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CHAPTER 4

TOURISM DEVELOPMENT



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ABBREVIATIONS AND ACRONYMS

AEA	Association of European Airlines
B&B	Bed and Breakfast
EAR	European Agency for Reconstruction
EU	European Union
GDP	Gross Domestic Product
GNP	Gross National Product
IATA	International Air Transport Association
ISSA	International Social Security Association
LC	Low Cost
MICE	Meeting, Incentives, Congresses and Events
MTB	Mountain Biking
PR	Public Relation
RDS	Regional Development Strategy
SE	South-East
TOS	Tourist Organization of Serbia
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNWTO	World Tourism Organization
WTTC	World Travel and Tourism Council
WWF	World Wildlife Fund



4 INTERNATIONAL BACKGROUND & SERBIAN STRATEGY

4.1 General Aspects¹

Tourism is becoming the major ‘industry’ worldwide. The strong and sustained rise of tourism over the past fifty years is one of the most remarkable phenomena of our time.

In spite of various crises which have happened recently, either due to economic slowdowns or fears of terrorism, some of which have obviously affected tourist movements; the tourism industry continue to grow steadily.

Tourism today is a phenomenon which affects almost all countries, showing an immense rise of ‘new’ tourist destinations, and is a strong contributor to the payments balance for many countries.

Furthermore, tourism is proven to be highly labour-intensive activity that opens up opportunities for the small businesses that provide products and services to the tourism industry. Its impact is particularly strong in the local farming and fishing industries, handicrafts and even the construction industry. Tourism therefore creates many **direct** and – perhaps even more – **indirect** jobs. The global spread of tourism in both industrialised and developed states has therefore produced economic and employment benefits in numerous related sectors – from construction to agriculture or telecommunications.

The geographical expansion and labour intensive nature of the Tourism sector provide a spread of employment which is particularly relevant in remote and rural areas where many of the poor live. Poverty alleviation is an essential condition for peace, environmental conservation and sustainable development, besides being an ethical obligation in an affluent world, where the gap between poor & rich nations seems to have increased in recent years.

Tourism can therefore, represent fertile ground for private initiative. It serves as a foothold for the development of a market economy where small and medium-sized enterprises can expand and flourish. In poor rural areas, it often constitutes the only alternative to declining subsistence farming. In remote areas, it can provide income alternative to agriculture, in the absence of industry.

The demand for tourism though, depends strongly on the economic conditions in major generating markets. When economies grow, levels of disposable income will usually also rise. A relatively large part of discretionary income will typically be spent on tourism, in particular in the case of emerging economies. A tightening of the economic

¹ Most figures based on UNWTO data (see: www.unwto.org)



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situation on the other hand, will often result in a decrease or trading down of tourism spending.

This is a phenomenon which has to be considered carefully at the time this report is being written (Spring 2009) as the global economy is in the phase of 'unprecedented recession', with negative impact on tourism figures. Instead of growth the tourism market is actually experiencing a decrease in numbers, both for tourist arrivals as for turnover. Many tourism suppliers are actually cutting prices to maintain market shares, which makes it more difficult for 'new entries' on this market to compete. However, as history has shown, this temporary decline in tourist movements will probably be overcome in the coming years.

4.1.1 Tourism in Europe and the Balkan area

Europe is the world's largest and most mature destination region, accounting for over 54% of all international tourist arrivals and 51% of international tourism receipts. In 2007 international tourist arrivals increased by 5%, representing an additional 22 million arrivals.

Europe's solid growth in arrivals in 2007 was due in significant part to Southern and Mediterranean Europe's strong performance (+7%). In particular, the Balkan states were among the stronger players² – Serbia (+48%), Montenegro (+160%), Bosnia and Herzegovina (+20%), and the Former Yugoslav Republic of Macedonia (+14%).

Slovenia (+8%) attributes its result to increased promotion in key markets. The growth of tourism flows to Croatia (+7%, on a much larger base!) was driven predominantly by increased access to low-cost carriers (charter flights) and a booming second-home market.

4.1.2 Trends

Due to fundamental changes in tourism, at present time almost one third of the world tourism business is taking place outside the classically understood trips for annual (summer) holidays. Although tourism needs are highly differentiated and the general 'tourist market' is becoming ever more fragmented (in several so-called 'niche markets', each of which can be highly specialised), a number of general trends can easily be discerned.

On the other hand, current tourism development is characterised by the following trends:

² Of course growth figures are relatively high as the initial figures – the actual number of arrivals - are low. Especially in Serbia, tourism arrivals were – for obvious reasons – close to zero in 2000.



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- **Demographic change:** the proportion of people over 60 in the western world is growing. Moreover these people are likely to retain their independence for longer, and they increasingly spend longer periods in tourist destinations considered to provide pleasant living conditions, in particular in the South and off-season.
- **'Total access':** More tourists with special needs that must be catered for to enable them to fully benefit from tourism will want to travel. Apart from the about 10 % of the population formally recognised as disabled in one way or another, a growing number of tourists can be expected to suffer from reduced mobility as a result of a temporary disability or age.
- **Young travellers:** Studies have shown that about 20% of all tourist arrivals are people between 15 and 26 which results at the moment in 140 million arrivals per year, 70% of whom are mostly in European countries. Especially the new Member States are bearing a big potential in this target group both as countries of origin and as tourist destination for younger people.
- **Enlargement of the European Union:** The better integration of the new Member States in the European Union will boost the tourism sector. New research from WTTC demonstrates that there is a potential for 3 million additional jobs and additional 46 billion Euros in GDP. The expected growth will boost local employment by providing sustainable jobs. This development creates a win-win situation for travel and tourism for new member states and for the EU as a whole.
- **"Short Break" holidays:** The prospects of more and smaller households, higher disposable incomes and more flexible working patterns will lead to the spreading of the holiday season.
- **Demand for higher quality services:** an ever-growing awareness about one's right and growing consumerism will lead to more critical clients.
- The change in the demographic structure of the population and the travel attitudes will result in new product demand. By the end of 2002 low cost airlines had captured 12% of all intra-EU air capacity. According to IATA and AEA forecasts the low cost carrier market is expected to increase to 35% of European air traffic by 2010. 75% of the LC market share is said to represent new customers.
- New fare structures and the e-market will change booking behaviour and favour personally composed and 'non-standard' products, are affecting package tours, both in short-haul and long haul travelling.

New forms of travel, new tourist products and new destinations represent new facts in the world tourism industry, which until recently was dominated by relatively few major destinations. At present – PROVIDED THAT THE NECESSARY TOURIST INFRASTRUCTURE IS UP-TO-DATE- everyone can play a role in the global tourist



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competition provided it develops in a professional way its attractions, respecting the rules and the keys of success of the development of tourist products and of their presentation at the world tourist market.

4.1.3 Sustainable Tourism - Definitions and Perspectives

Today there are still many terms in use to define environmentally & socially 'friendly' forms of tourism, of which 'ecotourism', 'sustainable tourism' and 'responsible tourism' are the most common.

The United Nations World Tourism Organisation defines sustainable tourism as:

'Tourism that meets the needs of present tourists and host regions/ communities whilst protecting and enhancing opportunity for the future'.

Rather than being a type of product, it is an ethos that underpins (or should underpin) all tourism activities. As such, it is integral to all aspects of tourism development and management rather than being an add-on component

The objective of sustainable tourism is to retain the economic and social advantages of tourism development while reducing or mitigating any undesirable impacts on the natural, historic, cultural or social environment. This is achieved by balancing the needs of tourists with those of the local population & environment of the destination.

According to the UN World Tourism Organization, sustainable tourism is tourism that leads to the management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems.

The so-called 'sustainable tourism' is therefore a kind of tourism which attempts to make a low impact on the environment and local culture (of the host community), while helping to generate income, employment, and the conservation of local ecosystems. It is responsible tourism that is both ecologically and culturally sensitive.

Sustainability principles thus refer to the environmental, economic, and socio-cultural aspects of tourism development, and a suitable balance must be established between these three dimensions to guarantee its long-term sustainability. Sustainable tourism should:

- Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity;



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- Respect the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance;
- Ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

'Sustainable Tourism' refers to a level of tourism activity that can be maintained over the long term because it results in a net benefit for the social, economic, natural and cultural environments of the area in which it takes place.

A common argument is the incidence of air traffic within the tourism industry. It is difficult to sustain that tourism is 'sustainable', when it involves (long haul) flights. The most environmentally sustainable kind of tourism should keep the tourists near their home.

A number of tourism companies try to offset this environmental impact by inviting clients to participate in environmental protection projects (e.g. donating to WWF) or to take part in carbon offset plans (see for example: www.ens-newswire.com/ens/nov2006/2006-11-28-05.asp).

Other operators stress more positive local impact of their tours, and tend to define their tourism as '*responsible tourism*', rather than sustainable tourism.

Genius Loci Travel, an Italian tour operator in the field of sustainable tourism defines their products as:

'A kind of tourism that has positive effects on the (politics of) nature conservation and the preservation of the cultural heritage, as well as positive effects on the socio-economic conditions of the local population, both in terms of employment, social well-being, training and income'.

Generally speaking, one can state that most guidelines & codes of practice have the following objectives:

- **Protect** the natural environment (flora, fauna, landscape);
- **Preserve** the cultural heritage (architecture, landscape);
- **Respect** local cultures (traditions, religions, folklore);
- **Benefit** local communities (economically and socially);
- **Conserve** natural resources (energy, water, etc. - during travel / on destination);
- **Minimise** pollution (noise, waste and congestion).



4.1.4 Sustainable Tourism Development in Serbia

The Tourism Development Strategy stresses the importance of sustainable use of natural resources. This is, for example, expressed in the vision for tourism development in Serbia in general as in South-East Serbia in particular. Both visions stress that natural resources are a highly valued. The Competitiveness Plan indicates (p.93): protection, conservation and maintenance of the natural resources are inadequate and improvement of it receives highest priority.

The policy documents, however, do not elaborate much on how sustainable use of the natural resources should be realized. Only two objectives to realize sustainable tourism development are formulated:

- First, extension of natural parks is envisaged up to inclusion of 15% - 20% of the territory of Serbia (Tourism Strategy, p. 22).
- Second, the Competitiveness Plan (p.94) stresses that a selection should be made amongst possible lake destinations that will be developed for long-term tourist-recreational development, as to prevent proliferation of real estate construction by local population. By concentrating on certain areas, stress on natural resources in other areas will be less. This way, these natural resources can be protected and conserved in a more effective manner.

4.1.5 Actual figures for Tourism in the Republic of Serbia

It is estimated that tourism accounts for about 2-3 % of GNP, and for about 5-6 % of employment³. Tourism has been increasing fast over the last few years, but comes from a situation almost without tourism, and has not yet reached the pre-War numbers.

The main document on the strategy for the development of tourism in Serbia is the "Tourism Strategy of the Republic of Serbia - First interim report", adopted by the Serbian Government in 2006.

Under the Law on Tourism (adopted in 2005), Serbia has established a tourism development fund, as well as a programme for managing and supporting tourism development. This fund is partly replenished by tourist taxes, levied by municipalities on hotel guests.

4.1.6 Priority Serbian tourist products

According to the Tourism Strategy, Serbia should especially emphasize its potential in the fields of nature and environmental tourism, health, activities of special interests, rural tourism, cultural tourism, river cruising, business tourism and MICE (Meetings,

³ Figures taken from the *Regional Development Strategy for the Jablanica and Pcinja Districts* (Centre for the Development of the Jablanica and Pcinja Districts, 2007).



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Incentives, Congresses and Events), identifying nine different *`priority Serbian tourist products`*:

- City holidays;
- Touring;
- Business tourism and MICE;
- Health tourism (*`wellness`*);
- Nautical tourism (incl. river cruising);
- Events;
- Mountains and lakes (active tourism / environmental tourism);
- Rural tourism;
- Special interest tours.

Already in the strategy it is pointed out that, obviously, Serbia cannot contemporaneously develop and/or commercialize successfully all mentioned products.

The products which, with the least effort, may give the best effects in the shortest possible time (called here: "quick wins") are identified in the strategy. These products should have the function of a kind of development engine, which means that the effects of their quick and successful commercialization would be gradually expanded to other products.

It should be noted, that tourism actually is a very complex matter, and that it is not easy to identify different 'forms of tourism'. Often there is overlap between the different segments, and often in one 'tourist package- several elements of different types are included. Some 'products' mentioned in this strategy, like 'mountains & lakes' are not well identified, therefore it is preferred to refer to 'active tourism' or 'environmental tourism'.

4.1.7 Development concept for priority Serbian tourist products

According to the Tourism strategy, although stating that one should by no means postpone the development of other products (more difficult to develop and to commercialize), the **`development concept`** should be to focus at first on the *`easier-areas/products`*.

It is stated that if the development of these products would not start at once, the *"quick win"* effects would soon vanish and there would be no gradual diffusion of the achieved positive results ("spill over") into other products of the tourist sector.

The application of the above mentioned *`development concept`* has direct implications on the regional aspect of the development of tourism in Serbia. Namely, it would be logical that in the first step, the regions with the biggest chances/potentials for the development of "quick win" products would develop most rapidly in the field of tourism. Like in the case of the priority tourist products, these regions would play the role of the



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engine of the tourist development in Serbia, and the positive effects of the achieved tourist traffic in such regions would increasingly expand and open development spaces to the regions which at present, objectively speaking, have less chances to quickly commercialize their products.

This leads to the conclusion that the Serbian government – at least from a commercial point of view – wants to invest firstly in strong areas.

BOX 1

The actual promotion strategy of the National Tourism Organisation of Serbia

Analyzing both the website (www.serbia.travel) and the (few) available brochures and talking to several officials from the organization, one can conclude that at the moment, the promotion of the Serbian tourist product is concentrated mainly on Belgrade, the Danube corridor and partly Vojvodina (the art city of Novi Sad), although attempts are being made to promote also other areas.

Regarding the more remote, mountainous and rural areas the most attention goes to the national parks (Tara and Kopaonik) and Zlatibor. Some special interest tours are organized around the Serbian monasteries, the wine regions and the Roman & Romanic roads, as well as for a selected number of Spa's.

Some attention is given to the active & rural tourism, also in SE Serbia (Stara Planina), but in very general terms. As has been stated by several spoke persons: in SE Serbia 'there is not much of interest for the international market to offer **yet**'.

It can be stated that the actual promotion efforts do not necessarily reflect entirely the "Tourism Strategy", which in fact has been adopted, but due to be amended on a few points. Some discussion is still going on about the clusters identified by the Strategy.

4.1.8 Public or Private Organisation of Tourism in the Republic of Serbia?

Regarding the role of the public sector (State), Tourism Strategy of Serbia individuates basically three different approaches to develop the tourism sector in Serbia (with obvious a large number of 'in between' situations):

- A liberal way, which implies privatization of the remaining public sector in tourism and opening the country to foreign capital
- A more protectionist way, with a number of tourist facilities managed either directly by the State, either through mixed shareholder companies



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- A mixed approach.

The first strategy was followed by countries like the Czech Republic and a relatively new tourist destination like Bulgaria, but also by many so-called developing countries. The advantage is a quick influx of foreign capital and know-how, and therefore a quicker revitalization of the tourist offer, at least in those areas which are interesting to (national/foreign) private companies.

The second strategy was followed for example by a new country like Slovenia (where this strategy seems to have produced good results), but it is/was also practiced in – older tourist destinations like Spain, which still manages a large number of high quality *paradores*⁴ (www.parador.es/en/) and Italy, which has invested at the beginning of mass tourist development in the Jolly hotel chain, in many areas, including a number of remote provincial cities, those not appealing to the private sector⁵.

In the “Tourism Strategy” it is recommended to follow the third approach, followed for example in Hungary, which implies a mixed way of penetration of international capital and management on the one hand, and development of the local know-how and relevant expertise in hotel and tourist industries.

⁴ “Paradores de Turismo” is a publicly funded limited company with eight decades of history and which currently manages more than 90 hotel establishments thanks to the work performed on a daily basis by its thousands of employees. Many Paradores are located in nature reserves and in historic buildings, such as castles, palaces, convents and monasteries. The public status of Paradores de Turismo does not exempt Paradores from a management and **objectives similar to those of any other hotel chain**. The difference lies in the fact that Paradores reconciles this policy with the public objectives of the company. Managing buildings of great patrimonial value of very specific importance or located in natural areas poses a significant challenge, given that the maintenance and the personnel requirements are very different to those of a typical hotel.

Despite these factors, the results obtained over recent years certify the good economic health of the company, as well as the great loyalty of its guests.

⁵ The Jolly Hotel chain has been in public hands until very recently, but has been sold to NH Hoteles, a big Spanish hotel chain in 2007.



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Under direct management of the state Hungary established, the national hotel companies "Danubius" and "Hungest Hotels", which appear today as regional players and which control, in Hungary, almost one half of the hotel accommodation capacities. That opened, with the role played by foreign companies, especially in Budapest, a place for the quick growth of the domestic hotel industry, and of domestic entrepreneurship in tourist industry in general.

Simultaneously with the development of the domestic management and the growth of earnings, the state gradually abandoned its initial role of main shareholder, leaving the enterprises in the hands of the entrepreneurs. Such an approach, at the one hand, satisfied the national interest of creation of strong and internationally competitive domestic players, while at the same time, at the other hand, it allowed the inflow of foreign capital, especially in sectors which were not directly linked to "Danubius" and "Hungest", i.e. in places where huge investments were needed.

4.1.9 Actual situation

Although in the strategy an important role for the public sector is still foreseen, this seems not realistic in every place. For example it seems to be most unlikely – for the moment - that Serbia will set up a nation-wide public or private/public hotel chain, although the opportunities for this are very concrete. For example, several State agencies (like the Railways and the Serbian electric power company), both already own hotels.

Actually in Serbia there are only 17 tour operators on a nation-wide basis. Of these tour operators the majority specializes in outgoing tourism (mainly tours to Greece, Turkey, Egypt and so on, reflecting the low interest in the organization of inbound tours by the private sector). It has to be carefully assessed whether existing tour operators have the will and knowledge to organize inbound tourism, and if so, what the training needs are.

Here, lies an important role for the national authorities, mainly by the creation of transparent and stimulating conditions inside the Serbian tourist clusters (this is equally valid for both domestic and foreign companies), regardless whether it is the question of infrastructure, of information, good regulations or the system of (financial) incentives.

In those cases where the level of sophistication of the market is quite low, when the productivity of factors is small, when there are no long-term sources of funds, and, of course, when the public and private actors in the cluster do not have enough strength for the developmental take-off, the governments of the countries, by the intermediary of specialized agencies, enter directly into the preparation of investment projects for the market, or act themselves, temporarily, as entrepreneurs in the interest of the quickest possible development of tourism, shown by the positive examples of Greece, Turkey, Egypt (source: Tourism Strategy).



4.1.10 National Investments in Tourism

Under the Law on Tourism (adopted in 2005), Serbia has established a tourism development fund, as well as a programme for managing and supporting tourism development. This fund is partly replenished by tourist taxes, levied by municipalities on hotel guests. (For more information see Chapter 4)

4.2 Tourism in SE Serbia – the Jablanica and Pčinja Districts

4.2.1 Regional Implications of the National Tourism Strategy

The Tourism Strategy divides Serbia in four clusters⁶:

- Belgrade, “the Capital city and regional Metropolis”;
- Vojvodina, “fertile heart of Central Europe”;
- (South-)Western Serbia, with its many natural and cultural resources;
- (South-)Eastern Serbia, with its authentic cuisine, archaeological sites and natural beauty.

For each of the clusters, priorities are defined and specific branding strategies developed. The slogan for SE Serbia, in which cluster Vlasina would be included, is ‘Still Undiscovered’, so the stress is on authenticity, genuine people, genuine food, unspoilt landscapes, rather than on large scale tourism development.

The application of the ‘development concept’ mentioned above (page 13), part of the National Tourism Strategy, if implemented literally, has direct implications for the development of tourism in the different regions of Serbia.

It is clearly stated in the strategy, that it would be logical to develop in the first stage, those regions with the biggest chances/potentials for the development of “quick win” products. This in order to make these regions play the role of engine for tourist development in Serbia.

Subsequently, the positive effects of the achieved tourist traffic in such regions would increasingly expand and open development spaces to the regions which at present, objectively speaking, have fewer chances to quickly commercialize their products.

⁶ Also a fifth cluster could be imagined: the Danube-corridor (excluding Belgrade), an area which encompasses both parts of the Vojvodina and parts of Eastern Serbia, but which has a clearly different potential regarding specific kinds of tourism, such as cruising, water sports, but also cycling tourism (already big along the banks of the Danube), which links a number of very interesting natural areas, like the National Parks of Djerdap (now included in the Belgrade cluster) and Fruska Gora.



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In South-Eastern Serbia it is clearly difficult to identify these so-called quick-win-situations, and therefore would only qualify for secondary spill-off.

Furthermore, the role that tourism can play / has to play is relatively important, especially in areas with high unemployment, as it is case of Pcinja district and Surdulica municipality. As stated in the National Strategy: tourism has to be an important generator of national well-being.

The general aim is to brand the area of South-East Serbia as a region that is 'still undiscovered', which offers various natural and cultural treasures. Main attractions are its lakes (including Vlasina), its caves, its monasteries and some archaeological sites, its mountains, its thermal and mineral sources. It also has to be branded as a destination which can be visited all-year round.

As key destinations of the cluster SE Serbia are mentioned (Tourism Strategy - p. 18): Sokobanja, Nis, Zajecar (archaeological site), Vlasina Lake and the Stara Planina mountains. Therefore Vlasina Lake is also one of the key investment projects for the development of tourism in the area, together with a relatively similar area, Stara Planina.

It would be recommended to add investments in human infrastructure to this list, given the low actual employment in tourism and the almost absent employment in the 'new forms of tourism' (see below: training needs).

From the document it seems like the authors of the Tourism Strategy had difficulties in defining the right strategy for the cluster of SE Serbia, with respect to other areas in the country. The outcome, indeed, does not yet seem a convincing, 'winning' strategy. Nonetheless a number of Master Plans have been developed for several areas in the South-eastern part of Serbia.

These include the area of Vlasina Lake, objective of this study, but also the area of Stara Planina, about 70 km. more to the North, and the mountain area of Besna Kobila, just 15 km. to the South. These areas have very similar characteristics – and indeed, the Master Plans are quite similar as well - and therefore it would to be a logical step to integrate these Master Plans, in order to create a coherent overall tourism development plan, which covers the whole area, or to coordinate those development plans for areas which are very close to each other, like Vlasina and Besna Kobila, in order to avoid overlap in investments, with the subsequent creating of overcapacity in future tourist facilities and unnecessary rivalry and competition between the areas, both for resources in the implementation phase and later for potential clients, with the subsequent competition in promotion efforts.



4.2.2 Priority Serbian tourist products in SE Serbia

As mentioned above, the Tourism Strategy distinguishes nine different ‘priority tourism products’ in Serbia, five of which could be further developed also in South-East Serbia.

These ‘key products’ for which a potential is seen also in SE Serbia are:

- Touring,
- Special interests,
- Mountains and lakes,
- Health (‘wellness’) tourism
- Rural tourism.

Of course the definition of these products, -identified on a national level- is still very vague and needs to be defined in detail on a regional (and then local) level.

An overview of the different products and their potential on a regional level is given below.

4.2.3 Touring

The so-called ‘touring’, one of the classic types of tourism, practiced already since the times of the so-called ‘Grand Tour’, is marked as one of the most important potential tourist products of Serbia, which actually (2006) generates about 70.000 overnight stays, a number which is believed to rise to about a million nights in 2015.⁷

The concept of touring is relating to holidays that include the arrival of tourists by bus, by (private)car, by tour bus, by train or airplane followed by commencing a tour of a certain area, often with a specific theme (cultural, natural, religious). The two basic types of this product are touring in several countries/destinations and touring within the framework of a specified country/destination. The majority of the tours of the last kind have a specified theme and they usually last for three days on. Classic tours, especially for foreign tourists generally last 8 days/7 nights, or, if including more countries also 15 days/14 nights.

The mere concept of touring implies that there has to be a series of tourist attractions and a number of tourist facilities. These attractions are ideally linked in a network and promoted together as touristic circuits. Potentially interested tour operators could then offer the whole area in a single ‘package’.

Considering the relatively small infrastructural changes required for launching this product, as well as the large number of potential users, this product is considered to

⁷ Notwithstanding the fact that the classic touring can be done virtually everywhere, and Serbia has no specific competitive advantage for this kind of tourism.



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have a significant development potential for Serbian tourism. It is also a 'tourist product' though which requires a regional approach to tourism, and not 'single spot investments'.

According to the Competitiveness Plan, the touring product in Serbia has to be based on four main segments, including the following locations and activities:

- Regional (international) organized tours (already offered in Serbia: visits to Serbian destinations as part of a regional touring programme encompassing towns and countries in SE Europe);
- Tours within Serbia (actually almost exclusively with Belgrade as the central/starting point);
- Individual touring across Serbia (a combination of activities at different destinations in Serbia);
- Special interest tours: e.g. Serbian ethno-tours, Serbian environmental tours, Serbia gastro & wine, the Roman tour of Serbia, the Danube tour.

Therefore it is of prime importance that the area to be visited offers more than just one destination worth visiting, and which have to offer accommodations/facilities of comparable quality.

The concept of the special interest tours by itself is good, but it is believed that the position of Serbia and of its main interests is not yet strong enough on the international market to be marketed by themselves⁸. Therefore, it is recommended to start the concept of touring first on a regional basis, encompassing sights of different interest, equally natural and cultural sites, *not on the basis of the development of a single site*.

It is believed that the touring product has to be aimed at European markets, particularly Germany, the Benelux countries, Scandinavia, Great Britain France, Italy, Austria etc. which have a high interest in the touring product. Provided there is a prompt revitalization of road traffic, the marking system and particularly the standard of accommodation, this Serbian product can develop extremely fast, particularly in view of the fact that it is becoming increasingly attractive for Central and Southeast European markets, and also considering the international trends and its placement on the global market.

4.2.4 Touring in SE Serbia

The main points of interest in SE Serbia, in the direct surroundings of the Vlasina Lake, are Vranje, with the home of the writer Bora Stankovic, a number of Turkish houses, a museum and the *hamam* baths and Vranjska Banja, with its warm water springs,

⁸ *E.g. It is difficult to believe that Serbia can compete with destinations like Sicily, or even Croatia with its Roman sights, like it will be difficult to compete with France or Italy for gastronomic tours. Even the ethno-tours will suffer fierce competition from 'new' tourist destinations like Bulgaria, Romania and Turkey.*



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according to the leaflets⁹ a highly developed tourist resort (although this reflects more the potential than the actual situation).

Close by is the mountain area of Kriva Feja and Besna Kobila (Master Plan prepared) and also the mountains on the borders with Bulgaria and Slovenia, including the Pcinjski valley with the monastery of Sveti Prohor, which has one of the largest accommodation facilities of all Serbian monasteries (actually closed). Another point of interest close by is the town of Vladicin Han, known for its musicians (although the concerts seem to be organized on a rather spontaneous basis actually).

Slightly more to the North are Leskovac, known for its grilled meat (but not a very attractive city by itself), the city of Nis, with various interesting sites, the mountain ranges of Suva Planina and Stara Planina (Master Plan prepared), and the area of Sokobanja.

Altogether these sites – provided minimum standards of accommodation/organization can be met – could actually be included in an interesting tour of SE Serbia¹⁰.

An important role in the development of regional tours in south-eastern Serbia can be played by the airport of Nis. Provided that some low-cost carriers can land here, it will be more easy to attract larger numbers of tourists, who can then tour individually (hired car) or can take part in organized tours. A possibility would be to activate an own Serbian charter company, to increase the number of flights to Serbia. Another – probably cheaper - possibility would be to offer advantageous conditions to existing charter companies to fly to Nis.

4.2.5 Conclusion

The attractiveness and potential for the growth of the touring product enables its prompt internationalization. Considering that, currently, there are several touring offers in Serbia, which need to be improved in terms of the experience and quality, and adjusted to the established key factors of success, given the shortcomings in the value chain, it is evident that this product requires a careful scrutiny.

In view of this, in the long run, Serbia has to rely on a strategy of differentiation in respect of professional organization of several exciting and unusual tours. In the short run, it is necessary to apply the strategy of low costs combined with the strategy of specialization.

This can be implemented if Serbia provides its own charter capacities and allows the entry of low budget air lines on the local market. Furthermore, development of destination management companies which shall cooperate with the TOS, regional

⁹ See for instance: *Ten perfect Places along Corridor X*.

¹⁰ An example of such a tour can be seen on the website



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tourist organisations and local agencies as mediators, will enable a successful development of this product.

Considering that the tour product can be promptly commercialized, it is extremely important to guarantee the professional organization of the tours¹¹.

This can be done in two ways:

- By offering the information about the area to existing (specialized) tour operators in the key markets;
- By professionalizing the (national/regional/local) incoming tour operators, so that they can address the key markets with specific products.

In the first case, there are several means to reach this goal. The most important thing is to convince tour operators that it is actually possible to organize tours in Serbia on a profitable basis. The first action to be taken has to be a merely informative campaign, including the production of promotion material and press trips. A second step can be the organization of a so-called 'educational tour', to show tour operators the area, of course after a careful selection of the attractions to be shown (and making sure that the standard of the accommodations/facilities) meet the standards the tour operators are looking for).

In the second case, it is extremely important that the local tour operators have knowledge about the trends in the international markets and the knowledge about how to meet the needs of international clients. With these skills they will be able to prepare – tour packages¹ which are of interest to the international public. After this, they are to be promoted and distributed through accessible channels.

It is also perfectly possible that international tour operators would rely on local counterparts, which will act as 'tour organizer'. In this situation local (regional/national) organizations will organize the logistic of the tours, based on their local knowledge of the area and according the special request of the international tour operator. The marketing of the tours will be done by the international tour operator.

This system has the advantage that the local tour operators can immediately penetrate in the different international markets, using the fact that their counterparts are already known in their respective countries.

The disadvantage is that, in the end, the bigger international tour operators have a wide choice of destinations to choose from and will only run tours which are profitable. Therefore they will have no direct interest in the country and can easily 'drop' a tour when it doesn't get the minimum number of clients.

¹¹ The competitiveness plan talks about an agreement on the selection of six or seven tours nation wide, but this can be left upon the market.



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The development of the touring product in Serbia is a matter of information, knowledge, skills and interest, rather than of large investments in the tourist supra- and infrastructures¹². Therefore the issue of training is of fundamental importance.

4.2.6 Special Interests

This is a category of tourist products which includes several special market niches and can virtually cover a large part of the potential tourist market. Therefore it has to be well defined on a regional basis. Being all small niche markets, they all ask for very specific products, which can only be prepared with specific knowledge of this product, whether it be cycling tours, archaeological trips or bird watching tours.

The special interests products typically relate to activities that take place in unusual, exotic, remote surroundings or those in the wild, and implicates a high level of participation of tourists in such activities (active holidays). On such occasions, tourists often expect an event involving (controlled) risk and excitement, or on the other hand a calm atmosphere, testing primarily the capacities under a defined activity. Hence, the product is based on outdoor activities as well as those focusing on cultural heritage of a destination.

Special interest activities are frequently associated with other tourist products (like touring, or 'lakes & mountains', or rural tourism).

The increasing demand for so-called 'special interest' products has been exerting a growing pressure on tour operators to increase the number of destinations and the number of tours for the different market niches under this product.

Furthermore, special interests are becoming an ever more frequent item in the offer of major tour operators, even to the extent that most bigger tour operators have bought smaller companies specializing in 'special interest tours'.

According to the Competitiveness Plan, the 'special interests' product in Serbia can include more or less the following products: and activities¹³:

- Nature related activities: Adventure camping, hiking, cycling, river expeditions, 4x4 rides, horse riding, fishing, hunting, Canoeing and Kayaking, Canyoning, Caving, Mountain Cycling, Cross-country Skiing, Mountaineering and Climbing, Paragliding, Rafting, Rock climbing, Jeep Safari, etc);

¹² Although of course minimum standards of hotel accommodation must be reached, as well as minimum standards of infrastructure. Investments in this (private) sector should be stimulated.

¹³ The actual list is amended/improved slightly, as the headings 'special interests' and 'mountains & lakes' mentioned in the Tourism Strategy do not convince (PH). The original list can be found on page 65 of the Plan.



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- Activities relating to cultural resources: Monastery tours, cultural heritage tours (castles, old town centres (UNESCO tours, and the like) archaeological trips, etc.
- Gastronomy tours (Serbia a la carte, Serbian wine roads)

It is believed that also the special interest product has to be aimed at the mature European markets, particularly Germany, the Benelux countries, Scandinavia, Great Britain France, Italy, Austria etc. which have a highly differentiated tourist market, and several specialized tour operators operating in the field of the `special interest tours`.

Considering that the special interests product is based mainly on the presence of natural resources, which Serbia has in abundance (although in this sense it's not unique!), there is a great potential for the definition and development of this product in the mid-term perspective.

On the international market, the `special interest` trips in Serbia, can be developed applying a moderate prices strategy, combined with moderate investments. In the mid - and long term perspectives, after Serbia has raised its general level of competitiveness in the field of infrastructural development and particularly after providing better accessibility, various possibilities will be available for developing special interests, nowadays characteristic only of developed tourist countries.

The global market potential of the special interests product greatly exceeds the potentials of Serbia for developing and commercializing this product, particularly in the short- and midterm perspective. Hence, it is important for Serbia to intensify its global communication with regard to this product via the available global Internet portals. Parallel to this, a specifically designed Internet portal should be produced for this product, along with taking other usual steps for swift communications, and previously integrating the organizers of the major special interests products.

The development and commercialization of special interests does not require major investments. As a result, this is one of the products where the stress must be placed on process management, something that no private company in Serbia does professionally

As written, the so-called `special interest product` needs to be crafted very skilfully, to meet the needs of the `spoiled` clients, in order to be able to captivate the interest of the potential tourist/tour operator, who generally has a great numbers of destinations worldwide. To be able to promote these tours on foreign markets it is recommended to seek alliances with foreign tour operators.

One of the activities the Competitiveness Plan proposes is to create a database with the major tour operators in the field of `special interest tourism`. A first attempt in this sense has already been made by the International Marketing Section of the National Tourism Organisation of Serbia, by inviting several specialized tour operators to the country.



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On a nation-wide basis there are two incoming tour operators specialized in the field of active/rural holidays, one in Nis (ACE ADVENTURES) and one in Valjevo (KASPER), though both Tour Operators as such are not listed in the list of inbound tour operators of Serbia.

4.2.7 Special Interest Tours in SE Serbia

The main points of interest for ‘special interest tours’ (if intended as ‘active holidays’ or environmental tourism in SE Serbia, in the direct surroundings of the Vlasina Lake, are the mountain area of Kriva Feja and Besna Kobila (Master Plan prepared) and also the mountains on the borders with Bulgaria and Slovenia, including the Pcinjski valley with the monastery of Sveti Prohor, which has one of the largest accommodation facilities of all Serbian monasteries (actually closed).

This last object could equally be included in a special interest tour of the Serbian monasteries, but it stands too much by itself to make this possible on a regional basis. It can though be included as a stopover for nationwide tours, or tours including also other countries (Macedonia, Bulgaria).

Therefore, when talking about special interest tours, the area seems to be more apt for the so-called ‘nature related tours’, especially for those activities which need relatively small infrastructural investments: walking, cycling (both road cycling and MTB), cross-country skiing, horse-riding, but also fishing, hunting, and canoeing on the lake.

The fact that the Vlasina Lake area is already included in the list of protected areas only reinforces this concept, and can be a marketing factor as well.

The area around the Vlasina Lake has to become, according to the Master Plan one of the foremost wellness resorts of (southern) Serbia, although it has several shortcomings to be able to fulfil this role:

- There are no natural springs at the moment, apart from some minor coldwater springs (compared to the hot water springs in Vranjska Banja a very low potential);
- The road to the lake is in a bad state of maintenance, and even when improved will still be a long drive from the main road (Corridor X) – especially compared to Vranjska Banja.
- There is almost no population along the lake shore, and especially there is no specialized personnel needed for the operation of a wellness centre. Not only the clients, but also the personnel will have to drive every day to the wellness centre, in the absence of public transport.

4.2.8 Health, Spa & Wellness Tourism

The so-called ‘wellness’ tourism is one of the segments of the tourism market, which has grown most quickly over the last decades. According to the forecasts of the ISSA,



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the major growth rate for this product will be expected in the medicinally designed programmes (therapies and water treatments), also considering the ageing of the European population. Apart from this, the 'Wellness' culture is becoming main stream, and there is a shift from the beauty treatments, targeted at the female market, to products also for men and families.

According to the Competitiveness Plan, the Serbian 'Health tourism' (Spa & Wellness) products will be based on four segments offering the following activities and services:

- Destination Spa – apart from the professional spa services, it includes all fitness and wellness components provided within the framework of the destination as a whole;
- Medical Spa – holistic and medical treatments providing all health and wellness components and techniques in an ambience integrating classical and special treatments and therapies;
- Mineral Springs Spa – services based on natural, mineral and thermal springs;
- Resort / Hotel Spa – spa within the framework of a hotel or "resort" providing professional spa services, fitness and wellness, etc .

In addition to the need for being promoted on the domestic market, health tourism has to be promoted on foreign markets as well. Among the rest, Serbia has to focus on attracting tourists from Germany, Italy, France, Austria, Scandinavia, etc, because they have a developed interest in newly emerged spa and wellness destinations.

4.2.9 Wellness Tourism in SE Serbia

The main focal points for wellness tourism in SE Serbia, in the direct surroundings of the Vlasina Lake, are Sijarinska Banja, Bujanovac Banja, the city of Vranje, with its *hamam* baths and above all Vranjska Banja, with its warm water springs, among the warmest in Europe. Although this last place already is, according to the above mentioned leaflets, a highly developed tourist resort, in the actual situation it cannot yet be promoted on an international level, as standards of accommodation / treatments are still too low.

Vlasina Lake has to become one of the foremost wellness resorts of (southern) Serbia, although it has several shortcomings to be able to fulfil this role:

- There are no natural springs at the moment, apart from some minor coldwater springs (compared to the hot water springs in Vranjska Banja a very low potential);
- The road to the lake is in a bad state of maintenance, and even when improved will still be a long drive from the main road (Corridor X) – especially compared to Vranjska Banja.
- There is almost no population along the lake shore, and especially there is no specialized personnel needed for the operation of a wellness centre. Not only the clients, but also the personnel will have to drive every day to the wellness centre, in the absence of public transport.



4.2.10 Mountains & Lakes

Although identified as one of the strongest Serbian products (at least from the point of view of potential resources), the Serbian mountains and lakes can still be considered to be almost non-existent, from the point of view of marketing (except perhaps Kopaonik and Zlatibor, although also these destinations are almost exclusively known on the domestic market). Moreover, they almost completely lack the infrastructure to be able to compete on the international market (again with the exception of Kopaonik and Zlatibor – to a certain extent).

Therefore the mountains and lakes of SE Serbia need development of their tourist infrastructure and they need a strong promotion. In the national Tourist Strategy it is suggested to first 'open up' Stara Planina and only after that the Vlasina Lake area - in the medium term (a period of three to five years is mentioned).

Together with the primary present-day destinations (Kopaonik, Zlatibor) these two areas then have to be presented on the international market as the current leaders of a 'mountain & lakes' product both for summer and winter time. *The area of Vlasina is not included in this list.*

It must be stated that the area around Lake Vlasina can certainly not compete with the Kopaonik and Zlatibor areas for its skiing facilities, and probably not even with the Stara Planina area for its skiing potential¹⁴. Therefore, through intelligent marketing, it can present itself as an 'alternative' winter sports destination, for those who do *not* practice downhill skiing, but do want to practice Winter sports. Softer activities such as trekking, cross country skiing, snowshoe walking etc. can be promoted during the winter season. The mountains of SE Serbia should be positioned as the first choice in a region offering the best value for the money ratio, with multiple activities to choose from.

During the Summer season it is necessary to introduce and promote, gradually, complete mountain holiday packages, as the area offers a good potential for a broad spectrum of additional activities, the so-called 'special interests' (see above). This way, year-long activities have been created both for the mountains and the lakes.

Moreover, unlike Kopaonik or Zlatibor, the area has as an extra attraction its lake, on which some 'soft', low-impact activities can be developed. Thus, by an intelligent creation of summer 'packages', this 'mountains & lakes product', could become an important alternative to the summer holidays at the seaside.

Another form of 'lake side holidays' is the simple 'relax' holiday, generally practiced in a lake side hotel or resort or through the rental of a lake side villa. The use of lake side

¹⁴ Considering only the 'competition' on a National level. On an International level there are many better and better located, skiing areas.



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villa's is an activity already practiced on a large scale at Vlasina (see below), though with most villa's now being second homes, while few villa's are available for rent. Through specialised agencies part of these villa's might be rented – obviously in accordance with the owners – for tourist purposes, e.g. in the low season.

In the beginning, the focus should be on the national markets, targeted to those Serbians, who would usually go abroad for their holidays, as well as on the markets of the neighbouring countries (Bulgaria, Macedonia), Vlasina being near to the capitals of these countries (Sofia and Skopje respectively).

Only at a later stage, once the product has been created (and the quality of the accommodations & services & facilities has been raised) the North & West European market could be approached. These markets – on which an enormous amount of tourist products is available – can only be reached when the offer of activities and the level of accommodation & services has reached a good standard, with a competitive price level.

It is of course also perfectly possible to market a number of 'mountain & lakes' products for some specific targets/markets, and other products for others.

Of course, before starting the promotion of the area as a destination for 'active holidays' all the necessary infrastructure has to be set up, basically from scratch (see below).

The cost of the necessary physical infrastructure (footpaths, cycling paths, information panels etc.) is relatively low, and can easily be realised on a relatively short term. Investments in 'human capital' may need more time.

4.2.11 Rural Tourism

Rural tourism can take many forms, and is indeed not well defined on an international basis. It can range for luxurious 5-star hotels or resorts in the countryside to simple rooms at the farms. When talking about remote, and often poor, rural areas, one often refers to rural tourism as a means of integration of the revenues for the poor agriculture.

In many European countries there is a big increase in the number of alternative accommodations, the so-called 'extra-hotel- tourist accommodations, among which the B&B's (Bed & Breakfast), simple facilities with private people and *agriturismo's* (tourist farms), which can range from very simple accommodation to luxurious resorts. There is no uniform legislation regarding these facilities in most European countries, and often legislation even differs from region to region.

The demand for this kind of tourism is actually growing, in some areas (e.g. in Tuscany) to the extent that it has become a real alternative to hotel accommodation.

The rural tourism, and especially the *agriturismo*, has become a considerable 'niche market', a specific market segment, with a large number of specialized tour operators,



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its own trade fairs, its own quality control systems¹⁵ – comparable to the stars-system for hotels - and of course with many clients.

In 2005-2006 EAR has funded a so-called ‘*Rural Tourism Homestay Programme*’, rural tourism accommodation project for the districts of Jablanica and Pcinjski. This project was carried out by the Resource Centar of Leskovac and identified about 80 possible rural accommodations.

These so-called ‘*home-stay initiatives*’ can take various forms, related as well to tourism, stimulating on the one hand that local people do not leave their village, and on the other hand a rational use of existing facilities, without the need for new buildings.

4.2.12 Events

Although not identified as an area where events can play a role for tourism, SE Serbia definitely has a number of ‘cultural products’ that can be turned into important events, like the Trumpet festival of Vlasina and the presence of good musicians in Vladicin Han.

4.2.13 The Regional Vision for the Jablanica and Pčinja districts

As written, above, the development of tourism of the Vlasina Lake has also to be seen in the regional context.

A good document with a regional development strategy, including a chapter on tourism development has been produced by the “**Centar za razvoj Jablanickog i Pcinjskog okruga**” (Centre for the Development of the Jablanica and Pcinja Districts).

This document, the ‘Regional Development Strategy for the Jablanica and Pcinja Districts (2008-2012), from now on called RDS - Regional Development Strategy, defines (in chapter 5) among others the objectives and priorities with regard to tourism development, on both a regional and municipal basis, until 2012.

4.3 The Potential of Vlasina Lake and Surroundings for Tourism

4.3.1 Tourism Strategy of the Republic of Serbia and its consequences for Vlasina Lake

Vlasina Lake is part of the ‘cluster’ South-East Serbia and therefore all the conclusions regarding the different ‘Serbian priority tourist products’ hold true also for Vlasina. In this sense it is useful to repeat that there are no so-called ‘*quick-win*’ situations in South-

¹⁵ Although there is still much confusion, as there is not really one uniform system, although some countries have done an attempt in that direction.



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East Serbia, and therefore, if applying the official national strategy, big investments here should not be considered.

Vlasina Lake is in any case considered one of the main attractions or key destinations of the cluster SE Serbia. Therefore it is also one of the key investment projects for the development of tourism in the area (Tourism Strategy - p. 18).

The potential tourism in Vlasina can be categorized in several categories (or 'tourist products') of which: 'touring', 'special interests', and 'mountains and lakes' are the most important, and perhaps also the category 'wellness' can be considered, if offered in combination with one of the other categories.

Shortcomings on both the demand and the supply side - including the production factors - for categories are listed in the Competitiveness Plan.

Current shortcomings that have high priority for these products are¹⁶:

- Existing accommodations and service do not meet international quality standards;
- Lack of cooperation and association;
- Lack of management and promotion of the mountain & lake product;
- Low specialization and quality in catering;
- Lack of specialized tour organizers, providing special activities and packages.

Regarding the production factors, the following shortcomings can be identified:

- Poor road access and road maintenance;
- Low level of quality of transport by bus, train or taxi;
- Low level of quality of the system of protection, conservation and maintenance of culture and natural resources.

It should be kept in mind that Vlasina has never been a relevant tourist destination historically, therefore it is important to raise the issue of activating both local material and human resources that will serve as pillars of the tourism development and relevant (regional/national) factors for the realization of the desired tourist development.

It has to be clearly formulated as to which products will have to be developed there, so that a strong bond can be established between an objective 'attraction structure' (the mountain and the lake) and international tourism processes (aspiration rank that Vlasina strives for).

According to the Master Plan Vlasina as a tourist destination should build its long-term market position bearing in mind the following facts and processes taking place on the

¹⁶ This list has been amended to identify the special shortcomings of the Vlasina Lake area.



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tourist market:

- a. The global tourist market is without any doubt increasing, quantitatively speaking, and there are more than 180 countries seeking their respective place on it with their tourist regions, destinations and products. Growth potential is divided based on products, giving rise to an increasing specialization and all the clearer differentiation amongst different destinations. Our stance is that Vlasina region is at its very beginning, and it therefore has to offer, both on the domestic and international markets, some features relatively innovative on the regional market, along with a higher level of quality and lower prices compared to its competition, all in order to gain trust of the potential consumers in the first stage of its entrance onto the international market.
- b. Tourist destinations are forced to work on constantly increasing the quality of their offer, bearing in mind the tourism-related usage of space (to remind ourselves, there is so called European model of development of tourist destinations which made the maximum use of the available space and all that is left is to work on the level of quality, that is to put an emphasis on differentiation) which assumes the individualisation of tourist services. On this account, Vlasina Lake region has a distinct advantage, first of all because of all the space available for its development, thus enabling advance planning of various activities that will respond to the future market needs in the best possible way. Therefore, Vlasina has to play the 'card' of very few tourist products which will be utterly professionally differentiated, whereby the region's stable competitive position, both domestically and internationally, will be built short and mid-term.
- c. Nowadays, the development of products, which includes advertising as well, is completely connected to the development of life styles (so called *life style* marketing), as each individual differentiated tourist need is derived from a life style shaping a target group of users related to one particular product. In other words, Vlasina has got to adapt its product portfolio with the life style marketing phenomenon, as it is a prevalent modus operandi of international advertising communication worldwide. Therefore, it is not sufficient to have a quality product, it is necessary to link it with the life style marketing.

In short, this means that the area of Vlasina Lake has to find its 'niche market' with a product that differentiates it from other competitors, at least in the regional SE European context.



4.3.2 Tourist Potential of the Vlasina Lake for the identified ‘priority products’

Touring

With respect to the ‘touring product’, as it is by definition a product that covers a larger region, reference is made to paragraph 4.2 (under the heading ‘touring’ – 4.2.3).

Health & Wellness tourism

Regarding this tourism product, it might be useful to distinguish the different kinds of so-called wellness tourism, used in the Tourism Strategy (see also the paragraph on this product in chapter II). It is clear that the potential for both the ‘Destination Spa’, ‘Medical Spa’ and ‘Mineral Springs Spa’, where all services, (medical) treatments and other wellness components and techniques, are intimately linked to the presence of natural, mineral and thermal springs, is lower on the Vlasina Lake than in other places in the area, like Vranjska Banja and Bujanovacka Banja.

There is however a good potential for wellness tourism within the framework of a hotel or resort (“Resort / Hotel Spa”), which can provide professional ‘spa’ services, fitness and wellness, etc., also in a regular hotel, without natural sources.

Nature tourism & Active tourism (mountains and lakes & Special interest tours)

The potential for nature related active holidays in the area is almost unlimited, with the exception of downhill skiing, as slopes are not high enough, to justify the investments in big ski lift infrastructure.

An option could be to qualify this area as the “Mecca” for other outdoor activities, both in summer and in winter. Possible activities include in summer:

- Walking & Trekking;
- Mountain biking and road cycling;
- Orienteering and Geo-catching;
- Bird watching and nature-oriented excursions;
- Swimming;
- Boating & canoeing;
- Sailing and surfing.

And in winter¹⁷:

- So-called Nordic Skiing disciplines (cross country skiing, *langlaufen*, telemarking);
- Snow-shoe walking.

The area is perfect for these kinds of activities, as it is mostly undulating, without many (too) steep slopes, while still offering a number of good viewpoints over the area. The

¹⁷ An idea of an area specialising in these disciplines is Alto Adige / Sued Tirol. See: www.alpinefitness.it/en/nordic-fitness-in-suedtirol/cross-country-skiing/cross-country-s.html



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geological features (ancient volcano), together with the alternation of forests, agricultural land and the lakeside makes up a varied landscape.

Rural tourism

As written, in many European countries there is a big increase in both the number of alternative accommodations, outside the traditional hotels, and there has been a big increase in demand for these facilities (see also the paragraph on rural tourism in chapter II).

Also in Vlasina there is a potential for this kind of tourism, and it might be stated that in some of the existing hamlets there is even a need to stimulate this kind of these so-called called 'homestay initiatives', seen the absence of alternative employment. These can take the form of either so-called *agriturismo*'s (in the rural areas), or B&B's (in the hamlets). Of course in these cases there is both a need for improvement of the existing accommodations, a need for training as well as a need for promotion.

Educational tourism (environmental education)

A kind of tourism actually not mentioned in the Tourism Strategy, but which can be of a certain importance to the area of Vlasina is the so-called 'educational tourism'. This kind of tourism, generally in the form of groups of school children (but also in exceptional cases students or adults) is a form of tourism, for which the objective of the journey is environmental education.

This 'environmental education' is in general always one of the objectives of every national park, and most nature reserves worldwide, and indeed most nature reserves offer facilities to stimulate this kind of tourism. These facilities can range from a simple visitor centre, to complete training centres (old school buildings) and dormitory style lodgings to enable longer stays.

Income from this kind of tourism is generally speaking not high, but it is also an investment in the education of future generations.

Marketing of the Area

The actual tourist promotion is being done at a local level, by an especially created tourist organisation of Surdulica.

The marketing of the area on a national/international level is apparently non –existent (information on the area in tourist offices in Belgrade is mostly absent)

Maps, Leaflets, Brochures

A good map of the area is available (in scale 1:30,000). This map can easily be transformed in a tourist map, with the indication of tourist facilities, paths and points of interest.



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Leaflets or tourist brochures on the area are not (yet) available apparently. A brochure on the area of SE Serbia is available (but unfortunately with very bad pictures).

4.3.3 Tourist Organisation of Surdulica

The Municipality of Surdulica has an own tourism organization which is partly financed by tourist taxes levied on tourist staying in the hotels on its territory of competence.

Due to the fact that there is no third authority level in Serbia (yet), this organization would have to deal directly with the authorities on a national level. As written above, there are attempt being made to set up a regional tourist organisation, but this one does not have a legal status. The actual organisation though seems to be able to deal with a suitable relatively small scale development of the area (for more information on Tourist Organisation please refer to chapter 8 and 9).

4.3.4 The Master Plan for the Development of Tourism on Vlasina Lake

In 2007 a Master Plan for the area of Lake Vlasina was presented, as one of the 21 nation-wide Master Plans, mentioned above. This Master Plan has been prepared, on behalf of the Ministry for Economy & Regional Development, by Horwath HTL, the same consultancy firm from Zagreb that prepared the national Tourism Strategy.

This Master Plan, drawn up following a public tender by the Ministry of Trade, Tourism and Services of the Republic of Serbia has the following objectives (called its 'mission' in the project itself):

- Based on situation and market analysis, to provide an acceptable and rational tourism development concept, suitable to attract domestic and foreign investors;
- To serve as input for the upcoming detailed landscape plans and land use regulations;
- To provide a frame for the tourist project of Vlasina management.

Based on previous studies and interviews with key interest parties the conclusion has been reached that the 'tourist image' of the area is yet to be designed (in line with the international standards). It is thus stated in the Master Plan that the area of Vlasina is practically starting from scratch its tourist development. It is seen as an area with a great potential, but only in its infancy stage.

As a major asset of the area its mountains and lakes, as well as its altitude (fresh air) are often mentioned, which together should result in a tourist product that should enable potential tourist to 'live their life on a higher ground. This concept is further developed in the following 'key assertions':

- Live your life whilst resting;



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- Rehabilitation of traditional values and urban/architectural structures;
- Life and development in de-concentrated concentrations, as well as functional activation of the space around the lake;
- Variety of tourist products / activities with the aim of inter-linking the general resource structure and physical infrastructure;
- Entire / strict compliance with natural surroundings in order to preserve the scenery and the development of recreational areas ;
- Innovative resort / settlement as a centre and display for a new recreation culture, as well as new attractions within the recreational space.

The Master Plan then concludes that:

- There is a clear need for a new way of spatial interpreting of Vlasina as a tourist destination.
- There is a need for a new living culture into which all those authentic elements of life on high ground, as well as a new way of resting / holidaying on high ground, with novel attractive elements, are incorporated.
- In order to realise a new living and relaxing culture, it is necessary to create in the area of Vlasina a completely new / innovative resort, that is, a settlement which will act as a link between Vlasina and the necessary economic and general development. This new resort / settlements gives a new development concept of Vlasina, offering practically all the functions necessary for a location in order to meet elementary life needs, ranging all the way to recreation, fun and leisure activities.

In the plan also the needed public infrastructure projects are identified (and estimated in about 41M – 52 M euro), as well as an estimate of the needed private investments (about 200 M euro), the costs, expenses and possible income & profit.

As well a future 'Business Managing Model' is proposed, involving what are considered the six key stakeholders that have to be counted with when implementing the project:

- Current and potential users of recreational/tourist facilities on Vlasina Lake;
- Local population;
- The Municipality of Surdulica (along with local municipal / public companies);
- The Government of the Republic of Serbia (Ministry of Economy and Regional Development, but also other involved state-owned public companies / properties);
- Private entrepreneurs;
- Major domestic and international investors and developers.

The proposal is to found a joint public company, between the State and the Municipality of Surdulica, with the draft version name of 'Tourist Resort of Vlasina'.



4.3.5 Phasing of the Master Plan

In the plan itself it is already stated that the actual realization of the plan should be carried out in phases, between 'now' and 2012¹⁸.

Also seen in the light of the recent developments in tourism on world scale it seems to be a wise decision to spread out the development of the area over a longer period, also to make these investments economically viable already in a short period.

The important thing in 'phasing' the investments is that the end result of each phase though should be a completely working tourist structure, not an uncompleted part of a bigger structure to be completed.

Therefore it would be perhaps more correct to talk about realising different 'modules'.

These modules, which can be successively (or if the needed investments are available also contemporarily) realized, all have their needs in terms of infrastructure (see paragraph 4.5).

4.3.6 Conclusion

The attractiveness of the area and the potential for growth of the tourism on Vlasina Lake is beyond any doubt. The question is on which product one should specialize to have the best results, on possibly the shortest term, with (possibly) the lowest investments, as in this time of economic recession it is considered to be (too) hard to attract substantial private investments¹⁹.

As has been stated already probably the nature-related 'active tourism' (included in the 'key product' 'special interests') and the key product 'touring' are the products that seem to offer the best perspectives for the area.

The development of the first kind of tourism does not require big investments in tourist infrastructure (with the exception of downhill skiing, which will therefore not be considered a viable option), but does need investments in basic infrastructure (roads/water/sewage) and as well in 'human capital' (training) and of course as well in marketing/promotion of the area. Investments in the tourist facilities for this kind of tourism (directional signage, way marked footpaths, MTB-trails, cross country ski-trails, cycling paths, etc.) are relatively low.

The 'touring product', even more than the 'active tourism product' needs investment in basic infrastructure, especially good roads & road signing, but as this kind of tourism is

¹⁸ As 'now' is already 2009, this expected 2012 would become 2015.

¹⁹ Unless private investments will become available. Apparently there is a number of private investors willing to invest, but no concrete figures are available.



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not linked to only one small area, this has necessarily to be planned on a regional scale, with investments in the creation of ‘tourist circuits’, including the major sights of the area.

The tourism strictly related to the ‘wellness segment’, if seen on a regional basis, but also from a ‘sustainability point of view’ can better be located ‘down the hill’, especially in the area of Vranjska Banja. Some minor ‘wellness’ facilities, not strictly linked to the presence of thermal springs, could be realised though.

On the other hand, a kind of tourism related directly to the natural resources of the area, i.e. environmental education, can be of a certain importance to the area, as well as being a major objective for the nature protection area.

4.4 Investments needed for the tourism development of Vlasina Lake

For Vlasina Lake, in order to become a major destination for the nature related ‘active tourism’, together with the primary present-day destinations (Tara, Kopanik, Zlatibor) a great number of investments have to take place, both public and private²⁰.

These investments need to be made both in hardware (physical infrastructure and facilities) as in software (‘human capital’: training!).

It will take a number of years to realise these investments. Also in the Master Plan it is stressed that not all proposed development can take place at once, and that the realisation of the whole project will take up to 12 years, provided the necessary (private) investments will become available. It is imagined that this might even take longer - seen the actual economic environment.

4.4.1 Objectives of the Investments in Tourism: Vision for the Vlasina Lake

With these investments in tourism, whether only one or more modules be realised, Vlasina Lake should become one of the primary alternatives to the classical summer holiday at the seaside by an intelligent creation of a broad spectrum of summer ‘packages’, ranging from the classical relax holiday (although including a broad spectrum of additional activities) to the ‘active’ holiday package organized for the different ‘special interest’ groups.

In summer time, the area can be promoted as a cool area, with beautiful landscapes and fresh air, offering a large range of activities, ranging from walking & trekking, cycling & mountain-biking to swimming, sailing and canoeing on the lake.

²⁰ At the presentation of the Master Plan it was stated that there would be a total of 280 million euro invested in the area, of which 50 million government funds and 230 million (foreign) private investments.



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In winter time, the area should be positioned as the first choice in the region for sports such like snow-shoeing, cross-country skiing and *langlaufen*, offering the best value for the money.

This way, year-long activities have been created both for the mountains and the lakes, enabling the owners/managers of tourist facilities to draw their resources from a relatively long tourist season.

Various 'Spatial Plans' have been drawn up to direct the future developments, both on a Regional, Municipal and area level. Much data and documentation on the area and the needed infrastructure for future development is available from these Spatial Planning Documents. A short summary of needed infrastructure is given below.

- Public investments – Basic Infrastructure

Obviously the so-called 'Basic Infrastructure' (roads, water supply, power, sewage and solid waste) has to be improved with public funds. An estimate of the needed infrastructure will of course depend on the number of expected tourists.

This is of course intimately linked to the expected tourist infrastructure to be built and the (maximum) occupancy rate expected. In the next chapter three different scenarios are given for the future tourist development of the Vlasina Lake area. Some investments in public infrastructure have to be made in any case, whatever the scenario will be.

- Roads & (road) cycling paths:

It is of primary importance that the main road from Surdulica to Vlasina Lake is improved. As the road runs through an attractive area, it is recommended to integrate the road, as much as possible in the surrounding area, for instance avoiding the 'standard' metallic guard rails, and opting for more aesthetically acceptable solutions (e.g. in wood-steel –picture below).



As this road will possibly be part of a future 'Eurovelo' bike route (n° 11) it is recommend to create a separate bike path along the road.



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Also is it recommended to prepare a number of rest areas along the road, in suitable places (near the river) and with enough place to park a car.

Revitalisation of the existing facilities along the road (bar/restaurant) would be important, both for regular travellers, as for new tourist streams (e.g. cyclists, groups of school children).

Also, could it be an interesting idea to install a number of information panels along the road (with geological information, in the most interesting spots, at the electricity plants Vrla I & II – the origin of Vlasina Lake!- etc.).

The same considerations hold true for the road along the western shore of the lake. The traffic intensity is probably lower here, but during the summer season it might get busy, reason why also here a separated cycling lane is recommended (at least until Crna Trava). Along this road in some places it is recommended to create as well a footway (pavement/sidewalk) alongside the road, at least in those stretches where it is not possible to create a separate footpath along the lakeside.

The roads to Klisura and Bozica seem to be quite small, but also the traffic intensity seems to be low, reason why only minor improvements seem to be necessary.

Therefore, in first instance it does not seem to be necessary to create a second road to Vlasina Lake, nor to create a by-pass for the Okruglica settlement. This last one might become important in a later stage of tourist development.

Drinking Water Supply, Sewage and Waste Water Treatment, Solid Waste Detailed information on these items are in chapter 5

- Public investments – Tourist Infrastructure

The second type of public investments should be in (public) tourist infrastructure, both 'hardware' and 'software'.

With **hardware** are intended those 'Tourist Facilities', such as Information Centres, cycling paths, footpaths, road signing, perhaps picnic or rest areas along the roads, public sports field, swimming pools, marina's, bird-watching hides, observatories, mountain huts (or recovery places in case of bad weather) etc.

Basically it includes all necessary infrastructures, which would typically cost money, and need maintenance without an immediate economic return, so in which the private sector would not invest. An option for a number of these facilities (like sports fields, swimming pools, marina's) can be project financing, with both public and private investments, others have to be financed 100 % by public funding.



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But also investments are needed in facilities that are not only useful to tourists, but as well for the local population, such as a medical post, a post office, a police office etc.

With **software** are meant all those investment needed to actually 'run' a tourism destination, including investments in so-called 'Human Capital' (specific Training and capacity building) and investments in information supply (promotion material, tourist guides, maps, internet site, scientific publications, all material needed for an effective promotion and PR).

Regarding the security in the mountain areas, there would be a need to set up as well a 'Mountain Rescue Service', ideally related to the existing national service. Also here a training need is identified.

The future network of footpaths, MTB-tracks and horse riding trails

The single most important feature that should be realised to turn the area of Lake Vlasina into a major destination for active holidays is the network of paths & trails for the different activities.

Paths/trails are needed for the following activities:

- Walking ('trekking')
- Road cycling
- Mountain biking (MTB)
- Horse riding
- Cross country skiing
- *Langlaufen*

This network of paths & trails should link the most important sites of the area to each other creating a number of interesting and diverse (thematic) routes. In addition to this there should also be a number of antagonistic trails, for the more demanding sportsmen (e.g. single track MTB-trails) and for training purposes (e.g. circular *langlauf*-trails and horse ride arena's).

Interesting spots of the area to be linked to the trails network are (amongst others)²¹:

- Okruglica ('Park Entrance' area)
- Vlasina Rid (lake side/marina and Stari Rid/Sv. Ilije)
- Mt. Cemernik (Mali, Veli & Kula: viewpoints)
- Bratanov Del, Janskolovica, Dugi Del peninsulas (observatories)
- Sv. Bogorodica monastery / Palja village
- V. Streser Mountain
- Krsari church / Voda Rosa spring

²¹ Of course this is only a short selection and the list/number of sites to be connected to the network of paths differs according to the activity. This has to be decided in the definite planning of the path network.



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Of course also the village ‘centres’ (Bozica, Klisura, Vlasina Rid, ...) have to be included in the networks of especially the walking and cycling paths, as in this way it is possible for the tourists to buy refreshments, with obvious positive effects for the local economy.

For road cycling one could imagine the creation of a separate cycling path, especially along the more heavily used roads, but along the minor roads there is probably no need to create these and will it be sufficient to put in place some signage along the existing roads.

Regarding walking & mountain-biking: for these sports it's obviously recommended to avoid as much as possible the tarmac roads. In a first stage it might be possible to make the trails for walking and cycling coincide, but this is only feasible if the tourist pressure on the area remains very low. Therefore it is recommended to separate these trails right from the beginning as much as possible, to avoid future frictions, when the intensity of use increases.

Horse riding typically needs wider roads and also the height of clearance is more important than for footpaths. Many of the existing dust & gravel roads can be used for this purpose already.

In winter time, many of these same paths can be used for cross-country skiing.

Utilisation of existing paths

As the area of the Vlasina Lake has always been an inhabited area, with a large number of scattered ‘mahalas’ (hamlets) and in most places there has always been some kind of human activity (agriculture, livestock raising, forestry) there is a extensive network of existing paths, which were to a large extend only used on foot. Even now that depopulation has gone quite fast over the last years; most traditional communication paths are still used.

Therefore it is not necessary to create a footpath network from scratch; this can be done using the existing (public) communication roads. Obviously these have to be made accessible where necessary (cleaning the vegetation) and waymarking has to be put in place.

A special kind of footpaths – not yet existing - can be created along the shores of the lake, of different types:

- *In the area of Vlasina Rid, where the main tourist development is planned, it can be envisaged to create a sidewalk along the lakeshore, made of stone and perhaps properly illuminated, to allow tourist a ‘romantic’ stroll along the lake at night. This ‘Pedestrian Lake Shore Boulevard’ would ideally run from the actual ‘Kamp Vlasina’, to the northern side of the lake, near the dam, running along the whole are, where a*



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- small marina and a number of sports facilities will be created. Connections between this pedestrian road and the main road will be created at small intervals, to allow easy access from the various tourist facilities (hotels etc.);*
- *From the visitor centre at 'entrance area' of Okruglica a footpath can be created to link the visitor centre to a small wooden pier on the lake shore, from where a boat service can take the tourist to the other parts of the lake.*
 - *From this pier a path can continue of the area of the actual 'Ribarski Kamp' and the area of Bratanov Del, where the path will reach the road again. Along this path a number of birdwatching hides can be installed;*
 - *This path ideally then continues along the west shore of the lake, parallel to the road, in order to enable access to the number of piers/fishing areas, which will be created here to substitute the actual 'Ribarski Kamp'; it can then continue along the road until reaching the area of the actual 'Kamp Vlasina' (see above);*
 - *A footpath can be created from the visitor centre in Okruglica, to the swamps of the southern part (Blato) and eastern shore (Dugi Del , Janskolovica), the most protected parts of the lake. Here it can be envisaged to create wooden boardwalks through the marshlands and perhaps close to one of the floating islands, for the purpose of special guided visits, for the sake of environmental education. These paths should not be open to the general public, and excursions here should be guided, as part of the calendar of activities of the visitors centre (see below). Along these paths several wildlife observatories can be constructed.*
 - *These paths can link to the 'mahala' of Stojkovicewa, where a small hotel is planned.*

Vlasinsko Jezero Visitors Centre – Tourist Information Office

Every nature protection area has its 'Visitors Centre', while every well-developed tourist resort should have an information office. These can easily be combined in one centre, to be located at the 'main entrance' of the lake area, Okruglica, where most tourists reach the lake (coming from the highway – Corridor X – through Surdulica).

This visitors' centre should be above all an information centre on the Vlasina Lake area, providing both tourist information, as well as information on the activities / objectives of the nature protection area. It could also host an educational and interpretation centre, and training venue for schools and other scientific purposes, perhaps along with the accompanying administration buildings²².

On the premises of this centre also some promotional material of the area can be sold. Another function – in a separate space – of this centre could be the (technical) assistance to those tourists, enjoying the area for an active holiday (cyclists in Summer, cross country skiers in Winter), as well as a rental service for material.

The visitor centre could as well have its own small 'marina' (one or two piers), for electric boats or canoes, for the organisation of guided visits to the nature protection

²² Although most of these could be better positioned down in Surdulica itself.



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area. It would need to be linked to these piers by wooden boardwalks, in order not to compromise the sensitive areas.

A secondary office can be planned as well in Vlasina Rid (or Crna Trava) and Klisura. This should not necessarily be a second (costly) information centre / tourist office, but could as well be a simple 'tourist office' run in agreement with and/or on the premises of an existing tourist facility (hotel/bar), in order to reduce costs.

Important is moreover that all promotional material is available on all tourist premises in the area and preferably from some information offices in Belgrade and along the main stops along Corridor X (from Belgrade to Skopje). An agreement for this could be taken with the societies that manage the rest areas along the highway. Also directional signage has to be placed along the main routes.

4.5 Phasing the Tourism Development of Vlasina Lake: the Modular Approach

4.5.1 Modules, Scenario's and Phases in Tourist Development

As written above, already in the Master Plan itself it is stressed that not all proposed development can take place at once, and that the realisation of the whole project will take up to 12 years, provided the necessary investments will become available.

In the Master Plan it is suggested to develop the whole project in three different phases:

1. A preliminary phase in which the basic (public) infrastructure is prepared. In this phase also some infrastructure related pre-preparation works should take place, including the preparation of detailed plans (especially the completion of the urban/land use plan & related permissions and land transactions), and private land should be booked / bought off within the entire area covered by the project. The first investments should be made in the areas of Okruglica (entrance area) and Vlasina Rid. It is assumed that this phase would last 4-6 years.
2. In the second phase basically the whole Master Plan is realised, including the two ski centres, but with the exception of the golf course & golf hotel. It is assumed that this phase would last about 7-9 years.
3. A final phase foresees the realisation of a golf course & golf hotel on the northern side of the lake, which completes the plan.

A few remarks should be made regarding the kind of phasing here adopted:

- It is considered that in the Master Plan there is a too large development in one single stage (especially in phase 1 and 2).
- It seems to be quite optimistic that the whole Master Plan can be realised in such a short time, seen the available investment money.



The important thing in ‘phasing’ the investments is that the end result of each phase should be a **completely working tourist structure**, not an uncompleted part of a bigger structure (which ought to be to be completed in ‘due time’).

For this reason it is suggested to split up the whole project in different ‘blocks’, or ‘modules’, which can be realised one by one, each with its own different ‘phasing’.

Therefore, instead of talking right away about ‘phasing’ the Master Plan, it would be perhaps more correct to talk about realising different ‘modules’, according to different ‘scenarios’.

These scenarios are *alternative development proposals* for the area of the Vlasina Lake. The modules, which can be successively (or if the needed investments are available also contemporarily) realized, all have their needs in terms of infrastructure, and all –necessarily - need to be realised in phases, ranging from the preparatory/planning phase to the actual implementation and completion of the module.

4.5.2 Possible scenarios for the tourist development of Vlasina Lake

Three different scenarios are described in this report:

- A first, relatively pessimistic, scenario, in which there are only a few investments being made in the tourism sector, mostly for renovating already existing facilities, as well as for renovating/constructing some private homes.
- The second one is realistic scenario, in which only one ‘module’, called ‘*Active, Nature & Rural Tourism*’ will be realised. This scenario, for the moment, given the global economic environment and the geographical position of Vlasina, seems to be the most realistic.

In this scenario it is proposed to invest as much as possible in tourist infrastructure with a relatively low cost, which are more likely to be paid back on a short-medium term. The target group of this scenario is the niche market of the so-called ‘special interests’, with a special attention for the ‘active holidays’ segment.

- A third, more optimistic, scenario, in which in addition to the first ‘module’, ‘*Active, Nature & Rural Tourism*’, also a second ‘module’, called ‘*Lake Side Relax*’ will be realised. This scenario can be realised in case more potential investors/investment money is available.

In this more optimist scenario it is envisaged to create, in addition to the facilities proposed in the first scenario, an additional number of small hotels, equally distributed along the 2 main development areas (Vlasina Rid, Vlasina Okruglica), as well as one extra larger ‘resort style hotel’ in Vlasina Rid, and one just south or north of Vlasina Okruglica (the entrance area).



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All these scenario's have their own phasing: it is believed that the a first phase of each scenario could be completed in 2015 and that the final phase of each scenario should be completed in 2025, with little or no further development between 2025 and 2035.

4.5.2.1 Pessimistic Scenario – No Strategic Development and Little Investments on Vlasina Lake

In this first pessimistic scenario there is no 'vision' for the development of tourism in the Vlasina Lake area, and the few investments taken place are not part of a deliberate Plan. It is therefore assumed that the few investments being made are mainly done by those already working in the tourism sector (some renovations/enlargements of existing structures).

I. Vlasina Okruglica zone – Entrance area

This area is the main entrance to the area of Lake Vlasina (supposing that most visitors come from the direction of Surdulica/Corridor X). Therefore it is presumed that in this area there will be some private initiatives, resulting in a small number of private tourist facilities. As well will there be probably some more private homes being built, of which some might be turned into small accommodations (included in the voice 'scattered accommodations' in the table).

II. Vlasina Rid / Stari Rid zone – Lake Resort

This area is currently the most 'active and dynamic' in the field of tourism, with already a number of tourist facilities. It is therefore presumed that – also in the absence of a Master Plan', some spontaneous developments will take place here, just like in Vlasina Okruglica.

III. Vlasina Stojkovicewa Zone

The area on the eastern shore of the lake, is relatively isolated. For this reason it is presumed that without a specific planning, no tourism development will take place here, with the exception perhaps of the construction of a number of private villa's (see below).

IV. Klisura and Božica

The two hamlets of Klisura and Božica, respectively at the north-eastern and the south-eastern side of the lake, both along a 'major' road to Bulgaria, are historically two most important settlements of the area. Although in both villages at present there are no tourist facilities, it is believed that, due to demand from the through-going traffic in the hamlet of Klisura, some kind of pension will be realised.

V. The Rural Areas of Vlasina Lake

The whole area around the lake of Vlasina is inhabited, although sparsely. There is already a process of turning some houses into holiday homes and as well are new



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villa's being built. This process is believed to continue, also (or perhaps especially) without a special planning.

The following table is related to the pessimistic scenario and shows how the beds would be divided amongst the different localities and according to the type of facility. The table refers to the realisations to be carried out in phase 1 (ending 2015), in phase 2 (ending 2025), and in phase 3 (ending 2035).

Table 4.1: Pessimistic Scenario

Type of Tourist Facility	Envisaged Tourist Capacity in 2009 - 2035						
	N° of beds (properties)			N° of beds (properties)		N° of beds (properties)	
	Existing	Additional	Total	Additional	Total	Additional	Total
Vlasina Rid + scattered properties	2009		2015		2025		2035
Hotels + Annexes	285	120	405	135	540	150	690
Private B&B's	0	249	249	109	358	121	479
Resort	260	0	260	0	260	0	260
Camps	500	0	500	0	500	0	500
Rural Accommodations + lodges	0	80	80	90	170	100	270
Holiday homes / Villa's	520	120	640	136	776	168	944
Vlasina Rid Total	1.565	569	2.134	470	2.604	539	3.143
Vlasina Okruglica + scattered properties							
Hotels / Motels	50	0	50	180	230	200	430
Rural Accommodations + B&B's	14	46	60	96	156	100	256
Resorts + annexes	130	0	130	0	130	0	130
Private Houses / Villa's	0	104	104	117	221	51	272
Vlasina Okruglica Total	194	150	344	393	737	351	1.088
Vlasina Stojkovicewa + scattered properties							
Hotels + Annexes	60	0	60	22	82	25	107
Rural Accommodations + B&B's	50	86	136	96	232	107	339
Holiday homes / Villa's	100	67	167	58	225	64	289
Vlasina Stojkovicewa Total	210	153	363	176	539	196	735
Klisura + Božica + scattered properties							
Klisura: Hotel / Pension	0	40	40	45	85	50	135
Klisura: B&B's	0	58	58	65	123	72	195
Božica: Hotel / Pension	0	40	40	45	85	50	135



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Božica: B&B's	0	58	58	66	124	73	197
Klisura + Božica Total	0	196	196	221	417	245	662
TOTAL CAPACITY	1.969	1.068	3.037	1.260	4.297	1.331	5.628

4.5.2.2 Realistic Scenario (Vlasina Lake as a Destination for Active & Rural Tourism)

In this scenario it is proposed to invest as much as possible in tourist infrastructure with a relatively low cost, which are more likely to be paid back on a short-medium term. Also for these relatively small private investments, it's probably easier to find investors. The target group of this scenario is the growing niche market of the so-called 'special interests', with a special attention for the 'active holidays' segment (but confined to those 'low environmental impact sports' – no downhill skiing). This choice seems to be sensible for a number of reasons:

- The area is not well enough connected to the main tourist basins to be competitive for a large-scale, capital intensive tourist development;
- The orography of the area is not perfect for the development of downhill skiing (with its need for long slopes & ski lifts); moreover on a national basis other areas – Kopaonik, Zlatibor, and to a lesser extent Stara Planina, can better compete for this market;
- Traditionally the market segment of the 'active holidays' is a pioneering market, looking always for new destinations, of which the area of Vlasina can become one;
- The relatively simple tourist infrastructure needed do not exceed to local capacity to manage these. Investments to be made in this tourist infrastructure could even be generated locally/regionally.

This 'low cost module' draws mostly on the rehabilitation of existing, no longer used buildings, the requalification of the existing town 'centres' (Klisura, Božica, other hamlets and *mahala*'s) and the creation of a network of B&B's and rural accommodations and the (re-) construction of a number of hotels and smaller accommodations (pensions), together with the creation of the necessary tourist infrastructure for a sustainable environmentally friendly kind of tourism.

This kind of approach, which also involves a larger part of the local population, is in line with the protection status of Vlasina Lake and general recommendations on sustainable tourism.



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Along with the already existing 1969 beds in the actual existing hotels and other facilities (plus an estimated 2600 beds in about 1000 private villa's²³), it is envisaged to create an additional number of tourist facilities, totalling more than 1000 new beds.

This module also foresees new beds in a number of new hotel facilities. These are all smaller (family) hotels, with an average of about 20-25 rooms (50-70 beds). Of course, the final organisation of the hotel structure will depend on the private investors. The idea for the relatively small 'family hotels', as opposed to larger hotel development, creates opportunities for local entrepreneurs who want to operate in the tourism business. Moreover, it is an especially sought after type of accommodation in rural/mountain areas.

All these planned hotels will be located in those areas where a more intense tourist development is planned (Vlasina Rid and Vlasina Okruglica – the entrance area), but – in a second phase - also a small one in Vlasina Stojkovicewa, on the more natural eastern side of the lake. Therefore for these areas detailed urban plans are to be produced.

In this scenario the number of new structures to be created is relatively limited, but a few key structures need to be created, especially in the two 'key tourist areas', also identified in the Master Plan: Vlasina Okruglica and Vlasina Rid, and to a lesser extent in the settlement of Vlasina Stojkovicewa, on the East side of the Lake.

It is planned not to create too many facilities on the East side of the lake, nor on the immediate South Bank, as these fall in the most protected areas of the nature reserve. The bias is here on the rehabilitation of existing structures, connecting these to the sewage system and other services, with only a few new tourist facilities to be created. In order to enable the use of the lake for boating, sailing etc. also a small marina is planned, together with the necessary infrastructure to reach this marina. Also this facility will be located in Vlasina Rid. Here a special plan for the arrangement and the layout of the lake and its banks is needed.

This marina is also foreseen in the Master Plan, but in this scenario the creation of the actual marina is far less capital intensive. In the extreme case it can be limited to a number of floating piers, together with some stabilisation works of the lake banks. The purpose is only to moor a number of small sailing boats, cones and water bikes (pedalo's) and to provide a mooring possibility for the (electric) boat service on the lake.

Regarding the proposed skiing facilities, both those South of Vlasina Okruglica and those near Vlasina Rid (Mt. Čemernik): none of these are endorsed. In these areas

²³ The number of private villa's is estimated. From interviews it emerged that the estimated number of houses and villas around the lake is about 1500: 500 village houses + 500 legally built villa's + 500 completely illegal villa's. The number of beds is unknown, and has to be estimated. Here a number of 4 beds per villa is calculated.



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though some trails for cross country skiing can be created (coinciding with the trails used during summer for mountain biking / hiking) and perhaps even a small chairlift or surface lift.

I. Vlasina Okruglica zone – Entrance area

This area is the main entrance to the area of Lake Vlasina (supposing that most visitors come from the direction of Surdulica/Corridor X).

Therefore it is important to create here the necessary visitor facilities (information centre, parking space, bars, shops), but also – perhaps in a second phase - a small number of hotels / restaurants.

Figure 4.1: Vlasina Okruglica



Source: Master Plan

The following structures are suggested to be created / renovated in this area:

- A Visitor's centre / Park Information centre / Training centre;
- An area with shops, bars, restaurants;
- Public services: police station; first aid post;
- A number of family hotels.

II. Tourist Information and Training Center Vlasina - Okruglica

The centre - which should be an information centre on tourist facilities of the Vlasina Lake area, as well as information on the activities / objectives of the nature protection area – could (temporarily) be hosted in one of the existing public buildings. But it could be as well be located in a newly constructed building, which should become a 'business card' for the area. In this case it could also host a 'state of the art' educational and interpretation centre.



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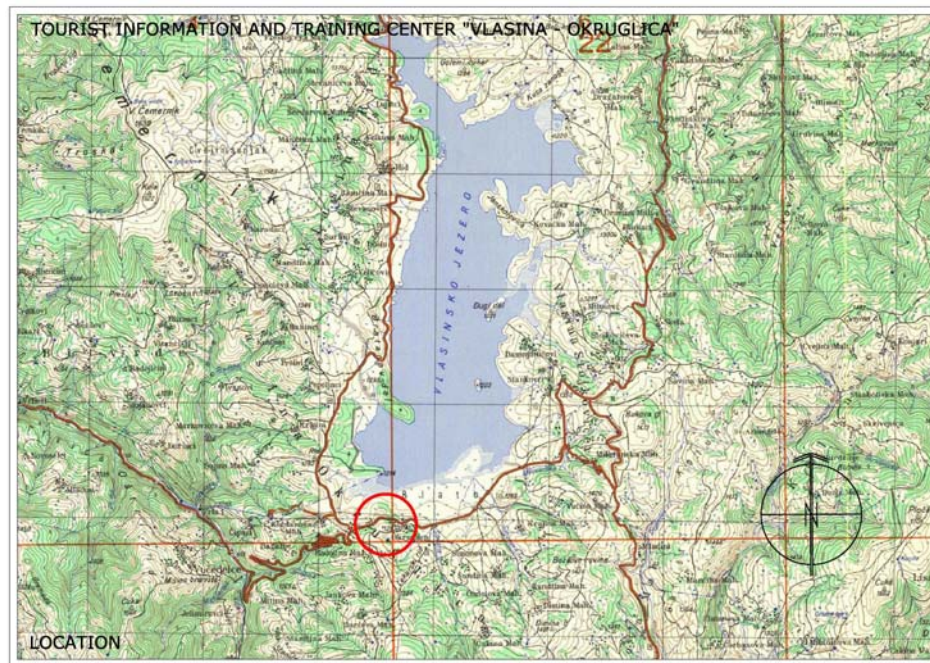
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The info center should be located in Vlasina lake – Okruglica.

- Coordinates: 42°40' N, 22°19' E
- Altitude: 1240 m

The location of the tourist information and training center on the map and situation plan are shown on figures 4.2. and 4.3.

Figure 4.2: Location of the tourist information and training center





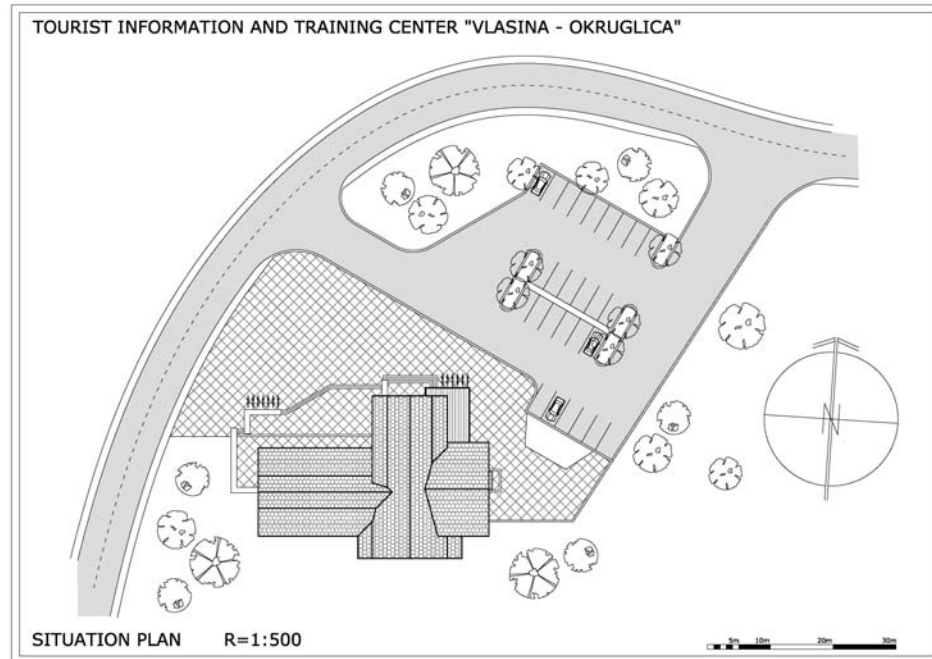
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Figure 4.3: Situation plan



Architectural style of the information center should be typical modern style mountain building blended into natural surrounding with visual domination of wood, stone and glass materials. Modest on engineering needs, but visually effective, comfortable, functionally efficient and weather resistant.

Figure 4.4: Western view



Figure 4.5: Northern view





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Figure 4.6: Eastern view

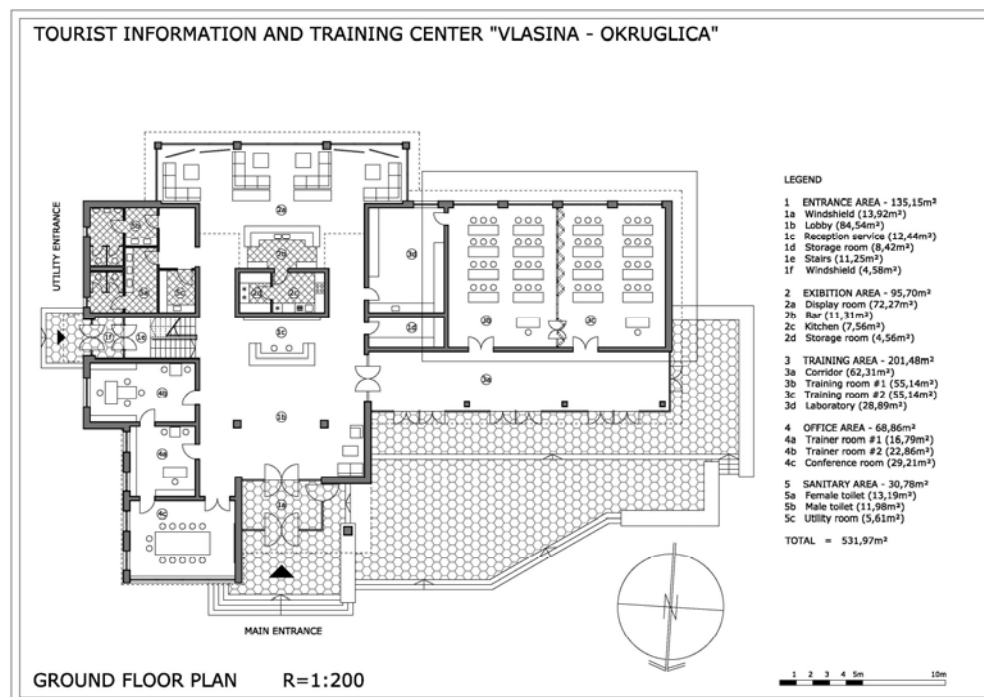


Figure 4.7: Southern view



The ground floor and first floor plan are presented in figures here below.

Figure 4.8: Ground Floor plan





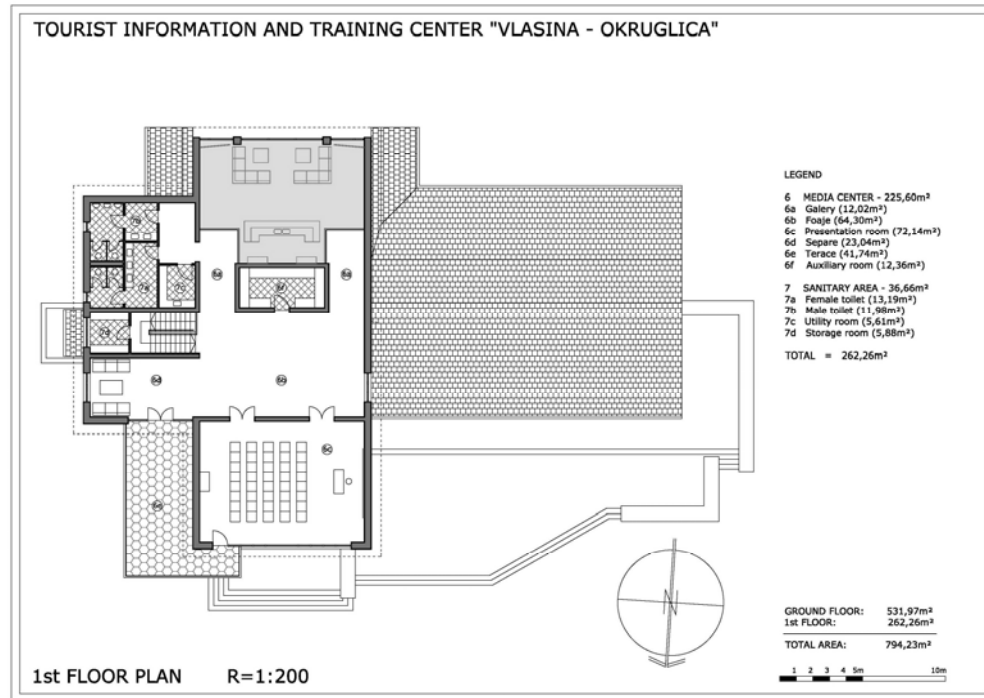
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Figure 4.9: First Floor plan



Architectural Concept description

Minimal land area needed:

- Object boundaries: 630 m²
- Plateau: 275 m²
- Backside: 150 m²
- Parking (capacity: 27 places) + maneuver space: 1620 m²
- Total: 2675 m²

Functional zones:

- Ground floor: 1st floor:
- Entrance area: 135 m² A / V center area: 225 m²
- Exhibition area: 96 m² Sanitary area: 37 m²
- Training area: 201 m²
- Office area: 69 m²
- Sanitary area: 31 m²
- Total: 532 m² + 262 m² = 794 m²

Construction details:

- Skeleton construction system with beams and columns made of reinforced concrete



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- Linear foundation type with beams made of reinforced concrete
- Support walls made of prefabricated blocks (Giter Blok*)
- Partition walls made of light weight gypsum partition system
- Floor structure made of prefabricated system (Fert*)
- Roof construction made of wood covered with roof tiles
- Steep roof slopes provide resistance to snow loads
- Aluminum doors and windows
- Facade in wooden planks and stone combination
- Hydro and thermally insulated
- Laminate floor applied in office and training rooms
- Stone tiles floor applied in entrance area and corridors
- Ceramic tiles floor applied in sanitary blocks
- Ceilings covered with prefabricated panel system

Ventilation: Natural

Heating: Centralized heating system. Electric boiler.

Estimated cost: $800 \text{ m}^2 \times 600 \text{ €/m}^2 = 480.000 \text{ €}$

It is also foreseen the establishment of tourist information stand in Surdulica.

III. Bicycle and walking paths

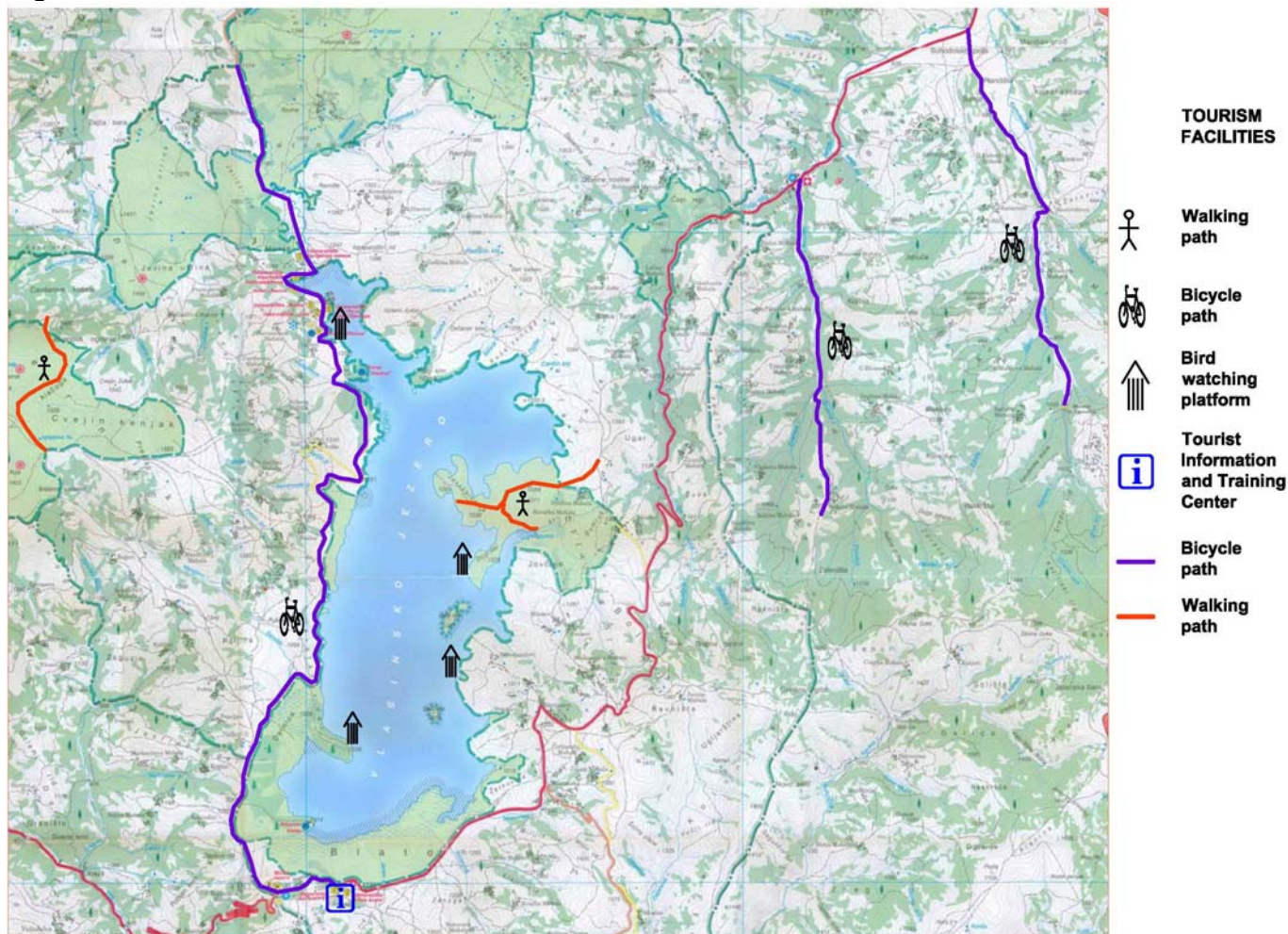
Location of bicycle and walking paths is shown in the map 4.10.



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Figure 4.10: Tourism Facilities on Lake Vlasina





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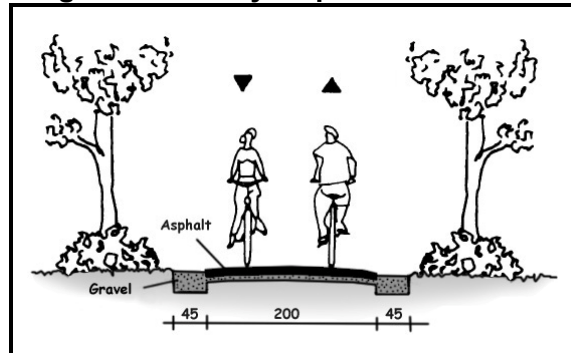
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The bicycle and walking paths could be built according to the figures 4.11 and 4.12 here below.

Figure 4.11: Bicycle path construction

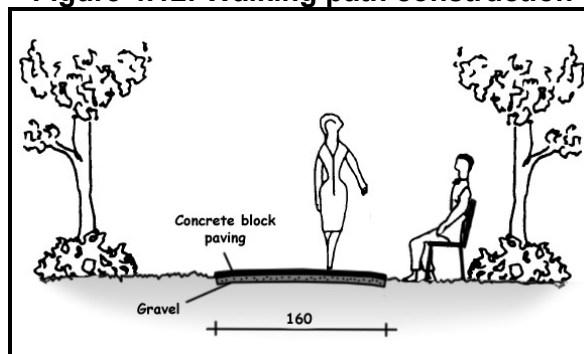


Brief description:

- Plants cutting
- Digging and leveling terrain
- Waste removal
- Gravel layer formation
- Asphalt concrete layer formation
- Road lines painting
- Trash cans installation
- Road signs installation

Estimated cost: 35.000 €/km

Figure 4.12: Walking path construction



Brief description:

- Plants cutting
- Digging and leveling terrain
- Waste removal



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- Gravel layer formation
- Concrete block paving formation
- Benches installation
- Thrash cans installation
- Road sign installation

Estimated cost: 30.000 €/km

IV. Bird-watching platform

Bird-watching platforms could be built according to figure 4.13.

Figure 4.13: Bird-watching platform



Brief description:

- Plants cutting
- Digging and leveling terrain
- Waste removal
- Slab construction
- Wooden beams installation
- Construction and installation of wooden platform, balustrade, roof and stairs

Estimated cost: 5.000 € each

It is also foreseen a construction of small hunting refuge.

V. Investment Cost of Tourism Facilities

The investment costs and their distribution until the year 2015 are shown in the table here below



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Table 4.2: Total Investment Cost of Tourism Facilities

	Quantity	Unit Cost (€)	Total Cost (€)	2009	2010	2011	2012	2013	2014	2015
Tourism Info Centre and info stand	1,0	480.000	480.000	0	32.000	6.000	88.400	176.800	176.800	0
Biking Paths (Km)	26,0	35.000	910.000	0	0	0	182.000	364.000	364.000	0
Walking Paths (Km)	5,3	30.000	159.000	0	0	0	31.800	63.600	63.600	0
Bird Watch. Pla.	4,0	5.000	20.000	0	0	0	4.000	8.000	8.000	0
Total			1.569.000	0	32.000	6.000	306.200	612.400	612.400	0

VI. Family hotels Okruglica

In the area a small number of new family hotels could be erected (perhaps 3-5), substituting the actual motel and the other tourist accommodations, the resorts (all to be renovated completely), individual hotels' offer fluctuating (ranging from 25 to maximum 40 rooms). Each hotel would be three-star quality and would be providing home and family atmosphere to the visitors. Apart from rooms, there could be a bar and a restaurant within each hotel, and also, depending on the individual hotel's size, small areas for massage, sauna and an outdoor pool.

VII. Private Accommodation

Within all the existing *mahala*'s in the area, especially those just South of the lake side road, thus overlooking the lake, opportunities (loans, partial financing) should be given to individual house owners offering private accommodation to get involved into the tourist-based economy, either B&B's are rural accommodations (*agriturismo*'s). Minimum quality standards should be set, so that these accommodations should be created/renovated in line with the international 3* standard.

VIII. Vlasina Rid / Stari Rid zone – Lake Resort

In the area above the current sports stadium, not far from the dam, and the old settlement 'Stari' Rid, a new settlement, called Vlasina Rid can be created, as also suggested in the Master Plan. This new hamlet, which incorporates some old structures, can provide a place for aggregation on the lake shore, which is currently lacking. It would provide a number of sports facilities, bars& restaurants and above all a small marina, which is suggested to be built just North of the peninsula where the actual 'Kamp Vlasina' is located.

The concept envisaged in the Master Plan is a rather larger scale development, with a mix of private and public buildings, commercial accommodation, such as apartments, condominium- hotels (so-called Condotels), villa's and residences.

This large scale development does not seem to be realistic in this first stage. It is



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however recommended to create a first nucleus of this new settlement, with a central square around which various facilities would be created, such as shops, restaurants and bars, in order to create a centre of aggregation for the whole area.

Also a bigger sports hotel, a small number of family hotels and perhaps a small number of apartments could be realised. The decision upon the realisation of this object should depend though on the availability of a private investor.

Figure 4.14: The area of Vlasina Rid



Source: Master Plan

In this scenario it is recommended that the following structures are created and/or renovated in this area:

- A Central Square with small tourist office (secondary visitor's centre)
- An area with shops, bars, restaurants and perhaps an event centre;
- Public services: police station; first aid post;
- Sport facilities;
- A number of small family hotels;
- A larger sports hotel.

IX. Family Hotels Vlasina Rid (Stari & Novi)

Also in Vlasina Rid, like in Okruglica, it is suggested is to create 'clusters' of family hotels. These are to be located just north of the central square of the newly established settlement, but perhaps a small hotel can also be created in the old settlement of Stari Rid, in a strategic position, overlooking the lake. In total it is envisaged that there would be four facilities (apart from the actual Hotel "Narcis", located more to the North, but substituting the actual Hotel Vlasina), all on the level of three-star international hotels.

These hotels are focused on attributing to their accommodation units services and



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quality of a higher level, relying on a resort type of facility (sports, spa/wellness, and commercial arcades), thus lending them a more powerful market force, as well as an enhanced market position in the future resort operation.

X. Vlasina Sport Hotel (from the Master Plan)

Since Vlasina has traditionally been focused on sports events and preparations for competitions (because of its altitude), it is suggested to build a 'Sport Hotel', on the international three-star hotel level, and it would be intended not only for the sportsmen but also for all other guests seeking to achieve a more dynamic holidaying experience by means of making use of various sports activities offered by this hotel.

Besides the hotel, we also propose that a sports hall be built and connected to the hotel via a heated corridor so that sports activities could be extended in terms of taking place during less favourable weather conditions and in lower temperatures. Together both sports grounds along the lake, this facility could be operational throughout the year.

XI. Sports centre with a park

Below the current road, a sports centre would be created; besides the existing football stadium (which is being renovated, thus assuming international standards), an additional multifunctional ground would be built (basketball, volleyball, handball, five-a-side) comprising also seven tennis courts. At the very east of the sports complex, on the grounds of today's camp, a park would be created, consisting of a number of paths with hurdles, climbing and ropes, thus presenting a real sports challenge, both for professional sportsmen and enthusiastic amateurs.

XII. Marina with a water sports centre

Right next to the new settlement of Vlasina Rid a lake marina could be created, with about 50 mooring places for sailing boats and boats without motors, with a separate part intended for the mooring of electric boats (public boat service / lake tours) and perhaps a sailing school (Laser-type sailing boats).

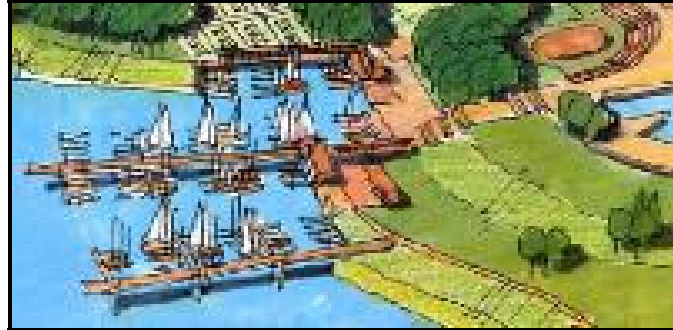
Also will there be ample space for the mooring of canoes and a rowing boat/ peddle boat rental service. Next to the marina, a water sports centre could be built (wooden structure) housing in one and the same place local fishing and sailing clubs, thereby creating certain synergy with the rest of the Rid settlement. Also some lake side bars/restaurants can be established.

Between the Marina and the settlements several footpaths and cycling paths are created

The creation of the marina valorises the presence of the lake and underscores the uniqueness of the Vlasina area, with respect to other mountain destinations in Serbia (and SE Europe).



Figure 4.15: The potential Marina in Vlasina Rid



Source: Master Plan

XIII. Vlasina Stojkovicева Zone

The area around the hamlet of Stojkovicева, consisting of several scattered *mahala*'s, lies on the eastern shore of the lake. Here very few spatial 'interventions' are suggested, as this area is the most natural, the least populated and the most difficult to reach, as unlike on the western side, no road runs along the lake shore. Moreover the 2 small islands, the most protected parts of the nature reserve, lie just off the coast.

It is therefore recommended to preserve this natural environment, investing mostly in low-cost infrastructure to enable the practicing of different proposed sports: the final objective is that the whole area would be to be intersected with various pathways and bike paths, with a couple of observation points offering to all guests visiting the lake a unique sensation of exploration and contact with nature.

Regarding the accommodations: in first instance it is recommended to facilitate the creation of so-called 'home-stay initiatives', scattered B&B's and rural accommodations. In a second phase also a small hotel can be built, as well as a horse-breeding ranch (in the Master Plan it is proposed to set it up near Dražina Mahala), offering courses and horse rentals, in order to visit the entire lake and the surrounding area.

The following interventions are recommended for this module:

- *A complete network of cycling/walking/horse riding etc. paths;*
- *A few observatories along the lake shore;*
- *a small number of B&B's and rural accommodations;*
- *a small family hotel.*

XIV. Hotel Accommodation Stojkovicева

The hotel would be situated outside of all existing *mahala*'s, intended for nature fans, rest-seeking persons and explorers, with absolutely and entirely natural surroundings. The facility would offer a comfortable, home-like atmosphere. It would need to have both an own restaurant and bar, and perhaps some shopping facilities (picnic lunch supplies).



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XV. Private Accommodation Stojkovičeva

Within all the existing mahala's in the area, opportunities should be given to individuals offering private accommodation to get involved into the tourist-based economy, so that an incentive is provided for the return of people who would live their lives in the area of Vlasina Stojkovičeva.

Minimum quality standards should be set, so that these accommodations should be created/renovated in line with the international 3* standard.

XVI. Klisura and Božica

The two hamlets of Klisura and Božica, respectively at the north-eastern and the south-eastern side of the lake, both along a 'major' road to Bulgaria, are historically the two most important settlements of the area. At present there are no tourist facilities in neither of these hamlets, and there are a number of empty public buildings available.

Employment opportunities are very few in these hamlets, and it is a serious threat that most of these premises will be abandoned by the local population over a few decades. Also here the incentives should ensure that people can stay in these villages, rather than emigrate.

It is therefore suggested to create in both hamlets small, cheap (2-star) pensions, not only for tourists, but also for by-passing traffic, workers on the road (and on the future hotels in the lake area), scholars, students and researchers linked to the nature protection area, etc.

Also can it be stimulated to set up a small number of B&B's, for the occasional by-passing cyclist or walker, or (especially in the case of Božica), for those who travel by horse from the lake. Both hamlets can be included in the route of longer walking/cycling tours, providing the possibility for overnight stays.

There is no need for special planning, as all these premises can be created in already existing buildings. Of course all renovation works should be carried out according to the existing planning laws.

Regarding two pensions: if use is made of a public building that is no longer used, it can be considered to entrust the management of the premises (for a number of years) to a local cooperative, e.g. of younger people, who would otherwise leave, of former workers, now unemployed, etc. Of course, training has to be provided on the aspects regarding the management of tourist facilities.



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4.5.2.3 Conclusion

In the realistic scenario most new beds will be 'low key' scattered tourist facilities (rural accommodations and B&B's). These account for a total of 4136 extra beds in around 25 years.

Of course an important part of the present module is the requalification / upgrading of the existing tourist facilities.

It is expected that the realization of the complete scenario can be done in three steps: the first steps lasting 5-6 years, so it should be completed in 2015, while the realization of the other two steps need about 20 years, so it should be completed in 2035.

The following table shows how the beds would be divided amongst the different localities according to the type of facility and the steps. First step ending 2015, second step ending 2025 and third one ending 2035.



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Table 4.3: Realistic Scenario

Type of Tourist Facility	Envisaged Tourist Capacity in 2009 - 2035						
	N° of beds (properties)			N° of beds (properties)		N° of beds (properties)	
	Existing	Additional	Total	Additional	Total	Additional	Total
Vlasina Rid + scattered properties	2009		2015		2025		2035
Hotels + Annexes	285	150	435	150	585	150	735
Private B&B's	0	311	311	166	477	166	643
Resort	260	0	260	0	260	0	260
Camps	500	0	500	0	500	0	500
Rural Accommodations + lodges	0	100	100	100	200	100	300
Holiday homes / Villa's	520	150	670	150	820	150	970
Vlasina Rid Total	1.565	711	2.276	566	2.842	566	3.408
Vlasina Okruglica + scattered properties							
Hotels / Motels	50	0	50	200	250	200	450
Rural Accommodations + B&B's	14	57	71	107	178	100	278
Resorts + annexes	130	0	130	0	130	0	130
Private Houses / Villa's	0	130	130	130	260	51	311
Vlasina Okruglica Total	194	187	381	437	818	351	1.169
Vlasina Stojkovicewa +scattered properties							
Hotels + Annexes	60	0	60	25	85	25	110
Rural Accommodations + B&B's	50	107	157	107	264	107	371
Holiday homes / Villa's	100	84	184	64	248	64	312
Vlasina Stojkovicewa Total	210	191	401	196	597	196	793
Klisura + Božica + scattered properties							
Klisura: Hotel / Pension	0	50	50	50	100	50	150
Klisura: B&B's	0	72	72	72	144	72	216
Božica: Hotel / Pension	0	50	50	50	100	50	150
Božica: B&B's	0	73	73	73	146	73	219
Klisura + Božica Total	0	245	245	245	490	245	735
TOTAL CAPACITIES	1.969	1.334	3.303	1.444	4.747	1.358	6.105



4.5.2.4 Optimistic Scenario (Vlasina Lake as a Destination for Lake Side Relaxation + Active & Rural Tourism)

In this scenario it is foreseen to create a larger number of tourist facilities, realising both the module called 'active nature tourism', as well as an extra module, called 'lake side relax'.

It is envisaged to create, in addition to the facilities mentioned in the realistic scenario, an additional number of small hotels, equally distributed along the 2 main development areas, Vlasina Rid, Vlasina Okruglica.

Also one extra larger 'resort style hotel' is planned in Vlasina Rid, and one just south or north of Vlasina Okruglica (the entrance area).

I. Vlasina Okruglica zone – Entrance area

Regarding the necessary public visitor facilities (entrance area, lookout point, information centre, parking space,), in this module nothing extra is proposed, in addition to the infrastructure / facilities already planned for Module 1.

The number of private facilities (bars, restaurants, shops) can grow though, and also is it proposed to increase the number of hotels / restaurants, both extra family hotels as a resort like 'wellness hotel', as also suggested in the Master Plan.

II. Family hotels Okruglica (adapted from the Master Plan)

In this area an extra number of new family hotels could be created, one of these small hotels could as well be four-star hotel, with an area for massage, sauna and an outdoor pool.

III. Wellness Hotel Okruglica

In the Master Plan it is also proposed to build a so-called 'wellness' hotel above the settlement of Okruglica. The proposal is for a four-star hotel, This facility would represent the top accommodation of the area, for those visitors who want to relax and rest in style (on 'higher ground'), enjoying exciting views over the Vlasina Lake. This hotel would have a rich offer of food and drinks, with special menus (training need!), but also an exquisite wellness area (covering around 1.000 sq. m. including an outdoor heated pool. In the winter, the facility could serve as accommodation for skiers who want a more luxurious setting for their skiing holiday.



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Figure 4.14: Proposed Wellness Hotel



Source: Master Plan

Regarding the location, just South of Okruglica, in the hills overlooking the lake seems to be a perfect place, provided that the access will be made easier. Perhaps the area of the actual 'odmarališta's (resorts, usually owned by enterprises) can be a feasible option. Another option would be just north of the Okruglica junction, towards the peninsula of the actual 'Ribarski Kamp', provided that this would not interfere too much with the nature conservation objectives of this area.

IV. Vlasina Rid / Stari Rid zone – Lake Resort

In addition to the infrastructure / facilities planned for Module 1, in the area between the old settlement 'Stari' Rid and the dam, around the new settlement, called Vlasina Rid, other tourist facilities can be created, as suggested in the Master Plan.

'Vlasina Lake Resort' Hotel + Spa

The main new facility, not included in Module 1 is a lake resort hotel, the 'Vlasina Lake Resort Hotel'. According to the Master Plan, this is the key accommodation facility around which the entire image of the newly established settlement Rid is created. It should become a four-star hotel, intended primarily for holidays purposes, but also for guests who seek meeting, seminar and small-scale conference premises.

Figure 4.16: Vlasina Lake resort Hotel



Source: Master Plan

As for health facilities (spa and wellness) the hotel would rely on the Vlasina Rid



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Spa centre – to be created - with which it would be connected via a heated corridor.

This Spa centre will be as well a centre for outdoor activities. The way it will be built would enable an immediate visual contact with the lake. It would comprise all the elements necessary for the integration of various different interests such as wellness, water entertainment and beauty treatments, thus meeting all user interests with its functional and logical space division, starting from individual guests to families with children.

V. Vlasina Rid: Villa's – Townhouses – Suites & Condotels

In order to make Vlasina Rid as real aggregation point of the area, the cultural centre of the lake, and to attract also smaller private investments, a number of private houses/apartments should be foreseen here. Of course the risk of second-homes is that these will be empty for most of the year, given the place an air of desolation. This has to be carefully considered when planning the building of these facilities.

It is estimated that there will be definitely some interest to construct new houses/villa's at a short distance from Vlasina Rid.

VI. Vlasina Stojkovicewa Zone

Regarding the developments foreseen in 'Module 1', there are no changes/further developments foreseen for the area around the hamlet of Stojkovicewa.

VII. Klisura and Božica & V. The Rural Areas of Vlasina Lake

No changes with respect to the developments foreseen in 'Module 1'.

The following table shows how the tourist facilities / beds would be divided amongst the different localities and according to the type of facility, in case of realization of the optimistic scenario – Active Tourism' + 'Lake side Relax'.



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Table 4.4: Optimistic Scenario

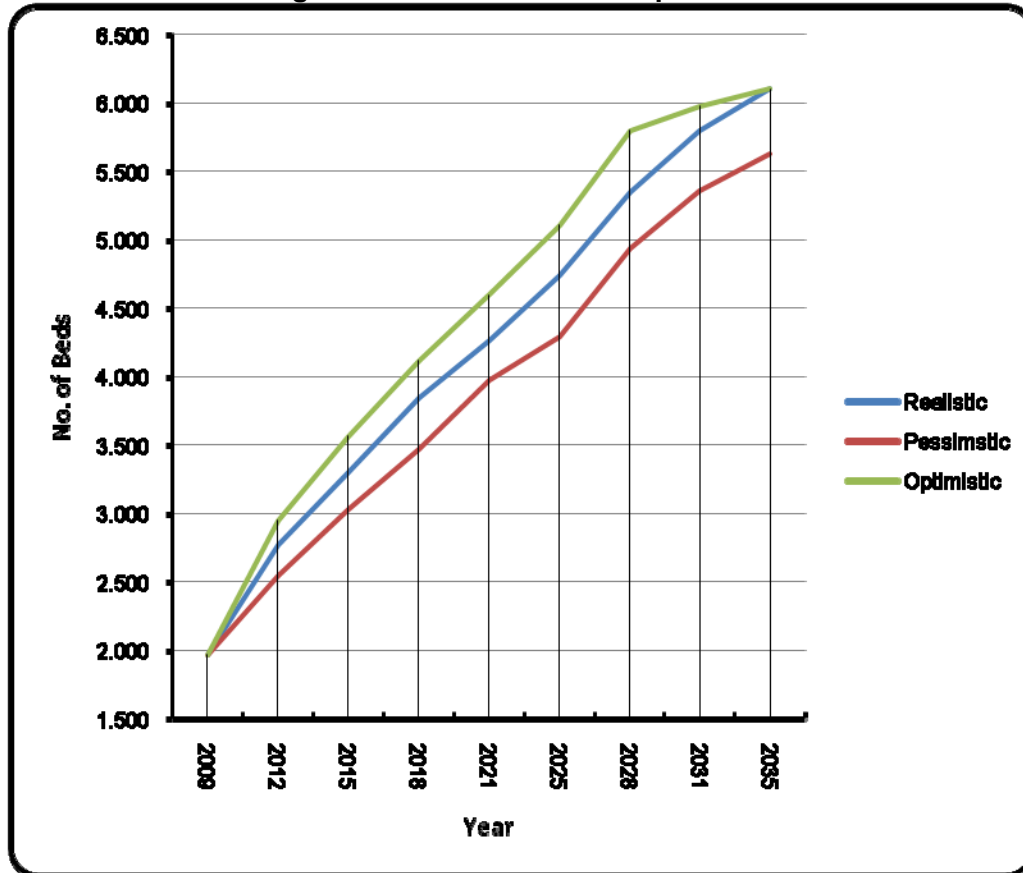
Type of Tourist Facility	Envisaged Tourist Capacity in 2009 - 2035						
	N° of beds (properties)			N° of beds (properties)		N° of beds (properties)	
	Existing	Additional	Total	Additional	Total	Additional	Total
Vlasina Rid + scattered properties	2009		2015		2025		2035
Hotels + Annexes	285	180	465	165	630	105	735
Private B&B's	0	373	373	133	506	137	643
Resort	260	0	260	0	260	0	260
Camps	500	0	500	0	500	0	500
Rural Accommodations+ lodges	0	120	120	110	230	70	300
Holiday homes / Villa's	520	180	700	165	865	105	970
Vlasina Rid Total	1.565	853	2.418	573	2.991	417	3.408
Vlasina Okruglica + scattered properties							
Hotels / Motels	50	0	50	220	270	180	450
Rural Accommodations + B&B's	14	68	82	118	200	78	278
Resorts + annexes	130	0	130	0	130	0	130
Private Houses / Villa's	0	156	156	143	299	12	311
Vlasina Okruglica Total	194	224	418	481	899	270	1.169
Vlasina Stojkovicewa +scattered properties							
Hotels + Annexes	60	0	60	27	87	23	110
Rural Accommodations + B&B's	50	128	178	118	296	75	371
Holiday homes / Villa's	100	101	201	70	271	41	312
Vlasina Stojkovicewa Total	210	229	439	215	654	139	793
Klisura + Božica + scattered properties							
Klisura: Hotel / Pension	0	60	60	55	115	35	150
Klisura: B&B's	0	86	86	79	165	51	216
Božica: Hotel / Pension	0	60	60	55	115	35	150
Božica: B&B's	0	88	88	80	168	51	219
Klisura + Božica Total	0	294	294	269	563	172	735
TOTAL CAPACITY	1.969	1.600	3.569	1.538	5.107	998	6.105

Comparative analysis of the tourist capacity within three scenarios (optimistic, realistic and pessimistic) distributed throughout the period from 2009-2035 is presented in the figure below.



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Figure 4.17: Tourism development scenarios



EXPECTED TOURISM FLOWS

As the area of Vlasina Lake is a relatively new tourist destination, i.e. there is already some tourism, but mostly local tourism, with a high degree of non-organised tourist flows. With the realisation of the new tourist infrastructure it is hoped to reach new markets, not yet present in the area, therefore it is hard to give a prediction of tourist flows coming to the area, especially now in a highly unpredictable economic situation worldwide.

In any case to be able to make an estimate of the costs/benefits of the future tourism, the profitability of the investments and the planning of public infrastructure, an estimation of the future tourist flows is given below.

A distinction is made between day visitors and tourists who plan one or more overnight stays.



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Possible scenarios for the tourist flows towards the area of Vlasina Lake

The presence of tourists who make one or more overnight stays determines the occupancy rates of the tourist facilities to be realised.

Room occupancy rate

Room occupancy rate indicates the ratio between occupied rooms and available rooms. Two variables of room occupancy are used in tourism statistics: net occupancy rate and gross occupancy rate. Net occupancy rate is obtained by dividing the number of rooms occupied by the number of rooms actually available in a given month, net of seasonal or other temporary closures. Gross occupancy rate is calculated by dividing the number of rooms occupied in a given month by the total number of rooms, irrespective whether the rooms are actually available or not.

Day visitors in the area of Vlasina Lake

The number of day visitors is almost impossible to estimate. It depends on too many factors, which can have opposite effects:

- the efforts that are made to promote the area;
- the efforts that are made to promote the area as a place to stay for more time;
- the price/quality ratio of the accommodation (compared to nearby alternatives);
- the number of activities organised in the area (sports tournaments / school groups);

In any case, seen the distance of the area to the main tourist source areas, it could be presumed that the number of day visitors from these areas will not be higher than those staying overnight. In peak seasons though the number of local day visitors should be accounted for (many visitors from 'down in the valley' come to Vlasina during the Summer season for fresh air. Also the number of non-registered visitors to the area (in private homes) can increase greatly during peak seasons.

4.5.3 Occupancy Rate for the Different Scenarios

Pessimistic Scenario

In pessimistic scenario there is no 'vision' for a strong development of tourism in the Vlasina Lake area. Tourism is going ahead along the actual lines. It is therefore assumed that the occupancy rates remain the same as they are actually.

The table 4.5 shows the expected tourist facilities as well as expected occupancy rates for all three phases of development.



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Table 4.5: Occupancy Rate – Pessimistic Scenario

Type of Tourist Facility	Occupancy rates 2015			Occupancy rates 2025			Occupancy rates 2035		
	Number of beds (properties)			Number of beds (properties)			Number of beds (properties)		
	Total	Average occupancy rate (%)	Max. (peak)	Total	Average occupancy rate (%)	Max. (peak)	Total	Average occupancy rate (%)	Max. (peak)
			occupancy rate (%)			occupancy rate (%)			occupancy rate (%)
Vlasina Rid +scattered properties									
Hotels + Annexes	405	40%	95%	540	45%	95%	690	55%	95%
Private B&B's	249	25%	100%	358	30%	100%	479	40%	100%
Resort	260	40%	95%	260	45%	95%	260	55%	95%
Camps	500	20%	95%	500	25%	95%	500	35%	95%
Rural Accom. + lodges	80	30%	100%	170	35%	100%	270	45%	100%
Holiday Homes / Villa's	640	25%	100%	776	30%	100%	944	40%	100%
Vlasina Okruglica + scattered properties									
Hotels / Motels (2)	50	40%	95%	230	45%	95%	430	55%	95%
Rural Accom. + B&B's	60	30%	100%	156	35%	100%	256	45%	100%
Resorts + annexes	130	60%	95%	130	65%	95%	130	75%	95%
Private Houses / Villa's	104	25%	100%	221	30%	100%	272	40%	100%
Vlasina Stojkovicewa + scattered properties									
Hotels + Annexes	60	40%	95%	82	45%	95%	107	55%	95%
Rural Accom. + B&B's	136	30%	100%	232	35%	100%	339	45%	100%
Holiday Homes / Villa's	167	25%	100%	225	30%	100%	289	40%	100%
Klisura + Božica + scattered properties									
Klisura: Hotel / Pension	40	40%	80%	85	45%	80%	135	55%	90%
Klisura: B&B's	58	30%	100%	123	35%	100%	195	45%	100%
Božica: Hotel / Pension	40	40%	80%	85	45%	80%	135	55%	90%
Božica: B&B's	58	30%	100%	124	35%	100%	197	45%	100%

Realistic Scenario – Vlasina Lake as a Destination for Active & Rural Tourism

It is very difficult to make estimations about the average occupancy rate of this kind of tourist facilities. In non-touristic rural areas these rates tend to be very low, varying



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between 20-50 %. Having said this, very often the occupancy rate during the (typically very short²⁴) peak season can reach 100 %.

For hotels an occupancy rate of about 60 % can be expected (calculating only the opening season).

This season will likely to be²⁵:

Summer Season: May/June – September

Winter Season: December – January – February.

Also here in peak periods an occupancy of almost 100 % can be expected. These peaks will likely fall in July/August (especially 1-15 August) as well as during the Christmas/New Year season, in case the Winter sports compartment will be developed adequately.

Regarding the B&B's and rural accommodations: as the owners/management lives on the spot these can stay open all-year-round. This is also true for the two pensions, as these do not cater only for tourist, but as well for business travellers/workers/students. Therefore the average occupancy rate of these two facilities will be higher than the average small accommodation, in line with the regular hotels, but with a flatter peak season.

The table 4.5 shows the expected tourist facilities as well as expected tours flows and occupancy rates for all three phases of development.

²⁴ In many rural areas of (southern) Italy where this kind of facilities have been created, largely through European funding, most of the year occupancy is very low, but in the peak season – usually a few days around Easter + 5-15 August – the demand is higher than the supply.

²⁵ The opening season is of course to be determined by the hotel owners individually, according to their personal ideas. It can be a very likely situation that some hotels will be open and other not. Some might choose to specialise only in Summer activities and stay close during the Winter, otherwise might specialize in Winter activities.



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Table 4.6: Occupancy Rate – Realistic Scenario

Type of Tourist Facility	Occupancy rates 2015			Occupancy rates 2025			Occupancy rates 2035		
	Number of beds (properties)			Number of beds (properties)			Number of beds (properties)		
	Total	Average occupancy rate (%)	Max. (peak) occupancy rate (%)	Total	Average occupancy rate (%)	Max. (peak) occupancy rate (%)	Total	Average occupancy rate (%)	Max. (peak) occupancy rate (%)
Vlasina Rid +scattered properties									
Hotels + Annexes	435	40%	95%	585	50%	95%	735	60%	95%
Private B&B's	311	25%	100%	477	40%	100%	643	50%	100%
Resort	260	40%	95%	260	50%	95%	260	60%	95%
Camps	500	20%	95%	500	30%	95%	500	40%	95%
Rural Accommodations + lodges	100	30%	100%	200	40%	100%	300	50%	100%
Holiday Homes / Villa's	670	25%	100%	820	30%	100%	970	40%	100%
Vlasina Okruglica + scattered properties									
Hotels / Motels (2)	50	40%	95%	250	50%	95%	450	60%	95%
Rural Accommodations + B&B's	71	30%	100%	178	40%	100%	278	50%	100%
Resorts + annexes	130	60%	95%	130	60%	95%	130	60%	95%
Private Houses / Villa's	130	25%	100%	260	30%	100%	311	40%	100%
Vlasina Stojkovicewa + scattered properties									
Hotels + Annexes	60	40%	95%	85	50%	95%	110	60%	95%
Rural Accommodations + B&B's	157	30%	100%	264	40%	100%	371	50%	100%
Holiday Homes / Villa's	184	25%	100%	248	30%	100%	312	40%	100%
Klisura + Božica + scattered properties									
Klisura: Hotel / Pension	50	40%	80%	100	50%	80%	150	60%	90%
Klisura: B&B's	72	30%	100%	144	30%	100%	216	40%	100%
Božica: Hotel / Pension	50	40%	80%	100	50%	80%	150	60%	90%
Božica: B&B's	73	30%	100%	146	40%	100%	219	50%	100%

Optimistic Scenario – (Vlasina Lake for Lake Side Relax, Active & rural Tourism)

In this scenario both the module 'active nature tourism', elaborated in the realistic scenario (, as well an extra module, called 'lake side relax' are realised.

The table 4.7 shows the expected tourist facilities as well as expected occupancy rates for all three phases of development.



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Table 4.7: Occupancy Rate – Optimistic Scenario

Type of Tourist Facility	Occupancy rates 2015			Occupancy rates 2025			Occupancy rates 2035		
	Number of beds (properties)			Number of beds (properties)			Number of beds (properties)		
	Total	Average occupancy rate (%)	Max. (peak) occupancy rate (%)	Total	Average occupancy rate (%)	Max. (peak) occupancy rate (%)	Total	Average occupancy rate (%)	Max. (peak) occupancy rate (%)
Vlasina Rid +scattered properties									
Hotels + Annexes	465	50%	95%	630	55%	95%	735	65%	95%
Private B&B's	373	35%	100%	506	45%	100%	643	55%	100%
Resort	260	50%	95%	260	55%	95%	260	65%	95%
Camps	500	30%	95%	500	35%	95%	500	45%	95%
Rural Accommodations + lodges	120	40%	100%	230	45%	100%	300	55%	100%
Holiday Homes / Villa's	700	35%	100%	865	35%	100%	970	40%	100%
Vlasina Okruglica + scattered properties									
Hotels / Motels (2)	50	50%	95%	270	55%	95%	450	65%	95%
Rural Accommodations + B&B's	82	40%	100%	200	45%	100%	278	55%	100%
Resorts + annexes	130	70%	95%	130	65%	95%	130	65%	95%
Private Houses / Villa's	156	35%	100%	299	35%	100%	311	45%	100%
Vlasina Stojkovicewa + scattered properties									
Hotels + Annexes	60	50%	95%	87	55%	95%	110	65%	95%
Rural Accommodations + B&B's	178	40%	100%	296	45%	100%	371	55%	100%
Holiday Homes / Villa's	201	35%	100%	271	35%	100%	312	45%	100%
Klisura + Božica + scattered properties									
Klisura: Hotel / Pension	60	50%	80%	115	55%	80%	150	65%	90%
Klisura: B&B's	86	40%	100%	165	35%	100%	216	45%	100%
Božica: Hotel / Pension	60	50%	80%	115	55%	80%	150	65%	90%
Božica: B&B's	88	40%	100%	168	45%	100%	219	55%	100%



4.6 Conclusions & Recommendations

Considering:

- The environmental value of the area of Lake Vlasina, its inclusion in the list of Ramsar sites and its future part in the European '*Natura 2000*' network;
- The spatial plan drawn up by the Ministry for the Environment, for this area listed as a 'Region of Exceptional Features' (an 'area of outstanding natural beauty');

And:

- The general 'Tourism Strategy' of the Republic of Serbia, and the supposed role that SE Serbia and the area of Vlasina play in this plan on the short-medium term;
- The actual Master Plan for the Vlasina Lake area, presented in 2007;
- The complete list of nation-wide Master Plans, including some in the near surroundings of the area of Lake Vlasina (like the area of Besna Kobila, just a few km. south);
- The presence of a number of potentially interesting areas in the very near surroundings;

But also, the actual fierce competition between an immense number of tourist destinations on a worldwide scale (and the potential role that the Vlasina Lake area can play in this **global** competition), as well as the (actual) general economic situation (worldwide recession, with an estimated slowdown in the tourism industry):

It is **recommended** to undertake the implementation of the plans for tourism development in the Vlasina Lake area in different modules, realizing for the moment not the complete 'Master Plan' as proposed, but to work towards the development of (sustainable) tourism step by step, according to different scenario's, in which one by one different 'modules' of tourist infrastructure are realised.

These scenarios can also be considered **alternative development proposals** for the area of the Vlasina Lake, in case one considers the Master Plan unrealistic with respect to both environmental & economic conditions of the area as well as its geographical location.

Three different scenarios are described in this report:

- **Pessimistic Scenario** : A first, relatively pessimistic, scenario, in which there are only a few investments being made in the tourism sector, mostly for renovating



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already existing facilities, as well as for renovating/constructing some private homes.

- **Realistic Scenario:** A so called *low-key scenario*, in which one ‘module’, called **‘Active, Nature & Rural Tourism’** will be realised. This scenario, for the moment, given the global economic environment and the geographical position of Vlasina, seems to be the most realistic.
- **Optimistic Scenario:** A more optimist, scenario, in which in addition to the first ‘module’, **‘Active, Nature & Rural Tourism’**, also a second ‘module’, called **‘Lake Side Relax’** will be realised. This scenario can be realised in case more potential investors/investment money is available.

All these scenarios have to be realised in different phases, with tourist infrastructure development in a first phase concentrated in the area of Vlasina Rid, and in a second phase also in Okruglica and perhaps Stojkovicева. It is believed that the first phase of each scenario could be completed in 2015 and that the final phase of each scenario should be completed in 2025.

In the proposed scenario (number 1) it is recommended to realise an ‘active tourism module’. This scenario seems to more realistic than the tourism development described in the original Master Plan for the following reasons:

- The bias in this nature conservation area should be more on the nature related active tourism: e.g. walking & trekking, Nordic walking, cycling & mountain-biking, cross-country skiing & *langlaufen*; horse riding, canoeing, sailing, fishing, etc., creating the necessary infrastructure for these sports;
- The focus should be more on the rehabilitation of existing (public) structures, which are currently no longer used, rather than on the creation of new structures. An inventory of these buildings should be made, to assess their potential for other uses related to tourism;
- The existing hamlets, with still considerable local population (e.g. Klisura and Božica) should be revitalised, also through the creating of tourist infrastructure here (mainly through converting existing buildings);
- More attention should be paid on rural tourism, also outside the ‘classic’ tourist facilities (hotels), e.g. by financing/subsidizing so-called ‘*home stay initiative*’ related investment schemes, which can take the form of so-called *agriturismo*’s or B&B’s;
- There should be a regionally coordinated plan for the development of tourism in this part of Serbia (SE Serbia), including its main attractions (Vlasinsko Jezero,



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Vranjska Banja, Prohor Pcijski, Besna Kobila), with in a second phase a joint promotion campaign.

Investments for the facilities for the sports mentioned above tend to be low (especially compared to the facilities needed for the classical ('downhill' skiing), and the returns good.

Moreover, the total market share for all sports mentioned is high, and also an increasing number of Serbian and SE European tourists are among the potential clients.

Only in case more investments, either public or private, will become available also a second – additional - module can be realized (scenario 2), and on the long term perhaps the complete Master Plan (scenario 3), integrated with the structures realised in the first phase.

In any case it is recommended to carry out already in a first phase most of required public infrastructure, based on the second scenario (the realisation of module 1 + 2; and perhaps slightly over dimensioning), as this will positively affect the water quality and quality of living of the actual local population.

These recommendations seem to be also in line with a regional development plan, which foresees several investments in tourism in the whole region of SE Serbia, among which the area of the Vlasina Lake. It seems to be sensible issue though not to concentrate the limited resources in only one area, but to strengthen the overall tourist infrastructure in the whole region.