GOVERMENT OF THE REPUBLIC OF SERBIA

MINISTRY OF TRADE, TOURISM AND TELECOMMUNICATIONS

TOURISM DEVELOPMENT STRATEGY OF THE REPUBLIC OF SERBIA

2016 – 2025

BELGRADE

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Pursuant to Article 7, Paragraph 4 of the Law on Tourism ("Official Gazette of RS", Nos. 36/09, 88/10, 99/11 - another law, 93/12 and 84/15) and Article 45, Paragraph 1 of the Law on the Government ("Official Gazette of RS", Nos. 55/05, 71/05 - correction, 101/07, 65/08, 16/11, 68/12 - Constitutional Court, 72/12, 7/14 - Constitutional Court and 44/14), the Government adopts:

Tourism Development Strategy of the Republic of Serbia for the Period from 2016 to 2025

1. STARTING POINT (INTRODUCTION)

The Tourism Development Strategy of the Republic of Serbia for the Period from 2016 to 2025 (hereinafter referred to as: the Strategy) was prepared in accordance with Article 7 of the Law on Tourism. The baseline study of the Strategy specifically contains: an analysis of the current state and the existing level of tourism development, a comparative analysis of tourism in competitive countries, an analysis of the advantages and disadvantages of tourism, business mission, vision and goals of tourism development, a selection of priority tourism products, a proposal of the priority tourist destinations, an analysis of the impact on cultural heritage and natural resources and a proposal of a tourism development policy.

The Tourism Development Strategy of the Republic of Serbia ("RS Official Gazette", No. 91/06) adopted for the period from 2006 to 2015 (hereinafter referred to as: the Previous Strategy), establishing the fundamental guidelines for the tourism sector in the Republic of Serbia in the long term, ceased to be valid: therefore a new strategic document was drafted, taking into account the following key aspects:

1) The Previous Strategy was implemented to a lesser extent, due to the fact that the global world crisis arose immediately after its adoption, slackening the inflow of investment and slowing down the pace of commercialisation of tourism in the Republic of Serbia;

2) Owing to budgetary constraints and other development priorities, as well as the neglect and non-recognition of tourism as one of the key economic sectors, the Government failed to implement an active tourism policy that would give tourism in the Republic of Serbia a significant competitive edge;

3) For most of the time since the adoption of the Previous Strategy, the Republic of Serbia was going through a difficult period of finding its own political and economic stability, *i.e.* internal consolidation, which resulted in lower political and value interest of the Republic of Serbia with respect to tourism development.

Now that the Republic of Serbia is embarking on the process of European integration and building a unique geostrategic position, this affords opportunities for numerous private and public projects that would aid Serbia in creating clear and unambiguous alternatives for long-term sustainable growth and development in the future. In circumstances when the Republic of Serbia is enhancing its negotiating powers in respect of both closer and more distant global markets, it is realistic to expect more favourable conditions for significant tourism development of the country.

Consequently, the goal of the Strategy is to have a systematic approach to tourism, not only through economic indicators (as a possible sustainable source of creating new added value and jobs in the Republic of Serbia), but also through the multiplier effects that tourism has on the overall social development, local and regional development, the development of culture and education, the improvement of the environment and the development of complementary activities (trade, agriculture, construction, etc.). Therefore, it is necessary for tourism to assume an important position on the agenda of the strategic decisions of the Government, ultimately defining the ranking of the mid-term and long-term ambitions of the Republic of Serbia in respect to this economic sector.

The objectives of the Strategy are:

1) Sustainable economic, environmental and social development of tourism in the Republic of Serbia;
2) Improving the competitiveness of the tourism industry and related activities in the domestic and international markets;
3) An increase in the direct and total contribution of the tourism sector to the gross domestic product (hereinafter: GDP) of the Republic of Serbia, as well as an increase in direct and total employment in the tourism sector and its share in total employment in the Republic of Serbia;
4) Improvement of the overall image of the Republic of Serbia in the region, Europe and worldwide.

1.1. Approach and Methodology

The structure of the Strategy is defined by the Law on Tourism and its contents are based partly on the findings and proposals of the Previous Strategy, intended to define the profile of the tourism sector of the Republic of Serbia, whilst drawing heavily from analyses of contemporary trends, competitiveness in relation to the surrounding countries, the state of the tourism industry of the Republic of Serbia and projections of future growth and development.

The drafting of this strategic document required additional analyses and evaluations and numerous consultations with experts and incorporated the opinions of associations and organisations, local authorities and individuals from academic, business and NG organisations. Use was also made of a number of external evaluations and studies relevant to the development of tourism in the Republic of Serbia that were produced as part of projects of the European Union (hereinafter: EU), the World Travel and Tourism Council (hereinafter: WTTC) and the United Nations World Tourism Organization (hereinafter: UNWTO).

The Strategy is based on an analysis of internal and external surroundings, including the latest global trends in tourism development. This is the first time that an analysis of the current performance of tourism in the Republic of Serbia, as well as its limitations and advantages, has been performed, on the basis of registration and balance sheet data of enterprises by sectors in the tourism and hospitality industry. An additional analysis of competitiveness and of defining the development models and performances, as compared to competing countries, served to assess the practice of other countries more successful than the Republic of Serbia that have been able to achieve competitive growth and development of the tourism industry. Databases of WTTC and the Directorate General of the European Commission responsible for providing statistical information (hereinafter: EUROSTAT) were used to analyse the structure and number of the various deficits in the tourism industry that caused it to lag behind the group of countries used for comparing competitiveness.

The above analyses served to build development projections and models of tourism industry growth by 2025 and to establish the minimum level of investment required to achieve the growth projections.

Special attention was paid to the analysis of contemporary trends in the relevant tourism market, particularly changes in the motives, needs and experiences of tourists, with the aim of modernising and raising the quality and competitiveness of tourism products and bringing them in line with the needs of customers.

Priority activities, products and destinations were defined, as well as the necessary activities in the construction and maintenance of roads and other utilities infrastructure, tourism infrastructure and superstructure, in order to encourage development and competitiveness.

Since the implementation of the Previous Strategy identified a number of shortcomings, particularly in the coordination of the institutions responsible for its implementation, special attention was devoted to analysing the institutional infrastructure that, despite its clear legal obligations to implement strategic and planning documents, failed to show the required level of efficiency and ability to exercise its powers. Accordingly, specific activities aimed at the implementation of the Strategy were defined to that effect.

A major part of the tourism and hospitality industry comprises small and medium-size enterprises whose entrepreneurial skills should be the driving force in maintaining and raising its competitiveness. Unlike the Previous Strategy, and in line with the assumed international commitments that strategic documents and laws should apply principles of the Small Business Act, this Strategy has devoted a special chapter to analysing small and medium-sized enterprises and identifying possibilities for their further development.

All this served to create a basis for defining a new business mission and vision of tourism in the Republic of Serbia, to objectify development goals, to formulate a model of the growth of tourism in our country and to propose key development activities and measures in tourism needed for the implementation of the identified goals. Finally, the Action Plan was defined for synergic projects and programmes leading to the implementation of this comparatively ambitious developmental Previous Strategy.

Significant limitations in the methodology of creating the Strategy, undoubtedly affecting the quality and content of the data and analyses, arise from:

1) Non-implementation of the legal obligations and non-existence of a system of mutual periodic reporting of the entities in charge of planning and implementation of measures and activities determined by the Previous Strategy;

2) Non-systematic monitoring of modern and credible international reports, databases and specific market analyses (most of which are available for a fee);

3) Practice used by many international institutions to publish data in various formats (thousands or millions) and currencies (local, USD and EUR);

4) Non-standardised activities and content of statistical monitoring and a methodology still not brought in line with EUROSTAT and UNWTO[1] methodologies. Statistical coverage and the system of statistical monitoring of tourism sector performance in the Republic of Serbia failed to follow the changes and trends in the methodology of relevant international institutions, meaning that the data officially published by the Statistical Office of the Republic of Serbia (hereinafter: SORS)(e.g. the direct and total share of the tourism sector in the GDP of the Republic of Serbia, and the direct and total share of employees in the tourism sector in the overall employment in the Republic of Serbia) do not reflect the real contribution of the tourism sector to the Serbian economy and are not comparable to the data published by WTTC and UNWTO for other countries.

5) Failure to implement the methodology for drafting Tourism Satellite Accounts and, based on such accounts, to publish comparable analyses and reports and the lengthy period of time taken to publish updates of the final annual data.

6) Lack of current and credible local research of the market, attitudes and opinions of guests and the attitudes and opinions of the entities in the tourism and hospitality industry (along with numerous other sectoral research projects of importance for tourism development and development management);

[1] UNWTO (2016) Methodological Notes to the Tourism Statistics Database, page 23.

7) Late and non-standardised updates of tourism registry;

8) Lack of a unified system of information collection, management and coordination of strategic and operational development of tourism infrastructure and superstructure; and

9) Lack of a standardised and integrated system of planning, implementation and monitoring of investments in tourism infrastructure and superstructure.

Furthermore, pursuant to UN Resolution 1244, the measures and activities envisaged by the Strategy do not apply to the territory of the Autonomous Province of Kosovo and Metohija. However, the situation will be monitored in the tourist areas of Metohija: Rusolija, Hajla, Peć, Koprivnik, Dečani, Maja Streoc, Marjaš, Đeravica, Đakovica, Bistrica and Prizren and the tourist area of Šar Planina: Štrpce, Sirnička Župa, Sredačka Župa, Gora and Dragaš.

The foregoing presented a major problem for ensuring the consistency and consequentiality of the content of the documents (there is the issue of what credible indicators may be used to determine the value of necessary investment in utilities and tourism infrastructure and superstructure), which is why it is necessary for the Strategy to clearly define the measures to overcome these limitations and to create methodological, legal, personnel and material prerequisites and tools for quality monitoring, collection, exchange and interpretation of data for responsible development management in the tourism industry and all related fields in the Republic of Serbia.

2. ANALYSIS OF THE CURRENT STATE AND CHARACTERISTICS OF TOURISM OF THE REPUBLIC OF SERBIA IN 2015

2.1**. Implementation of the Previous Strategy**

During the process of implementation of the Previous Strategy, Serbia made significant progress in reforming the legislative framework in the field of tourism, and created comprehensive planning documents for the development of more than 15 regions and destinations.

In contrast to the proclaimed policy of balanced regional development and stimulation of entrepreneurship and private small and mid-sized enterprises and restructuring of the economy through effective privatisation, the policy pursued was that of centralised and interventionist development.

A large number of hotels, as well as children’s, youth and trade union resorts, were sold in the process of restructuring the economy through privatisation. Spas which are no longer operational following privatisation have the accommodation capacity of thousands of beds. Vrnjačka Banja - 1,000, Sokobanja - 800 (with sports fields), Banja Koviljača - 600, Niška Banja - 300, etc. It is only owing to the work of the Institute for Rehabilitation, that Niška Banja has been recognised as a spa centre. The accommodation facility of Jošanička Banja has never had any tourists; Kuršumlijska Banja is deserted (it is no longer inhabited); the institution in Zlatar, covering an area of 17,000 m^2 has been closed for years[2].

Entrepreneurial utilisation of state-owned buildings and assets of significant value in tourism is poor – there are abandoned airports, public buildings and land (abandoned barracks, facilities of unsuccessfully privatised companies, luxury villas, Karađorđevo, hotels and resorts of state-owned companies). More often than not, these assets are not used or additional subsidies are required for their use.

[2] According to information provided by the Serbian Spas Association, January 2016.

Instead of investing into existing and new small and medium-sized enterprises, investments were made mainly in the public sector and in founding new public companies that have so far been unable to return even a fraction of the investment or to sustainably (without the assistance of the state) generate and enable new development.

A system for the management of tourist destinations and areas was not established, and no effective functional link was created between the economy, tourist organisations, business associations, and educational and research institutions, so as to form a secure, long-term and sustainable development of tourist areas and territories.

Despite the fact that the Previous Strategy identified tasks for improvement of the environment and environmental protection, increasing energy efficiency and the use of renewable energy sources in tourist areas and destinations, by the time the period of implementation of the Previous Strategy expired, no system for waste management and the encouragement of energy efficiency and sustainable growth had been established in tourist areas and destinations.

There was no efficient programme/action relationship between different departments and levels of the authorities in the implementation of the Previous Strategy in terms of planning and implementation of infrastructural maintenance of tourist destinations, timely planning and coordination in defining priorities, deadlines and implementers.

In the course of implementation of the Previous Strategy, no substantial market research was carried out for the purpose of the promotion of tourism, notably in the fields of conferences, trade fairs and sporting and cultural events, even though it was a legal requirement. There is no data to show any coordination between educational and scientific institutions in the field of tourism and the tourism industry regarding the alignment of curricula with the number and structure of professional profiles required in the tourism and hospitality industry, the number of scientific research projects, the number and content of the performed scientific and professional study tours and training tours, or the number and content of the programmes of permanent acquisition of new knowledge and skills relevant to the development of tourism.

Insufficient use has been made so far, in the course of the implementation of the Previous Strategy, of the EU pre-accession funds and the opportunities and benefits of Information and Communication Technologies (hereinafter: ICT), the Internet, social networks and platforms for the promotion of the tourist offers of the Republic of Serbia, things which could also be used as platforms for the development of new small and medium-sized enterprises and their services.

The remaining open issues include the implementation of international quality standards (quality of service, management system, etc.), the share of the grey economy, unregulated records and the inadequate and outdated methodology system for statistical coverage and monitoring of tourism sector performance in the Republic of Serbia, as well as the non-functioning Register of Tourism (part of the Serbian Business Registers Agency - hereinafter referred to as SBRA).

A system for analysing, monitoring and implementing contemporary trends in the global tourist market has not been established and measures to support the development of the private sector in the tourism industry are insufficient, inadequate and underdeveloped compared to the competition and positive experiences of EU countries.

The Previous Strategy also set a number of quantified objectives, the most important of which include: growth in the total number of arrivals and overnights in two scenarios (moderate and ambitious), growth in the total number of business entities and employment, growth in the direct contribution of tourism to GDP and growth in foreign exchange inflow from foreign tourists.

Table 1. Analysis of Achievement of the Forecast of Growth in the Number of Arrivals and Overnights from the Previous Strategy[3]

SERBIA					
Initial state in 2006 and state in 2015	**Initial state**	**2015**	**Difference**	**Index 2006/2015**	**% Growth**
Arrivals	**1,645,485**	**2,437,165**	**791,680**	148	48
Overnights	**5,609,437**	**6,651,852**	**1,042,415**	119	19
Moderate growth forecast					
	Estimate	**State in 2015**	**Difference**		
Arrivals	**5,504,300**	**2,437,165**	**-3,067,135**	44	-56
Overnights	**15,000,000**	**6,651,852**	**-8,348,148**	44	-56
Ambitious growth forecast					
	Estimate	**State in 2015**	**Difference**		
Arrivals	**6,607,500**	**2,437,165**	**-4,170,335**	37	-63
Overnights	**17,636,000**	**6,651,852**	**-10,984,148**	38	-62

BELGRADE					
Initial state in 2006 and state in 2015	**Initial state**	**2015**	**Difference**	**Index 2006/2015**	**% Growth**
Arrivals	**674,785**	**807,607**	**132,822**	120	20
Overnights	**1,366,337**	**1,687,017**	**319,680**	123	23
Moderate growth forecast					
	Estimate	**State in 2015**	**Difference**		
Arrivals	**2,635,700**	**807,607**	**-1,828,093**	31	-69
Overnights	**3,953,500**	**1,686,017**	**-2,267,483**	43	-57
Ambitious growth forecast					
	Estimate	**State in 2015**	**Difference**		
Arrivals	**3,166,800**	**807,607**	**-2,359,193**	26	-74
Overnights	**4,750,200**	**1,686,017**	**-3,064,183**	35	-65

VOJVODINA					
Initial state in 2006 and state in 2015	**Initial state**	**2015**	**Difference**	**Index 2006/2015**	**% Growth**
Arrivals	**245,600**	**413,332**	**167,732**	168	68
Overnights	**686,200**	**994,314**	**308,114**	145	45
Moderate growth forecast					
	Estimate	**State in 2015**	**Difference**		
Arrivals	**917,000**	**413,332**	**-503,668**	45	-55
Overnights	**3,209,500**	**994,314**	**-2,215,186**	31	-69
Ambitious growth forecast					
	Estimate	**State in 2015**	**Difference**		
Arrivals	**1,099,500**	**413,332**	**-686,168**	38	-62
Overnights	**3,484,400**	**994,314**	**-2,490,086**	29	-71

[3] The first set of figures in each table show the real growth during the period of 2006 - 2015, while the second and the third show “moderate” and “ambitious” growth scenarios in relation to the real indicators of 2015, their absolute difference, index and percentage of achievement.

ŠUMADIJA AND WESTERN SERBIA					
Initial state in 2006 and state in 2015	**Initial state**	**2015**	**Difference**	**Index 2006/2015**	**% Growth**
Arrivals	**540,100**	**854,448**	**314,348**	158	58
Overnights	**2,703,600**	**2,904,523**	**200,923**	107	7
Moderate growth forecast					
	Estimate	**State in 2015**	**Difference**		
Arrivals	**1,345,500**	**854,448**	**-491,052**	64	-36
Overnights	**5,382,000**	**2,904,523**	**-2,477,477**	54	-46
Ambitious growth forecast					
	Estimate	**State in 2015**	**Difference**		
Arrivals	**1,617,900**	**854,448**	**-763,452**	53	-47
Overnights	**6,471,900**	**2,904,523**	**-3,567,377**	45	-55

SOUTHERN AND EASTERN SERBIA					
Initial state in 2006 and state in 2015	**Initial state**	**2015**	**Difference**	**Index 2016/2015**	**% Growth**
Arrivals	**185,000**	**361,778**	**176,778**	196	96
Overnights	**853,300**	**1,066,998**	**213,698**	125	25
Moderate growth forecast					
	Estimate	**State in 2015**	**Difference**		
Arrivals	**606,100**	**361,778**	**-244.322**	60	-40
Overnights	**2,455,000**	**1,066,998**	**-1,388,002**	43	-57
Ambitious growth forecast					
	Estimate	**State in 2015**	**Difference**		
Arrivals	**723,300**	**361,778**	**-361,522**	50	-50
Overnights	**2,929,500**	**1,066,998**	**-1,862,502**	36	-64

Source: the Previous Strategy and SORS
(Without data for AP Kosovo and Metohija)

The total number of arrivals and overnights in 2015 increased compared to the initial year of 2006, but neither growth scenario from the Previous Strategy (moderate and ambitious) was achieved. The Previous Strategy pegged the total number of companies registered in the field of tourism in 2015 at 862. However, by 2013 that number was already almost five times higher. Contrary to that increase, the number of direct employees in tourism in 2013 was smaller by almost one-third of the projected number.

Table 2. Number of Enterprises and Number of Direct Employees in Tourism Compared to the Previous Strategy's Forecast

	2013.	Forecast for 2015	Difference	Index 2015/2013	%
Number of companies in tourism sector	4,079	862	-3,217	21.1	-78.9
Number of employees in tourism sector	19,194	27,868	8,674	145.2	45.2

Source: Analysis of the Ministry of Trade, Tourism and Telecommunications (hereinafter: MTTT), based on data from SBRA for 2013, September 2015 and the Previous Strategy

In order to understand the real aspects of the existing structure of the tourism sector and its related activities, an analysis was performed of a series of data from 2008 to 2013 directly affected by the global economic crisis. In that period, the structure of tourism and its related activities included the following services: accommodation (hotels, resorts, camps and other forms of accommodation), food and beverages preparation and serving (restaurants, cafes, catering, etc.), travel agencies, leasing and rentals of cars, boats and equipment for entertainment and recreation.

Table 3 shows a significant decline in the number of travel agencies, as a result of changes in the methodology for registering business activities. In 2013, activities code 7990 (Other reservation service and related activities) and code 7912 (Tour operator activities) were differentiated from the activities of travel agencies. When these business activities in 2013 are combined, the resulting number of agencies is greater than that of 2008, but the number of employees is decreased by 1,393. The number of employees increased only in catering activities by 92, in cafes by 424 and in other accommodation by 8 employees.

Table 3. Enterprises and Employees Broken Down by Activities in the Tourism and Hospitality Industry from 2008 to 2013

Tourism, hospitality and related services*	**Number**					
	2008		**2013**		**2013/2008**	
	Enterprises	**Employees**	**Enterprises**	**Employees**	**Enterprises**	**Employees**
5510 – Hotels and similar accommodation	438	11,720	532	8,556	94	-3.164
5520 – Holiday and other short-stay accommodation	49	257	86	227	37	-30
5530 – Camping grounds, recreational vehicle parks and trailer parks	4	31	9	31	5	0
5590 – Other accommodation	46	203	84	211	38	8
5610 - Restaurants and mobile food services	904	7,648	1,434	2,269	530	-5,379
5621 - Catering	63	698	85	790	22	92
5629 - Other food service activities	24	923	35	809	11	-114
5630 - Beverage serving activities	410	2,061	609	2,485	199	424
7711 - Renting and leasing of cars and light motor vehicles	181	621	198	494	17	-127
7734 - Renting and leasing of water transport equipment	3	4	4	2	1	-2
7990 - Other reservation services and related activities			30	70	#	#
7911 - Travel agency activities	850	3.323	639	1.930	-211	-1,393
7912 - Tour operator activities			30	70	#	#
9329 - Other amusement and recreation activities	127	830	140	354	13	-476
Total	**3,099**	**28,319**	**4.079**	**19,194**	**980**	**-9,125**
did not exist as a separate service		*registered legal entities				

Source: MTTT, based on data from SBRA, December 2015

Table 4. Microeconomic and Financial effects

Indicators	***In EUR***
Capital	-63,030,867
Liabilities	88,450,472
Operating revenue	-18,508,500
Operating expense	-35,970,502
Profit/Loss from operations	17,462,002
Net profit	43,361,959
Foreign currency inflow from tourism in Serbia in 2009	617,200,000
Foreign currency inflow from tourism in Serbia in 2015	1,048,000,000

Source: MTTT, according to data from SBRA, December 2015

None of the financial indicators, except for the macro-economic indicators, were accurately and specifically defined as strategic objectives. Therefore, it is important to recognise the trends and use the Strategy to adequately define future measures and projects' desired effects.

Between 2008 and 2013, capital in the tourism industry fell by 63 million Euros, liabilities increased by over 88 million Euros, but operating expenses were reduced by 35 million Euros. On the other hand, 2013 saw positive operating results, with the net profit generated in the tourism sector totalling over 40 million Euros.

The registered operating revenue of the entire tourism industry (and directly related activities) amounted to over 620 million Euros, suggesting, when put in relation to the total turnover in tourism, the existence of an extensive grey economy, accounting for 69% of tourism turnover.

The total planned investments in the tourism industry according to the Previous Strategy were estimated at more than four billion Euros (400 million Euros per year). The capital value of companies in the tourism sector in 2013 was about 1.6 billion Euros (latest available data from SBRA), representing a decrease of 63 million Euros compared to the best business year before the crisis, and as a result of the disinvestment of over 280 million Euros in the activities of vehicle rental (-114 million Euros), travel agencies (-96 million Euros) and other amusement and recreation activities (-61 million Euros). In contrast to these activities, capital appreciation of over 150 million Euros in the activities of hotels and restaurants was achieved.

There has been progress in the development of several existing tourism products - city breaks in Belgrade and Novi Sad, events (Guča, EXIT, Mokra Gora, regattas on the Drina, etc.), mountain tourism (Kopaonik, Zlatibor and Stara Planina), but there has also been a shortage of new tourism products responding to market trends and the changing motives and needs of tourists. No progress was made and no significant investments were generated for improvement of the quality of other tourism products, especially in health and wellness tourism, in spas and nautical tourism, and partly successful products in the context of special interest (cultural, cycling, wine and culinary and gastronomic routes).

The Republic of Serbia is part of Europe, the world's leading tourist destination. This fact, coupled with Serbia's continental location, shape the very logic and structure of the tourism profile of the Republic of Serbia as a tourism development model which is characteristic of the countries of South-Eastern and Central Europe.

2.2. Assessment of the State of Tourism in 2015

2.2.1. Introduction - Global Indicators[4]

The direct contribution of travel and tourism to the world GDP and employment in 2015 was 2,200 billion USD and 108 million jobs, respectively.

Taking into account the wider impacts of travel and tourism (direct, indirect and induced), the total contribution of this sector to the global economy in 2015 was 7,200 billion USD, representing a share of 9.8% of total GDP, or an increase of 3.1% compared to 2014, registering positive growth in this sector for the sixth successive year.

The contribution of travel and tourism to GDP is forecast to rise by 3.3% in 2016. In view of such a growth trend, this contribution is expected to rise by 3.8% per annum and to exceed 11,000 billion USD or 10.5% of GDP by 2025.

In terms of employment, including jobs indirectly linked to the tourism sector, the travel and tourism sector supported 284 million jobs or 9.4% of total world employment in 2015 (almost every 11^{th} employee was engaged in the tourism industry and its related activities), which represents an increase of 2.6% compared to 2014. As a total result of the direct, indirect and induced activities, the sector of travel and tourism generated 7.2 million new jobs in 2015. The sector directly generated 2.5 million new jobs. By 2025, travel and tourism is expected to support a total of 370 million jobs, meaning that every ninth employee will work in tourism and its related activities. It is assumed that by 2025 the expected annual growth in employment of 2.3% will account for 356,911,000 employees or 10.7% of total employment in the world.

Worldwide investment in travel and tourism in 2014 was over 814 billion USD, or 4.3% of total investments. The investment in 2015 is expected to rise by 4.8% and rise by 4.6% per annum to 1,336 billion USD by 2025 or 4.9% of total worldwide investment. Based on all the major components, investment in travel and tourism in 2016 is expected to rise by 4.7% compared to 2015. As a result of this trend, investment is expected to grow by 4.6% per annum to 1,336 billion USD by 2025 or 4.9% of total worldwide investment.

The export value of the tourism industry reached 1,383 billion USD (5.7% of total exports) in 2014. This is forecast to grow by 2.8% in 2015, and grow by 4.2% per annum to 2,140 billion USD by 2025 or 5.6% of total worldwide exports.

[4] WTTC - Travel & Tourism Economic Impact 2016, Annual Update Summary (https://www.wttc.org/-/media/files/reports/economic%20impact%20research/2016%20documents/economic%20impact%20summary%202016_a4%20web.pdf)

Figure 1. Travel & Tourism Sector in the World for 2015

Source: UNWTO, 2016 (http://www2.unwto.org/content/why-tourism)

2.2.2. State of and Prospects for the Development of Tourism of the Republic of Serbia in 2015

Despite numerous shortcomings in the implementation of the Previous Strategy, preconditions for stronger development and growth of tourism as one of the priority economic sector were created, primarily owing to the efforts made by entrepreneurs and employees in the tourism industry and the activities of the Government and the line Ministry undertaken in the past two years (2014 and 2015):

1) The Republic of Serbia has reaffirmed and accelerated EU accession processes;
2) International activity, position and image of the Republic of Serbia has improved;
3) The Republic of Serbia has been recognised as a factor promoting regional cooperation;
4) Work on the construction of the international road corridors X and XI has been intensified, reconstruction of the international railway corridor X has commenced and agreement was reached for construction of the high-speed railway between Budapest and Belgrade;
5) Regional and international air traffic was improved, Nikola Tesla Airport had over 4.7 million passengers in 2015
6) In order to further develop air traffic in the Republic of Serbia, a new public company "Aerodromi Srbije" was formed, intended to put to use a large number of unused airports, facilitate conditions for low-cost airlines and improve air traffic and the availability of a large number of tourist destinations in the Republic of Serbia.
7) Regular air route from Belgrade to New York was introduced
8) Fiscal consolidation and reforms allowed for the creation of new market and sustainable models of efficient use of state property, reduction of subsidies and the creation of non-budgetary funds and sustainable market models for development funding (micro-credit funds, venture capital funds, mixed investment and guarantee funds);

9) The development of entrepreneurship of small and medium-sized enterprises as a long-term development commitment of the Government should allow for a rise in the competitiveness of the domestic economy by introducing new micro, small and medium-sized enterprises (hereinafter: MSME) and creating a more favourable business environment for further growth and development of the existing businesses;

10) A legislative framework in the field of investment, tourism, planning and construction has been improved and, coupled with the necessary changes to legislation in the field of management of public investment and public-private partnerships, this will allow for the improvement of investment in tourism of the Republic of Serbia;

11) In the last two years, the Government has come to recognise the importance of tourism for the achievement of key development goals;

12) In contrast to 2005, leading hotel brands are now present (Radisson Blu, Crowne Plaza, Luxury Collection - Starwood, Falkensteiner, Holiday Inn, Best Western and Marriott, with a new Hilton Hotel under construction);

13) Significant investments in the reconstruction, remodelling and construction of new hotel capacities were made by local companies controlled by local management such as "MK Group" (Kopaonik and Belgrade), "Mona" (Zlatibor, Belgrade and Kušići) "A" Hotels (Aranđelovac, Novi Sad and Šabac); Hotels in Zlatibor and Vrnjačka Banja, "Silver Lake Resort" (Srebrno jezero) and others;

14) For the first time since 2008, there was an increase in the number of arrivals (by 12%) and overnights (by 8%) of domestic tourists in 2015. This trend continued in the first seven months of 2016 with the number of arrivals and overnights of domestic tourists increasing by 14.2% and 15.2% respectively compared to 2015. Such a positive trend was boosted by the Government's decision to support those citizens with less purchasing power by awarding them tourist vouchers, by the Ministry of Tourism's quick and effective implementation of the decision and by the promotional campaign "My Serbia" aimed at domestic tourists, launched by the National Tourism Organisation of Serbia (hereinafter: NTOS);

The foregoing suggests that there is a favourable environment for the tourism industry of the Republic of Serbia, through new strategic planning, to acquire the status of one of the economic sectors with priority development, for further improvement of characteristics of the tourism sector in the forthcoming period, and for tourism and related industries to become a factor of stable sustainable growth and development. In that regard, according to national and international analyses (following the Oxford Economics methodology), the tourism sector has a good starting point for a new ten-year development period[5]:

1) Total contribution of tourism to GDP of the Republic of Serbia was 6.4% in 2015;

2) Tourism directly contributed to 2.2% of GDP of the Republic of Serbia;

3) Tourism and hospitality industry (according to the above methodology) accounted for about 30,000 (directly) created new jobs, while about 157,000 new jobs in total were created in tourism and related activities involving numerous newly founded micro and small-sized enterprises in the tourism and hospitality industry and related activities;

4) "Invisible export" accounted for 7.3% of the total export of the Republic of Serbia, *i.e.* almost 29% of the export of services;

5) Investments in tourism accounted for 4.1% of total investment in the Republic of Serbia;

[5] WTTC - Travel & Tourism Economic Impact 2016 Serbia http://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2016/serbia2016.ashx (page 1.)
Note: SORS data was not published for 2015

In 2015, the total foreign exchange inflow generated from tourism amounted to 1,048 million USD. Between 2007 and 2015, the foreign exchange inflow from tourism grew by 97.4%, with an average annual growth rate of 10.8%[6]

2.3 Tourist Influx and Characteristics of Tourism Demand

Tourism in the Republic of Serbia has gone through a vigorous restructuring of sources of demand. It is worth noting that the influx of domestic tourists decreased after 2008, mainly due to the economic crisis which affected the standard of living in the Republic of Serbia. On the other hand, the influx of foreign tourists from European countries registered continuous growth, including what is becoming a traditionally high number of visitors from the countries in the region. 2015 saw the first signs of recovery of domestic demand.

Table 5. Tourist Arrivals in the Republic of Serbia from 2007 to 2015

Tourist arrivals[7](thousands)						
Year	Total	Index	Domestic	Index	Foreign	Index
2007[8]	2,306	115	1,610	105	696	148
2008	2,266	98	1,619	101	646	93
2009	2,021	89	1,376	85	645	100
2010	2,000	99	1,318	96	683	106
2011	2,068	103	1,304	99	764	112
2012	2,079	100	1,270	97	810	106
2013	2,192	105	1,271	100	922	114
2014	2,192	100	1,160	92	1,029	112
2015	2,437	111	1,305	112	1,132	110

Source: SORS

According to the data given in Table 5, in 2015:

1) A total of 2,437,000 tourist arrivals were registered, representing a rise of 11% over 2014. The average annual growth rate of the total number of tourist arrivals compared to 2007 is 0.8%;
2) A total of 1,305,000 domestic tourist arrivals were registered (an increase of 12% over 2014), accounting for 53.5% of the total number of arrivals. An average annual decrease of 2.7% was registered in this category during the period under review;
3) A total of 1,132,000 arrivals were registered in the category of foreign tourists (10% more than in 2014), *i.e.* 46.5% of the total tourist arrivals, the average annual increase from 2007 to 2015 being 6.3%.

[6] NBS – National Bank of Serbia
[7] Without data from AP Kosovo and Metohija
[8] Since 2007, tourists from Montenegro have been registered as foreign tourists – stated by SORS

Table 6. Overnights in the Republic of Serbia from 2007 to 2015

Overnights[9] (thousands)						
Year	Total	Index	Domestic	Index	Foreign	Index
2007[10]	7,329	111	5,853	105	1,476	145
2008	7,334	100	5,935	101	1,398	95
2009	6,776	92	5,307	89	1,469	105
2010	6,413	95	4,961	94	1,452	99
2011	6,645	104	5,002	101	1,643	113
2012	6,485	98	4,688	94	1,796	109
2013	6,567	101	4,579	98	1,988	111
2014	6,086	92	3,925	86	2,161	109
2015	6,652	109	4,242	108	2,410	112

Source: SORS

According to data from Table 6 in 2015:

1) A total of 6,652,000 overnights were registered, representing a rise of 9% over 2014. The average annual growth rate of the total number of overnights compared to 2007 is 1.2%;

2) Domestic tourists registered 4,242,000 overnights or 8% more than in 2014, providing the first indicator of growth after eight years of decrease and accounting for 64% of the total number of overnights. An average annual decrease of 4.1% was registered in this category during the period under review;

3) Foreign tourists registered 2,410,000 overnights (12% more than in 2014), accounting for of 36% of the total number of overnights in the Republic of Serbia, the average annual increase from 2007 to 2015 being 7.5%;

4) In terms of number of overnights in 2015, spas received the biggest influx (1,855,000 overnights), retaining the level achieved in 2014, and recording a rise in foreign tourist overnights (231,000) of 14.7%;

5) Total overnights in Belgrade rose by 13% in comparison to 2014, with statistics showing an increase of overnight stays of both domestic (262,000) and foreign (1,247,000) tourists of 13% ;

6) Based on the registered number of overnights, the most popular destination for domestic tourists, after spa centres, were the mountainous areas (1,419,000 overnights), recording an increase of 19% compared to 2014;

7) Foreign guests, who recorded 2,410,000 overnights in the Republic of Serbia during 2015, mostly visited Belgrade (1,247,000), an increase of 13%. The largest number of foreign tourist overnights was recorded in spas (15%).

8) The structure of foreign tourists in 2015 shows that tourists from the region have the biggest share (45%), specifically:

   (1) Bosnia and Herzegovina (87,000 arrivals / + 17%; 192,000 overnights / + 17%),
   (2) Montenegro (71,000 arrivals / + 15%; 171,000 overnights / + 25%),

[9] Without data from AP Kosovo and Metohija

[10] Since 2007, tourists from Montenegro have been registered as foreign tourists – stated by SORS

(3) Croatia (66,000 arrivals / + 3%; 121,000 overnights / + 4%),
(4) Slovenia (66,000 arrivals / + 2%; 115,000 overnights / + 3%);

9) the largest number of arrivals from EU countries was recorded from Germany (61,000), Romania (44,000), Italy (44,000) and Greece (44,000);

10) the largest number of arrivals from other European countries was for tourists from Turkey (64,000), the Russian Federation (42,000), Switzerland and Liechtenstein (20,000);

11) the biggest increase of arrivals from non-European countries was recorded by tourists from South Africa (+58%), China and Hong Kong (+45%) and the United States (+22%).

Foreign Currency Inflow

The evident increase of tourist influx from countries in the region and Europe contributed to a significant increase in foreign exchange inflow from tourism, as shown in Table 7.

Table 7. Foreign Currency Inflow from Tourism
in the Republic of Serbia from 2007 to 2015

Year	EUR (millions)	Index	USD (millions)	Index
2007[11]	630	/	531	130
2008	640	101	944	109
2009	617	97	865	92
2010	605	98	798	92
2011	710	117	992	124
2012	708	100	906	91
2013	792	110	1,053	116
2014	863	109	1,139	108
2015	945	109	1,048	92

Source: National Bank of Serbia (hereinafter: NBS)

The positive development tendency of foreign exchange inflow from tourism between 2007 and 2015 is shown in Table 7, with an average annual growth rate of 3.3% in EUR, or 9.8% in USD. The expenditure of our citizens on trips abroad between 2007 and 2015 is shown in Table 8, based on data from the NBS.

11 In 2007, there was a change in the methodology of calculating the expenditure of foreign tourists

Table 8. Foreign Currency Outflow from 2007 to 2015

Year	EUR (millions)	Index	USD (millions)	Index
2007[12]	759	/	1,041	/
2008	845	111	1,254	120
2009	686	81	959	76
2010	724	105	953	99
2011	791	109	1,114	117
2012	805	102	1,350	121
2013	841	104	1,117	83
2014	849	101	1,177	105
2015	993	112	1,097	93

Source: NBS

Table 8 clearly shows a continuous growth of foreign currency outflow for the period from 2007 to 2015, with an average annual growth rate of 1.1% expressed in USD.

The positive change is reflected in the reduction of the costs of travel of Serbian outbound tourists.

2.4 Business Performance of the Tourism Industry of the Republic of Serbia

2.4.1. Accommodation Capacities

The structure of accommodation facilities or their capacities has changed over the past few years. There have been dynamic developments in the offer of hotel-type accommodation facilities, primarily in the category of 4* hotels. Compared to 2005, the share of major hotel brands increased (Radisson Blu, Crowne Plaza, Luxury Collection - Starwood, Falkensteiner, Holiday Inn, Best Western), mostly in Belgrade, Subotica, Novi Sad and Niš.

Intensified construction or reconstruction and remodelling is also underway in a number of hotel facilities owned by local companies and controlled by local management such as "MK Group" (Kopaonik and Belgrade), "Mona" (Zlatibor, Belgrade and Kušići), "A" hotels (Aranđelovac, Novi Sad and Šabac); Hotels in Zlatibor and Vrnjačka Banja, "Silver Lake Resort" (Srebrno jezero) and others.

According to the Ministry of Tourism, at the end of 2015, there were 358 categorised facilities for hotel-type accommodation (including garni and aparthotels), motels, boarding houses and tourist and apartment complexes (excluding private houses, rooms, rural tourism households, hunting villas and camps). These facilities had a total of 18,244 and 30,417 accommodation units and beds respectively.

12 In 2007, there was a change in the methodology of calculating the expenditure of foreign tourists

Table 9. Capacities of Categorised Catering and Accommodation Facilities

No.	Type of catering accommodation facility	Number of facilities	Number of accommodation units	Number of beds
1.	Hotels	339	17,687	29,392
2.	Motels	11	249	426
3.	Boarding Houses	3	78	122
4.	Tourist and Apartment Complexes	5	230	477
Total		358	18,244	30,417

Source: MTTT, December 2015

Hotels have the largest share of the total number of catering & accommodation facilities in the Republic of Serbia, in terms of the number of facilities, accommodation units and beds.

Between 2010 and 2015, the number of hotel-type accommodation facilities (including garni and aparthotels) grew from 249 to 339, or by 36.1%. This increase was partially accompanied by an increase in the number of accommodation units, totalling 15,537 in 2010 and growing to 17,687 in 2015, an increase of 13.8%, while the number of beds in this period increased from 24,186 to 29,392, or by 21.5%.

Table 10. Number of Hotels and Accommodation Capacities from 2010 to 2015

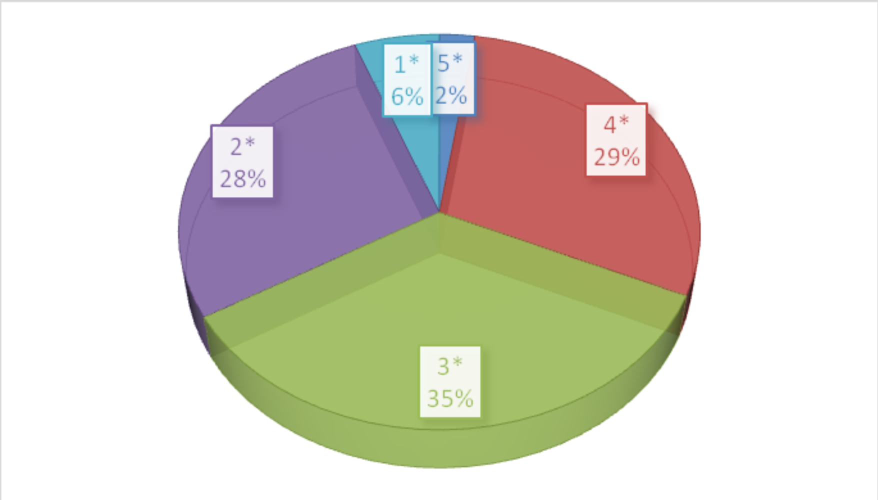
Year	Number of hotels	Number of accommodation units	Number of beds
2010	251	15,537	24,186
2011	262	16,250	26,384
2012	297	16,723	28,296
2013	301	16,382	27,742
2014	328	16,963	28,501
2015	339	17,687	29,392

Source: MTTT, December 2015

Although there has been an increase in the number of accommodation capacities in hotels, it is evident that the average number of accommodation units and beds per facility has decreased, due to the trend of constructing facilities with fewer accommodation units or beds.

In 2015, 3* hotels had the greatest share of the hotel-type accommodation facilities (34.8%), follow by 4* hotels (29.3%), 2* hotels (27.7%), 1* hotels (5.8%) and 5* hotels (2.4%).

Figure 2. Share of Hotels by Categories of Total Number of Hotels in 2015 in %



Source: MTTT, December 2015

The Belgrade hotel market, based on its performance, is the leading market in the Republic of Serbia, given that most properties are concentrated in the city of Belgrade, currently boasting a total of 86 hotels, including 51 hotels, 34 garni hotels and one aparthotel. Out of 21 newly opened facilities that were categorised in the Republic of Serbia for the first time in 2015, eight are located in Belgrade. Every fourth categorised hotel is located in Belgrade (86), every third accommodation unit (6,331) and almost every third bed (9,193). Three hotels are specialised as business hotels ("Prag", "Radisson Blu Old Mill" and "In Hotel"), and one as a conference hotel (Hotel "M"). Three hotels have five stars ("Hyatt Regency Belgrade", "Square Nine" and "Metropol Palace").

Given that this market relies on foreign business guests, a segment characterised by steady growth, the forecast for future performance trends for the hotel market in the capital city is positive.

In terms of qualitative structure, the Belgrade region and the region of AP Vojvodina maintain a noticeably higher standard, while the region of Šumadija and Western Serbia and the region of Southern and Eastern Serbia have accommodation facilities complying with international standards only at major tourist destinations (Kopaonik, Zlatibor, Stara Planina, Vrnjačka Banja, and recently also in the Lower Danube).

In general terms, there are more hotels in higher categories in urban centres, while accommodation facilities of other types and in other categories are typical of smaller places and traditional mountain and spa destinations.

The analyses show that the Average Daily Rate – ADR has followed a downward trend over the past few years. Conversely, the Revenue Per Available Room – RevPAR has followed an upward trend, reflected in the pricing policy of most hotels in Belgrade.

2.4.2. Hospitality Industry

According to the data from SORS[13], the total turnover in the hospitality industry in the Republic of Serbia in 2014, at current prices, totalled 65,105 billion RSD, registering a rise of 0.6% compared to 2013. However, the turnover, measured at constant prices, registered a fall of 0.2%. In comparison to 2010, the total turnover in the hospitality industry,

[13] SORS – Statistical Yearbook of the Republic of Serbia 2015, Chapter 16, page 356.

at current prices, rose by 18.4%, while turnover measured at constant prices remained at the same level.

Table 11. Basic Indicators of the Hospitality Industry from 2011 to 2014

	2011	2012	2013	2014
Turnover, in RSD thousands	58,219,574	60,841,400	64,685,091	65,104,515
Beds	127,664	113,385	107,256	102,940
Turnover, in RSD thousands [14]	55,872,912	55,032,101	55,249,090	55,166,002
Indexes, 2010 =100				
Turnover, in RSD thousands	105.8	110.6	117.6	118.4
Beds	106.9	94.9	89.8	86.2
Turnover, in RSD thousands	101.6	100.1	100.4	100.3

Source: SORS – Statistical Yearbook of the Republic of Serbia 2015, Chapter 16, page 356

The annual turnover indexes at constant prices (with 2005 as the base year) indicate a downward trend. However, this again raises the issue of the reliability of the data, given the significant unregistered turnover in the grey economy. According to the structure of turnover in the hospitality industry in 2013, food and beverages had the largest share (51.1%), followed by alcoholic and non-alcoholic beverages (26.7%), the number of overnights (19.8%), etc. [15]

2.4.3. Availability

The past three years have seen significant progress in the works on transport infrastructure, road and railway corridors, development of air transport and improvement of capacities for the arrivals and departures of passengers.

Work on completion of both branches of Corridor X (towards Bulgaria and Macedonia) have been intensified, construction of Corridor XI (Belgrade – South Adriatic) made a successful start, reconstruction continued of Railway Corridor X, which will allow for higher train speeds, several modern passenger trains were bought and an agreement was reached for the construction of a high-speed rail link between Budapest and Belgrade.

The national air carrier has been restructured and it re-established air services in the region and re-introduced direct flights from Belgrade to New York. In 2015, Nikola Tesla Airport handled 4.7 million passengers, thus becoming the largest regional hub for air transport. In order to improve air transport and its uniform presence in the territory of the Republic of Serbia, the public company "Aerodromi Srbije" was formed to facilitate conditions for the arrival of low-cost airlines and an increase in the number of operating airports.

[14] Expressed in prices for 2010
[15] SORS – Statistical Yearbook of the Republic of Serbia 2015, Chapter 16, page 356

2.5 Conclusion

In the past, the Republic of Serbia has not been a predominantly tourist-oriented county, with the development of tourism only starting after World War II, mostly for business travel and health tourism. The Previous Strategy, which was intended to give a new, modern and competitive direction of development in the tourism industry of the Republic of Serbia, had limited success:

1) Targeted foreign currency inflow of 1.05 billion USD in 2015 was partially achieved as a result of the increase of foreign tourist arrivals by 62.6% and the increase of overnights by 63.3% compared to 2007;

2) There has been a significant quality restructuring of accommodation facilities, attended by a modest quantitative increase, mainly owing to private domestic and foreign investors;

3) In terms of development, tourism in the Republic of Serbia still lags behind comparable countries of Central and Eastern Europe;

4) In 2014 and 2015, the Government recognised the contribution and development potential of tourism and its related activities in the Republic of Serbia, which had a positive impact on the results.

3 KEY TOURISM TRENDS AND COMPARATIVE ANALYSIS OF TOURISM IN COMPETITIVE COUNTRIES

3.1. Main Tourism Trends

Authors and analysts in the field of travel and tourism, with minor differences, generally agree about the global trends that will transform the tourism and hospitality industry. According to the UNWTO, the number of tourists will grow at a rate of 3.3% or 43 million per year by 2030 to reach 1.8 billion tourists. In addition to the annual growth in the number of tourists, attention must be paid to the changes in their behaviour and motives, which will certainly be affected by climate change, a shortage or lack of resources and a shortage of time, money, desire or motivation to visit some of the "old" destinations.

Anyone who is able to recognise and exploit these changes will have a greater chance of success in the tourism market. The marketing “war” for future tourists and destinations in the market will be waged not so much with prices, accommodation, infrastructure, transport and facilities, but rather by engaging the feelings and positive experiences of tourists.

Changes in tourists’ behaviour and habits will require an adequate segmentation of consumers and the consequent market segmentation of tourism and hospitality products and services, keeping in mind the gender, age, marital status, motivational, and all other important tourist segmentations, as well as the constant need for adjustments to the domestic offer.

This shows that the structure of tourists today is very complex and that the secret to successful marketing in tourism lies in the ability to understand trends and satisfy all market niches. In this regard, three groups of new trends should be given special attention:

1) New trends in promotion and booking;
2) New accommodation types;
3) Modern motives for travelling in the world tourist market (examples given in boxes).

3.2. Trends in Promotion and Booking

New communication and promotional tools based on e-marketing technology have been developed in the sphere of promotion and booking for communicating with consumers and greatly increasing the efficiency of marketing activities. Digital channels are the core of a communication strategy in effective marketing. Today, destinations and companies directly reach consumers through a variety of joint digital platforms.

Sharing economy and virtual cross-sectoral platform for providing the information, and communication between consumers based on the "peer to peer" model are becoming characteristic of the new situation in the tourism business. Also, in accordance with the recommendations of the UNWTO, e-marketing technology for communication with consumers should be accessible to people with disabilities, and the facilities and other content that are being promoted should be accessible and include ease of access symbols, the so-called pictograms.

This is all due to the extreme mobility of consumers. Mobile equipment allows consumers the access to numerous platforms, virtual communication with tourism service providers as well as among the consumers themselves.

It is estimated that in 2014, there were over 2.2 billion internet users worldwide and about 6.2 billion mobile phones in use by about 60% of the world's population. Online distribution networks, mobile smart phones, tablets and other portable mobile devices now have a crucial influence on travel decision-making. Consumers have access to a variety of information, more choices for collecting the information, but also more opportunities to express their opinions via digital platforms, which can sometimes jeopardise the image of the destination, and other times serve as the best ambassador for a destination. There are no influence mechanisms, but it is important to monitor the presence and consumer reaction constantly.

Also, popular blogs are a powerful marketing tool for tourism organisations in terms of visibility improvement. The power of "travel" blogs is very important in social networks and Web Search is becoming more important for decision-making than a personal recommendation. On the other hand, "travel" blogs and "tagging" not only expand the market, but also allow for quick adjustments to the consumer’s wishes and, equally importantly, eliminate mistakes.

A revolution in marketing promotional messages was brought by 3D technology, by enhancing the experience and emotions, and consequently the adrenaline. In addition, ICT technologies and social media provide special opportunities for developing countries to catch up with modern trends and operate more efficiently on the market, without involving large financial resources, and also allow inaccessible destinations to communicate with the tourism market.

Improving the promotional mix, introducing new communication and promotional tools and focusing on the requirements of online marketing, mobile applications and common platforms for information placement and distribution, also implies a transformation of the method of organising the marketing activities of the National Tourism Organisation (NTO).

Public-Private Partnership (hereinafter: PPP)

The PPP model has been widely applied in modern tourism and has been utilised in almost all countries. The need for a strong partnership between the public and private sectors is more important today than ever before. It is about the maximum synergy of interests between partners and, as such, the PPP should be developed wherever possible. The role of the state is undergoing a fundamental change in tourism, because the state has become a partner. The state is generally not a good manager and is, therefore, interested in a partnership with the private sector. Well known examples of successful PPPs are where the public sector, for example, assigns land and allows the private sector to manage the space for the reconstruction of cultural monuments. The public sector and the economy actively cooperate in the decision making process by way of consultations. This process requires constant mutual communication.

3.3. Trends in New Accommodation Types

In the area of accommodation, in contrast to the large international hotel chains, which have also been undergoing a transformation to adapt to the destination's authenticity, small family accommodation capacities have emerged, allowing the organisation of travel and stay according to one’s choices and, furthermore, satisfying the ever greater needs of the modern tourists for contact with nature and the local culture and environment.

Glamping - glamorous camping has a high growth trend, as shown in Attachment 1, which accompanies this Strategy and forms its constituent part. Glamping originated in the UK, the USA and Canada, countries that are traditionally inclined to camping, as attested by statistics. While our part of the world labours under the stereotype that camping is a form of "tourism of exigency" or possibly "for the youth only" tourism, the situation in the West is different. A "river" of campers is flooding Europe every year, the English, Dutch, Germans and Czechs being the most numerous. Many families see this type of tourism not only as economically viable, but above all as "more of life" and a "break time to be close to nature."

Today, a part of the glamping offer, which satisfies the needs of even the most demanding market segment, is in the highest price range of the tourist offer. The fact that glamping does not require large investments is particularly appealing. What counts is an understanding of the needs of the modern tourist and an inspirational environment which will give such guests an opportunity to get to know it as directly as possible.

Box 1

"People still desire to be in touch with nature and strive to spend more time outdoors, but now they want it with the comforts of home they are accustomed to"

"With the onset of the global economic crisis, camping experienced an additional boom, as more and more people began to look for ways to reduce costs. Now, when we are emerging from the recession, two key trends are noticeable:

First, there is a continued strong demand for camping as a form of affordable accommodation "with style and idea," but with changed requirements of the guests. Now guests are equally seeking outdoor activities, *i.e.* "to stay in nature" and comfortable accommodation. And that it is the momentum. Secondly, guests have higher expectations for their money. That’s why it is essential to provide them with something like that - because that is what they are willing to pay extra for. "

These two quotes (tour operators from England) reflect very well the needs that led to glamping, as a new sub-segment of the camping tourism industry, which in time became a segment on its own, evolving into a whole new category of tourism that now not only meets traditional campers’ needs but also addresses a completely new target group of tourists - those who can spend more.

The importance of acknowledging glamping experiences and trends and including it as a type of accommodation offer in the Republic of Serbia lies in the following:

1) The price of a stay in this type of accommodation ranges from 80 to 460 EUR/day;

2) Investments into this type of accommodation range up to 350 EUR/m2 for the most luxurious accommodation;

3) Given that these are mobile and temporary facilities that are not invasive to the environment, they do not require complex planning and infrastructural procedures for their installation;

4) The Republic of Serbia has many destinations that are attractive for this type of offer;

5) The concept is ideal for the promotion and development of tourist areas without large investments in infrastructure and facilities, involving a highly professional logistics management and supply of quality tourism products and services (suitable areas – Donje Podunavlje, Golija, Uvac, Vlasina Lake, Tara ...).

3.4. Modern Trends in Tourist Motives (Expectations):

1) Intense holiday - most tourists expect a guaranteed cost-effective holiday filled with activities. These tourists enjoy sharing their holiday experiences and, guided by the idea of a "hard working holiday", they combine visits with a variety of events, festivities and an activity holiday, which brings the special added benefit of coming home with a new set of skills, such as cooking or painting. It is expected that this way of thinking will take root in the holiday expectations of most tourists. City breaks that can offer a variety of activities can benefit from this trend. Cruises will become popular because they allow people to visit a number of destinations within one holiday;

2) Trying something new – for the last few years, research has shown that many tourists plan to explore new destinations; over a third (35%) think they will take a holiday to countries they have never been to before. Holidaymakers who prefer to stick to tried and tested destinations also look to try something new, and almost half (48%) are likely or almost certain to visit a resort or city in a country they have already visited, for example, visiting Venice instead of Verona or Mallorca instead of Malaga;

3) Living like a local – this has become a "getting under the skin" routine of many tourists. They are looking for a more authentic holiday experience and many companies are now offering travellers the chance to enjoy hidden gems alongside traditional tourist attractions. In addition to travel, blogs and social networks are an interesting way to discover hidden hotspots for a strong authentic experience;

4) It is also necessary to call attention to an upward trend in visits to the most important segments of cultural heritage, whether mobile (museums, libraries, archives and galleries), immobile (archaeological sites, urban centres, protected heritage sites, monuments of folk architecture, fortifications, battlefields and execution sites) or immaterial (Slava, Đurđevdan; “Staro Selo - Sirogojno" Open Air Museum);

5) A rise in group visits to important celebrations and events – an increase in the number of group visits to places of important celebrations and events. 2014 and 2015 recorded a rise (by 19%) in the number of group and family visits to important institutions and monuments of culture, war memorials and places of suffering, as well as sites of important events. Groups of tourists are increasingly choosing places of celebration of important events from world wars, sites of important battles, places known for traditional weddings, harvests, as well as family visits to the places that rekindle fond memories from childhood and youth;

6) No breaks for city breaks – city breaks overtook beach holidays as the most popular type of holiday in 2014 and are expected to hold the top spot in 2015, with 43% planning a

city break (compared to 42% planning a beach holiday). The increased popularity of city breaks is likely due to an increase in low-cost flights to a variety of destinations, making this type of holiday more appealing to a wide range of people. Cities are most popular with people aged 25-44 and this age group choose them due to the constraints of taking time off from work. The most popular destinations are Amsterdam, Paris, Berlin, Rome, Barcelona and Dublin;

7) Fitness and sport - according to research by the Association of British Travel Agents, (ABTA) (UK), 6% of people planned a sporting holiday in 2015, and 5% an adventure or other challenge break. 4% of people also planned a trip abroad to see major sporting events. This trend, incorporating fitness and other sporting activities and events, sees a notable increase in middle-aged people;

8) Wellness holidays - wellness and spa breaks also have a growth tendency which continued in 2015. The Global Wellness Institute recently reported that the sector is worth 494 billion USD globally (a growth of 13% in one year, placing the UK in the top ten countries for wellness breaks). Wellness breaks incorporate a wide range of activities: spa, yoga, detox, fitness and stress relief. They are especially popular with business people seeking to recharge on holiday. Wellness programmes are also popular with single travellers. Destinations are prized for their natural beauty, regardless of their remoteness, such as Oman, Arizona, Costa Rica and Indonesia;

9) Gastronomic tourism - a new trend in modern tourism. Gastronomic tourism is a growing phenomenon, with over a third of tourist spending devoted to food, according to a report from the World Tourism Organisation. 22% of Europeans, according to EUROSTAT, said that the main reason for going on holiday is for a cultural experience, which includes the culinary arts (Bârleanu, 2013). According to the same author, Bulgarians spend almost 40% of their trip budget on gastronomic products. As a result of this, local cuisine is an important factor in terms of holiday quality. One of the most commonly used definitions of gastronomic tourism is: gastronomic tourism "is a journey, in regions rich in gastronomic resources, which can generate recreational experiences or have entertainment purposes, which include visits to primary or secondary producers of gastronomic products, gastronomical festivals, fairs, events, cooking demonstrations, food tastings or any activity related to food."

10) Tourism and technology – broadband internet has already changed communication and electronic culture, and has a direct impact on the (self) organisation of holidays. Mobile phones are becoming personal holiday organisers, with artificial intelligence software acting as a virtual personal tour operator. However, it is exactly due to the omnipresent technologies and telecommunications networks that a rapidly growing trend has emerged (which requires a domestic offer) - guests on holiday are increasingly looking for detoxification from online communication.

3.5. Market and Competitive Countries

3.5.1. Market

Figure 3 clearly shows that Europe is the world's largest market, accounting for 51% of all tourist arrivals worldwide in 2015, and boasting 609 million tourists.

Figure 3. Overview of Arrivals on the World Market in 2015

Source UNWTO Tourism Barometer, Volume 14, Advance Release January 2016

3.5.1.1. European Market

The European market is divided into several geographical areas: Northern Europe, Western Europe, Central/Eastern Europe, and Southern/Mediterranean Europe (including the Republic of Serbia), of which 28 are EU member states.

Table 12. Tourist Arrivals in Europe from 2000 to 2015

	2000	2005	2010	2013	2014	2015*	2015*	14/13	15*/14
						(million)	(%)		(%)
World	674	809	950	1,088	1,134	1,184	100	4.2	4.4
Europe	*386.6*	*453.2*	*489.4*	*566.8*	*580.3*	*609.1*	*51.4*	*2.4*	*5.0*
Northern Europe	44.8	59.9	62.8	67.2	70.8	75.3	6.4	5.3	6.3
Western Europe	139.7	141.7	154.4	170.8	174.5	180.9	15.3	2.2	3.7
Central/Eastern Eu.	69.6	95.3	98.9	127.8	120.1	127.8	10.8	-6.0	6.4
Southern/Medit. Europe	132.6	156.4	173.3	201.0	214.9	225.1	19.0	6.9	4.8
- of which EU-28	330.5	367.9	384.3	433.1	454.2	478.3	40.4	4.9	5.3

Source: UNWTO Tourism Barometer, Volume 14, Advance Release January 2016

Southern/Mediterranean Europe (including the Republic of Serbia) has had the largest number of foreign tourist arrivals in Europe since 2005, with over 225 million arrivals in 2015.

An analysis of the arrivals to Southern/Mediterranean Europe shows that only a few countries in the Balkans have less arrivals than the Republic of Serbia: Bosnia and Herzegovina and Macedonia, while Croatia has 11 times more arrivals, Albania three times, Slovenia two times and Montenegro 30% more arrivals.

Table 13. Tourist Arrivals in Southern/Mediterranean Europe in 2015
Source: UNWTO, January 2016

	Year 2005	2010	2014	2015*
				(1000)
South/Mediterranean Europe	*156,417*	*173,258*	*214,905*	*225,141*
Albania	628	2,191	3,341	..
Andorra	2,418	1,808	2,363	..
Bosnia and Herzg.	217	365	536	..
Croatia	7,743	9,111	11,623	..
Cyprus	2,470	2,173	2,441	..
F. Yug. Rp. Macedonia	197	262	425	..
Greece	14,765	15,007	22,033	..
Israel	1,903	2,803	2,927	2,800
Italy	36,513	43,626	48,576	..
Malta	1,171	1,339	1,690	..
Montenegro		1,088	1,350	..
Portugal	5,956	6,832	9,277	..
San Marino	50	60	75	..
Serbia		683	1,029	..
Slovenia	1,555	1,869	2,411	..
Spain	55,914	52,677	64,995	..
Turkey	24,193	31,364	39,811	..

3.5.1.2. Arrivals of Foreign Tourists to the Republic of Serbia

SORS data about the arrivals of foreign tourists in 2015[16] shows that, out of 1,132,221 total arrivals, the largest number of tourists arrived from:

1) Bordering countries and countries of the former Yugoslavia: 87,000 from Bosnia and Herzegovina, 70,891 from Bulgaria, 70,861 from Montenegro, 65,886 from Croatia and 65,754 from Slovenia;

2) EU-28 countries, excluding Croatia and Bulgaria, where the highest number of arrivals was recorded from Germany 60,886, Romania 44,225, Italy 44,314 and Greece 43,869;

3) Other European countries: Turkey 64,191, the Russian Federation 41,623 (a decrease of 17.8% compared to 2014), Switzerland and Liechtenstein 20,149;

4) Other countries outside Europe: China (including Hong Kong) 14,238 (an increase of 44.8% compared to 2014), United States 23,111 (an increase of 22.4% compared to 2014) and other non-European countries 45,438 (an increase of 43.9% compared to 2014).

Due to the launch of a direct Belgrade - New York air route, it is realistic to expect a much higher growth of arrivals from North America.

3.5.1.3. Domestic Market

[16] P3C, Releases, Issue 18 - year LXVI, 29 Jan 2016

In 2015, for the first time in almost a decade, the influx of domestic tourists increased by 12% in arrivals and by 8% in overnights. This turnaround in domestic tourism is largely due to government support of the development of domestic tourism through a voucher programme allowing more citizens to use tourism and hospitality services in the country, as well as promotional campaigns aimed at the domestic market. Despite Serbian travellers making a significant number of trips abroad, there has been a stagnation in the number of these trips since 2012.

According to research by Euromonitor International, almost half (47%) of all trips abroad last between four and seven days. Short stays (one to three nights) abroad account for about 23%, and stays exceeding seven nights, about 30%. It is estimated that about 80% of domestic travel and transport is completed by car or other means of land transport.

Table 14. Republic of Serbia - Travel and Overnights Organised by Travel Agencies, 2007 and 2014 (in thousands)

	2007		2014	
	Travels	Overnights	Travels	Overnights
abroad	478	3,864	882	6,531

Source: Statistical Office, Statistical Yearbook of the Republic of Serbia, Belgrade, 2015.

The number of domestic tourist departures organised by travel agencies between 2007 and 2014 almost doubled (404,000), while the number of overnights grew by 2.7 million.

Major Cities

The tourism sector in the Republic of Serbia is still largely dependent on business trips to the capital city of Belgrade and to Novi Sad, although the Danube and mountainous regions, such as Kopaonik, Zlatibor and Stara Planina, are also becoming important hubs of development - mainly through public sector initiatives for developing competitiveness and destination management.

Table 15. Arrivals to Major Cities, 2012-2015. (In thousands)[17]

Cities	2012	2013	2014	2015
Belgrade	172,088	164,054	155,977	157,245
% change		-4.67	-4.92	0.81
Novi Sad	46,361	44,307	53,872	61,489
% change		-4.43	21.59	14.14
Niš	29,847	29,927	31,297	34,924
% change		0.27	4.58	11.59
Other	342,220	314,810	297,784	333,782
% change		-8.01	-5.41	12.09

Source: Statistical Office, Press, 2013, 2014, 2015, 2016

17 SORS, Releases, 2013, 2014, 2015, and 2016.

Mountain Centres (resorts)

The vast landscape of the Republic of Serbia is dominated by mountains - from the Pannonian hills in the north all the way to the border with Montenegro, Albania and Macedonia in the south. The Republic of Serbia has the Rhodope Mountains, the Carpathians and the Dinaric Mountains.

The mountains of the Republic of Serbia are attractive for tourism in winter and summer, offering opportunities for independent or group hiking tours through glades and forests or demanding climbs to the highest peaks. Tourists with an adventurous spirit can explore karst caves and canyons, and ski trails are generally well-equipped for ski enthusiasts in winter, whether beginners or experienced skiers.

Dense forests abounding with small and large wildlife are suitable for hunting, while mountain rivers and lakes are ideal for fishing. Tourists can also enjoy bird watching (there are many protected bird sanctuaries in Serbia).

Table 16. Tourism Influx in Leading Mountain Centres
in the Republic of Serbia from 2013 to 2015

Resort	Arrivals			Overnights		
	2013	2014	2015	2013	2014	2015
Zlatibor	93,858	87,671	114,493	388,344	348,253	456,161
Kopaonik	70,301	61,496	87,453	293,746	271,763	362,945
Tara	52,498	48,117	54,140	210,391	194,564	208,953
Divčibare	21,962	14,960	22,180	98,463	68,253	97,271
Ivanjica	13,274	9,322	6,592	69,336	40,625	34.861
Zlatar	5,895	6,092	8,230	14,114	24,086	24,109
Rudnik	6,670	3,287	3,967	42,536	20,539	25,557
Stara Planina	10,155	9,570	12,905	30,014	34,291	44,555
Goč	8,031	6,985	7,606	49,241	39,638	44,459

Source: SORS, Release, No. 18 - year LXVI, 29 Jan 2016

Spas and Climatic Resorts

While spas generate a large influx of domestic tourists, in the international segment of health/wellness tourism, spas in the Republic of Serbia attract only 10% of foreign tourists. The Republic of Serbia has huge potential in the health/wellness segment, boasting around 50 spas and climatic resorts and over 1,000 springs, about 500 of which are sources of cold and hot mineral water, as well as a wealth of natural mineral gases and medicinal mud. Natural resources afford opportunities for green field investments, which can provide rapid regional economic development (youth employment, construction of smaller accommodation facilities, development of the services sector and agriculture, etc.).

Table 17. Influx of Tourists in Leading Spas
in the Republic of Serbia from 2013 to 2015

Resort	Arrivals			Overnights		
	2013	2014	2015	2013	2014	2015
Vrnjačka Banja	135,162	123,155	146,208	531,574	431,455	481,150
Sokobanja	49,041	39,682	37,154	301,179	209,058	184,022
Bukovička Banja	20,755	22,640	23,248	55,499	53,824	54,998
Mataruška Banja	4,496	2,509	1,161	44,760	23,883	12,712
Banja Koviljača	16,591	11,581	11,387	150,677	113,259	83,476
Prolom Banja	10,963	9,552	11,284	55,428	51,998	64,921
Gornja Trepča	8,528	8,486	8,323	87,623	85,514	84,429
Vranjska Banja	4,424	3,887	2,366	31,532	22,691	19,872
Banja Kanjiža	7,411	8,095	8,082	38,941	39,108	42,065
Banja Junaković	5,385	5,388	6,011	37,477	45,396	45,725
Banja Vrdnik	15,095	12,210	15,404	72,869	52,911	57,410
Banja Rusanda	3,473	2,238	1,992	27,111	20,286	18,714
Banja Palić	12,764	14,005	14,557	25,700	28,099	25,427
Selters Banja	6,710	6,844	5,771	145,879	139,163	122,943
Lukovska Banja	10,719	10,380	11,108	69,516	72,760	77,534
Gamzigradska Banja	4,160	2,946	2,171	58,871	32,594	23,511
Ribarska Banja	7,074	6,578	6,772	49,864	49,197	47,134
Sijarinska Banja	5,269	5,250	5,626	49,653	46,648	46,049
Banja Vrujci	8,639	6,995	8,767	37,238	26,874	36,446
Niška Banja		3,260	3,178		29,511	29,991

Source: Statistical Office, Releases, 2013, 2014, 2015, 2016

3.6. Conclusion

The strategic tourism markets for the tourism industry of the Republic of Serbia are:

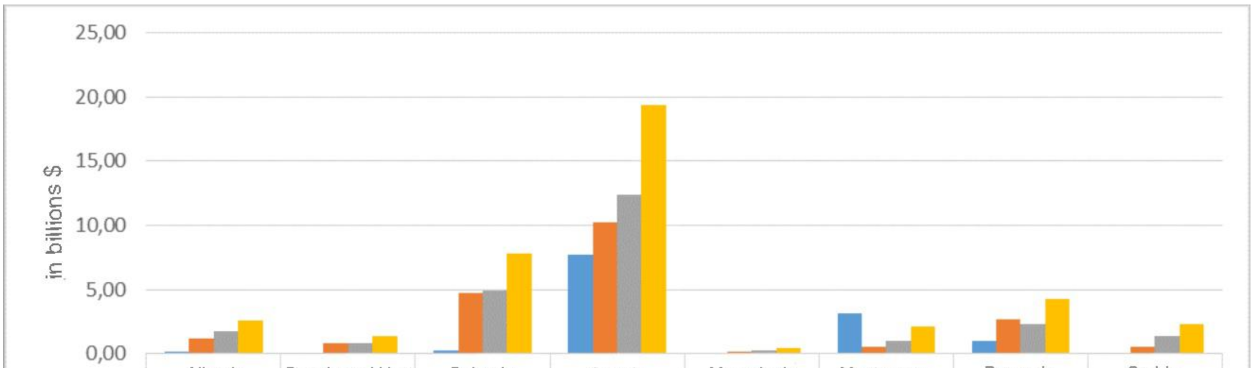
1) EU-28;
2) Former Yugoslav countries and the regions bordering the Republic of Serbia;
3) Non-EU countries - primarily Turkey and Russia;
4) Other non-European countries with an upward trend of arrivals to Serbia: China with Hong Kong, the USA, India, South Korea and Japan;
5) Domestic market.

Tourism products of particular importance for tourism development are:

1) City breaks;
2) Festivals/Events (cultural, sporting, etc.);
3) Mountain tourism;
4) Spa and wellness/health tourism;
5) Thematic routes;
6) Rural tourism;
7) Nautical tourism;
8) Meetings, incentives, conferences and exhibitions/events (hereinafter: MICE tourism);
9) Cultural heritage;
10) Special interests;
11) Transit tourism.

The main competitors include Slovenia, Croatia, Albania and Montenegro, countries in the region of Southern/Mediterranean Europe encompassing the Republic of Serbia, as well as Hungary, Romania and Bulgaria, which are bordering countries.

Figure 4. Expenditure of Foreign Tourists
in the Republic of Serbia and Selected Competitive Countries



	Albania	Bosnia and Her.	Bulgaria	Croatia	Macedonia	Montenegro	Romania	Serbia
1989	0,13	0,07	0,29	7,72	0,08	3,13	0,99	0,00
2006	1,19	0,83	4,77	10,19	0,20	0,52	2,69	0,58
2015	1,77	0,79	4,90	12,35	0,29	0,98	2,34	1,36
2025	2,60	1,40	7,85	19,39	0,46	2,11	4,30	2,36

Source: http://www.wttc.org/datagateway/, 11 Feb 2016

Revenues from tourism (the highest of which are generated by foreign tourists) in the Republic of Serbia may grow at a higher rate by 2025 if the Republic of Serbia takes adequate measures to support the development of products, both existing and new, improves promotion in major markets, improves effective destination management, ensures a quality level of continuous acquisition of new knowledge and skills and, thus, exploits the development of the transport infrastructure.

Given that tourism in the Republic of Serbia was recognised as one of the priority development sectors in the last two years, the following is necessary:

1) A detailed Programme of Development of Tourism Products and a Strategic Marketing Plan should be completed and adopted by the Government. They will serve as a

basis for coordinated efforts for a comprehensive and efficient promotion of the existing tourist destinations and for continuous investment and activities aimed at developing the existing and especially new products suitable for the defined priority markets;

2) In addition to an analysis of tourism markets and products, these strategic documents need to provide a thorough examination of the competition, their strengths and weaknesses and define measures to raise the competitiveness of the tourism industry of the Republic of Serbia;

3) Taking into account the growth trend in the number of tourist arrivals from China (including Hong Kong), the possibilities and sustainability of re-opening a regular Belgrade - Beijing line ought to be examined in consultation with the national air carrier.

4 ADVANTAGES AND DISADVANTAGES OF TOURISM OF THE REPUBLIC OF SERBIA

4.1.SWOT Analysis of Tourism of the Republic of Serbia

SWOT analysis is a strategic planning tool which summarises in a concise and succinct way the key aspects of a project, economic sector or a particular area. In planning procedures, SWOT analysis serves as a sublimation of all analytical findings for the purpose of defining strategic starting points, the vision and major strategies for further development. In accordance with the meaning of the acronym (SWOT – Strengths, Weaknesses, Opportunities and Threats), the key analytical findings are classified into:

1) Strengths - aspects which essentially give advantage over competitors;

2) Weaknesses - impediments and aggravating circumstances for the development that need to be improved and overcome (if possible) or bypassed in a way that would allow for the adoption of strategic development directions to which these elements bear no relevance;

3) Opportunities – elements and upcoming trends, primarily in the external environment, which can be used for creating competitive advantage;

4) Threats – elements and upcoming trends, primarily in the external environment, which may render difficult or, in the long run, even prevent development.

SWOT analysis of the tourism of Republic of Serbia was created on the basis of:

1) Analysis of the current state of the tourism sector;

2) Comparison of the current state of the tourism sector with that in the identified competing countries;

3) Analysis of development documents and official policies of the Republic of Serbia and all the development plans stated therein;

4) Assessments from the reports by respected international institutions on the state, directions and prospects for the development of the economy and tourism of the Republic of Serbia.

Table 18. SWOT Analysis of the Tourism Sector of the Republic of Serbia

STRENGTHS	WEAKNESSES
- Diverse resource and attraction structure of the Republic of Serbia as a basis for the development of a diversified tourism product portfolio (thermal springs, untouched nature, cultural heritage, internationally recognised protected natural areas and monuments, gastronomy) - Geo-strategic position of Belgrade and the Republic of Serbia (intersection of European Corridors VII, X and XI, intersection of Western and Eastern cultures, transit position, European river corridors and well developed network of waterways	- Failure to recognise the importance of tourism as an important factor of economic growth, balanced regional development of the country, and increase in employment - Ignoring contemporary global tourism market trends and a lack of their implementation in the programming and development of the tourism sector in the Republic of Serbia - A passive attitude towards tourism and a failure to establish leadership and consensus of relevant entities on the key issues of the development of the tourism sector of the Republic of Serbia - Poor incentive rates, non-financial and financial support for enterprises in the tourism sector and activities related to tourism - Small and insufficient investments - Insufficient or poor presence of the Republic of Serbia on the global tourism map (undeveloped national tourist identity/tourism brand of the Republic of Serbia)
- Identified visions for the development of key tourist destinations in the Republic of Serbia (in completed tourism master plans) - Modern regulatory framework for the planning of tourist destinations (tourism master plans as input for spatial plans/plans of detailed regulation of tourist destinations); - Inherent hospitality and openness of people in the Republic of Serbia (well-developed culture of providing service) - Initial recognition of the Republic of Serbia as an attractive destination for tourism by the global tourism industry - Entry of global and regional brands into the hotel market of the Republic of Serbia (Hyatt, Crowne Plaza, Holiday Inn - InterContinental, Radisson Blu - Rezidor, Luxury Collection - Starwood, and Falkensteiner) and overall improvement of quality standards in the hotel industry - Continuous growth trend in overnights by foreign tourists in the Republic of Serbia, especially in Belgrade, but also in other destinations - The largest and continuous increase in the	- A large number of facilities, the ownership of which is not determined - Outdated register of tourism companies and other business entities, as well as monitoring of industry performances (lack of functional statistical data as a basis for decision making) - Lack of statistical monitoring of Tourism Satellite Accounts - Massive level of unregistered capacities and operations in the "grey zone" - Underdevelopment and congestion of road, rail and waterway infrastructure and poor presence of "low-cost" air carriers - Lack of general infrastructure in undeveloped tourist areas as a prerequisite for the development of "green-field" tourism projects and "brown-field" investments, particularly in spas - Insufficient and incomplete implementation of modern standards in hotel and tourism industry - Failure to comply with conservation measures in protected natural areas, dilapidated buildings and monuments under state protection, numerous cases of neglect and pollution of the environment and degradation of the area and insufficient coordination of the development of tourism and environmental protection

number of arrivals and overnights in camps, both by domestic and foreign tourists - Major European tourist magazines recognised the cosmopolitan spirit of Belgrade, describing it as the "capital of fun, "capital of cool" etc. (without an active branding management of the capital city by domestic institutions) - Internationally positioned and professionally organised events (EXIT as the leader), which are raising awareness of the Republic of Serbia as a tourist destination - Athletes of the Republic of Serbia as "ambassadors and promoters" of the positive image of the Republic of Serbia. - Several developed airport runways that could be used by low-cost airlines, with minor investments	- Outdated and inadequate model of tourism management, marketing and promotion of destinations, instead of products and attractions based on the visitors' experience - Low budget for the promotion of the tourism industry of the Republic of Serbia (significantly below the budget of competing countries) - Insufficiently effective inspection mechanisms - Lack of cooperation between the public and private sectors in the development of products, establishment of a comprehensive value chain and marketing activities - Inefficient implementation of the Law on Public-Private Partnership and Concessions ("Official Gazette of RS", Nos. 88/11 and 15/16), missed opportunity to capitalise on bilateral agreements on economic cooperation - Lack of innovation and new entrepreneurial projects - Insufficient involvement of professional associations, social organisations and associations of citizens in the planning and implementation of particular activities in tourism - Absence of effective cooperation between ministry departments in the planning and implementation of development programmes in the tourism industry, especially in terms of coordination in the development of road and utility infrastructure, and rural and cultural tourism - Insufficient participation of local self-government in the planning and development of tourism, inadequate coordination mechanisms at all levels of government in the development of tourism - Inadequate communication and joint planning of development of the existing and new products and attractions among tour operators and providers of catering, accommodation and transportation services - Quality of workforce in the tourism and hospitality industry - Enterprises in the tourism and hospitality industry are not sufficiently informed and do not sufficiently use the available and purpose-specific funds of the EU - Absence of practice of promoting best experiences in tourism development - Inadequate national internet platform and ICT applications for tourist attractions promotion, virtual guides and presentations

	- Continuous lagging of the Republic of Serbia behind the competition and loss of potential market
OPPORTUNITIES	**THREATS**
- Successful Government reforms create conditions for the strengthening of PPP in order to attract more extensive foreign investments in health tourism, construction of new facilities, ski slopes, gondolas, hotels, marinas and docks, new resorts, spas and wellness centres, other infrastructure projects etc. - Selling, or granting concessions on, tourism facilities owned by the state, which cannot operate sustainably without state subsidies, or leasing such facilities to third parties in the name of the state (using PPP model) - A large number of bilateral agreements on economic cooperation were signed with developed countries and regions (Baden Wuerttemberg, Turkey, China, Russia, Qatar, Saudi Arabia ...) creating opportunities for investments through PPP in the tourism industry and other associated industries - Accelerated EU integration process and the opportunity to use a large number of programmes and projects for the support and funding of activities in tourism - Foreign policy of the Republic of Serbia - abolition of visas and visa facilitation for particular countries and simplification of issuing visas at the border (Turkey and China) - Changes in the habits and motivations of tourists on the global market towards searching for new experiences, attractions, products and preserved nature - Use of funds for social programmes related to redundancies in public administration for labour reintegration programmes in tourism - Dynamic growth and development of air transport (Etihad - Air Serbia strategic agreement) and opening doors to new destinations (Middle East, Asia and the United States) - Strengthening regional cooperation and the creation of regional tourism products (with	- Impact of modest economic growth in the world's leading economies, strong fluctuations of exchange rates, geopolitical tensions in the Middle East and North Africa, terrorism and safety risks, repressive budgetary policy, austerity measures that reduce disposable income available for travel etc. - Political tensions in the Balkans - Missed opportunities to use the reforms implemented by the government to abandon the long-standing policy of uncritical repetition of old practices and habits of funding only public institutions and publicly owned companies from the budget, instead of using the budget to support innovation, existing and new small and medium-sized enterprises - Abandoning the practice of selling off, or granting concessions on, all unprofitable assets owned by the state or public companies operating in tourism, the proceeds of which could be used to support existing and new small and medium-sized enterprises in the creation of greater added value and higher employment - Absence of reforms of the management and coordination system in the development of the tourism industry in the Republic of Serbia (no reform of the NTOS professional and branch associations, failure to form administration for tourist areas and destinations, insufficient involvement of local communities, associations of citizens and social organisations ...) - Disconnected and uncoordinated activities in the implementation of the Strategy and the Action Plan for the implementation of the Tourism Development Strategy of the Republic of Serbia from 2016 to 2025 (hereinafter: the Action Plan).

interested countries in the region) in order to attain a better position for the tourism offer and attract tourists from distant (overseas) markets.	

Source: MTTT, December 2015.

Based on the above analysis the following can be concluded:

1) The Republic of Serbia has the necessary strengths for the development of tourism - an attractive and varied natural environment, rich gastronomy and cultural heritage, and the largest city in the region, recognised as a destination for meetings, events and entertainment;

2) The legislation provides the framework for a modern and efficient organisation and development of tourism and its related industries;

3) In spite of the sound legal basis, the sector has not yet been developed and tourism management and national marketing show a serious lack of capacities. There has been some indecision in relation to the implementation of the necessary public investments, which has slowed down the development of products and their commercialisation;

4) Weaknesses in the tourism industry of the Republic of Serbia mainly arise from internal barriers that need to be eliminated in the short term. The threats are associated with a further lack of action and coordination, as well as the lack of an active role of local authorities, which is essential for strengthening the competitiveness of the Republic of Serbia in foreign and domestic markets, because it allows important opportunities created by modern trends in the global tourism market and by the continued EU integration process to be seized.

It can be concluded that the Republic of Serbia has a chance to develop the tourism industry to a level where it becomes one of the key economic sectors if room is made for a more efficient use of all resources intended for the implementation of innovative projects and for unrestricted entrepreneurial action of the existing and new SMEs and large national and foreign investors. The Strategy should provide for such a direction.

5. VISION AND BUSINESS MISSION OF TOURISM OF THE REPUBLIC OF SERBIA

5.1. Global Context

Direct and Total Contribution of Travel and Tourism to GDP

Tourism, *i.e.* the global tourism industry, is an important trigger for socio-economic development in the world. According to WTTC estimates, the direct contribution of Travel and Tourism accounted for 10% of the global GDP in 2015.

Table 19. Direct Contribution of Travel and Tourism to GDP in the Region
(In %)

Direct contribution of Travel and Tourism to GDP	2012	2013	2014	2015
Bosnia and Herzegovina				
billion USD	0.4	0.4	0.5	0.4
% Share of GDP	2.4	2.5	2.6	2.7
Croatia				
billion USD	5.0	5.5	5.7	4.9
% Share of GDP	8.8	9.5	9.9	1.1
Macedonia				
billion USD	0.1	0.2	0.2	0.2
% Share of GDP	1.4	1.5	1.5	1.5
Montenegro				
billion USD	0.4	0.5	0.5	0.5
% Share of GDP	9.9	10.3	10.1	11.3
Serbia				
billion USD	0.8	0.9	1.1	1.07
% Share of GDP	1.9	1.9	2.0	2.82*
Slovenia				
billion USD	1.6	1.7	1.7	1.5
% Share of GDP	3.4	3.5	3.4	3.6
Bulgaria				
billion USD	1.9	2.0	2.0	1.6
% Share of GDP	3.5	3.6	3.6	3.3
Romania				
billion USD	2.1	2.3	2.6	2.3
% Share of GDP	1.2	1.2	1.3	1.3

Source: http://www.wttc.org/datagateway

* Revised http://www.wttc.org/datagateway

This is the result of the economic activities of hotels, carriers, travel agencies, tour operators, restaurants, attractions, etc., based on the spending of foreign and domestic business and leisure tourists, together with government spending on the provision of services directly linked to tourists (museums, national parks, etc.). The impact of tourism on the GDP, however, does not end here. In addition to these direct contributions, there are also those of an indirect nature. Companies that provide services for tourists invest in the development of offers (e.g. construction of hotels, purchase of vehicles) thereby fostering economic activity in other sectors. Furthermore, these companies need to buy various products and services from other companies for their business requirements (e.g. furniture for hotels, fuel for buses and airplanes, food for restaurants, etc.), and, thus, stimulate their activity. Finally, governments spend money on tourism marketing, tourism administration and other activities that aid in the regulation and development of tourism. In addition to these indirect effects, there are induced contributions arising from the expenditure of those who are directly or indirectly employed by the tourism industry. Bearing in mind all these impacts, WTTC estimates that the total contribution of Travel and Tourism (the sum of the direct, indirect and induced contributions) in the Republic of Serbia accounted for 6% of the total GDP (2.62 billion USD) in 2014, and that there was an increase in the total contribution of tourism to GDP of the Republic of Serbia in 2015, totalling 6.5%, or about 2.5 billion USD.[18]

Table 20. Total Contribution of Travel and Tourism to GDP
in the Region (in %)

Total Contribution of Travel and Tourism to GDP	2012	2013	2014	2015
Bosnia and Herzegovina				
billion USD	1.5	1.6	1.6	1.4
% Share of GDP	8.7	9.0	9.2	9.5
Croatia				
billion USD	11.7	12.8	13.1	11.3
% Share of GDP	20.7	22.2	22.9	23.2
Macedonia				
billion USD	0.5	0.6	0.6	0.6
% Share of GDP	5.2	5.5	5.6	5.7
Montenegro				
billion USD	0.8	0.9	0.9	0.9
% Share of GDP	19.1	20.2	20.2	22.1
Serbia				
billion USD	2.3	2.6	2.6	2.47
% Share of GDP	5.6	5.6	6.0	6.5
Slovenia				
billion USD	5.8	6.1	6.2	5.5
% Share of GDP	12.5	12.9	12.4	13.0
Bulgaria				
billion USD	6.7	7.2	7.3	5.9
% Share of GDP	12.5	12.9	12.9	12.1
Romania				
billion USD	8.6	9.1	9.9	8.9
% Share of GDP	5.0	4.8	5.0	5.1

Source: http://www.wttc.org/datagateway

Direct and Total Contribution of Travel and Tourism to Employment in the Republic of Serbia

Tourism directly generated almost 108 million jobs worldwide in 2015 (3.6% of total global employment), while the total (direct + indirect + induced) contribution of tourism to employment was estimated at nearly 283.6 million jobs (9.5% global employment).[19]

In Europe, tourism directly employed 14.229 million people in 2015, which accounted for 3.7% of total employment, while the total contribution of tourism to European employment accounted for 9.2% of the total employment, or approximately 36 million jobs.[20]

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[18] WTTC, Travel and Tourism, Serbia Economic Impact Report 2016, pages 1-3.
[19] WTTC, Travel and Tourism, World Economic Impact Report 2016, page 4
[20] WTTC, Travel and Tourism, Europe Economic Impact Report 2016, page 4

Given that the official statistics published by SORS are based on a database whose current scope is fairly modest and inconsistent, tourism is identified as an activity that provides only accommodation and food services, and a very small part of other services (services of travel agencies). Consequently, it is very difficult to determine the exact number of employees in this industry. A more accurate estimate of the number of employees in the tourism and travel sector, which applied the methodology of UNWTO and WTTC, and used data from SBRA and SORS for 2015, indicated that the tourism and travel industry employed a total of around 115,000 people.

Tourism is, therefore, undoubtedly one of the leading global industries with permanent, stable and sustainable growth and, consequently, more than one hundred countries compete today in the global tourism market with a variety of economic and non-economic objectives and interests.

5.2. Business Mission of Tourism of the Republic of Serbia to 2025

Taking into account the context of contemporary economic developments in the global market, the geostrategic position and the ongoing EU accession process of the Republic of Serbia, the current status and development potential of the tourism and hospitality industry and the related activities, the Government should define a new tourism business mission for the mid and long term, demonstrating the same commitment to measures for the development of energy, industry, agriculture, and especially major infrastructure projects. This is of great importance for the overall domestic economic growth, bearing in mind that the tourism and hospitality industry has demonstrated the highest level of global recovery and growth in the current global financial and economic crisis, and data and analyses show that the tourism industry and associated activities in Serbia could have similar growth and growth potentials.

There are other important reasons for a revised tourism business mission in Serbia: foreign trade effects, incentives for other economic sectors, especially agriculture, and many other non-economic reasons. However, the new mission should essentially be linked to:

1) A more effective entrepreneurial and sustainable use of the existing and unused protected natural and cultural resources;
2) More effective and comprehensive protection thereof;
3) Increased energy efficiency and use of renewable energy sources in tourism facilities and destinations;
4) Promotion of rural and regional development and reducing depopulation;
5) Creating and maintaining a positive image of the Republic of Serbia in the world.

The tourism business mission of the Republic of Serbia, thus defined, should be made efficient in terms of identifying the ranking of the Republic of Serbia’s support for tourism, in accordance with the financial and institutional capacities of the Republic of Serbia to make a step forward in the tourism industry. There is no doubt that preferences for certain sectors and regional development, as well as the macroeconomic situation, will dictate the speed at which the tourism potentials of the Republic of Serbia can be unlocked.

For the implementation of the mission, it is crucial that the Government raise the level of the efficient use of state-owned resources, either by selling or giving concession on hotels, spas, tourist facilities of public companies and ski resorts at market value and using those assets to set up a fund for financing new tourism projects and programmes with a greater volume of accessible assets than the current budgetary allocations would allow. Another lever the Government could use to manage investments in tourism is the PPP model. In this way, the Government could improve its active and decisive role in guiding and supporting a sustainable development of tourism and its related activities.

In addition to the above, the Government should, in particular, ensure the implementation of and compliance with the law, the efficient collection of public revenues from tourism, the protection of property, the effective protection and management of natural and tourist areas and the coordination of all institutions, agencies, organisations and associations of importance for the implementation and enforcement of the Strategy and the Action Plan.

5.3. Vision of Tourism of the Republic of Serbia to 2025:

1) In 2025, the Republic of Serbia will become a globally recognised tourism destination as a result of the established development system and sustainable resource management and the coordination of the activities of all stakeholders of importance for the development of tourism;
2) Tourism and its related activities will become one of the dominant economic sectors, effectively providing new added value and sustainable employment and contributing significantly to local and regional development;
3) The tourism sector of the Republic of Serbia will be able to efficiently and flexibly adjust its offer to modern trends in the global tourism market and offer authentic experiences, events and high quality products, which will, coupled with the traditional hospitality, serve as a basis of recognition over the competition;
4) Tourism will become the leading promoter of Serbia's image in the world as a modern and desirable destination for leisure, holidays and business, playing a steady innovative part in the application of modern standards, new technologies and environmental protection;
5) Given its continuous modernisation, acceptance and adoption of global standards and models of business and management, tourism will become the preferred sector for employment and career development, particularly for young people;
6) The Republic of Serbia will become a high-ranking popular destination on the world scale of competitiveness in tourism.

6. DEVELOPMENT GOALS FOR TOURISM AND GROWTH MODEL

6.1. Development Goals

In line with the vision, the goals of the next ten years of development need to be based on realistic assumptions of the current competitive positioning of the Republic of Serbia in the market, and adapt to modern trends in tourism and investment potential.

The Republic of Serbia invested only 560 million USD between 1989 and 2014, while other competing countries had the following investments in the same period: Bulgaria 2.9 billion USD, Czech Republic 3.36, Hungary 2.7, Romania 8.86 and Slovakia 1.45 billion. In order to catch up with and overtake Slovakia, its closest competitor, the Republic of Serbia needs to make capital investments of at least two billion USD by 2025, or 200 million USD per year.

Apart from the fact that tourism development has great importance in terms of potential for economic growth and development, creation of new added value and new employment, it also has a major impact on the improvement and continuous development of the image of a country. Therefore, taking into account the above-mentioned aspects, it is necessary to define the development goals to 2025:

1) Raising the share of hotels and similar catering facilities in total accommodation capacities to 50%;
2) Reaching a total occupancy of accommodation capacities (accommodation units) of 30%;
3) Increasing tourist influx by up to three times, or at least by 50%, by 2025;
4) Increasing unit expenditure of tourists (per night) by 50%;
5) Increasing the share of inbound tourists’ overnights to 45% by 2020 and to 55% by 2025;
6) Increasing the direct share of tourism in the GDP of the Republic of Serbia twice over;
7) Increasing the amount of direct employment in the tourism industry by at least 50% and increasing employment in tourism and complementary activities by up to three times;
8) Growth of direct investment.

It is also necessary to achieve the following objectives:

1) Establish an efficient system of tourism development management coupled with a strengthening of the PPP;
2) Improve and align the methodologies and procedures for the collection and processing of statistical data with international standards and practices;
3) Establish the Register of tourism on legal grounds;
4) Reduce the “grey economy” in tourism.

6.2. The Growth Model

The purpose of the assessment of the tourism growth model of the Republic of Serbia to 2025 is to establish a connection between the vision and goals of tourism development and all the relevant elements of supply and demand. In other words, the growth model allows, on the one hand, for the setting of detailed goals and, on the other, for an analysis of their rationality and feasibility using internationally standardised parameters and methodologies in tourism planning. The Vision and Strategy identify two separate development periods (from 2016 to 2020 and from 2020 to 2025 respectively), which differ in their basic features, objectives and policies of development. For this reason, it is necessary to set up a model of growth in these two time intervals.

The basic parameters for the assessment of the growth model are related to the indicators of the state of tourism in the Republic of Serbia for the period from 2006 to 2015:

1) Accommodation capacity of 102,420 beds, 30,417 of which are in hotels and other forms of accommodation;
2) A total of 6,652,000 overnights and 2,437,000 arrivals;
3) Revenue of 1.05 billion USD in the sector of catering and accommodation, 160 million USD of which is estimated to have been generated in the accommodation sector alone;
4) The direct contribution of tourism of the Republic of Serbia in 2015 amounted to 1.07 billion USD or 2.82% of GDP and the total contribution to GDP was 6.52%;
5) Total tourism revenue in the Republic of Serbia today is estimated at 2.47 billion USD and tourism and related activities are estimated to generate about 115,000 jobs.

The growth model is based on the assumption that, by accepting the Strategy, the Government will accept not only the vision and goals of tourism development, but also other duties and responsibilities, in particular:

1) To position tourism as one of the priority development sectors;

2) To continue with the implementation of development plans for key destinations as the basis of the growth model and the future of tourism development;

3) To establish effective interdepartmental cooperation and make efficient use of the available EU funds;

4) To be proactive in the strengthening and capacity building of NTOS (budgets, human resources, institutional support);

5) To responsibly and actively guide the tourism sector, particularly through a policy of incentives and exemptions;

6) To strengthen the PPP model in terms of increasing investments in tourism.

A. Growth Model from 2016 to 2020

In line with the development vision, this is a period of tourism growth which is based on the following main levers:

1) Match tourism offers with modern trends in habits and demand in the international market, establishment of new value chains, inclusive tourism, renovation of existing accommodation, catering and convention facilities and services;

2) Introduction of modern quality standards in the areas of accommodation, food and beverages preparation and service, raise the level of staff professionalism and skills ;

3) Introduction of modern standards and raise the quality of accommodation for persons with disabilities, and raise the level of staff professionalism and skills ;

4) Introduction of new attractions and products to the ongoing capital projects (Belgrade, Novi Sad, Kopaonik, Zlatibor, Palić and Danube), increase the number of beds in these destinations by 5,000 in the category of 4* hotels and by 10,000 places in camping and glamping accommodation;

5) Particularly raise the quality of accommodation, promotion and booking in rural and hunting tourism;

6) Improve the quality of utility services and the quality of all types of transportation services;

7) Improve the ICT system for promotion and booking and raise the efficiency of capacity commercialisation;

8) Introduce a system of incentives through a variety of tax and credit incentives, grants, and direct financial support (inbound tourism, domestic tourism, etc.);

9) Continue with the EU integration process and make more efficient use of the available EU funds, and thereby boost the development of new products, the growth of numerous new micro and small-sized enterprises and encourage international demand.

All the foregoing assumptions, with the imperative of better use of the existing and new facilities, the creation of a new system of support measures and the strengthening of the inspection process (inspections in tourism and inspection services of local governments), lead us to the next model of growth to 2020:

Table 21. Growth Model from 2016 to 2020

GROWTH MODEL 2016 - 2020						
	2015			**2020**		
Structure	Accommodation (beds)	Overnights	Occupancy in %	Accommodation (beds)	Overnights	Occupancy in %
Hotels and similar	45,261	3,583,244	21.75	50,261	4,942,501	30.00
Camps	10,249	37,861	1.01	20,498	373,064	10.00
Private accommodation	21,896	530,512	6.66	21,896	1,594,029	20.00
Lodging	10,527	473,899	12.37	10,527	574,774	15.00
Spas and climatic res.	6,203	881,610	39.05	6,203	1,354,735	60.00
All resorts	5,274	395,319	20.59	5,274	575,921	30.00
Other	3,533	183,830	14.29	3,533	192,902	15.00
Total	**102,943**	**6,086,275**	**16.53**	**118,192**	**9,607,926**	**25.71**

Source: MTTT, December 2015[21]

With regard to the projected total number of overnights, Table 21 shows that it is expected to reach 9.6 million in 2020. Bearing in mind the total number of tourist overnights in 2015, which amounted to 6.7 million, it is evident that an average annual growth rate of 7.6% is forecasted for this category.

Assuming that the market structure changes in favour of inbound visitors, and respecting the objective that, by 2020, the share of overnights will increase from the current level of 35% to 45%, overnights by foreign and domestic tourists can be expected to increase by about 4.3 million and 5.2 million respectively in 2020.

This means that, in the observed five-year period, the average annual growth rate of overnights will be 12.3% and 4.1% for foreign and domestic tourists respectively.

B. Growth Model from 2020 to 2025

For the final period of implementation of the Strategy, it is assumed that the Republic of Serbia will have implemented the previous phase of establishing a system of management and strengthening of tourism development, adjusted the tourism offer to modern trends in the market, and become a member of the EU, thereby further extending its appeal to foreign markets, whilst reducing administrative barriers. The growth model projects an increase of accommodation capacities by another 15,000 beds with a continuous trend of restructuring, improving the quality of services, and the consequent growth in occupancy of existing accommodation capacities.

[21] SORS: Data for 2014, Statistical Yearbook of the Republic of Serbia 2015, chapter 16

Table 22. Growth Model from 2021 to 2025

GROWTH MODEL 2021 – 2025						
	2021			**2025**		
Structure	Accommodation (beds)	Overnights	Occupancy in %	Accommodation (beds)	Overnights	Occupancy in %
Hotels and similar	50,261	4,942,501	30.00	52,761	6,721,751	35
Camps	20,498	373,064	10.00	25,998	1,892,654	20
Private accommodation	21,896	1,594,029	20.00	28,896	2,629,536	25
Lodging	10,527	574,774	15.00	10,527	957,957	25
Spas and climatic res.	6,203	1,354,735	60.00	6,203	1,580,524	70
All resorts	5,274	575,921	30.00	5,274	671,908	35
Other	3,533	192,902	15.00	3,533	385,804	30
Total	**118,192**	**9,607,926**	**25.71**	**133,192**	**14,840,134**	**34.29**

Source: MTTT, December 2015

As shown in Table 22, the total number of overnights of tourists is expected to reach 14.84 million in 2025, meaning that an average annual growth rate of 9.1% is projected. Assuming that the market structure changes in favour of inbound visitors, and respecting the objective that, by 2025, the share of foreign overnights will increase to 55%, overnights by foreign and domestic tourists can be expected to increase to 8.1 million and 6.6 million respectively in 2025. Based on the foregoing assumptions, in the observed five-year period, the average annual growth rate of overnights will be 13.5% and 4.8% for foreign and domestic tourists respectively.

6.3. Anticipated Economic Effects of the Growth Model

The economic effects of the growth model were estimated based on the following assumptions:

1) Growth model of accommodation capacities and tourist influx;
2) Increase of tourist expenditure (per night) by 2025;
3) Increase in total GDP of the Republic of Serbia by 2025 of 1.5% per year;
4) Increase of the multipliers of the impact of direct tourism on the total (indirect and induced), by strengthening the connection between tourism and other industries under the influence of the Government policy, following the model of other EU countries.

Table 23. Economic Effects of Growth Model

ECONOMIC EFFECTS OF GROWTH MODEL						
	FORECASTS			AVERAGE ANNUAL GROWTH RATES (In %)		
	2015	2020	2025	2020/ 2015	2025/ 2020	2025/ 2015
Total arrivals (domestic and foreign)*	2,437,165	3,689,000	4,713,179	8.6	5.0	6.8
Total overnights (domestic and foreign)*	6,651,852	9,607,926	14,840,134	7.6	9.1	8.4
Arrivals - domestic *	1,304,944	1,975,221	2,373,449	8.6	3.7	6.1
Arrivals – foreign*	1,132,221	1,713,780	2,339,730	8.6	6.4	7.5
Overnights - domestic*	4,242,172	5,200,000	6,600,000	4.1	4.8	4.5
Overnights - foreign*	2,409,680	4,300,000	8,100,000	12.3	13.5	12.9
Registered foreign currency revenue*** (in $)	1,048,000,000	2,500,000,000	5,000,000,000	19.0	14.9	16.9
The share of foreign currency revenue from tourism in the total value of exports of goods and services (in %)	6.04	9.01	12.00			
The share of foreign currency revenue from tourism in the total value of exports of services (In %)	22.11	32.05	41.60			
The share of registered foreign currency revenue from tourism in GDP (in %)	2.82	5.18	7.58			
Investments**** (in $)[22]	320,000,000	770,000,000	1,440,000,000			
Employees - direct**	81,000	95,580	111,829	3.4	3.2	3.3
Employees - total**	115,020	133,812	156,560	3.1	3.3	6.3
The estimated contribution of tourism (total) in GDP (in %)	6.57	9.61	12.15			

Source: * SORS; ** SBRA; *** NBS; **** WTTC (forecasts by: ECC and UNWTO)

Table 23 shows that the implementation of the aforementioned growth model will allow for remarkable economic effects from tourism development in the Republic of Serbia by 2025:

1) Increase of direct tourism revenue by 3.7 times;

2) Approximately 30,000 newly employed in the tourism sector directly, a total of 157,000 new employees in tourism and related activities with a high number of newly established micro and small-sized enterprises in the tourism and hospitality industry and related activities;

3) Increase in the recorded share of foreign currency revenues in GDP by 2.7 times, or increase of the estimated share of foreign exchange revenues from tourism in GDP to 12.5%.

Such growth will require an increase of total investments by four times compared to 2014 or about two billion USD, 20% of which will have to be invested by the public sector, while the rest will be provided from EU funds accessible to the Republic of Serbia, private domestic and foreign investors and through PPP projects. The Government and ministries will be primarily accountable and responsible for providing a favourable legal, administrative and

[22] Data for 2015 is based on data provided by SORS and NBS, and is calculated by MTTT on the basis of the WTTC methodology, resulting in a small difference in relation to the data published by the WTTC.

tax environment for the implementation of the Strategy for a further capacity increase of the overall development of the tourist system of the Republic of Serbia.

Notes to Forecasts of Economic Effects

Based on official statistical data, whose current scope is fairly modest and inconsistent, tourism is identified as an activity that provides only accommodation and food services, together with a very small part of other services (services of travel agencies).

Given that tourism has become a generator of economic and social development in most countries of the world, including our own, it is necessary to consider its multiplier effects (effects of tourism development reflected on other economic sectors such as: transport, agriculture, trade, industry, construction, small businesses, etc.), as well as its share in total GDP, in the number of employees in tourism etc.

The positive effects of tourism development are reflected in the development of underdeveloped regions (balancing regional underdevelopment), the creation of new jobs, which is in turn reflected on the decrease of unemployment and the reduction of poverty, as well as an improvement in the living standards of the local population, encouragement of investments, infrastructure development etc.

Data from NBS (balance of payments statistics) pertaining to the inflow from tourism is also incomplete because it does not include revenues/expenditures of domestic tourists, but rather shows only the expenditure (foreign currency inflow) by foreign tourists and only that related to personal tourism, business tourism, education and health tourism, while transport services are excluded from tourism services, since they are included in passenger transport services.

Direct effects of tourism:

1) Hospitality - hotel industry and other forms of accommodation and food;

2) Tourism mediation services - travel agencies and other intermediaries in facilitating tourism influx;

3) Transport - all types of transport intended for the transfer of domestic and foreign tourists, both in public transport and personal transport (particularly by cars);

4) Trade – the competitiveness of a tourist country largely depends on the assortment of different types of products, especially souvenirs which are sold to domestic and foreign tourists, as well as a variety of food and other products and specific quality final products either of domestic or foreign origin;

5) Sport – a wide variety of all kinds of sports venues, wellness and spa centres that are important for mass recreation, as well as for the training of professional athletes in tourist areas;

6) Special centres intended for the organisation of conferences and various other meetings in the fields of science, culture, education, politics etc.;

7) Various activities that are treated as utility activities in tourist areas, providing direct services to domestic and foreign tourists, the quality of which greatly affects the quality of the offer of a tourist centre (development of green spaces, parking spaces, playgrounds, water supply, supply of electricity, gas, etc.)

8) Well-serviced main roads with petrol stations offering a wide range of products, modernised airports, river ports equipped to handle cruisers, marinas equipped to handle individual vessels etc.;

9) Quality medical services, from the simplest to the most complex procedures, available in clinical centres or independent private health institutions;

10) Various kinds of cultural events, festivals and other events (BEMUS, EXIT, Guča, etc.);

11) Top sports events of European and world importance.

Indirect effects of tourism:

1) Agriculture - supply of agricultural products without the restrictions imposed by the EU or other organisations is of great significance, since many of these products (especially food) could not be offered on the world market due to various constraints, in line with international standards;

2) Industry - consumer items stimulate a number of industry branches which sell their products through catering or directly to domestic and foreign tourists. These include various products intended specifically for construction works (cement, steel constructions, furniture for accommodation facilities, textile products, etc.);

3) Construction industry - construction products find a wide market thanks to tourism development, through construction of accommodation and catering facilities, facilities for recreation, wellness and spa centres, water parks, etc.;

4) Energy industry - includes consumption of electricity, water supply, supplying gas to facilities and other.

6.4. Conclusion

1) UNWTO anticipates that between 2010 and 2020, the average annual growth rate of the number of overnights will be 3.8% in the world, 2.7% in Europe and 3.7% in Eastern and Central Europe;

2) UNWTO anticipates that between 2020 and 2030, the average annual growth rate of the number of foreign tourists will be 2.9% in the world, 1.8% in Europe and 2.5% in Eastern and Central Europe;

3) Using 2015 as the base year, the average growth rate of the total number of overnights in the Republic of Serbia by 2020 will be 7.6%. Furthermore, it is anticipated that the average annual growth rate of overnights will be 12.3% and 4.1% for foreign and domestic tourists respectively;

4) It is estimated that between 2020 and 2025 (using 2020 as the base year), the average growth rate of the total number of overnights will be 9.1%. The number of overnights by foreign tourists will reach 8.1 million in 2025, showing an average annual growth rate of 13.5%. The number of overnights by domestic tourists will be 6.6 million in 2025, i.e. the average growth rate in that period will be 4.8%;

5) Using 2015 as the base year for foreign currency inflow, it is expected that the average annual growth rate by 2020 will be 19%, resulting in foreign exchange inflows of about 2.5 billion USD;

6) Recorded foreign currency revenue between 2020 and 2025 will grow at an average annual rate of 14.9%, to reach about five billion USD by 2025.

7.PLAN TO ENHANCE COMPETITIVENESS - OBJECTIVES, PRIORITY PRODUCTS, DESTINATIONS AND ACTIVITIES

Tourism competitiveness is achieved through the alignment of certain tourism products with the interests and motivations of tourists on the market, and not at the national level. In this regard, the Government supports competitiveness enhancement through various actions and measures, and investments in infrastructure, since there are no longer tourism competitive countries, but countries with more or less competitive tourism products that comply with the motives and needs of tourists on the market.

7.1. The Strategy Implementation Policy

The Republic of Serbia is at a historical crossroads, since it is passing the final transition reforms. A fundamental change in the tourism industry is happening, but only a part of the expected results from the previous Tourism Development Strategy was achieved: there was an increase in direct and total contributions to GDP (primarily as a result of growth in the total number of foreign tourist arrivals and overnights, and a dramatic decline of domestic tourists) but, what is very important, the planned development of greater employment was not achieved. While there was a partial capacity increase of tourist facilities, there is still a low level of occupancy, a low level of promotion and development of tourism packages for domestic tourists, and insufficient and inadequate implementation of online booking and promotion on the international tourism market.

The Republic of Serbia today has only comparative, but not competitive, advantages in tourism. It is not strategically positioned on the world tourism market, so it has to raise the attractiveness of its tourist products drastically. In that sense, the tourism policy of the Republic of Serbia aims to enhance the competitiveness of its products and destinations.

Concerning this matter, the relationship between the development policy and the Strategy can be summed up by saying that the Strategy is a response to the internal weaknesses and strengths, as well as to the external opportunities and threats facing tourism of the Republic of Serbia, with the aim of building the competitive advantage of its Strategic business units. The Strategy also establishes the competitive area for the business sector in Serbian tourism.

The Strategy represents a multidimensional concept, encompassing the activities of the involved stakeholders and ways to unite them in order to achieve the necessary changes. In general, it is an execution process of coherent, integrated and joint steps to change the current state into the desired state.

The conducted SWOT analysis identified 29 internal weaknesses, on which a process of rapid change needs to start immediately. At the same time, the analysis also underlines the 22 key points of tourism in the Republic of Serbia, which also require certain actions in order to maintain their current level, or to improve further. Depending on the speed and efficiency of change in these two areas of strategic actions, a successful exploitation of tourism potential and a minimisation of threatening effects will be achieved.

The aim of the tourism policy is to create an environment that provides maximum benefits for all interested stakeholders, and to minimise the negative impact of the processes and activities of creating a valuable experience for tourists.

7.2. Tasks

In practice, it often misunderstood how important the tourism policy is in ensuring the success of tourism development. First of all, the tourism policy has to provide a clear picture of the development direction, particularly in the longer term. Simultaneously, it has to provide the climate and conditions for the cooperation of the interested stakeholders. The tourism policy mission comes down to the following key features:

1) Establishing a legal and regulatory framework for conducting activities and tasks in the tourism industry that operators in the tourism sector have to comply with (laws and regulations);
2) Organisation of control, enforcement and compliance with laws, regulations and norms of acceptable behaviour in performing activities (inspection);
3) Adoption of common directives and/or instructions (regulations, standards, etc.) for all, or most, of the stakeholders in the tourism industry;
4) Managing processes to reach consensus for achieving the established vision, strategies and objectives of the development of tourism products and destinations;
5) Establishing a framework for public/private dialogue in order to strengthen the role of tourism in the national economy and society;
6) Creating conditions for effective interdependence with all other sectors of the economy and society;
7) Influencing national marketing activities, organising major events, managing key attractions and programmes, etc;
8) Adopting programmes and deadlines to increase energy efficiency and the use of locally available renewable energy sources in all tourism facilities and destinations and implementing measures for sustainable waste and waste water management.

A national tourism policy usually has the strength of the entire tourism sector. It is, generally, part of various policies that directly or indirectly affect tourism. Basically, there are more impacts from other sectors on the attractiveness, competitiveness and sustainability of tourism than is the case in the framework of the tourism policy. In this context, today's tourism policy of the Republic of Serbia is limited in its range, as it objectively covers only internal regulation of the sector, which still has no power or competitiveness on an international level.

The complex issue of establishing an effective tourism policy for the Republic of Serbia results from the conducted SWOT analysis. It is created through a combination of tasks, activities and priorities in separate areas of the tourist system of the Republic of Serbia:

1) Infrastructure and transportation sector:

- Incorporating the interests and priorities of tourism in all levels of Government planning and financing in the large infrastructure sector,
- Providing special funds (or other forms of financing) to provide funding of municipal and tourism infrastructure in inherited tourist destinations in order to encourage new investments in tourism,
- Enabling market access for low-cost airlines,
- Creating or rehabilitating the domestic air charter company,
- Establishing or finding a foreign operator for the waterway business,
- Establishing a complete tourist signalisation system,
- Facilitating customs and police formalities and control,
- Providing basic infrastructure for the needs of traditional (domestic) events;

2) Improvement of the tourism products and services of the Republic of Serbia:
- Begin to operationalise the activities of the Master plan and the Regulation plan of all tourist destinations and tourist areas in the medium term,
- Cooperation and support in the process of the promulgation of new natural areas that will allow the total size of the protected areas of the Republic of Serbia to increase by15% to 20%,
- Supporting MSMEs business, professional and sports associations to achieve improvements to existing products along with the development of new tourism products, particularly in the special interest sector,
- Creating conditions to apply for international quality standards (for all tourism products and services in all destinations)
- Through the sale of the remaining assets in the hotel sector, spark the interest of several major investors in the tourism industry,
- Especially encourage the entry of international brands in the Republic of Serbia,
- Development of the Serbian rural, spa and mountain tourism product from a single point and with a unified vision,
- Continue the development (tourism infrastructure and superstructure, human resources, etc.) and implementation of the "Danube Project“ in order to achieve an effective tourism and economic valorisation,
- Strengthening of regional cooperation and creation of regional tourism products (in cooperation with interested countries in the region) in order to better position the tourism offer of the Republic of Serbia and the region and attract tourists from distant emerging markets (primarily from China, Korea, Japan, etc.),
- Build additional visitor centres and theme parks, arrange several attractive panoramic itineraries in the most attractive areas of the Republic of Serbia,
- Provide all major tourist destinations in the Republic of Serbia with tourism, sports, adrenalin and similar attractions;

3) Improvement of human resources and labour market:
- Adapt the education system to the tourism and hospitality industry and related activities according to international standards,
- Uniform coverage of the whole Republic of Serbia with a vocational school system for hospitality and hotel management,
- Develop new teaching plans and programmes for formal and informal knowledge and the acquisition of new skills and new professions in the tourism and hospitality industry and related sectors,
- Connect and include available human resources from interested organisations,
- Develop new programmes of formal and informal acquisition of new knowledge and skills in order to develop tourism that is accessible for persons with disabilities;

4) Interconnect with other sectors:
- In accordance with the Law on Tourism, develop and establish a special management system of tourist areas and establish a Destination Management Organisation (hereinafter: DMO) for tourism of the Republic of Serbia,
- Develop and implement a programme of cultural tourism of the Republic of Serbia,
- Include domestic agricultural product brands and establish a system of tourist shops,
- Promote institutional cooperation with all public, non-governmental and community organisations, civic associations and scientific institutions related to tourism, involve inclusive tourism development in the work programme of tourist organisations under the slogan "Tourism for All"
- Consider the possibility of developing and implementing the tourism programme in protected areas,

- Align comprehensive regulations of trade and other public services regarding the interests and priorities of active destinations;
5) Improvement of National tourism marketing:
- Creatively define the domestic tourism brand,
- Elaborate the Marketing Strategy Plan,
- Improve promotion in foreign markets,
- Establish an entire Marketing System of Tourist Destination Management,
- Establish a unified platform for promoting the tourism industry of the Republic of Serbia,
- Support the creation of a unified ICT platform for booking and payment of tourist services,
- Constantly improve the performance and the adherence to the legally defined role of tourism organisations;
6) Improve, manage and encourage tourism development:
- Implement a coherent national vision of tourism,
- Establish realistic local and regional tourism development programmes in line with the Strategy,
- Establish a unified tourism statistics and monitoring system concerning the impact of tourism on the national economy,
- Establish an efficient system of coordination of activities between all entities of tourism development in accordance with their obligations, rights and interests,
- Ensure a complete system of incentives for investment in tourism in a unique way for domestic and foreign investors,
- Establish a unique and unified system of control and quality management in tourism,
- Sale of remaining state assets of importance, which are inefficiently used, for the development of tourism and its related activities, with greater emphasis on development and less on revenues of the central budget,
- Continuous alignment of the tourism regulations of the Republic of Serbia with European standards and the application of new technologies and innovative business models.

7.3. Selection of Priority Tourism Products

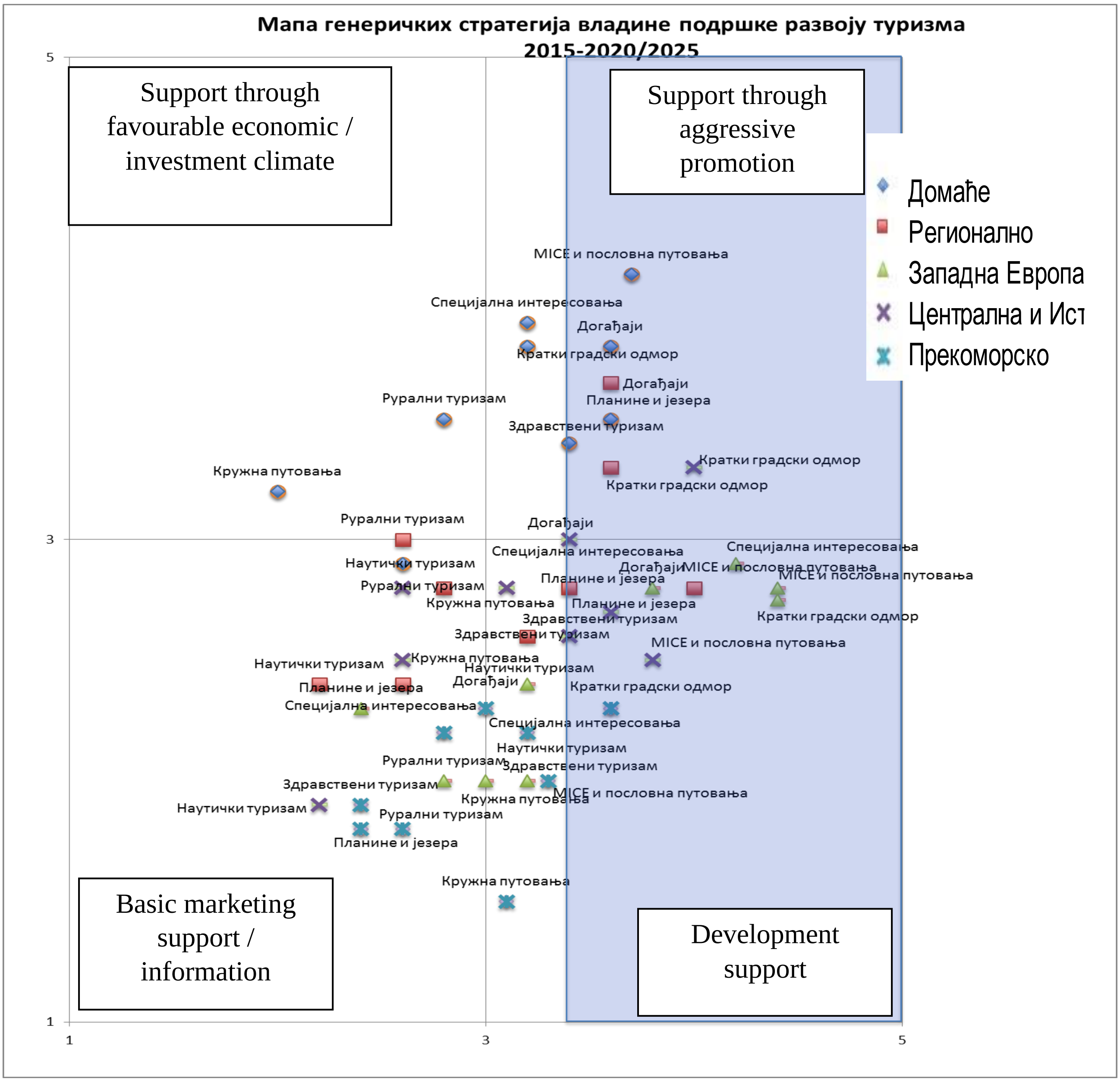
In order to establish intervention areas for the support and development of tourism, it is necessary to make two steps. The first relates to the determination of priority products which can realistically be commercialised on the market over the next five years. The second refers to the identification of those destinations where these products can be found, or can be developed in the specified time limits.

The defining priority products was carried out based on numerous interviews conducted with representatives of the private and public sector in tourism, analyses and forecasts of economic trends in the world, in Europe, the region and the Republic of Serbia, the demand trend in the relevant markets, as well as knowledge of the nature and prospects for development of various tourism products that are the focus of development in the Republic of Serbia, and which are defined by the Previous Strategy.

According to the results, a matrix mapping of product competitiveness / attractiveness was completed. This way, products were positioned according to individual markets in the four quadrants, which imply four major Strategies that the state should support the development of:

1) Development support - low competitiveness/high development attractiveness (which requires substantial support from the state and private sector investments);
2) Enhanced marketing support - high competitiveness/high development attractiveness (where the process of development runs relatively successfully and the emphasis should be put on intensive marketing);
3) Support of favourable economic climate - high competitiveness/low development attractiveness (where it is necessary to create a favourable climate for business, without significant investment), and
4) Support through promotion and information - low competitiveness/low development attractiveness (where, in the coming period, the already very limited resources should not be wasted and, instead, limit the activities to informing).

Figure 5. Methodological Basis for Determining Priorities for the Development of Tourism Products



Two components were evaluated methodologically: 1) the competitiveness of the product or its components (attractions and activities, the conditions for stay and transportation availability), whereby each of them give a different weight; and 2) development attractiveness, which also consists of three components (market potential - in terms of the volume of potential demand, economic benefits - in terms of revenue potential for the economy, and feasibility - in terms of the volume of investments in general and tourism infrastructure and government support for the development of the product). Ratings were given on a scale of 1-5 (1 = negative, 5 = very favourable) for different geographic locations, with the score ≤3.5 taken as the critical limit.

According to the methodology described, as well as the results obtained and pursuant to the products and markets, priorities of tourism products of the Republic of Serbia can be clearly identified for the following period:

Figure 6. Portfolio of Tourism Products of the Republic of Serbia

7.4. Matrix for Assessing Compliance with Market Trends

The key to raising the business capacity and competitiveness of existing products and destinations, as well as creating new ones, is to be primarily based on:

1) Meeting the current trends, motives and interests of tourists in the market;
2) Availability and efficient use of resources of the Republic of Serbia;
3) Successful entrepreneurial and innovative combination of a favourable environment for the development of existing and new businesses and jobs, and
4) Supporting measures, which should be provided by the Government and other competent ministries of importance to the development of tourism in the Republic of Serbia.

The essence of raising competitiveness is based on an ongoing interactive relationship with the market and changes in the needs (motives) of tourists and the ability of service providers in the tourism and hospitality industry to constantly be innovative with their offer and adapt to those changes. Today, tourists have a certain level of experience and pay more attention to what they consume and how they perceive the "journey product", than to the geographical location. This generally means their priority is the experience, not the location.

For the competitive positioning of tourism of the Republic of Serbia it is necessary to create a product offer based on the modern motives and experiences of tourists. They are, based on market trends, identified in the following groups, according to motives and experiences: enjoyment; nature; culture/history/tradition; entertainment; health; sport, recreation, adventure and business tourism.

Table 24 shows the matrix for the competitive positioning of tourism products and destinations divided in groups.

Table 24. Matrix for Competitive Positioning by Groups and Destinations[23]

Strategic Business Area	Motive, Experience	Product / Activity	Destination
ENJOYMENT	Slow down the pace of life, relax, enjoy, reenergise, find time for yourself, lifestyle	Spas, wine and culture	all destinations that meet the preconditions
ENTERTAINMENT	Have fun, enjoy life, meet other people, to be excited, to be "in"	Short city breaks, nightlife, festivals, events	all destinations that meet the preconditions
NATURE	Escape from everyday life, to feel healthy, return to nature, to feel authentic, feel free	Rural tourism, Danube tours, national parks and nature parks, "live like locals"	all destinations that meet the preconditions
CULTURE	Learn something new, new historical knowledge, discover new artists and literature, feel intelligent	City landmarks, churches, monasteries, old cities, archaeological sites, folklore and customs, museums	all destinations that meet the preconditions
SPORT AND ADVENTURE	Feel the adrenalin, experience the limit of your own physical endurance, be ready for exertion	Skiing, biking, extreme canoeing, hiking, climbing, rafting, zip-line, kayaking, horseback riding, paragliding	all destinations that meet the preconditions
HEALTH	Be healthy, relax, live a long time, look good, do it for your own health and beauty	Medical treatments, massage, dentistry, cosmetic surgery, exercise, nutrition, meditation	all destinations that meet the preconditions
BUSINESS	Be successful, meet other successful people, be part of the business environment	Individual business trips, conferences, seminars, study tours, fairs, exhibitions	all destinations that meet the preconditions

Source: MTTT, 2015

This concept offers great flexibility and combinations of different destinations, the planning of several shorter visits and stays, circular tours, better promotion, a higher level of professionalism and specialisation of products, an expansion of the offer and a reduction of seasonality - evenly increasing capacity at other destinations, enabling more efficient management, education and the introduction of modern standards.

Competitiveness in market economies is a major aspect of the business of each entity in the market. It requires the constant monitoring of market changes and trends, which is directly connected to continuous investment in new knowledge, skills, equipment and technology.

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[23] Nature as a strategic business area also includes other categories of protected areas other than those listed in the column product/activity.

So far, the greatest burden of enhancing competitiveness has fallen on business and shop owners, making it of great importance for the competitiveness of the tourism and hospitality industry in the Republic of Serbia that the Government and ministries create a much better business environment for the existing, and the creation of new, competitive companies:

1) Incentive tax and monetary policy and credit facilities;
2) Direct and indirect measures of financial and non-financial support;
3) Qualitative and efficient support for the use of available EU funds.

All measures in scope, structure and content have to be consistent with the actual needs of tourism and hospitality.

It is very important that the institutions and entities in tourism development in the Republic of Serbia perceive and are constantly informed about modern trends in the relevant world markets. To that end we point to examples of good practice in Attachment 3, which is an integral part of the Strategy document.

7.5. Overview of Tourism Destinations

Given the state of public finances and fiscal measures and budget consolidation, it is realistic to expect the same or even a lower level of investment from public sources. Destinations are roughly defined according to currently developed infrastructure and superstructure, the availability of existing tourism influx and their development is important for the completion of tourism products. Actual priorities will depend on the interest and capacity of investors, regardless of whether it is in the form of direct investment or PPP models, as well as the ability of each of the destinations to promote themselves on the market and implement the necessary investments.

List of tourism destinations:

1) Belgrade;
2) Novi Sad, Fruška Gora and Sremski Karlovci;
3) Subotica, Palić and Potisje;
4) The tourism region of Western Serbia;
5) Kopaonik;
6) Kragujevac and Pomoravlje;
7) Vrnjačka Banja;
8) Sokobanja;
9) Danube (four segments: Upper Danube, Central Danube/Belgrade and Novi Sad/Lower Danube);
10) Aranđelovac and Topola;
11) Golija, Novi Pazar and Ivanjica;
12) Divčibare and Valjevo;
13) Niš and Niška Banja;
14) Vlasina, Vranje and Vranjska Banja;
15) Stig and Kučajske Planine;
16) Banat and Vršac;
17) Stara Planina;
18) Podrinje, Loznica and Banja Koviljača.

No.	TOURISM DESTINATIONS	REGIONAL COVERAGE AREA	KEY VALUES (ATTRACTIONS)	POINTS OF DEVELOPMENT	KEY PRODUCTS
1.	Belgrade	- City of Belgrade and the metropolitan area	- Cultural and historical heritage - Entertainment - Gastronomy - Festivals - Danube and Sava rivers - Shopping - Selters Banja - Natural Resources	- Belgrade - urban city centre of the old town - Novi Beograd - business and commercial zone, - Zemun - urban city centre and the embankment of the Danube	- City break - MICE tourism - River tours - Round trips - Events (Beer Fest, BITEF, BELEF, FEST, Belgrade Manifest, Fish Fest ...) - Special Interests - Health tourism - Cultural themed route
2.	Novi Sad, Fruška Gora and Sremski Karlovci	- City of Novi Sad, Sremski Karlovci and Fruška Gora National Park with the surrounding villages and farms	- Novi Sad - Regional Centre (education, economy, etc.) - Danube - Cultural heritage (Castles, monasteries) - Natural resources - Farms - NP Fruška gora - Spa Vrdnik	- Petrovaradin - Sremski Karlovci - Sremska Mitrovica - Šid - Irig - Ruma - Beočin - Inđija	- Events (EXIT, Zmajeve dečije igre, the International Fireworks Festival, Štrand Fest, Tamburica Fest ...) - City break - MICE tourism - River tours - Cultural themed route - Special Interests - Round trips - Health and spa - Golf
3.	Subotica, Palić and Potisje	- Subotica - NP Palić - Bačka Topola - Ludoš - Kanjiža - Bečej - Novi Bečej - Senta - Ada - Titel	- Cultural heritage - Natural resources - Tisa, Palić nature park, Ludoš, Topolački Lake - Zobnatica Horse Farm - Small towns and farms	- Subotica - Bačka Topola - Mali Iđoš - Senta - Novi Bečej - Titel - Kanjiža	- Cultural themed route - City break - River tours - Ecotourism - Ethno-tourism - Health, wellness and spa - Special Interests - Events

4.	The tourism region of Western Serbia	- Zlatibor and the Zlatar mountains (geographical unit Stari Vlah) - Tara mountain (NP) - NP Mokra Gora	- Cultural heritage - Natural resources - Rivers, lakes - NP Tara, Zlatibor and Zlatar - Rehabilitation centres - Uvac Special Nature Reserve - Mokra Gora Nature Park (Drvengrad and Šarganska osmica) - Mileševa Monastery	- Čajetina - Užice - Bajina Bašta - Ivanjica - Arilje - Požega - Kosjerić - Nova Varoš - Prijepolje - Priboj - Sjenica	- Ecotourism - Ethno-tourism - Health, wellness and spa - Special Interests - Events - Rural Tourism - Cultural themed route - Mountain tourism
5.	Kopaonik	- Kopaonik (NP)	- Cultural heritage - Centre of national history and spirituality - Natural resources - NP Kopaonik - Ski Centre - Spa Resorts	- Kraljevo - Kruševac - Raška - Brus - Novi Pazar	- Ecotourism - Ethno-tourism - Religious Tourism - Special Interests - Sports (winter) - Mountain tourism - Health, wellness and spa - Round trips
6.	Kragujevac and Pomoravlje	- Svilajnac - Despotovac - Senjski Rudnik - Ćuprija - Paraćin - Jagodina	- Cultural heritage, Ravanica and Manasija monasteries - Gallery of naive painters - Monuments of Industrial Culture - Senjski Rudnik - Natural resources (Resavska cave, Veliki buk waterfall, Morava, Ravanica and Grza) - Kragujevac - Jagodina - Despotovac - Ćuprija - Paraćin	- Ecotourism - Ethno-tourism - Special Interests - Rural Tourism - Cultural themed route - Events - Water sports	

7.	Vrnjačka Banja	- Vrnjačka Banja and its surroundings	- Cultural heritage - Natural resources - Rehabilitation centres	- Vrnjačka Banja and its surroundings - Goč mountain	- Health, wellness and spa - Events - MICE tourism - Round trips - Special Interests
8.	Sokobanja	- Sokobanja and the Ozren and Rtanj mountains	- Cultural heritage - Natural resources - Rehabilitation centres	- Sokobanja - Ozren - Rtanj	- Health, wellness and spa - Events - MICE tourism - Special Interests - Round trips
9.	Danube region (with four destinations)				
	Upper Danube with Bačka canals	- Sombor - Apatin - Odžaci - Bač - Bački Petrovac - Bačka Palanka	- Cultural heritage - Natural resources (wetlands, flora and fauna) - Upper Danube Special Nature Reserve - Dunube and Bačka canals - Small towns and farms	- Sombor - Apatin - Odžaci - Bač - Bački Petrovac - Bačka Palanka	- River tours - Ecotourism - Ethno-tourism - Rural Tourism - Cultural themed route (cycling, gastronomy etc.) - Special Interests - Events
	Central Danube Region City of Belgrade with the coverage of Novi Sad, Fruška Gora and Sremski Karlovci	- Listed under 1 and 2	- Listed under 1 and 2	- Listed under 1 and 2	- Listed under 1 and 2

	Lower Danube	- Veliko Gradište - Golubac - Donji Milanovac - Kladovo - Negotin	- Cultural heritage - Natural resources - Danube - NP Đerdap	- Veliko Gradiste, - Golubac - Donji Milanovac - Kladovo - Negotin	- River tours - Ecotourism - Ethno-tourism - Rural Tourism - Cultural themed route (cycling, gastronomy etc.) - Special Interests Events (Danube Fair, Sila Fest, Danube Ball ...)
10.	Aranđelovac and Topola	- Central part of Šumadija	- Cultural heritage - Natural resources - Banja Bukovička - Oplenac - Rudnik mountain	- The central part of Šumadija - Aranđelovac - Topola	- Health, wellness and spa - MICE tourism - Cultural themed route - Educational programmes - Rural Tourism - Touring - Cycling - Special Interests
11.	Golija, Novi Pazar and Ivanjica	- Mountain nature park Golija and the wider community	- Cultural heritage - Natural resources - "Man and Biosphere" and "Golija" reserves - Uvac and Uvac Lake	- Novi Pazar - Ivanjica - Raška - Sjenica	- Ecotourism - Cultural themed route - Events - Rural Tourism - Special Interests - Round trips - Health, wellness and spa - Sports (winter)
12.	Divčibare and Valjevo	Valjevo, Valjevo mountains and Podgorina	- Cultural heritage - Natural resources	- Valjevo	- Mountain tourism - Rural Tourism - Events - Round trips - Special interests
13.	Niš and Niška Banja	- Niš and its surroundings	Cultural heritage - Natural resources - Niška Banja	- Niš - Niška Banja	- Health, wellness and spa - Cultural themed route - Events - Rural Tourism

					- Special interests
14.	Vlasina, Vranje and Vranjska Banja	- Surdulica, Vranje and Besna Kobila	- Cultural heritage - Natural resources - Vlasina Lake - Vranjska Banja - Small towns	- Vranje	- Health, wellness and spa - Ethno-tourism - Skiing - Cultural themed route - Events - Rural Tourism - Special interests
15.	Stig and Kučajske planine	- Stig, Braničevo and Kučaj	- Cultural heritage - Natural resources - Danube - Mountains - Spa Resorts - Speleological objects - Small towns	- Požarevac - Petrovac - Despotovac	- Health, wellness and spa - Ethno-tourism - Cultural themed route - Events - Rural Tourism - Special interests
16.	(South) Banat and Vršac;	- South Banat	- Natural resources - Deliblato Sands - Belocrkvanska Lake - Danube - Small towns	- Vršac - Bela Crkva - Pančevo - Kovačica - Zrenjanin - Mokrin	- Rural Tourism - Events - River tours - Wine route - Ecotourism - Ethno-tourism - Special Interests
17.	Stara planina	- Municipality of Pirot, Dimitrovgrad and Knjaževac	- Cultural heritage - Natural resources - Stara Planina - Small towns	- Pirot - Dimitrovgrad - Knjaževac	- Alpine tourism - Rural Tourism - Events - Ethno-tourism - Special Interests
18.	Podrinje, Loznica and Banja Koviljača	- Loznica - Šabac - Krupanj	- Cultural heritage - Natural resources - Drina - Gučevo, Cer and Vlašić - Banja Koviljača	- Tršić - Banja Koviljača - Šabac - Loznica	- Mountain tourism - Rural Tourism - Events - Round trips - Cultural themed route - Special Interests

7.6. Overview of Priority Activities in Tourist Destinations

Activities of special importance for tourism development that will be supported through funding by the Ministry of Tourism or for which it is possible to apply to use available EU programmes:

1) Marketing/promotion;
2) The improvement of tourism infrastructure and superstructure (construction and renovation of bicycle paths and other thematic cultural routes, tourist signalisation, visitor centres, construction of camps, arranging beaches, etc.);
3) Support for travel agencies in the field of inbound tourism;
4) Development of online booking systems;
5) Construction and landscaping of attractions (e.g. theme parks, adrenaline-rush activities, etc.);
6) Organisation of conferences and events - strengthening the Republic of Serbia as a MICE tourism destination;
7) Development of DMO and strengthening of management structures;
8) The development and implementation of international quality standards (products, services provided and destination management);
9) Research activities, education and training in tourism;
10) Development of international and regional cooperation and the creation of regional tourism products;
11) Development of innovation and entrepreneurship in tourism.

7.7. Conclusion

Given the current state of development of strategic tourist areas, products, infrastructure, superstructure and destinations, the Ministry of Tourism, in cooperation with entrepreneurs, and the scientific and tourism community of the Republic of Serbia determined, for the purpose of the efficient implementation of the Strategy and the development of tourism, the following:

1) List of tourist destinations with geographical coverage areas, description of tourist attractions and products;

2) Detailed list of activities relevant for the development of tourism, which will be supported by the Government's measures and special programmes and EU funds for which the Republic of Serbia can apply, provided in Attachment 2, which is attached to the Strategy as its integral part (hereinafter: Attachment 2).

For the implementation of these activities, detailed measures, programmes and supporting instruments have been proposed. Defining priorities will allow better planning and resource allocation and more effective monitoring of the Strategy implementation. It is, although, quite certain that the final priorities will be defined by the market - available funds, the interest and willingness of investors, either through direct investments or PPP, to participate in the implementation of various projects for the development of tourism in the Republic of Serbia. The implementation of these and other activities and tasks that are prepared in detail in the plans of competitiveness, investment and marketing, are building a vision of the strategic positioning and development strategy of the national tourism policy. The issue of commitment to building the necessary capacities of the tourism policy of the Republic of Serbia is emphasised. Only in this way can we start with the implementation of the established and ambitious development goals of the Previous Strategy and the Strategy.

8. PLANNING, GOVERNANCE AND INSTITUTIONAL INFRASTRUCTURE FOR DEVELOPMENT OF TOURISM OF THE REPUBLIC OF SERBIA

8.1. Principles

Principles should enable the implementation of strategic goals for tourism development as a sole and indivisible industry sector with clearly defined responsibilities and accountability of all departments and levels of government: from the spatial planning of the Republic of Serbia, transportation, utility and energy infrastructure, to the coordinated and interconnected department strategies and local government plans and strategies of development that should result in sustainable economic development, producing new added value and new employment:

1) The Strategy has to be coordinated with the Spatial Plan of the Republic of Serbia and clearly defined objectives of planning of all departments or institutions responsible for the activities of importance for the development of tourism;
2) Two-year action plan should define the areas, activities, resources and institutions responsible for the implementation of the Strategy;
3) Local communities should align their plans and strategies with the Strategy and the Action Plan for its implementation in all areas where there are identified resources for tourism development;
4) The National Council for the Development of Tourism of the Republic of Serbia has a coordinating role in the process of implementation of the Strategy, which brings together representatives of the four sectors: the Government and ministries (public), the economic sector (private), NGO (associations) and the academic sector;
5) It is necessary that the ministry departments and local governments, depending on the importance they have for the development of tourism, and based on this Strategy and in accordance with the legislation, adopt regional spatial plans, determine their action plans and its contribution to tourism development, along with budgeting and supervision of the execution of assigned tasks and appropriate use of funds;
6) The Ministry responsible for Tourism will coordinate, monitor, analyse and report on the progress of Strategy implementation and propose measures and carry out activities within its jurisdiction, while the Government will annually analyse and propose measures for the implementation of the Strategy, especially in the context of inter-departmental responsibility;
7) The Ministry responsible for Tourism will influence other competent authorities to create programmes intended to provide solutions for unresolved property rights in cases of tourist facilities owned by the public sector in the Republic of Serbia. The funds obtained from the sale (or part of the funds) could be diverted to fund the development of tourism in the Republic of Serbia;
8) Beneficiaries of subsidies and incentives can be all natural and legal entities who have distinctly achievable and entrepreneurial ideas and projects in the field of inbound tourism, for which they will provide partial investment on their own;
9) The Government and the Ministry responsible for Tourism will, through special measures, encourage and subsidise projects in tourism in underdeveloped areas of the Republic of Serbia and start-up companies.

8.2. Tourism Planning of the Republic of Serbia

Planning and development of tourism consist of: integrated planning of tourism development and related activities, proclamation and sustainable use of tourist destinations; activities of exceptional importance for the development of tourism; categorisation of tourist sites and implementation of incentives for the development of tourism.

Types of planning documents are:
- Tourism Development Strategy of the Republic of Serbia;
- Strategic Master Plan;
- Strategic Marketing Plan;
- Tourism Product Development Programme;
- Tourism Development Programme;
- Programme of Promotional Activities.

The Strategic Master Plan and the Programme of Promotional Activities have to be aligned with the Strategy.

The Strategy is being adopted for the period of the next decade for the territory of the Republic of Serbia. The Strategy defines planning and tourism development long-term goals in accordance with the overall economic, social, environmental and cultural development. The Government adopts the Strategy on the basis of the proposal of the Ministry of Tourism, and it contains:
- Analysis of the current state and the current level of tourism development;
- Comparative tourism analysis of competing countries;
- Advantages and disadvantages of tourism of the Republic of Serbia;
- Objectives of tourism development;
- Vision of tourism development;
- Selection of priority tourism products;
- Proposal of priority tourist destinations;
- Impact analysis on cultural heritage and natural resources;
- Proposal of the tourism development policy;
- Investment proposal;
- Competitiveness plan.

The Strategy is implemented through:
1) Strategic Master Plan;
2) Strategic Marketing Plan;
3) Tourism Product Development Programme, as well as
4) Spatial and urban plans.

1) The Strategic Master Plan is approved by the Government based on the proposal of the Ministry of Tourism, and is adopted for priority tourist destinations. The strategic master plan contains, in particular:

a) Technical evaluation of the observed area and base area and an overall capacity assessment of tourist sites in the tourist destination;
b) Development concept in terms of deployment and possible positioning of facilities, as well as assessing the potential capacity required;
c) Physical master plan with the basic elements of a possible deployment of facilities of tourism infrastructure, tourism superstructure and transport networks;

d) Business master plan for the economic evaluation of the tourism infrastructure, tourism superstructure, transport networks and communal infrastructure, as well as the evaluation of the economic feasibility of individual and overall investment.

2) The Strategic Marketing Plan is approved by the Government based on the proposal of the Ministry of Tourism for the territory of the Republic of Serbia. The plan contains, in particular:

a) Analysis of the marketing system of the Republic of Serbia;
b) Analysis of competitive marketing strategies;
c) Marketing plan;
d) Positioning of the Republic of Serbia as a tourist destination;
e) Marketing plan of tourism products;
f) Mission and organisation of the marketing system of the Republic of Serbia.

3) The Tourism Product Development Programme is approved by the Government based on the proposal of the Ministry of Tourism. This is a planning document that further defines the development of priority tourism products established by the Strategy, and for the following: city breaks, cruises, business tourism, health tourism, mountain and lake tourism, nautical tourism, events, congresses and other events, rural tourism and special interests.

4) The Spatial and urban plans. The Strategic Master Plan is the starting point for the development of spatial and urban plans for priority tourist destinations. The spatial and urban plans for areas which have been proclaimed tourist sites determine the conditions for tourism infrastructure and, in holiday locations in the tourist area, conditions for the construction of tourism superstructure. The conditions are defined by the Ministry of Tourism based on the request of the authority responsible for the preparation and adoption of the spatial and urban plan.

8.3. Institutional Infrastructure

8.3.1. Ministry responsible for Tourism

The Ministry responsible for Tourism performs state administration tasks related to: Strategy and policy of tourism development; integrated planning of the development of tourism and related activities; development, proclamation and sustainable use of tourist areas and tourist destinations of importance for tourism; activities of special importance for tourism development; categorisation of tourist sites; implementation of incentives and the provision of material and the fulfilment of other conditions for the promotion of tourism development; promotion of tourism in the country and abroad; taxes, fees and penalties in tourism; property affairs in tourism; improvement of the value and competitiveness of tourism products; tourism market research and development of a tourist information system; conditions and manner of performing activities of travel agencies; catering activities; nautical activities; tourist hunting activities, as well as providing services in tourism; planning, maintenance and equipment at public ski area and the provision of services at ski resorts; planning, maintenance, equipment and services in spas, theme parks and public beaches; inspection in the field of tourism.

8.3.2. National Tourism Organisation of Serbia

Promotion of tourism is conducted by: NTOS, tourism organisation of the autonomous province and tourism organisations of local governments. The promotion of tourism can be performed by regional tourism organisations, which can be established by two or more units of local government.

NTOS was founded to perform tourist promotional activities and the coordination of activities of tourism organisations, businesses and other stakeholders in tourism in the Republic of Serbia.

NTOS performs the following tasks:

- Promotion and advancement of tourism development of the Republic of Serbia;
- Coordination of the activities of tourism organisations, businesses and other stakeholders in the tourism industry, which act directly or indirectly on tourism promotion;
- Establishment and implementation of annual plans and programmes of promotional activities;
- Organisation of tourism market research for the purpose of tourism promotion of the Republic of Serbia;
- Market research in the area of conferences, trade fairs, sporting and cultural events, as well as the market of the Diaspora;
- Providing promotional materials to promote tourist values (printed publications, audio and video promotional materials, web sites, souvenirs, etc.);
- Creating and developing a unified tourist information system and linking it with other information systems in the country and abroad;
- Collection of all kinds of tourist information for the purpose of informing the public, as well as drawing up and publishing the tourism calendar;
- Establishing and operating tourist offices abroad and information centres in the country, independently or in cooperation with other stakeholders;
- Cooperation with national tourism organisations of other countries and international and regional tourism organisations, and propose measures for participating in multinational and regional tourism promotional programmes and projects;
- Establishment of standard model for the design of, and equipment and services in, tourist information centres in the territory of the Republic of Serbia;
- Establishment of a tourist signposting system and coordinating the activities of tourism organisations and other stakeholders in its execution;
- Other activities which ensure the successful promotion of tourism.

Tourism organisations operate according to regulations that are governed by public services. In terms of the rights, obligations and responsibilities of employees in tourism organisations, the following regulations are applied that relate to public services institutions.

Funds for the tasks of tourism organisations in the promotion of tourism are provided by:

1) Revenues generated through activities and from other revenue;

2) Donations, contributions and sponsorships from domestic and foreign natural and legal entities;

3) The budget of the Republic of Serbia;

4) The budget of the autonomous province;

5) The budget of local government units;

6) Other sources in accordance with the law.

With the approval of the founder, the tourism organisation can plan, coordinate and manage tourism activities by establishing an organisation for operative, marketing and promotional activities with other tourism organisations, business organisations, other legal entities and entrepreneurs who perform activities in the field of transport, tourism, catering, trade in goods and services, culture, sport, information, convention and trade fair activities. The scope of activities and funding, as well as the mutual rights and obligations of the tourism organisation and founders, are regulated by contract.

8.3.3. Management and Development of Tourism Areas

The Government, on the proposal of the Ministry of Tourism, proclaims an area as a tourist area based on its characteristics, value and priority tourist purposes, that requires a special regime of organisation, development, use and protection or if it is envisioned for the construction of facilities of national interest.

The declaration of a tourist area specifically contains: the name and description of the tourist area, surface area, description and graphic representation of the borders, a declaration of goals, key tourist attractions, ownership information and a list of cadastral parcels, obligations regarding tourism development, other forms of area utilisation, as well as the name and residence of the entity entrusted with the management of the tourist area (hereinafter: Tourism Area Management).

Tourism Area Management can be an existing public service or the company which was founded to perform activities in the tourism sector, by the public company or the Republic of Serbia, autonomous province, municipality, city or city of Belgrade, and in which the founder has the majority of capital.

In accordance with the law, Tourism Area Management can be delegated to another legal stakeholder, which is determined after conducting a public announcement or solicitation of tenders.

Tourism Area Management executes programmes and other acts which regulate the order of administration, development and utilisation, as well as tourism area preservation.

Tourism Area Management has to:

- Fulfil requirements for the development, use, improvement and protection of building ground;
- Coordinate the activities of legal and natural stakeholders in the tourism sector and related activities;
- Coordinate the development of tourist infrastructure and tourism superstructure on the principles of sustainable development;
- Ensure that use of state property has the purpose of quality valorisation of resources;
- Manage building ground and tend to accountable properties;
- Take responsibility for installation sites and the highlighting of tourist signalisation system;
- Adopt programmes and acts relating to management tasks;
- Perform other duties in accordance with the law and act on the proclamation of the tourist area.

A local example of good practice is the existence and successful work of the Tourist Organisation of Western Serbia, which has existed since 2006 and is, to date, the only regional tourism organisation in the Republic of Serbia, formed in accordance with the Law on Tourism and established as a DMO (since the management structure, in addition to representatives of the public sectors - local tourism organisations, consists of NTOS, business associations of the hotel and restaurant industry, The National Association of Travel Agencies, The Regional Development Agency (hereinafter: RDA) Zlatibor and Užice

Regional Chamber of Commerce) and, thus, it can stimulate the formation of regional tourism organisations in other parts of the Republic of Serbia which would be transformed into regional DMO's in due course.

8.3.4. Branch, Professional Unions, Associations and Other Organisations

Professional and business associations are of great importance to tourism development (such as the Chamber of Commerce, YUTA, HORES, Serbian Spas Association, Serbian Youth Hostels Association, Tourist Guides Association of Serbia, etc.), as are the regional development agencies, civic associations and hobbyist associations and other associations of micro and small enterprises in the service sector related to the development of tourism and hospitality, at a national, regional and local level. Their importance stems from their ability to mobilise people of different professions and interested citizens to improve the industry branch and to raise awareness of the importance of nature preservation and the development of tourism, hospitality and, especially, activities and products that enhance the tourist offer and contribute to the positive experience of tourists by providing examples of good practice, the popularisation and application of new standards, knowledge, skills, innovation and technology, both among their members and to other interested individuals and institutions.

Regional development agencies are important organisations for tourism development. Considering their capacity to mobilise and implement donor funds and projects, they have a development function. By using different development and innovative approaches such as market system development (e.g. Market System Development - conducted by RDA Zlatibor from Užice), they significantly contribute to the qualitative improvement of the tourism system of the Republic of Serbia.

Depending on the level of professionalism and representativeness of those they represent, it is necessary to periodically assign certain authorisations to these institutions, all in accordance with international standards and the law. With the aim of strengthening their capacity and professionalism, it is necessary to define the extent of support for their programmes and projects that are designed to improve their activities and contribute to tourism development, in particular through the use of funds and EU projects (Attachment 2 of the Strategy).

8.3.5. National Council for the Development of Tourism in the Republic of Serbia

In 2014, the National Council for the Development of Tourism in the Republic of Serbia was founded, with the following tasks: establishing the coordination and communication of all parties involved in order to develop the tourism industry and to improve the position of the Republic of Serbia on the global market; ensuring the transparency and accountability of the development of the Republic of Serbia as a tourist destination in the development of tourism products; increasing the level of competitiveness of the tourism industry of the Republic of Serbia as a tourist destination and improving the business climate in tourism; improving the investment climate and increasing investments in tourism; efficient analysis of micro-regions (infrastructure, tourism products, branding); increasing competitiveness through promotion and marketing, building infrastructure, compliance of local and regional institutions and more.

8.4. Measures and Activities for the Implementation of the Strategy

Bearing in mind the dispersed institutional infrastructure for tourism development management, as well as the clearly defined policy framework, it is necessary to define the measures and activities that are strictly related to the implementation of the Strategy. These are a prerequisite for the successful implementation of development measures and activities advocated by the Strategy.

In order to change the common practice that activities related to the adoption of the Strategy end on the day of their adoption by the Government, it is necessary to instrument the following measures and activities for its effective implementation:

1) Coordination of activities of important institutions for tourism development of the Republic of Serbia:
- Organise seminars and training sessions for provincial, regional and local institutions with the goal of a coordinated application of activities for the Strategy implementation,
- Organise seminars, with technical support from the EU, in order to develop marketing plans and programmes for the promotion of the tourism of the Republic of Serbia,
- Development of web applications for informing about, and monitoring and coordinating the implementation of the Strategy at all levels,
- Establishment of a professional agency, in cooperation and with the technical assistance of the EU, that will provide support to local governments, tourism organisations and the local business community in tourism, to define local and regional strategies and action plans for tourism development based on the Strategy and the Action Plan,
- Commitment to provide and publish annual reports on the state of tourism from all institutions within their jurisdiction and the preparation and publication of annual reports at all levels responsible for the implementation of the Strategy on an annual basis;

2) Improve the statistical monitoring system of the tourism sector:
- Introduce methodology for monitoring of satellite accounts for the tourism and hospitality industry and related branches,
- Introduce a standardised monitoring system of the reviews and opinions of domestic and foreign tourists, development of a database and publication of periodic analysis,
- Activate at full capacity and constantly update the SBRA registers of all legal and natural stakeholders performing activities in the tourism and hospitality industry;

3) Improve the development and efficient use of the tourism infrastructure and superstructure as well as establish a monitoring and recording system:
- Develop and update a Geographic Information System (hereinafter: GIS) of tourism infrastructure and superstructure in cooperation with the EU,
- Within the GIS, record and monitor the inspection of equipment and the use of attractions, by location,
- Within the GIS, create an overview of cycling, hiking and boating routes in the Republic of Serbia,
- Within the GIS, create an overview of investment possibilities,
- Prepare a review of suitable locations for construction of temporary facilities (camps, camp sites, glamping and geodesic homes, houses on water, zip lines, landing strips for paragliding...) in order to facilitate the timely issue of permits and other approvals from local governments,
- In accordance with the Law on Tourism, establish a resource centre for development management and the maintenance of the tourism infrastructure;

4) Use of new technologies and ICT applications:
- Ministry responsible for Tourism will support the development of ICT digital marketing, online promotional and booking tools as well as web portals for products,
- Ministry responsible for Tourism will support, in a suitable form through competition or tender (independently and/or with the help of EU funds), and in cooperation with tourism organisations in Serbia at all levels, the most advanced ICT and software solutions (development of web portal for DMO and its release on various digital platforms) in order to enhance the promotion and capacity utilisation of local and national tourism products,
- Establish a centre for ICT promotion of the tourism sector of the Republic of Serbia;

5) Encourage the efficient use of available EU funds in the tourism sector for citizens and stakeholders from the Republic of Serbia:
- Develop a special guide on the web application to the Strategy implementation for all potential beneficiaries of EU funds in the Republic of Serbia. This will be in Serbian and it will show, in detail, each level of development, to the point of application,
- Organise seminars on project preparation for all interested stakeholders who fulfil the necessary criteria to apply for the use of EU funds,
- Support for cooperation with the Ministry of Agriculture and Environmental Protection will be provided to interested users of the IPARD programme for the development of rural tourism;

6) Improving the capacity and quality of management of tourist destinations and areas:
- Organise seminars on management models of tourism development in protected areas of national parks and nature parks,
- Develop management models for destinations, tourist places and areas,
- Propose regulation of tourism destination management in accordance with the Law on Tourism,
- Establish a permanent centre for training in tourism destination management and develop of a Destination Management Company (hereinafter: the DMC) in accordance with the Law on Tourism.

8.5. Conclusion

As can be seen from the aforementioned, there is a much dispersed structure and an established institutional framework for the planning and managing of tourism development and its related activities.

Also, there is a clearly defined planning system of tourism development which, along with the Strategy, is based on regional and local plans of the spatial development of tourism which is defined by legislation that has a component of tourism development.

It is necessary to define activities with action plans that will connect the institutions, plans, programmes, projects and the Strategy.

Considering that the Republic of Serbia has no regional administrative and budgetary capacity to coordinate the development of the tourism sector, it is necessary to define the group of tourist areas and, in an optimal period of time, define a Tourist Area Management model which should implement and use the experience from the best practice of the Tourist Organisation of Western Serbia.

The management model should be based on ownership and should be changed in accordance with the change in ownership structure. The goal is that those who invest the most have the greatest right to make decisions in accordance with the regional planning documents, laws and principles of sustainable development.

For the success of the Strategy, the development of new products and the implementation of tourism development, it is important to understand the value and encourage the development of business and professional associations in tourism and in the perspective of transferring public powers to them.

In all the activities of planning and the development of tourism in the coming period, it is crucial to include Regional Development Agencies (i.e. RDA Zlatibor, Regional Development Agency Eastern Serbia (RARIS) from Zaječar, RDA Bačka from Novi Sad, etc.) that have exhibited the required knowledge, ability and efficiency in the implementation of programmes and projects in the development of tourism.

In the implementation of the Strategy, scientific, educational and professional institutions and civil society organisations should have a special say.

9. SUPPORTING MEASURES AND INVESTMENTS

In developed tourism countries, the traditional role of state policy in tourism has been abandoned. Governments of certain countries either already support the existing competitive frameworks in the tourism process (e.g. Austria and Switzerland) or they are actively and entrepreneurially involved in the creation of a competitive environment for tourism (Greece and Turkey at the beginning of their increase of tourism, while Egypt is still developing this today).

Although the Previous Strategy envisaged a wide range of supporting measures and investments, they can all be reduced to just two measures: small scale grants, predominantly to state/local institutions, public enterprises and organisations and associations in the tourism industry for the co-financing of various projects and activities, and the so called "Soft loans", with a lower interest rate than the market for co-financing company projects through the Development Fund of the Republic of Serbia.

After the 2008 financial crisis, the biggest investors in the development of the tourism industry were domestic and foreign private companies which, during the period between 2009 and 2013, invested over 135 million EUR in the construction of hotels, hostels and other superstructures, without significant state support.

The experience of other countries such as Turkey, Greece and Ireland, as well as examples of good practice from the EU, show that all supporting funds for key contributions to the development of tourism products and the tourism superstructure are granted for:

- Micro and small businesses with their entrepreneurial and innovative potential and ability to quickly adapt to market changes;
- Scientific and educational institutions;
- Various business and professional associations, non-governmental and sports organisations and all organised institutions and legal and natural stakeholders which, under the same conditions and without restrictions, can apply for the use of grants and loan incentives and measures if they meet the criteria.

9.1. Preconditions and Concepts

In order to develop tourism according to the established Strategy, the new measures, programmes and supporting institutions for the development of and investment in the tourism of the Republic of Serbia have to be tailored to the structure of stakeholders that can realistically generate new entrepreneurial and innovative programmes and investment projects, taking into consideration their size and possible contribution to the development of tourism. Various stakeholders certainly provide a different level of contribution but, accordingly, it is necessary to determine the various supporting measures and incentives and change the current practice.

This is particularly important in the tourism sector, bearing in mind the state of the market, which is characterised by low productivity, unavailability of long-term funding and a situation whereby public and private stakeholders don't have sufficient power for development. In this case the state should provide support for investment projects which have been identified to be of particular interest to improve the development of tourism through dedicated programmes and funds.

To achieve these objectives, there are several important limiting factors that have to be surmounted to insure the quality and intensity of the support:

1) Sources and amount of funds available;
2) Inactivity of existing institutions and the unwillingness, or lack of capacity, to implement the integrated tourism development model;
3) Low level of utilisation of available resources and funds and other international and bilateral development institutions.

The Republic of Serbia has not yet managed to build an economically efficient and socially just state model, *i.e.* the Republic of Serbia should continue to work on establishing an interactive relationship of all its financial and human resources that would result in their transformation from a low to a high level of effective use and the creation of much larger added value and more extensive employment.

For this purpose, it is necessary that the state "liberates" itself from all currently active resources that are identified as expenditure and don't create added value or which even require permanent subsidies and additional investments to maintain their unprofitable state. A quick resolution of the property relationships of spas and the establishment of a privatisation model/strategic partnership for the development of Serbian spas, as well as the timely privatisation of state owned hotel and tourism enterprises, by implementing concessions or some other PPP model (ski resorts, unused airports, residential facilities owned by the state, which can be attractive for tourism development (e.g. military), etc.), would free up significant resources that could be diverted into the development of tourism.

The state should, using examples of good practice, abandon funding models that demonstrate low allocative efficiency, and generally do not produce the expected effects, and models that do not have the ability to attract other, free (domestic and foreign) capital. By forming numerous independent, clearly owned and programme profiled micro-credits and initial, venture and guaranteed capital funds, it would create conditions for high-quality investments and financial support for existing and new enterprises, and the development and internationalisation of their entrepreneurial potential. Such funds could be combined with EU and other international development institution funds, which would reduce the risk for foreign investors and increase the attractiveness of Serbia for foreign investments.

This concept, as a complementary measure, would contribute to the tax system, not just by contributing to the budget but also by establishing the support of growth and development and encouraging the competitiveness of existing and, especially, new small and medium enterprises, which would thereby raise the capacity of tax benefits when they reach a level of full commercial maturity and potential.

Significant, available and minimally used sources of funding are the funds and programmes of the EU (IPARD, COSME, HORIZON etc.) for activities and projects, detailed in Attachment 2 of the Strategy, important for the tourism of the Republic of Serbia. The low level of exploitation of these funds is due to the fact that potential beneficiaries (citizens and SMEs) are not sufficiently informed or aware of them to motivate them to be proactive. Only the landing page of the website for EU programmes and funds was translated. The documents and explanations provided only in English and the abundance of abbreviations that are clear only to the most informed, as well as the array of procedures have an off-putting effect on the vast majority of those whose needs cannot be satisfied by the limited resources available to the Republic of Serbia.

Ministries and the Government annually allocate substantial funding for participation in EU funds and programmes. It is essential to raise the quality of information and the promotion and translation of the content of websites and documents (up to a level required for applications) in order to encourage a greater use of these funds by SMEs and citizens, especially if we keep in mind that other countries, for similar reasons, take advantage of only 15-30% of the available funds. It is therefore of strategic importance to ensure the preconditions to increase the number of participants in these programmes and funds from the Republic of Serbia, and the amount of acquired funding.

Proposal to introduce a variety of supporting measures, are basically divided into:

- In order to acquire new knowledge and skills, implement research and development projects, prepare planning and technical documentation, engage in statistical monitoring, raise the quality of tourism management, and to increase public awareness of the importance of nature conservation and tourism development, it is necessary to use donations (grants) for all institutions that legally have the capacity and reference to implement these activities. The visualisation of potential activities is given in Attachment 2 of the Strategy as a list of possible activities that should be supported. A significant portion of the activities can be funded through the budget, but a few of these activities could also make use of funds available to the Republic of Serbia;
- Measures of direct and indirect support are planned for various types of investments. In order to define and assess the necessary structures and objects for future investments in transportation and other public infrastructure of importance for tourism development, priorities will be established within a framework of interdepartmental cooperation based on different adopted national plans and strategic documents.

Based on the level of success of the operationalisation of the suggested support, we will have, to that extent, a real potential to generate tourism development. Otherwise, tourism will develop spontaneously on a case-by-case basis with only as many resources as the potential and interest of private and domestic investors can provide, which represents an unpredictable scenario.

9.2. Indirect Measures of Support for the Development of Tourism

In order to create a more favourable climate for investment, there is a need for local governments (especially those that are located in the area of destinations mentioned in the context of Clause 7.5. Overview of Tourism Destinations) to consider a possible reduction of municipal taxes, contributions for construction land, as well as the property tax rate, all in accordance with the applicable legal framework and the decision of the local authority.

Furthermore, it is necessary for the authorities to consider the possibility of continuing systemic resolution for seasonal labour in the Republic of Serbia. This also includes resolving the issue of new employees for seasonal jobs in the tourism and hospitality industry (such as rebates for tax and social security contributions on personal income for newly employed in the amount of at least 65%).

Proposed Measures:

1) Introducing a lower VAT rate (from the current 20% to the proposed 10%) in the hospitality industry in general;
2) Developing an incentive system model for employers through the introduction of payment cards for use in domestic hospitality facilities for accommodation, food and beverage and others, in order to encourage domestic tourism, based on examples of

good practice in Hungary, France and other countries (which should replace the current system of the allocation of vouchers to encourage the development of domestic tourism);

3) Continued and further development of the voucher programme for citizens for tourism and hospitality services in the Republic of Serbia, as one of the measures to support the development of domestic tourism (in accordance with the rules on the allocation of state aid) until improvements to the model and a system of payment cards intended for use in the domestic hospitality facilities for accommodation and food and beverages are introduced;
4) Continued and further development of the incentive programme for domestic travel agencies and tour operators, with the aim of bringing organised groups of foreign tourists into the Republic of Serbia (in accordance with the rules on the allocation of state aid);
5) In economically underdeveloped areas of importance for the development of tourism, provide state-owned land without compensation for: construction of tourist capacities and facilities with an responsibility to conclude a contract with PPP which will establish the obligations of the investors in each year of profitable operations;
6) Resume development of the "flexible winter school break" model that allows the extension of the winter season and means that, over the course of two months (instead of 15-20 days), domestic tourist capacities can be evenly used;
7) Systemically address the quality issue and the realisation of school trips in cooperation with the Ministry of Education;

In order to encourage investment in tourism infrastructure, superstructure and tourism products, the Ministry of Tourism should, in cooperation with other institutions, prepare an investment catalogue and promote investments in tourism, both at home and abroad.

9.3. Direct Support Measures and Investments

Funding can be applied either directly, through grants, or through institutional financial intermediaries. The type and amount of funding depends on the programme and its purpose.

Financial support instruments:

- Grants;
- Loans;
- Venture capital funds;
- PPP.

Sources of funds for the financing of activities and programmes:

1) For activities that contribute to the development of tourism (incentive programmes for tourism development projects and funding programmes to improve the quality of tourism services), funds are provided from the budget of the Republic of Serbia (in accordance with the rules on the allocation of state aid), on the decision of the Ministry responsible for Tourism. The Ministry is in charge of their allocation and the control of assigned spending;
2) For other programmes, it is possible to use the following funds:

- From other departments within their jurisdiction, and which are significant to the development of tourism and are implemented through the budgeting programme in order to achieve a synergetic effect,

- From EU funds, especially from funds that are available to the Republic of Serbia (Attachment 2 of the Strategy): Activities of IPARD-16-21; LIFE 22-25; HORIZON 2020 26-28; COSME 29-32; COP33-36; ERASMUS + 37-41; EaSI 42-46;

3) Major investment projects can be financed from several sources, such as:

- Capital budget expenditures planned in advance and provided by the budget legislation of the Republic of Serbia,
- PPP projects in accordance with the Law on Public-Private Partnerships and concessions,
- Projects of direct investment - in accordance with the Law on Investments ("Official Gazette of RS", No. 89/15)
- Development funds from international funding institutions (European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), the World Bank, the International Finance Corporation (IFC), ...)
- Bilateral economic cooperation projects (e.g. with the Kingdom of Saudi Arabia, Qatar, Turkey, Baden-Württemberg, etc.).

9.4. Conclusion

Given the state of public funding and limited funds for capital investments, the need to develop competitiveness and to exploit the potential of the tourism and hospitality industry of the Republic of Serbia, one of the main measures should be to sell and/or offer under concession or PPP, all of the public resources of importance for the development of tourism and its related activities whose use is at a low efficiency level and/or require additional government investment. Also, a variety of activities are envisaged that will contribute to more efficient investments in tourism development in the Republic of Serbia which, as a new institution, will fully prepare the institutional infrastructure for the effective development of tourism and provide the material basis for implementation of the Strategy.

10. MARKETING PLAN

The Strategic Marketing Plan is a separate document provided by the Law on Tourism, based on a proposal by the Ministry responsible for Tourism adopted by the Government and aimed at structuring the professional resources and attractions of the country and to set them in an organised, functional and sustainable system for the integral promotion and commercialisation in the short term, and to create internationally competitive tourism products and growth of the overall economy of tourism of the Republic of Serbia in the long term. In this chapter of the Strategy the basic aims and principles are determined.

Marketing goals of the Republic of Serbia are:

1) Position the Republic of Serbia as a tourist destination on the world-wide tourism market;
2) With maximum sales efforts, increase the number of foreign visitors by several times and increase domestic tourist influx in accordance with the capacity of the living standard of the Republic of Serbia;
3) Establish and operationalise the marketing system of the Republic of Serbia at a national level and at the level of regions, cities and municipalities.

10.1. Marketing Positioning of the Republic of Serbia

The need for a new tourism positioning of the Republic of Serbia is based on numerous parallel political, economical and social processes that characterise today's internal and external surroundings. It is based on the objectification of dominant factors that affect the overall success and speed of establishment of the Republic of Serbia as a tourist destination. Tourism positioning of the Republic of Serbia is comprised of the following three value systems:

1. Tourism valorisation of the Danube - tourism valorisation of the Danube along its entire navigable section, as well as further affirmation of Belgrade as the capital of the Republic of Serbia, represents a market option for achieving fast results ("quick win"). In addition, none of the Danube countries uses this term in its tourism slogan, although it is undoubtedly a striking resource on a global scale. The size and importance of the Danube part through the Republic of Serbia can focus the desired development momentum in all parts of the Republic of Serbia ("spill-over"). It should be emphasised that no other tourism resource in Serbia is, at the same time, both nationally cohesive and globally competitive;
2. An integrated interpretation of the domestic portfolio of values, a set of national values such as culture, people ready to have fun, art and literature, hospitality, passion and pride, and a blend of traditional and modern, contains products that can be commercialised (e.g. short stays in Belgrade, roundtrips through the Republic of Serbia, river cruises through the Republic of Serbia, events and festivals, rural experiences and spas);
3. Making the decision on which way to go at this moment in time is not just a marketing issue. The Republic of Serbia is at a crossroad regarding competitive positioning in the market and it is necessary to start the positive branding of the Republic of Serbia as a nation, and creating a positive image of the Republic of Serbia on the global market.

It is estimated that the easiest approach to creating a positive image of the Republic of Serbia is through tourism branding, which should start immediately so that the Republic of Serbia can, as soon as possible, successfully position itself as a tourist destination and become a recognisable tourism brand.

10.2. Marketing Plan for Tourism Products of the Republic of Serbia

Taking into consideration the characteristics of the previously identified tourism products, market and financial conditions in the country, and development challenges, it is estimated that:

- Products that can be valorised in the short term should be highlighted and it is necessary to take into account the latest trends in the motives and experiences of tourists in the relevant tourism market, in the marketing plan for tourism products. For identified product groups, a differentiated representation strategy of the Republic of Serbia as a country that offers a diversity of experiences should be applied. Given that in the world there are numerous destinations that offer nature, beautiful cities and a variety of experiences, it is necessary to explain the reasons for potential tourists to visit the Republic of Serbia. If the product group don't highlight their special features, tourists will experience the Republic of Serbia as a monotonous country;
- The group of tourism products that can be quickly valorised have to be led by already developed destinations and existing tourist offer capacities. This same group has to be

harmonised and updated in accordance with current market trends, and professionally "packaged" and promoted according to the precisely defined segments and markets;
- Products whose market commercialisation is associated with significant investments, should be developed on the go, where the initial focus should be on gradually building a marketing infrastructure, as well as on sales activities in the domestic and regional markets.

The key attributes of the marketing plan of the identified product groups are as follows:
1) Each has its own strategy for its product portfolio, or structure of tourism products;
2) Each has its own market strategy, or strategy of presentation on the market;
3) Each has its own specific marketing programmes;
4) Each has its own policy for distribution and sales.

10.3.Organisation of the Marketing System of the Republic of Serbia

Tourism countries should have an organisation that is responsible for the promotion of tourism products and offers. Each country, depending on its development and its own administrative machinery, tries to select the best organisational and operational model for the functioning of such institutions. The existing tourism destination management organisation of the Republic of Serbia is regulated by the Law on Tourism, which the MTTT is in charge of.

In accordance with the existing legal arrangement, the Republic of Serbia will form a DMO at a national, regional and provincial level.

With this document, the NTOS takes on the role of the central point of the tourism marketing system of the Republic of Serbia, and of the mentor and active associate within the entire network of tourism organisations in the country. In this sense, the business mission of NTOS, and the marketing system of tourism of the Republic of Serbia is as follows: NTOS has the duty to represent the Republic of Serbia and the identified tourism strategic business areas as a complete tourist destination, to provide adequate and high-quality service or products based on the chain of value, with an emphasis on added value.

In order to successfully implement the vision of tourism in the Republic of Serbia, as well as the desired market positioning of the country, it will be necessary to make certain changes in the working methods of NTOS.

First of all, NTOS needs to focus its activities on:
1) Promotion and development of tourism of the Republic of Serbia;
2) Research of foreign and domestic markets;
3) Marketing and placement of tourism products in the source markets;
4) Providing a unified information and communication system in tourism, with the use of modern ICT tools;
5) Supporting the establishment of the DMO and DMC at local and regional level;
6) Establishing partnerships and the participation of the private sector in the promotion and advancement of tourism development;
7) Establishing partnerships and cooperation with local partners.

The aim of this organisational model for the marketing system of the Republic of Serbia is a clear division of business missions on all three levels of organisation, which basically implies:
- Professional and strong cooperation in the common interest;
- Clear division of marketing tasks aimed at the rational use of resources;
- Performing commercial and communication activities at a national level;
- Establishing tourism products at a regional level:
- Establishing a system of information and relationships with guests at a local level.

11. CULTURAL HERITAGE AND NATURAL RESOURCES - IMPACT ANALYSIS

The World Heritage list includes almost 1,000 sites of cultural and natural resources around the world, deemed by the World Heritage Committee of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) as a places of outstanding universal value.

On the World Heritage List there are, so far, segments of immovable cultural heritage on the territory of the Republic of Serbia: Palace of Galerius Felix Romuliana, near Zaječar; the Monastery of the Virgin, at Studenica; Stari Ras with Sopoćani and the medieval fortified town of Ras; the Monastery of the Holy Trinity and the monastery in Sopoćani, The Tracts of St. George (Đurđevi stupovi); the ancient monastery complex of the Peć Patriarchate; the Monastery of the Ascension in Dečani; the Monastery of the Holy Virgin, in Gračanica and the church of the Holy Virgin of Ljeviška, in Prizren.

Part of the UNESCO programme "Memory of the World“, in the World Documentary Heritage register, there are only three movable cultural properties recorded from the Republic of Serbia: Miroslav Gospel, inscribed in 2005 (the oldest preserved manuscript written in a Serbian recension of the Church Slavonic language, from the end of the 12th century, housed in the National Museum, in Belgrade); Personal archive of Nikola Tesla, inscribed in 2003 (Nikola Tesla Museum, Belgrade); Telegram of the declaration of war by the Austro-Hungarian Kingdom on Serbia (28 July 1914, the First World War, the Archives of Serbia).

Also, the UNESCO MAB Council, in the framework of the programme “Man and Biosphere”, has proclaimed part of the Golija Nature Park a biosphere reserve, Golija-Studenica.

Special attractions are protected natural areas of great importance for the development of tourism products for domestic and foreign tourists, and whose preservation and further increased protection and sustainable management systems are an essential condition for increasing tourism traffic. The total area of protected nature, of categorised and non-categorised areas, according to the categorisation of the International Union for Conservation of Nature (hereinafter: IUCN) is 578,742 ha, which represents 6.53% of the total territory of the Republic of Serbia. Table 25 shows a comparison of areas under the protection of the Republic of Serbia and competitive countries in tourism (Source: ProtectedPlanet.net, 2016).

Protected Areas Categories – IUCN

The internationally accepted classification of protected areas is established in accordance with their management objectives. The categories are recognised by the United Nations and many national governments as the global standard for the defining and recording of protected areas and they are increasingly incorporated into government legislation.

Table 25. International List of Protected Areas in the Republic of Serbia and Selected Countries, in 2016

International List of Protected Areas						
#	**Name**	**Serbia**	**Bulgaria**	**Czech R.**	**Slovakia**	**Hungary**
Protected areal coverage in km²		***5,980***	***44,920***	***16,446***	***17,929***	***21,004***
% of State area		***7%***	***44%***	***21%***	***37%***	***23%***
Classification and number of protected areas		***122***	***1,424***	***3,570***	***1,655***	***788***
Ia	Strict Nature Reserve	3	55	1	343	0
Ib	Wilderness Area	1	0	8	23	0
II	National Park	2	3	3	9	5
III	Natural Monument or Feature	29	350	562	305	0
IV	Habitat/Species Management Area	18	35	1,823	395	156
V	Protected Landscape/ Seascape	17	11	37	14	57
VI	Protected area with sustainable use of natural resources	1	560	0	0	0
	Other – non-classified	51	410	1,136	566	570

Source: ProtectedPlanet.net[24]

As shown in Table 25, the level of area protection in the Republic of Serbia is far below the average of its competitors (the average is 31%, and the Republic of Serbia has only 7%). It is, therefore, important to extend the scope of protected areas in the various classifications, in order to achieve protection of 15% to 20% of the total territory of the Republic of Serbia by 2025.

11.1. Importance of Protected Areas for Tourism Development

The main tourist attractions are most commonly elements of the landscape - lakes, river banks, mountain peaks and slopes, forests, etc. They are usually characterised by their rich ecosystems. The direct impact of tourism development is reflected in the degradation of these ecosystems. For example, developed economies, tourism, mass tourism and recreation are considered to be the greatest threat to the conservation of mountain areas. In order to obtain firewood or expand the space for various purposes, locals deforest (cut) and thereby destroy vegetation. In addition, this tourism usually entails poor planning and intensive land use. Thus, the physical impact of tourism development on the degradation of the natural and cultural heritage is reflected in the inadequate development of infrastructure and the excessive construction, deforestation and intensive and unsustainable use of land, but also the destruction of vegetation, soil and monuments increased by physical (unsustainable amounts of) tourist traffic.

In the broadest sense of the phrase, cultural and natural heritage (cultural and natural goods) are areas of exceptional natural features, historic places, sites and constructions, together with biodiversity, traditions, current and cultural activities of the past, knowledge and existing life experiences.

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24 ProtectedPlanet.net is an online interface of the World Database on Protected Areas (WDPA), associate project IUCN and the United Nations Environment Programme (UNEP), and represents the most comprehensive global database of terrestrial and marine protected areas.

Tourism is the main driving force of cultural exchange at the global level, providing and presenting visitors a personal experience of life from the past and present, reflecting the basic characteristics of certain areas and communities. Natural and cultural heritage, the diversity of customs and culture of life of communities are major tourist attractions.

11.2. Possible Negative Impacts on Protected Areas

Mismanagement and excessive development of tourism and related activities can greatly endanger heritage, both physically and in terms of authentic identity and other characteristics. Ecological identity, culture and the way of life of local communities are in constant danger of degradation as a result of the continuing increase in tourist influx. The key threats that tourism development brings in terms of natural and cultural heritage are the following:

1) Inadequate consideration of potential conflicts between projects of tourism development and heritage protection usually leads to bad plans and a harmful impact on the natural and cultural heritage, as well as on the way of life of local communities;
2) Development of tourism can have an extremely negative impact on the entire region, if there is a failure to take into account the aesthetic, social and cultural dimensions of the area surrounding the natural and cultural heritage, the biodiversity characteristics and the broader visual context;
3) Extensive, poorly planned or uncontrolled development of tourism and/or tourism development projects can bring an unacceptable level of physical changes to the integrity, ecology and biodiversity identity of the area;
4) Conservation, interpretation and tourism development programmes which are based on an inadequate understanding of the complex and mostly conflicted important characteristics of the area, could lead to a loss of their authenticity and recognition;
5) Lack of adequate and appropriate presentation and emphasis on heritage importance, both for visitors and local communities/hosts can lead to misunderstanding and bad attitudes towards culture and heritage sites in the broader sense; As a result, public and political support may disappear, or be significantly reduced, as along with the available funding resources for the protection and promotion of heritage;
6) Poorly planned, poorly-designed and poorly located, as well as inadequately constructed tourist facilities can have an immense impact on the environment of the area, especially if they don't comply with relevant protection regulations;
7) A lack of mechanisms for destination management/tourism management and unprofessionally conducted tasks by those responsible for protection result in a low level of utilisation of the potential for development of tourism and hospitality. Inadequate evaluation of the value and attractiveness of the destination and inadequate tourist management creates a poor image, lower traffic and reduces the overall commercial effect.

In combination with inadequate tourist facilities, lack of/poor destination management causes the degradation of natural resources, emissions, noise, solid waste and rubbish, waste water, oil and chemical discharges, and even visual/architectural pollution.

11.3. Guidelines for the Promotion of Tourism in Protected Areas

Tourism valorisation of such areas should be approached according to the plan, taking into account all the potentially negative effects that tourism development can have on the area and the local community;

For the aforementioned reasons, the strategic decision applies to the following necessary steps:

1) In the upcoming period, establish DMO management and control units for tourism development, wherever it is sustainable in accordance with the Law on Tourism;
2) The DMO will coordinate activities related to the protection system of management units in protected areas and management of tourism and tourists, sharing responsibility for tourism development with tourism organisations, local communities and tourists, providing economic conditions for the development of tourism;
3) In the planning process, including the management of tourism in protected areas, the DMO has to satisfy the interests of all key stakeholders: management structure of protected areas (planners, managers), staff in protected areas, tourists/visitors, local communities and the population living in and around the protected area, the owners of land in and around the protected area, stakeholders interested in the exploitation of natural resources, public administration and state organisations, NGOs and citizens' associations (environmental organisations, economic associations), the private sector (hotel industry, hospitality companies), tour operators, the DMO, educational and scientific institutions and the media;
4) Direct all relevant stakeholders to the development of tools for creating and implementing sustainable tourism in protected areas (protection of area and zoning, management of tourists (visitor management), environmental impact assessment, border capacity, the level of acceptable change and ethical codes);
5) Monitor protected areas and tourism activities (monitor indicators that show the status of natural and cultural heritage or the protected area). Indicators are established in the planning process of the protection, and during protected area management there will be periodical checks on the adequacy of the carefully selected indicators, keeping in mind limitations of a financial and operational nature. Monitoring the management of protected areas provides the necessary data and information on the state of the protected area and, therefore, the impact that tourism has on a given area.

With these guidelines, the Strategy contributes to the implementation of the four components of sustainable development - economic, social, environmental and cultural (environmental sustainability).

In accordance with the regulations in tourism, the relevant planning documentation for tourism development in the Republic of Serbia will be established. With it, the development entities will commit to assess the impact of tourism development/implementation of tourism projects on the environment and cultural heritage in each individual case, and to adhere to the specified protection regulations and practices of the institutions in charge of protecting natural and cultural heritage.

12. “THINK SMALL FIRST“– DEVELOPMENT OF ENTREPRENEURSHIP AND SMEs IN TOURISM

The Government has signed the SME Charter and accepted the goals of the Small Business Act, two important EU policy documents for the development support of the entrepreneurship of small and medium-sized enterprises. Accordingly, the main objective/principle is to provide, through strategic documents and laws, special measures to support the development of existing and new SMEs and entrepreneurs. In this section, the importance and role of SMEs is emphasised, along with the entrepreneurship for the development of tourism and hospitality and related industries.

12.1. Number and Structure of Enterprises in the Tourism Sector – Current State[25]

According to the analysis of the MTTT, and based on data from SBRA regarding registered companies, in the period between 2008 and 2013, despite the impact of the economic crisis, the total number of companies grew by 982. The highest growth was recorded for small enterprises, with an increase of 823, medium enterprises were increased by 141, and large by 18. There was also a change in the structure of enterprises by size.

Table 26. Number and Structure of Enterprises by Size and Activity in the Tourism Sector in the Republic of Serbia

<table>
<tr><th rowspan="2">Code of a./
Enter.</th><th colspan="14">2008-2013</th><th rowspan="2">Total/ Size</th></tr>
<tr><th>5510</th><th>5520</th><th>5530</th><th>5590</th><th>5610</th><th>5621</th><th>5629</th><th>5630</th><th>7711</th><th>7734</th><th>7990</th><th>7911</th><th>7912</th><th>9329</th></tr>
<tr><td>Small</td><td>42</td><td>35</td><td>4</td><td>38</td><td>475</td><td>17</td><td>8</td><td>187</td><td>13</td><td>1</td><td colspan="2">-188</td><td>177</td><td>14</td><td>823</td></tr>
<tr><td>Medium</td><td>35</td><td>2</td><td>1</td><td>0</td><td>53</td><td>5</td><td>3</td><td>13</td><td>3</td><td>0</td><td colspan="2">8</td><td>16</td><td>2</td><td>141</td></tr>
<tr><td>Large</td><td>17</td><td>0</td><td>0</td><td>0</td><td>2</td><td>0</td><td>0</td><td>-1</td><td>1</td><td>0</td><td colspan="2">-1</td><td>1</td><td>-1</td><td>18</td></tr>
<tr><td>Total</td><td>94</td><td>37</td><td>5</td><td>38</td><td>530</td><td>22</td><td>11</td><td>199</td><td>17</td><td>1</td><td colspan="2">-181</td><td>194</td><td>15</td><td>982</td></tr>
</table>

Source: Analysis of the MTTT, according to data from SBRA

In 2013, the structure of enterprises by size changed compared to 2008. The share of small enterprises was reduced by 3.11%, but the share of medium enterprises was increased from 2.94% to 5.69% and large enterprises from 0.36% to 0.71%. The highest growth of new enterprises between 2008 and 2013 was recorded in the following activities:

Other Accommodation:	from 46 to 84 or by 83%;
Holiday and other short-stay accommodation:	from 49 to 86 or by 76 %;
Restaurants and mobile food service activities:	from 904 to 1,434 or by 59 %;
Beverage serving activities:	from 410 to 609 or by 49 %;
Other food service activities:	from 24 to 35 or by 46 %;
Event catering activities:	from 63 to 85 or by 35 %;
Renting and leasing of recreational goods:	from 3 to 4 or by 33 %;
Camping grounds, RV parks and trailer parks:	from 4 to 9 or by 25 %;
Hotels and similar accommodation:	from 438 to 532 or by 21 %.

The data indicates a very dynamic sector development. Micro and small businesses grow into medium and large enterprises, and there is also a trend of restructuring and narrower specialising within the sector so that the number of companies with travel agency

[25] Code of activities:
5510 - Hotels and similar accommodation;
5520 - Holiday and other short-stay accommodation;
5530 - Camping grounds, recreational vehicle parks and trailer parks;
5590 - Other accommodation;
5610 - Restaurants and mobile food service activities;
5621 – Event catering activities;
5629 - Other food service activities;
5630 - Beverage serving activities;
7711 - Renting and leasing of cars and light motor vehicles;
7721 - Renting and leasing of recreational and sports goods;
7990 - Other reservation service and related activities;
7911 - Travel agency activities;
7912 - Tour operator activities;
9329 - Other amusement and recreation activities.

activities and other reservation service and related activities (7990 and 7991) was reduced by 188 entities but, at the same time, there was an increase of 171 entities for tour operator activities (7912). The tourism sector is open for a significant number of new micro and small enterprises.

The total number of enterprises in the period between 2008 and 2013 was increased by 32%. Growth was achieved, by size of enterprises, as followed:

1) Small enterprises:	from 2,995 to 3,818, or by 27%;
2) Medium-sized enterprises:	from 91 to 232 or by 155%;
3) Large enterprises:	from 18 to 29 or by 190%.

The number of employees in the tourism sector in 2013 compared to 2008 dropped by 2,977 employees (5,100 less in small enterprises, but at the same time there was an increase in the number of employees, by 696, in medium enterprises and by 1,427 employees in large enterprises). This has its good and bad sides – good because productivity has been increased, and bad because small enterprises are not generating high employment, which indicates a poor business environment and business conditions for newly founded small enterprises (they are without subsidies and tax exemptions in the first years of operation).

12.2. Operating Results (MTTT Analysis Based on Data from SBRA, January 2016):

1) Capital

According to the results of operations in 2013, the tourism sector had a total capital value of 1.6 billion EUR. Hotels had the largest capital with over 990 million EUR (62.2% of the total capital of the sector) and compared to 2008, they had the largest capital increase, in absolute amounts, of over 120 million EUR. They are followed by restaurants and mobile food service activities, with a capital worth of 198 million EUR (12.49% of the total capital of the sector) which was an increase, compared to 2008, of 35 million EUR.

The largest percentage of growth of capital in 2013 compared to 2008 was in the following activities:

- Hostels and other accommodation, 268%;
- Holiday and other short-stay accommodation, 53%;
- Event catering activities, 38%;
- Restaurants and mobile food service activities, 21%;
- Hotels and similar accommodation, 15%.

Capital was decreased in 2013 compared to 2008 in the following activities:

- Other amusement and recreation activities, -87%;
- Renting and leasing of recreational and sports goods, -79%;
- Travel agency activities, -62%;
- Renting and leasing of cars and light motor vehicles, - 40%.

Renting and leasing of cars and light motor vehicles had the largest decrease in the amount of capital of over 114 million EUR in 2013, compared to 2008.

As for the distribution of capital by companies based on their size, fixed assets in 2013 were decreased in comparison to 2008 by a total of 8.11%. The highest decrease was recorded in medium-sized enterprises, where it dropped by almost 40%. Objectively, the reduction of capital was probably much lower, given that a significant number of medium-sized enterprises became large, judging by the fact that the growth of fixed assets in large enterprises in the given period was (118 million EUR) more than 30%. Small enterprises recorded a decline in the value of fixed assets by 1.5%. Current assets in the same period grew by a total of over 25%, and grew in all enterprises (small by more than 31%, medium by 16.45% and large by around 23%). The sources of current capital are of the most concern.

2) Liabilities

Total long-term liabilities of enterprises in the tourism sector in 2013, compared to 2008, decreased by 19.8%, primarily in medium-sized enterprises by 44% and for large enterprises by 21%, while it grew by 36.47% for small enterprises. What raises concerns is the high increase of total short-term liabilities by over 33%, with the largest increase in short-term obligations for medium-sized enterprises of over 56%, then by 28% for large enterprises and by 22% for small.

This is as a result of the high sub capitalisation of small enterprises which was compensated by high, mostly short-term loans and represents an impassable obstacle to the successful operation and growth of small enterprises, which will most likely result in their closure.

3) Operating Income and Expenses

In 2013, compared to 2008, total operating revenues were increased by 2.81%, and total expenditures were decreased by 0.35%. Relevant to the size of the company, small enterprises had a decrease in operating revenues of 27.63% and in expenses of 26.46%, medium-sized enterprises had revenue growth of 54.35% but also a growth of expenditure by over 41%, while large enterprises had a revenue increase of over 11% and growth of expenses of 9.66%.

4) Net Profit and Loss

In 2013, compared to 2008, enterprises in the tourism sector achieved a profit increase of over 61% (from 28 million to over 48 million EUR), and loss was reduced by over 33% (from 82 to 55 million EUR). According to the size of enterprises in tourism, large enterprises had a profit increase of over 360% (from 3 million in 2008 to over 14 million EUR in 2013, while reducing loss by over 27%), medium-sized enterprises had a profit growth of 195% (from 6 to 20 million EUR in 2013) and reduced losses by 57%. Small enterprises were the only ones that recorded a decline in both profit and loss, by 38% and 9% respectively.

12.3. Development Opportunities for Entrepreneurship, SME

The Strategy, by virtue of its principles, measures, activities and priorities, provides a foundation for expressing free-spirited entrepreneurship and creating new entrepreneurial ventures, either in terms of existing companies or by creating new enterprises.

The current trend of growth in arrivals and overnights of foreign tourists is undoubtedly a great business opportunity for the development of both existing and new micro and small enterprises in the tourism and hospitality industry and related activities.

Existing enterprises in tourism and its related activities can raise their own and the overall competitiveness only if they continue to accept entrepreneurial market trends, and if they continue to acquire new knowledge, skills and technologies that require constant improvement of the business environment and the entry of new competing companies.

Potential business opportunities for entrepreneurs and their companies:

Improving the quality of promotions, presentations, booking and payment for accommodation and other services by creating specialised websites, which will be administered on a timely basis by existing and new specialised companies with inventive and professional employees;
Improving the quality of existing accommodation and hospitality facilities, the introduction of international standards of accommodation and preparing and serving food and drinks, with a high percentage of skilled and professionally trained employees in various occupations (cooks, pastry chefs, bartenders, waiters, chambermaids, cleaners, etc.);
Modernising the existing and creating new companies that can provide services for introducing new standards, machinery and equipment, constantly acquiring new knowledge and skills;
Providing new accommodation and hospitality facilities in the vicinity of 122 locations in Serbia with internationally recognised natural, historical and cultural attractions and creating round trips and other tourist products which correspond to market needs and the personal motives of tourists;
Offering a more creative interpretation and presentation of attractions which the Republic of Serbia has to offer: new forms of storytelling and technology, information about and presentations of attractions for users, interactive maps and guides in the languages mostly spoken by the foreign tourists visiting the Republic of Serbia;
Transit tourism along the major road corridors X, XI and VII has a huge business potential, as well as hiking and cycling transversals going through the Republic of Serbia. There is a shortage of quality campsites, motels, rest areas with different content and attractive programmes, especially those using the implementation of best practices from countries that have a tradition of and success in providing services of this kind;
Special opportunities for organising inventive, themed round trips by creating interesting tours that can successfully form value chains - an attractive means of transportation (quad, snowmobile, carts, jeeps, horseback riding, etc.) to an attractive location, original and standardised accommodation (camping, glamping, houses on water and in trees ...), harvesting festivals and preparing original and standardised local food and drink, local customs etc.
A large number of specialised travel agencies is required for organising: thematic school trips in the country and all in accordance with the age and curricula of primary and secondary schools, thematic programmes and nature trips for children and young people, special training programmes in various areas of interest for children and youths (playing instruments, folk dancing, choir singing, painting, sports camps, exchange of students and young people, ICT camps, etc.);
Great opportunities exist in rural tourism. In 2014, according to EUROSTAT, only 506 foreign tourists visited facilities of rural tourism. It is necessary to support commercial training programmes for rural households that are interested in rural tourism, in compliance with the Strategy and the Development Programme of Sustainable Rural Tourism in the Republic of Serbia, and with various models of partnerships with the registered rural households which will connect resources, knowledge and skills. We should especially highlight the option to use the incentive funding programme for rural tourism development from the EU IPARD programme which provides 18 million EUR for the development of rural tourism;
Providing quality and standardised sports and recreational services at all locations that have been developed as a tourist destination and famous resorts, represents a new business challenge through the acquisition of existing or the creation of new franchises for rental and

equipment utilisation (bike, canoe, canoeing, horseback riding, skiing and training for snow and water skiing, archery, survival in nature and other adrenalin activities);
Increasing energy efficiency and the use of renewable energy sources in all tourism facilities, especially in protected areas, represents a great business opportunity for existing and new businesses which, in addition to large cost savings, would raise the effective use of locally available energy sources (agricultural and forest waste, thermal sources, solar energy), reducing CO2 emissions and making buildings and areas around them more environmentally clean and enjoyable for people.
All of these and other business opportunities require a serious entrepreneurial approach, which primarily should be directed towards the actual volume and value of market demand and an assessment of available capacity (knowledge and skills, investment potential and time of return on investment) of anyone who intends to implement any of the mentioned possibilities.

12.4. Conclusion

Contrary to most other sectors in the Republic of Serbia, which registered a decrease in the number of enterprises and profitability, the tourism sector has experienced stable growth, which is consistent with global trends after the 2008 financial crisis. While most countries have an active policy of support and incentives for businesses in the tourism sector, in the Republic of Serbia, these trends are achieved primarily through the entrepreneurial efforts of the owners of enterprises and without significant incentives from the state, whose support is primarily directed towards public companies or other companies co-owned by local authorities or the state.

The Ministry responsible for tourism and the implementation of the Strategy will, along with the aforementioned activities and measures, be in charge of:

- Providing useful business information for entrepreneurial projects of micro and small enterprises, on the website for monitoring the implementation of the Strategy;
- Making proposals for adjusting the business environment by supporting free enterprise and sustainable development of entrepreneurial micro and small enterprises (adjustment of structures and institutions for funding, changing methods and structure of institutions for non-financial support, changing methods and structure of the branch business associations, changing methods and structure of approving tax incentives, and changing the methods and structure of subsidisation of entrepreneurial projects and micro and small enterprises).

The ten key principles which will be applied through the implementation of the measures of the Strategy are[26]:

1) Creating a business environment conducive to entrepreneurship, by adopting laws that will be tested at first in the MSME sector - "Think Small First";
2) Conceptualise the business environment so that entrepreneurs can thrive. In this way, entrepreneurship will be rewarded;
3) Offer another chance to entrepreneurs who went bankrupt, through no fault of their own, to start a new business – the so-called Second Chance;
4) Regulate the state administration to serve the MSME sector, with simpler procedures;
5) Facilitate the participation of the MSME sector in public procurement, under equal criteria;

[26] European Commission, “Think Small First”, Brussels, 25.6.2008 COM (2008) 394 final, page 4.

6) Facilitate the access of small and medium enterprises and entrepreneurship to financial institution and enable payments in commercial transactions for a period not longer than 30 days;
7) Support entrepreneurs in an effort to maximise the opportunities offered by the European Single Market;
8) Promote innovation and management skills relevant to the development of the MSME sector (with examples of good practice);
9) Enable the MSME sector to turn environmental challenges into business opportunities;
10) Support entrepreneurs to take advantage of the growth of the EU and to expand into other markets.

13. FINANCIAL EFFECTS OF THE STRATEGY AND THE ACTION PLAN

It is estimated that, for the implementation of strategic goals in the coming period, the funds will be planned within the limits set by the Ministry of Finance, given that the activities will be implemented within the framework of existing material, financial and human resources.

If possible, specific activities and tasks could be financed from donations and through the PPP model.

14. THE ACTION PLAN

The Action Plan envisages specific measures and actions to be taken in order to provide conditions for the implementation of the Strategy, certain stakeholders and partners are determined. They will be in charge of the implementation of these measures and activities, as well as planning the time needed for the implementation.

The Action Plan is attached to the Strategy as its integral part.

On the date of publication of this Strategy, The Tourism Development Strategy of the Republic of Serbia ("RS Official Gazette", No. 91/06) is repealed.

15. FINAL PROVISION

Publish the Strategy in the "Official Gazette of the Republic of Serbia".

Issued:

In Belgrade,

G O V E R N M E N T

PRESIDENT

ACTION PLAN FOR THE IMPLEMENTATION OF THE TOURISM DEVELOPMENT STRATEGY OF THE REPUBLIC OF SERBIA FROM 2016 TO 2025

The Action Plan includes actions, accountable stakeholders and implementation time

#	ACTION	DESCRIPTION	LEADING INSTITUTION	SUPPORTING INSTITUTION	ACTION INDICATORS	MEANS OF CONTROL	IMPLEMENTA-TION TIME
A. STRATEGIC DOCUMENTS AND ACTIONS TO BE COORDINATED WITH THE STRATEGY							
The strategy is implemented through the Strategic Master Plan, Strategic Marketing Plan and the Program for development of tourism products. Autonomous province and local self-government, establish the tourism development program in accordance with the Strategy within their competences given by the law regulating local self-government and special law.							
A. 1 Update and adoption of revised, development and adoption of new strategic master plans.							
1.	UPDATE OF EXISTING STRATEGIC MASTER PLANS	- The Development Strategy of the City of Belgrade - The Strategy of economic development of the City of Novi Sad - Kopaonik - Stig, Kučajske mountains, Beljanica - Palić, Subotica, Potisje - upper Danube - lower Danube - The Roman emperors route - Sokobanja - Stara planina - Tara, Zlatibor and Zlatar - Vlasina - Novo Miloševo - Bač, Bački Petrovac, Bačka Palanka - Besna Kobila - Sremski Karlovci	- Local government - MTTT	Institutions / organisations at local and national level	Number of updated master plans	Website of MTTT, Information Booklet, MTTT Report	2016-2020

2.	PREPARATION AND ADOPTION OF NEW STRATEGIC MASTER PLANS	- Golija, Novi Pazar, Ivanjica - Vranjska Banja - Aranđelovac, Topola, Bukovička Banja, Divčibare and Valjevo - Podrinje, Cer, Loznica, Banja Koviljača - Niš, Niška Banja - Kragujevac / Pomoravlje - Vrnjačka Banja - Banat / Vršac	- Local government - MTTT	Institutions / organisations at local and national level	Number of adopted new strategic master plans as input for spatial plans / plans of detailed regulation of tourist destinations	Website of MTTT, Information Booklet, MTTT Report	2016-2025
A. 2 Development and adoption of the Strategic Marketing Plan - The strategic marketing plan is intended for the territory of the Republic of Serbia and submitted by the Ministry of Tourism to be adopted by the Government.							
1.	DEVELOPMENT OF STRATEGIC AND OPERATIONAL MARKETING PLANS FOR THE REPUBLIC OF SERBIA	- Establishing key strategic and operational marketing actions of NTOS in the planning period - Coordination of strategic and operational marketing actions with tourism organisations, local and provincial authorities/institutions and commercial entities	- NTOS	MTTT, Chamber of Commerce and Industry of Serbia (hereinafter: CCIS), the National Council for the development of tourism of Serbia, local, regional and provincial institutions, RDAs and business/professional associations	Completed strategic and operational marketing plan Developed new communicational and promotional tools that are based on e-marketing technology	Website of MTTT, website of NTOS, Information Booklet, MTTT Report and NTOS Report	Preparatory actions 2017 Implementation from 2017/2018
2.	REORGANISATION AND SUPPORT OF PROFESSIONALI-SATION OF OPERATING ACTIONS OF NTOS	- Strengthening capacities and adjusting functions of NTOS for the implementation of legally defined actions in tourism promotion. Coordination of NTOS actions with local, regional, provincial tourism organizations (hereinafter: TO) and businesses in tourism.	- NTOS	MTTT, CCIS, the National Council for the Development of Tourism of the Republic of Serbia, local, regional and provincial institutions, RDAs, business/professional associations, Danube Competence Centre (hereinafter: DCC)	Completed Act on the new organisation and the number of conducted educations and trainings, number of joint projects/actions of NTOS and Local Tourism Organizations (hereinafter: LTO)	NTOS Report, the Act on Organization and Systematisation	Continuous action

A. 3 Development and adoption of the Tourism Product Development Program Tourism Product Development Program is a planning document that specifies the development of priority tourism products defined by the Strategy and by the Law on Tourism: City breaks, round trips, business tourism, health tourism, mountain and lake tourism, nautical tourism, events, congresses and other events, rural tourism, special interests and transit tourism. Tourism Product Development Program is submitted by the ministry in charge of tourism to be adopted by the Government.							
1.	DEVELOPMENT PROGRAM FOR PRIORITY PRODUCTS	- Establishing plan based on the Strategy for modernisation of tourism products/services and a model of implementation on the tourist destinations - Establishing measures and actions linking the private and public sectors and forming a chain to create new added value - Establishing measures and criteria for support	- MTTT - NTOS	The National Council for the Development of Tourism of the Republic of Serbia, local, regional and provincial TO, local government, CCIS, RDA, scientific and educational institutions in tourism, business/professional associations, DCC	Number of developed and approved plans for development of priority tourism products defined by the Law on Tourism Continuous investment and development of existing and new products in line with the markets, which are defined as a priority. Promotion and placement of priority tourism products in selected source markets	Website of MTTT, website of NTOS, Information Booklet, MTTT Report, NTOS Report, LTO and Autonomous Province (hereinafter: AP) Reports	Preparatory actions 2017 Implementation from 2018
A. 4 Tourism development programs Autonomous province and local self-government, establish the tourism development program within their competences given by the law regulating local self-government and special law in accordance with the Strategy.							

1.	PREPARATION AND ADOPTION OF LOCAL, REGIONAL AND PROVINCIAL TOURISM DEVELOPMENT PROGRAMS	- In cooperation and with technical assistance from the EU, an expert body will be formed to provide support to local communities, tourism organizations and businesses in the tourism industry to help establish local and regional programs and action plans for tourism development on the basis of this strategy and this action plan. - Web app development for information, monitoring and coordination of the Strategy implementation actions at all levels - Organizing seminars for provincial, regional and local institutions in order to coordinate the Strategy implementation actions	- Local governments, provinces, regional tourist region	MTTT local, regional and provincial institutions and TO, RDA and CCIS Scientific and educational institutions in tourism, business / professional associations	Number of developed and adopted Tourism Development Programs at the local, regional and provincial level in accordance with the Law on Tourism. Developed web apps for Strategy implementation coordination Number of seminars and participants in seminars/workshops	Reports of local, regional and provincial institutions, TO, RDA, CCIS and other partners, website of MTTT, NTOS and LTO	2017–2020

B. MEASURES AND ACTIONS - REQUIREMENTS FOR THE IMPLEMENTATION OF THE STRATEGY

Necessary actions of the interdepartmental coordination, definition of procedures, establishment of institutions of importance for the implementation of the Strategy

B. 1 One of the basic preconditions for the successful implementation of the Strategy is to strengthen the department's personnel and professionalism in charge of tourism and NTOS, which is a required prerequisite for the full implementation of the proposed measures and actions.

B. 2. Interdepartmental cooperation and coordination of actions

Given that a significant number of measures requires interdepartmental coherence and coordination in their implementation, it is necessary, in cooperation with other ministries and institutions to establish long-term and medium-term framework plan of joint actions and detailed two-year plans.

1.	DEVELOPMENT OF JOINT ACTION PLAN OF THE MINISTRIES FOR THE IMPLEMENTA-TION OF THE	- Coordination of actions of infrastructural territorial arrangement that is of strategic importance for the development of tourism - Coordination of actions for the nature and territory protection of strategic importance for the	- MTTT - Ministry of Finance - The Ministry of Construction, Transport and Infrastructure - The Ministry of Culture and	The National Council for the Development of Tourism of the Republic of Serbia NTOS	Completed plan of joint actions of relevant institutions for implementation of the Strategy and Action Plan	Website of MTTT, Information Booklet, MTTT Reports	2017 – 2020

	STRATEGY AND ACTION PLAN	development of tourism - Coordination of actions to protect cultural and historic areas and structures of strategic importance for the development of tourism - Alignment of tax policy with the strategic interests of tourism development in the Republic of Serbia - Coordination of actions important for the professional education and acquiring of knowledge and skills in tourism - Coordination of actions to improve labour law legislation of importance for tourism development	Information - Ministry of Agriculture and Environmental Protection - Ministry of Education, Science and Technological Development - The Ministry of Labour, Employment, Veteran and Social Policy				
B. 3 Actions, procedures and the establishment of institutions of importance for the implementation of the Strategy							
1.	COORDINATION AND REPORTS OF STRATEGY IMPLEMENTATIO N	- Establishment of content, time table, deadlines and list of institutions for the issuance and publication of annual reports on the state of the tourism sector at all levels of the Strategy implementation	- MTTT - AP - Local governments	NTOS, local, regional and provincial TO, CCIS, RDA, DCC, scientific and educational institutions in tourism, business/profession al associations	Established content and dynamics of reporting on the Strategy implementation	Periodic reports from MTTT, NTOS, local, regional and provincial institutions, TO, RDA, CCIS and other stakeholders	2017–2021
2.	IMPROVEMENT OF MARKET RESEARCH AND STATISTICAL MONITORING SYSTEM IN TOURISM BASED ON THE TOURISM	- Implementation of analysis and recommendations for statistical monitoring of tourism by the working group of the National Council for the Development of Tourism of the Republic of Serbia - Introduction of a standardized	- MTTT - SORS - SBRA	The National Council for the Development of Tourism of the Republic of Serbia, Scientific and educational institutions in	Improved methodology and procedure for collecting and processing statistical data and compliance with international standards and practices;	RBS, NBS, website of MTTT, SBRA	2017–2021

	SATELLITE ACCOUNT (hereinafter: TSA)	system for monitoring of views and opinions of domestic and foreign tourists, creation of the database and publishing periodic analysis - Research plan development of the domestic and international markets and implementation of research - Activating in full capacity and accurate keeping of the RBS registers of all legal and natural persons who work in tourism and hospitality		tourism, business/professional associations and the NBS	Introduced statistical monitoring in tourism based on the TSA model		
3.	IMPROVEMENT OF DEVELOPMENT AND EFFICIENT USE OF TOURISM INFRASTRUCTURE AND SUPERSTRUCTURE AND ESTABLISHING MONITORING AND RECORDING SYSTEM	Based on examples of good practice, the use of EU funds and/or other donations and the PPP model, implement the project GIS for tourist destinations, tourism infrastructure and superstructure with: - Records of infrastructural facilities and use of attraction by locations - Overview and planning documentation by destinations - Overview of superstructure by destinations - A detailed review of prepared and potential projects for investment and overview of necessary activities by destinations - Review of locations for building tourism superstructures	- Local governments - AP - MTTT	Foreign donations, available EU funds, NTOS, local, regional and provincial TO, DCC, RDA, Scientific and educational institutions in tourism, business/professional associations	Improved quality of tourism infrastructure and superstructure (e.g. Number of hotels and others categorized accommodation facilities per 100 inhabitants, the number of beds in categorized facilities, length of constructed and maintained bike trails and other thematic cultural routes, installed tourist signalisation, the number of built visitor/info centres, parks, beaches the others); development of the ICT sector in tourism (the number of internet users, internet for business, social networks presence, etc.)	RBS, NBS, website of MTTT, SBRA	Continuous action

4.	INCITEMENT OF DEVELOPMENT AND USE OF NEW TECHNOLOGIES AND ICT APPLICATIONS	- Foundation of the Centre for promotion of ICT - development of software solutions and internet applications in tourism of the Republic of Serbia - Development of standardized ICT platforms for the promotion of destinations and tourism products and services - Development of the national platform for bookings of all tourism products and services	- MTTT - NTOS - AP	Operators of landline and mobile telephony services, cable television, RDA, DCC, local, regional and provincial TO, local authorities, scientific and educational institutions in tourism, business/professional associations	Foundation of centre for the promotion of ICT, established ICT platform for the promotion of standardized destinations and tourism products and services, established national platform for bookings	Website of MTTT, website of NTOS, LTO, regional and provincial TO, software applications and websites of professional associations	Continuous action
5.	IMPROVEMENT OF EFFICIENCY OF USE OF AVAILABLE EU FUNDS IN TOURISM	- Development of a guide for all potential beneficiaries of EU funding in the tourism sector of the Republic of Serbia, in Serbian language (web application) - Organisation of seminars for project preparation - Organisation of trainings on possibilities of how to apply IPARD component for the development of rural tourism in cooperation with the ministry for agriculture	- MTTT - The Ministry of Agriculture and Environmental Protection - AP - Local governments	European Integration Office, business and professional associations, RDAs, DCC, CCIS and the available EU funds	Completed guide on EU funding in the tourism sector of the Republic of Serbia, the number of organised seminars and training for project preparation, the number of participants in seminars/workshops	Website of MTTT, website of NTOS, LTO, regional and provincial TO, software applications and websites of professional associations	Continuous action
6.	CAPACITY BUILDING AND QUALITY MANAGEMENT OF TOURIST SITES AND DESTINATIONS	- Organising seminars and trainings on Tourism Destination Management - Development of Management models for destinations, tourist sites and areas - Preparing an Act proposal for the model of Tourism Destinations Management - Developing a model of Tourist Destination Cards with	- MTTT - NTOS - AP - Local governments	The National Council for the Development of Tourism of the Republic of Serbia, EU programs, bilateral cooperation, Office for European Integration, RDA, DCC, and scientific	Number of organised seminars and educational training, number of participants in seminars/workshops, completed act of Tourism Destinations Management model, developed and adopted model of the Destination Card, developed and	Website of MTTT, website of NTOS, LTO, regional and provincial TO, reports said institutions	2017 – 2021

		proposed solutions. Tourist Destination Cards is a marketing tool and it is intended for tourists visiting destinations in the Republic of Serbia. It is important to development awareness of the concept of Tourist Cards by the provider of services, who can apply for the Card partnership only by offering quality service. On the other hand, the Card must be the guarantee of tourism experience for every individual service provider, and the entire destination. - Development of "e-Tourist" programs with proposed solutions. The program foresees the complete digitalisation of information on the destination level.		and educational institutions	adopted "e-Tourist" program		
7.	ANALYSING EXAMPLES OF GOOD PRACTICE OF INVESTMENT SUPPORT MODELS FOR DEVELOPMENT OF TOURISM	- Analysing models, legal form, organisational structure and functioning of institutions for investment in tourism development (fund) - Carry out the necessary studies and designs of possible legislative solutions	- MTTT	International financial institutions, donation funds, domestic and foreign investors (PPP) Relevant ministries and other state authorities	Signed bilateral agreements on economic cooperation with developed which opens the possibility through PPP investments in the tourism industry Conducted studies of best practices with recommendations for implementation of best solutions	Website of MTTT, Information Booklet, MTTT Report	From 2018

C. MEASURES OF DIRECT AND INDIRECT SUPPORT							
C. 1 Measures of indirect support							
1.	PROPOSED MEASURES	- Development of Incentives system for employers through the introduction of payment cards for expenditures on domestic accommodations and food and beverages in order to encourage domestic tourism based on examples of good practice in Hungary.	- MTTT - Ministry of Finance - Other relevant ministries - Local government	CCIS, Business and professional associations	Established system of payment cards for consumption in the domestic hospitality facilities for accommodation and food and drinks, the number of arrivals, the number of overnight stays	RBS, Ministry of Finance, SBRA	2019-2020
		In accordance with the Strategy, in cooperation with other ministries and local governments, provide conditions for the implementation of the following measures: - The continuation and further development of the vouchers program to be used for tourism and hospitality services in the Republic of Serbia for domestic tourists (in accordance with the rules on the allocation of state aid); - The continuation and further development of the incentives program for tour operators with the aim of bringing organised groups of foreign tourists (in accordance with the rules on the	- MTTT - AP - Local governments	The National Council for the Development of Tourism of the Republic of Serbia Other relevant ministries	The number of arrivals and overnights of domestic tourists based on used vouchers and the number of organised groups of foreign tourists (number of arrivals and overnights of foreign tourists, foreign currency inflow from tourism); Redefined land policy in tourist destinations	Available documentation to application to use the vouchers, funds or subsidies for tour operators, RBS, NBS Documentation of AP and local governments in tourist destinations (territorial plans, management plans, etc.), website of MTTT, Information Booklet, Reports	Continuous action

		allocation of state aid); - Redefinition of land policy at the local level in tourist destinations and improving the investment climate through an incentives system (for both domestic and foreign investors) for investments in tourism development (in coordination with local governments - the development of a new models of concessions and PPP) - giving land for the development of quality tourism projects (high class hotels, theme parks, etc.) with a stimulating fiscal policy of local governments in certain destinations.					
C. 2 Measures of direct support							
1.	FUNDING PROGRAM FOR ACTIVITIES AND PROJECTS OF IMPORTANCE FOR TOURISM DEVELOPMENT	- Continuance and further development of incentive program aimed at tourism development projects (infrastructure, promotion, education, training), in accordance with the rules on the allocation of state aid. Local governments provide part of the funding as their own participation in the implementation of tourism-related projects that they propose to the ministry in charge of financing.	- MTTT - AP - local governments	AP, local government, local, regional, provincial TO, RDA and business/profession al associations	Developed quality tourism infrastructure; Number of tourism-related projects; Number of seminars and educational training; Number of participants in seminars / workshops Number of arrivals and overnights of domestic and foreign tourists, foreign currency inflow from tourism	Website of MTTT, Information Booklet, MTTT Report, RBS and NBS	Continuous action
2.	INVESTMENTS	- Establish a catalogue of investment in tourism in the	- MTTT - Ministry of Economy - AP	Relevant ministries, investment advisors,	Published catalogue of tourism investments and participation in	Report of competent institutions, website of MTTT,	Continuous action

		Republic of Serbia - Promoting tourism investments in the country and abroad	- Local governments	Business/professional associations, CCIS and RDA	promotional activities related to tourism investments in the country and abroad; Improved investment climate and increased capital investment in tourism	Information Booklet	
D. IMPROVEMENT OF THE LEGISLATIVE FRAMEWORK							
D. 1 Changes, amendments to the existing and adoption of new acts within the jurisdiction of the ministry							
1.	PREPARATION OF THE ACT CONCERNING ORGANISATIONS FOR TOURISM DESTINATION MANAGEMENT	Based on examples of good practice, preparation and adoption of the act on the conditions for establishing, organising and management of tourism destination organisations	- MTTT - NTOS	Relevant ministries, LTO, local government, AP, CCIS, RDA and business / professional associations	Completed act on the conditions for establishing, organising and operating of tourism destination management organisations	Information Booklet MTTT, website MTTT report of relevant institutions	2017–2020
D. 2 Amendments to laws and subordinate legislation importance for the implementation of the Strategy measures within the jurisdiction of other ministries On the basis of interdepartmental coordination of activities and defining common measures for the implementation of the Tourism Strategy, necessary amendments to the existing laws and regulations and the adoption of new will be made.							
1.	AMENDMENTS TO THE RELEVANT LEGAL REGULATIONS (determined after establishing the model)	Based on the established Incentive system for employers through introduction of payment cards for expenditures on domestic accommodations and food and drink in order to encourage domestic tourism based on examples of good practice (e.g. Hungary)	- MTTT - Ministry of Finance	CCIS, the National Council for the Development of Tourism of the Republic of Serbia, Business/professional associations in the field of tourism	Established legal framework for the planning and promotion of tourist destinations, the number of cards issued, registered traffic due to the card, the number of arrivals and overnights of domestic tourists	Reports of relevant institutions, Information Booklet MTTT, websites of relevant institutions	2019–2020
E. SUPPORT FOR THE DEVELOPMENT OF ENTREPRENEURSHIPS AND MSME IN TOURISM							
1.	MONITORING AND REPORTING ON THE DEVELOPMENT STATUS OF ENTREPRENEURS	- Analysing and reporting on the state of the tourism industry with a special focus on MSNE and business results with proposed measures	- CCIS, Business / professional associations in tourism - SBRA	MTTT Ministry of Economy and RDA	Established new MSMEs who in a broader sense engaged in or contribute to tourism, Number of employees in	Information Booklet of MTTT, Report of relevant institutions, RBS and SBRA	Continuous action

	HIPS AND MSME IN THE ECONOMIC STRUCTURE IN TOURISM OF THE REPUBLIC OF SERBIA				the tourism and hospitality industry, the number of new employees, the number of new MSMEs		
2.	SUPPORT OF DEVELOPMENT FOR MSMEs IN TOURISM	- Continuation and further development of lending programs to encourage quality tourism offer (in accordance with the rules on the allocation of state aid) - Improvement of the existing support measures in the tourism sector with emphasis on MSMEs, (in accordance with the rules on the allocation of state aid)	- MTTT - Ministry of Economy - CCIS	Business/professional associations in tourism and RDA	Established new MSMEs who are engaged in or contribute to tourism in a broader sense, Number of employees in the tourism and hospitality industry, the number of new employees, the number of new MSMEs	Information Booklet of MTTT, Report of relevant institutions, RBS, SBRA	Continuous action

ATTACHMENT 1

Glamping (glamorous camping) the new accommodation trend of the modern tourist

Types of glamping – basic overview of facility types

Barns / sheds / support building



houses on water / rafts / watermill



Yurt



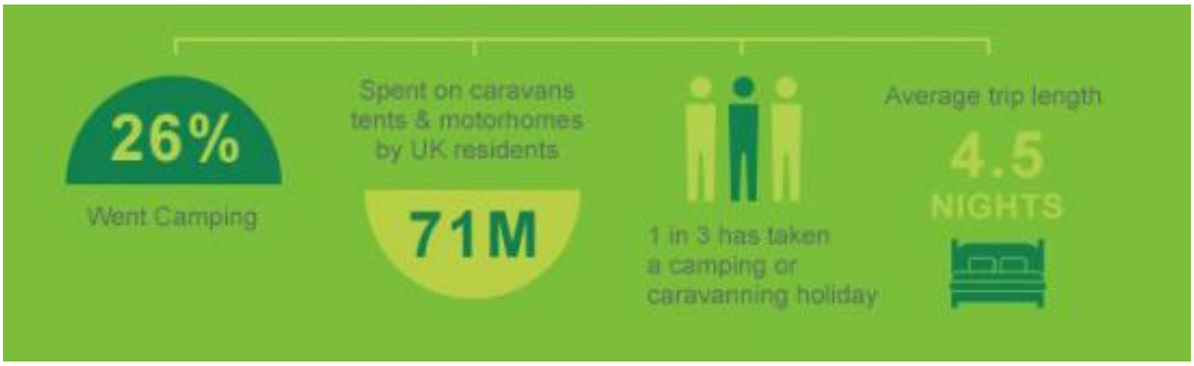
Glamping in the region: Slovenia – GardenVillage Bled

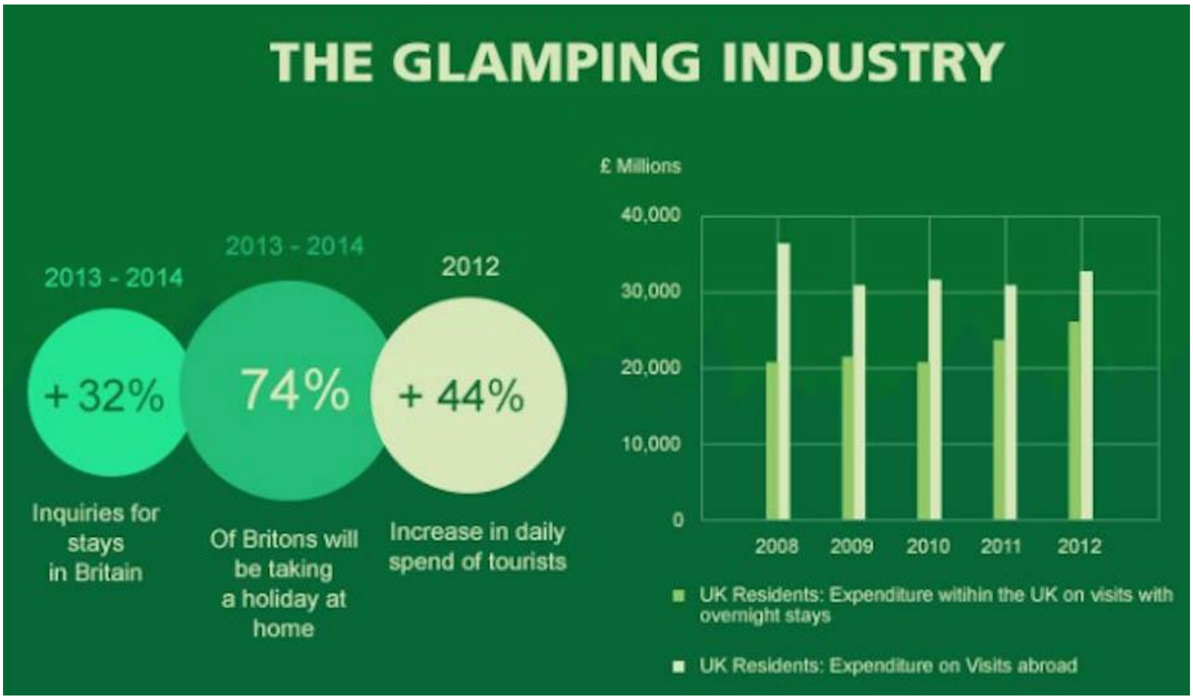


EcoCamp Patagonia

Glamping in Switzerland – Valle

Statistical indicators of British travel agencies for camping and glamping





ATTACHMENT 2

The priority list of activities and programs eligible for funding which are supported by the EU:

1) tourism-related research, technological development and innovation, including service innovation and clusters (tourism service incubators, living labs, demonstration projects, etc.)
2) development of tourism-related ICT products (apps, data mining, analysing, processing and presenting of data, etc.)
3) development of "e-Tourist" programs meaning the following activities: development of mobile Apps trough destination management; Development of the official interactive tourism website for the destination (for leisure and business guests); development of interactive digital info-point on the destination; development of interactive interpretation system via QR codes (video, sound, tourist information, etc.); the involvement of all key stakeholders from destinations in the program in terms of providing current and timely information about their facilities, offer, programs, events and suchlike;
4) development of innovative tourist services, especially in unfavourable conditions and marginal areas and underdeveloped industrial facilities with a strong dependence on tourism (new business model, exploitation of new ideas, for old abandoned and unused buildings, etc.);
5) development of high value added products and services in niche markets (health tourism, tourism for seniors, cultural and eco-tourism, gastronomy, sports tourism, etc.) by mobilising specific local resources and therefore contributing to smart regional specialisation;
6) clustering activities among different tourism industries as well as with creative industries, to diversify regional tourism products and extend the tourism season (e.g. in the nautical and boating tourism industry and for the cruise industry…)
7) activities which connect different regions, for more integrated regional development of tourism products, attractions, offers and conditions which could extend the tourist stay;
8) measures to improve energy efficiency and renewable energy use among small and medium sized enterprises in tourism;
9) protection, promotion and development of natural and cultural tourism assets and related services;
10) development of tourism infrastructure and superstructure with special emphasis on cultural routes and sustainable tourism;
11) measures in favour of entrepreneurship, self-employment and start-ups, as well as the internationalisation of small and medium sized enterprises and the strategic business areas in the tourism industry;
12) vocational training, improvement of skills in hospitality and tourism;
13) training for workers to help companies that need to restructure or have a shortage of qualified workers;
14) training people from marginalized groups to acquire better skills and jobs in tourism;
15) supporting mutual learning, establishing networks, and the dissemination and promotion of good practices and methodologies in the field of social innovation;
16) vocational training and skills acquisition actions (courses, workshops, for example on how to develop rural tourism), as well as other information activities that help the connection and exchange of knowledge and experience in tourism;
17) advisory services to help farmers, forest holders, other land managers and small and medium sized enterprises in rural areas to improve their economic performance and involvement in the chain of value and the development of rural tourism;

18) support for start-up business as well as investments for non-agricultural activities in rural areas (rural accommodation, shops, restaurants, guided tours, etc.);
19) drawing up and updating of plans for the development of municipalities and villages in rural areas;
20) investments for public use in recreational infrastructure and small scale tourism infrastructure;
21) studies and investments associated with the maintenance, restoration and upgrading of the cultural and natural heritage of villages, rural landscapes and high nature value sites, including related socio-economic aspects, as well as environmental awareness actions;
22) co-operation involving at least two entities (creation of strategic business clusters; co-operation among small operators in organising joint work processes and sharing facilities and resources and for the development and/or marketing of tourism services relating to rural tourism; and other related activities);
23) development of pilot projects to assess the effectiveness of a method/approach that is new or has been used in a different context (geographical, ecological, socio-economic) and compare its results with those produced by best practices, in order to determine if the method should be tested on a larger scale (i.e. in a demonstration project) and inform the parties concerned;
24) development of demonstration projects test and evaluate to determine whether a method should be implemented on a larger scale and inform the parties concerned;
25) best practice environmental projects apply appropriate, cost-effective and state-of-the-art techniques, methods and approaches taking into account the specific context of the project;
26) information, awareness and dissemination projects related to one of the priority areas of environmental protection;
27) use of funds for activities in the field of tourism for (a) " "Individual Fellowships"- enabling researchers to work on projects within and outside Europe; (b) "Innovative Training Networks" offering joint research training and/or doctoral programmes, implemented by universities, research institutions and non-academic organisations, and (c) "Research and Innovation Staff Exchange", which allows the exchange of experts between the academic and non-academic sectors in the field of tourism;
28) programme funds "Innovation Actions" and "Coordination and Support Actions" of interest for the tourism sector. "Innovation Actions" should develop innovative ICT and products, tools, applications and services for the cultural and creative sectors (e.g. 3D, augmented reality, advanced user interfaces, visual computing) proposals should clearly demonstrate their high commercial and innovation potential. "Coordination and Support Actions" focus on non-research activities such as disseminating results and promoting the use of ICT-driven innovation thanks to a sustainable network of 'multipliers'. They could also contribute to linking SMEs from the creative sectors with appropriate sources of funding (e.g. loans, venture capital, business angels' investment, public-private partnerships and funding…) and with international business networks;
29) SME programs in tourism support the assessment of the technical and commercial feasibility of an innovative concept as well as the development of a business plan. If the feasibility study concludes that this concept has potential but requires additional funding before it can be commercialised, the small and medium sized businesses instrument may support the development and demonstration phases, which may facilitate access to risk finance;
30) support for any kind of useful investment for the development of small and medium sized enterprises and tourism activities;
31) achievement of objectives in tourism, that are pursued through calls for proposals, relating to, among other things: development and/or promotion of sustainable transnational

thematic tourism products (linked, for instance, European routes dedicated to specific aspects of our cultural and industrial heritage, cycling trails, eco-tourism, maritime and sub-aquatic areas, etc.). The development and/or promotion of niche products/exploiting synergies between tourism and creative industries at European level (e.g. European Route around high-end products - a product that is one of the most expensive or the most advanced in the assortment of the company or the market as a whole);

32) PPP in the development of tourism products targeting specific age groups (e.g. seniors and youth) to increase tourism flows between European countries for early and medium age groups;

33) creation of regional (cross-border) tourism products with the encouragement of cooperation, exchange of experiences and cooperation in the region;

34) capacity building programs for tourist destination managers, entrepreneurs, where they can learn from experienced and successful operators, create synergies with other operators along the supply chain, explore new market opportunities and ways to create business - implementation and management projects for the improvement system of the destination management based on examples of good practice;

35) project of transnational cooperation "Culture sub-programme" funds transnational activities within and outside of the EU, aimed at developing, creating, producing, disseminating and preserving goods and services which embody cultural, artistic or other creative expressions. This encompasses activities to develop skills, competences and know-how, including how to adapt to digital technologies; to test new business and management models; to organise international cultural activities, such as touring events, exhibitions, exchanges and popular cultural festivals; as well as to stimulate interest in, and improve access to, European cultural and creative works. The programme will not support projects including pornographic or racist material or advocating violence;

36) European network "Culture sub-programme" supports European networks (i.e. structured groups of organisations) that strengthen the capacity of the cultural and creative sectors to operate transnationally and internationally, adapt to change and promote innovation;

37) European Capitals of Culture - the title of "European Capital of Culture" is awarded each year to one city in two Member States, according to a chronological list of eligible Member States set for 2020-2033 (Croatia and Ireland in 2020; Romania and Greece in 2021). These cities have to create a cultural programme specifically for that year. The "Culture sub-programme" supports the implementation of this programme which has to highlight the richness and diversity of European cultures and the features they share, as well as to promote greater understanding between European citizens;

38) Cross-sectorial bond should facilitate loans to cultural and creative enterprises and organisations. It will also support transnational activities across the cultural, creative and audio-visual sectors, for instance to exchange experiences and know-how relating to new business and management models in tourism;

39) improvement of learning opportunities for individuals through Mobility Projects for Higher Education Students and Staff, a loan guarantee scheme to help Master's degree students financing their studies abroad and Mobility Projects for VET Learners and Staff (Vocational Education and Training);

40) cooperation between educational institutions, businesses, local and regional authorities and NGOs, mainly through Joint Master Degrees (i.e. high-level integrated international study programmes of 60, 90 or 120 ECTS);

41) Strategic Partnerships (allowing organisations from different socio-economic sectors to develop and disseminate, among other things, innovative practices leading to high quality teaching, training, learning and youth work); Knowledge Alliances (to develop innovative and

multidisciplinary approaches to teaching and learning; to stimulate entrepreneurship and entrepreneurial skills among teaching staff and workers; to facilitate the exchange, flow and co-creation of knowledge between higher education and enterprises) and Sector Skills Alliance;

42) Alliances (to design and deliver joint vocational training programmes and teaching / training methodologies, with particular focus on work-based learning, providing learners with the skills required by the labour market);

43) not-for profit European sport events encouraging participation in sport and physical activity;

44) analytical work is useful for policy-making, social innovation and social policy experimentation (testing innovative policies on a small scale) including the support of the European Social Fund;

45) Microfinance supports the setting up or development of small businesses, including investment, leasing, and working capital needs, as well as the acquisition of licenses and other start-up costs. Financing cannot be used to cover credit lines such as overdrafts or short-term revolving facilities;

46) social entrepreneurship in tourism supports the development of social enterprises, in particular to facilitate access to finance.

ATTACHMENT 3

EXAMPLES OF GOOD PRACTICE

Examples of good practice for assessment of the alignment of tourism products with trends in motives and experiences of tourists on the market:

1. PLEASURE

Size: Three million, or 6% of tourists in Italy in 2010 were tourists on wine tours. Expected growth: It is expected that this number will rise up to 5.5 million, and will reach 11%. Expenses: Wine Tours -> Wine tourists are older and spend more money (around 47 years, about 125 euros). (See T-MONA). Motives: 1) the need for relieving stress -> need to experience pleasure; 2) regional food -> sense of authenticity, sustainability; 3) Culinary travels -> lifestyle events, pleasure and cookery as an important criteria in the decision to acquire; 4) The trend of "slow pace of life", the need to get away from everyday life; 5) the need to "recharge", finding time for yourself.	Size: Medium Expected growth: rather quickly Consumption: quite large Best practice: Bregenzervald, Austria Cooperation between small local producers for better positioning of the region as a place to enjoy the Cheese Route

2. NATURE

Size: Austria achieved 13 million overnights thanks to the Danube cycling tourism. Expected growth: In 2010, Germany has recorded a half million overnights thanks to river cruising (+ 9.3% compared to 2009). business volume: 472 million euros (DeutscherReiseVerband - DRV). European Cruise Council – ECC: greatest potential for growth in the European market; In 2005, 5.5 million Europeans went on a cruise. Expenses:	Size: significant Expected growth: rather quickly Consumption: Medium Best practice: Millstätter See, Austria Creating experimental environments with different topics around the lake; off-season products; financed by a tourism tax deduction in the

From cycling, Austria gained additional value in the amount of 71.8 million euros. Motives: 1) The quest for authentic and memorable experience; 2) The need to feel the nature; 3) lake, mountains, rural areas, rivers, etc offered different options; 4) experiencing the nature.	amount of 50 cents per night

3. CULTURE

Size: Culture is the mostly an activity and does not represent a special type of vacation (see: f.u.r.ReiseAnalyse, 24 million Germans see culture as an activity during vacation and as a motive, 1.6 million accept culture as a special type of vacation). Expected growth: European cities recorded an increase in the number of overnights by 7%. US, Germany and Italy are the main source markets for city tourism. Motives: 1) The trend of cultural tourism, increased cultural expenditure -> higher education + older travellers -> customized offers; 2) the desire to learn something about other cultures, to gain something new; 3) more frequent but shorter trips; 4) the need for more products and experiences as well as cultural events and attractions; 5) Pilgrimage - Austria, Switzerland, Poland, Hungary, Germany and South Tyrol offer religious routes such as Santiago de Compostela; 6) group visits to sites of the First and Second World Wars.	Size: Medium Expected growth: rather quickly Consumption: different, it depends on the type of destination Best practice: Region Ruhr, Germany The industrial history creates a cultural experience, creation of myths with the unique history of the destination and identity

4. ENTERTAINMENT

1) Size: 2) 65% of tourists in Austria state the desire to party as the main motive for the vacation; 3) 21% of Europeans say that entertainment and festivals or other events have a significant impact on the choice of destination; 4) festivals and other events are spread throughout the world and a large number of people visit these	Size: Medium Expected growth: steady Consumption: rather large secondary consumption Best practice: Edinburgh, Scotland

events; 5) 88% of visitors enjoy festivals in Europe and are satisfied with the food and drinks during the festival and spend daily 24 euros just for drinks; 6) 83% of the festival visitors in Ireland in addition to music festivals, come 34% of them to other art festivals, 8% of them for theatre etc.; 7) there is a very high correlation between festivals and concerts and the consumption of alcoholic beverages and food.	Ireland The combination of city life and experience in the nature make a destination entertaining

5. HEALTH

Size: In 2010 four million Germans had health travels. Expected growth: In 2020 the number will reach seven million in Germany; Global health and wellness boom (see: Spa tourism is big business in Asia Pacific. (Euromonitor International 2011). Consumption: Health and wellness tourists have higher costs (see: f.u.r.ReiseAnalyse). Motives: 1) longer lifetime; 2) the need to maintain beauty and fitness, to feel good and ready for life's challenges.	Size: small to medium Expected growth: very fast Consumption: quite large Best practice: Tauern Spa Kaprun, Austria Modern environment for health and wellness, combined with design and nature; storytelling

6. SPORT AND ADVENTURE

Size: Adventure tourism makes 1/5 of the global tourism. Expected growth: Commercial adventure tourism sector grows rapidly (see Buckey, R (2006) Adventure Tourism, CABI, Oxford). Consumption: 1) rich, relatively fit, with little free time. they see adventure activities as short breaks (see: Buckey, R (2006) Adventure Tourism, CABI, Oxford); 2) the level of luxury available on adventure tours continues to grow (Buckey, R (2006) Adventure Tourism, CABI, Oxford); 3) sports and adventure activities set visitors physical challenges as a completely new experience;	Size: Medium Expected growth: rather quickly Consumption: quite large Best practice: Area 47, Ötztal, Austria

4) the need for a safe adventure -> controlled limits; 5) Travellers looking for physically and mentally transformative experiences (see: 6) World Travel Market / WTM Global Trends Report 2010); 7) physically challenging activities will continue to attract interest. (see: World Travel Market / WTM Global Trends Report 2010).	Modern adventurous park that offers a safe environment; adjusted for participants and spectators

7. BUSINESS TOURISM

Market Size: It is difficult to give a reliable indication of the value and volume of MICE tourism, because the definitions vary by source, and there is no systematic survey conducted so far. According to UNWTO data, business travel generates 14% of international tourist arrivals worldwide in 2012. In addition, according to IPK International, it is estimated that MICE tourism accounts for about 54% of the total travel market. If we would apply these indicators on the EU + Norway + Switzerland and on the 385 million trips in 2012, that would mean that almost 29 million were MICE travels in the EU. However, this is just an estimate.	Size: Large Expected growth: Permanent Consumption: quite large
Market potential: 1) Germany, Great Britain, France, Italy and Spain account for 70% of the European business trip market according to the Global Business Travel Association (GBTA); 2) these countries are considered major EU markets for MICE tourism. Spending on business travel is the highest in Germany with a total consumption of 38 billion EUR in 2013, and then in the UK (29 billion EUR), France (24 billion EUR), Italy (22 billion EUR) and Spain (12 billion EUR); 3) 70% of business travels are spending in the domestic market. Out of the remaining 30%, most travels will remain within the EU, and only a small share is going to destinations outside the EU – to the US and China as the most popular destinations. However, with the growth of business expectations for the economic recovery and employment growth, the expectations are increasing for the growth of international business travel. Spain is expected to show the highest consumption growth in international business departures in 2014 (10%), followed by France (8.8%), Italy (6.5%), Germany (6.3%) and Great Britain (3.2 %).	Best practice: 1) Czech Republic (Prague); 2) Hungary (Budapest); 3) Slovakia (Bratislava).