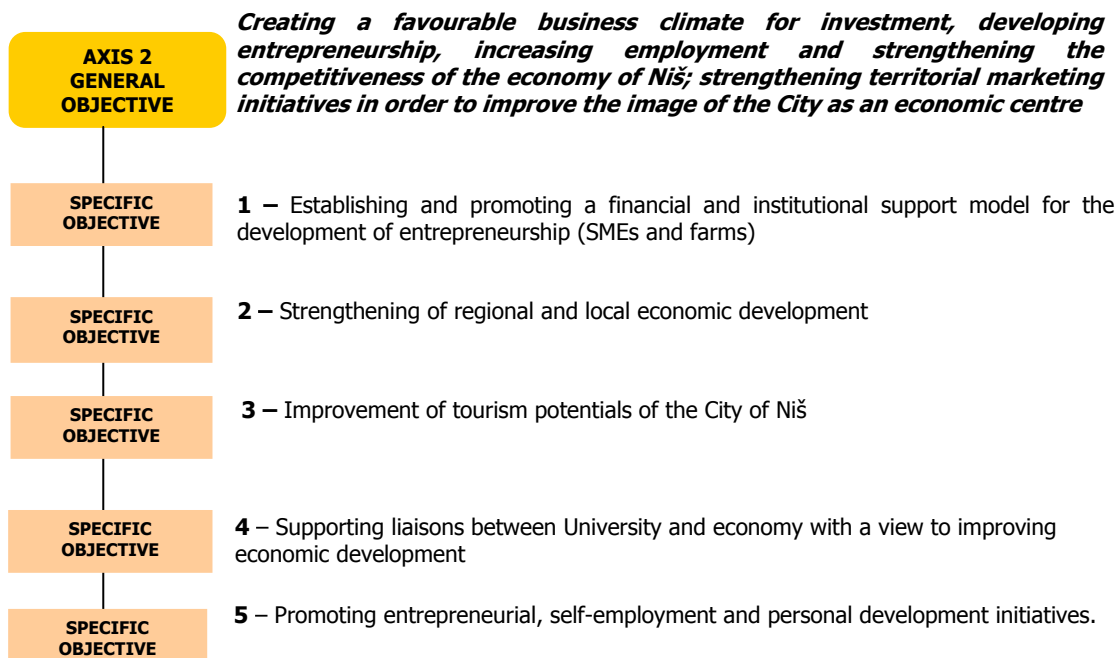


4.4.2 *AXIS 1: Territory, infrastructure and environment*



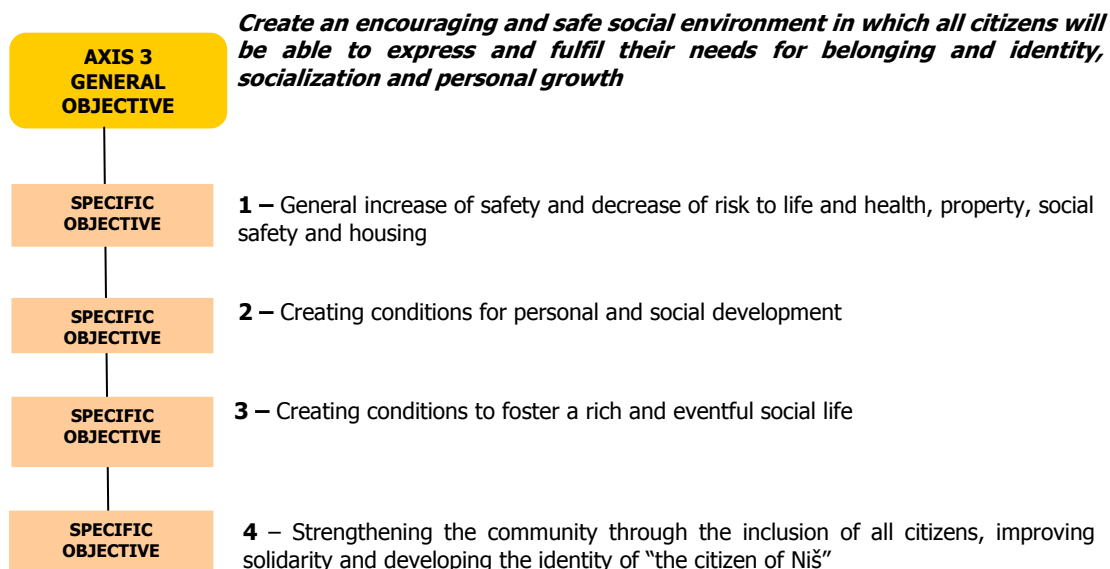
OBJECTIVES		ACTION LINES
AXIS 1	N.	AXIS 1: TERRITORY / INFRASTRUCTURE / ENVIRONMENT
Spec. Obj. 1	1.1	Coordination of urban and regional development strategies accompanied by the integration of local potentials and the development of an integrated approach to urban development and renewal, which includes the spatial-physical, economic and social dimensions
	1.2	Formulation of City of Niš Spatial Plan and a new Niš General Plan and formulating plans to cover the whole territory
	1.3	Promotion of spatial decentralization of the City/municipalities by establishing urban centres in rural areas and upgrading the quality of life in rural areas with the aim of slowing down negative demographic processes
	1.4	Support to providing spatial and technical conditions for the development of the University of Niš
Spec. Obj. 2	2.1	Establishment and development of a sustainable system for integral solid waste management, reconstruction of the City landfill and creation of a regional landfill
	2.2	Provision of the necessary quantity of good-quality drinking water – development of an integrated water supply system for the urban and rural areas
	2.3	Establishment and development of the system for conduction, collection and treatment-processing of wastewater
	2.4	Development of integrated and complementary gas distribution and heating system on the whole territory of the City of Niš, including a gas power plant and the construction of a gas pipeline and an oil products pipeline
	2.5	Extension and development of public green and recreational areas, natural and cultural resources as part of the Tourism Development Programme based on natural, cultural and accommodation capacities of the City and equipping open spaces for recreation
	2.6	Application of measures for achieving “energy efficiency”
Spec. Obj. 3	3.1	Mapping, zoning and signposting of natural and cultural resources on the territory of the City
	3.2	Development of programmes for the exploitation and presentation of natural resources
	3.3	Promotion and physical improvement of archaeological and cultural heritage as part of marking the 1700 th anniversary of the Edict of Milan
Spec. Obj. 4	4.1	Improvement of basic communication infrastructure and increase of information exchange speed
	4.2	Development and implementation of the model of excellence for ICT and implementation of ICT in all sectors
	4.3	Development of GIS technologies
Spec. Obj. 5	5.1	Dislocation of Niš - Sofia railway tracks into the northern corridor of the highway and solving of the problem of the railway junction
	5.2	Construction of the inner and outer highway ring roads around the City
	5.3	Strengthening the capacity and technical development of the airport
	5.4	Upgrading the public transportation system (trams or trolleybuses) and the system of parking lots and garages
Spec. Obj. 6	6.1	Development of new working zones and establishment of the monitoring system of industrial zones
	6.2	Provision of gas in industrial zones and communal and energy capacities

4.4.3 AXIS 2: Economic and business development



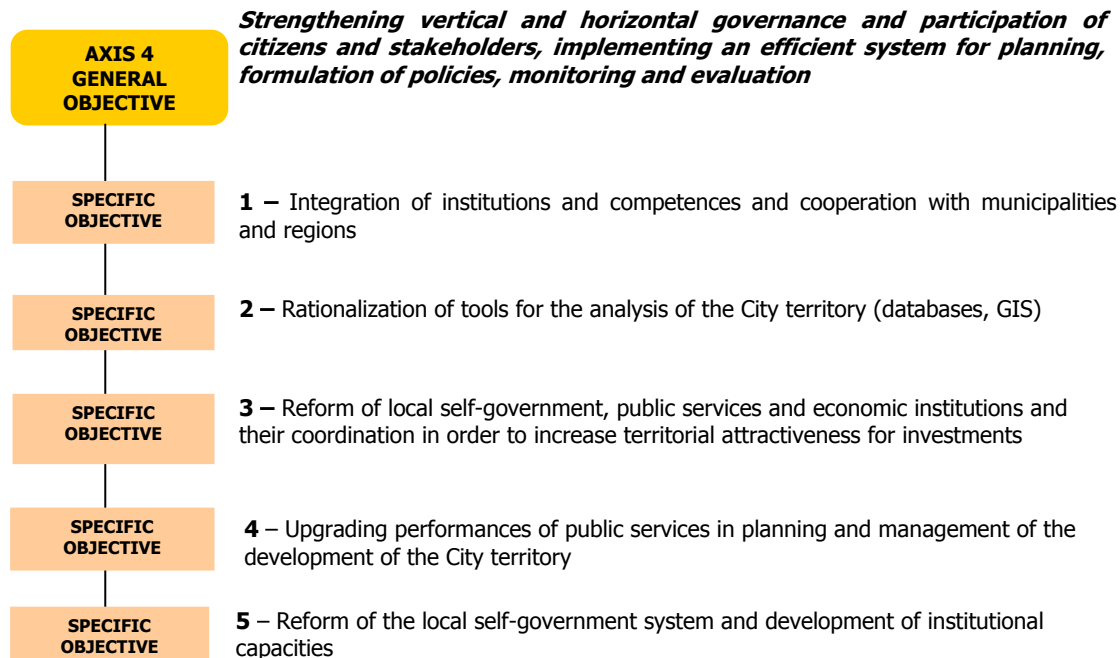
OBJECTIVES		ACTION LINES
AXIS 2	N.	AXIS 2: ECONOMY / BUSINESS
Spec. Obj. 1	1.1	Establishment of a City development fund for financing entrepreneurial development and a regional guarantee fund
	1.2	Creation of a network of institutions for the stimulation and development of entrepreneurship and support to SME networking
	1.3	Development of business incubator centres
	1.4	Programmes for increasing the competitiveness of SMEs and programmes of support to the development and use of business development services
	1.5	Improving the relationship with the local business community and creating conditions for expanding business activities
	1.6	Programmes for support and promotion of the development of cattle breeding, fruit and wine growing and healthy (organic) food production
Spec. Obj. 2	2.1	Development of a free industrial zone
	2.2	Infrastructural equipping and designing of new working zones
	2.3	Development of a logistic hub
	2.4	Construction of fair facilities, wholesale market and new market spaces

	2.5	Development of the commodity exchange
	2.6	Re-qualification of existing abandoned industrial zones and locations in order to attract Brownfield investments
	2.7	Support to programmes for strengthening the competitiveness of the City of Niš on the FDI market and territorial marketing activities in order to attract Greenfield investments
	2.8	Formulation of a SME development strategy and sectoral strategic documents
Spec. Obj. 3	3.1	Tourism development programme based on natural, cultural and accommodation capacities of the City (spa, health, transit, congress and business tourism, eco and ethno tourism, religious tourism, city breaks, events tourism, etc.).
	3.2	Identification of zones in the tourist offer and formation of thematic itineraries (<i>nature, history – via militaris, etc.</i>) independently or in cooperation with neighbouring municipalities.
	3.3	Branding of the City of Niš as an attractive tourist destination and strengthening of marketing in this sphere (programmes for promoting events, manifestations, sights, values and other)
Spec. Obj. 4	4.1	Development of centres of excellence by establishing connections and cooperation between the economic sector and the University
	4.2	Development of industrial and technological parks
	4.3	Support programmes for companies in the sphere of ICT and development of infrastructure for the establishment of scientific and technological incubators
	4.4	Programmes of support to companies (particularly the SME sector) in introducing electronic platforms into business activities (e-business)
	4.5	SME cluster development
Spec. Obj. 5	5.1	Programmes for increasing the competitiveness of human resources through permanent education, specialization, further education and professional retraining programmes
	5.2	Formation of a network of transition centres (centres for professional orientation and mediation)
	5.3	Start up credit programmes for support to beginners in business and for self-employment
	5.4	Programmes stimulating entrepreneurs to employ university graduates, especially those seeking employment for the first time
	5.5	Programmes of active measures to support employment and the formation of a network of institutions supporting employment

4.4.4 **AXIS 3: Social development**

OBJECTIVES		ACTION LINES
AXIS 3	N.	AXIS 3: SOCIAL DEVELOPMENT
Spec. Obj. 1	1.1	Promotion of a healthy lifestyle (exhibitions, performances, events) and preventive health checkups of the population (mammography, control of cervix, testing and inoculation for HP virus ...)
	1.2	Formulation of a local social care system that includes the existing institutions, as well as individuals, the private sector and NGOs
	1.3	Promotion of initiatives focused on mitigating the social consequences of unemployment
	1.4	Measures devoted to the upgrading of the safety system based on the City Safety Strategy
	1.5	Solving housing problems in compliance with the Housing Strategy (settlement programme for the poor and socially vulnerable groups; development of institutions and mechanisms for housing programme management; improvement and regulation of the rental housing market, etc)
Spec. Obj. 2	2.1	Promotion of interventions to support the educational development of the population
	2.2	Enriching the cultural offer and promoting Niš as a cultural centre. Support to the creative work of individuals and informal artistic groups; adaptation of old premises for cultural activities; research, protection and presentation of immovable cultural assets; formation of urban cultural centres in villages.
	2.3	Development of sport and physical culture Harmonization and formulation of the Sport Development Strategy in the City; Construction and equipping of sport facilities; Creation of a sport brand of the City of Niš

Spec. Obj. 3	3.1	Equipping open spaces for recreation (cycle tracks, trim, roller, skate tracks etc.)
	3.2	Arranging and equipping open areas for meeting and socializing (parks, excursion sites, walking routes and playgrounds)
	3.3	Construction, arrangement and equipping of modern entertainment parks
	3.4	Establishment and equipping of local community centres
	3.5	Establishment and equipping of entertainment facilities
Spec. Obj. 4	4.1	Administrative and legal assistance to individuals and organizations performing activities of public interest
	4.2	Support to social entrepreneurship – upgrading of local conditions through locally funded projects
	4.3	Networking of NGOs, local self-government and private companies in order to satisfy the needs under the competence of the City
	4.4	Programmes to encourage and qualify citizens to participate in decision making processes and the solving of local issues

4.4.5 **AXIS 4: Governance**

OBJECTIVES		ACTION LINES
AXIS 4	N.	AXIS 4: GOVERNANCE
Spec. Obj. 1	1.1	Initiatives for the decentralization of the administrative central office of development funds for underdeveloped areas, and development of Niš as the centre of the South-East Serbia Development Fund
	1.2	Decentralization of government
	1.3	Initiative for modification of local documents
	1.4	Action plans for problems including collaboration of local and central authorities and citizens
Spec. Obj. 2	2.1	Setting up and development of a unified information system of the City (for territorial management, land use, traffic, tourist offer...)
Spec. Obj. 3	3.1	Fees and taxes incentives in order to increase territorial attractiveness for investments
	3.2	Improving efficiency in obtaining permits to start entrepreneurial activities
	3.3	One stop shop

Spec. Obj. 4	4.1	Establishment of a local administration unit for local development (responsible for strategy implementation)
	4.2	Promotion of public-private partnerships
Spec. Obj. 5	5.1	Rationalization and introduction of a management process into the local administration
	5.2	Reorganization and optimization of the system of civil servants through an improvement of material and technical conditions and permanent education of employees and performance monitoring
	5.3	Introduction of e-governance
	5.4	Institutionalization of citizen participation in the governance process

Chapter 5 - The communication plan

The successful implementation of activities and tasks of the Development Strategy and the accomplishment of its objectives imply constant communication of the Strategy with all interested parties. The methods and directions of this communication are defined by the Communication Plan.

This Plan, formulated as an integral part of the Strategy, elaborates in detail the process of informing the interested publics about the priority axes of development of the City, as well as the achievements made in the Strategy implementation. Its purpose is to:

- ✓ increase the visibility of the Strategy by providing accurate and timely information,
- ✓ encourage the involvement of as many stakeholders as possible in its implementation, and
- ✓ increase the City's visibility to investors and donors.

The key instrument for achieving the objectives of the Communication Plan is the *Urban Info Point of the City of Niš Development Strategy*, a place where all information relevant to the Strategy implementation will be collected and processed and from where it will be distributed, that is, presented to the target publics.

The functioning of the NDS Urban Info Point will be within the competence of the Mayor's Office.

5.1 Target groups and markets (Target publics)

The objectives and the actions of the Strategy foresee the involvement of various partners and stakeholders in the process of its implementation. In spite of their diversity, they are grouped according to two criteria for the sake of determining the target publics:

1. According to the level and manner of involvement, that is, interest in projects from the Strategy

The public	Type and level of information	Frequency
City population	General target public. The volume of information provided to this target public is smaller and it is primarily distributed through the mass media.	constantly (electronic and printed media, internet)

Partners (existing and potential) in Strategy implementation	Specific target public. The volume of information provided to this target public is larger and it is aimed at encouraging the involvement of as many actors as possible in the Strategy implementation.	constantly (internet), periodically (meetings, printed material)
Donor community/investors	Specific target public. The volume of information provided to this target public is larger and it is aimed at presenting the achieved results in the Strategy implementation and stimulating further investments.	constantly (internet), periodically (printed material)

2. According to the territorial principle, that is, into internal (local stakeholders) and external (stakeholders at national and international levels). In the first, initial phase of the Strategy implementation, communication will be focused on internal target publics in order to mobilize and involve as broad a spectrum of local stakeholders as possible. In the second phase, communication will also be focused on external target publics, the presentation of achieved results and the stimulation of further investments.

5.2 Communication plan and sources of financing

The financial resources necessary for the implementation of activities from the Communication Plan will be established in the initial phase and most of them will come from funds for implementation allocated for the realization of the Plan by the City of Niš. Other resources might be provided by participating in appropriate international projects.

5.3 Specific objectives of the Communication Plan

The tasks of the Communication Plan are defined by specific objectives and all the planned activities are aimed at achieving these objectives. The specific objectives of the Communication Plan are the following:

- ✓ Raise awareness of the target publics about the need for and the importance of the City Development Strategy
- ✓ Raise awareness of the target publics about the priority axes of development of the City
- ✓ Develop a system of keeping the target publics constantly informed about topics relevant to the implementation of the City Development Strategy
- ✓ Encourage the involvement and cooperation of as many stakeholders as possible in the Strategy implementation

- ✓ Promote the comparative advantages and development potentialities of the City to potential investors

5.4 Structure of the Communication Plan

The entire Communication Plan, that is, the activities envisaged by this Plan, are divided into two lines:

1. Marketing the City Development Strategy and promoting its priorities
2. Creating a sustainable mechanism for exchanging information and ideas concerning the Development Strategy implementation among all interested parties

The said lines, i.e. all the activities they imply, will be particularly focused on promoting the elements of excellence of Niš, that is, its comparative advantages within all four strategies. The following advantages of Niš were highlighted during the Strategy formulation process:

- a. Niš as a macro-regional centre with an excellent geostrategic position
- b. Niš – a hub of road, rail and air traffic
- c. Niš as a logistic hub
- d. Niš as an economic centre with a rich industrial traditional and great potential for technical and technological progress in terms of infrastructure, equipment and highly qualified workforce
- e. Niš as a University centre
- f. Niš as a city of knowledge, culture and social safety
- g. Niš as an attractive tourist destination
- h. Niš – a city of good governance and efficient administration

5.4.1 The marketing of the City Development Strategy is aimed at raising awareness of the importance of the Strategy itself, as well as building a broader social consensus on the defined development priorities. Moreover, one of the focuses of the marketing activities will be to create a sense of ownership of the Strategy in all the citizens of Niš in order for them to perceive the work on the Strategy implementation as a result of dedicated efforts of the entire local community rather than as an initiative and exclusive contribution of the local government. Activities related to Strategy marketing will be carried out most intensively in the initial phase of the Strategy implementation, that is, immediately after its adoption. These activities include:

5.4.1.1 Creating a visual identity of the Strategy. This activity primarily implies developing a Book of Graphic Standards whose application will contribute to the recognizability of the entire Strategy, as well as of each project, that is, activity included in the Strategy. The creation of the visual identity will be entrusted to an expert team that will design the Strategy logo, as well as give instructions on who can use this logo and how. The Strategy logo has been defined after consultations with the Mayor and the Working Team for Strategy formulation.

5.4.1.2 Promotional activities. This group of activities includes different methods of presenting the Strategy, promoting priorities and presenting achieved results. These activities are aimed at internal target publics, that is, the citizens of Niš and all local stakeholders and partners in the Strategy implementation. All the promotional activities will be planned so as to reach as many people as possible by engaging existing resources. Possible promotional activities, i.e. means of communication, include:

- ✓ A planned and organized presentation of the Strategy in the media (printed and electronic) by making guest appearances on relevant shows, organizing press conferences, buying media time, using paid advertisements and jingles
- ✓ Public events such as performances, exhibitions, presentations
- ✓ Periodical campaigns, distribution of promotional materials at designated points in the City, billboard, poster and placard advertising

What all the proposed activities have in common is that all the promotional messages relayed to the public must be short, easy to understand and based on the City Development Strategy.

5.4.2 Creating a sustainable mechanism for exchanging information and ideas concerning the Development Strategy implementation among all interesting parties is the line focused on:

- ✓ Networking of communication resources of all the stakeholders in the Strategy implementation,
- ✓ Systematic and planned management of all information related to the Strategy promotion and implementation

Providing accurate and timely information to interested parties and exchanging experiences and ideas concerning the Strategy implementation is a process that will constantly accompany the implementation of activities envisaged by the Strategy. The main activities of this line are:

5.4.2.1 Collecting data and organizing and updating databases relevant to the Strategy implementation. The following are examples of databases relevant to the Strategy implementation: Database of Projects Submitted to NIP for 2007, 2008, 2009; Database of Business Entities on the Territory of Niš, Database of Good Practice Projects/Investments; Database of Potential Sources of Financing; Database of Industrial Zones Equipped with Communal Infrastructure, Technological Park; Database of Greenfield and Brownfield Investment Locations; Project Ideas Bank; etc. Many of these databases already exist, but are located in different places, so they need to be grouped and made accessible. All the databases need to be converted to electronic format and regularly updated.

5.4.2.2 Creating the Strategy website. This website will be a part of the City of Niš website. It will include: data on the Strategy (the mission and vision of the Strategy, data on the Strategy formulation process, as well as priorities for the City's development); all the City sectoral planning documents (sectoral strategies and action plans); information on implemented, planned and ongoing projects; regularly updated current events related to the Strategy implementation; information on existing databases; etc. The Strategy website will be designed in accordance with the adopted graphic standards, particularly taking into account the principle of intuitiveness. Attention should also be paid to the optimization for internet search engines in order for the website to appear at the top of the results page based on several different searches. The website will be bilingual (in Serbian and English).

5.4.2.3 The establishment and functioning of the Urban Info Point of the City of Niš Development Strategy, a place where all information related to the Strategy implementation will be collected and from where it will be distributed to interested parties. The NDS Urban Info

Point is the basic mechanism for implementing the Communication Plan, which, once established, will take on all the communication activities of the Strategy and practically network all the channels of communication. The establishing of the NDS Urban Info Point will be aimed at:

- ✓ efficient and faster communication
- ✓ easier access to information
- ✓ connecting interested parties and encouraging joint activities
- ✓ promoting development potential
- ✓ introducing transparency into the entire Strategy implementation process

Practically speaking, the NDS Urban Info Point, as a key instrument for achieving the objectives of the Communication Plan, will be implementing the following groups of activities:

- ✓ *Collecting data and information.* This group of activities refers to the collecting of all the data and information that is relevant to the Strategy implementation, as well as to the identification and recognition of the key channels for transmitting that information in the most efficient way. For that purpose, it is necessary to:
 - a) Define key sources of information (stakeholders involved in the Strategy implementation and all other interested parties) and build databases with their contact information, as well as choose the contact persons that will be responsible for preparing information;
 - b) Establish the dynamics of distributing information. For that purpose, it is necessary to define communication protocols for all interested parties, which will include: a framework and guidelines for identifying and transmitting information, as well as the dynamics and method of coordinating with the NDS Urban Info Point;
 - c) Stimulate stakeholder representatives in order to ensure their active participation in the implementation of the planned activities. They must not only be constantly informed, but also actively participate in the collection and analysis of information.
- ✓ *Processing and updating the collected data.* This group of activities implies developing tools and defining methods for systematizing information flowing into the Urban Info Point. Data can be categorized according to several criteria: strategic axes of

development; activities; the territorial principle; the user/target group; etc. All the collected and processed information is used for: updating the Strategy website, preparing printed material and electronic publications, preparing media appearances.

- ✓ *Distributing information.* This group of activities is primarily aimed at providing accurate and timely information to the target publics, promoting the Strategy, encouraging the involvement and networking of as many stakeholders as possible in the Strategy implementation, as well as promoting the comparative advantages and development potential of the City. Information will be distributed through the website, by e-mail, through printed material, the media, as well as in response to inquiries from interested parties. The level and type of information being distributed depend on the target public in question. Information distribution protocols will be defined specifically for each target public.

Chapter 6 – Budgeting the Strategy and potential sources of financing

6.1 Foreword on methodological aspects

When thinking about how to finance the implementation of the Strategy, it is very important to take into consideration the economic evaluation of the projects connected to the realization of strategy lines, objectives and activities. This should be used for the proper evaluation of the sustainability of projects both from the economic and the financial point of view, which means analysing the necessary quantity of resources and providing them from their potential sources. This kind of activity is part of the process leading to the checking of economic and financial sustainability of the whole Strategy, which should consider not only activities and projects (those already ongoing and those to be developed or implemented *ex novo*), but also subjects, main actors, roles and competences useful for their realization.

The starting point of this important phase should be the creation of a database of projects and activities in order to avoid overlapping of activities and, at the same time, to allow, whenever possible, for their pooling to be taken into consideration for a synergetic effect.

This means that information should be gathered for each project, such as the name of the activities, foreseen/estimated necessary investments, time frame, main investors (municipality, other public and private entities), and, whenever possible, the percentage of different quota of financing and potential sources of financing.

After a first rough estimate, the strategic development of the City of Niš requires a significant amount of financial resources for the realisation of projects. At present, the financial resources available to the City are sufficient to cover only smaller projects. The possibility to develop long-term investment projects is very limited. Therefore the City will need to reinforce its endeavours to stimulate potential investors at local level, and will need to search for external sources of financing at national and international levels. This chapter will outline a short list of possible investment funds and financing lines on the national and international markets.

Private-public partnership

The key to success in planning and implementing the development strategy of a city lies in the possibility of implementing a number of initiatives and actions through the partnership of the public and private sectors.

This broadly applied approach should be connected to the strategic factor that arises precisely from the economic quantification of investments necessary for the realization of the objectives set within the Strategy.

This refers both to large infrastructural works and to the structuring of the local system such as the structural upgrading of the city. Room for manoeuvre can also be found in the policies and investments that provide support and incentive to existing activities within different strategies.

The clear distinction between different types of actions and the allocation of budget resources for their realization as well as external resources necessary for the implementation should be based on the analysis of self-sustainability of investments during the management of joint services.

The implementation of the City Development Strategy requires significant resources that should be carefully quantified when preparing planning documents. Moreover, one should bear in mind that the amount of estimated resources will change during the implementation of the Strategy to the extent to which the different planned actions will change. At the same time, it is necessary to establish sources and ways of finding these resources. It should be emphasized that the majority of the necessary resources for the Strategy implementation will be provided by the Strategy itself, in the form of by-products of realized actions.

Each of the planned actions corresponds to one or more sources of financing: public, private-public and private.

- **Public financing** can be provided from the local budget or national and international subsidies and represents only a small portion of the necessary resources.
- **Private-public partnership** represents a form of long-term cooperation between the private and public sectors, which is regulated by contract and is aimed at performing public works.
- **Private financing** should be a progressive process and is the result of both marketing actions and the created favourable conditions for investors' investments.

Public financing should cover two forms of actions.

The first one includes actions that do not have an economic return, but are nonetheless necessary for the Strategy implementation, such as infrastructural and social interventions.

The second form includes all high-risk or low-return actions which require public financial resources in order to activate the participation of the private sector.

In both cases of the abovementioned action the financing is non-refundable and corresponds to the support that should be provided for the implementation of the Strategy by the public sector.

Private-public partnership represents a form of long-term cooperation between the private and public sectors, which is regulated by contract and is aimed at performing public works. The partnership between the private and public sectors should represent the contribution of the public sector. This contribution has the character of an entrepreneurial participation that implies an economic return.

In such a context, the necessary resources are managed jointly, so that the risks involved in the project are also shared equally, that is, in proportion to the competencies of the project partners in risk management, unlike in the case of public financing.

Private-public partnerships are very complex structures in legal, financial and commercial terms, within which private and public companies work together with the aim of implementing and managing infrastructural projects or providing public services. Private-public partnerships can be divided into two classes: partnerships where the relationship between the private and public sectors is regulated by contract with clearly defined objectives – in terms of the investments and services that should be provided – which should be realized within a certain time frame, and institutional partnerships between the private and public sectors where the objectives are more general and the time frames are medium-term or long-term.

Private financing should be stimulated and provided by all those actions that are planned by the Strategy and that require the support of urban marketing public policies aimed at finding investors outside the local community. These actions also include promotional campaigns. These campaigns should be conducted by the public sector with the financial support of the private sector and their aim is to generate positive influences on the development of the city in different sectors such as tourism, finances, mobility and logistics.

In this chapter we shall also give a brief list of potential domestic and foreign sources of financing.

6.2 Domestic Sources of Financing

Potential domestic sources of financing for the programmes and projects through which the City of Niš Development Strategy is implemented are:

1. Funds
 - 1.1 The Development Fund of the Republic of Serbia
 - 1.2 The Guarantee Fund
 - 1.3 Funds from the non-governmental sector (BCIF, Soros, etc.)

2. Agencies

- 2.1 SIEPA – Serbia Investment and Export Promotion Agency
- 2.2 SMECA – Serbia and Montenegro Export Credit Agency
- 2.3 AOFI – Export Credit and Insurance Agency of the Republic of Serbia
- 2.4 Serbian Agency for the Development of SMEs and Entrepreneurship

3. Credit lines and incentives of Ministries of the Republic of Serbia and their agencies

- 3.1 Ministry of Agriculture, Forestry and Water Management of the Republic of Serbia
- 3.2 Ministry of Economy and Regional Development
- 3.3 Ministry of Infrastructure
- 3.4 Ministry of Youth and Sport
- 3.5 Ministry of Labour and Social Policy
- 3.6 Ministry for National Investment Plan (NIP)
- 3.7 Ministry of Science and Technological Development
- 3.8 Ministry of Public Administration and Local Self-government
 - Energy Efficiency Agency
 - Spatial Planning Agency
 - Environmental Protection Agency

4. Budget of the City of Niš

5. Fund for Development and Self-financing of Common Needs of Citizens
6. Commercial banks
7. Funds of domestic private investors

We shall briefly outline only the most important potential domestic sources of financing.

6.2.1 The Development Fund of the Republic of Serbia

The aims of this fund created by the Government of the Republic of Serbia are investment in new programmes, reconstruction, modernisation, financing of the permanent current assets, crediting programmes for providing better competitiveness and programmes providing innovation technologies (crediting all the branches of economy except for primary agricultural production and infrastructure). Credits from this Fund are granted with the aim of stimulating economic development, as well as even regional development, improving the competitiveness of domestic economy, stimulating employment, stimulating the development of manufacturing handicraft and the service industry, and stimulating the development of the capital market.

There are three lines of crediting:

- 1) Long-term investment credits;
- 2) Long-term credits for fixed working capital – conditions for long-term crediting depend on the development level of the municipalities, based on GNI, in which investment programmes are to be realized;
- 3) Short-term credits

6.2.2 The Guarantee Fund. The Guarantee Fund was constituted on the basis of the Guarantee Fund Law in order to provide conditions for stimulating the development of activities of small and medium enterprises, entrepreneurs and farmers in the Republic of Serbia. As part of its activities, the Fund encourages the granting of credits to business entities by guaranteeing part of the credits that banks and other financial organizations in the Republic of Serbia grant to business entities with quality development programmes.

The priorities and target groups for using this Fund's resources are: start-up businesses, export-oriented projects, projects employing young people, farms (natural or legal entities), projects in undeveloped regions, projects introducing technological and business innovations, credits with a repayment period of over 3 years, projects financially supported by foreign credit lines – EAR, EIB, etc.

6.2.3 Serbia Investment and Export Promotion Agency - SIEPA

This agency offers non-refundable financial aid with the aim of helping investors in the areas of production, services that are part of the international trade, research and development.

Conditions of financing:

- Investments in the production sector;
- Investments in the service sector;

- Investments in the sector of research and development.

6.2.4 Ministry for the National Investment Plan (NIP)

NIP is a programme of the Government of the Republic of Serbia aimed at encouraging the overall economic development of the country. NIP projects are aimed at all economic sectors, with priorities being decided annually by the Government. These are some of the projects that the City of Niš applied for and that were approved for 2009:

- Industrial zone "Donje Međurovo"
- "Ada Ženeva"
- Water Supply System "Selova"
- Reconstruction of the Airport "Constantine the Great"
- Medijana Boulevard
- Complex of outdoor swimming pools "Čair" and construction of an Olympic-size swimming pool
- Reconstruction of city streets, etc.

6.2.5 Budget of the City of Niš

The budgetary revenue and income of the City of Niš are generated from original public revenues determined by the Law on Financing the Local Self-government and revenues generated from other levels of government (from the level of the Republic) as ceded revenues and transfers determined by the same Law. The plan of the City Budget for 2009 envisages original public revenues in the amount of 2,360,544,000 RSD and ceded public revenues together with the transfers in the amount of 4,354,746,000 RSD.

The most significant funds within the current revenues for 2009 are the revenues from income tax, corporate tax and capital gain tax (planned amount of 2,283,500 RSD), transfer funds from the Republic in the amount of 1,432,246,000 RSD, namely a general transfer from the Republic in the amount of 1,390,746,000 RSD, other current transfers for projects from the Republic in the amount of 11,500,000 RSD and targeted capital transfers from the Republic in the amount of 30,000,000 RSD, revenues from the sale of goods and services in the amount of 1,529,830,000 RSD, property tax revenues in the amount of 256,000,000 RSD, property revenues in the amount of 475,166,000 RSD, goods and services tax revenues in the amount of 154,360,000 RSD, current donations from international organizations in the amount of 31,500,000 RSD and mixed and unspecified revenues in the amount of 10,000,000 RSD⁵.

⁵ *City of Niš Budget Statement, City of Niš, 2009, p. 3.*

The expenditure side of the Budget – section 3 – provides for the financing of City Departments, namely the financing of current expenditures, programme activities of the departments, capital investments to direct and indirect beneficiaries of the budget, current and capital subsidies for public companies founded by the City, donations and transfers to other levels of government within the competences of the City departments and units.⁶

6.3 Foreign Sources of Financing

Foreign sources of financing can be generally divided into two large groups:

I EU and other international funds and programmes

II Credit lines of international financial institutions

I EU and other international funds and programmes

- The Instrument for Pre-accession Assistance (IPA)
 - a) Serbia – Bulgaria Cross-border Cooperation Programme
 - b) *South East Europe Transnational Cooperation Programme (SEE)*
- PROGRESS – EU Employment and Social Solidarity Programme
- Framework Programmes for research and technological development – FP7
- Central European Initiative (CEI)
 - a. CEI Cooperation Fund
 - b. CEI Climate Fund
 - c. CEI Trust Fund
- Competitiveness and Innovation Framework Programme (CIP)
- TEMPUS project “Conversion Courses for Unemployed University Graduates in Serbia” (CONCUR)
- Twinning project: Modernization of the National Employment Service (CARDS 2006)
- South East Europe Transnational Cooperation Programme (SEE)
 - a. INTERREG
- USAID programmes:
 - a. MEGA (Municipal Economic Growth Activity)
 - b. SCOPES
 - c. COMPETE
 - d. Agribusiness
- United Nations programmes:

⁶ *Ibid*, p. 7.

- a. UN-HABITAT Programme
- b. United Nations Development Programme (UNDP)
- SECTOR – Regional Environmental Center (REC) programme financed by the Swedish International Development Co-operation Agency
- Rockefeller Brothers Fund
- The Balkan Trust for Democracy
- Transformation Cooperation Concept of the Czech Republic
- ERSTE Foundation
- Programme of the Norwegian Ministry of Foreign Affairs
- Programmes of the Open Society Institute from Budapest:
 - a. Think Tank Fund
 - b. OSI Roma Decade Matching Fund
 - c. Local Government and Public Service Reform Initiative
- Westminster Foundation for Democracy
- Culture Programme 2007-2013
- Marco Polo II

II Credit lines of international financial institutions

- EIB (European Investment Bank)
- The Government of the Republic of Italy credit line
- KfW (Reconstruction Credit Institute, Frankfurt)
- EBRD (European Bank for Reconstruction and Development)
- EFSE (European Fund for Southeast Europe)
- Credit line of NLB LHB Banka Beograd a.d. in cooperation with KfW and EFSE

Other sources of financing, donor programmes and/or projects

- Credit line of LEDIB – Local Economic Development in the Balkans programme
- HELP – Support to Local Sustainable Development in South Serbia programme

The most important potential foreign sources of financing include:

6.3.1 The European Union Instrument for Pre-accession Assistance - IPA

On 17 July 2006 the EU Commission adopted the IPA Council Regulation (EC) No. 1085/2006 to assist candidate and potential candidate countries on their way to EU adhesion. The Regulation foresees a financial assistance of €11.5 Billion for the period 2007–2013 to all Balkan countries non-members of EU.

The main objectives of the IPA instrument are the following:

- to help strengthen democratic institutions and the rule of law;
- to reform public administration;
- to carry out economic reforms;
- to promote respect for human and minority rights and gender equality;
- to support the development of civil society and the improvement of regional co-operation;
- to contribute to sustainable development and poverty reduction;

IPA – STRUCTURE

IPA instrument is composed of five components which correspond to five sectors of financing:

- 1. Transition Assistance and Institution Building component*
- 2. Cross-Border Cooperation component*
- 3. Regional Development component*
- 4. Human Resources Development component*
- 5. Rural Development component*

Potential candidate countries such as Serbia are eligible to apply for funds from the Components 1 (Transition Assistance and Institution Building) and 2 (Cross-Border Cooperation), but there is also the possibility to finance certain activities belonging to Components 3, 4 and 5 under the Component 1.

IPA – IMPLEMENTATION

The IPA assistance is implemented through two documents: *Multi-annual Indicative Financial Framework*, which establishes the financial resources, and *Multi-annual Indicative Planning*, which sets the priorities to be financed for a period of 3 years. The financial frame for the 2007-2009 period for Serbia is set at 572.9 million Euro. 540 million Euro will be directed to Transition Assistance and Institution Building, while 32 million Euro will be used for Cross-Border Cooperation. The financial frame for the cross-border cooperation between Serbia and Bulgaria in the 2007-2009 period is 4.7 million Euro.

The objectives of the Cross-Border Component are:

- cross-border cooperation between Serbia and neighbouring EU member States (Hungary, Bulgaria, Romania) in the following areas: sustainable development, infrastructural and market integration,

support to PMI, agriculture, public services, tourism. City of Niš is eligible for cross-border cooperation with the city of Kyustendil in Bulgaria.

- cross-border cooperation with candidate countries (Croatia, FYROM) and potential candidate countries: cross-border infrastructure, economic cooperation, environment, tourism, agriculture, education, research, institutional cooperation , “people to people” actions
- Participation in Transnational Programmes with EU MS (e.g. SEE Programme) in the following areas: innovation, accessibility, environment, urban development

Serbia – Bulgaria Cross-border Cooperation Programme

The aim of this programme is the promotion of sustainable development in border areas, joint work on addressing common challenges, the ensuring of efficient and safe borders and the development of small direct cooperation projects by reinforcing the infrastructure supporting cross-border cooperation, the promotion of sustainable economic development in the border area through an economic valorization of its potentials, the creation of new partnerships in cross-border cooperation and the strengthening of operational cross-border contacts.

The areas of support include the encouraging of sustainable economic development through economic cooperation (trade, transport and logistics, services and tourism); interventions for the protection, preservation, improvement and management of natural wealth, biodiversity and natural resources; support to social, institutional and economic cohesion through cooperation between institutions and communities at local level; improvement of the network for cooperation among enterprises; improvement of local initiatives and innovations for increasing employment and entrepreneurship; joint product promotion in existing and new markets; cultural exchange and activities related to education.

In Serbia, this programme encompasses the districts of Bor, Zaječar, Nišava, Pirot, Jablanica and Pčinj.

Funds in the amount of 2,357,097.00 Euro have been allocated for the Serbia-Bulgaria Cross-border Cooperation Programme for 2009, out of the 5,776,142.00 Euro approved for the implementation of this programme in the period 2007-2009.

6.3.2 South East Europe Transnational Cooperation Programme (SEE)

The Cross-Border Component will also finance the participation of Serbia in the South-East Europe Transnational Cooperation Programme (SEE). This programme emerged from the former INTERREG_IIIB_CADSES programme. The main objective of the programme is to foster a balanced territorial development and territorial, economic and social integration in line with the Lisbon and Gothenburg Agendas. The specific objectives of the programme are to facilitate innovation, entrepreneurship, knowledge economy and information society by concrete cooperation action and

visible results, as well as to improve the attractiveness of regions and cities taking into account sustainable development, physical and knowledge accessibility and environmental quality by integrated approaches and concrete cooperation action and visible results. The programme is financed by the European Regional Development Fund with a total amount of 206 million Euro for the 2007-2015 period and 245 million Euro from National Public Funds of the EU member countries.

Priority areas of cooperation are the following:

1. Facilitation of innovation and entrepreneurship
2. Protection and improvement of the environment
3. Improvement of accessibility
4. Development of transnational synergies for sustainable development areas
5. Technical assistance to support implementation and capacity building

The objectives of the first priority area of cooperation will be achieved through the following areas of intervention:

- 1.1 Develop technology and innovation networks in specific fields
- 1.2 Develop the enabling environment for innovative entrepreneurship
- 1.3 Enhance the framework conditions and pave the way for innovation.

The objectives of the second priority area of cooperation will be achieved through the following areas of intervention:

- 2.1 Improve integrated water management and flood risk prevention
- 2.2 Improve prevention of environmental risks
- 2.3 Promote cooperation in management of natural assets and protected areas
- 2.4 Promote energy and resource efficiency.

The objectives of the third priority area of cooperation will be achieved through the following areas of intervention:

- 3.1 Improve coordination in promoting, planning and operation for primary and secondary transportation networks
- 3.2 Develop strategies to tackle the "digital divide"
- 3.3 Improve framework conditions for multi-modal platforms.

The objectives of the fourth priority area of cooperation will be achieved through the following areas of intervention:

4.1 Tackling crucial problems affecting metropolitan areas and regional systems of settlements

4.2 Promoting a balanced pattern of attractive and accessible growth areas

4.3 Promoting the use of cultural values for development.

Eligible partners are: public authorities, counterpart public bodies, any legal body governed by public or private law not having an industrial or commercial character. The programme is not designed to directly finance the private economic sector.

6.3.3 The Seventh Framework Programme for research and technological development – FP7

The objective of the programme is to create a European Research Area through fostering cooperation among European countries in various scientific and research fields. The Programme is open to all legal entities (in accordance with national, international or European regulations) involved in research projects or the dissemination and implementation of the results of research projects. The area of assistance is the development of cooperation among all European countries in all areas of research.

Programme rules for submitting proposals and the eligibility for receiving funding from the European Commission depend on the group of countries that a legal entity applying for funding belongs to.

The Programme includes the following groups of activities (subcomponents):

I Cooperation – Collaborative Research, with a budget of 32,413,000,000 Euro;

II Ideas, with a budget of 7,510,000,000 Euro;

III People, with a budget of 4,750,000,000 Euro;

IV Capacities, with a budget of 4,097,000,000 Euro.

The duration of the FP7 project is 2007-2013. Calls for proposals within FP7 Programme are announced several times a year.

6.3.4 Culture Programme 2007-2013

The Culture Programme 2007-2013 was established by a decision of the European Parliament and Council. The Culture Programme 2007-2013 is a financial instrument for developing cooperation activities in the field of culture in the period from 1 January 2007 to 31 December 2013. The objective of this Programme is to promote cooperation in the field of culture among European cultural players. It is

inspired by a multi-sectoral vision that would cover all the cultural fields. Calls for proposals are announced annually within the Programme for the financing of projects related to performing arts, music, cultural heritage, visual arts, literature and translation, with the exception of film which falls within the MEDIA Programme. The budget of the Programme is 408 million Euro.

The general objectives of the Programme are the enhancement of the cultural area shared by all Europeans, the emphasizing of the common European heritage, the development of cooperation activities among cultural operators through participation in the Programme, and a contribution to rich cultural diversity.

The specific objectives of the Programme are the transnational mobility of people working in the cultural sector, circulation of cultural and artistic works and products, inter-cultural dialogue, the strengthening of cultural identity, the development of cultural cooperation among artists, cultural workers and institutions, and the exchange of works of art.

6.3.5 Marco Polo II

The objectives of the Programme are:

1. Reduction of road congestion;
2. Improvement of the environmental performance of the transport system;
3. Enhancement of intermodality of transport systems;
4. Stimulation of public-private partnerships.

Programme activities include:

- Overcoming structural barriers to the efficient functioning of new modes of transport and a more efficient use of the existing infrastructure;
- "Motorways of the sea" – innovative projects aimed at directly shifting freight from road to short sea shipping, keeping road journeys as short as possible;
- Shifting freight from road to other modes of transport;
- Avoiding traffic – integrating transport into the production logistics of businesses to avoid a large percentage of freight transport by road, modifying or creating ancillary infrastructure;
- Common learning – cooperation in the sector of logistics, improvement of knowledge, methods and procedures for the efficient functioning of transport chains.

Project duration is 2007-2013 and the programme budget is 400 million Euro.

6.3.6 Credit Lines

Some of the main international finance institutions operating in Serbia and bilateral cooperation credit lines of finance are described below.

a) European Agency for Reconstruction (EAR) – The Revolving Credit Fund. The purpose of EAR in Serbia is to finance the purchase of fixed assets in the country and abroad, finance permanent working capital in the amount of up to 20% of the granted credit. Potential beneficiaries are small and medium enterprises with headquarters on the territory of the Republic of Serbia, a maximum of 250 employees and private starting capital of at least 51%.

Conditions of crediting	
Credit limit:	20,000 – 200,000 Euro
Interest rate:	three-month EURIBOR+4.5% + average 1% bank fee
Grace period:	up to 1 year
Deadline for instalment:	1 – 5 years

b) The European Bank for Reconstruction and Development (EBRD)

Purpose of the EBRD in Serbia is the financing of SMEs for initiating production, modernisation, production expansion, diversification, supply of equipment and privatisation. Operational priorities of the bank are:

Private corporate – to increase its operations with local private corporate clients and promote their investments in new technology and environmental improvements.

Infrastructure - to support corporate restructuring in the electricity, gas and oil, road and railway sectors.

Financial sector - support the rapidly emerging non-bank financial sector, particularly insurance, leasing and pension funds.

Conditions of crediting	
Credit limit:	min. 200,000 Euro
Interest rate:	three-month EURIBOR+8-12%
Grace period:	1 year
Deadline for instalment:	up to 5 years

c) The European Investment Bank credit line (EIB)

The goal of EIB in Serbia is the financing of the investment projects, SMEs from all sectors, projects of infrastructure, protection of the environment, medical care, and education.

EIB approves financing for investment projects from the sectors of industry (including agro-industry), services, tourism and infrastructure and finances up to 50% of the total project cost.

Conditions of crediting	
Credit limit:	min 20,000 Euro
Interest rate:	EURIBOR + 3.9% and can be fixed or variable 7.8 - 8%
Grace period:	3 - 5 years
Deadline for instalment:	12 - 15 years

d) The Government of the Republic of Italy credit line

Purpose: the procurement of equipment, spare parts, technologies and industrial licenses of Italian origin (a minimum of 70% of the credit must be intended for import from Italy), financing of current assets, goods, providing the mortgage, guarantee of another legal person and of another commercial bank.

Conditions of crediting	
Credit limit:	50,000 – 1,000,000 Euro
Interest rate:	up to 4.9% (for 1 year), EIR 5.19% (for 8 years)
Grace period:	2 years
Deadline for instalment:	up to 8 years

e) Credit line of the Reconstruction Credit Institute, Frankfurt (KfW)

Activities of the KfW bank in Serbia refer to the financing of investment projects related to the production of goods and services (investment in fixed assets or permanent working capital). Potential beneficiaries of the credits are small and medium enterprises operating on the territory of Serbia, with a 100% of the capital in private ownership.

Conditions of crediting	
Credit limit:	30 – 50,000 EUR
Interest rate:	8.5 – 10.5% (annual EIR 9.2 – 11.4%)
Grace period:	up to 6 months
Deadline for instalment:	up to 3 years

6.3.7 Other sources of financing, donor programmes and/or projects

UN-HABITAT

In the period from 2005 to 2008, UN-HABITAT implemented SIRP Programme in Niš. The Settlement and Integration of Refugees Programme aimed to develop sustainable settlement and integration solutions for low-income refugees and other vulnerable households and to build capacities at municipal and central levels.

This Programme was financed by the Government of Italy, which plans to continue its funding through the new SILD Programme – Settlements and Integrated Local Development. Like the previous Programme, this one would also be implemented in Niš. The aim of the Programme is to develop capacities at local level in the areas of social housing and integrated territorial approach linked to urban and local development.

USAID

Municipal Economic Growth Activity – MEGA

The Programme goal is to improve the local business and investment environment, support job creation and ensure efficient communication between the private and public sectors through cooperation with Serbian national government institutions, municipalities and cities.

The programme provides professional and material support to its partners in the following areas:

Economic Development Planning

- Mapping economic resources;
- Designing the Economic Development Strategic Plans;
- Project designing and management;
- Capital investment planning;
- Spatial and urban planning.

Institution Building and Procedure Streamlining

- Establishment of Local Economic Development Offices;
- Debt and creditworthiness management;
- Asset management and increasing revenues from property;
- Public procurements;
- Strengthening Citizen Assistance Centers and One-Stop Permitting Centers.

Economic Programmes and Projects Implementation

- Business retention and expansion;
- Investment promotion and recruitment;
- Tailored human resources development;
- Industrial and Technological Parks;
- Business Incubators and Innovation Centres;
- Business Improvement Districts;
- Public-private partnerships.

National and Local Policy Reforms

- Support to economic development related legislative reforms;
- Networking and coordination of relevant local and national institutions in order to engage joint capacities in local community development;
- Strengthening capacities and the organizational structure of the Standing Conference of Towns and Municipalities (SCTM);
- Development of the National Alliance for Local Economic Development (NALED).

The Programme is open to partner municipalities (municipalities with which an Agreement of Cooperation was signed based on the donor's approval); NGOs, development and research organizations and centres; SCTM; NALED. Programme duration is until 27 September 2010. Individual projects may last no longer than 30 June 2010.

LEDIB

The Government of the Kingdom of Denmark has agreed to support the implementation of LEDIB Programme on a grant basis within an amount of 75 million DKK (approx. 10 million Euro) for a period of 5 years, that is, until 2012.

LEDIB (Local Economic Development in the Balkans) programme consists of two key components, i.e. should provide:

1. Enabling business environment
2. SME development.

The LEDIB subcomponent 1.2 "Improved Advocacy of Business Organizations" with a budget of 0.6 million Euro supports activities targeted at strengthening the capacity of business organizations to undertake advocacy and influence public policies in favour of enabling business environment, and engage in public-private dialogue on how to achieve local economic development in the Nišava District.

The LEDIB subcomponent 1.2 is a fully integrated part of the other subcomponents:

1.1 Improved Services of Local Public Administration

2.1 Cluster Development

2.2 Business Development Services Providers

2.3 Better Access to Affordable Credit

The Local Economic Development in the Balkans (LEDIB) programme is a five-year programme for the support to local economic development with a focus on development of the small and medium-sized enterprise (SME) sector.

LEDIB mission is socially balanced economic development and employment creation in the Nišava District.

LEDIB goals are to provide the following:

- Better business environment for SMEs in the Nišava District
- Improved capacity of local public administrations to effectively and efficiently reduce obstacles and barriers encountered by SMEs
- Capacity for advocacy of business organizations strengthened to influence public administration
- Increased competitiveness of SMEs
- Linkages developed within specific economic sectors – construction and textile
- Strengthening local Business Development Services
- Improved access to affordable finance for SMEs.

In cooperation with the Regional Chamber of Economy Niš, as one of key partners of the LEDIB subcomponent 1.2, and other business organizations/associations in the Nišava District, 30 projects will be developed which are aimed at improving the capacity of the organizations in the field of policy dialogue with the public authorities regarding business/SME development.

These projects should include activities aimed at:

Developing the business organizations' advocacy capacity and capacity to enter into dialogue with government authorities through:

1. Assisting business organizations in formulating mission statements / objectives;

2. Assisting business organizations in assessing the needs of their members with assistance from subcomponent 2.1 of the LEDIB Programme;
3. Assisting business organizations in developing their membership base;
4. Assisting business organizations in developing and promoting code of conduct and compliance with basic environmental and social standards;
5. Training business organizations in: preparing sector-related surveys (plans or maps); preparing position papers for presentation to decision makers; participating constructively in public private dialogue including the LEDNet (LEDIB subcomponent 1.1 Improved Services of Local Public Administration); improving PR and relations with the media;
6. Assisting business organizations in developing strategies and plans for future provision of business development services (BDS).

HELP

The programme focuses on the educational and economic support to local development in south Serbia with the main aim of increasing the employability of youth. Programme donors are the Royal Netherlands Embassy in Belgrade, German Government through Stability Pact for SEE, the cities of Niš and Vranje, and the municipalities of Bujanovac, Gadžin Han, Pirot and Preševo.

The overall objective of the programme is to contribute to the sustainable development in Serbia with the main focus on the empowerment of the local economic structures in the targeted municipalities.

The specific objective of the intervention is educational and economic support to local development in south Serbia with the main aim of increasing the employability of youth:

- Direct job creation and improving the employability of youth through in kind grant support, training and vocational education to at least 320 small businesses, sponsored traineeships, grant credit scheme and development of cooperatives
- Enhancing the local capacities and advocating for youth employment policies at country and regional level (in cooperation with existing youth associations and other civil society organizations)

Within the project "Support to Local Sustainable Development in South Serbia" HELP offices in Bujanovac and Niš have finalized the information campaign related to start-up credits. HELP has provided 280,000 Euro for the implementation of this project in Niš, while the participation of the City of Niš is around

70,000 Euro, which amounts to a total of 350,000 Euro. A total of 1705 application forms were distributed during the information campaign in early 2009, 305 of which in Gadžin Han, 534 in Pirot and 865 in Niš.

Annexes

Annex 1 - ECONOMIC DATA AND INFORMATION

Table 1 - National income according to activities (in 000 dinars)

	Total	Agriculture, hunting, forestry and water management (sector A)	Fishing (sector B)	Extracting mineral and stone (sector V)	Processing industry (sector G)	Production and supply of electricity, gas and water (sector D)
2002	21.964.017	1.526.829	-	21.101	9.442.221	320.696
2003	23.497.852	1.428.672	-	38.013	8.433.307	1.267.663
2004	35.693.779	1.657.896	-	15.415	13.799.043	1.429.075
2005	37.974.652	1.468.464	-	14.438	18.647.175	1.181.515

(continuation) (in 000 dinars)

	Construction (sector Đ)	Wholesale, retail and repair (sector E)	Hotels and restaurants (sector Ž)	Traffic, storage and connections (sector Z)	Real estate activities, renting (sector J)	Health care and social work (sector LJ)	Other communal, social and personal services (sector M)
2002	1.198.497	5.671.532	489.471	2.549.920	696.556	47.020	174
2003	1.557.977	6.808.247	683.638	2.333.171	876.066	65.675	5.423
2004	2.293.851	9.596.364	898.570	4.457.285	1.435.617	100.448	10.215
2005	1.927.630	8.897.140	769.872	3.701.749	1.268.073	87.142	11.454

Source: City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 122.

Table 2 - The structure of the national income according to activities (in %)

	Total	Agriculture, hunting, forestry and water management (sector A)	Fishing (sector B)	Extracting mineral and stone (sector V)	Processing industry (sector G)	Production and supply of electricity, gas and water (sector D)
2002	100,0	7,0	-	0,1	43,0	1,5
2003	100,0	6,1	-	0,2	35,9	5,4
2004	100,0	4,6	-	0,1	38,7	4,0
2005	100,0	3,8	-	0,3	49,1	3,1

(continuation) (in %)

	Construction (sector DJ)	Wholesale, retail and repair (sector E)	Hotels and restaurants (sector Ž)	Traffic, storage and connections (sector Z)	Real estate activities, renting (sector J)	Health care and social work (sector LJ)	Other communal, social and personal services (sector M)
2002	5,4	25,8	2,2	11,6	3,2	0,2	0,0
2003	6,6	29,0	2,9	9,9	3,7	0,3	0,0
2004	6,4	26,9	2,5	12,5	4,0	0,3	0,0
2005	5,0	23,4	2,0	9,7	3,3	0,2	0,1

Source: City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 123.

Table 3 – Average annual growth/decline rate of industrial production

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
0,0	-30,2	-2,8	-4,9	1,1	0,4	-2,9	-3,7	-3,5	-3,5
41,2	0,0	33,4	10,2	13,9	9,6	3,5	1,4	0,9	0,3

2,9	-2,5	0,0	-9,0	5,2	2,7	-2,9	-4,0	-3,7	-3,7
5,2	-9,2	9,9	0,0	21,7	9,0	-0,8	-2,7	-2,6	-2,8
-1,1	-12,2	-5,0	-17,8	0,0	-2,3	-10,4	-9,7	-7,8	-7,1
0,4	-8,7	-2,6	-8,3	2,4	0,0	-17,9	-13,2	-9,7	-8,2
3,0	-3,3	3,0	0,8	11,7	21,8	0,0	-8,1	-5,2	-4,7
3,8	-1,4	4,1	2,7	10,7	15,1	8,8	0,0	-2,3	-3,0
3,6	-0,9	3,8	2,7	8,5	10,7	5,5	2,4	0,0	-3,7
3,6	-0,3	3,8	2,9	7,6	8,9	4,9	3,1	3,8	0,0

Source: City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 131.

Note: Data should be read only horizontally.

Table 4 - Chain indexes of industrial production

	<u>2004</u> 2003	<u>2005</u> 2004	<u>2006</u> 2005	<u>2007</u> 2006
Total	82,1	91.9	97,7	96,3
14 Mining industry	65,2	95,7	100,6	141,1
15 Production of food products and beverages	83,1	111,2	110,4	80,1
16 Production of tobacco products	99,9	...	...	...
17 Production of textile weavings (spinning) and fabrics	79,2	100,3	73,1	113,5
18 Production of clothes, of fur, and of fur products	124,3	39,9	47,4	182,3
19 Tanning and finishing of leather, production of suit-cases, of rucksacks of saddles, and production of saddler products and of footwear	27,8	104,3	122,1	149,8
20 Processing of wood and of wood and cork products except for furniture, production of reed and wicker products	37,1	111,3	66,8	235,0
21 Production of cellulose, of paper and paper products	562,5	77,8	-	15,1
22 Publishing activity, printing and reproduction of recorded media	87,1	109,4	130,1	29,4
24 Production of chemicals and of chemical products	94,4	102,7	127,9	96,6

25	<i>Production of rubber products and of malmac products</i>	60,8	165,4	52,3	297,8
26	<i>Production of the materials from the rest of nonmetal minerals</i>	95,9	90,3	139,6	43,3

Table 4 - Chain indexes of industrial production (continuation)

	<u>2004</u> 2003	<u>2005</u> 2004	<u>2006</u> 2005	<u>2007</u> 2006
27	177,6	95,7	139,6	128,3
28	125,5	109,4	78,0	120,6
29	198,9	153,4	137,5	70,0
30	1255,8	105,8	16,1	18,7
31	13,4	68,6	81,5	57,5
32	44,2	62,7	9,3	131,6
33	103,5	69,9	61,3	14,0
34	55,3	193,0	124,4	56,8
35	99,7	26,0	88,4	93,9
36	158,0	22,1	61,4	52,4
37	117,5	56,6	58,4	67,2
40	122,1	116,0	87,9	84,3
41	96,1	98,5	103,3	96,8

Source: City of Niš Statistical Yearbook 2007, City of Niš, November 2008, pp. 129 and 130.

Note: Data is presented in accordance with the Law on Classification of Activities and Register of Classification Units (Official Gazette of FRY, no. 31/96, 12/98 and 74/99).

Table 5 - Agricultural land in Niš

Owner-ship	Agricultural land (ha)												Total agricultural land	
	Arable agricultural land								Total arable land		Grazing fields			
	Ploughland		Orchards		Vineyards		Meadows		Stat	Cad	Stat	Cad	Stat	Cad
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Private	21392	21441	1829	1504	3901	3819	1785	1741	28907	28480	3014	2521	31921	31001
State	337	3146	120	243	60	257	62	168	579	3815	42	2566	621	6381
Total	21729	24587	1949	1747	3961	4076	1847	1909	29486	32295	3056	5087	32542	37382
Unorg.	-	-	-	-	-	-	-	-	-	-	4454	-	4454	-
Total	21729	24587	1949	1747	3961	4076	1847	1909	29486	32295	7510	5087	36996	37382

Source: Strategy of Economic Development of the Rural Area in Niš 2007-2010, 2006.

Table 6 - Land by ownership structure

Territorial unit	Territorial unit surface	Ownership	Land stock (ha)					
			Productive land				Unproductive land	
			Agricultural land		Forests and forest land			
1	2	3	4	5	6	7	8	9
City of Niš	59697	Private	31921	31001	10460	10287	2410	1073
		State	621	6381	38	4860	68	6057
		Total	32542	37382	10498	15147	2478	7130
		Unorganized	4454	-	4605	-	5109	-
		Total	36996	37382	15103	15147	7587	7130

Source: Strategy of Economic Development of the Rural Area in Niš 2007-2010, 2006.

Table 7 - Tourist turnover

	Guests			Guest overnight stays		
	total	domestic	foreign	total	domestic	foreign
2004	67 593	48 790	18 803	233 884	204 275	29 609
2005	67 455	46 094	21 361	207 215	174 759	32 456
2006	53 612	40 647	12 965	246 205	224 894	21 311
2007	84 279	53 930	30 349	310 039	269 002	41 037
2007 I-IX	63 827	38 301	25 526	228 418	194 766	33652
2008 I-IX	67 329	41 912	25 417	246 576	207 340	39 236
level 1) ¹⁾	105,5	109,4	99,6	107,9	106,5	116,6
2008 VII	9 704	3 591	6 113	35 191	27 153	8 038
VIII	10 786	3 981	6 805	38 159	28 607	9 552
IX	7 859	4 780	3 079	32 587	26 808	5 779

Source: City of Niš Statistical Yearbook, 7-9/2008, City of Niš – Department of Economy and Sustainable Development, 2008, p. 7.

¹⁾ Level 1) I-IX 2008 / I-IX 2007.

Table 8 - Unemployed persons looking for employment

	Total	Out of which: Female	Level of Education					
			Without qualifications	Semi-qualified and lower	Qualified and highly qualified	High school	College	Faculty
2004	34 516	18 940	6 801	359	10 104	13 375	1 627	2 250
2005	34 337	19 111	7 265	376	10 032	12 978	1 642	2 044
2006	37 177	20 662	8 197	414	10 649	13 612	1 835	2 470
2007	37457	20617	8321	408	10823	13485	1914	2506
2007 IX	36 151	20 093	7 772	394	10 489	13 191	1 856	2 449
2008 IX	36 804	20 679	8 309	398	10 371	13 178	1 965	2 583
level 1)	101,8	102,9	106,9	101,0	98,9	99,9	105,9	105,5
2008 VII	36 875	20 674	8 226	409	10 480	13 165	1 978	2 617
VIII	36 781	20 680	8 241	397	10 432	13 132	1 953	2 626
IX	36 804	20 679	8 309	3 98	10 371	13 178	1 965	2 583

Source: Statistical Bulletin of the City of Niš, City of Niš – Department of Economy, Sustainable Development and Environmental Protection, Niš, 7-9/2008, p. 20.

¹⁾ The total number of persons looking for employment includes both persons seeking employment for the first time and persons who have already been employed.

Table 9 - Unemployed persons according to level of qualifications, gender and age

		UNEMPLOYED PERSONS BY QUALIFICATIONS, GENDER AND AGE										

SITUATION AT THE END OF
DECEMBER 2006.

AGE	TOTAL	%	Level of qualifications									
			I	II	III	IV	V	VI - 1	VI - 2	VII - 1	VII - 2	VIII
TOTAL	52,006	100.0%	13,287	1,624	14,599	16,878	752	2,206	7	2,601	50	2
Women	28,443	100.0%	7,657	889	6,555	10,313	159	1,288	4	1,549	29	0

18 years	Total	785	1.5%	309	5	459	12	0	0	0	0	0	0
	Women	398	1.4%	196	4	191	7	0	0	0	0	0	0
19 - 25 years	Total	10,955	21.1%	1,811	118	3,852	4,626	82	273	3	190	0	0
	Women	5,696	20.0%	1,032	53	1,605	2,636	40	196	2	132	0	0
26 - 30 years	Total	8,686	16.7%	1,770	214	2,313	2,941	44	482	0	917	5	0
	Women	5,012	17.6%	1,000	115	1,171	1,769	24	322	0	609	2	0
31 - 40 years	Total	12,679	24.4%	3,141	542	3,206	4,435	143	542	1	649	19	1
	Women	7,599	26.7%	1,855	315	1,662	2,896	49	368	1	438	15	0
41 - 50 years	Total	11,067	21.3%	3,142	509	2,918	3,355	220	486	3	416	17	1
	Women	6,283	22.1%	1,931	296	1,380	2,163	32	269	1	201	10	0
50 and over	Total	7,834	15.1%	3,114	236	1,851	1,509	263	423	0	429	9	0
	Women	3,455	12.1%	1,643	106	546	842	14	133	0	169	2	0

Source: National Employment Service – Niš Subsidiary.

Table 10 - Average income per employed person (in din.)

	Republic of Serbia			Nišava District			City of Niš		
	Total	Economy	Non-economic sector	Total	Economy	Non-economic sector	Total	Economy	Non-economic sector
2007 VII	38.712	36.243	43.638	32.705	27.664	41.780	33.621	28.738	42.714
VIII	39.302	36.875	44.113	33.727	27.233	45.361	34.834	28.368	46.800
IX	39.308	36.899	44.049	33.089	27.358	43.220	33.592	28.076	43.644
2008 VII	46.115	43.504	50.934	38.514	32.826	48.232	39.692	34.292	49.282
VIII	46.222	43.927	50.458	38.084	32.057	48.369	39.018	33.401	48.985
IX	46.015	43.837	50.007	39.400	33.402	49.545	40.231	34.593	50.141

Source: Statistical Bulletin of the City of Niš, City of Niš – Department of Economy, Sustainable Development and Environmental Protection, Niš, 7-9/2008, p. 23.

Table 11 - Average income per employed person without taxes and contributions (in din.)

	Republic of Serbia			Nišava District			City of Niš		
	Total	Economy	Non-economic sector	Total	Economy	Non-economic sector	Total	Economy	Non-economic sector
2007 VII	27.752	26.034	31.178	23.338	19.709	29.871	23.965	20.443	30.525

VIII	28.143	26.423	31.553	24.355	19.465	33.115	25.185	20.265	34.292
IX	28.161	26.482	31.465	23.612	19.513	30.859	23.960	20.015	31.148
2008 VII	33.058	31.284	36.334	27.375	23.511	33.977	28.182	24.551	34.633
VIII	33.131	31.583	35.989	27.048	22.946	34.049	27.668	23.897	34.362
IX	32.969	31.489	35.683	28.107	23.942	35.149	28.677	24.783	35.521

Source: Statistical Bulletin of the City of Niš, City of Niš – Department of for Economy, Sustainable Development and Environmental Protection, Niš, 7-9/2008, p. 23.

Table 12 - Average income per employed person without taxes and contributions in City of Niš municipalities (*in din.*)

	City of Niš			Niš- Municipality of Medijana			Niš- Municipality of Palilula		
	Total	Economy	Non-economic sector	Total	Economy	Non-economic sector	Total	Economy	Non-economic sector
2008 VII	28.182	24.551	34.633	27.693	23.282	34.277	22.269	20.065	32.890
VIII	27.668	23.897	34.362	28.084	23.900	34.300	19.783	17.436	31.414
IX	28.677	24.783	35.521	29.341	24.962	35.777	20.410	17.988	32.265

Continuation of Table 12

	Niš - Municipality of Pantelej			Niš - Municipality of Crveni Krst			Niš - Municipality of Niška Banja		
	Total	Economy	Non-economic sector	Total	Economy	Non-economic sector	Total	Economy	Non-economic sector
2008 VII	17.617	9.122	31.875	40.514	42.682	35.785	24.712	8.849	42.465
VIII	17.675	10.420	29.978	36.037	36.599	34.829	29.525	18.664	41.662
IX	21.369	16.418	29.360	34.972	35.214	34.449	32.455	23.042	42.821

Source: Statistical Bulletin of the City of Niš, City of Niš – Department of Economy, Sustainable Development and Environmental Protection, Niš, 7-9/2008, p. 24.

Table 13 - Foreign trade of the region of the Chambers of Commerce of Niš for 2006

District	Export	2006/05 (in %)	Import	2006/05 (in %)	Balance
Niš District	116 778 420	150	284 756 004	156	-167 967 584
Pirot Distric	161 392 488	112	82 727 979	163	78 664 509
Toplica District	13 593 612	126	10 091 801	114	3 501 811
<i>Total</i>	<i>291 774 520</i>	<i>126</i>	<i>377 575 784</i>	<i>156</i>	<i>-85 801 264</i>

Source: Report about Foreign Trade of Firms from the Region of the Chambers of Commerce of Niš, Chamber of Commerce of Niš, 2006.

Table 14 - Foreign trade by municipalities for 2006.

Municipality	Export	Import	Balance
Aleksinac	18 176 133	7 325 903	10 850 230
Babušnica	7 546 226	5 845 337	1 700 889
Bela palanka	822 163	414 728	407 435

Blace	1 748 869	752 723	996 146
Crveni krst	21 137 033	97 567 690	-76 430 657
Dimitrovgrad	69 868	1 129 372	-1 059 504
Doljevac	137 582	346 418	-208 836
Gadžin han	1 085 454	15 273 010	-14 187 556
Kuršumlija	7 981 573	2 954 431	5 027 142
Medijana	61 108 265	127 675 562	-66 567 297
Merošina	948 626	772 306	176 320
Niška banja	319 748	2 138 967	-1 819 219
Palilula	5 905 902	23 748 631	-17 842 729
Pantelej	2 328 128	7 202 502	-4 874 374
Pirot	152 954 231	75 338 542	77 615 689
Prokuplje	2 862 426	5 332 021	-2 469 595
Ražanj	181 569	163 028	18 541
Svrljig	6 408 606	3 314 293	3 094 313
Žitorađa	52 118	280 320	-228 202
Total	291 774 520	377 575 784	-85 801 264

Source: Report about Foreign Trade of Firms from the Region of the Chambers of Commerce of Niš, Chamber of Commerce of Niš, 2006.

Table 15 - Import and export destinations in 2006.

	Export		Import	
	Country	Amount in \$	Country	Amount in \$
1.	France	47 324 219	Germany	40 075 628
2.	Germany	44 605 691	China	39 544 979
3.	Great Britain	33 591 166	Bulgaria	27 035 243
4.	Italy	22 283 869	EU	22 809 821
5.	Macedonia	18 622 787	Turkey	20 532 027
6.	Montenegro	18 249 456	Italy	20 264 465
7.	Bosnia and Herzegovina	15 294 253	Macedonia	15 591 502
8.	the Netherlands	12 600 160	Russian Federation	13 172 155
9.	Greece	9 661 430	Malaysia	12 765 752
10.	Slovenia	8 942 128	Hungary	11 940 031
11.	Other countries	60 599 361	Other countries	153 834 181

Source: Report about Foreign Trade of Firms from the Region of the Chambers of Commerce of Niš, Chamber of Commerce of Niš, 2006.

Table 16 - Realized investments according to activities in 000 din

	Total	Production activities							Non-production activities	
		Industry	Agriculture, forestry, water management	Construction	Traffic and connections	Commerce and hospitality industry	Craftwork	Other	Community	Other
1994	85 788	46 681	5 157	249	2 368	2 555	28	6 441	89	22 220
1995	132 756	60 682	779	428	18 128	6 777	288	14 987	969	29 718
1996	279 702	134 349	2 957	333	28 999	2 897	1 790	22 839	2 498	83 040
1997	314 661	141 769	317	9 883	33 851	3 738	217	9 141	989	114 756
1998	273 401	88 040	8 313	1 819	60 836	2 219	-	40 186	4 645	67 343
1999	607 117	146 398	2 914	2 988	209 718	9 471	13	74 628	4 016	156 971
2000	1 213 345	159 387	4 427	27 441	198 106	7 357	-	194 094	6 635	615 898
2001	2 085 731	773 965	2 816	43 139	396 123	23 677	-	338 776	110 506	396 729

2002	3 893 205	1 223 645	2 650	219 977	1 036 004	216 551	-	707 346	93 041	393 991
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Source: City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 176.

Table 16a – Realized investments according to activities (in 000 din)

	Total	<i>Agriculture, hunting, forestry, and water-resource management</i>	<i>Fishing industry</i>	<i>Mining industry</i>	<i>Process industry</i>	<i>Electricity, gas and water production and supply</i>	<i>Civil-engineering</i>	<i>Wholesale and retail trade and reconstruction</i>
2003	5 154 472	28 358	-	-	1 042 773	895 939	723 786	51 601
2004	7 723 731	79 127	-	-	3 026 073	408 110	873 401	67 609
2005	8 053 142	230 425	-	-	2 680 756	281 551	1 171 794	257 586
2006	12 671 394	325 326	-	-	3 008 913	328 240	1 686 252	1 427 050

(continuation)

Table 16a – Realized investments according to activities (in 000 din)

	<i>Hotels and restaurants</i>	<i>Traffic, storage and links</i>	<i>Financial interventions</i>	<i>Real estate business deals and renting activities</i>	<i>Public administration and defense, compulsory social insurance</i>	<i>Education</i>	<i>Healthcare service and social welfare</i>	<i>Other utility, social and personal activities</i>
2003	833	1 547 760	112 819	460 715	65 286	62 319	115 812	46 471
2004	50	1 944 128	148 499	90 590	714 576	135 236	177 910	58 422
2005	102	1 607 158	367 978	13 000	834 735	226 916	338 913	42 228
2006	118 358	3 349 090	401 752	1 081 917	207 914	207 538	396 040	133 004

Source: City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 177.

Table 17 - Realized investments according the type of construction and technical structure (in 000 din)

	Total	<i>Type of construction</i>		
		<i>new capacities</i>	<i>reconstruction, modernization, upgrading and expansion</i>	<i>maintenance of the levels of the existing capacities</i>

1997	314 661	137 552	158 571	18 538
1998	273 401	116 497	144 131	12 773
1999	607 117	146 828	421 851	38 438
2000	1 213 345	651 754	478 582	83 009
2001	2 085 731	1 174 647	743 972	167 112
2002	3 893 205	1 644 715	1 690 306	558 184
2003	5 154 472	2 983 793	1 397 307	773 372
2004	7 723 731	2 357 045	4 430 739	935 947
2005	8 053 142	2 290 704	4 982 861	779 577
2006	12 671 394	5 879 007	5 211 057	1 581 330

(continuation) (in 000 din)

	<i>Technical structure</i>				
	<i>construction works</i>	<i>equipment with installation</i>	<i>home-made (local) equipment</i>	<i>import equipment</i>	<i>other</i>
1997	161 511	149 803	-	-	3 347
1998	100 365	167 544	-	-	5 492
1999	326 405	259 148	-	-	21 564
2000	786 208	398 920	-	-	28 217
2001	900 799	1 133 215	-	-	51 717
2002	1 308 975	2 569 809	-	-	14 421
2003	2 260 095	2 692 876	-	-	201 501
2004	2 866 243	4 576 143	-	-	281 345
2005	4 566 059	3 056 865	-	-	430 218
2006	9 148 392	-	2 365 391	893 806	263 805

Source: City of Niš Statistical Yearbook 2007, City of Niš, November 2008, p. 175.

Annex 2 – ESTABLISHING THE URBAN INFO POINT OF THE CITY OF NIŠ DEVELOPMENT STRATEGY

The Urban Info Point of the City of Niš Development Strategy (NDS) is a place where all the information regarding the activities and implementation of the City of Niš Development Strategy will be collected and from where it will be distributed to interested parties. In order to be able to distribute adequate information, the NDS Urban Info Point will create databases from the collected data relevant to the Strategy. The NDS Urban Info Point will be in charge of public relations and the promotion of the Strategy using the existing and forming new and more direct channels of communication between all interested parties. The Urban Info Point is an instrument for introducing transparency in the Strategy implementation with the aim of receiving feedback from the citizens and other interested parties, which would open up possibilities for improving the city's investment appeal and its economic prosperity. The NDS Urban Info Point will encourage local stakeholders to strengthen the level of communication both among themselves and with citizens and other interested parties. Relaying information to target publics about the implementation of project activities will arouse interest of domestic and foreign investors.

The NDS Urban Info Point will influence the creation of an environment conducive to communication and build mechanisms for exchanging information – in order for the citizens to see the Strategy as the result of a dedicated endeavour of the entire local community rather than as an initiative and contribution of the local government. The NDS Urban Info Point will set up channels for getting feedback on certain activities within the Strategy implementation as well as channels for monitoring the entire process.

The *objective* of setting up the NDS Urban Info Point is to help promote and implement the City of Niš Development Strategy by using information that will be collected, processed and presented to the public and through unique databases, and thus bolster the city's prosperity and its visibility to investors and donors.

The *basic tasks* of the NDS Urban Info Point would be: collecting information on the Strategy implementation and projects, participating in the creation of databases, distributing data and information to target publics, accessing the sources of information on donations, promoting the Strategy, openness and transparency in work, and stimulating cooperation, trust and information exchange among interested parties.

Setting up the NDS Urban Info Point would facilitate:

- the creation of an environment that is conducive to communication and has mechanisms for exchanging information
- the networking of all the communication resources concerning the promotion and implementation of the City of Niš Development Strategy;

- systematic and planned management and improvement of all information about the promotion and implementation of the Strategy;
- getting clear messages across to target publics about the activities undertaken to promote the city's image by implementing projects that are an integral part of the Strategy;
- raising awareness about the need for implementing the Strategy and explaining the principles on which it is based and how the citizens can benefit from it.

The benefits of setting up the NDS Urban Info Point are the following:

- It can gather more information than individuals;
- It stimulates and coordinates joint activities;
- The resources and expertise expand when repetition is avoided;
- It can gain support for activities;
- Easier access to information and their exchange – a single place stores various information, events and activities that have been or are being launched in the community;
- It represents a platform for exchanging information, ideas and resources;
- It initiates a joint activity and networking of the interested parties.

Setting up the NDS Urban Info Point as a key instrument for accomplishing the Communication Plan objectives involves carrying out a group of activities aimed at:

1. Collecting data and information

This group of activities refers to the collecting of all the data and information that is relevant to the Strategy implementation, as well as to the identification and recognition of the key channels for transmitting that information in the most efficient way. For that purpose, it is necessary to:

- Define key sources of information (stakeholders involved in the Strategy implementation and all other interested parties) and build databases with their contact information, as well as choose the contact persons that will be responsible for preparing information and databases;
- Establish the dynamics of distributing information. For that purpose, it is necessary to define communication protocols for all interested parties, which will include: a framework and guidelines for identifying and transmitting information, as well as the dynamics and method of coordinating with the NDS Urban Info Point;
- Stimulate representatives of interested parties in order to ensure their active participation in the implementation of the planned activities. They must not only be constantly informed, but also

actively participate in the collection and analysis of information and formulate the priorities and the main changes that need to be made in carrying out the activities of the Urban Info Point. Including them in the entire process from the very beginning will make for more realistic expectations.

The NDS Urban Info Point will collect information referring to the promotion of Niš's elements of excellence, that is, the city's comparative advantages within all four strategies, information on projects implemented in the foregoing three-year period, projects currently being implemented and projects planned for the upcoming period, and information on the sources of financing that have been used for project implementation and that are relevant to future projects and activities.

The key interested parties in this activity are: citizens, City Assembly, City Council, City of Niš Development Council and Economic Committee, municipalities, City departments and institutions, Office for Local Economic Development, public companies and institutions, University, student organizations, organizations and institutions supporting the development of small and medium enterprises, Chamber of Commerce, entrepreneurs, non-governmental organizations and citizens' associations, political parties, surrounding cities and towns, cities networks, partner cities, national level institutions, donor organizations, media.

2. Processing and updating the collected data

This activity involves developing tools and defining procedures for processing information flowing into the NDS Urban Info Point and systematising it into unique databases.

The categorisation of data should conform to the city's priority axes of development. The categorisation can be carried out according to the following criteria:

- strategic axes of development;
- activities;
- the territorial principle,
- user/target group;
- implementation time frame etc.

Databases should also be created based on the same criteria.

The collected data is processed and used to develop promotional and informational resources such as:

- Strategy website;
- Printed and electronic publications (flyers, bulletins, posters...);

- Media activities – press conferences, TV appearances, informational shows, announcements in local newspapers, round table discussions, public debates...

Special attention will be focused on the structure of messages in terms of the characteristics of the target public that a message is intended for. A dual approach will be used:

- One message for all publics – a very general one;
- Different messages for different publics – which have previously been determined by the segmentation of the public.

The protocols and criteria for creating the content of each promotional resource will be defined.

This activity also involves linking/identifying the implemented activities and projects with the City's priorities stipulated in the Strategy.

Databases and reports on activities will be updated on a daily basis.

3. Distributing information

The distribution of information is aimed at providing accurate and timely information to the target publics, promoting the Strategy, encouraging the involvement and networking of as many stakeholders as possible in the Strategy implementation, as well as promoting the comparative advantages and development potential of the City.

The general aims of this informational activity aimed at key target publics are:

- familiarizing the public with the Strategy, planned projects and activities, as well as with the effects and benefits of its implementation;
- familiarizing the public with the available sources of information on the Strategy and project activities;
- arousing the public's interest in seeking information on the Strategy and its implementation;
- familiarizing the public with the potential of the Strategy and encouraging participation in certain Strategy implementation activities;
- encouraging cooperation with corresponding interest groups or networks in carrying out project actions.

Other forms of communication between the NDS Urban Info Point and interested parties, besides the aforementioned ones, include:

- Responding to specific requests related to the activities and implementation of the Strategy;

- Providing information about the possibilities of investing on the territory of the City of Niš and making contact with the representatives or organizations of interested parties toward a joint participation in the implementation of certain projects;
- Organizing and connecting members of interested parties through lectures, seminars and public discussions;
- Making personal contacts and establishing a two-way communication between the NDS Urban Info Point and interested parties by phone or e-mail;
- Cooperation with professional associations and other organizations of interested parties;
- Participation of the NDS Urban Info Point representatives in expert conferences or seminars relevant to the Strategy implementation etc.

The aims of this informational activity will be dual, depending on the target public:

- general – common to all target publics, and
- specific – defined in line with the characteristics and needs of each target public.

The relationships between the NDS Urban Info Point and the media are extremely vital to the realisation of this activity. They involve:

- making daily contact with the press and regular updates to the reports on the implemented initiatives, actions and projects;
- preparing press releases;
- writing public announcements;
- setting up press conferences;
- publishing a monthly bulletin about the achieved results and implemented actions etc.

Different media channels will be used to relay messages and distribute information from the NDS Urban Info Point.

Target Publics of the NDS Urban Info Point

Citizens

The main target public, citizens, should be provided with accurate, clear and timely information about the objectives of the Strategy and the manner in which it will be implemented.

The citizens are most commonly informed through the media, by street distribution of flyers, by distribution of printed material to their home addresses and via the website, by putting up informational posters in high-traffic public places, billboards etc.

City Assembly

The City Assembly is the highest authority performing the basic functions of local government, stipulated by the Constitution, law and Statute. Its role is key to the implementation of the City of Niš Development Strategy.

The Assembly members will be regularly informed about:

- activities launched within the Strategy implementation;
- projects that are being implemented;
- projects that are planned;
- sources of financing relevant to the implementation of specific projects;
- stakeholders participating in the implementation of specific projects.

City Council

The City Council is made up of Mayor, Deputy Mayor and 9 members elected by the City Assembly. Since City Council members may be in charge of one or more specific affairs under the City jurisdiction, it is vital that they are fully informed about how the Strategy is being implemented and what stage of the Strategy implementation has been reached.

City Council will be informed through written material, direct contact and at meetings that will be held as the need arises, as well as via e-mail, website and telephone.

City of Niš Development Council and Economic Committee

The City Assembly establishes the City of Niš Development Council, which has many competences in the area of development of the City and municipalities, in formulating strategic documents and implementing development projects, as well as in proposing models for financing actions relevant to the development of the City and municipalities. By virtue of their office, members of the Economic Committee are also members of the City of Niš Development Council, and they participate in the Council's work on equal terms with the elected members. In this regard, information collected in the NDS Urban Info Point will be of key importance to both the Council and the Committees.

Information will be distributed by direct contact, written material and at meetings that will be held as the need arises, as well as via e-mail, website and telephone.

Municipalities

The City of Niš municipalities are Pantelejš, Crveni Krst, Palilula, Medijana and Niška Banja. Because many projects are carried out on the territory of these municipalities, their interactive communication with the NDS Urban Info Point is indispensable. They are expected to regularly inform and submit reports on the initiated activities that are aimed at the implementation of the City of Niš Development Strategy. It is necessary to encourage joint work on creating and implementing projects and promote socially responsible behaviour.

This target public will receive information by direct contact and at meetings that will be held as the need arises, as well as via e-mail, website and telephone.

City departments and institutions

City departments are the key stakeholders in the implementation of the City of Niš Development Strategy. Interactive communication with the NDS Urban Info Point is necessary for the daily updating of information. They are expected to regularly inform and submit reports on the initiated activities that are aimed at the implementation of the City of Niš Development Strategy. It is necessary to encourage joint work on creating and implementing projects and promote socially responsible behaviour.

Information will be exchanged by direct contact and at meetings that will be held as the need arises, as well as via e-mail, website and telephone.

Office for Local Economic Development (OLED)

OLED is a unit holding a special position within the Unit for Mayoral Affairs, which was established to carry out the expert activities of promoting local economic development, attracting new investments, supporting the local business community, promoting entrepreneurship and creating preconditions for the improvement of the quality of life and economic development of the City of Niš by initiating, managing, monitoring and implementing projects and other actions concerning local economic development.

Because OLED is carrying out numerous activities, cooperation and information exchange with the NDS Urban Info Point is vital to the daily updating of information and the promotion of joint work on creating and implementing projects aimed at the City of Niš Development Strategy implementation.

Information will be distributed by direct contact, written material and at meetings that will be held as the need arises, as well as via e-mail, website and telephone.

Public companies and institutions

The public companies founded by the City of Niš are: PC for heating "Gradska toplana", PC for communal services "Medijana", PC "Gorica", PC "Parking Service", PC for water supply "Naissus", PC "Market", PC "Airport", PC "City Housing Agency", PC "Directorate for Construction of the City of Niš", TV "Niška televizija", PC for housing services "Nišstan", PC "Tourist Organization of Niš", PC "Common

payment" and PC "Urban Planning Institute". Another important target public are health care, social care, educational, cultural and sports institutions.

Since these companies and institutions are important stakeholders in the implementation of the City of Niš Development Strategy, it is vital that they maintain interactive communication with the NDS Urban Info Point. They are expected to regularly inform and submit reports on the launched activities that are aimed at the implementation of the City of Niš Development Strategy. It is necessary to encourage joint work on creating and implementing projects and promote socially responsible behaviour.

This target public will receive information by direct contact and at meetings that will be held as the need arises, as well as via e-mail, website and telephone.

University

The University of Niš, its faculties and their specialised research institutes that represent an organizational link between the faculties and the economy are important stakeholders in the Strategy implementation. Cooperation with this target group involves developing research projects, organizing seminars and refresher courses for people working in the economic sector and public services, engaging economic experts in the work on research projects, etc.

This target public will receive information by direct contact and at meetings that will be held as the need arises, as well as via e-mail, website and telephone.

Student organizations

This target public will receive information on the Strategy through the media and website, by direct contact, telephone, fax, e-mail and written documents. The aim is to:

- Intensify collaboration on youth projects;
- Highlight positive examples of the projects and actions carried out by student organizations (e.g. the Student Parliament);
- Continuously familiarize this target public with the projects and plans from various areas of the Strategy implementation etc.

Organizations and institutions supporting development of small and medium enterprises

Tehnis, Incubator Centre and Industrial Zone, as centres supporting the development of small and medium enterprises and entrepreneurship, are an important instrument for the Strategy implementation in the areas of economic development, promotion of entrepreneurship and stimulation of employment.

This target public will receive information by direct contact and at meetings that will be held as the need arises, as well as via e-mail, website and telephone, through the Chamber of Commerce, regional centres for the development of entrepreneurship etc.

Entrepreneurs

They receive information mainly by direct contact and at meetings for business entities, which are held as the need arises within the public administration department in charge; also through the media and website, the Chamber of Commerce, regional centres for the development of entrepreneurship etc.

The activities of the NDS Urban Info Point will be aimed at:

- encouraging entrepreneurs to work as partners in creating new ideas and implementing the Strategy, and promoting socially responsible behaviour;
- keeping the entrepreneurs informed and raising their awareness about the Strategy and the benefits they can enjoy from its implementation;
- intensifying cooperation with the local media to keep the entrepreneurs informed;
- increasing the circulation of promotional and informational material;
- printing informational material for business entities only;
- delivering all informational materials to a company's address or e-mail;
- organizing regular informational meetings with entrepreneurs;
- providing training on how to access development funds;
- additionally promoting all competitions to prospective beneficiaries;
- a more active participation of the local government in partnership projects as part of promoting cooperation between the public and private sectors, etc.

Non-governmental organizations and citizens' associations

This target public receives information about the Strategy through the media, by website, direct contact, telephone, fax, e-mail and written documents. The aim is to:

- strengthen cooperation and partnership with non-governmental organizations;
- highlight best practice examples of NGO partnerships and support;
- continuously familiarize non-governmental organizations and citizens' associations with projects and plans in various areas of the Strategy implementation etc.

Political parties

Since there is a large number of political parties without representatives in the Assembly, it is necessary to make direct contact with them as they too are a significant target public for the Strategy implementation.

This target public receives information about the Strategy through the media, by website, direct contact, telephone, fax, e-mail and written documents.

Surrounding cities and towns

Surrounding cities and towns are a valuable partner in the implementation of projects of regional importance. They can receive information about the Strategy through the media, by website, direct contact, telephone, fax, e-mail and written documents. The aim is to:

- continuously familiarize municipalities from the region with the projects that are of common interest to the region;
- strengthen cooperation and partnership on projects of common interest;
- collect information on the projects implemented on the territory of other municipalities, which can be examples of good practice contributing to the implementation of the City of Niš Strategy.

Cities networks

The City of Niš is a member of the following city networks: Balkan Cities Network "BALCINET", South East Europe City Network, Association of European Local Authorities Promoting Energy Efficiency and Local Sustainable Energy Policies, Association of Multiethnic Cities of Southeast Europe, Association of the Local Democracy Agencies, National Alliance for Local Economic Development and Standing Conference of Towns and Municipalities. Some of the Strategy's projects can be implemented through activities within these networks. It is necessary to identify and intensify the activities of these networks that contribute to the Strategy implementation and to strengthen cooperation and partnership on projects of common interest.

This target public receives information about the Strategy through the media, by website, direct contact, telephone, fax, e-mail and written documents.

Partner cities

The City of Niš has signed numerous protocols on cooperation and partnership, as well as twinning agreements with many European cities. Through a more active communication with them, the City of Niš could exchange information about projects that can be significant for both parties and share experiences about the implemented projects as examples of good practice that would contribute to the implementation of the City of Niš Strategy.

This target public can receive information about the Strategy by direct contact, telephone, fax, e-mail, website and written documents.

National level institutions

The NDS Urban Info Point communicates with national level institutions (Government of the Republic of Serbia, Ministries, agencies...) by direct contact, telephone, fax, e-mail, written documents, website and the like. The following activities should be carried out:

- make a list of contacts from national level institutions;
- define key target publics for specific planned activities;
- keep these target publics constantly informed;
- send regular notifications about launched activities.

Donor organizations

Donor organizations are an important source of project financing. They can receive information about the Strategy through the media, by direct contact, telephone, fax, e-mail, website and written documents. The aim is to:

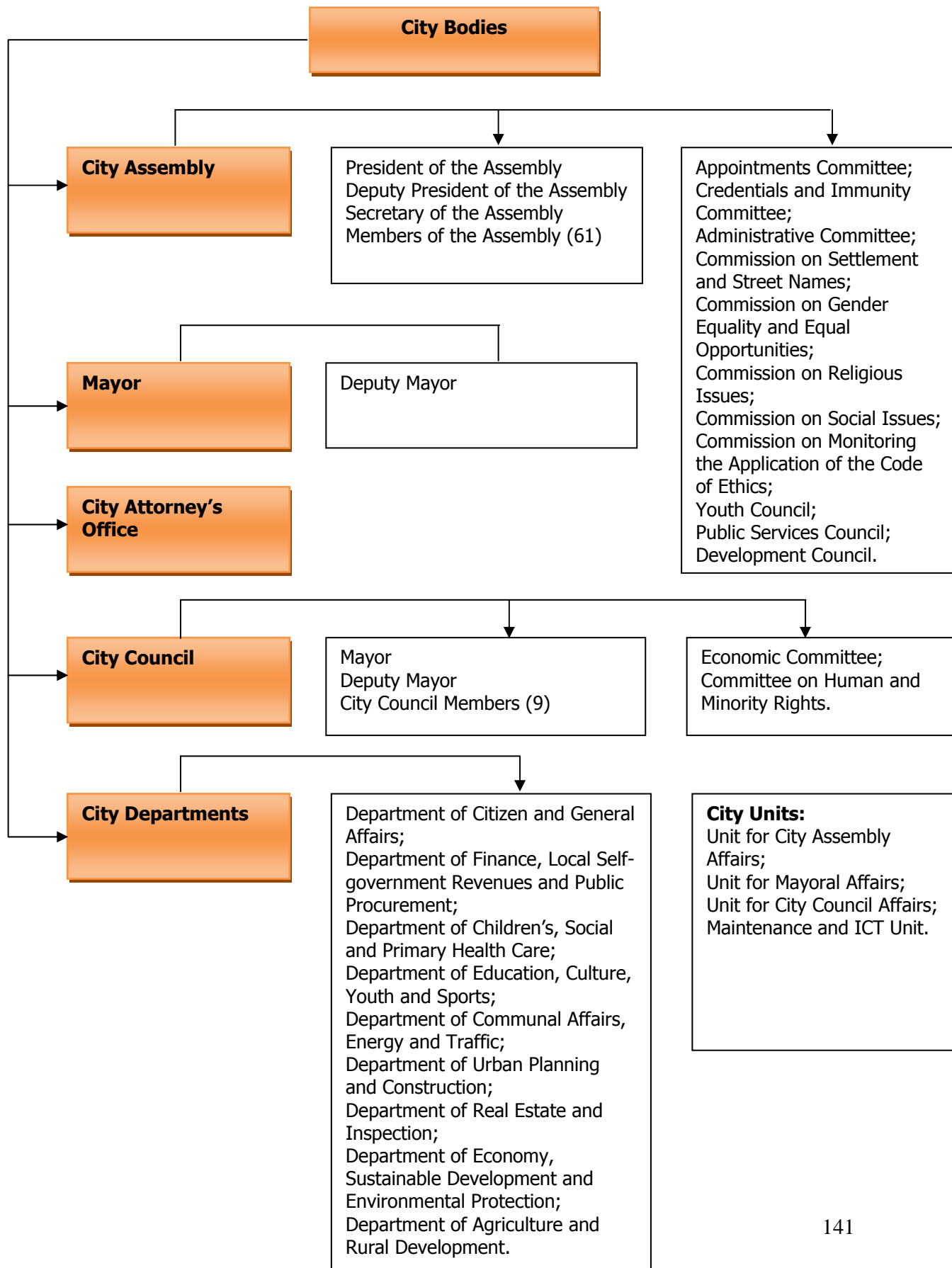
- strengthen cooperation and partnership with international and donor organizations;
- continuously familiarize international organizations with projects and plans in various areas of the Strategy implementation;
- continuously keep abreast of programme objectives of international and donor organizations;
- highlight best practice examples of partnership projects and cooperation with international and donor organizations.

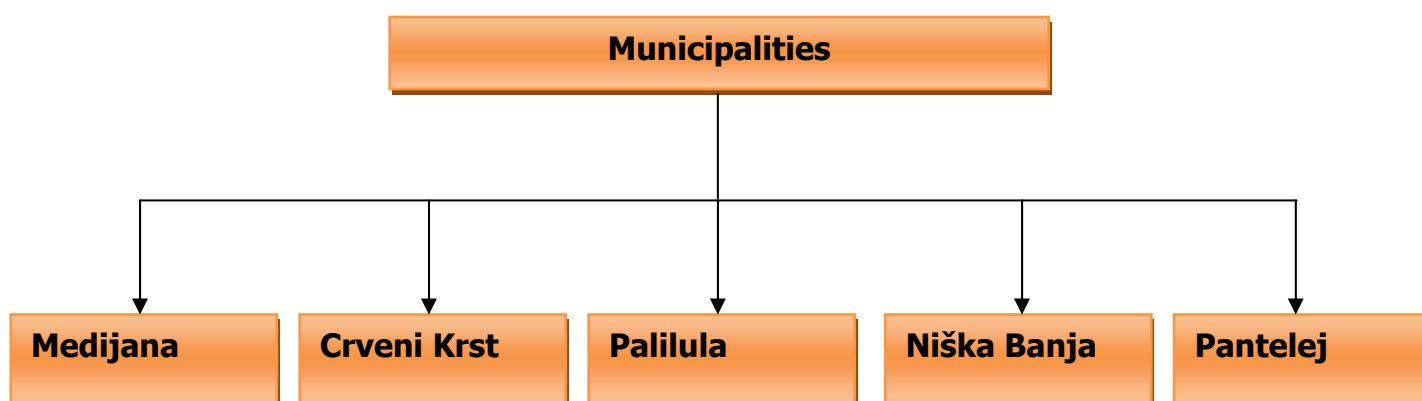
Media

The media is often the key source of information for most of our target publics, which is why relations with the media are one of the most frequently employed techniques. The following activities should be carried out:

- draw up a protocol on media relations;
- make a list of the media to be used;
- keep inviting journalists to the meetings and events organized by the NDS Urban Info Point;
- nurture informal contacts with journalists;
- popularize activities related to the City of Niš Development Strategy.

Annex 3 – ORGANIZATION CHART OF THE CITY OF NIŠ





Public Sector

City Public Companies

PC for heating "Gradska toplana";
 PC for communal services "Medijana";
 PC for water supply "Naissus";
 PC "Parking Service";
 PC "Market";
 PC "Airport";
 PC "City Housing Agency";
 PC "Directorate for Construction of the City of Niš";
 PC for housing services "Nišstan";
 PC "Common payment";
 TV "Niška televizija";
 PC "Urban Planning Institute";
 PC "Tourist Organization of Niš".

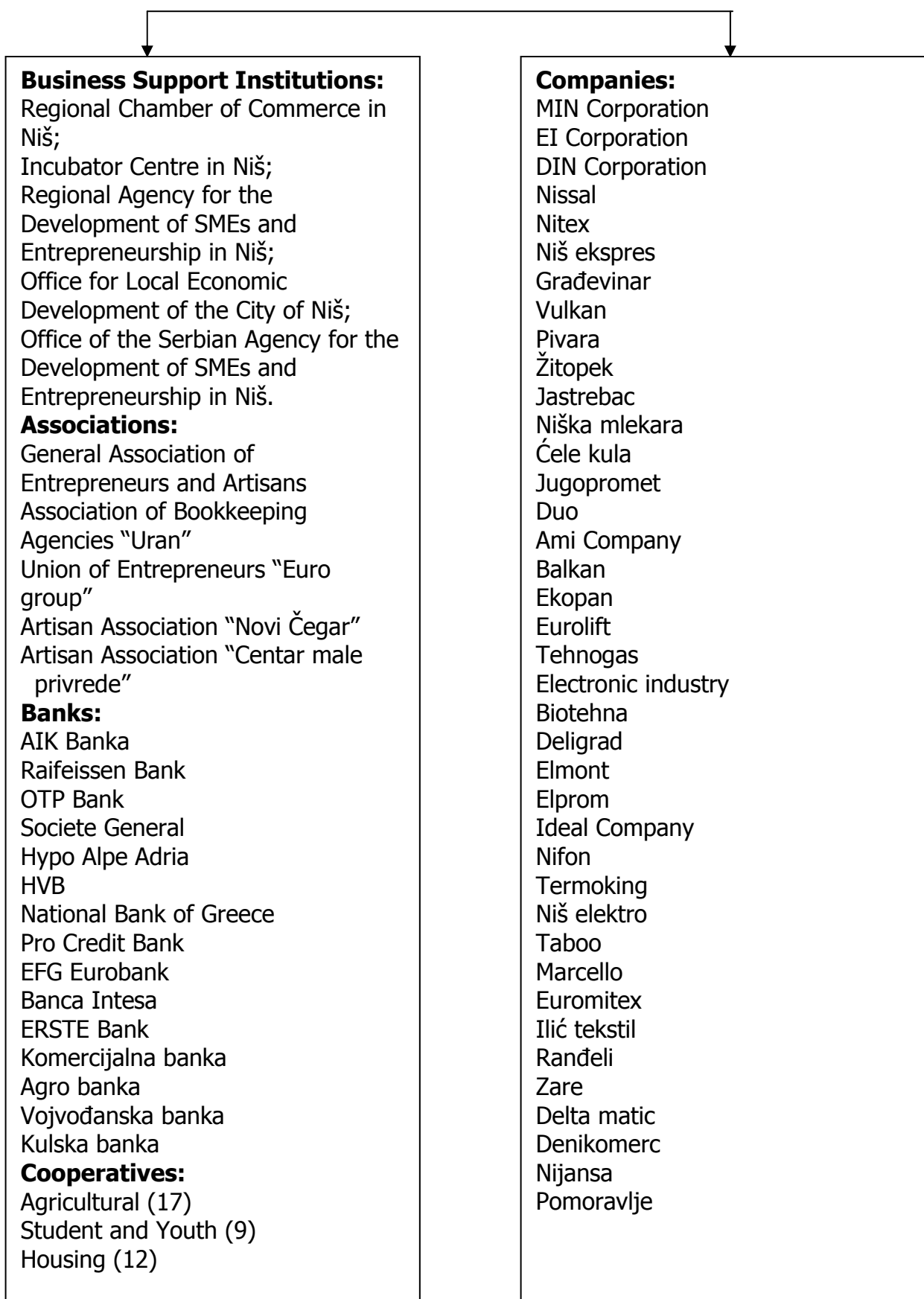
Public Institutions

Social Care Institutions:
 Day Care Facility for Children and Youth with Developmental Impairment – "MARA";
 Social Care Centre;
 Gerontology Centre.
Health Care:
 Clinical Centre in Niš;
 Military Hospital in Niš;
 Primary Health Care Centre in Niš;
 Institute of Labour Medicine in Niš;
 Institute of Student Health Care in Niš;
 Institute of Emergency Medicine in Niš;
 Pharmacy Niš;
 Institute of Pulmonary Diseases and Tuberculosis in Niš.
Education:
 University of Niš;
 Faculties (13);
 Secondary schools (22);
 Elementary schools (36);
 National Library;
 University Library;
 Adult Education Centre;
 Pre-school facility Pčelica.
Culture:
 National Theatre;
 Puppet Theatre;
 Niš Symphonic Orchestra;
 Museums (8);
 Niš Cultural Centre;
 Children's Cultural Centre.
Sport:
 Sports clubs (64);
 Sports facilities (8)

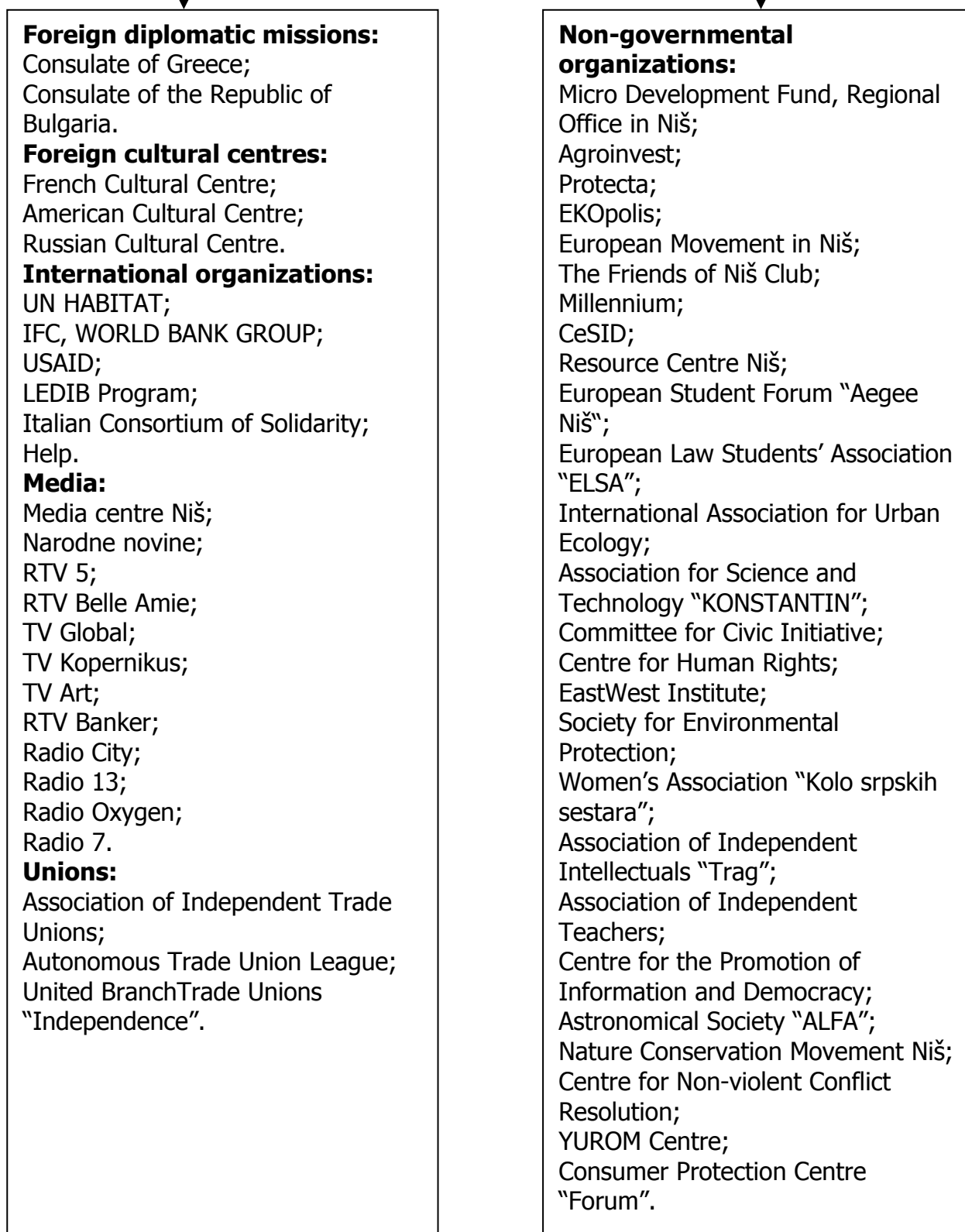
Public Funds

Fund for Agricultural Development;
 Fund for the Stimulation of Economic Development of the City of Niš;
 Fund for the Development and Self-financing of Common Needs of Citizens.

Economic Sector



Social Sector



Annex 4 – EXPLANATION OF THE VISION

The vision of the development of the City of Niš emphasizes that Niš, as a city of the future and youth, should become the magnet of hope, providing a possibility of prosperity to both present and future generations.

Thanks to its excellent geostrategic position, Niš always has been, and always will be, an intersection and hub of roads connecting states and continents. However, Niš is not only a thoroughfare for travellers, but also a natural meeting point of various people, ideas, cultures, and the mixture of such influences is reflected in its rich cultural-historical tradition. This is witnessed by well-preserved monuments from the Roman period, since Niš was the birthplace of the great Roman Emperor Constantine, as well as by churches from the Byzantine period, the fortress from the period of the rule of the Turkish Empire, and monuments from the period of the Serbian uprisings and the wars of liberation from more recent history.

Niš is a city that cherishes its heritage from the past, but at the same time looks into the future with great optimism. In that future, Niš wishes to become an economic, university, sports and tourist leader, not only of South-Eastern Serbia, but a leader of the Euro-region of South-Eastern Europe, naturally connecting three great centres – Niš, Sofia and Skoplje. This should be provided by its natural potentials, proximity of attractive tourist destinations, educated citizens, since Niš is one of the greatest university cities in Serbia, as well as by its industrial tradition.

Its rapid future economic development should be realized along with the preservation of natural, human and other potentials, so that we can leave to its future generation a city whose development does not jeopardize the living environment and the variety of its natural, human and created assets. Therefore, the concept of sustainable development should be the focus of attention of all people planning future efforts, making the city of Niš a centre of sustainable development. This is the only possible development that can provide not only a high standard of living for its citizens, but also a truly rich life in economic, cultural, social, health and every other sense – in a word, a high standard of life for all its citizens.

EXPLANATION OF SLOGAN

Neiscrpni = Unlimited

Izvor = Source

Šansi = Chances

The slogan expresses the vision of the city of Niš as a city of the future and a magnet of hope for all people who live there or, in search of the realization of their life's ambitions and dreams, intend to live in it. The slogan expresses optimism about the prosperity of the future development of Niš and a possibility for each of its citizens to fulfil their professional and any other ambition. The city of Niš brings out the best in every person, providing real possibilities for everyone to work, educate themselves, create and love, wishing, by building its city, to build themselves as an individual who always goes forward and achieves success. Therefore, every taken chance and realized ambition of the citizens of our city is the realization of our efforts to create a better place for the life of future generations.

**Messages from the Round Table held at the University of Niš
with the representatives of the Student Parliament on 31 May 2007**

The positioning of Niš – a modern European city, recognizable and prosperous

What does Niš have to offer – what is it that makes us interesting?

Students, generators of development (27,569 students in Niš, 13 Faculties)

How can we preserve knowledge in Niš?

How can we raise the standard of students?

It's the individuals that make the system stronger

How can we connect the University and the economy?

How can we provide practice for the students, cooperation with the city and international exchange of students?

How can we recognize the best? Career Development Centre, formation of a City Student Office as a permanent institution

Let's change our approach – let's connect planning with the budget, let's have a realistic approach

Let's change the perception of young people – for a healthy perception, work habits, preservation of values, sportsmanship

Let's change (dis)trust, (dis)organization, poverty, (lack of) motivation, (un)creativity *and let's produce some results.*

Let's change our perception, raise the level of education and think positive.