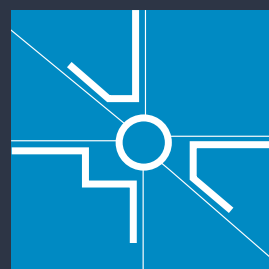




REPUBLIC OF SERBIA  
MINISTRY OF CONSTRUCTION,  
TRANSPORT AND INFRASTRUCTURE



SUSTAINABLE AND INTEGRATED URBAN DEVELOPMENT  
**STRATEGY**  
OF THE REPUBLIC OF SERBIA UNTIL 2030

SUSTAINABLE AND INTEGRATED URBAN DEVELOPMENT

# STRATEGY

OF THE REPUBLIC OF SERBIA UNTIL 2030

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SUSTAINABLE AND INTEGRATED URBAN DEVELOPMENT

STRATEGY

OF THE REPUBLIC OF SERBIA UNTIL 2030

## ACRONYMS AND ABBREVIATIONS

EPA	Environmental Protection Agency	IZ	Industrial zone
SBRA	Serbian Business Registers Agency	ICT	Information and Communications Technology
ARDA	Accredited Regional Development Agency	IP	Industrial park
GVA	Gross Value Added	IPA	Instrument for Pre-Accession Assistance
GDP	Gross Domestic Product	ITI	Integrated Territorial Investment
GIZ/AMBERO	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) / AMBERO Consulting	IFC	International Finance Corporation
CL	Construction land	ICSID	International Centre for Settlement Investments Dispute
EBRD	European Bank for Reconstruction and Development	PU	Public utilities
EIB	European Investment Bank	LSGUs	Local self-government units
ERDF	European Regional Development Fund	PPP	Public-Private Partnership
ESIF	European Structural and Investment Funds	LEAP	Local Environmental Action Plan
ESF	European Social Fund	LED	Local Economic Development
EU	European Union	IUDS	Local Integrated Urban Development Strategy
EUROSTAT	EU Statistical Office	MCTI	Ministry of Construction, Transport and Infrastructure
EFSI	European Fund for Strategic Investments	MEI	Ministry for European Integration
ZoPS	(Serbia's) Law on the Planning System	MEP	Ministry of Environmental Protection
ZPI	(Serbia's) Law on Planning and Construction	MIGA	Multilateral Investment Guarantee Agency
IBRD	International Bank for Reconstruction And Development	MSMEs	Micro, small and medium-sized enterprises
		MESTD	Ministry of Education, Science and Technological Development

MAFWM	Ministry of Agriculture, Forestry and Water Management	SCTM	Standing Conference of Towns and Municipalities of Serbia
ME	Ministry of Economy	TP	Technological park
SME	Small and medium-sized enterprises	CLM	Construction Land Management
MI SES	Ministry of the Interior – Sector for Emergency Management	UNDP	United Nation Development Programme
MF	Ministry of Finance	UNESCO	United Nations Educational, Scientific and Cultural Organization
NALED	National Alliance for Local Economic Development	UN SDGs	United Nations Sustainable Development Goals
NIP	National Investment Programme	UNWTO	United Nations World Trade Organization
ICP	Immovable cultural property	USAID	United States Agency for International Development
NUTS 2	Nomenclatures des unites territoriales statistiques 2	CEB	Council Of Europe Development Bank
RES	Renewable energy sources	CBD	Central Business District
DRP	Detailed Regulation Plan	CLLD	Community Led Local Development
CIP	Capital Investment Plan	COSME	Competitiveness of Enterprises and Small and Medium-sized Enterprises
SPRS	Spatial Plan of the Republic of Serbia	CREP	Central Register of Energy Passports
DAS	Development Agency of Serbia	CRICP	Central Register of Immovable Cultural Property
RGA	Republic Geodetic Authority	CRPD	Central Register of Planning Documents
NDW	National Directorate for Waters	WB	World Bank
SORS	Statistical Office of the Republic of Serbia		
RSP	Regional Spatial Plan		
RS	Republic of Serbia		
FDIs	Foreign Direct Investments		





SUSTAINABLE AND INTEGRATED URBAN DEVELOPMENT

# STRATEGY

OF THE REPUBLIC OF SERBIA UNTIL 2030



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## FOREWORD

The Sustainable and Integrated Urban Development Strategy of Serbia is a strategic document that is being developed for the first time in the planning practice in the Republic of Serbia for a time horizon until 2030. This document creates preconditions for the implementation of the New Urban Agenda, which was adopted 2016 at the UN Habitat III Conference in Ecuador in Quito. The Sustainable and Integrated Urban Development Strategy will enable the harmonization of urban development in the Republic of Serbia with the goals of the European Union's Urban Agenda.

Djordje Milic,  
Assistant Minister  
Ministry of Construction,  
Transport and Infrastructure

During the development of this strategy, the participation and organization of public dialogue has been improved. The process itself was followed by a clear commitment of all the participants in the process in order to prepare a specific and internationally recognizable document - the national Urban Development Strategy. For the first time in the planning practice in the Republic of Serbia, this kind of strategy is being established, that enables urban governance on a multidisciplinary and long-term basis. This allows the necessary and sufficient flexibility of all important elements for future sustainable urban development. By implementing this strategy, different policies are being integrated, key problems solved and the basis for activating urban potential in urban development in Serbia is being created. It is expected that urban potentials and capacities will be more effectively used in future, as well as that the so far unexploited urban capital will be activated. Implementation of the national strategic document creates a framework for processing initiatives and provides system support to inclusion of urban and spatial intervention projects in project budgeting on the national level and the level of local self-government units.

Not less important are also the innovations in linking spatial and urban planning system, planned system of public policies, strengthening of local public financing and urban development planning with available sources of financing, which are the result of the preparation, and are especially expected in the implementation of the strategic document. With the elaboration and adoption of this strategy, a big step forward was made in adapting the urban development system in Serbia to the standards of the European Union and to the new urban agendas. Also, a step forward was made in meeting other important European standards that are «crossing» in the area of urban development and economic development, for example, the synergic framework and the effects on urban development through the strategic framework of the new Serbian development policy, by harmonizing the framework of the new industrial policy, smart specialization policy, regional policy, innovation policy, environmental policy, etc.

Implementation of this strategy provides support to the initiated public and real sector reforms in the part related to improving the conditions for urban development and local economic development such as industrial zones, brownfields, programs and projects of local urban strategies, better access to funding sources etc. It also provides support to public finance reform by strengthening the area of the local public finances sources, for example in the area of construction land management, utility economy, use of property in public ownership.

The expectations are that the Sustainable and Integrated Urban Development Strategy of Serbia will be a «good practice» example of a strategic document for urban development governance, and that its implementation will stimulate and enable the sustainable and integrated development of cities and urban areas in the Republic of Serbia.

In Belgrade,  
December 2018

## FOREWORD

Harald Müller  
Team Leader  
AMBERO Consulting

With the Sustainable and Integrated Urban Development Strategy, Serbia presents for the first time in its history a comprehensive strategy for tackling the future challenges in the urban development of Serbian cities and municipalities based on an integrated approach. In such a manner, Serbia implements the decisions of the UN Habitat III Conference 2016 in Quito, with which the Member States have committed themselves to anchoring the New Urban Agenda in implementable and participatory drafted national urban policies. At the same time, with the presentation of the Strategy, Serbia will make an important contribution to its EU accession process, harmonizing the Serbian urban development with the objectives of the Urban Agenda of the European Union. These include, for example, the promotion of integrated planning approaches, more attention to deprived neighborhoods, better adaptation to climate change, digital transformation or the development of environment-friendly technical infrastructure.

The urban module within the GIZ project “Strengthening of local land management in Serbia”, implemented by the Consortium of AMBERO Consulting and the ICON Institute, has assisted the Ministry of Construction, Transport and Urban Development in preparing and drafting the Strategy. I would particularly like to emphasize that in less than one year it was possible to achieve a cross-sectoral consensus on the future priorities of urban development in Serbia based on a transparent consultation process with participation of all relevant stakeholders. For that, I would like to congratulate all those involved.

Of particular importance is the proposal to link the priorities of future urban development with financial instruments. The idea of launching a 6-component urban development program points in the right direction and opens a new chapter in Serbia’s urban development policy.

In Belgrade,  
December 2018

I wish those responsible a lot of courage and perseverance in implementing the “Sustainable and Integrated Urban Development Strategy of the Republic of Serbia until 2030” into a tangible reality.

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INTRODUCTION

1





## 1. INTRODUCTION

The Resolution of the Government of the Republic of Serbia in relation to the Program for drafting the Sustainable and Integrated Urban Development Strategy of the Republic of Serbia until 2030 (hereinafter: Resolution) was adopted on January 11, 2018. The legal basis for the development of the Sustainable and Integrated Urban Development Strategy of the Republic of Serbia until 2030 (hereinafter: the Strategy) are the Law on the Planning System («Official Gazette of RS», No. 30/2018), the Law on Planning and Construction («Official Gazette RS, No. 72/09, 81/09-corr., 24/11, 121/12, 42/13-CC, 50/13-CC, 98/13, 132/14, 145/14 and 83/18) and the Law on the Spatial Plan of the Republic of Serbia («Official Gazette of the Republic of Serbia», No. 88/10).

Worldwide, urbanization is a process that, in the first decade of the 21st century, has crossed the threshold of 50% of the world's population living in cities with a trend of further growth, which makes the problems of arrangement and organization of urban space an important topic of development agendas on the global and the European level. Urban settlements in Serbia are affected by depopulation and demographic aging, regional disparities, problems of urban culture and environmental protection, including climate change.

At the national level, the problems of illegal construction have been identified, as well as neglected technical and social infrastructure, insufficient incentives for the development of brownfield sites, and need for digitalization in the territory development management. The Urban Development Strategy is being adopted for the first time in the Republic of Serbia in accordance with the needs of urban development, solving urban development problems and the potentials that urban settlements carry as generators of development activities. The complexity of the urban space requires a special approach to steering development trends and activities in urban areas.

The initiative for the elaboration of the Strategy was derived from the Memorandum of Understanding between the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the Government of the Federal Republic of Germany signed on January 25, 2017 in Belgrade within the project „Strengthening of local land management in Serbia“.

In accordance with the Resolution, the Working Group for the elaboration of the Sustainable and Integrated Urban Development Strategy of the Republic of Serbia until 2030 was established (hereinafter: Working Group) composed of representatives of the relevant ministries (Ministry of Construction, Transport and Infrastructure, Ministry of Economy, Ministry of Finance, Ministry for European Integration, Ministry of Foreign Affairs, Ministry of Labour, Employment, Veteran and Social Affairs, Ministry of Public Administration and Local Self-Government, Ministry of Culture and the Media, Ministry of Youth and Sport, Ministry of Trade, Tourism and Telecommunications, Ministry of the Interior, Ministry of Environmental Protection and Ministry of Agriculture, Forestry and Water Management), institutions (Provincial Secretariat for Urban Planning and Environmental Protection, Office for Kosovo and Metohija, Public Policy Secretariat of the Republic of Serbia, Social Inclusion and Poverty Reduction Unit) and local self-government

units (cities Belgrade, Novi Sad, Nis, Kragujevac, Kraljevo, Uzice). The Working Group met four times during the elaboration of the Strategy. Bearing in mind the timeframe for the Sustainable Development Goals of the 2030 Agenda for Sustainable Development adopted by the General Assembly of the United Nations on September 25, 2015, among which the Sustainable Development Goal 11 refers to the development of cities, the period of validity of the Strategy is the year 2030.

URBAN DEVELOPMENT POLICY

2



## 2. URBAN DEVELOPMENT POLICY

Urban Development Policy is a public policy which represents the key instrument for achieving sustainable urban development by the use of an integrated approach. As urban development in each country individually is the result of activities and decisions in different sectors, the main task of the Urban Development Policy is to establish coordination over different sectors and define priorities by coordinating the needs and interests of different actors. National Urban Development Policy, according to modern definitions, represents a coherent set of decisions, guided by the national government through the process of cooperation of various actors in formulating a common vision and common goals, which are used to direct long-term transformative, productive, inclusive and resilient sustainable urban development.

In the Spatial Plan of the Republic of Serbia for the period from 2010 to 2020, the chapter “Sustainable Urban Development” is a part of the section “Population, Settlements and Social Development”. Issues such as attitude towards polycentric spatial development, urban renewal, urban sprawl, connectivity, etc., overcome local significance and must have a foothold in national and regional policies. Issues concerning all urban settlements in the Republic of Serbia, as well as defining general solutions on the national level, which form the basis for action at the local level, are the focus of the SPRS and the NUDP, with a significant difference being made between the domain of local action, regardless of the rank of problems or issues, and what is being done in cooperation with the national level, or within the framework defined by the national level. This framework defines the Urban Development Strategy as a public policy document in accordance with the Article 11 of the Law on the Planning System. The development of the Urban Development Strategy precedes the expiry of the planned period of validity of the SPRS until 2020 and will be an input document for the new SPRS. During the period of validity of the SPRS from 2010 to 2020, two five-year implementation programs that represent an action plan for implementation as well as annual or two-year reports on the implementation of the SPRS have been developed.

The New Urban Agenda (NUA) of the United Nations was adopted in October 2016 during the Habitat III UN Conference in Quito. By adopting this document, member states have committed themselves to transferring of the New Urban Agenda into feasible and participatory urban policies at the national and subnational level.

The paragraph 15 of the New Urban Agenda determines that national governments play a leading role in the definition and implementation of policies and legislation in the field of sustainable urban development and emphasizes the equally important contribution of subnational and local governments, as well as civil society and other relevant stakeholders, in a transparent and responsible manner. The New Urban Agenda was translated into Serbian in 2017.

The European Union has set a number of policy papers, charters and declarations determining the framework for sustainable and integrated urban development in the member states. Several documents have been elaborated, i.e. the Leipzig Charter on Sustainable European Cities (2007), the Marseille Statement (2008). the Toledo

Declaration (2010), the Territorial Agenda of the EU 2020 (2011), the Cities of Tomorrow report (2011), the Commission Staff Working document “Results of the Public Consultation on the key features of an Urban Agenda for the EU (2015), the Riga Declaration (2015), and the EU Urban Agenda – the Pact of Amsterdam (2016).

The EU Urban Agenda defines 12 priority themes of urban development for the member states:

1. Jobs and skills in the local economy
2. Urban poverty
3. Housing
4. Inclusion of migrants and refugees
5. Sustainable use of land and nature-based solutions
6. Circular economy
7. Climate adaptation
8. Energy transition
9. Urban mobility
10. Air quality
11. Digital transition
12. Innovative and responsible public procurement.

The New Urban Agenda is based, among other documents, on International Guidelines on Urban and Territorial Planning – IGUTP, as mentioned in the Paragraph 93 of the Agenda. IGUTP as the first global document in the area of spatial and urban planning was adopted by the Governing Council of UN-Habitat in 2015. It consists of four main parts, the first of which (A) covers the area of Urban Policy and Governance. The document recommends activities for four main stakeholder groups: national governments, local authorities, professionals and NGO sector. In part A No. 2 (a), among recommendations for national governments, the following can be found:

„National governments formulate a national urban and territorial policy framework that promotes sustainable urbanization patterns, including an adequate standard of living for current and future residents, economic growth and environmental protection, a balanced system of cities and other human settlements and clear land rights and obligations for all citizens, including land tenure security for the poor, as a basis for urban and territorial planning at all levels. In return, urban and territorial planning will be a vehicle for translating that policy into plans and actions and for providing feedback for policy adjustments.”

The New Urban Agenda is also based on the International Guidelines on Decentralization and Access to Basic Services for All, as mentioned in the Paragraph 85. This document consists of two parts – one referring to decentralization and another one referring to the same level of access to basic services. A special significance of this document lies in the emphasis of LSGUs’ activities in the implementation of the urban development policy, as well as in an inclusive society where the entire population should have access to basic services.

The Organisation for Economic Co-operation and Development (OECD) has issued the document Global State of National Urban Policy in 2018 providing an overview of urban development policies in 150 states throughout the world, including Serbia. This document has recognized the urban development theme in the Spatial Plan of the Republic of Serbia for the period from 2010 to 2020. Given the significance of the theme of urbanisation, the elaboration of a special document has been initiated in 2018 facing the new SPRS.

Goal 11, as one of the 17 sustainable development goals constituting the United Nations Agenda 2030 refers to cities that should be sustainable, inclusive, safe and resilient. Within Goal 11, 10 sub-targets have been determined:

- 11.1 ensure access to adequate, safe and affordable housing,
- 11.2 provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations,
- 11.3 enhance urbanization and capacity for participatory, integrated and sustainable human settlement planning and management
- 11.4 protect and safeguard the world's cultural and natural heritage
- 11.5 reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses caused by disasters
- 11.6 reduce the adverse environmental impact of cities
- 11.7 provide universal access to safe green and public spaces
- 11.a support links between urban, peri-urban and rural areas
- 11.b increase the number of settlements adopting and implementing integrated policies regarding mitigation and adaptation
- 11.c building sustainable and resilient buildings utilizing local materials.

The Intergovernmental working group for the implementation of the Agenda 2030 for urban development was constituted in Serbia in 2015. Fifteen urban development indicators which have been harmonized with the national indicators defined in Chapter 7.6 of the Strategy have been set for monitoring the implementation of Goal 11 on the global level.

Since the adoption of the New Urban Agenda, during 2017, a number of activities has been carried out in the Republic of Serbia in order to raise awareness about the importance of urban development and introduce the recommendations of international documents, with the goal of their adaptation to the local context.

Since it is one of the basic preferences to implement urban development policy on local level in line with national and international urban development guidelines, the report for Habitat III in 2016 was already developed in cooperation of the Ministry of Construction, Transport and Infrastructure which is in charge of urban development and the Standing Conference of Towns and Municipalities as the national local self-governments association.

The presentation of international activities in urban development during 2017 was the subject of gatherings in the Standing Conference of Towns and Municipalities with the representatives of local self-governments, two lectures were held in the Urban Planning



Institute of Belgrade, a few lectures were held at the faculties of the University in Belgrade. Workshops for youth were organized at the end of 2017 and beginning of 2018, all in cooperation with the Ministry of Youth and Sport, youth delegate of the Republic of Serbia in United Nations took part in gatherings regarding urban development and implementation of the New Urban Agenda. During 2018, the activities take place within the development of the Urban Development Strategy in cooperation with a large number of institutions. In the elaboration of the Urban Development Strategy, an integrated approach was implemented, which involves including relevant theme areas and tools/means of various sectoral policies defined in respective sectoral strategies. The list of used sectoral strategies is to be found in the following text.

## 2.1 SECTORAL STRATEGIES ON THE NATIONAL LEVEL

During the development of the Sustainable and Integrated Urban Development Strategy which is, in accordance with the provisions of Article 12 of the Law on the Planning System, a multisectoral national strategy, harmonization with other strategies, programmes and plans within the following areas has been carried out according to the provisions of the Article 23 of the Law on the Planning System:

1. Sustainable economic growth – urban economy and financing,
2. Sustainable urban structures and rational land use,
3. Inclusive urban development,
4. Demographic change and housing,
5. Transport and technical infrastructure,
6. Environment and climate,
7. Cultural heritage and urban culture.

### 2.1.1 Area: Sustainable economic growth – urban economy and financing

- Strategy on Regulatory Reform and Strengthening of public policies management system for period 2016-2020 in the Republic of Serbia („Official Gazette RS”, No. 55/05, 71/05, 101/07, 65/08, 16/11, 68/12, 72/12, 7/14 и 44/14)
- Fiscal Strategy for the year 2018 with projection for 2019 and 2020
- Fiscal Strategy for the year 2017 with projection for 2018 and 2019
- Public Financial Management Reform Program 2016-2020
- Economic Reform Programme for the Period 2017-2019
- Public Administration Reform in the Republic of Serbia („Official Gazette RS” No 9/14 , 42/14)
- National Employment Strategy for the period 2011-2020 („Official Gazette RS” No. 55/05, 71/05,101/07, 65/08, 16/11)
- National Employment Action Plan for the Year 2017 („Official Gazette RS” No. 120/17)
- National Strategy for Youth for the period 2015-2025 („Official Gazette RS”, No. 22/15)
- Action Plan for the Implementation of the National Youth Strategy for the Period 2015 - 2017 („Official Gazette RS” No. 70/15)
- Poverty Reduction Strategy RS, 2003.
- Strategy for the Support to Development of Small and Medium-sized Enterprises, Entrepreneurship and Competitiveness for the period from 2015 to 2020 with the

Action Plan for the Implementation of the Strategy for the Support to the Development of Small and Medium-Sized Enterprises, Entrepreneurship and Competitiveness for the year 2015 with projection for the year 2016 („Official Gazette RS ”, No. 55/05, 71/05, 101/07, 65/08 and 16/11)

- Strategy and Policy for development of industry of the Republic of Serbia for the period 2011-2020 („Official Gazette RS” No. 55/11)
- Strategy on Science and Technological Development of the Republic of Serbia in the period 2016-2020 („Official Gazette RS” No. 25/16)
- Republic of Serbia Trade Development Strategy 2020 („Official Gazette RS”, No. 55/05, 71/05, 101/07, 65/08, 16/11, 68/12, 72/12, 7/14, and 44/14),
- Free Zones Development Strategy in the Republic of Serbia for the period 2018-2022, with the Action Plan („Official Gazette RS” No. 48/18)
- National Program for Suppressing the Grey Economy with Action Plan for 2016 and 2017
- National programme for adoption of the acquis, 2018
- Communication strategy for the Accession of the Republic of Serbia to the European Union, („Official Gazette RS” No. 55/05, 71/05, 101/07, 65/08 and 16/11)
- Stabilisation and Association Agreement (EU), 2008
- EC Annual Report- Serbia 2018 Report Accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 2018 Communication on EU Enlargement Policy {COM(2018) 450 final}
- Law on the Spatial Plan of the Republic of Serbia („Official Gazette RS”, No. 88/10)

#### 2.1.2 Area: Sustainable urban structures and rational land use

- Strategy of Agriculture and Rural Development of the Republic of Serbia for the period 2014-2024, („Official Gazette RS”, No. 85/2014)

#### 2.1.3 Area: Demographic change and housing

- National Social Housing Strategy („Official Gazette RS”, No. 13/2012)

#### 2.1.4 Area: Traffic and Technical Infrastructure

- Strategy of Railway, Inland waterway, Air and Intermodal Transport Development in the Republic of Serbia („Official Gazette RS”, No. 4/2008)
- Strategy on road safety in the Republic of Serbia for
- Road safety Strategy for the Republic of Serbia 2015-2020 („Official Gazette RS”, No. 64/2015)
- Energy Sector Development Strategy of the Republic of Serbia for the period by 2025 with projections by 2030, („Official Gazette RS”, No. 101/2015)
- Information Society Development Strategy in the Republic of Serbia until year 2020 („Official Gazette RS”, No. 51/2010)
- Water Management Strategy of the Territory of the Republic of Serbia until 2034, („Official Gazette RS”, No. 3/17)
- Regulation on determining Water Management Program („Official Gazette RS”, No. 11/2002))

### 2.1.5 Area: Environment and Climate

- National Strategy for Sustainable Use of Natural Goods and Resources („Official Gazette RS”, No. 33/2012)
- Strategy for implementing the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters – The Aarhus Convention („Official Gazette RS”, No. 103/2011)
- National Strategy for Approximation of Environment of the Republic of Serbia („Official Gazette RS”, No. 80/2011)
- National Strategy for Protection and Rescue in Emergency Situation („Official Gazette RS”, No. 86/2011)
- Biodiversity Strategy of the Republic of Serbia for the period 2011- 2018 („Official Gazette RS”, No. 13/2011)
- Waste Management Strategy for period 2010-2019 („Official Gazette RS”, No. 29/2010)
- National Strategy on the Inclusion of Republic of Serbia into Clean Development Mechanism of the Kyoto Protocol for the Waste Management Sectors, Agriculture and Forestry („Official Gazette RS”, No. 8/2010)
- Introduction of Cleaner Production Strategy in the Republic of Serbia („Official Gazette RS”, No. 17/2009)
- National Program of Environmental Protection („Official Gazette RS”, No. 12/2010)
- National Sustainable Development Strategy („Official Gazette RS”, No. 57/2008)
- Strategy on Climate Change (Low Carbon development ) with Action Plan, Draft, 2018, Government of the Republic of Serbia

### 2.1.6 Area: Cultural heritage and urban culture

- Draft Strategy for Cultural Development in the Republic of Serbia for the 2017-2027 period, Government of the Republic of Serbia

### 2.1.7 Other data sources

- Republic of Serbia, Ministry of Agriculture and Environment Protection (2014) Draft Danube River Basin District Management Plan
- Republic of Serbia, Statistical Office of the Republic of Serbia (2017) Municipalities and regions of the Republic of Serbia, R, ISSN 2217-7981
- Republic of Serbia, Ministry of Agriculture and Environment Protection, Environmental Protection Agency (2015) Report on the State of Environment in the Republic of Serbia for 2014, ISSN 2466-295X
- Provincial Secretariat for Science and Technological Development (2009) Strategy for Water Supply and Water Protection in AP Vojvodina, University of Novi Sad, Faculty of Sciences, Department of Chemistry of the Faculty of Sciences
- Institute of Public Health of Serbia Dr Milan Jovanovic Batut (2014) Environmental Health Indicators in the Republic of Serbia in 2013.

APPROACH AND STEPS

3



### 3. APPROACH AND STEPS IN STRATEGY DRAFTING

The Sustainable and Integrated Urban Development Strategy is a coherent set of decisions stemming from a process of coordination and cooperation among various stakeholders for the purpose of determining a strategic framework designed to set the course for a productive, inclusive and resilient long-term urban development in the Republic of Serbia. The Strategy is a means for urban development management including strategic (long-term) pillars and a series of flexible elements, which are stochastic in their nature, as a support to sustainable urban development decision-makers.

Reasons for the elaboration of the Strategy are as follows:

- └ providing incentives to economically efficient, socially just and environmentally responsible urban development;
- └ identifying and resolving key issues of urban development;
- └ providing incentives to effective use, management and promotion of urban capital;
- └ establishing a framework for sustainable and integrated urban development by way of interconnecting the traditional system of spatial-urban planning, new planning system for public policies, improvement of urban development financing and local public finances management;
- └ creating favourable general and spatial conditions for sustainable and integrated urban development in accordance with the UN New Urban Agenda (UN/NUA ), EU Urban Agenda, Leipzig Charter on Sustainable European Cities and other EU documents;
- └ defining a strategic framework for local sustainable and integrated urban development strategies and using funds from various sources of financing;
- └ supporting coordination and cooperation among national, provincial and local levels of government and various sectors of society in the implementation of the Strategy through application of various instruments for urban development management;
- └ strengthening institutional and human resources capacities and management mechanisms for the Strategy implementation.

#### 3.1. APPROACH

Participatory and integrated approach, coupled with an overview of the spatial dimension to the integrated urban development and organisation of processes ensuring coordination and cooperation, was applied in the Strategy drafting.

Spatial dimension provides for the following: the application of appropriate set of analytical instruments for spatial defining of issues and potential, as well as measures to resolve these issues; a comprehensive overview of complex contextual conditions and factors determining economic, environmental and social aspects of urban development, and, in particular, overcoming weaknesses in the integration of target- and interest-oriented sectoral policies in the implementation of sustainable and integrated urban development.

Integrated approach entails inclusion of relevant topical areas and tools/means of various sectoral policies, actors and institutions at various spatial and administrative levels (local, regional, national, supranational) in order to achieve a comprehensive (holistic) approach to urban development planning and management. Integration of financial resources plays an important part therein. The intention is to use limited resources more efficiently which is accomplished by their pooling.

The Strategy's starting point are topics featured in international urban development charters which are adapted to the local context of urban development in the Republic of Serbia. This has been achieved by the application of participatory approach in the public dialogue and interdisciplinary cooperation of a broad spectrum of stakeholders from various sectors, professional domains and levels of government. The applied participatory procedure features diversity (of represented institutions/participants, levels of government, policies, disciplines, etc.), interactions through consultations and active participation, and selection (prioritisation) mechanisms. The purpose is:

- to identify key issues of urban development and improve the utilisation of urban capital;
- to define a strategic framework (for a time horizon up to 2030) incorporating a set of firm elements and a significant portion of flexible (indicative) elements (as well as criteria for selection of Serbia's urban development strategic priorities) based on multidisciplinary instruments for planning oriented towards more efficient and more effective implementation;
- to provide for an open and flexible approach to issues of urban development management in a local context taking into account administrative, legal and institutional framework, capacities, etc.;
- to provide for an interdisciplinary discussion on cross-cutting urban development issues with a view to overcoming sectoral approach limitations;
- to ensure participation of stakeholders in resolving key problems and challenges, identification of areas for spatial intervention and prioritisation of urban development programmes and projects; as well as
- to provide for an optimum pooling of resources and compiling of financial and interdisciplinary expert analyses.

Organisation of the process of Strategy drafting entails coordination among various levels of government, facilitated communication with participants in the planning process, formation of networks of government and the surrounding stakeholders, as well as involvement of local businesses, representatives of public institutions, and other relevant stakeholders in the planning and implementation of urban development programmes and projects.

### 3.2. STEPS IN STRATEGY DRAFTING

The Strategy drafting process was launched in January 2018 and was completed within about six months. Formal procedure was set in motion by the adoption of a conclusion of the Government of the Republic of Serbia on 11 January 2018. The Ministry of Construction, Transport and Infrastructure (MCTI) was designated as the lead implementer of the Strategy, with technical support provided by the GIZ/AMBERO project and assistance of the expert team of the Institute for Architecture and Urban and Spatial Planning of Serbia (IAUS) which comprised the Working Team. In addition, a Working Group was formed, consisting of 22 ministries, national institutions and local self-governments, which was tasked with monitoring the Strategy drafting process. Also, a broader Working Group was formed involving representatives of public and private urban planning institutions, regional and local development organisations, professional associations, academies, research institutions, international organisations and programmes, nongovernmental organisations and civil sector from multiple urban settlements (Table 3.2-1; see overview in Annex I-2.).

The steps in the Strategy drafting are as follows (chart 3.2-1.):

1. Contextual analysis by topical areas;
2. SWOT analysis through identification of key problems of urban development and needs assessment;
3. Vision, goals and priorities (areas of spatial intervention);
4. Sources of financing; and
5. Strategy implementation.



Chart 3.2-1. Steps in Strategy Drafting

These are structured through a series of topical round tables and workshops.

Public presentation of the Strategy drafting process took place on 2 February 2018 at the kick-off conference in Belgrade. The event was attended by about 120 participants from Serbia, international organisations, the Embassy of the Federal Republic of Germany and the German Federal Ministry for Environment, Nature Conservation, Construction and Nuclear Safety. In addition to the presentation of experiences of the German national urban development policy, the Working Team clarified the contents and steps in the Strategy drafting process, as well as the first results of the Contextual Analysis.



Steps in the process through consultations and active participation	Number of participants	Sectors, professions, levels, institutions
Kick-off conference	120	ministries and state institutions, provincial authorities, local self-governments, institutes, university faculties, urban planning enterprises, regional and local development agencies, international organisations and embassies, nongovernmental organisations, citizen association, members of the public
Topical round tables	120	
“Vision, Goals & Priorities” workshop’	60	
“Sources of Financing” workshop’	30	
“Strategy Implementation” workshop’	50	
Presentation within the public discussion	40	

Table 3.2-1: Stakeholders in Participatory Process

The process continued with the implementation of a SWOT analysis, identification of key urban development problems and defining of needs and possible interventions. The Working Team organised six topical round tables on 29-30 March 2018 in Belgrade. The round tables were moderated by IAUS representatives focusing on: sustainable economic development; sustainable urban structures and rational use of land; inclusive urban development and housing; transport and technical infrastructure; environment and climate; cultural heritage, culture and urban identity. SWOT analysis and needs were presented at each round table which was then followed by a discussion. In addition to an overview of the problems, the importance of insufficiently exploited potential was highlighted in the discussion. Given the experiences in practice, the round tables participants embraced the SWOT analysis findings on key urban development problems such as illegal construction, excessive expansion of settlements, uneconomical use of land, urban-rural relationship, insufficient capacities and low level of technical infrastructure maintenance, current status of environmental protection (particularly at contaminated sites) and protection of population, low level of transparency in decision-making and public participation, insufficient application of information technologies, and the issue

Photo 3.2-2: Workshop on Vision, goals and priorities (4th June 2018)



of socially vulnerable groups affected by impoverishment. Examples from practice were also presented whereby advances in this field were encouraged and where further work is required to develop and effectively activate brownfield sites, protect urban structures and buildings from the Socialist period, develop spas, identify available sources of financing, apply various development management instruments, rely to a greater extent on local communities and ensure their better positioning, disseminate better information on examples of good practice (intermunicipal cooperation in waste management, tested methods and techniques for participation in urban development planning), highlight the importance of support by academic institutions, as well as establish a “platform of professionals” in this field. The importance of ushering in innovations was also highlighted through examples in the areas of urban mobility, healthy living, adaptation to climate changes and in culture. The discussion corroborated for the most part the analytical assessments, but it also brought forth new proposals – introduction of the topic of urban development management, participation and transparency, digitalisation and application of GIS, available sources of financing and necessity to develop institutional capacities.

The next step was to hold the “Vision, Goals and Priorities” workshop. The work at the event structured by topical groups in accordance with the strategic directions of urban development: sustainable economic development, regulation of urban settlements, societal well-being, quality of environment, and urban development management. General and specific goals and sets of measures, which were discussed by the participants, were proposed for each strategic direction.

In addition, taking into account the spatial dimension of the Strategy and the identified basic problems of urban development, main potential areas of urban intervention were defined: 1) brownfield sites and industrial, business and commercial zones; 2) areas of uncontrolled expansion of urban settlements and degradation of rural areas; 3) urban structures and central city zones at risk; 4) parts of urban settlements with concentrated social problems; 5) settlements and parts of settlements affected by the problems in environmental protection and climate changes; 6) spatial entities with immovable cultural property, architectural and urban heritage. Basic problems, the character of interventions,

*Photo 3.2-3: Workshop on Vision, goals and priorities (4th June 2018)*



expected impact/results and examples to illustrate the points were defined for each of these areas. Workshop participants also gave their comments and contributions citing examples from practices..

Finally, there was a possibility to present one's own personal view of the urban development vision on a separate poster put up for this purpose at the workshop. Goals, measures and proposals for areas of intervention were for the most part endorsed in the discussion, but some were corrected and complemented.

A discussion on sources of financing took place at the workshop held in Belgrade on 25 June 2018. The participants endorsed for the most part the proposals, but they also pointed to additional possibilities that were applicable or which could be applied as financial support to urban development. Relative to the priority topical areas of intervention, the ones already being used, as well as plausible national and international sources of financing, such as the European Union's funds, international financial instruments – banks, bilateral and multilateral cooperation and donors, were highlighted. This workshop reiterated the necessity to strengthen local finances and the need to establish a national urban development fund.

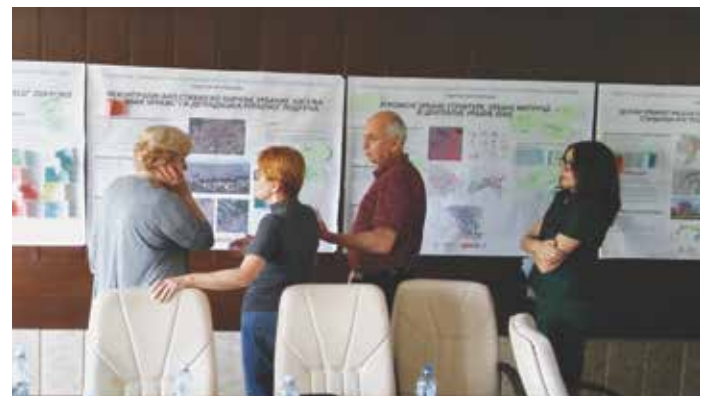
The last in a series of workshops was held on 3 July 2018 focusing on the topic of the Strategy implementation. Proposed indicators, criteria for selection of projects and instruments for the Strategy implementation were discussed at the workshop. Some participants advocated a viewpoint that the monitoring of the implementation of projects was crucial for the Strategy implementation, whereas others debated the issue of missing data required for monitoring of the proposed multiple indicators. The proposed set of indicators passed through yet another verification by the representatives of local institutions. Namely, these indicators are also aligned with the advances being made to usher in local information systems and, what was particularly important, with the introduction of indicators on land consumption, land repurposing and the current state of play regarding space.

In addition to workshops, separate meetings with the Task Force members were held (April, July and September 2018). At the meetings, all the stages in the document drafting were additionally reviewed – alignment with specific regulations, competencies, institutional solutions, financing options, implementation instruments, coordination and cooperation, etc.

*Photo 3.2-4: Workshop on Implementation  
(3rd July 2018)*



*Photo 3.2-5: Workshop on Sources of financing  
(25th June 2018)*



Public discussion on the draft Strategy took place from 15 October until 4 November 2018 with a presentation in the Chamber of Commerce and Industry of Serbia. The document was made available to all the interested parties, as well as posted on the web sites of MCTI, E-Government and the GIZ/AMBERO project, respectively. Over the course of September, October and November, the Working Team was working to incorporate corrections to the document as per submitted suggestions and remarks emanating from the public discussion. The document was subsequently submitted to line ministries and national institutions for review, seeking their opinion on the document, so that it could be then passed on to the Government of the Republic of Serbia for adoption.

Following the adoption of the Strategy, MCTI and expert institutions in the field of urban development are to carry out the important task of implementing the Strategy. Just like in similar international experiences, this Urban Development Strategy seeks to establish the financing of urban development, national support to urban development programmes and a national platform for professional exchange and communication.

*Photo 3.2-6: Workshop on Vision, goals and priorities  
(4th June 2018)*



*Photo 3.2-7: Thematic round tables  
(29th and 30th March 2018)*





ANALYSIS

4





## 4. ANALYSIS OF THE STATE OF URBAN DEVELOPMENT

The notion of “urban settlements” in the Strategy encompasses centres of self-government units, other urban settlements which are categorized as urban settlements in the census statistics, as well as spa settlements.

The contextual analysis of urban development, which was presented at the kick-off conference on 2 February 2018, comprises the following seven topical areas:

1. Sustainable economic growth – urban economy and finances;
2. Sustainable urban structures and rational land use;
3. Inclusive urban development;
4. Demographic changes and housing;
5. Transport and technical infrastructure;
6. Environment and climate;
7. Cultural heritage and urban culture..

A SWOT analysis was carried out for all seven topical areas, which was subsequently amended and revised on the basis of suggestions and proposals put forth at round tables (held on 29-30 March 2018) and by Working Group members.

A brief overview of the analysis of the state of urban development and the synthesised SWOT analysis of key problems in urban development is laid out below.

Annex II to this Strategy features the comprehensive contextual analysis and an assessment of the state of urban development, as well as the comprehensive topical SWOT analysis with key problems and needs for interventions

### 4.1. ANALYSIS AND ASSESSMENT OF THE STATE OF URBAN DEVELOPMENT

#### 4.1.1. Sustainable Economic Growth – Urban Economy and Finances

##### 4.1.1.1. Economic growth

Economic growth and development of the Republic of Serbia has following traits:

- a divergent economic growth over the course of the 1990-2017 period. negative economic growth in the 1991-2000 period (-6.3% GDP slump); a high GDP growth (5.4%) from 2001 until 2008, whereas the national GDP was growing at the average rate of ~0.6% in the 2008-2015 period;
- a recovery of economic growth at average GDP rates of 2.8% was achieved in the 2016-2017 period;
- positive changes to individual economic growth indicators – e.g. investments, FDIs, new jobs, rise in global competitiveness index, increase in exports, reduction of foreign trade deficit;
- strong deindustrialisation, a negative or a decline in industrial growth and a decrease of the respective role of this sector in the economic development (GDP of 20,8 % in 2016 and 31% in GVA), low competitiveness of the economy;



- insufficient level of entrepreneurial activity; laggard development of SMEs (although they employ >80% of employees and make about 34% GDP);
- registration of 86.138 business entities (in 2015), from which the most in commerce (37.3%) and processing industry (19%); the most part are micro-businesses (>80%);
- insolvencies, liquidations and failed privatisations of a part of business entities (around 25% of enterprises)
- high level of grey economy (earlier 30-35%, around 15% in 2017) and tax evasion/fraud;
- weak institutional and technical capacities of enterprises for adoption of development-related innovations;
- limited institutional and human-resources capacities for change in the domain of exploiting the opportunities for growth of the economy;
- global trend of dynamic services sector development;
- low overall employment rate; 46.7% (2017), especially of the youth (19.7%)
- relatively high level of unemployment: 13.5% (2017)
- long-term declining living standards with a slow recovery process etc.

#### 4.1.1.2. Urban economy and financing

Most of economic activities (over 90%) take place in about 9% of urban areas of the Republic of Serbia. Hence, urban economy development is a key factor for implementation of the national urban development policy.

Fundamental traits of the urban economy development in the Republic of Serbia are similar to those at the national level:

- weakening of urban settlements' material/economic base; slump in budgets of local self-governments (LSGs) as a consequence inefficient urban economy and inefficient construction land management; insufficient investment capability of urban settlements;
- polarization of territorial development within development belts and corridors in Serbia and in large urban settlements; concentration of economic activities in the areas of Belgrade and Novi Sad (approx. 66% of GDP, employment, business properties);
- changes to location-related patterns of economic activities; strong impact of globalisation-shaped context on economic growth of urban settlements and intensive allocation of economic activities to metropolitan urban centres and attractive urban zones on the periphery; spatial im/balance in urban structures; intensive allocation of economic activities to central urban zone, suburban area and along highway corridors; economic conditionality of changes to the urban structure directed towards urban periphery and urban regeneration of central zones;
- variable dynamics of investments in the urban regeneration process – rapid growth and expansion of “creative economy”, financial sector, tourism (hospitality industry), electronic communications, insurance along with decreasing shares of sectors of trade, property, manufacturing, etc.;
- decline in the value of a part of the territorial capital of urban settlements; relatively high degree of unused, vacant and abandoned existing business/office space; dynamic construction of new business-commercial facilities;

- neglected economic potential of construction land as an underpinning of local public finances; decrease in local self-governments' revenues generated from contributions for construction land development; abolition of the construction land usage fee and its integration into the property tax;
- lack of funds required to ensure supply of developed construction land as well as poor supply of sites developed for industrial purposes in some urban settlements;
- insufficiently efficient manner of and models for financing utilities which are failing to provide for investment in new infrastructure development; public utilities sector which has not been transformed; insufficient support to utilities economy and local infrastructure development;
- emerging trend of gentrification;
- external and agglomerating economies; rise in urban poverty;
- considerable creative resources of urban settlements and capacity for innovation to spur economic growth; poor utilisation and coordination of private-public partnerships in the implementation of capital facilities projects; weak development, planning, management and control function of urban settlements;
- property restitution as a constraint and an opportunity for economic growth.

Fundamental problems for the urban economy development are as follows: lagging behind in terms of economic development, strong deindustrialisation trend coupled with weak re-industrialisation in some urban settlements, relatively high unemployment, poor competitiveness, "brain drain", poverty, falling behind in terms of technological advancement, weak and incoherent economy, and lack of alternative concepts for knowledge- and 'green'-economy-based economic development

Pursuant to the European Charter of Local Self-Government, the Local Self-Government Units Financing Act was passed in the Republic of Serbia in 2007, paving the way for fiscal decentralisation. LSGUs' revenues comprise own source revenues (including property tax, local utility fees, administrative fees, fees levied on companies, tax on motor vehicles, construction land development fees, environmental protection fees, etc.), ceded taxes (personal income tax, gift tax, inheritance tax, etc.), specific purpose taxes and general-purpose taxes (transfers from national to provincial level). The law provided for a larger transfer of funds to undeveloped areas. Insufficiently efficient budget funds management is clearly evident, particularly in the field of public investment and poor access to funds for SMEs and entrepreneurs (lack of a local fund for support to entrepreneurship). Abolition of the construction land usage fee (2009) and its integration into the property tax (2014), along with capping the construction land development fee, were conducive to a reduction of the LSGUs' budget potential. According to the Public Debt Administration (2017), LSGUs' liabilities (total withdrawals) grew by 37% in the 2013-2016 period, rising from 93.1 billion dinars to 127.6 billion dinars. Five LSGUs' liabilities comprise 79.8% of all the LSGUs' total debt. Belgrade had the lion's share (44.8 billion dinars) of the overall LSGUs' debt. The LSGUs' average level of indebtedness was around 2% relative to the GDP of the Republic of Serbia.

A preliminary analysis points to a poor efficiency of the local self-government's system of financing in the part pertaining to own source fiscal and non-fiscal revenues and expenditures concerning construction land (usage of public goods, public property, utility infrastructure), along with a continuous decrease of the share of construction land-related instruments in local budgets, reduction in overall budget revenues in multiple urban settlements and some LSGUs' debt increase..

The Republic of Serbia has no specific instruments for national urban policy financing. Sluggishness of the urban regeneration process is apparent, along with the challenges in financing and management of big urban development projects. Urban development financing takes place for the most part at the LSGU level, particularly in the domain of construction land and activities of the utility economy, whereas investments in economic projects are partly made with the national support and foreign sources of financing. Accessibility, scope and structure of public finances and market funds create the basic prerequisite for investments in economic development. Out of foreign sources of financing, the most significant for economic development are loans provided by foreign and domestic commercial and investment banks (IFC, EBRD, EIB, WB), institutional and private investment funds, EC IPA instruments, as well as FDIs in the form of capital increase, strategic partnerships, concessions, leasing, franchises, etc. Grants from FAO, UNWTO, USAID and UNDP schemes, European funds aid, etc. were also used to support local economic development.

#### 4.1.1.3. Local economic development, job creation and skill acquisition

Local economic development (LED) is an instrument and a concept for integration of efficiency of economic growth and development, social equality, quality of environment and sustainable financing of urban settlement development as a framework for integrated community development. Urban settlements have a key role to play in LED management by way of fostering development schemes. These programmes rely on available urban and human resources, knowledge, skills and tradition of industrial work in some urban settlements, as well as on a business-friendly environment at national and local levels.

The Local Self-Government Act (2007) laid out a participatory process as part of which LSGUs set out and adopt LED strategic commitments, programmes and projects. The implementation encompasses improvements of infrastructure required for doing business and innovation as instruments for spurring LED: IZ, IP, business incubator/park, advanced zone for doing business, public-private partnerships, etc. According to SCTM, 1,099 local development documents were adopted by 2018 in a variety of areas (LED, environment, social development, agriculture, waste management, youth issues, culture, sports, etc.).

LED problems are as follows

- lack of highly qualified staff, decrease of work force;
- unsatisfactory level of private investments, lack of development funds;
- insufficiently used local investment potentials and resources;
- weakening of the material and demographic urban development and poverty increase basis and insufficient local institutional and human resources capacities in the part of the LSGU for: a) solving existing key development problems, support to economic regeneration, development of new SMEs and new employments, b) adaption to EU standards in the field of sustainable LED at the local level, c) creation and implementation of a sustainable LE, knowledge-based economies, low-carbon, resources and energy-efficient economy, circular and creative economy (16 accredited regional development agencies do not cover the whole area of the RS).

The main national document regarding the area of employment is the Employment Strategy 2011-2020 and the employment action plans on the national level and the level of LSGUs, which include active and other employment measures together with the

introduction of local employment councils. Their establishment is restrained by very limited resources available for application of active employment measures.

#### 4.1.1.4. Brownfield sites development

A brownfield site is any previously developed and used land which, due to economic or other reasons, was abandoned and neglected, contaminated in environmental terms, and which requires investment in order to be used again in a quality manner. There is no adequate information on brownfield sites in urban settlements. Instead, there are only estimates of several hundred commercial brownfield sites with a total surface area of about 1,500 ha and buildings/facilities with a total surface area of around 3 million m<sup>2</sup> (SIEPA), as well as 2.8 million m<sup>2</sup> of military facilities (Ministry of Defence). However, MCTI maintains an incomplete database of brownfield sites in LSGUs based on survey results. These sites have detrimental economic, social, environmental, aesthetic and other effects on their spatial environment. There is a catalogue of commercial brownfield sites in the SIEPA (now RAS) information system. “Blocked” sites where investors failed to build planned facilities or ceased construction due to insolvency, bankruptcy or unresolved legal and property ownership-related issues are also referred to as brownfield sites. Depending on limitations constraining their reactivation, brownfield sites are described as so-called “easy”, “point zero” and “hard” sites. They all constitute a significant development potential for a possible conversion and sustainable repurposing (as sites for manufacturing, provision of services, commercial/residential-related activities, recreation, open and green spaces). At times, “reactivation” takes place in the form of industrial zone (IZ), industrial park (IP) and commercial zone development.

In the Spatial Plan of the Republic of Serbia from 2010 until 2020, the issue of brownfield sites has been considered from the viewpoint of urban renewal and recycling, as well as from the viewpoint of industrial development. However, their rehabilitation and valorisation is missing in the practice. Although the process of privatisation of companies opened up possibilities for their revitalisation and appropriate repurposing (typically requiring considerable investment), it is evident that “hard” and devastated sites located in urban environment have been poorly utilised. Significant investments which are required for brownfield sites reactivation have pushed investors en masse towards making investments in greenfield sites in easily accessible and undeveloped areas on the periphery of urban settlements due to considerably lower costs of utility-related site development. The complexity of reactivating brownfield sites is also reflected in unresolved property/legal issues, the need to reconcile legitimate interests of a multitude of stakeholders, lack of a mechanism for coordination of activities and competencies of local and other levels of government, absence of an adequate model of communication, information exchange, and understanding of specific aspects to the problem, which are all plaguing various steps in planning and “regeneration” of a brownfield site in question.

#### 4.1.1.5. Industrial and commercial zones development

Transition recession and global crisis reinforced a strong deindustrialisation trend so that employment in the sector of industry in the Republic of Serbia in the 1996-2016 period slumped from 813,195 to 393,906, i.e. 419,289 jobs were wiped out, or 51.6%, whilst the manufacturing industries GDP share fell from 31.2% to 25.7%. An assessment of territorial industry development points to a deepening gap between undeveloped areas and Belgrade, with an ever-increasing concentration in this latter area. Over the course

of the 1996-2016 period, the total number of large industrial centres decreased from 9 to only 1 (Belgrade); the number of medium-sized industrial centres (10,000-20,000 employees) was reduced from 17 to 4; the number of medium-sized industrial centres (5,000-10,000 employees) fell from 26 to 12; whilst the number of small industrial centres declined from 125 to 59.

According to available data (PPRS, 2010), there are over 320 existing and planned industrial (greenfield and brownfield) zones in the Republic of Serbia. An important process of implementation for the planned IZ, IP, TP and free zones in urban settlements was launched through NIP and 2011-2020 Industry Development Strategy. Beneficiaries of IZ and IP are: micro and small and medium-sized enterprises (start-ups); SMEs expecting favourable conditions for cost-effective business operations and collaboration with other companies located in the zone, FDIs and investors attracted to the zone by low investments, state financial employment support, fast-track permit approval procedure, infrastructure and connections to other companies in IZ, mostly from the labour-intensive industry sectors, industries based on a dominant role of marketing and know-how in their business operations, services sector, etc. Allocation of IZs and IPs is conditional on compliance with market principles, but it is also a means of incentives-based policy designed to ensure a more equitable urban and territorial development of the Republic of Serbia..

Key challenges in IZ/IP development are sluggish development and slow inflow of SMEs into IZs/IPs which is a consequence of the strong deindustrialisation trend in urban settlements in the post-Socialist period; insufficiently developed institutional and legal framework for IZ business operation and management; insufficient harmonisation between the IZ development policy and selection of IZ sites (where initiatives for establishment of IZs are for the most part coming from LSGUs), with concentration of industries in Belgrade and Novi Sad..

Commercial zones are developing in city centres, along motorways in the vicinity of urban areas, in the airport zone, along major trunk roads and arterial thoroughfares providing access to cities, but very rarely within IZs. These encompass a variety of commercial activities, trade in particular.

#### 4.1.2. Sustainable urban structures and rational land use

##### 4.1.2.1. Land use efficiency

According to the 2005 data of the Republic Geodetic Authority, there were 6,954.15 km<sup>2</sup> (695,415.52 ha) of construction land, comprising about 9% of the total surface area of the Republic of Serbia. The existing construction land management (hereinafter referred to as: CLM) operations take place on an insufficiently transparent land market, in the midst of inefficient market institutions and mechanisms, and through relatively complicated administrative procedures. Basic shortcomings of the existing CLM system in the Republic of Serbia are reflected in creation of various limitations to settlement development and introduction of various constraints curbing development of economic activities. The already launched process of conversion of the right to use into the right of ownership to construction land, with or without a fee, has not been completed in administrative terms. The issue of land and property restitution reflected in unresolved

legal and property ownership relations further slows down construction, rendering it more expensive and protracted, including the procedure of obtaining necessary approvals/permits. Weaknesses of the existing CLM system are also as follows: lack of adequate statistical data; inadequate access to registers/cadastre of properties and underground installations; inefficient land use; impact on construction and investments; declining local land-related revenues; lack of locations equipped for specific purposes; application of aggregated property value assessment en masse in urban settlements which is devoid of applicable principles, criteria and methods for property evaluation, particularly with regard to the construction land.

In the field of CLM, initial steps were made, but the existing system and practice have not yet been fully aligned with transition reforms (e.g. local public utilities reform, utility economy policy). The construction land management policy is yet to gain development function. Instead, taxation policy exerts the greatest influence on the generation of local revenues. Construction land development fees are relatively insignificant in the structure of local public revenues and financing of site development (5-20% on average).

According to the WB document (2004), the value of construction land in the Republic of Serbia increased about 1,000 times compared to the initial value of originally agricultural or forested land which is converted to construction land. Capitalisation of construction land's increased value (as a result of public investment in infrastructure) is performed by various actors, without taxes being levied. Due to rapid reduction in investments, local public revenues from construction land development fees consequently decline

The most significant challenges with regard to efficiency of construction land usage are as follows:

1. Striking inefficiency in construction land usage as the most valuable part of the physical territorial capital of urban settlements. According to the construction land consumption per capita indicator, the Republic of Serbia ranks internationally among prominently extensive construction land users (with consumption of about 1,000 m<sup>2</sup> per capita). The population density/ha indicator shows a dramatic fall in value due to uneconomical construction land usage and intensive processes of runaway urban sprawl and illegal construction.
2. 2) Uncontrolled urban growth of construction areas, intensive expansion of some urban settlements of enormous and turbulent proportions (mostly contrary to the existing plans or without any planning whatsoever) predominantly at the expense of agricultural land.
3. 3) Illegal construction en masse as a specific urban development phenomenon since the 1960s, and particularly in the post-Socialist period..

In the 1960s, as a consequence of accelerated urbanisation and rising housing demand, as well as the inability of the then Socialist model to meet the housing needs, illegal individual construction in urban zones on the periphery set in. Absence of a real construction land and urban planning policies rendered such an approach a parallel model on an equal footing for provision of housing space in the decades to follow. From 1990 to date, the pace of illegal construction en masse has been stepping up. The escalating issue of housing accessibility in the course of the 1990s spurred on individual DIY housing construction and other types of construction in the suburbs; in central built-up urban zones, addition of multi-storey extensions to the existing buildings (so-called over-structure extensions)



on a large scale; construction of new buildings in public spaces of built-up urban zones (so-called density increase); usurpation of public construction land and public spaces; construction in planned infrastructure corridors; substandard settlements. There is a tendency in urban planning in all LSGUs to require the reduction of public areas to the necessary areas for roads, squares, public buildings, parks, etc. All other public surfaces receive a vague status of «surfaces of other purposes for public use». These are, most often, areas inside the building blocks that should be preserved for public use.

The Ministry of Construction, Transport and Infrastructure has created the first database of illegally constructed building/facilities (2.05 million or 43.42% of the total number of buildings/facilities in 2017). Residential (47.6%), ancillary (35.2%) facilities are predominant, and commercial (11.92%) and business (1.89%) buildings and facilities follow them in the structure of registered and categorised buildings in the Republic of Serbia. Illegally constructed residential buildings make up 47.24% of the total number of residential buildings, i.e. almost one half of all the residential buildings have been constructed illegally.

Key problems are as follows: failure for the most part to transform the construction land policy, evaluation, instruments, methods for financing and land management (along with centralisation of decision-making in the field of public construction land, risks of capital decrease for public construction land); insufficient alignment of construction land, utility economy and urban development policies, respectively; illegal construction en masse and poor legalisation process; spontaneous and uncontrolled urban growth and expansion of construction areas, and relatively high proportion of existing unused business/office space.

#### 4.1.2.2. Compactness of cities and urban sprawl

The ideal of a sustainable urban form is the so-called compact city or the city in which the usage of space has been intensified to render it a centre that is attractive to population for both life and work. Many theoretical discussions cite the advantages of compact cities such as their higher energy efficiency and lower detrimental impact in terms of pollution due to, above all, mixed usage of space and higher population density providing for shorter commuting time and other activities. With their compact city development strategies, European countries have been promoting an imposition of planned limitations on the spatial expansion of cities, more intensive construction land usage, urban regeneration policy, projects for renewal of abandoned areas in central urban zones, urban core revitalisation projects, investments in public city transport, etc

The basic characteristic of urban settlements in the Republic of Serbia is, on one hand, a compact urban core, and, on the other hand, an urban sprawl extending to urban zones on the periphery and suburbs. Such an expansion is radial per se, i.e. and is taking place along the important transport/passenger thoroughfares.

A prerequisite for a rational and economically warranted approach to the construction land usage is drafting and implementation of spatial and urban plans whereby all the resources and population needs will be realistically taken into account. Bearing in mind the conspicuous demographic trends, further expansion of urban settlements and populated places in the Republic of Serbia should not be relied upon, but, instead, an increase in compactness and an expansion of what is on offer within the existing construction areas, along with a possible repurposing of some sites should be supported.

Feasibility of existing urban plans for urban settlements, above all general urban plans and general regulation plans, should be reviewed in real terms from this viewpoint

#### 4.1.2.3. Deprived neighbourhoods

The problems plaguing urban settlements in the Republic of Serbia do not have the same roots and ramifications as the problems of urban centres in the European Union

What is specific to urban settlements in the Republic of Serbia are disparities among different parts of an urban area that have come to the fore in terms of the quality of life and, above all, infrastructure accessibility and the extent to which infrastructure has been developed, and the services provided by public agencies and utilities. These disparities stem, above all, from illegal construction en masse of new parts of settlements, in peripheral urban zones, but also in the existing or new substandard quarters, which could be found as well even in some central parts of an urban settlement. These two categories differ significantly in terms of socio-economic characteristics of inhabitants and the quality of housing stock.

Luxury residential homes and multi-family residential buildings may be found in illegally constructed neighbourhoods and settlements. Substandard and unregulated parts of an urban settlement in planning terms most often lack well-designed connections to the central and other urban zones. Key problems are as follows: irregular network of substandard and unsafe traffic arteries within the settlement; lack of (or illegally constructed) technical and utility lines; total absence of public spaces and green infrastructure; poorly equipped facilities and poor social services infrastructure and accessibility thereof, particularly to those basic facilities and services meeting the population needs (education, health care and social protection, culture, public administration, etc.).

The fundamental feature of a Roma-only substandard settlement is that the residents belong to the poorest parts of the society, sidelined and cast away from regular urban living, and that they are most often uneducated, jobless and stripped of opportunities to improve their social and economic standing. Lack of basic urban infrastructure further deteriorates the existing living conditions and health of the residents, and, moreover, this is polluting environment in substandard settlements and their urban surroundings. Another problem plaguing the residents of such settlements is the accessibility of basic social infrastructure – primary education, health care and social protection services.

#### 4.1.2.4. Rural-urban linkages management

Coordination and integration of various sectoral policies (plans, programmes, etc.) is very poor, and the rural-urban linkages management has suffered neglect at the national and local levels. In the intervening years between the two population censuses (2002-2011), rural population shrunk by 311,139 (10.9%), falling below the three-million threshold, or 40.6% of the total population of the Republic of Serbia. As a result of the neglect of rural-urban linkages development, disparities in the quality of life and urban-rural settlements accessibility have been growing. This is reflected in a conspicuous long-term trend of rural area depopulation and unbridled “planless” expansion of urban settlements. The quality of life in urban zones on the periphery and peri-urban zones is lower than in central urban zones, but is higher relative to rural areas, which is further reinforcing conspicuous negative tendencies in regional, urban and rural development.



### 4.1.3. Inclusive Urban Development

#### 4.1.3.1. Public services

Following requirements are needed for an assessment of spatial organisation and public services quality:

- defined mandatory set of rights accessible to all citizens,
- aspiration to streamline the quality of services provided,
- ability to select a services model respecting in the process specific local characteristics.

Public services in the Republic of Serbia up until the 1990s (so-called social services) were organised exclusively within the so-called social ownership sector. The Public Services Act (1991) opened up possibilities for investment of private funds. Systemic and legal instruments are still propping up the dominance of state ownership and state actors in this field. Taking into account fundamental changes to the political and institutional system, a broader analysis of the public services sector is required from the standpoint of the scope of activities, and organisation and financing models.

Despite some positive effects of the inherited centralised public services system, it has proved to be inefficient in the utilisation of available financial resources, but also in terms of its deviation from uniform programmes and modalities of services provided, above all, with regard to insufficient acknowledgement of regional and cultural differences and inclusion of needs of specific social groups.

A crucial quality-related issue for public services is the evaluation of regional public services standards and norms. This issue must be considered in parallel to the issue of approximation to the European public services quality standards.

Accessibility of public services in terms of both location and qualitative accessibility of services provided is a separate issue. It is a general assessment that some activities undertaken to streamline public services organisation have exacted a negative toll on the functional organisation of urban settlements. Herein, as part of this process, small urban settlements which are losing their functional significance within the urban system and in relation to their rural environment have been particularly adversely affected. This points to a tendency towards reshaping urban settlements and centres as a consequence of the streamlining efforts, but not in the direction of polycentric development/a polycentric urban system..

#### 4.1.3.2. Public Participation

Participation is known in the urban development planning practice in Serbia since 1949, when the Basic Regulation on the General Urban Plan («Official Gazette of the FPRY», No. 78/49) was adopted. Traditionally, it is implemented through methods such as advertising, public display, public discussion, public presentation, the possibility of submitting remarks and opinions on proposed planning solutions. The actors in these forms of participation are numerous, complexly connected and change during the planning process. In addition to public participation in a wider sense, a certain level of cooperation with public agencies is also implied through the planning process. A particular challenge for the practice and urban legislation is the period of transition to market conditions and the introduction of the commercial and civil sector into the process of drafting a planning document. This is a polygon for the perception of a new and different role of participation, which should

enable the balance of interests of different stakeholders in urban development planning. The practice shows that the role of participation is still largely formal, i.e. is reduced to providing legitimacy for making decisions in planning. In addition to all efforts to develop a collaborative planning practice in Serbia, a fair and equal treatment of pluralist interests remains questionable, as there is no formal obligation to evaluate the success of participation. Shortening of planning procedures affects the general view that traditional methods of participation are insufficiently effective in such circumstances. Serbia has accepted a standard with two-step participation in the process of drafting the plan, by introducing an early public participation into the legal framework.

#### 4.1.4. Demographic Changes and Housing

##### 4.1.4.1. Demographic changes to urban settlements

An analysis of statistical data shows that the development of cities/towns and other settlements in population terms has not unfolded gradually or in an equitable manner. The 1971-1981 period, as well as the 1981-1991 period, clearly feature a relatively rapid/dynamic increase in urban population. In the course of the 1990s, dramatic changes to the pace of growth occurred, especially from 1991 until 1995 when the urban population growth rate abruptly plunged by two thirds compared to the two previous decades. The share of city dwellers in the overall population has been steadily rising from 44% in 1971, through 54% in 1991 and 56% in 2002, to 59.4% in 2011.

The number of elderly is growing. This process came to the fore in particular as of mid-1980s and indicates a strong demographic ageing. Thus, for example, the number of youngsters below 15 years of age fell by about 152,000 in 2011 relative to 2002, whereas the share of the elderly people rose by around 10,000.

##### 4.1.4.2. Housing diversity and accessibility

Privatisation of socially owned housing stock and withdrawal of the state from financing of the housing construction was the beginning of housing transition which represented a shift from the system of planning economy to the system of market economy in housing. From 1990 up to 1995, almost the entire socially-owned housing stock (about 90%) was “sold out” to occupancy/tenancy rights holders. However, no foundation for a future housing policy was laid, nor were the measures set out to resolve the housing issues affecting vulnerable social groups. Leaving the housing sector in its entirety in the grip of market mechanisms in a situation marked by increasing housing demand and mass migrations of internally displaced persons in the nineties was instrumental in boosting illegal construction, which was a way for a large part of the population to meet one’s own housing needs. Another consequence of the failure to carry out the reforms systematically in this period was a predominant phenomenon of “impoverished apartment owners”, as well as the inherited problem of inadequate maintenance of residential buildings.

According to the EUROSTAT data, a significant share of population suffering from housing deprivation in 2013 was 16.4%, and as much as 25.2% among households at risk of poverty, whilst the overcrowding rate for apartments in 2013 exceeded 50%.

Data on housing costs affordability and accessibility of apartments on the market bear witness to the pressing issue of housing inaccessibility in the Republic of Serbia. The 2013 Income and Living Conditions Survey’s results point to a conspicuous housing deprivation

from the viewpoint of households' housing costs burden given that the households spend about a third of their available income to cover these costs. Disaggregated by income groups (from the total of 5 groups with the same share of 20% according to the EUROSTAT methodology), there is a significant gap between the poorest group, with the housing costs burden totalling as much as 74.1%, in comparison to the wealthiest group, for which this indicator amounts to only 2.5%.

By the material status criterion, there is a very broad spectrum of households ranking among potential beneficiaries of various forms of housing support, but the failure to comprehensively monitor the material status of households by way of a social cards system and cross-checking of properties in ownership and incomes, as well as specific housing needs of socially vulnerable categories, thwarts the efforts to determine such coverage of households.

From the local housing projects implemented so far, a positive experience with the UN-Habitat SIRP program (Settlement and Integration of Refugees Program), conducted in the period 2003-2008 and focused on the establishment of local institutions through the formation of local housing agencies (such as non-profit housing organizations), the development of local housing strategies and the construction of housing in public property in seven cities/LSGUs can be mentioned. A positive example of these local self-governments led in 2013 to the establishment of a total of 15 housing agencies and the Association of Housing Agencies of Serbia. Unfortunately, the number of housing agencies today is reduced. Some of them have been transformed into public companies, some do not have the support of their local self-governments, and some have been closed, while the adopted strategies have expired. Improvement of housing in substandard Roma settlements is the subject of several projects that have been or are being implemented with the support of the Instrument for Pre-Accession Assistance (IPA). Preparation of the National Housing Strategy is under way, which will replace the Social Housing Strategy by expanding the range of options for addressing the housing needs of different income categories.

#### 4.1.4.3. Urban regeneration and housing

Urban renewal initiatives in the domain of improvement of the quality of housing and resolving social problems in the Republic of Serbia are not being carried out in a systemic manner.

The experiences so far in this field include specific completed projects of urban adaptation at the level of individual residential buildings or entities, urban interpolations in residential zones, new residential construction or reconstruction in the areas affected by natural disasters (floods, earthquakes), programmes of social housing integration into existing residential areas and efforts to improve living conditions in substandard settlements. Possibilities for brownfield site regeneration and recycling of existing construction legacy for the purpose of implementing housing projects are still insufficiently explored.

Key problems of the existing housing stock from the viewpoint of potential regeneration and sustainable improvement are primarily reflected in the failure to ensure maintenance of multi-family buildings with tenant ownership, inadequate level of infrastructure, low level of energy efficiency, as well as inadequate spatial-functional standards.

The housing stock in the Republic of Serbia is relatively new, given that about 67% of apartments have been built after 1970, whereas only about one third of apartments date

from the period after 1990. Census data on apartments do not paint a clear picture of their quality and the issue of their continuous physical degradation and decline in value due to the state of neglect and lack of maintenance.

A significant problem is also an inadequate level of equipment in apartments in terms of infrastructure, primarily regarding connections to the public sewer network and less so to the water supply system, which is particularly noticeable in substandard and illegally built residential areas.

A particular problem affecting the total existing housing stock is a low level of energy efficiency which, in addition to undeveloped and inefficient heating system and high fuel and district heating costs relative to available household income, is one of the key factors of energy-related poverty. The regulations on energy efficiency in buildings, effective from 2012, apply only to new buildings, that is, existing buildings that are being reconstructed and renovated, which is a very small part of the housing stock (0.15% for new construction). The registration in the Central Register of Energy Passports in Construction (CREP) is not obligatory at this time, and only 755 energy passports have been entered into this database so far, while the Energy Efficiency Report is not a condition for the legalization of illegally constructed buildings

#### 4.1.5. Transport and Technical Infrastructure

##### 4.1.5.1. Transport and Technical Infrastructure

Population mobility in the Republic of Serbia is two to three times lower in comparison to developed European countries. In addition, daily commuters in urban areas make up about 96% of all the passengers. About two thirds of all trips take place within public metropolitan/city or suburban passenger transport systems, whereas the rest pertains to intercity trips. Uneven distribution of trips in urban settlements is significant as about 95% of all the trips take place in six largest urban settlements in Serbia.

Various forms of city transport saw their share shrink in favour of bus transport in the second half of the 20th century. The main challenge in urban settlements with organised and functioning public transport is a continuous pressing need to renew and modernise the vehicle pool with a view to providing an appropriate level of service to passengers, cost-effectiveness and environmental protection. Lack of capacity is often conspicuous during peak hours. Long intervals between departures in public transport schedules and poor coverage of some parts of settlements are a problem in smaller urban settlements. No efforts are made to redress the imbalance among competing forms of public transport or favour one type of transport over another.

Transport by bicycle is almost exclusively used in the Autonomous Province of Vojvodina whereas in the rest of the country bicycles are used mostly for recreation. The role of pedestrian movements varies depending on the size of a given urban settlement and whether there is a local public transport system available or not. The problem in Serbia is the inherited urban matrix and the impossibility of introducing cycle tracks. Yet another problem in smaller urban settlements is the non-existence or insufficient regulation of pedestrian paths, as well as the use of pavements to park cars in most urban settlements. Traffic integration areas are a rare occurrence, hence predominant is the concept of separation of pedestrians (and bicycle riders) from motor traffic in the street cross sections and at junctions and intersections.

The traffic infrastructure on offer, i.e. the traffic arteries networks in urban settlements are a legacy of the past. Some main sections in larger urban settlements have been developed and/or modernised in the past fifty years. The problem is a substandard traffic infrastructure (of small capacity and undifferentiated in functional terms) in built-up peripheric and suburban zones erected without planning, with limited possibilities in terms of available space for reconstruction or modernisation. In addition, inadequate construction- and traffic-related infrastructure solutions are impeding the movement of ambulances. Lack of parking spaces for individual motor vehicles is prominent in all urban settlements. This is why urban traffic arteries are often adapted to accommodate stationary traffic at the expense of space required for flowing traffic, even in primary urban traffic arteries. The number of organised car parks and multi-storey car parks in larger urban settlements is insufficient. All this is conducive to deterioration of traffic safety.

Traffic management systems rely on traffic lights signalisation. There is no real-time traffic lights signalisation and traffic flow management in place. Most often LSGUs have only general information on the amount of traffic infrastructure, whereas the information on traffic artery cross section contents and ancillary utility infrastructure is lacking or non-existent, which constitutes a limitation constraining the overall traffic management system in urban settlements. Monitoring is irregular or non-existent, and regular maintenance activities are disregarded for the most part and boil down to major repairs.

#### 4.1.5.2. Water infrastructure

In the Republic of Serbia, excluding AP Kosovo and Metohija, there are over 150 public water supply networks covering urban and other settlements gravitating towards them. The percentage of total population connected to public water supply networks in 2013 was 82%. The estimate is that the percentage of urban population connected to public water supply networks is significantly higher than the average for the Republic of Serbia.

In 2013, 11.41% of tested drinking water samples from public water supply networks failed to meet the requirements in terms of physical and chemical parameters, whereas 3.91% of tested drinking water samples were substandard in terms of microbiological parameters. The most common contaminants of drinking water are aerobic mesophilic bacteria which typically do not pose a risk to human health.

In the past 15 or so years, there has been a gradual decrease in water usage from water supply systems due to unfavourable demographic shifts, improved economical management of the system in some larger urban settlements, as well as drastic reduction in water consumption in industries connected to public water networks. An official figure on average water losses/leakages is 32% of the amount of water supplied, but this should be taken into account with reservations.

The percentage of population connected to public sewerage system has kept growing since 2000, and in 2013 reached 58%. The estimate is that over 65% of population in settlements with more than 2,000 inhabitants are connected to the public sewerage network. There is a conspicuous discrepancy between sewerage and water supply connection rates, respectively, particularly in smaller settlements with less than 50,000 residents, which poses a risk in terms of underground water pollution.

A significant problem in the domain of water supply and channelling water is inadequate water price, which, in some cases, is below the system's running costs, and the rate of payment collection is insufficient, except in larger systems. In addition, a low level of investment in water supply and sewerage systems has been conducive to an accelerated pace of ageing of the systems' facilities and frequent breakdowns. Fragmentation of utility companies has resulted in most cases in insufficient financial, business and human resources capacities.

The present state of protection against external water flooding is not satisfactory as large areas are still realistically threatened by floods, and there is still a potential risk of flooding even in areas where flood protection systems have been put in place. The situation is the worst in catchment areas of smaller waterways. Unplanned urbanisation, changes in conditions along the river banks, incomplete flood protection systems and/or outdated degree of protection, damages to water facilities as well as possible climate changes may contribute to further deterioration. Systems for protection against internal water flooding encompass: (a) canal and drainage systems for control and lowering the levels of underground waters, and (b) rainwater sewage. The existing canal and drainage systems for protection against internal waters on the territory of the Republic of Serbia are failing to provide in all areas for an adequate underground water regime. Stormwater sewage system development in urban areas is significantly lagging behind the pace of construction of waste water systems which results in frequent stormwater flooding in urban areas and causes problems in the operation of sewerage networks. Conspicuous is the lack of modern systems for stormwater management in urban areas. The issue of stable flood protection financing has not been resolved, hence, available funds are not sufficient even for maintenance (let alone investments) in the system of protection against external and internal water flooding..

#### 4.1.5.3. Electric power infrastructure and electronic communications

The percentage of households connected to the electric power network with high reliability of supply varies significantly in different areas. Age and inefficiency of electric power transmission and distribution network and facilities pose the biggest problem, and in some urban settlements the capacities of facilities and 110 kV and 35 kV transmission lines required for a reliable and secure electric power supply to consumers are insufficient.

There are district heating systems in 57 local self-government units, predominantly in urban settlements. However, the crucial problems are age, high consumption and energy losses in facilities and heating distribution networks.

The use of renewable energy sources is a part of the mix in electric energy generation (34.5% - hydroelectric power, 1.4% - natural gas), but it is missing in heating energy generation.

The estimate is that there is a quality fixed and mobile telephony coverage in all urban settlements thanks to a large number of electronic communication services providers. The number of households with access to internet and broadband services in urban settlements is growing at a dynamic pace.



#### 4.1.5.4. Waste management

There is a noticeable trend of reduction in total amount of waste generated (except on the territory of the Autonomous Province of Vojvodina), which is directly related to the declining purchasing power of the population and the economic crisis, but also an improvement in the system for collection of certain types of communal waste in local communities (through recycling). The percentage of population coverage by an organised waste collection system is slowly growing, which also points to positive tendencies in terms of reducing the number of informal landfill sites and rubbish heaps.

In waste management, landfills are predominantly used for waste disposal (97%), whilst incineration and exploitation of waste for energy generation is lacking. The amount of waste being recycled is not systematically monitored in all LSGUs. According to EUROSTAT data, less than 1% of waste is recycled on the whole territory of the Republic of Serbia.

Out of 26 planned regional waste management centres (regional landfills with transfer stations and recycling plants), only 8 started operating by 2016, whereas the failure to launch other regional landfills is in direct correlation with a low level of regional cooperation among municipalities. Given the lack of space for continuing waste disposal operations due to filled-up landfills and the lack of regional waste management systems, some municipalities are redirecting their waste towards neighbouring municipal landfills.

#### 4.1.6. Environment and Climate

##### 4.1.6.1. . Climate changes monitoring

In 2014, the Serbian Hydrometeorological Service (RHMZ) introduced a system for extreme weather monitoring and early warning (Climate Watch System - CWS). A database of climate and spatial data obtained through a regional climate model for the 1981-2010 period was created, which is the basis for verification of climate forecasts and regional and local climate changes projections. The Environmental Protection Agency is measuring deviations from average annual air temperatures for the 1961-1990 period, and the measurements have detected a trend of rising average temperatures in the Republic of Serbia over the course of past 30 years (including 2004, in excess of 4oC rise for a 100-year period).

##### 4.1.6.2. Air pollution

Air quality is continuously being monitored on the territory of the Republic of Serbia as part of the state-wide air quality monitoring network. The Republic of Serbia is divided into zones and agglomerations where the Ministry for Environmental Protection – the Environmental Protection Agency is monitoring annually air pollutant concentrations. When we disaggregate the data by urban settlements, only one third of the population has air of good quality, whereas two thirds have air whose quality needs to be improved.

##### 4.1.6.3 Water resources protection

According to the monitoring results, less than 10% of communal waste water is treated in an adequate manner.

Water sources for water supply systems which are situated within urban areas should be protected by way of introducing and subsequently maintaining sanitary protection zones. It has been noted that such sanitary protection zones have not been created in

some cases, or that they have not been designated and marked as prescribed, whereas the control of protection measures implementation has been lacking.

#### 4.1.6.4. Land protection

Urban soil is exposed to significant anthropogenic influences on account of population density, traffic intensity, proximity of industrial production facilities, etc. Systemic monitoring of soil quality in the Republic of Serbia is periodically (once a year) performed by the Environmental Protection Agency. Threshold values have been exceeded for the most part in case of Cd, Cu, Zn, Ni and Co in locations with busy traffic arteries, on the grounds of pedagogical institutions, in the vicinity of business and commercial zones and in agricultural soil. Systemic annual measurements of chemical pollution of soil in urban areas vary in terms of the number of tested sites, number of samples and urban settlements where the samples are taken, hence the monitoring of trends in individual urban settlements is rendered impossible.

#### 4.1.6.5. Noise pollution

In the Republic of Serbia, noise indicator threshold values are defined for certain acoustic zones. Acoustic noise zones are defined by the LSGUs based on the purpose of the area. Although defining acoustic zones is a legal obligation of the LSGUs, only a few of them have implemented noise zoning. There is no single/centralised noise monitoring stations system, since every LSGU defines the number of measuring spots and measuring dynamics, therefore it is impossible to classify the data on noise levels.

#### 4.1.6.6. Biodiversity protection

The Environmental Protection Agency is periodically performing a systemic monitoring of the state of biodiversity on the territory of the Republic of Serbia thanks to which a slow increase in total areas featuring protected natural goods may be detected (about 7%) as well as an increase in forested areas. There is a negative trend, however, regarding the health of forests. Due to the climate change, there has been a drastic increase in forest trees drying up as well as an increase in damages caused by natural disasters.

### 4.1.7. Cultural Heritage and Urban Identity

#### 4.1.7.1. Access to cultural heritage protection and planning

In the practice of spatial and urban planning, the culture, cultural diversity and cultural heritage are topics that are not sufficiently represented. Although there are planning documents in Serbia in which protection zones are defined and relations considered, it is necessary to strengthen the presence of the topic of culture in urban development planning. Practical guides and methodologies with respect to research and evaluations of broader entities with cultural and historical values which may be applied to the planning processes, particularly in case of urban regeneration, are lacking.

Vernacular architecture which makes up the most of urban settlements tissue, as well as industrial heritage, are insufficiently recognised as a valuable architectural heritage. In protection-related practices, the 20th century's architectural heritage is neglected, which is particularly apparent in case of modernist architecture and urban planning buildings which came into existence after the World War 2 and which feature significant historical, cultural and civilisational values.



A document entitled Priority Intervention List, adopted by the Ministry of Culture of the Republic of Serbia (2008), is an important contribution to the understanding of cultural heritage in terms of its coverage, i.e. expanding the protection list to include those buildings and complexes of architectural heritage which have not been a part of the central register of immovable cultural goods (CRNKD). In addition, the need to improve documenting techniques through digitalisation of heritage and provision of an open access to digitalised repository has been recognised. Except for digitalisation of the entire register, it is particularly important to map out immovable cultural goods and characterisations of areas through application of GIS and similar techniques.

#### 4.1.7.2. Passive and active regime of cultural heritage protection

The passive protection regime refers to formal, primarily legal protection of cultural heritage, which is not satisfactory, bearing in mind the large number of goods under previous protection. Instead of programmes and projects designed to provide for integration of buildings and complexes constituting immovable cultural goods into modern development trends (by so-called active protection regime), due to the application of the most rigorous protection measures (the so-called passive regime of protection), immovable cultural goods are most often declining and falling into disrepair.

Mechanisms for financing of programmes and projects intended to revitalise cultural, architectural and urban heritage are insufficiently developed. At present, the principal source of funding is the state budget which has seen a steadily diminishing percentage of budget funds designated for culture since the 1980s to date.

A particular problem is insufficient participation of the public and passivity of local communities with regard to planning and designing processes in protected areas.

#### 4.1.7.3. Cultural heritage in service of urban settlement identity promotion

The territory of the Republic of Serbia is an area with significant landscape-related and cultural potential, as well as diversity. Urban and rural settlements were coming into existence developing their distinctive characters and identities over a long period of time – through development phases documented by material remains of a multitude of civilisations inhabiting the Balkan peninsula since prehistoric times to date – from the Romans and the Byzantines, through the Ottomans, to the modern European civilisation, including the Socialist period. In addition to the material remains which are recorded in the CRNKD repository as cultural goods, geomorphological characteristics and elements of urban and physical structures at different levels of detail – street system, public spaces, buildings, architectural details and materials – make up the important factors of characters and identities of settlements. Typology of settlements and typology of urban and physical structures which are based on identification and classification of the above characteristics are not adequately recognised in legal and planning documents.

In the past three decades, types of construction and transformation of urban areas have emerged in the Republic of Serbia which fail to comply with the principles of sustainable development and the preservation of urban identities. Indiscriminate interventions in space, exemplified in particular by partial and illegal construction, undermines the balance of elements which must be present in the concept of architectural and urban planning solutions – greenery, open spaces, horizontal and vertical regulation, discrepancies in

terms of size and volume between the old and new buildings, attitude towards street space and adjacent buildings and plots of land, etc.

Important instruments for development of an integrated approach to planning of urban settlement development are international projects and programmes by way of which cultural heritage is promoted as an integral part of the European cultural heritage..

## 4.2. SYNTHETIC SWOT ANALYSIS AND KEY URBAN DEVELOPMENT PROBLEMS

### 4.2.1. Synthetic SWOT Analysis

#### STRENGTHS

- Process of providing support to programme/project-based budgeting and strategic planning on national and local levels set in motion
- Growing awareness of the importance of brownfield sites reactivation as part of urban renewal and economic development
- Construction land reserves in public ownership in urban settlements
- Specific characteristics of compact urban matrices and mixed-purpose city centres
- Significant natural capital (ecosystems and resources) and ecosystem services of rural areas whose consumers are urban settlements
- Results achieved in reducing social exclusion and resolving problems of legally invisible persons
- Basic experience acquired in implementation of housing support programmes (social housing)
- Public intervention in housing launched
- Inherited public services infrastructure facilities
- Level of development of primary traffic infrastructure in central urban zones and new parts of urban settlements built according to plan
- Water infrastructure built with the majority of population connected to public water supply networks, and partly also to public sewer systems, and flood defence systems erected for the most part
- Developed electric power networks with high security of supply
- Quality fixed and mobile telephony coverage achieved in all urban settlements
- Dynamic internet and broadband network access growth
- 70% of population live in urban settlements with good air quality or slightly polluted air
- Rich cultural heritage and cultural biodiversity
- Urban settlements with specific typological characteristics and recognisable architectural typologies
- Developed cultural goods protection system
- Level of Serbia's representation in programmes and projects for rehabilitation of architectural and archaeological heritage in Southeastern Europe

#### WEAKNESSES

- Deindustrialisation, high unemployment (particularly among the young), poor competitiveness, development stagnation and urban economy recession, "grey" economy, urban poverty growth
- Public sector has not been transformed, poor management, financing challenges and LSGUs' growing indebtedness
- Business and innovative infrastructure construction lagging behind
- Complex brownfield site reactivation
- Uneconomical and inefficient construction land usage
- Construction land policy, instruments and financing have not been transformed, insufficiently transparent land markets, undeveloped market evaluation methodology for construction land
- Illegal construction en masse in and around urban settlements and uncontrolled conversion of large swaths of agricultural land into construction land
- Poverty or social exclusion risk rate is 41.3% (where poverty risk rate in 2015 was 25.4%)
- 30.3% in 18-24 age group are at risk of poverty, as well as 29.9% of under-18s
- Unsatisfactory housing stock quality in central urban zones
- Price-related inaccessibility of apartments on the market and inaccessible housing costs for total population
- Lack of permanent source of financing for housing support
- Lack of adequate transport network, lack of or illegally erected technical and utility infrastructure supply lines, absolute lack of public spaces and green infrastructure, low level of equipment and accessibility of facilities and services of social infrastructure in illegally built urban zones on the periphery
- Growing disparities in quality of life and accessibility among urban, peripheral urban zones and most rural settlements
- Lack of or insufficient capacities of public transport and infrastructure for pedestrians, cyclists and stationery traffic
- Poor state of water infrastructure – large water losses/leakages in public water supply networks, unfavourable state of sewer infrastructure and very low percentage of waste water treatment, insufficient level of flood protection and inadequate maintenance of flood protection defences
- Old age and inefficiency of electric power transmission and distribution network and facilities
- Inadequate environmental pollution prevention due to low level of implementation of measures set out in strategic assessments and environmental impact assessments
- Inadequate predominant method of waste management by way of disposal at landfill sites and low level of recycling
- Deterioration of urban settlements which represent important cultural and historical milestones in Serbia
- Deterioration of valuable examples of different types of urban architecture (particularly the buildings and urban entities from the second half of the 20th century and industrial heritage)
- Low level of citizen participation in the process of urban development

## OPPORTUNITIES

- Integration into EU, exchange of knowledge, experiences and achievements, ability to use pre-accession assistance and funds
- Reindustrialisation as growth driver
- Sustainable “green” and inclusive economic growth, attracting FDIs, strengthening of processing industries, hi-tech activities and SME clusters in manufacturing and services sectors
- Effective urban settlement management
- Introduction of new financial and fiscal sources of financing and utilities-related construction land development
- Transformation and reactivation of brownfield sites for economic and urban development
- Tapping reserves of urban locations and facilities for urban regeneration and development as well as for mitigation of pressure to further expand urban areas
- Physical and functional improvement in existing urban structures and preservation of urban identity
- Imperative protection of public property, public interest, public goods and public space for the sake of protection of all interests and public control
- Investment in urban development schemes/projects through development of various modes of and strengthening of PPPs
- Integrated rural areas development (mitigating pressure on urban settlements) and valuation of rural areas’ ecosystem services
- Setting the course for development of public agencies and services in the direction of a decentralised settlement network organised in functional and hierarchical terms
- Construction of publicly-owned apartments designated for rent on non-profit/favourable terms
- Improvement in quality of existing inadequate housing stock
- Relocation of motor traffic out of central urban zones and integration of traffic designated areas
- Development of public transport and use of alternative fuel vehicles, carpool/carshare concept, as well as inland water traffic on navigable rivers
- Reduction in the need for water and electric power
- Human resources in IT sector for electronic communications development
- Improvement in quality of environment and biodiversity in urban settlements
- Downward trend in total amount of waste and slightly upward trend in recycling in urban settlements
- Construction of regional landfills pursuant to the Waste Management Strategy
- Strengthening of urban identity based on cultural diversity
- Implementation of projects in the field of culture and heritage protection in individual and clusters of urban settlements and their rural environment
- Development of creative industries which create, produce and commercialise intangible cultural contents and contribute to development of creative cities
- Development of cultural tourism and urban tourist destinations with cultural heritage, cultural contents on offer, natural heritage and creative industries at a given destination
- Empowerment of local communities and direct citizen participation in urban development management

## THREATS

- Lack of economic development policy, poor access to sources of financing, limited financial means, insufficient institutional capability to resolve key problems, illegal construction, etc.
- Vanishing industrial base as a support to urban development
- Insufficient investment in urban economy and missed financing opportunities
- Delay in public sector reform implementation, decrease in FDI inflow due to prolonged global crisis impact, decline in exports
- Ongoing uncontrolled and excessive rise in LSGUs indebtedness
- Protracted process of brownfield sites reactivation
- Insufficient accountability in public property management (land, housing stock, quality of environment)
- Limited financial resources for IZ and IP development, and undeveloped PPP models
- Delays in/deferment of transformation of the existing CL management system
- Loss of functions, attractiveness and vitality of central urban zones
- Integrated rural development has been reduced to agricultural development, without necessary support for improvement of the quality of life in most rural areas
- Insufficient financial investment in maintenance and provision of equipment for public services’ facilities
- Streamlining of public services as a threat in terms of functional weakening of small urban settlements
- Insufficient financing from national and European funds for social inclusion and poverty reduction schemes
- Further residualisation of housing support sector along with a heightened risk of creating deprived residential neighbourhoods
- Urban content development concept favours use of passenger vehicles
- Limitations in parts of urban settlements to reconstruction or modernisation of traffic infrastructure
- Lack of knowledge of traffic infrastructure and application of modern management concepts
- Insufficient financial capacities of public utilities
- Unfavourable climate change impact on electricity consumption
- Poor quality of land in urban settlements
- Low level of implementation of regional landfill agreements
- New typologies undermining identity of urban settlements – partial construction, illegal construction, etc.
- Unresolved issue of improvement in financing of heritage protection, cultural infrastructure, cultural programmes and projects

#### 4.2.2. Key Problems in Urban Development

As part of contextual and SWOT analysis, a multitude of problems were identified from which a set of key problems to urban development in the Republic of Serbia have been singled out:

1. Concept of urban settlement economic development based on predominant share of services sector and marginalisation of manufacturing industry's role;
2. Deterioration of economic base and social structure of urban settlements in transition / post-Socialist period;
3. Poor efficiency of local self-governments system of financing in the segment of own fiscal and non-fiscal revenues and expenditures pertaining to construction land (common utility consumption, utility infrastructure and efficiency of utility services financing), along with a diminishing role of construction land-related instruments in local budgets;
4. Spontaneous and unbridled urban growth and proliferation of construction sites, along with extremely inefficient construction land use and excessive conversion of agricultural and forested land;
5. Deterioration in quality of development and identity of urban spaces and growing urban chaos in peripheral urban zones and suburbs fostered by illegal construction as a complex urban development phenomenon;
6. Heightened risk of poverty and/or social exclusion, particularly affecting youth and various vulnerable groups;
7. Inadequate state of the existing and lagging development of new transport, technical, utility and social infrastructure and public spaces;
8. Deepening disparities in quality of life and accessibility among central urban zones, peripheral urban zones and most rural settlements;
9. Lopsided quality of environment, health care and safety for residents and lack of urban settlements' adaptation to climate changes;
10. Lack of regulatory, institutional, social, implementational and financial frameworks' adaptation to urban development planning and management;
11. Inefficiency of urban development planning and management, democratic deficit in participation and management of urban settlements.

VISION, DIRECTIONS, GOALS AND MEASURES

5



## 5. VISION, STRATEGIC DIRECTIONS, GOALS AND MEASURES

This strategy is a coherent set of decisions stemming from a process of coordination and cooperation among various stakeholders for the purpose of determining a strategic framework designed to set the course for a transformative, productive, inclusive and resilient long-term urban development in Serbia.

In the Strategy's implementation, an integrated and coordinated territorial approach to resolving key and urgent problems in urban development shall be applied to improve the quality of life in urban areas by way of tapping fully into the territorial/urban capital (potential) and creative resources, fostering development of (innovative) urban economy and efficient governance in the urban dimension of national development policies and public policies.

The Strategy establishes a general template for identification, evaluation and prioritisation of urban development programmes and projects, as well as a better access to market and public sources of funding (budget, private sector's funding, EU funds and financial instruments, international support programmes).

### 5.1. VISION OF URBAN DEVELOPMENT

The Strategy's baseline is the commitment that urban settlements shall strive for the sustainable and integrated overall development so as to achieve the desired quality of life, environment and spatial development as well as to strengthen their respective identity and competitiveness.

Based on the commitment above, the following vision of urban development by 2030 in the Republic of Serbia is set forth:

“A city that provides conditions for a dignified life and satisfaction of all the needs of its citizens as well as the citizens of its gravitational space, with equal possibilities of choice for everyone; a city which represents the space for building an inclusive, interactive and creative community, while integrating all layers of its creation through history.”

### 5.2. STRATEGIC DIRECTIONS OF URBAN DEVELOPMENT

Taking the key problems and potentials in the SWOT analysis and the vision as a starting point, the following strategic directions of urban development are set forth:

- I Sustainable economic development
- II Development of urban settlements
- III Social well-being
- IV Quality of environment
- V Urban governance



Sustainable economic development of urban settlements and urban development governance constitute the basic support for accomplishment of the other three strategic directions.

Urban governance is also an integral element of each of the first four strategic directions. An improvement in governance facilitates and ensures necessary support for accomplishment of the urban development goals in other four strategic directions. These are the key reasons for singling out urban governance as a separate strategic direction.

Urban development strategic directions constitute the general framework for:

- general and specific urban development goals,
- measures for achieving urban development goals,
- identification of priority areas of intervention,
- criteria for selection of priority urban development programmes and projects,
- key performance and monitoring indicators for the Strategy's implementation.

### 5.3. GENERAL AND SPECIFIC URBAN DEVELOPMENT GOALS

The general goal is the accomplished sustainable and integrated development of urban settlements by way of ensuring advancement in economic, social and cultural development, quality of urban space development, environment protection and adaptation to climate changes, improvement in social well-being (quality of life, public health and safety), affordable and quality housing, preservation and promotion of architectural heritage and urban identity.

The following specific goals for urban development strategic directions are set forth:

- I Sustainable economic development
  1. Advanced and integrated strategic urban framework for a sustainable, innovative and inclusive local economic development, employment, strengthening of competitiveness and living standards in urban settlements and LSGUs.
- II Development of urban settlements
  2. Advanced and equal quality of development and accessibility of urban space.
- III Social well-being
  3. Advanced quality and accessibility of social services, reduced risk of poverty, a roof over the heads for all citizens, achieved social inclusion and demographic renewal of urban areas.
- IV Quality of environment
  4. Advanced quality of environment, public health and safety in urban settlements and a high degree of adaptation of urban areas to climate changes.
- V Urban governance
  5. Increase in efficiency of urban governance.

#### 5.4. MEASURES FOR ACHIEVING URBAN DEVELOPMENT GOALS






In order to achieve the goals laid out in section 5.3 herein, sets of measures are brought forth constituting a batch of key interrelated activities which are conducive to the accomplishment of a sustainable and integrated urban development until 2030 in the Republic of Serbia as follows:

1. Advanced and integrated strategic urban framework for a sustainable, innovative and inclusive local economic development, employment, strengthening of competitiveness and living standards in urban settlements
  - 1.1. Strengthening of conditions for a local sustainable economic and urban development
  - 1.2. Improvement in efficiency of utilisation, financing and management of construction land, utility economy and utility services
  - 1.3. Provision of incentives to regeneration, novel use and management of brownfield sites
  - 1.4. Strengthening of business-related and innovative infrastructure and commercial zones in urban areas
2. Advanced and equal quality of development and accessibility of urban space
  - 2.1. Strengthening of central urban zones and public spaces
  - 2.2. Cultural heritage and culture
  - 2.3. Strengthening of transport and urban mobility
  - 2.4. Strengthening of technical infrastructure
  - 2.5. Advancement and strengthening of managing rural-urban linkages
3. Advanced quality and accessibility of social services, reduced risk of poverty, a roof over the heads for all citizens, achieved social inclusion and demographic renewal of urban areas
  - 3.1. Streamlining of accessibility and quality of public services in urban areas (education, health care, social protection, culture, recreation and sports facilities)
  - 3.2. Social inclusion and poverty risk reduction in urban areas
  - 3.3. Streamlining of quality of development and accessibility of urban space by providing sustainable housing for all citizens and sanation of parts of urban and suburban settlements constructed not according to the plan
  - 3.4. Raising the level of transparency in the process of decision-making on urban development through advancement of citizen participation and inclusion of stakeholders
4. Advanced quality of environment, public health and safety in urban settlements and a high degree of adaptation of urban areas to climate changes
  - 4.1. Mitigation of climate change by strengthening the quality of all parameters regarding environment, waste management system and energy efficiency
  - 4.2. Adaptation to climate changes and establishment of a system for emergency response to incidents and hazardous situations in urban settlements

- 4.3. Strengthening of institutional capacities and implementation of environmental strategic and planning documents to planning and achieving urban development
5. Increase in efficiency of urban governance
  - 5.1. Advancement of institutional framework for urban development governance
  - 5.2. Advancement in management of public finances for sustainable and integrated urban development
  - 5.3. Integrated urban development planning and advancement of urban planning
  - 5.4. Digitalisation and introduction of electronic services into urban governance.

These sets of measures are harmonised and contribute to the integrated accomplishment of the general goal and multiple specific goals of sustainable and integrated urban development.

The individual measures and activities within the sets of measures are disaggregated in accordance with Article 24 of the Law on the Planning System of the Republic of Serbia and are designated as follows:

-  regulatory measures (R) – whereby standards and rules regulating relationships in the society are established;
-  incentives (I) – including fiscal (subsidies, taxes, etc.) and other financial and non-financial measures;
-  information-educational (INF, E, IE) measures – information and educational campaigns;
-  institutional, governance and organisational (IGO) measures – formation of new and abolition of existing institutions, change to the organisational structure of specific entities, change to the number and competencies of employees, etc.; and
-  provision of goods and services by the participants in the planning system and public investments (capital and infrastructure projects, investments, etc.) (GS-PI).

The measures and activities defined within the sets of measures will be developed in detail within the three-year action plans for the implementation of this Strategy.

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strategic direction I	SUSTAINABLE ECONOMIC DEVELOPMENT
strategic direction II	DEVELOPMENT OF URBAN SETTLEMENTS
strategic direction III	SOCIAL WELFARE
strategic direction IV	QUALITY OF ENVIRONMENT
strategic direction V	URBAN GOVERNANCE

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## STRATEGIC DIRECTION I: SUSTAINABLE ECONOMIC DEVELOPMENT

Designation	No.	MEASURES WITHIN THE SET OF MEASURES
SET OF MEASURES	1.1	Strengthening of conditions for a local sustainable economic and urban development
I GS-PI	1.1.1	Providing incentives to innovation and development of a low-carbon, resource-efficient «green» economy
R I GS-PI	1.1.2	Advancement of the financing system of LSGUs in terms of their own source fiscal and non-fiscal revenues and expenditures regarding construction land, use of public goods, utilities infrastructure and utility services
I IE	1.1.3	Providing incentives to employment (especially of young and socially vulnerable groups)
I INF	1.1.4	Providing incentives to entrepreneurship and development of social entrepreneurship and enterprises
I GS-PI	1.1.5	More efficient development and renewal of zones and units with under-utilized urban capital
IGO IE	1.1.6	Diversification of tourist offer based on urban and regional identity and reduction of negative effects of tourism in urban settlements
SET OF MEASURES	1.2	Improvement in efficiency of utilisation, financing and management of construction land, utility economy and utility services
R IGO I GS-PI	1.2.1	Prevention of uncontrolled expansion of construction land at the expense of agricultural, forest and water areas; implementation of a closed cycle of use and management of construction land ('circular') and the development of a compact city vs. urban sprawl
R I	1.2.2	Implementation of construction land management tools
IGO I	1.2.3	Development of institutional and personnel capacities for land management on both national and local level
R I GS-PI	1.2.4	Development of utility infrastructure, provision of utility services and improvement of financing methods for utility development on construction land
I GS-PI	1.2.5	Provision of appropriate local and regional capacities for utility systems as well as an appropriate level of utility services for all users

Designation	No.	MEASURES WITHIN THE SET OF MEASURES
SET OF MEASURES	1.3	Providing incentives to development and management of brownfield sites
<b>R</b> <b>GS-PI</b>	1.3.1	Establishment of a new and advancement of the existing regulatory framework for reactivation and development of brownfield sites in order to create sustainable urban structures in zones with a significant loss of urban function
<b>I</b>	1.3.2	Incentives for the private sector, better availability of financial resources and co-financing of 'hard' brownfields with public funds
<b>INF</b> <b>E</b>	1.3.3	Establishment of a coherent information system on brownfield sites by merging existing registers, training staff and cataloguing
<b>IGO</b>	1.3.4	Establishment of governance and organisation mechanisms, development of building institutional and human capacities for the development of brownfields, coordination of jurisdiction between LSGUs, provincial and national institutions, involvement of stakeholders and the public
<b>GS-PI</b>	1.3.5	Elimination of harmful effects of some brownfields (remediation, rehabilitation, decontamination of parts of contaminated brownfields) in urban settlements
SET OF MEASURES	1.4	Strengthening of business-related and innovative infrastructure (IZ, IP, TP, free economic zones, business incubators, business improvement districts, innovation centres, etc.) and commercial zones
<b>INF</b> <b>GS-PI</b>	1.4.1	Industrial innovation/smart specialisation (with urban centres as strongholds of knowledge, innovation, creativity, economic excellence and development)
<b>R</b> <b>IGO</b>	1.4.2	Strengthening the legal and institutional framework for IZ, strengthening the support institutions for IZ/IP, coordination of LSGUs, provincial and national institutions
<b>GS-PI</b>	1.4.3	Creating favourable general, infrastructure and spatial conditions for forming IZ
<b>I</b> <b>GS-PI</b>	1.4.4	Stimulating and improving the integration of IZ, IP and commercial zones in urban development (especially within urban renewal)
<b>R</b> <b>GS-PI</b>	1.4.5	Prevention of large chemical accidents and limitation of their consequences for public health and environment by controlling the Seveso facilities/complexes
<b>INF</b> <b>I</b>	1.4.6	Improvement of information system/registry of IZ and IP (existing and new), monitoring their construction, cataloguing and promotion of IZ and IP

**R** regulatory **I** incentives **INF, E, IE** information-educational **IGO** institutional, governance and organisational **GS-PI** provision of goods and services by the participants in the planning system and public investments

## STRATEGIC DIRECTION II: DEVELOPMENT OF URBAN SETTLEMENTS

Designation	No.	MEASURES WITHIN THE SET OF MEASURES
SET OF MEASURES	2.1	Improving the quality of development and identity of central urban zones and public spaces
<b>R</b> <b>GS-PI</b>	2.1.1	Urban renewal by using the principle of mixed uses for traditional urban tissue (restoring the attractiveness of the central zone, enrichment of offer in settlements etc.)
<b>R</b> <b>GS-PI</b>	2.1.2	Intensification of use and densification of urban space
<b>GS-PI</b>	2.1.3	Urban regeneration of parts of settlements exposed to devastation processes
<b>I</b> <b>GS-PI</b>	2.1.4	Development and conservation of public spaces, based on research of settlements identity, public surveys and competitions in urban planning and architecture (public competitions or invitations to bid) for original urban design, contextually appropriate and accessible for all
<b>GS-PI</b>	2.1.5	Strengthening of accessibility and safety in urban settlements
<b>R</b>	2.1.6	Implementation of control parameters in urban planning practice (population density, uses ratio, floor space index, share of green areas, analysis of the quantity of sunlight and airing, ration of shapes and forms, visual effects and silhouettes of settlements, aesthetics of space etc.) and regulation of ways and conditions of obtaining and managing the surfaces of other purposes for public use in residential and other zones and areas
SET OF MEASURES	2.2	Development of cultural heritage and culture
<b>R</b>	2.2.1	Active protection of cultural heritage and recommendations for the character and intensity of acceptable activities in urban development planning
<b>I</b> <b>GS-PI</b>	2.2.2	Renewal and protection of buildings and units of construction and urban heritage, which are not protected cultural goods (traditional types, vernacular architecture, industrial buildings, architecture and urban planning after World War II, etc).
<b>I</b>	2.2.3	Preservation of cultural diversity and landscapes, as well as development of cultural tourism
<b>I</b> <b>INF</b>	2.2.4	Implementation of digitalization and mapping of cultural, construction and urban heritage
<b>GS-PI</b>	2.2.5	Renewal and development of cultural infrastructure
<b>I</b> <b>IGO</b> <b>IE</b>	2.2.6	Provision of support for cultural activities (providing incentives for and development of cultural needs, promotion of activities, ways of animating and mediation in cultural facilities, interpretation of cultural heritage, development of contents and programs for children and the youth)

Designation	No.	MEASURES WITHIN THE SET OF MEASURES
SET OF MEASURES	2.3	Strengthening of accessibility, transport and urban mobility
<b>R</b> <b>I</b> <b>GS-PI</b>	2.3.1	Preparation, adoption and implementation of sustainable urban mobility plans (Plan of Urban Mobility- POUM)
<b>GS-PI</b> <b>R</b> <b>I</b>	2.3.2	Development of public transport network and its modernization, as well as a change of transport planning concept with focus on public transportation and non-motorised transport in central zones, with development of peripheral capacities for parking individual vehicles
<b>R</b> <b>GS-PI</b>	2.3.3	Provision of suitable capacities and standards of services for users (pedestrians, cyclists, stationary traffic, persons with special needs, emergency vehicles) by implementing the principles of integrated traffic areas and concept of complete streets
<b>GS-PI</b>	2.3.4	Introduction of new technologies in transport (electric vehicles, new modular public transport systems, car sharing, car-pooling, etc.)
<b>R</b>	2.3.5	Preparing, adopting and introducing the standards for designing traffic areas in urban settlements into practice
<b>I</b> <b>GS-PI</b>	2.3.6	Modernization/revitalization of existing and construction of new intermodal capacities (road-railway-water-air traffic)
SET OF MEASURES	2.4	Strengthening of quality, capacity and level of services of technical infrastructure
<b>R</b>	2.4.1	Preparation, adoption and implementation of standards and guidelines for designing, construction and maintenance of water infrastructure in urban settlements
<b>GS-PI</b>	2.4.2	Supplying all citizens of urban settlements with enough drinking water whose quality is in accordance with regulation requirements
<b>GS-PI</b>	2.4.3	Supplying all households and other users in urban settlements with an appropriate system for safe gathering and removal of used waters
<b>I</b> <b>IGO</b>	2.4.4	Preparation, adoption and implementation of the program for increasing the efficiency of public utility enterprises and water and sewage companies
<b>GS-PI</b>	2.4.5	Modernization and revitalisation of existing and construction of new capacities of energy network and facilities
<b>INF</b>	2.4.6	Establishing a national broadband communication network
SET OF MEASURES	2.5	Advancement and strengthening of managing rural-urban linkages
<b>I</b> <b>GS-PI</b>	2.5.1	Programmes and projects for development of public services, transport and technical infrastructure, suburban public transport (bus and rail, subsidised over the course of a medium-term period between 5 and 7 years) and public utilities in rural areas
<b>I</b> <b>R</b>	2.5.2	Projects for identifying and programmes for monitoring ecosystem services provided by rural areas to urban settlements

**R** regulatory **I** incentives **INF, E, IE** information-educational **IGO** institutional, governance and organisational **GS-PI** provision of goods and services by the participants in the planning system and public investments



## STRATEGIC DIRECTION III: SOCIAL WELFARE

Designation	No.	MEASURES WITHIN THE SET OF MEASURES
SET OF MEASURES	3.1	Streamlining of accessibility and quality of public services in urban areas (education, health care, social protection, culture, recreation and sports facilities)
<b>R</b> <b>I</b>	3.1.1	Review/introduction of the standard for isochronal accessibility to public services facilities in urban areas
<b>R</b> <b>I</b>	3.1.2	Streamlining public services' level of quality in accordance with the functional level of urban areas
<b>R</b> <b>I</b> <b>GS-PI</b>	3.1.3	Review of spatial and technical norms and standards for the level of equipment at public services facilities relative to international standards, new social development policy and programmes, as well as local needs and specific characteristics (reconstruction of schools, health care institutions, cultural centres, museums, sports halls, etc.)
SET OF MEASURES	3.2	Social inclusion and poverty risk reduction in urban areas
<b>R</b> <b>I</b> <b>GS-PI</b>	3.2.1	Fostering social inclusion and mitigation of risk of poverty by way of improving access and expanding social services networks in local communities
<b>GS-PI</b>	3.2.2	Development of public spaces and facilities in accordance with the concept of accessibility
<b>R</b> <b>I</b> <b>GS-PI</b>	3.2.3	Preservation of designated public use of unused facilities for the needs of public services, non-profit activities, activities in the domain of social inclusion
SET OF MEASURES	3.3	Provision of affordable and adequate housing
<b>I</b>	3.3.1	Introduction of fiscal policy measures designed to foster PPPs for the purpose of providing affordable housing for certain population categories
<b>R</b> <b>GS-PI</b>	3.3.2	Increase of the volume, quality and diversity of residential solutions for residential support users through construction and other ways of obtaining new apartments in public property intended for affordable lease, as well as through development of alternative housing solutions
<b>IE</b>	3.3.3	Establishment of measures for strengthening of management, maintenance and raising the level of housing culture in residential communities (apartment buildings)
<b>GS-PI</b>	3.3.4	Provision of infrastructurally equipped locations for construction of affordable and appropriate residential buildings
<b>UGO</b>	3.3.5	Elaboration, revision and update of urban plans and programmes for consolidation and rehabilitation of illegally constructed zones and parts of urban settlements
<b>I</b> <b>GS-PI</b>	3.3.6	Rehabilitation and renewal of existing substandard or underdeveloped residential settlements and units by supplying them with infrastructure, by construction of public use buildings and improving the quality, accessibility and safety of public spaces

Designation	No.	MEASURES WITHIN THE SET OF MEASURES
SET OF MEASURES	3.4	Raising the level of transparency in the process of decision-making on urban development through advancement of citizen participation and inclusion of stakeholders
<b>IE</b>	3.4.1	Awareness-raising among citizens and stakeholders of their right to inclusion in the process of decision-making on urban development through dissemination of information, consultations and active participation
<b>IE</b>	3.4.2	Directing participation towards strengthening social responsibility and balancing public interests against private interests in the decision-making processes
<b>R</b> <b>I</b> <b>IGO</b>	3.4.3	Advancement of procedures for citizen and stakeholder participation in decision-making processes through implementation of e-participation, referendum, public-private dialogue, public consultations, panels for citizens, citizen councils and civic initiatives pursuant to the Council of Europe's recommendations (2009, 2011)
<b>IE</b>	3.4.4	Qualitative evaluation of participatory practice, as well as dissemination and promotion of "good practices" in the implementation of participation

## STRATEGIC DIRECTION IV: QUALITY OF ENVIRONMENT

Designation	No.	MEASURES WITHIN THE SET OF MEASURES
SET OF MEASURES	4.1	Mitigation of climate change by strengthening the quality of all parameters of environment, waste management systems and improving energy efficiency
<b>R</b> <b>GS-PI</b>	4.1.1	<i>Protection of water sources and quality, introduction of adequate procedures and devices for waste waters purification in urban settlements according to the specific implementation plan for the Urban Waste Water Directive</i>
<b>R</b> <b>GS-PI</b>	4.1.2	Improvement of air quality in urban settlements by implementation of green infrastructure, roof greening, restricting of movement of individual motor vehicles in the central urban area, balancing environmental capacities and the extent of human activities – in the economy, agriculture, tourism, energy
<b>R</b> <b>GS-PI</b>	4.1.3	Protection and improvement of soil quality in urban settlements through controlled expansion of urban space at the expense of agricultural land, prevention of construction in protected areas, water source zones and other
<b>R</b> <b>GS-PI</b>	4.1.4	Elimination of informal landfills, building new and developing existing landfills, storage capacities and facilities for waste treatment, higher degree of primary selection and recycling on the territory of urban settlements
<b>I</b> <b>GS-PI</b>	4.1.5	Incentives and programs for strengthening energy efficiency in buildings built prior to the adoption of regulations in 2012
<b>GS-PI</b>	4.1.6	Using renewable energy sources
SET OF MEASURES	4.2	Adaptation to climate changes and establishment of a system for emergency response to incidents and hazardous situations in urban settlements
<b>GS-PI</b>	4.2.1	Reduction of risk from floods by external and internal waters in urban areas through implementation of modern measures of rain drain control (retention, green roofs, infiltration, biofiltration systems, partial treatment and using rainwater for different purposes etc.), fight against floods
<b>GS-PI</b>	4.2.2	Reduction of erosion (and reduction of filling up of urban waterways and local waters) and fighting landslides through foresting, construction of supporting walls, preventing illegal construction and other measures
<b>R</b> <b>GS-PI</b>	4.2.3	Preservation of biodiversity in urban areas (green areas, green infrastructure, protected areas, landscapes, water areas)
<b>GS-PI</b>	4.2.4	Recovery of hotspot sites, contaminated locations and/or endangered areas (floods, torrents, landslides)
<b>IGO</b>	4.2.5	Formation of specialized units for response in the event of emergencies in urban settlements (with natural or anthropogenic genesis – earthquakes, floods and technocal/ technological accidents) pursuant to national and local emergency protection plans

Designation	No.	MEASURES WITHIN THE SET OF MEASURES
SET OF MEASURES	4.3	Implementation of environmental strategic and planning documents to planning and achieving urban development
<b>R</b> <b>I</b>	4.3.1	Innovations in and coordination of existing local environmental protection action plans for urban settlements with urban development strategies, programmes and projects, as well as programmes applying the healthy city concept
<b>R</b> <b>IE</b>	4.3.2	Elaboration, adoption and implementation of local risk assessments and risk reduction plans (with focus on critical urban infrastructure) as well as protection plans
<b>R</b> <b>I</b>	4.3.3	Drawing up strategic noise maps and actions plans for noise reduction at the level of urban settlements
<b>R</b> <b>IGO</b>	4.3.4	Harmonisation of local planning, development and environmental protection documents (urban plans, local development strategies, local integrated urban development strategies, local environmental protection action plans, infrastructure development, etc.) with the national strategy for climate changes (along with the action plan)
<b>R</b> <b>E</b>	4.3.5	Improvement of strategic impact assessment and environmental impact assessment and their better implementation
<b>R</b> <b>I</b>	4.3.6	Improvement of monitoring systems for water, air, noise, biodiversity, hazards and public health in urban settlements

## STRATEGIC DIRECTION V: URBAN GOVERNANCE

Designation	No.	MEASURES WITHIN THE SET OF MEASURES
SET OF MEASURES	5.1:	Strengthening of institutional framework in urban development governance
<b>IGO</b>	5.1.1	Formation of a special organisation unit for implementation of measures and monitoring urban development within the ministry in charge of urban development
<b>IGO</b>	5.1.2	Formation of the National Urban Development Council
<b>IGO</b>	5.1.3	Strengthening of effective public services, partnerships and dialogue, support to subsidiarity, strengthening of the role of the local community, harmonization and coordination in decision-making and urban governance, and management of programs and projects on multiple levels
<b>IGO</b>	5.1.4	Support to development of partnerships and networks at all levels of management and of universities, institutes and research organisations, international organisations and projects for the purpose of advancing the quality of work and introducing innovations in urban governance
<b>E</b>	5.1.5	Ongoing education and training in areas pertaining to territorial development, planned evaluation and implementation, participation process, feasibility studies, social impact assessments, management of construction land, utility services and infrastructure, housing, hazards, protection, planning and promotion of cultural and architectural heritage, etc.
<b>IGO</b>	5.1.6	Intermunicipal and transborder cooperation, strengthening of regional institutions/ARDA
SET OF MEASURES	5.2:	Advancement in management of public finances for sustainable and integrated urban development
<b>I</b> <b>IGO</b>	5.2.1	Establishment of a fund for sustainable and integrated urban development
<b>I</b>	5.2.2	Inclusion of urban and spatial interventions into project-based budgeting on the national, provincial and LSGUs' levels, advancement of the public procurement system, PPP
<b>I</b> <b>IGO</b>	5.2.3	Advancement of the system for LSGUs financing in the part of own fiscal and non-fiscal revenues and expenditures in the field of construction land, utilisation of public assets, utility infrastructure and services – contribution to advancement and implementation of LSGUs Public finances Management Reform Programmes
<b>I</b> <b>IGO</b>	5.2.4	Application of EU cohesion policy instruments, etc. – territorial integrated investment (ITI) and community-led local development (CLLD)

Designation	No.	MEASURES WITHIN THE SET OF MEASURES
SET OF MEASURES	5.3	Integrated urban development planning and advancement of urban planning
<b>R</b> <b>GS-PI</b>	5.3.1	Alignment of implementation of documents on development planning, public policies, plans and projects of importance for urban development
<b>GS-PI</b>	5.3.2	Application of integrated approach to urban development planning, adaptation of “new” strategic planning for urban settlements and traditional urban planning
<b>GS-PI</b>	5.3.3	Local integrated urban strategies
<b>IE</b>	5.3.4	Organisation of a National Urban Forum („professional and decision-makers platform for urban development”)
SET OF MEASURES	5.4	Digitalisation and introduction of electronic services into urban governance
<b>INF</b>	5.4.1	Introduction of indicators for monitoring development at the level of urban settlements (through adaptation of the statistical system to the EUROSTAT standards and this strategy’s requirements) which is to become a part of local information systems
<b>INF</b>	5.4.2	Coordinated development of information systems in order to manage the territory and construction land, as well as govern urban development on the national, provincial and local level
<b>INF</b>	5.4.3	Establishment of registers (of public assets and public goods; brownfield sites; underutilized sites and facilities including allocated, unbuilt and “blocked” sites; mapping of illegal construction and recovery needs; monitoring of traffic, water infrastructure, risk management etc.)
<b>IE</b>	5.4.4	Capacity building, raising the level of expertise and support to local self-governments in the process of digitalisation, support to institutions in establishing e-government system
<b>INF</b> <b>R</b>	5.4.5	Uniform procedures for drafting planning documents, legalisation of illegally built structures, issuance of building permits, automatic introduction of legalised structures into the taxation system, registration of housing communities and resolving housing needs



AREAS OF INTERVENTION

6





## 6. PRIORITY AREAS OF INTERVENTION IN URBAN SETTLEMENTS

Priority areas of intervention in urban settlements encompass various forms of urban and spatial interventions and transformations (above all, physical regeneration of a part of an urban settlement – central urban zones, neighbourhoods, zones, housing blocks, peripheral areas, complexes, architectural units or streets), various processes and interventions which are to be implemented in parallel with urban settlements' economic development, creation of jobs, general social progress (socio-spatial connections, structures, inclusion) and improvement in quality, identity and efficiency of urban environment, including adaptations required to improve environmental resilience of urban settlements.

The Strategy designates priority areas of intervention as course-setting for local integrated urban development strategies. Based on the recognized priority areas of intervention, national support programs for sustainable and integrated urban development will be formulated. Priority areas of intervention are set forth in the urban settlement's local sustainable and integrated development strategy.

Priority areas of intervention in urban settlements may be as follows:

1. Industrial/business and commercial zones and brownfield sites;
2. Illegally built and undeveloped peripheral urban zones (urban sprawl) and degradation of rural area;
3. Endangered urban structures, urban matrices and central urban zones;
4. Parts of an urban settlement with a concentration of social problems – social inclusion and poverty reduction;
5. Settlements or parts of settlements adversely affected by environmental protection- and climate changes-related issues;
6. Spatial units with cultural and architectural heritage, important milestones in cultural and historical development of urban settlements / clusters of urban settlements.

Specific goals and measures to achieve these goals are applicable to the identified areas of intervention from one or several strategic directions of urban development as defined herein.

Local self-government units are preparing and implementing local integrated urban integrated development strategies used for determination of strategic projects/sets of projects.

Participation and support of local population and the private sector, coordination of key stakeholders in the public sector at the national/provincial and local levels, and approach to market and public sources of financing (budgets, private sector funds, EU funds and financial instruments and international support programmes) are ensured as part of the preparation and implementation of programmes and strategic projects for priority areas of intervention.

For each type of potential priority area of intervention, tables 6.4.1-6.4.6 set out:

A. General points of reference on:

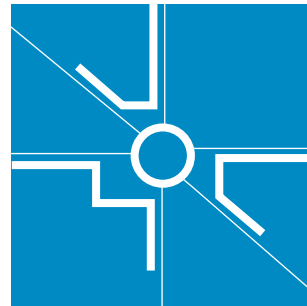
- types of areas,
- key problems,
- character of interventions,
- expected impact of interventions (ex-ante impact analysis), and

B. Examples for:

- possibilities for application of the Strategy's specific goals,
- possibilities for applying and combining measures for accomplishing the Strategy's goals,
- sources of financing for urban development<sup>1</sup>,
- types of areas from current practices of urban planning in the Republic of Serbia.

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<sup>1</sup> Based on the result from the workshop „Sources of financing” held on June 25th 2018.









## BROWNFIELD LOCATIONS AND INDUSTRIAL ZONES

# 1 INDUSTRIAL/BUSINESS AND COMMERCIAL ZONES AND BROWNFIELD SITES



## A GENERAL POINTS OF REFERENCE

### A1 TYPES OF AREAS

- Brownfield zones and complexes – so-called hard and soft

### A2 KEY PROBLEMS

- Protracted development of IZs and slow pace of SMEs' inflow in IZs/IPs due to a strong deindustrialisation trend in urban settlements in post-Socialist period, insufficiently developed institutional framework for IZs' development, business operations and management, insufficient alignment of IZ national development policy (with initiatives for formation of IZs occurring for the most part at the level of LSGUs) where industries are concentrated in Belgrade and Novi Sad.
- Unbridled allocation of commercial zones and the need to integrate them in the process of sustainable urban development (particularly as part of urban renewal).
- Abandoned built-up sites/land and facilities for former commercial, industrial, military, utility, social and other purposes in urban areas with technical infrastructure falling into disrepair and negative impact on urban, living and social environment (neighbouring area's safety under threat, rise in crime rate, homeless persons squatting on the property, drug addicts flocking to such sites, littering, etc.) which at times may constitute a part of industrial heritage and assume the character of a protected immovable cultural good.
- Accumulated complex problems of many brownfield sites require systemic solutions and advancement of the process of reactivation, development and management of such sites.
- Some LSGUs set out to draft plans for IZs, but fail to implement them in practice for several reasons: private land ownership and there are no mechanisms and means in place for LSGUs to come into possession of such plots of land or there are no interested investors (e.g. Detailed regulation plans (PDRs) for Vladicin Han, Ub...).

### A3 CHARACTER OF INTERVENTIONS

- Priority development of brownfield zones, complexes and sites.
- Innovations (economic, locational, technological, etc.) in utilisation of territorial capital of urban settlements for the purpose of urban-economic development.
- Recovery, sanitation, revitalisation, rehabilitation, regeneration, decontamination, reactivation, repurposing of brownfield sites.
- It is necessary to define the scope and structure of brownfield zones and sites/investments, where strategic risk assessments from the environmental viewpoint have been previously carried out, in the strategic (spatial and urban) plans.
- Interventions in brownfield sites development require alignment of the construction land policy, LED policy, urban planning policy and urban development governance.





**A4 EXPECTED IMPACT OF INTERVENTIONS**

- Rational use of existing construction land and limiting expansion of construction of facilities to greenfield sites.
- Urban recycling of buildings/facilities, reactivation and integrated urban-economic development of brownfield zones vs. greenfield zones/sites.
- Development of business-related and innovative infrastructure (IZs, IPs, TPs, innovative hi-tech and smart complexes/zones, business incubators, airport, port and entrepreneurship zones, innovative economic development of urban settlements and peripheral commercial zones) as support to LED competitiveness.
- Increase in the investors' interest in activation of attractive and productive projects.
- Achievement of a significant economic impact stemming from business operations of entities in IZs and commercial zones.
- Contribution to employment, economic growth, LED and strengthening of LSGUs' budgets.
- Increase in the level of urban settlements' development.
- Advancement of territorialisation of public development policies.
- Increase in attractiveness and competitiveness of urban settlements.
- Productive activation of urban capital on sustainable grounds.

**B EXAMPLES**

**B1 POSSIBILITIES FOR APPLICATION OF SETS OF MEASURES**

1.1	2.1	3.2	4.1	5.1
1.2	2.2	3.3	4.2	5.2
1.3			4.3	5.3
1.4				5.4

**B2 POSSIBILITIES FOR APPLYING AND COMBINING MEASURES FOR ACCOMPLISHING STRATEGY'S GOALS**

- Reactivation and development of brownfield sites
- Co-financing of so-called hard and some soft brownfield sites from public funds
- IZ development
- Development of social entrepreneurship and social enterprises
- Advancement of energy efficiency
- Recovery of contaminated sites
- Development of low carbon, resource-efficient "green" economy
- Innovations/smart specialisation
- Development and revival of central business zones
- Urban regeneration of a part of urban settlement affected by deterioration processes
- More efficient use of zones and units with insufficiently utilised erected structures
- Construction of for-lease apartments
- Renewal and protection of structures and units of architectural heritage which are not listed as cultural goods
- Development of public open spaces



B3 SOURCES OF FINANCING FOR URBAN DEVELOPMENT

- National sources of financing: Ministry of Economy, Ministry of Culture (for industrial heritage), MF, MCTI, MEI, IPA funds, PPPs, investment banks, development and commercial banks, private sector
- Provincial sources of financing: Provincial Secretariat of Finance, Provincial Secretariat for Economy and Tourism, Provincial Secretariat for Urban Planning and Environmental Protection and Directorate for Capital Investments of Vojvodina
- Funds of LSGUs and local public utilities
- International sources of financing: IPA, COSME, HORIZON 2020, FISCALIS 2020, EU PRO, European Investment Bank, European Bank for Reconstruction and Development, KfW Bank, World Bank, programmes within the SDG Fund, financial support provided by individual countries (Switzerland, Japan, GIZ), UNDP

B4 TYPES OF AREAS FROM CURRENT URBAN PLANNING PRACTICES

DRP for zone with commercial and business contents along Belgrade-Nis motorway, south of Bubanj Potok toll booths



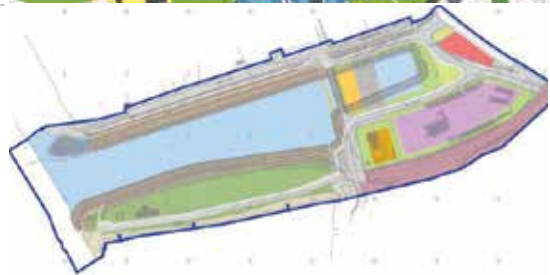
Industrial zone Sports Airport, Kraljevo



Military Technical Institute, Kragujevac



Relocation of the port in Smederevo to a new site in the industrial zone, repurposing the old site into marina





INFORMAL SETTLEMENTS







A	GENERAL POINTS OF REFERENCE				
A1	TYPES OF AREAS				
	<ul style="list-style-type: none"> <li>• Peripheral urban zone</li> <li>• Suburban settlements</li> <li>• Linear interconnecting of settlements</li> <li>• Contact rural area</li> </ul>				
A2	KEY PROBLEMS				
	<ul style="list-style-type: none"> <li>• Illegal housing and other construction en masse</li> <li>• Poor accessibility of developed construction land for housing construction</li> <li>• Excessive size of new industrial and commercial zones</li> <li>• Conversion of agricultural land into construction land regardless of the category and quality and sealing of land</li> <li>• Lack of technical and social infrastructure and public open spaces</li> <li>• Cumulative environmental impact</li> <li>• Disparities in the quality of life and accessibility among central urban zones, peripheral urban zones, suburban and rural settlements</li> <li>• Linear interconnecting of settlements along traffic corridors, degradation of urban and rural areas, onerous land readjustment</li> <li>• Recovery of terrain unsuitable for construction (landslide- and flooding-prone areas, zones underneath power lines, proximity of zones with water sources, utility and industrial facilities – landfills, mines, tailing ponds)</li> </ul>				
A3	CHARACTER OF INTERVENTIONS				
	<ul style="list-style-type: none"> <li>• Recovery of substandard illegally built settlements</li> <li>• Mitigation of social segregation</li> <li>• Development of transport and technical infrastructure, utility services and public services</li> <li>• Governance and social innovations</li> </ul>				
A4	EXPECTED IMPACT OF INTERVENTIONS				
	<ul style="list-style-type: none"> <li>• Legalisation of illegal construction</li> <li>• Limiting construction areas of urban settlements</li> <li>• Urban recovery, zoning as a market correction mechanism and an urban policy instrument, regulation of urban legal order – rules of conduct in space (development, use, construction, protection)</li> <li>• Development of rural-urban linkages, urban agriculture, improvement in accessibility and availability, functional, spatial and technical integration of (technical, social, commercial, etc.) systems</li> </ul>				
B	EXAMPLES				
B1	POSSIBILITIES FOR APPLICATION OF SETS OF MEASURES				
	1.1	2.1	3.1	4.1	5.1
	1.2	2.4	3.2	4.2	5.2
		2.5	3.3	4.3	5.3
			3.4		5.4



### B2 POSSIBILITIES FOR APPLYING AND COMBINING MEASURES FOR ACCOMPLISHING STRATEGY'S GOALS

- Recovery of illegally built zones
- Advancement of energy efficiency in existing housing units and structures
- Development of low carbon, resource-efficient "green" economy
- More efficient use of zones and units with insufficiently utilised erected structures
- Construction of for-lease apartments
- Protection of structures and units of architectural heritage which are not listed as cultural goods
- Development of public spaces, advancement of accessibility and safety
- Development of green infrastructure
- Use of renewable energy sources
- Development of services and activities in suburban and contact rural areas

### B3 SOURCES OF FINANCING FOR URBAN DEVELOPMENT

- National sources of financing: MCTI, MPALSG, Public Investment Office
- International sources of financing: European Investment Bank, UN SDGs

### B4 TYPES OF AREAS FROM CURRENT URBAN PLANNING PRACTICES

Drafted recovery plans for Belgrade: Padina (200 ha)



Kaludjerica



Altina, Plavi horizonti



PGR Adice, other settlements





INNER CITY URBAN AREAS









A	GENERAL POINTS OF REFERENCE				
A1	TYPES OF AREAS				
	<ul style="list-style-type: none"> <li>• Central urban zone,</li> <li>• Housing and mixed blocks and zones</li> <li>• Traffic arteries/streets</li> <li>• Open public spaces (squares, piazzettas, streets, open-air markets, parks, playgrounds and open recreational areas, quays and river banks, streams and lakes)</li> </ul>				
A2	KEY PROBLEMS				
	<ul style="list-style-type: none"> <li>• Endangered urban matrices as one of the key elements of an urban settlement's identity</li> <li>• Uneconomical pace of construction</li> <li>• Threats to and usurpation of structures and open spaces intended for public use</li> <li>• Reduction in greenery</li> <li>• Deterioration of infrastructure</li> <li>• Physical degradation and deterioration in value of urban structures (housing stock) in central urban zones, diminishing attractiveness, endangered identity (partly due to competition with greenfield investments)</li> </ul>				
A3	CHARACTER OF INTERVENTIONS				
	<ul style="list-style-type: none"> <li>• Renewal, reconstruction and revitalisation of housing blocks</li> <li>• Renewal and reconstruction of urban matrix and urban structure</li> <li>• Recovery and maintenance of suprastructure</li> <li>• Renewal and modernisation of transport and technical infrastructure</li> <li>• Prevention of usurpation of public construction land</li> <li>• Development of public and open spaces</li> <li>• Prevention of gentrification</li> <li>• Aesthetic interventions, managerial innovations, strengthening of institutional and managerial capacities</li> <li>• Improvement of conditions for construction of new apartments and houses</li> </ul>				
A4	EXPECTED IMPACT OF INTERVENTIONS				
	<ul style="list-style-type: none"> <li>• Parallel process of innovative LED and transformation of urban structures (urban renewal)</li> <li>• Preservation of urban identity</li> <li>• Strengthening urban mobility and accessibility, expansion of pedestrian zones and opening up urban spaces</li> <li>• Increase in the quality of housing stock and meeting housing needs</li> <li>• Efficient use of existing urban stock</li> </ul>				
B	EXAMPLES				
B1	POSSIBILITIES FOR APPLICATION OF SETS OF MEASURES				
	1.1	2.1	3.1	4.1	5.1
	1.2	2.2	3.2	4.2	5.2
	1.3	2.3	3.3	4.3	5.3
			3.4	4.4	5.4



#### B2 POSSIBILITIES FOR APPLYING AND COMBINING MEASURES FOR ACCOMPLISHING STRATEGY'S GOALS

- Urban renewal of central urban zone
- Urban regeneration of parts of urban settlements affected by deterioration processes
- More efficient use of zones and units with insufficiently utilised erected structures
- Construction of for-lease apartments
- Protection of structures and units of architectural heritage which are not listed as cultural goods
- Development and preservation of public spaces, advancement of accessibility and safety
- Renewal and development of cultural infrastructure
- Supporting cultural activities
- Renewal of existing substandard residential settlements and unit
- Advancement of energy efficiency in existing housing units and structures
- Use of renewable energy sources
- Development of social entrepreneurship and social enterprises
- Development of low carbon, resource-efficient "green" economy

#### B3 SOURCES OF FINANCING FOR URBAN DEVELOPMENT

- National sources of financing: Ministry of Culture, MCTI, PPPs
- International sources of financing: European Investment Bank, WBIF, EU Civil Protection Mechanism, European Investment Bank, World Bank, Green fund KfW, GIZ, programmes within the SDG Fund, programmes within Creative Europe and EU PRO

#### B4 TYPES OF AREAS FROM CURRENT URBAN PLANNING PRACTICES

Plans in Vracar, Vozdovac  
along King Alexander Boulevard, Belgrade



DRP Tesnjar in Valjevo



DRP fortress of Djurdj Brankovic, relocation of railway tracks and central city core. Urban renewal of immediate surroundings of Smederevo Fortress



Old Town, Kragujevac





AREAS WITH CONCENTRATION OF SOCIAL PROBLEMS





## A GENERAL POINTS OF REFERENCE

## A1 TYPES OF AREAS

- Part of a block, block, zone
- Informally built unit

## A2 KEY PROBLEMS

- Insufficient accessibility and quality of public services
- Low level of quality of life for socially vulnerable groups
- Low level of accessibility to social housing
- Low level of housing conditions in parts of settlements with substandard development
- Usurpation of public spaces, particularly green public spaces
- Safety in general terms
- Provisional accommodation facilities (containers, prefabricated structures)

## A3 CHARACTER OF INTERVENTIONS

- Programmatic spatial solutions to social integration for parts of settlements with social problems
- Recovery and reconstruction of housing units and structures
- Construction of transport and technical infrastructure
- Development of utility services
- Construction of public services facilities

## A4 EXPECTED IMPACT OF INTERVENTIONS

- Social inclusion
- Poverty reduction
- Support to development of various forms of housing, urban services, technical infrastructure and utility services
- Fostering and supporting social entrepreneurship

## B EXAMPLES

## B1 POSSIBILITIES FOR APPLICATION OF SETS OF MEASURES

1.1	2.1	3.1	4.1	5.1
1.2	2.2	3.2	4.2	5.2
1.3	2.3	3.3	4.3	5.3
	2.4	3.4		5.4





## B2 POSSIBILITIES FOR APPLYING AND COMBINING MEASURES FOR ACCOMPLISHING STRATEGY'S GOALS

- Recovery of illegally built zones
- Renewal of existing substandard residential settlements and units
- Urban regeneration of parts of urban settlements affected by deterioration processes
- More efficient use of zones and units with insufficiently utilised erected structures
- Development of social entrepreneurship and social enterprises
- Construction of for-lease apartments
- Protection of structures and units of architectural heritage which are not listed as cultural goods
- Development of public spaces
- Development of green infrastructure
- Advancement of energy efficiency in existing housing units and structures
- Use of renewable energy sources
- Development of low carbon, resource-efficient „green“ economy

## B3 SOURCES OF FINANCING FOR URBAN DEVELOPMENT

- National sources of financing: Apartment Construction Scheme for Security Forces, Public Investment Office
- International sources of financing: IPA, programmes EACEA – Europe for Citizens, EU Health Programme, programmes HORIZON 2020 and Erasmus +, European Investment Bank, Council of Europe Development Bank CEB, Regional Housing Scheme, UN SDGs, SWISS PRO, UNOPS

## B4 TYPES OF AREAS FROM CURRENT URBAN PLANNING PRACTICES

Army road in Zemun



Social housing in Ovca



DRP Miseluk II in Novi Sad



Grdicka kosa, Mataruska banja,  
area around Zica monastery, Crkvine in Kraljevo





AREAS WITH ENVIRONMENTAL ISSUES









## A GENERAL POINTS OF REFERENCE

### A1 TYPES OF AREAS

- Environmentally hazardous activities impact zones
- Flooding zones
- Landslides
- Contaminated brownfield zones, complexes and sites
- Endangered zones of water sources sanitary protection
- Hotspot sites (according to SPRS),
- Settlements or parts of settlements affected by high noise levels
- Settlements or parts of settlements with significantly degraded air quality

### A2 KEY PROBLEMS

- Deterioration of landscapes and key parameters of living environment (air, water, land, noise) due to development of potentially environmentally hazardous activities and transport infrastructure in urban settlements
- Inadequate system of urban settlements' (institutional and practical) response to climate changes and natural hazards
- Increase in the level of threat to the quality of life and public health, particularly due to inadequate treatment of environmental protection in local development plans and programmes

### A3 CHARACTER OF INTERVENTIONS

- Risk assessment and recovery of sites characterised as hotspot locations and contaminated brownfield zones, complexes and sites
- Establishment of a system of monitoring and response to risks and incidents
- Classification of data on the quality of environment at the level of urban settlements
- Implementation of interventions and activities defined through local environmental action plans
- Implementation of action plans in the field of prevention and response to climate changes in local development and environmental protection policies

### A4 EXPECTED IMPACT OF INTERVENTIONS

- Increase in quality for all living environment parameters in urban settlements
- Increase in quality of life, public health and safety in urban settlements
- Attainment of an adequate degree of settlements' resilience to climate changes

## B EXAMPLES

### B1 POSSIBILITIES FOR APPLICATION OF SETS OF MEASURES

1.1	2.3	3.3	4.1	5.1
1.3	2.4	3.4	4.2	5.2
	2.5		4.3	5.3
				5.4



### B2 POSSIBILITIES FOR APPLYING AND COMBINING MEASURES FOR ACCOMPLISHING STRATEGY'S GOALS

- Systemic monitoring of parameters of environment, biodiversity, hazards and public health
- Recovery of sites characterised as hotspot locations, recovery of contaminated sites, endangered areas (floods, torrents, landslides), etc.
- Protection of areas with water sources and protection of water quality
- Achieving a higher level of primary selection and recycling of urban utility waste
- Advancement of energy efficiency
- Development of green infrastructure
- Development of low carbon, resource-efficient „green“ economy

### B3 SOURCES OF FINANCING FOR URBAN DEVELOPMENT

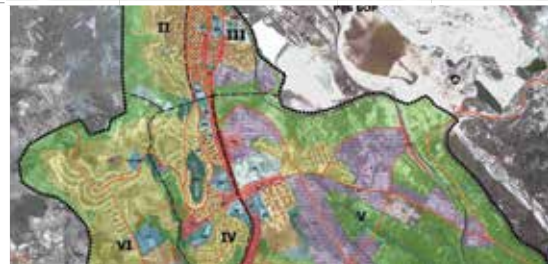
- National sources of financing: Ministry of Environmental Protection, Ministry of Mining and Energy, Public Investment Office
- International sources of financing: IPA 2016, IPA II 2017-2020, WBIF, EU Solidarity Fund, LIFE, HORIZON 2020, GIZ + KfW, UN SDGs, bilateral cooperation

### B4 TYPES OF AREAS FROM CURRENT URBAN PLANNING PRACTICES

Vinca in Belgrade nuclear institute, landfill, archaeological settlement Belo brdo, planned road corridor...



PGR Bor



Viskoza, Loznica



DRP Savapark, Sabac





CULTURAL HERITAGE



6	SPATIAL UNITS WITH CULTURAL AND ARCHITECTURAL HERITAGE, IMPORTANT MILESTONES IN CULTURAL AND HISTORICAL DEVELOPMENT OF AN URBAN SETTLEMENT / CLUSTERS OF URBAN SETTLEMENTS	
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A	GENERAL POINTS OF REFERENCE
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A1	TYPES OF AREAS
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- Individual structures and clusters of structures constituting a part of cultural, architectural and/or urban heritage
- Ambient units – ambience of a square, block, street, a part of a settlement, a settlement or a cluster of settlements

A2	KEY PROBLEMS
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- Deterioration of immovable cultural goods and valuable architectural units and structures – particularly structures and urban units from the second half of the 20th century, industrial heritage, as well as entire settlements, spas or clusters of settlements
- “Urban planning protection” of structures and units which constitute important milestones in cultural and historical development, particularly the post-war modern architecture and urban planning heritage, is lacking
- (Un)adaptability of architectural heritage structures to contemporary requirements, e.g. energy efficiency requirements

A3	CHARACTER OF INTERVENTIONS
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- Recovery and revitalisation of structures and units of architectural heritage
- Integrated approach to protection of cultural goods and urban planning protection of valuable structures and units of architectural, urban and/or industrial heritage
- Implementation of plans for management of cultural, architectural and urban heritage
- Development of cultural tourism

A4	EXPECTED IMPACT OF INTERVENTIONS
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- Promotion of cultural potentials
- Increasing quality of built-up environment and identity of urban settlements in Serbia
- Increasing tourist attractiveness as a driver for cultural tourism
- Positive economic impact on renewal and sustainable utilisation of cultural, architectural, industrial and urban heritage
- Support to integrated economic and urban renewal

B	EXAMPLES
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B1	POSSIBILITIES FOR APPLICATION OF SETS OF MEASURES
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1.3	2.1	3.1	4.3	5.1
	2.2	3.4		5.2
	2.4			5.3
				5.4



6 SPATIAL UNITS WITH CULTURAL AND ARCHITECTURAL HERITAGE, IMPORTANT MILESTONES IN CULTURAL AND HISTORICAL DEVELOPMENT OF AN URBAN SETTLEMENT / CLUSTERS OF URBAN SETTLEMENTS



B2 POSSIBILITIES FOR APPLYING AND COMBINING MEASURES FOR ACCOMPLISHING STRATEGY'S GOALS

- Urban renewal of central urban zones
- Urban regeneration of parts of urban settlements affected by deterioration processes
- Reactivation and development of brownfield zones, complexes and sites with industrial heritage
- Protection of structures and units of architectural heritage which are not protected as listed cultural goods
- More efficient use of units with insufficiently utilised erected structures
- Development and preservation of public spaces
- Use of renewable energy sources
- Interpretation of cultural heritage

B3 SOURCES OF FINANCING FOR URBAN DEVELOPMENT

- National sources of financing: Ministry of Culture, Ministry of Trade, Tourism and Telecommunications
- International sources of financing: World Heritage Foundation, Creative Europe, cross border and transnational cooperation programmes (ADRION, DANUBE) financed from IPA, programmes within SDG Fund, EU PRO programme

B4 TYPES OF AREAS FROM CURRENT URBAN PLANNING PRACTICES

Central zone DRP, Vrsac



DUP for reconstruction of Pozarevac centre's narrow zone



Zemun old town core DRP



Old town DRP, Uzice





IMPLEMENTATION

7





## 7. IMPLEMENTATION OF THE STRATEGY

### 7.1. URBAN DEVELOPMENT LEGAL BASIS

In order to implement the goals and measures defined in this Strategy, it is necessary to carry out activities to improve and innovate the valid legal framework in certain areas of importance for achieving sustainable and integrated urban development in the Republic of Serbia, as well as to build capacities of responsible inspection services. The three-year action plans for the implementation of the Strategy will determine the deadlines and institutions in charge of strengthening the regulations for achieving the goals and measures according to the strategic directions of this Strategy:

1. Amendments to the Law on Planning and Construction (including the field of construction land, with the reform of the legal framework in terms of sustainable use, construction land financing and management and renewal of local institutional and personnel capacities for construction land management);
2. Further development of the legal framework which regulates the field of utility economy/utilities and provision of utility services, especially in the area of improvement of financing and management of utilities infrastructure development and establishment of central economic regulation (solutions regarding ownership and organization, competition, transformation of public utilities companies, improvement of financing of services, maintenance and development of utilities infrastructure, development of business models which activate private-sector capital, pricing policy for services, determining fees, standards and quality of services, inter-municipal cooperation);
3. Improvement of the legal framework regulating the efficient local public financial management regarding fiscal and non-fiscal revenues in the field of construction land
4. Improvement of the legal framework enabling the integration of urban development programs in budget planning (capital investment plan),
5. Establishing a new and improving the existing legal framework for the needs of re-activation and development of brownfield sites in order to create sustainable urban structures in areas affected by a significant loss of urban functions
6. Strengthening of the legal basis regulating the IZ development
7. Adoption of a new Law on Spas;
8. Adoption of a new Law on Cultural Property.

The action plans for the implementation of this Strategy will determine the regulations, deadlines and institutions in charge of their strengthening, with the aim of implementation of the measures set forth in this Strategy.

## 7.2. URBAN DEVELOPMENT PLANNING BASIS ON THE NATIONAL AND LOCAL LEVEL

In order to implement the goals and measures defined in this Strategy, it is necessary to carry out activities to improve and innovate the current planning basis in all areas of importance for achieving sustainable and integrated urban development in the Republic of Serbia.

Successful implementation of the Strategy implies the adaptation of the planning system in accordance with the Leipzig Charter on Sustainable European Cities, the International Guidelines on Urban and Territorial Planning, the New Urban Agenda, the EU Urban Agenda, as well as the inclusion of the Ten Integrated Guidelines for the Europe 2020 strategy in the elaboration of development and planning documents (e.g. ensuring the quality and sustainability of public finances on all levels, improving the business environment and modernizing the industrial basis, improving the resource efficiency and reducing greenhouse gas emissions, increasing participation- especially in the area of unemployment and labour market, nurturing a qualified workforce and developing of lifelong learning systems, improving the education and training system on all levels, increasing the participation of highly educated people, etc).

The Strategy includes the implementation of a part of the principles and guidelines from the mentioned international context, that way providing a better quality support for the integration of the specificities of urban development planning and use of urban capital in policies, plans and programs on the national, provincial/regional and local level.

On the national and provincial level, it is necessary to ensure coordination of activities in the implementation of valid and preparation of new planning and development documents and public policies that will support the objectives, measures and priority areas of intervention defined by this Strategy for achieving sustainable and integrated urban development in the Republic of Serbia.

On the local level, local integrated urban development strategies will be adopted (hereinafter: integrated urban development strategies - IUDS). Local integrated urban development strategies are being prepared based on this Strategy.

Within three months of the adoption of this strategy, the Ministry of Construction, Transport and Infrastructure will publish Integrated Urban Development Strategies – Guidelines for Cities and Municipalities.

Local integrated urban development strategies define priority areas of intervention and priority urban development projects. These strategies represent a framework for defining strategic projects (hereinafter: priority urban development projects) which LSGUs use when applying for funding from national, European and international funding sources.

Local integrated urban development strategies are not a planning basis for the implementation of urban and spatial plans, but strategic planning documents which direct urban development. These planning documents are complementary. In the preparation of IUDS, all valid planning and development documents and public policies are being used, with the areas of intervention being identified and priority urban development projects being determined in the process of public participation and involvement of relevant stakeholders.

On the local level there will be coordination between the preparation and realization of IUDS, priority urban development projects and documents of spatial and urban planning under LSGUs jurisdiction, LSGUs development plans and other local plans and programs.

Realization of priority urban development projects requires harmonization with the medium-term LSGUs' Development Plan and integration in the Capital Investment Plan. Based on the adopted IUDS and priority urban development projects, and for the purpose of the implementation of urban and spatial plans, the local self-government units will determine the need for amendments to the valid urban plan or spatial plan for the local self-government unit, or for the development of an appropriate urban plan for the priority area of intervention or urban settlement area.

### 7.3. FINANCING SOURCES AND NATIONAL URBAN DEVELOPMENT FUND

#### 7.3.1. Available and expected financing sources

Although some of the urban development programs and projects in the Republic of Serbia are already being financed (see comments in Chapter 6 of the Strategy), it must be emphasized that it is a small percentage in relation to the needs observed.

There are also projects for which there is no accurate overview of potential financing sources. For this reason, there is a need to determine the possibility of mobilizing funds from both domestic and foreign sources.

Urban development requires significant financial resources for the implementation of projects. The currently available financing sources in LSGUs in the Republic of Serbia are sufficient only for covering smaller projects, while the possibility of developing long-term investment projects is very limited.

The characteristics of financing urban development in the Republic of Serbia are as follows.

- relying on existing domestic financing sources mainly coming from the national funds, agencies and projects and budget funds of LSGUs;
- consequently, the overall financial environment of the Republic of Serbia and the availability of financing sources (high price of money, i.e. interest) has a very big influence on urban development financing;
- loan conditions and other terms of domestic and foreign banks (loan amount, interest rate, maturity, existence of grace periods, etc.);
- there are numerous external (international) sources of utmost importance for urban development, which are underutilized;
- There are many long-term lending options from foreign sources under appropriate conditions (acceptable interest rates, deadlines, with grace period, which is important for financing very significant and major investment projects funded by European banks);
- The most favorable terms of financing seem to be given by the domestic funds and agencies, while less favorable conditions are offered by commercial banks, some of which have high interest rates. The Government of the Republic of Serbia undertakes certain measures in terms of subsidizing entrepreneurs and economic

actors through commercial banks that give loans at more favorable interest rates in order to stimulate economic activities, and especially investments;

- for the implementation of the fiscal policy and reforms that can initiate and shape urban investments, it is essential for both national and local levels to improve financial maturity, responsibility and creditworthiness..

In any case, the national government level will play a key role in improving (a sovereign) financial maturity, as well as in supporting LSGUs to increase/raise the level of available funds, manage and combine the financial resources needed for the implementation of the Strategy.

Financing and development of sustainable urban development projects of significant size in Serbia (local, regional, and national) will require the establishment of a favorable regulatory and legal framework which clearly defines the scope and conditions of LSGUs for the implementation of different financing mechanisms, as well as protects the rights of different investors.

The national level will develop and coordinate various public policies and support institutional reforms and financial mechanisms in the process of establishing a full and sovereign financial maturity of LSGUs.

In this sense, the Strategy gives complex measures for improving the financing sources (including the own-source fiscal and non-fiscal revenues of LSGUs regarding construction land). Improving planning and development of institutional capacities is a prerequisite for improving financial maturity.

It is necessary to improve the conditions on the national government level in order to stimulate potential investors on the local level and to establish a national fund for supporting urban development. One of the roles of this national fund is the coordination and distribution of financing sources on the national and international support level.

Domestic financing sources are: funds, agencies, commercial banks, projects, programs of various ministries, LSGUs budgets, own funds of business operators (companies), funds of interested domestic investors, and loans of investment and commercial banks in the territory of the Republic of Serbia.

The possibilities of using funds from the following sources is especially emphasized (as indicated in the Annex of the Strategy):

- Programs and incentives of the ministries of the Republic of Serbia and their agencies (Ministry for European Integration, Ministry of Economy, Ministry of Construction, Transport and Infrastructure, Ministry of Environmental Protection, Ministry of Mining and Energy, Ministry of Trade, Tourism and Telecommunications, Ministry of Public Administration and Local Self-Government, Ministry of Education, Science and Technological Development, Ministry of Youth and Sport, Ministry of Culture and the Media, Ministry of Justice, Public Investment Management Office, Autonomous Province of Vojvodina, Development Agency of Serbia, Development Fund, Water Fund);
- Local budget, as well as loans from commercial banks operating in the territory of the Republic of Serbia.

Foreign financing sources are: EU funds and programs, credit lines (foreign government credit lines and international financial institution credit lines), development and other funds of non-EU countries, projects and funds of interested foreign investors. In the

following period a special attention should be paid to to possibilities of mobilizing funds from the following international funds and programs:

- Instrument for Pre-accession Assistance IPA, Cross-Border and Transnational Cooperation, Multi-beneficiary IPA;
- EU programs (SME Competitiveness Program COSME, Employment and Social Innovation Program, Creative Europe, Europe for Citizens, EU Health Program III, EU Civil Protection Mechanism, Horizon 2020, Erasmus +, etc.);
- Cohesion policy and other EU funds (Cohesion Policy, Western Balkans Investment Framework - WBIF, MADAD, EU Solidarity Fund, Regional Housing Program);
- International Financing Instruments - Bank (Council of Europe Development Bank CEB, European Investment Bank EIB, European Bank for Reconstruction and Development EBRD, World Bank WB, German Development Bank KfW);
- Bilateral and multilateral cooperation, donor programs (United Nations Team in Serbia, Deutsche GIZ, Austria, Switzerland, Denmark, Norway, Netherlands, Sweden, USA, etc).

In the following table, 7.3.1-1. the available and expected urban development financing sources are presented. They are presented in detail in Annex.

NATIONAL AND REGIONAL SOURCES			
NATIONAL SOURCES	<ul style="list-style-type: none"> <li>• Ministry for European Integration*</li> <li>• Ministry of Economy Ministry of Construction, Transport and Infrastructure</li> <li>• Ministry of Environmental Protection</li> <li>• Ministry of Mining and Energy Ministry of Trade, Tourism and Telecommunications</li> <li>• Ministry of Public Administration and Local Self-Government</li> <li>• Ministry of Education, Science and Technological Development</li> <li>• Ministry of Youth and Sport</li> <li>• Ministry of Culture and the Media</li> <li>• Ministry of Justice</li> <li>• Public Investment Management Office</li> <li>• Autonomous Province of Vojvodina</li> <li>• Development Agency of Serbia</li> <li>• Development Fund Water Fund</li> <li>• Innovation Fund</li> </ul>		
	<p style="text-align: center;"><b>BANKS AND PROJECT FINANCING</b></p> <ul style="list-style-type: none"> <li>• RAIFFEISENBANK</li> <li>• SBERBANK</li> </ul>		
EUROPEAN UNION FUNDS			
INTERNATIONAL SOURCES	Instrument for Pre-accession Assistance IPA	European Union Programs	Cohesion policy and other funds
	<ul style="list-style-type: none"> <li>• Instrument for Pre-accession Assistance 2007- 2013</li> <li>• Instrument for Pre-accession Assistance 2014 - 2020.</li> <li>• Cross-Border and Transnational Cooperation (Adriatic Ionian Programme, Danube Programme)</li> <li>• Multi-beneficiary IPA</li> </ul>	<ul style="list-style-type: none"> <li>• SME</li> <li>• Competitiveness Program COSME</li> <li>• Employment and Social Innovation Program</li> <li>• Creative Europe Europe for Citizens</li> <li>• EU Health Program III</li> <li>• EU Civil Protection Mechanism</li> <li>• Horizon 2020</li> <li>• Erasmus + etc</li> </ul>	<ul style="list-style-type: none"> <li>• Cohesion policy</li> <li>• Western Balkans Investment Framework - WBIF</li> <li>• MADAD</li> <li>• EU Solidarity Fund</li> <li>• Regional Housing Program</li> </ul>
	INTERNATIONAL FINANCING INSTRUMENTS- BANKS		
	<ul style="list-style-type: none"> <li>• Council of Europe Development Bank CEB</li> <li>• European Investment Bank EIB</li> <li>• European Bank for Reconstruction and Development EBRD</li> <li>• World Bank WB</li> <li>• German Development Bank KfW</li> </ul>		
BILATERAL AND MULTILATERAL COOPERATION, DONOR PROGRAMS			
	<ul style="list-style-type: none"> <li>• United Nations Team in Serbia Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ)</li> <li>• Austria, Switzerland, Denmark, Norway, Netherlands, Sweden, USA, etc.</li> </ul>		

\* Project Preparation Facilities - PPFs; Policy and Legal Advice Centre (PLAC); Golubac Fortress; Joint Assistance to Support Projects in European Regions (JASPERS); Support to Public Administration Reform in Serbia – EU integration component; EU PRO; Project „Key steps towards gender equality“

Table 7.3.1-1: Sources of financing (status as of August 2018))

Areas of activity for the establishment and functioning of high potential mechanisms for urban development financing are as follows:

- increase of available finances (raising) – by enabling fiscal transfers to LSGUs, business cooperation with multilateral development banks, supporting LSGUs to collect funds for urban development investments, attracting EU and other donor funds;
- steering – the national level can create conditions that allow private investments in sustainable urban development - by shaping the market, for example, through tax mechanisms, other pricing mechanisms, and / or support to sustainable alternatives;
- mixing/combining financing sources (blending) – through which the national, provincial and local government levels can attract the private financial capital by using means of stimulations and incentives from public finances to change the relationship between the risk and the return of capital investment, the PPP and so-called „investment vehicle“ can play an important part in determining of evidence or conditions for commercial return (blending).

Regarding the area of raising, the national government level can support the allocation and implementation of a large spectrum of high-potential financing instruments intended for urban development and use the following seven most efficient ones (from a total of 70 existing ones):

- └ *Fiscal decentralization* – taxation of property and other forms of generating revenues gives LSGUs the ability to generate sources of income which stays under their control. By linking local revenue generation and distribution, decentralization enhances the responsibility and efficiency of LSGUs. At the same time, decentralization requires developed capacities of LSGUs. In the absence of fiscal decentralization, dedicated funds (for transfer in the transition phase) for enabling sustainable urban development in the Republic of Serbia can be determined - co-financing priority projects for areas of urban intervention;
- └ *Bonds and debt financing* – the national government level can: 1) improve the legal regulations and provisions regarding LSGUs' debt control and clarify the conditions for bank loans or issuance of bonds; 2) provide capacity building to improve budget planning, accounting and financial management in LSGUs in order to reduce costs; 3) with loans, either through bank lending or bond issuance, develop a pool of mature project pipeline and provide support for their preparation through cooperation with existing World Bank credit enhancement programs;
- └ *Valuation of real estate values* – is a powerful means of financing major development projects that raise the value of real estate. This increase in value can be used as a source of revenue;
- └ *Prices, regulation and standards* – are particularly important for sectors with smaller amounts of the necessary investment funds and where consumer choices are key investment drivers, such as energy distribution, electro mobility and green construction;
- └ *National investment vehicle* – important because the national government level can determine the funds for urban development within the existing national development banks and/or independent investment banks that invest in «green» technologies and which will integrate international and national financing sources with private investments within local markets;

- └ *International investment vehicle* – international financial instruments also have significant potential for use in the field of sustainable urban development (raising), and have the potential to mix different sources in case that domestic national investment vehicles do not exist or have limited capacity;
- └ *Public-Private Partnerships (PPPs)* - are particularly important because the effectiveness of PPPs depends to a large extent on the proper identification of the effects, structure and maturity of projects, contractual arrangements, and governance capacities.

Of the 7 listed high-potential financial instruments that all support raising, two mechanisms - Valuation of real estate values and Prices, regulation and standards also support steering, while five mechanisms – Fiscal decentralization, Bonds and debt financing, National investment vehicle, International investment vehicle and PPPs support mixing and combining sources (blending).

### 7.3.2. National urban development fund

The National Sustainable and Integrated Urban Development Fund (hereinafter: the National Fund) will be established within the Ministry of Construction, Transport and Infrastructure with the task of providing:

- implementation of objectives and measures set forth in this strategy and elaborated in action plans for its implementation;
- financial support for the preparation of IUDS and priority urban development projects;
- evaluation and ranking of priority urban development projects, in order to provide financial support for their implementation on the national and provincial government levels (National Fund, funds of other national and provincial bodies and organizations);
- necessary information and available data on the implementation of strategic projects for priority areas of intervention from IUDS to all relevant national and provincial authorities, interested international and EU funds, donors and the private sector;
- coordination of the use of international and EU funds, means from the national, provincial and LSGUs' budgets in providing financial support for the implementation of this strategy, preparation and implementation of IUDS and priority urban development projects, i.e. for the preparation of a public call for cofinancing priority urban development projects with public funds and providing a part of deposits in realization of international funds;
- supporting LSGUs on the regional level regarding preparation, implementation and monitoring of the implementation of IUDS and priority urban development projects by arranging a set of special services with ARDA or individual city administrations.

National co-financing for EU programs is provided at project level. Priority urban development projects should be included in the national multiannual investment plan and in the program of co-financing from the EU funds (bearing in mind that the development of a new indicative program run by the Ministry of European Integration is in progress), especially with regard to the gradual introduction of the sectoral access within IPA.



The National Fund should be a part of the institutional framework for the governance of EU pre-accession assistance (IPA II) that has been established and is operational.

The three-year action plans for the implementation of the Strategy will determine the deadlines and institutions in charge of the establishment of the National Fund.

In the transitional period, until the National Fund has been established and has started functioning, a special unit within the Ministry in charge of urban development will be responsible for the implementation of the tasks. Special funds will be provided as incentives to local urban development in the section of the Republic budget for the relevant ministry.

In the first three-year period of implementation of the Strategy, the funds from the Republic budget mentioned above will be the following: 30 million RSD for the year 2019, 60 million RSD for the year 2020 and 120 million for the year 2021.

### 7.3.3. Selection criteria for priority urban development projects

The Strategy defines the main criteria for evaluation and selection of priority urban development projects, possibly for certain strategic (capital) projects for urban settlements identified in IUSD.

The main criteria for evaluation and selection of priority urban development projects in relation to the defined five strategic directions of this Strategy are.

- A. Basic - binding, evaluated by relevance – in order, being applied to all projects, and
- B. Complementary and supplementary - being applied selectively depending on the type and expected effects of the project.

#### A. Basic

1. Realization of the specific goals and measures set forth in the Strategy as well as action plans for its implementation - evaluation according to the number of measures and specific goals whose realization is being contributed to;
2. Realization of the goals established in the IUSDs - evaluation according to the number of measures and specific goals whose realization is being contributed to;
3. Realization of the goals of other national sectoral strategies and public policies – evaluation according to the achievement of goals from one or more sectoral strategies and/or public policies;
4. Support is given to the local population, local communities and other local actors in the participatory process of preparation of urban development projects/ program.

#### B. Complementary and supplementary

1. Ecological acceptability of urban development project; green public procurements;
2. Expected effects of urban development projects on economic development of urban settlements and LSGUs
3. Expected effects of urban development project on social well-being in urban settlements and LSGUs.

For selected priority projects that can be classified as capital projects, the criteria determined in the Regulation on Capital Projects and the envisaged rulebook for criteria and norms apply in the further procedure. For such and other priority urban development projects, general criteria can be applied to evaluate if the investment of the project is acceptable.

The identification of priority urban development projects and their integration in the Capital Investment Plan is the most complex and demanding step in the context of very limited material resources. Therefore, it is necessary to harmonize the LSGU Development Plan (as the basis for the Capital Investment Plan) and urban development projects from IUDS.

Based on the main criteria determined in this Strategy, the more detailed criteria will be determined annually by the Ministry in charge of urban development within public calls for co-financing of priority urban development project.

#### 7.4. INSTITUTIONAL FRAMEWORK AND PLAN FOR MONITORING THE STRATEGY IMPLEMENTATION ON THE LOCAL AND NATIONAL LEVEL

##### 7.4.1. Institutional framework for the implementation of the Strategy on the local and national government level

On the national level, within the Ministry in charge of urban development, a special sustainable and integrated urban development unit will be established (hereinafter UDU).

The main tasks of the UDU are as follows:

- monitoring the implementation of objectives and measures set forth in this strategy and in the three-year action plans for its implementation;
- coordination of activities on the implementation of valid and preparation of new planning and development documents and public policies that will support the objectives and measures and priority areas of intervention defined by this strategy and IUDS for achieving sustainable and integrated urban development in the Republic of Serbia;
- coordination of activities and providing support from the relevant authorities on the national and provincial level, international and EU funds, donors and PPP for the preparation of IUDS and priority urban development projects based on IUDS;
- monitoring the implementation of IUDS and priority urban development projects;
- informing and providing available data on adopted IUDS and priority urban development projects based on IUDS and their implementation to all relevant authorities on the national and provincial level, interested international and EU funds, donors and the private sector;
- establishing a database of performance indicators and monitoring the implementation of this strategy and the three-year action plans for its implementation;

- preparation of three-year action plans for the implementation of the Strategy;
- preparation of three-year reports on the implementation of the Strategy and the action plan;
- preparation of the necessary materials for the National Urban and Spatial Development Council and the National Urban Forum.

The Ministry of Construction, Transport and Infrastructure will provide the publication *Integrated Urban Development Strategies - Guidelines for Cities and Municipalities* as a form of supporting LSGUs in the preparation of IUDS and urban development projects based on IUDS. In the upcoming period, it is necessary to provide training for the representatives of LSGUs.

The National Urban and Spatial Development Council (hereinafter: the National Council) will be formed by the Government of the Republic of Serbia on the proposal of the Ministry in charge of urban development.

The main task of the National Council is to monitor and steer the implementation of the Strategy, to review the three-year action plans for its implementation and the three-year reports on its implementation, and, according to the need, propose changes to the Strategy.

The first three-year action plan for the implementation of the Strategy will determine the deadlines and necessary funds for the establishment and work of the UDU and the National Council.

On the regional/intermunicipal level it is possible to provide support to local self-government units for the preparation, implementation and monitoring of the implementation of IUDS and priority urban development projects by arranging a set of special services with ARDA or individual city administrations.

On the local level it is possible to establish a responsible authority for the development of IUDS and the implementation of measures and projects defined by IUDS. Depending on the capacities, it is possible either to create special units within the city/municipal administration or rely on the establishment and work of working units composed of representatives of different local government units

#### 7.4.2. Plan for monitoring the implementation of the Strategy on the local and national level

Monitoring the implementation of the Strategy at the national level lies in the responsibility of the Ministry of Construction, Transport and Infrastructure, i.e. UDU.

Based on the established database for performance indicators, the UDU will monitor the implementation of this Strategy.

UDU will cooperate with the competent ministries, public enterprises and public institutions on national and provincial level, the Statistical Office of the Republic of Serbia, the Republic Geodetic Authority and LSGUs administrations. Local self-government units will form databases for monitoring the implementation of IUDS and priority urban development projects based on IUDS.

Local self-government units will provide monitoring of performance indicators of the strategy implementation and database for monitoring the implementation of IUDS as part of regular municipal/city administration tasks, or as tasks entrusted to the ARDA, or to individual city administrations.

The Ministry of Construction, Transport and Infrastructure, i.e. UDU in cooperation with the competent ministries, public enterprises and public institutions on the national and provincial level, the Statistical Office of the Republic of Serbia, the Republic Geodetic Authority, ARDA and the LSGUs governments, will prepare three-year action plans and reports on the implementation of the Strategy.

## 7.5. DIGITALIZATION AND COMMUNICATION PLATFORM

In line with the Government's commitment that digitalization will improve the quality of life and life standard of Serbian citizens, the use of digital services is a significant urban governance instrument. In international documents on the European and global level, there are also commitments that use digitalization as an urban development instrument. The New Urban Agenda recommends the promotion of ICT, the use of open, participatory and user-oriented digital platforms and tools, and the use of geo-information technologies. Science, research and innovation for the collection, analysis, and standardization of data as well as data sharing is being supported. The importance of capacity building is being emphasized and evidence-based policy is being promoted.

In the International Guidelines on Urban and Territorial Planning, it is recommended that national authorities, in cooperation with other government spheres and relevant partners, promote geospatial data collection technologies, ICT, address registers, land registers and property registers, as well as networking and knowledge sharing for technical and social support to implementation of urban and spatial plans. Digital transition is one of the 12 priority themes of the EU Urban Agenda with a focus on:

- data collection (with ownership being taken into account),
- better use of open data,
- data management (with capacities of citizens, local authorities and personal data protection being taken into account) and digital services (with new technologies being taken into account),
- accessibility of digital public services for disabled and elderly people (in compliance with the international WCAG 2.0 standards).

The Law on Electronic Government („Official Gazette of RS”, No. 27/18) regulates the establishment and maintenance of registers and records in electronic form, as well as the use of data from registers and records and the provision of electronic government services.

The Law on Planning and Construction regulates the exchange of documents in a unified procedure that is conducted electronically, which will contribute to a more efficient process of development and use of spatial and urban planning documents as instruments for implementation of urban development policy.

The same Law foresees the establishment of local information systems in accordance with the principles of the European Union's INSPIRE Directive.

Lacking data for monitoring urban development and steering of the urban development policy on the national and local level will be stored in these information systems.

Recommendations on the structure of the spatial information systems on the national and local level are included in the Program of implementation of the Spatial Plan of the Republic of Serbia („Official Gazette of RS”, No. 104/16) and the Land Use Code.

In accordance with the principle of interoperability, these databases in form of registers, records and information systems on the national and local level will be in accordance with the Law on the National Geospatial Data Infrastructure („Official Gazette of RS”, No. 27/18).

The use of information and communication technologies facilitates modern communication, but it should not completely replace the usual ways of communication and exchange of information and experiences.

There is a certain number of activities in Serbia that bring together urban and spatial planning experts (Salon of Urbanism annually, Summer Urban Planning School, Forum Urbanum, Spatial Planners Gatherings “Susreti prostornih planera Srbije”, scientific and professional meetings of the Serbian Spatial Planners Association, as well as other activities which do not take place on a regular basis, but in accordance with specific themes or anniversaries, for example, 70 years of the Urban Planning Institute of Belgrade in 2018 or 55 years of the Institute of Architecture and Urban & Spatial Planning of Serbia in 2009 etc. In addition to these activities related to spatial and urban planning, it is necessary to establish a communication platform for urban development for the purpose of a comprehensive exchange regarding the topic of the development of urban settlements, in accordance with UN-Habitat's recommendations for the organization of national urban forums.

The National Urban Forum should be a professional event of a regular character, similar to the World Urban Forum, which has been held every two years since 2002 and which brings together participants from all around the world interested in the topic of urban development.

The Urban Forum can be a multi-day event with a series of activities that address the issues of urban development, needs and approaches, and are used to exchange experiences and make conclusions in form of resolutions or declarations, all with the aim of steering urban development and implementing the national urban development strategy and the IUDS, as well as the action plan and measures and activities foreseen in strategies.

The National Urban Forum may have a specific theme. The event called „Strengthening capacities for sustainable housing“ held in 2015 in Belgrade was recognized by the UN-Habitat as a national urban forum focused on housing. The first upcoming urban forum should have the implementation of the Urban Development Strategy as its theme. The National Urban Forum should become a regular activity that brings together experts from various sectors, as well as representatives of the public, private, non-governmental and academic/research sector.

Promotion through the media and raising awareness about the importance and risks of urban development are among the basic tasks of the National Urban Forum.

Cooperation with the local level is necessary in accordance with the International Guidelines on Decentralisation and Access to Basic Services for All. It is necessary to

harmonize urban development activities and adapt them to trends which can be monitored by using the monitoring system based on urban development indicators, all in cooperation with the Standing Conference of Towns and Municipalities as the association of local self-governments in Serbia, or through direct communication with local self-governments.

It is necessary to make rational and optimal decisions based on indicator values, by policy makers and decision makers taking into account the urban development policy formulated in national and local documents.

Cooperation with the global level should be continued and strengthened. The recommendations of UN-Habitat as a global urban development program should be tailored to the national and local context.

The reports elaborated for the Habitat II conference in 1996 and Habitat III conference in 2016 provide an overview of the state of urban development in subthemes which are comparable on the global level. The relationship between the National and World Urban Forum should be obvious and bidirectional. Until the following tenth World Urban Forum which will take place in Abu Dhabi in 2020, a national urban forum should be held to establish that this event in Serbia takes place on a regular basis.

## 7.6 PERFORMANCE INDICATORS FOR MONITORING THE IMPLEMENTATION OF THE STRATEGY

The basic starting point is that the indicators for monitoring the implementation of the Strategy are related to the general goal, to the specific goals for all strategic directions, as well as to the sets of measures. These indicators are called performance indicators because they measure the efficiency and effectiveness of implementation of public policy determined by this Strategy.

The indicators are presented on the level of urban settlements and LSGUs (tabularly and graphically) for the: initial status, goal, and monitoring of achievements in the three-year reports.

Indicators based on data which are available for urban settlements and LSGUs can also be shown generated based on the area and region, if necessary also on the level of the Republic of Serbia.

Tables 7.6.1 and 7.6.2 give an overview of performance indicators for monitoring the implementation of the Strategy based on the defined general and specific goals, as well as on the control of the degree of measurability, relevance, reliability and temporal and spatial coverage of indicators, in such manner that provides the traceability from the beginning of the implementation of the Strategy.

In addition, several new indicators have been proposed based on the processes recognized in the urban settlements' development which are important to be monitored and steered.

The indicators are categorized in accordance with the Article 2 of the Law on the Planning System and marked with the following labels.

- results indicators –on the level of the general goal, and
- outcome indicators –on the level of specific goals.

In addition to the initial basic set of performance indicators on the level of urban settlements, there is a large number of indicators significant for future analysis, monitoring and rating of urban development which should be established for the areas of economic development, social development and monitoring of environment.

## RESULTS INDICATORS – ON THE LEVEL OF THE GENERAL GOAL

No.	Results indicator	Data source
GENERAL GOAL		
1.	Urbanisation degree (%)	SORS
2.	Migration balance rate in urban area	SORS
3.	Employment rate in LSGU	SORS, LSGU

Table 7.6.1: Results indicators – on the level of the general goal

Table 7.6.2: Basic outcome indicators – on the level of specific goals

## BASIC OUTCOME INDICATORS – ON THE LEVEL OF SPECIFIC GOALS

No.	Outcome indicator	Data source
STRATEGIC DIRECTION I: SUSTAINABLE ECONOMIC DEVELOPMENT		
SET OF MEASURES 1.1.		
1.	Unemployment rate (%)	NOE, LSGU
2.	Average net earnings per employee (€) in LSGU	SORS, LSGU
3.	Number of SMEs/1000 inhabitants in the urban area	SBRA, DAS, LSGU
4.	Number of cities (and / or units of local self-government) certified as LSGU with favorable business environment, according to the BFC SEE methodology	LSGU, NALED
SET OF MEASURES 1.2.		
5.*	Urban Sprawl Index (Construction Land Consumption Rate (%) in relation to the Population Growth Rate (%) in the same period)	RGA, SORS, MCTI, LSGU
6.	Number of legalized buildings (and structures) in urban areas and LSGUs (as well as % of the total number of buildings in the process of legalization)	MCTI, LSGU
7.	Share of revenues from construction land instruments in the LSGU budget (%)	MF, LSGU, SORS, MCTI
SET OF MEASURES 1.3.		
8.	Number and area of revitalized brownfields (ha, m2) per year	MCTI, ME, DAS
9.	Brownfield sites in urban areas according to surface areas and development	MCTI, ME, DAS
SET OF MEASURES 1.4.		
10.	Number of industrial and commercial zones	ME, LSGU
11.	Surface area of developed land of IZ (ha) in the LSGU (of which: number and share of free plots in the IZ)	ME, LSGU

Indicators marked with «\*» in tables 7.6.1. and 7.6.2. are at the same time indicators for SDG-11 (Sustainable Development Goal 11+ Indicators, UN-Habitat), or are compatible with them.

Zero and target value of the indicators in tables 7.6.1 and 7.6.2. will be set out in the reports on the implementation of the Strategy.



## BASIC OUTCOME INDICATORS – ON THE LEVEL OF SPECIFIC GOALS

No.	Outcome indicator	Data source
<b>STRATEGIC DIRECTION II: DEVELOPMENT OF URBAN SETTLEMENTS</b>		
SET OF MEASURES 2.1.		
12.	Parts of the urban area zoned for mixed use (%)	MCTI, LSGU,
13.	Surface area of urban area intended for open public spaces or parks (related to the share of natural areas in the LSGU and the region) (Source: Urban Zoning Map, LSGU Land Use Map)	MCTI, LSGU, CRPD
SET OF MEASURES 2.2.		
14. *	Total funds spent on protection, preservation and conservation of cultural heritage	MCTI, MCM, LSGU
SET OF MEASURES		
15. *	Number and share of urban population (households) with 10-minute pedestrian access to public transport	LSGU
16.	Length and number of developed cycling tracks in the urban area in relation to the length and number envisaged by the planning document	LSGU
SET OF MEASURES 2.4.		
17. *	Urban population connected to public water supply (%)	LSGU
18.	Temporal security of water supply- percentage of days of the year with delivery of drinking water without restrictions	LSGU
19.	Water losses made in transmission (%) from the quantity inserted into the system and the one in the units	NDW
20. *	Urban population connected to public sewage (%) or to regularly cleaned septic tanks (m <sup>3</sup> / yr)	LSGU
SET OF MEASURES 2.5.		
21.	Number and share of rural settlements (including suburban settlements) covered by suburban public transport	LSGU, MCTI
22.	Average travel time of commuters (related to the estimated volume of movement)	LSGU
<b>STRATEGIC DIRECTION III: SOCIAL WELLBEING</b>		
SET OF MEASURES 3.1.		
23.	Isocronic availability of public services (education, health, social protection, sport, culture) within urban settlements	LSGU
SET OF MEASURES 3.2.		
24.	Number of beneficiaries of social help in the urban area (of which% women)	LSGU, SORS
25. *	Number of inaccessible public spaces and institutions for persons with disabilities (number of citizens' complaints addressed to local self-government)	LSGU,SORS

## BASIC OUTCOME INDICATORS – ON THE LEVEL OF SPECIFIC GOALS

No.	Outcome indicator	Data source
SET OF MEASURES 3.3.		
26.	Average share of the price of land in the price of the apartment, at the level of urban settlements and at the level of urban zones in cities	LSGU
SET OF MEASURES 3.4.		
27.*	Number of meetings with citizens and representatives of institutions / organizations during the development of the urban / spatial plan or strategic document (publicly announced meetings)	LSGU, MCTI
STRATEGIC DIRECTION IV: QUALITY OF ENVIRONMENT		
SET OF MEASURES 4.1.		
28.	Percentage of drinking water samples which did not meet the requirements in terms of the quality	LSGU
29.	The share of urban waste water that is being treated	LSGU
30.*	The share of settlements' inhabitants exposed to constant and frequent excessive air pollution (SO <sub>2</sub> , NO <sub>2</sub> , PM <sub>10</sub> , O <sub>3</sub> etc.)	EPA, SORS
31.*	Share of recycling in relation to the prevailing waste treatment method (%)	LSGU, MEP
32.*	The share of communal waste collected in an organized manner (% of households)	LSGU, MEP
33.	Percentage of buildings constructed / adapted in accordance with the energy efficiency principles at the urban settlement level	CREP, MME, LSGU, MESTD
SET OF MEASURES 4.2.		
34.	Part of the urban area (% of population) potentially threatened by floods and erosion processes	NDW
35.*	Number of inhabitants affected by catastrophes and material costs caused by disasters	LSGU, МУП CBC
SET OF MEASURES 4.3.		
36.*	Number of environmental protection and risk management documents in urban areas organized by type	MEP
STRATEGIC DIRECTION V: URBAN GOVERNANCE		
SET OF MEASURES 5.1.		
37.	Urban development institutional framework according to type of institution	MCTI, LSGU
SET OF MEASURES 5.2.		
38.	Number of realized urban development projects according to financing sources	MCTI, MEI
SET OF MEASURES 5.3.		
39.	Time required to obtain a building permit	MCTI, LSGU
SET OF MEASURES 5.4.		
40.	Number of urban development indicators processed in the LSGU	MCTI, LSGU



ANNEX



## NATIONAL AND INTERNATIONAL INSTRUMENTS FOR FINANCING URBAN DEVELOPMENT

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FINANCING INSTRUMENTS  
FOR URBAN DEVELOPMENT





## NATIONAL AND INTERNATIONAL INSTRUMENTS FOR FINANCING URBAN DEVELOPMENT

Why is financing important? Urbanisation is one the most important drivers of productivity and growth in the world economy. Changes to the global urban population are such that, according to current projections, two thirds of the world population will have been living in the cities by 2050. Good and successful urban development may spur on productivity and innovation, as well as reduce greenhouse gas harmful emissions from economic and societal activities. Misguided urban growth, particularly unbridled urban sprawl, is conducive to uneconomical use of land, increase in infrastructure costs, bottlenecks, air pollution and social exclusion.

If the Republic of Serbia and its cities are to take advantage and make the most of the benefits spawned by urban growth minimising the costs, the cities will have to move to a sustainable economic, environmental and social urban growth, and develop advanced instruments to achieve it. Areas of activities for the mechanism of high-potential urban growth financing are as follows:

- increase in available funds by way of providing for fiscal transfers to LSGUs, business cooperation with multilateral development banks, support for LSGUs to raise funds for investment in urban infrastructure, bilateral cooperation, attracting EU's and other donor funds ("fund-raising");
- steering – the government may create conditions enabling private investments into sustainable urban development – by shaping the market, e.g. through taxation mechanisms, other mechanisms for price-setting, and/or dissemination of quality information on sustainable alternatives ("steering");
- blending/combining financial sources by way of which national and local authorities may attract private financial capital using stimuli and incentives from public finances in order to alter the risk- ROI (return on investment) ratio where PPPs and so-called investment vehicles may play an important role in producing evidence or conditions for commercial return on investment ("blending").

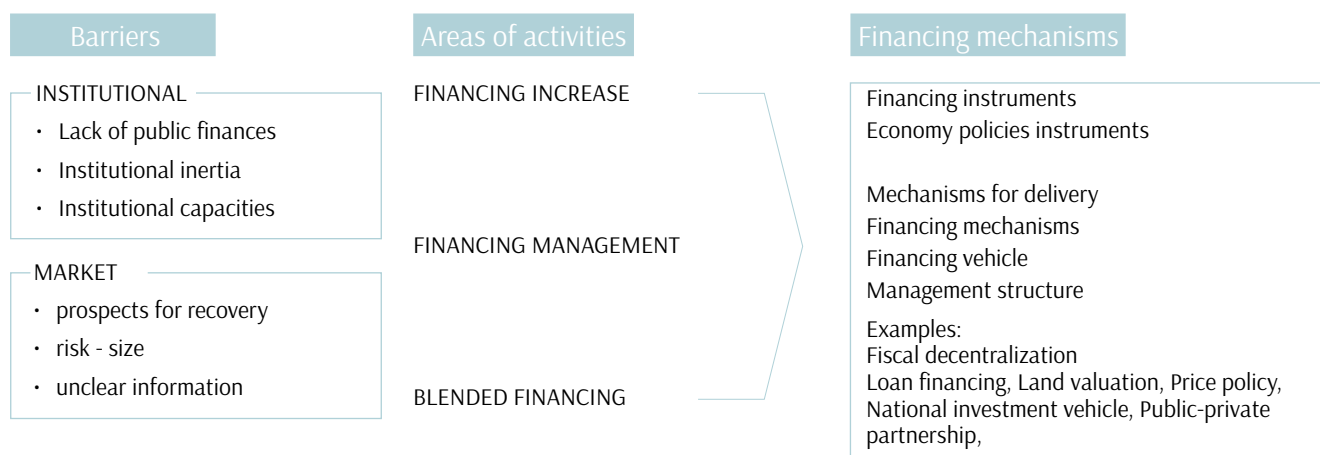


Chart: Areas of activities

The following table sets out sources of urban development financing.

NATIONAL SOURCES	NATIONAL AND REGIONAL SOURCES		
	<ul style="list-style-type: none"> <li>• Ministry for European Integration<sup>4</sup> • Ministry of Economy • Ministry of Construction, Transport and Infrastructure • Ministry of Environmental Protection • Ministry of Mining and Energy • Ministry of Trade, Tourism and Telecommunication • Ministry of Public Administration and Local Self-Government • Ministry of Education, Science and Technological Development • Ministry of Youth and Sport • Ministry of Culture and the Media • Ministry of Justice • Public Investment Management Office • Autonomous Province of Vojvodina • Development Agency of Serbia • Development Fund • Water Fund • Innovation Fund •</li> </ul>		
INTERNATIONAL SOURCES	BANKS AND PROJECT FUNDING		
	<ul style="list-style-type: none"> <li>• Raiffeisenbank • Sberbank •</li> </ul>		
INTERNATIONAL SOURCES	EUROPEAN UNION FUNDS		
	IPA – Instrument for Pre-Accession Assistance	European Union programmes	Cohesion policy and other funds
	<ul style="list-style-type: none"> <li>• Instrument for Pre-Accession Assistance 2007- 2013 •</li> <li>• Instrument for Pre-Accession Assistance 2014 - 2020 •</li> <li>• Cross-Border and Transnational Cooperation (Adriatic Ionian Programme, Danube Programme) • Multi Beneficiary IPA •</li> </ul>	<ul style="list-style-type: none"> <li>• SME Competitiveness Support Program - COSME • Employment and Social Innovation Program • Creative Europe • Europe for Citizens • Europe Health Programme • III • EU Civil Protection Mechanism • Horizon 2020 • Erasmus+ • etc •</li> </ul>	<ul style="list-style-type: none"> <li>• Cohesion Policy •</li> <li>• Western Balkans Investment Framework (WBIF) •</li> <li>• MADAD •</li> <li>• EU Solidarity Fund •</li> <li>• Regional Housing Programme •</li> </ul>
	INTERNATIONAL FINANCIAL INSTRUMENTS – BANKS		
<ul style="list-style-type: none"> <li>• Council of Europe Development Bank (CEB) • European Investment Bank (EIB) • European Bank for Reconstruction and Development (EBRD) • World bank (WB) • German Development Bank (KfW) •</li> </ul>			
BILATERAL AND MULTILATERAL COOPERATION, DONOR PROGRAMMES			
<ul style="list-style-type: none"> <li>• United Nations Team in Serbia • Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ) • Austria, Switzerland, Denmark, Norway, Netherlands, Sweden, USA, etc. •</li> </ul>			

Table: Sources of financing (state in August 2018)

4 Project Preparation Facilities- PPFs; Policy and Legal Advice Centre (PLAC); Golubac Fortress; Joint Assistance to Support Projects in European Regions (JASPERS); Support to Public Administration Reform in Serbia – EU integration component; EU PRO; Project „Key steps towards gender equality“





## 1.1. NATIONAL AND REGIONAL SOURCES

### 1.1.1 MINISTRY FOR EUROPEAN INTEGRATION

#### Activities:

- assistance to ministries and individual organisations in harmonisation of regulations with the European Union law;
- establishment and development of a system for utilisation of structural and cohesion EU funds;
- coordination of IPA funds programming, as well as identification of funds and setting priorities for financing from IPA and international assistance funds;
- coordination of international bilateral and multilateral donor assistance to the Republic of Serbia.

FUNDS	
International funds	As of 2003 the funds were being gradually directed towards support for structural reforms
EU funds From 2001 until the end of 2016, the EU support totalled in excess of 3 billion EUR	IPA Instrument for Pre-accession Assistance EU programmes Cohesion policy Other funds
Bilateral and multilateral partners	Denmark, Norway, the Netherlands, Sweden, China, Austria, Greece, India, Poland, Slovenia, Turkey, Germany, USA, Slovak Republic, UK, Switzerland
Ministry of European Integration's projects	Project Preparation Facilities - PPFs Legal Support for Negotiations (PLAC) Golubac Fortress Joint Assistance to Support Projects in European Regions (JASPERS) Support to Public Administration Reform in Serbia - EU integration component EUPRO "Key Steps to Gender Mainstreaming"
2013-15 Norwegian bilateral programme Projects: Rule of Law; Public Administration Reform; Competitiveness, Environment and Climate Changes; Energy Efficiency	Type of assistance/projects is determined in negotiations with the Ministry of Foreign Affairs of the Kingdom of Norway. In the past 10 years, the overall assistance funds have totalled 100 million EUR.
Antonione Protocol	Total value of the programmes to date is 7.49 million EUR, designated for implementation of priority projects in the following sectors: agriculture, education, energy, environment and health care

### 1.1.2 MINISTRY OF ECONOMY

The following is financed:

- projects for support to advancement of local and regional infrastructure – Let's Build Together;
- co-financing of LSGUs to compile project-technical documentation in 2018;
- Incentives to entrepreneurship through development projects in 2018;
- public calls for allocation of grants for purchase of equipment as part of the programme for support to small enterprises.

Source: [http://privreda.gov.rs/javni\\_pozivi/](http://privreda.gov.rs/javni_pozivi/)

### 1.1.3 MINISTRY OF CONSTRUCTION, TRANSPORT AND INFRASTRUCTURE

The following is financed:

- Public calls for allocation of grants for purchase of equipment as part of the programme for support to small enterprises;
- Public call for allocation of grants for co-financing LSGUs' planning documents drafting in 2018 from the budget of the Republic of Serbia:
  - LSGUs' spatial plans;
  - General regulation plan for the settlement which is the seat of the local self-government;
  - Detailed regulation plan for linear infrastructure projects;
- Public competition for financing projects of associations and other civil society organisations in the field of social housing in 2018 on the territory of the Republic of Serbia.

Source: <http://www.mgsi.gov.rs/>

### 1.1.4 MINISTRY OF AGRICULTURE, FORESTRY AND WATER MANAGEMENT



Head of EU Delegation Sem Fabrizi – “Value of IPARD amounts to €175 million in grants, and this fund, in conjunction with private and public funds, will foster investments, and the expectation is that it will total €400 million“.

The Ministry is implementing a measure designed to support young farmers. It was also implemented in 2017, and 667 applications by young farmers below 40 years of age from throughout Serbia were approved resulting in a disbursement of a total of RSD 459 million. Three times as much public money is designated for disbursement to young farmers in 2018.

- Public competition for allocation of project funds for implementation of scientific and research-related activities in agriculture;
- Public competition for allocation of funds designated for support to civil society's environmental protection projects;

- Public competition for allocation of pecuniary incentives for advancement of the system for creation and transfer of know-how and new technologies

Source: [www.minpolj.gov.rs/](http://www.minpolj.gov.rs/)

#### 1.1.5 MINISTRY OF ENVIRONMENTAL PROTECTION

The following is financed:

- Public competition for allocation of pecuniary incentives for re-use and utilisation of waste as a secondary raw material or for energy generation;
- Public competition for allocation of funds designated to support civil society's environmental protection projects with the following goals and activities:
  - Nature protection – environmental network;
  - Climate change – agriculture, energy, transport, forestry and water management;
  - Environmental entrepreneurship – environmental network, circular economy;
  - Civic activism – enforcement of environmental laws, waste and waste water management, strategic assessment and environmental impact assessment;
  - Environmental education – protected areas, climate change, sustainable development;
  - Nature in urban environment – forestation, urban gardens, urban pockets, parks, green rooftops, green façades, cycling as environmentally acceptable form of transport;
  - Media and environmental protection: environmental network and protected areas, climate change, circular economy.

Source: <http://www.ekologija.gov.rs/tenderi-i-konkursi/>

#### 1.1.6 MINISTRY OF MINING AND ENERGY

Public competition for financing energy efficiency advancement projects in LSGUs.

Source: <http://fondee@mre.gov.rs>

#### 1.1.7 MINISTRY OF TRADE, TOURISM AND TELECOMMUNICATIONS

Public competition for allocation of loans for:

- Public competition for allocation of loans for:
  - fostering the quality of tourism offer, improvement in quality and stepping up its usage;
  - building tourist infrastructure and suprastructure;
- Public competitions for allocation of subsidies and grants intended for tourism development projects in 2018.

Public competition for allocation of loans for:

1. fostering the quality of tourism offer, improvement in quality and stepping up its usage, which entails the following:
  - construction, development and reconstruction of hotel capacities and capacities of other types of accommodation, restaurants and facilities with sports-recreational and entertainment contents,
  - restoration of rural buildings/facilities and their conversion to tourist capacities,



- acquisition, reconstruction and adaptation of floating facilities, as well as transport and recreational facilities intended to serve visitors and tourists,
- advancement of promotion of domestic catering industry offer,
- design, preparation for souvenir production.

## 2. building tourism infrastructure and suprastructure:

Public competitions for allocation of subsidies and grants intended for tourism development projects in 2018, in addition to the promotion of tourist products and tourist spaces, which entails the following:

- drafting planning documentation pursuant to the Tourism Act („Official Gazette RS“, nos. 36/09, 88/10, 99/11-etc. law, 93/12 and 84/15);
- drafting planning and project documentation (spatial and urban planning documents, project-related technical documentation, studies and documents by international rules required for projects financed from EU funds and by other foreign donors, etc.);
- construction land development and construction/advancement of existing utility infrastructure as a basis for development of tourist capacities and contents – construction of access roads and car parks, electric power infrastructure, water supply systems and channelling waste water with waste water treatment facilities, hydrotechnical facilities;
- public space development (squares, piazzettas, roofed-over communication facilities, sports and recreational grounds, marinas, wharfs, etc.);
- development of land designated for general recreation and procurement of ancillary equipment (ski slopes, hiking trails, trim tracks, cycling trails, training trails, development of river and lake banks, panoramic trails and hikes, etc.);
- installation of tourism signage, reconstruction, construction and development of tourism infrastructure and facilities of particular importance for the functioning and development of tourism (visitor centres, tourist info centres, cultural and historical monuments, archaeological sites, museums, facilities for leisure and recreation, swimming pools, congress halls, tourist camps, belvederes, facilities next to natural attractions, etc.), as well as construction and reconstruction of facilities for other tourism-related purposes and contents.

Source: <http://mtt.gov.rs/informacije/konkursi/>

### 1.1.8 MINISTRY OD PUBLIC ADMINISTRATION AND LOCAL SELF-GOVERNMENT

The following is financed:

- Public call for proposals for grants from the budget fund to finance programmes and projects for dissemination of information in national minorities' languages in 2018;
- Public call for LSGUs' proposals for allocation of a part of budget funds designated for the local self-government programme.

Procurement of the missing part of the funds in full or in part for:

- implementation of new projects or conclusion of projects already under way financed from local self-governments' budgets, which are of particular importance for local economic development, investments and employment in LSGUs, including:

- infrastructure projects (construction of utility infrastructure, works on LSGUs' facilities-buildings – schools, pre-school institutions, cultural centres, sports facilities, city/town squares and parks, works on public lighting and video surveillance systems (CCTV), and works on open-air markets facilities;
- advancement of ICT – provision of financial, technical and other assistance to ensure faster and higher-quality introduction of e-government and state-of-the-art information technologies;
- provision of assistance to LSGUs to organise cultural, sporting, tourist and other events of particular importance for the citizens residing on their respective territories, as well as adequate access to public services institutions for person with disabilities.

Source: <http://mduls.gov.rs/latinica/konkurs-za-dodelu-sredstava-za-nstm.php>

### 1.1.9 MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGICAL DEVELOPMENT

The task of Desk in the Creative Europe programme's implementation is to support cultural institutions and civil society organisations in Serbia which would like to participate in the Creative Europe programme, to provide expert assistance and advice when filling in applications, as well as information on potential regional and European partners.

The Ministry is responsible for public calls for participation in utilisation of funds designated by the Ministry of Education, Science and Technological Development as grants for non-governmental and other non-profit organisations that are important for education. As regards the civil society, an overview of public competitions is published and updated by the Office for Cooperation with Civil Society featuring following data: the organ which has announced or expects to announce a public competition, the time of announcing a public competition, and other relevant information required to submit an application.

Source: <http://civilnodrustvo.gov.rs/info-servis/konkursi/kalendar-konkursa.475.html>

### 1.1.10 MINISTRY OF CULTURE AND INFORMATION

Public competitions for financing and co-financing of projects in the following areas:

- cultural activities of the Serbs abroad;
- cultural heritage in the Republic of Serbia;
- contemporary creative output in the Republic of Serbia;
- for co-financing projects for organising and participating in expert, scientific and other specific events;
- co-financing of projects for production of media contents intended for national minorities;
- support to the Creative Europe programme's implementation through Desk's activities.

Source: [www.kultura.gov.rs/](http://www.kultura.gov.rs/)

### 1.1.11 MINISTRY OF SPORTS AND YOUTH

The Ministry is announcing public competitions for programmes and projects of public interest in the youth sector areas, specifically:

1. Public competition for support to LSGUs in the implementation of youth policy at the local level;
2. Public competition for fostering various forms of employment, self-employment and youth entrepreneurship;
3. Public competition for financing and co-financing programmes and projects for implementing the goals of the National Youth Strategy and “Mladi su zakon/Youth Rules!” programme;
4. Public competition for development and implementation of youth policy;
5. Public competition for co-financing programmes and projects in the youth sector areas approved by the European Commission

Local self-governments which have set up youth offices are entitled to participate in the public competition 1, pursuant to article 22 of the Youth Act. Youth associations and their alliances which are registered on the territory of the Republic of Serbia are entitled to participate in the public competitions 2, 3, 4 and 5.

Source: <http://www.mos.gov.rs/vest/objavljeni-javni-konkursi-za-programe-i-projekte>

### 1.1.12 MINISTRY OF JUSTICE

As part of its negotiating activities (Action Plan), the Ministry is proposing activities for development and strengthening of capacities and their financing from the budget of the Republic of Serbia.

Source: <https://www.mpravde.gov.rs/files/Akcioni%20plan>

### 1.1.13 PUBLIC INVESTMENT OFFICE

Reconstruction of buildings designated for public purposes.



After more than a century, primary school “Ceh Karolj” in Vojvodina’s municipality of Ada will be reconstructed from the ground floor to the rooftop. Funds for repairs and reconstruction of this hundred-year-old structure in excess of RSD 80 million have been provided by the Public Investment Management Office.



The Public Investment Management Office has earmarked over RSD 164 million for reconstruction of the Grammar School building in Senta.



A building which is a part of pre-school institution “Dragica Pavlovic” in Bela Palanka. The Public Investment Office has designated for this purpose over RSD 40 million from the budget.



RSD 8 million for a complete reconstruction and adaptation of “Jovan Jovanovic Zmaj” primary school in Stari Trstenik, Trstenik municipality.

Source: <http://www.obnova.gov.rs/cirilica/news/category/obnova-objekata-javne-namene>

#### 1.1.14 DEVELOPMENT AGENCY OF SERBIA – DAS

DAS’ primary activity is to support micro, small and medium-sized enterprises and entrepreneurs for the purpose of strengthening the Serbia’s economy, as well as to provide support to direct investments and promotion of exports, to help grow the reputation of Serbia and to foster regional development.

As part of its network, DAS has 16 accredited regional development agencies (ARDAs) and focuses on equitable development in Belgrade, Novi Sad, Subotica, Zrenjanin, Pancevo, Ruma, Pozarevac, Loznica, Kragujevac, Zajecar, Uzice, Kraljevo, Krusevac, Nis, Novi Pazar and Leskovac, collaborating intensively with them in the implementation of programmes.

Areas of activities:

- Standardised Set of Services for Micro, Small and Medium-Sized Enterprises and Entrepreneurs Programme,
- Support to Entrepreneurship;
- International Projects,
- Japanese International Cooperation Agency;
- Support to Private Sector Development in South and Southwest Serbia Project,,
- Danube Transnational Programme.

Source: <http://ras.gov.rs/rs/razvoj-preduzetnistva/projekti-1/medjunerodni-projekti-1>

### 1.1.15 AUTONOMOUS PROVINCE OF VOJVODINA

Secretariat for Culture  
Public Information and Relations with Religious Communities  
Secretariat for Education, Regulations  
Governance and National Minorities  
Secretariat for Finances  
Secretariat for Health Care  
Secretariat for Social Policy, Demographics and Gender Equality  
Secretariat for Regional Development, Interregional Cooperation and Local Self-Government  
Secretariat for Urban Planning and Environmental Protection  
Secretariat for Energy, Construction and Transport  
Secretariat for Sports and Youth  
Secretariat for High Education, Science and Research  
Secretariat for Economy and Tourism  
Secretariat for Agriculture, Water Management and Forestry  
Directorate for Joint Affairs of Provincial Organs

Public competition for allocation of funds for financing and co-financing on the territory of AP Vojvodina for 2018:

- projects in the area of local and regional development;
- projects in the field of transport infrastructure;
- projects in energy efficiency;
- financing of special programmes – projects for construction and development of sports facilities;
- support to young people in rural areas;
- co-financing for investments in physical assets of agricultural holdings;
- financing of more intensive use of agricultural land in possession of scientific-research institutions, institutes and agricultural schools, as well as of procurement of equipment;
- use of funds from the AP Vojvodina Forestry Budget Fund in 2018;
- organising traditional events in 2018;
- activities related to land consolidation procedures.

Source: <http://www.vojvodina.gov.rs/sr/документа/конкурси>

### 1.1.16 WATER FUND

The Republic of Serbia is managing its waters through the Ministry of Agriculture, Forestry and Water Management, other competent ministries, autonomous province's organs, local self-government units' organs and public water management utility. Funds are designated for these tasks of general public interest. Pursuant to the Water Act (Official Gazette RS nos. 30/2010 and 93/2012), these funds are used to finance the following:

1. tasks related to regulation of waterways and protection against detrimental water impact;
2. tasks related to regulation and use of waters;
3. tasks related to protection of waters against pollution;
4. tasks related to drainage and irrigation systems;

5. tasks related to regional and multipurpose hydro systems;
6. other tasks (planning documents, studies, surveys, international cooperation).

The Regulation stipulating the 2018 Water Management Programme designated funds for the above-mentioned purposes to the tune of RSD 3,304,493,000.00. Allocation of funds is set out in the 2018 Water Management Programme, and presented in the table below:

Tasks	Amount of funds from the Republic of Serbia's Budget Water Fund *		
	укупно 2018. год.	за финансирање нових послова	за финансирање преузетих обавеза из 2017. год.
Water regulation and use	670.00	642.04	27.96
Anti-pollution water protection	140.50	127.02	13.48
Regulation of waterways and protection against detrimental water impact	2,319.49	2,319.49	0.00
Planning and international cooperation	174.50	165.02	9.48
<b>Total:</b>	<b>3,304.49</b>	<b>3,253.57</b>	<b>50.92</b>

\* in millions of dinars.

Source: <http://www.rdvode.gov.rs/doc/dokumenta/podzak/Uredba%20o%20utvrđivanju%20Programa%20upravljanja%20vodama%20u%202018.%20godini.pdf>

### 1.1.17 INNOVATION FUND

The Innovation Fund (Fund) contributes to the development of innovations through the use of various financial resources, through the empowerment of newly founded companies, especially attracting funds for investment in technological development and research. In cooperation with European programs and funds, the European Bank for Development and other international partners, the Fund has established an independent governance structure for the consideration and evaluation of projects that grant incentives. Financing decisions are made on a competitive basis by the Independent Expert Commission of the Fund.

A co-financing innovation program is very important. It is designed to help companies to develop their research and development activities, to enable the establishment of cooperation with strategic partners in the private sector and the research sector, to attract direct investors to technological (high-tech) research and development as well as create conditions for placing innovations on the global market.

The special operation of the Innovation Fund is realized through the program, ie Technology Transfer Facility (TTF), which has a double mandate: 1) to demonstrate that it is possible to commercialize investments derived from domestic research and development; and 2) to develop Technology Transfer Offices (TTOs), providing leading Serbian universities with practical training and experience, starting with transfer of technologies to commercialization in markets. So far, the European Union has allocated an Innovation Fund of 13 million Euros from the IPA funds.

Source: <http://www.inovacionifond.rs/>

## 1.2. BANKS AND PROJECT FINANCING

Project financing is a form of supplying loans for construction of residential-office buildings designated for sale or rent. Investors get secure and stable financing, as well as additional advantages: low interest rates as the banks consider such a type of financing secure; an option to sell apartments once they are completed or almost completed, and the bank automatically also supplies loans to apartment buyers.

Real cost of the money amounts to solely 3-6% of the investment value in such a type of financing. These costs are easily offset by an increased price of completed structures relative to their price whilst under construction. The stages in the project financing implementation are as follows: the investor sets up a new company; the investor compiles documentation, provides and uses funds required, ensures repayment and that the loan maturity deadlines are met.

SBERBANK and RAIFFEISENBANK are typical examples. Investors' standard costs in this type of financing, e.g. with Sberbank, are: the costs of bank interest rate and the cost of the verification of invoices.

Typical additional investors' revenues in this type of financing are as follows:

1. Office space and apartments which have been completed may be sold at 10-20% higher prices than whilst under construction. This pertains to the sale price which may be significantly higher than the investment value.
2. If the investor decides to sell the space prior to completion of the building, the bank approves an additional interest on this amount which is realistically deducted from the bank interest on the loan supplied. If the investor comes to a conclusion that it suits him/her, he/she may settle all the dues owed to the bank even before the completion of the building, thereby reducing the costs related to bank interest and consultants' fees.
3. The investor has a secure access to the source of funding required for payments to contractors and the financing of construction land development. Under such conditions, a capable investor may get for him/her-self considerably more favourable terms and conditions than his/her contractors and a discount on payment of fees for the construction land development.
4. The buyer enjoys more favourable terms and conditions for the purchase and a simpler procedure for taking out a loan for the purchase of office space. It is therefore easier to motivate the buyers to purchase the space from investors who are financing the construction through project financing.
5. The bank may offer directly to its clients seeking to purchase office space or apartments the structures whose construction it finances itself, thereby becoming a part of the system for sale of space, without incurring additional expenses for the investor.

Stages in the project financing implementation:

1. The investor sets up a new company – It is necessary that the investor set up a new company which is to receive a loan, a so-called special purpose vehicle (SPV), i.e. the investment vehicle. This company is set up by a parent company for the purpose of implementation of the project itself, whose sole and principal activity is precisely the



construction of the designated structure. Ownership of location and a building permit are transferred to this new company. The loan is granted to the new company (SPV) on the basis of the estimated profitability of the building for whose construction the company has been set up. Estimates of project cash flows and loan repayment ability constitute the basis for approval of funds instead of credit rating and the value of investor's assets (the emphasis is on the project analysis instead of the analysis of the parent company).

2. The investor compiles documentation – Prior to submitting a loan request, the new company obtains a final decision on construction approval, as well as other documentation to be issued by competent institutions required for the beginning of the construction works. The building permit and other necessary documentation should be issued to the name of the newly established design and construction company.
3. Provision of funds – The investor provides a certain amount of its own funds for the project financing, 20-30% of the value of the total investment (this is an average, some banks would finance up to 85% of the total project value). Typically, the bank does not request additional collaterals, except for those pertaining to the project itself.
4. Use of funds – As a rule, the bank does not effect the payments to the investor but pays its bills related to the construction of the building. There is an additional cost here – a consultant working on behalf of the bank who verifies the invoices against which payments are to be made and whose fees are, as a rule, covered by the investor.
5. Repayment and loan maturity deadlines – As a rule, the bank requires the SPV to receive all its revenues via the account with the bank which is financing its project. This money is typically deposited in a separate account and the bank pays out interest on it to the investor, which is considerably lower than the interest charged to the investor by the bank. Thus, the bank has a complete insight into the cash flow. At times, the investor may request the bank to balance the account, to use the funds deposited in the special account to repay the debt owed to the bank and thus reduce interest-related costs. When all the liabilities vis-à-vis the bank are met, the SPV continues to operate autonomously and may transact business as any other company. Therefore, the investor may wait for the completion of the building in order to sell the newly built space at the highest market price. At the same time, the bank meets the investor's needs by becoming a part of the system for marketing and sale of the space. The bank may grant such loans under favourable terms and conditions following a simplified procedure because it is certain of the quality of the project itself.

Raiffeisenbank provides for a long-term financing for a period of up to 10 years, depending on the purpose and creditworthiness of the borrower. It may be used for: financing the construction of office buildings for own needs, as well as for the market, and the project financing (above all in the field of real estate properties).

Source: <https://www.sberbank.rs/privreda/privreda/finansiranje/projektno-finansiranje>;  
<https://www.procreditbank.rs/strana/7641/innovfin-program>









## 2.1. IPA – INSTRUMENT FOR PRE-ACCESSION ASSISTANCE

Since 2007, the European Union has been providing financial support to the Western Balkan countries through a single Instrument for Pre-accession Assistance (IPA), which has amalgamated all previous pre-accession instruments for financial assistance: PHARE, SAPARD, ISPA and CARDS. The overall 2007-2013 IPA budget totalled EUR 11,468 billion. Over the course of the 2007-2013 period, around EUR 1.4 billion was designated for the Republic of Serbia.

### 2.1.1 INSTRUMENT FOR PRE-ACCESSION ASSISTANCE – 2007-2013 IPA

The 2007-2013 IPA implementation is still under way. It is intended to provide financial assistance via five channels (known as “components”):

- assistance in transition and institution building,
- cross-border cooperation (CBC),
- regional development,
- human resources development, and
- rural development.

### 2.1.2 IPA II – INSTRUMENT FOR PRE-ACCESSION ASSISTANCE 2014-2020

IPA II represents a new framework for the European Union’s pre-accession assistance for the 2014-2020 period. The general goal is to provide assistance to the beneficiary countries in their respective adoption and implementation of political, institutional, legal, administrative, social and economic reforms which are required of them for the purpose of harmonisation with the EU values and gradual approximation to the rules, standards, policies and practices in order to accede to the EU as full members. One of the changes in programming and implementation of the IPA II instruments compared to IPA I in the 2007-2013 period pertains to the IPA II structure which, instead of IPA I 5 components, now has policy areas. As part of the IPA II framework, policy areas are as follows:

- reforms as part of the preparation for EU membership and institution- and capacity-building;
- social-economic and regional development,
- employment, social policies, education, advancement of gender equality and human resources development,
- agriculture and rural development,
- regional and territorial cooperation.

Other changes pertain to the sectoral approach in planning, the need to provide for higher level of complementariness to the loans by international financial institutions, taking responsibility for implementation and management of funds by a beneficiary country, introduction of sectoral budget assistance and the so-called awards for successful funds beneficiaries.

Total budget for the 2014-2020 period amounts to EUR 11,668 billion, where Serbia stands to receive about EUR 200 million in grants from IPA 2015 which will be used to fund the projects in the areas of energy and transport, rule of law, public administration reform and agriculture.

Pre-accession assistance for the 2014-2020 period in Serbia features two main pillars:

Democracy and rule of law – This first pillar encompasses two key sectors:

- democracy and governance, and
- rule of law and fundamental rights.

Democracy and governance assistance will be directed towards the support for public administration.

Rule of law is a key priority for Serbia, underlying an efficient judicial system to be put in place and required for negotiations on accession, prevention of and fighting against corruption, as well as minority groups protection.

Competitiveness and development – should support the following:

- competitiveness and growth for key investments in transport infrastructure,
- environmental protection and climate change action,
- energy sector,
- sector of competitiveness and innovation for advancement of the existing economic situation: development of research and innovation capacities and advancement of the business sector, particularly small and medium-sized enterprises.

Priority sectors for financing in this period are as follows:

Democracy and governance

More professional, depoliticised and accountable administration; public finances management reform; normalisation of relations with Kosovo; strengthened administrative capacities for EU funds management; alignment of legislation and institution-building;

Rule of law and fundamental rights

Independent, impartial and professional judiciary; fight against corruption and organised crime; integrated border management; fundamental rights, respect for minorities and freedom of expression; improved asylum seekers processing and management;

Environmental and climate change action

Harmonisation with the EU acquis on environment and climate changes; strengthened institutional framework at the central and local levels; better waste and waste water treatment; improved air quality;

Transport

Harmonisation with the EU acquis in the field of transport; better infrastructure and regional connectivity; increased intermodal transport and better conditions for navigation on inland navigable waterways;

Energy

Harmonisation of the energy sector regulations with the EU acquis; increased energy efficiency and use of renewable sources of energy; improved security of supply in the sector of electric power and gas;

Competitiveness and innovations

Support to business competitiveness; structural reforms; improved research and innovations; bridging the digital gap; improved access of small and medium-sized enterprises to financing;

### Education, employment and social policy

Harmonisation of legislation with the EU acquis; advancement in the quality of education-related provisions; improved social inclusion; active labour market policies;

### Agriculture and rural development

Larger and more competitive agricultural and food processing sector; application of food safety standards; higher quality of life in rural areas;

Territorial collaboration and cooperation.

Allocation of 2014-2020 funds: EUR 1.5 billion designated for the Western Balkan countries. There is a table below for allocation of these funds in Serbia.

SERBIA	2014	2015	2016	2017	Total 2012 - 2018	Total 2014 - 2020	% (+)*
REFORMS AND PREPARATIONS FOR EU MEMBERSHIP	95,1	61,4	77,9	78,4	230,2	543,0	
Democracy and governance	100,2					278,0	
Rule of law and fundamental rights	130,00					265,0	
SOCIO-ECONOMIC AND REGIONAL DEVELOPMENT	85,00	75,00	85,00	80,00	240,00	565,0	
Environment and climate change	85,0					160,0	80%
Transport	90,0					175,0	
Energy	80,0					125,0	40%
Competitiveness and innovations	70,0					105,0	
EMPLOYMENT, SOCIAL POLICIES, EDUCATION, GENDER EQUALITY PROMOTION, HUMAN RESOURCES DEVELOPMENT	15,0	40,0	20,0	27,0	88,0	190,0	
EDUCATION, EMPLOYMENT AND SOCIAL POLICIES	102						
AGRICULTURE AND RURAL DEVELOPMENT	0	25,0	25,0	30,0	130,0	210,0	40%
Agricultural and rural development	80,0					210,0	
<b>TOTAL</b>	<b>195,1</b>	<b>201,4</b>	<b>207,9</b>	<b>215,4</b>	<b>688,2</b>	<b>1.508,0</b>	

(+) % which is directed towards environmental protection

Table Allocated funds (in EUR millions) – by policies and sectors

Source: [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key\\_documents/2014/20140919-csp-serbia.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2014/20140919-csp-serbia.pdf)

IPA planning and programming of assistance to candidate countries and potential candidates for membership is organised in the following manner:

#### IPA 2 planning

Indicative Strategic Documents are drawn up – the comprehensive strategic planning documents setting out priorities and goals for a 7-year-long period. Indicative state strategic documents provide a framework for financial assistance designating an individual beneficiary (country, state) of IPA II. They identify key sectors where significant improvements and reforms are needed so that the beneficiary countries could make further progress on their journey towards the EU membership. The strategic document also defines expected results by 2020 through assistance, actions required to achieve them, as well as identifying indicators which would make possible the monitoring of progress towards the achievement of these results.

#### IPA 2 programming

The priorities laid out in the strategic documents are translated into detailed activities included in annual or multiannual action programmes. IPA II action programmes take the form of financial decisions adopted by the European Commission.

Most of the assistance is channelled through State Action Programme for IPA II beneficiaries, which are the main vehicles for meeting specific country needs in priority sectors as identified in the indicative strategic documents.

- *Joint Multi-Country* Programmes are intended to improve regional cooperation (particularly in the Western Balkans) adding value to the state action programmes through these and other multi-beneficiary actions.
- Cross-Border Cooperation programmes, yet another important form of financial assistance designed to focus assistance on territorial cooperation among IPA II beneficiaries.
- Assistance to agriculture and rural development which also involves rural development programmes.

#### Implementation of EU (financial) assistance

The proceedings are as follows

In relation to each defined priority (1-9), the steps to be taken are as follows:

- a) baseline assessment encompassing a needs assessment and an assessment of capacities in respective sectors,
- b) expected results arising from stated goals are set forth which in turn determines more closely
- c) financing – where and in which areas the assistance is to be directed and through which programmes.

The assistance will be provided through twinning projects, technical assistance, calls for project proposals, procurement of equipment and investments. Further financing involves a combination of IFI loans and IPA II grants, and those receiving IPA II funds are financed through WBIF.

## INSTRUMENT FOR PRE-ACCESSION ASSISTANCE IPA 2016

IPA 2016 was activated in 2017 – The first tranche of funds (the contract was signed on 6 June 2017 in Brussels) amounted to EUR 95.1 million out of a total of EUR 166.4 million (57% of the total contract value). This portion of designated funds is managed by the EU Delegation to Serbia on behalf of the Republic of Serbia.

### Priorities overview

#### COMPETITION – EUR 48.7 million

Fostering competition in Serbia is one of the important priorities, and, in the first year, significant EU funds have been earmarked for these purposes as part of a financial agreement.

- EUR 23.7 million will be used to support small and medium-sized enterprises in Serbia. This also entails provision of advisory services in order to advance efficiency and provide facilitated SMEs' access sources of financing. A gap in current financial services offer to these companies will be bridged thanks to these funds and free-of-charge advice for business development will be provided to SME beneficiaries.
- An additional programme designed to foster competitiveness and employment at the local level, worth EUR 25 million, will focus on providing support to the smallest companies, such as family-owned and newly established (start-up) enterprises. The programme will provide advisory services, grants and support to local infrastructure development. This programme should help develop ideas and initiatives in the private sector and creation of jobs locally.

#### ASSISTANCE TO SERBIA IN EUROPEAN INTEGRATION PROCESS – EUR 35.8 million

- Programme-based – Instrument for support to European integration – designed to provide support to Serbia in key areas related to EU accession process. It should generate benefits in over 40 institutions for beneficiaries and about a million citizens in areas such as gender equality, Roma integration, support to internally displaced persons, transport and environmental protection sectors, advancement of statistical reporting in Serbia, etc.
- Support to internally displaced persons and social inclusion at the local level remains the focal point for disbursement of EU funds. The goal is to provide free legal aid to internally displaced persons in about 2,000 court proceedings. Good practice of mobile teams for support to Roma integration, established in 2013, will continue, and more mobile teams will be formed in another 50 municipalities throughout the country. The teams consist of social workers and health care mediators providing support to Roma integration in all areas, including education for youth and their families.
- EU funds will also be used to advance efficiency of the electric power system in Serbia in compliance with the EU energy policy requirements. This means greater stability of electric power supply to citizens, and, inter alia, a reduction in blackouts.
- Support for adoption of the Stray Dog Population Management Strategy.
- As regards improvements in road traffic safety, a project designed to increase the exchange of data among health care institutions, traffic police and traffic safety



service in order to advance efficiency of the system and emergency and life-saving rescue services will be expanded.

- Additional assistance will be provided to the Serbian Statistical Office so that this institution could reach the 90% threshold compliance with the EUROSTAT standards in individual areas such as national accounts, business statistics and alignment of statistical data gathering in the agricultural sector.
- At the strategic level, the programme will support national institutions to develop up to six large infrastructure projects. Prepared projects will be financed from EU pre-accession funds and structural funds upon acquiring full EU membership.

#### JUSTICE – EUR 5 million

- Fair and efficient administration of justice for the benefit of citizens constitutes a backbone of European integration which is why the funds will be used to provide support to the Supreme Court of Cassation as well as the High Judicial Council in order to ensure more efficient provision of judicial services.

#### OTHER SECTORS – EUR 5.6 million

- Improvement in the quality of life for disabled persons is one of the most important goals for whose achievement EUR 3.5 million will be designated as part of this programme. In municipalities throughout Serbia, works will be carried out to improve access for disabled persons to public buildings, such as courts, schools, city/town councils, etc. Up to 90 buildings will undergo adaptations to meet disabled persons' needs (installation of lifts, ramps...), thereby providing significant assistance to local communities and persons with disabilities.
- The European Union has earmarked additional two million euros for the completion of the Golubac Fortress reconstruction thanks to which the tourism offer will further improve and new jobs for locals will be created.

Other segments of IPA 2016 financial agreement:

- Direct budget support to coordinated and efficient border management in Serbia (Integrated Border Management) – EUR 28 million
- Direct budget support to education sector reform in Serbia – EUR 27.4 million
- A part of the financial agreement whose implementation will be managed by the Republic of Serbia – EUR 15.9 million.

Source: <http://www.mei.gov.rs/src/fondovi/fondovi-evropske-unije/ipa-instrument-za-pretpristupnu-pomoc/>

### 2.1.3 CROSS-BORDER AND TRANSNATIONAL COOPERATION

'Cross-border and transnational cooperation' is a single expression used to refer to territorial cooperation programmes or INTERREG programmes. These programmes provide financial support for cooperation among border areas of neighbouring countries (cross-border cooperation) or cooperation among parts of or entire countries (transnational cooperation) intended to resolve common issues such as waste management, provision of services in various sectors – cultural and economic cooperation, tourism, transport, etc.

The Government of the Republic of Serbia has been implementing these programmes in collaboration with the EU Delegation to the Republic of Serbia and the governments of neighbouring countries taking part in such programmes. Respective programmes' secretariats and their "antennas", set up in conjunction with partner countries, are helping the government implement the programmes. In the 2014-2020 period, Serbia is participating in eight cross-border and transnational cooperation programmes:

Hungary – Serbia,  
Romania – Serbia,  
Bulgaria – Serbia,  
Croatia – Serbia,  
Србија – Bosnia-Herzegovina,  
Србија – Montenegro,  
Adriatic-Ionian Transnational Scheme and  
Danube Transnational Scheme.

Source: <https://europa.rs/pomoc-republici-srbiji/eu-i-srbija-na-delu/programi-prekogranicne-i-transnacionalne-saradnje-u-srbiji/>

#### 2.1.4 MULTI-USER IPA

In addition to individual support to candidate countries for EU membership, the European Union offers financial and technical support for the purpose of implementation of joint (regional) priorities of IPA II instrument beneficiaries. This support is provided from the Multi-Beneficiary IPA instrument whose objective is to advance regional cooperation and resolve issues of interest to all IPA beneficiaries. Principal guidelines in the process of defining regional projects/actions are laid out in the EU *Multi-Beneficiary and Territorial Cooperation Strategy* document which sets forth general priorities, measures and areas of regional cooperation to be financially supported in the 2014-2020 period.

The said strategic document also defines the indicative scope of support funds which totals about EUR 3 billion for the 7-year-long period (2014-2020). The designated funds are used in 4 priority areas:

- support to regional investments,
- support to territorial cooperation through implementation of cross-border and transnational cooperation schemes,
- support to regional structures and organisations, and
- horizontal support to common priorities of beneficiary countries in the region.

Source: <https://europa.rs/pomoc-republici-srbiji/eu-i-srbija-na-delu/programi-prekogranicne-i-transnacionalne-saradnje-u-srbiji/>

#### 2.1.5 SUPPORT TO DEVELOPMENT OF MUNICIPALITIES – EU PRO

The programme contributes to a more balanced social-economic development of Serbia through increasing competitiveness and social cohesion in 99 municipalities in two regions: Sumadija and Western Serbia, and Southern Serbia and Eastern Serbia.

The European Union earmarked EUR 25 million for the programme's implementation within 36 months. The United Nations Office for Project Services (UNOPS) has been selected to manage the process indirectly by way of issuing calls for expression of interest. The programme wants to achieve the following 3 results:

Improved technological structure of small and medium-sized enterprises (SMEs) and their ability to export;

Improved business environment through more efficient provision of administrative services, better land management and specific investments in infrastructure;

Better social cohesion and more attractive living environment through improvement in small-scale public infrastructure and societal relations.

Given the expected results, public calls to be announced will be as follows:

#### Result 1

Public calls for acquisition of equipment and introduction of services for entrepreneurs and support to organisations providing support to businesses.

#### Result 2

Public calls for economic infrastructure, compiling project-technical documentation and introduction and development of geographic information systems.

#### Result 3

Public calls for local infrastructure and advancement of social cohesion in multiethnic municipalities.

Source: <https://www.eupro.org.rs/>

## 2.2. EUROPEAN UNION PROGRAMMES

### 2.2.1 COSME

Serbia has been a party to the COSME programme since 1 January 2016 when an agreement on its participation signed previously with the EU came into effect. The Ministry of Transport is in charge of coordination of the COSME programme activities.

COSME is the EU programme for competitiveness of enterprises and small and medium-sized enterprises with a budget of EUR 2.3 billion running from 2014 to 2020.

One of COSME's main objectives is to provide enhanced access to finance for SMEs in different phases of their life cycle: creation, expansion or business transfer. In order to achieve this objective, the EU will mobilise loans and equity investments for SMEs: COSME programme provides support to SMEs for access to the EU's single market and enhance competitiveness by tapping into the full potential of foreign markets outside the EU.

COSME programme funds the Enterprise Europe Network (EEN) consisting of over 600 offices in more than 50 countries helping SMEs find business and new technology partners, understand better EU legislation and facilitate access to EU financing.

COSME programme also funds two internet portals for support to enterprise development:

- 'Your Europe Business Portal' provides practical information for entrepreneurs who plan to start business in another member state;

- ‘SME Internationalisation Portal’ provides support measures for companies which want to develop their business outside Europe

Source: <http://privreda.gov.rs/ministarstvo-na-dlanu/sektori/sektor-za-razvoj-malih-i-srednjih-preuzeca-i-preduzetnistva/>

### 2.2.2 EU PROGRAMME FOR EMPLOYMENT AND SOCIAL INNOVATION (EaSI)

EaSI is a financing instrument at EU level to promote a high level of quality and sustainable employment, guaranteeing adequate and decent social protection, combating social exclusion and poverty and improving working conditions.

EaSI is managed directly by the European Commission. The total budget for the 2014-2020 period is EUR 919.5 million. It brings together three EU programmes managed separately between 2007 and 2013: PROGRESS, EURES and Progress Microfinance.

As of January 2014, these programmes form the three axes of EaSI. They support:

- the modernisation of employment and social policies with the PROGRESS axis (61% of the total budget);
- job mobility with the EURES axis (18% of the total budget);
- access to micro-finance and social entrepreneurship with the Microfinance and Social Entrepreneurship axis (21% of the total budget).

The total budget for 2014-2020 is EUR 919.5 million.

Source: <http://ec.europa.eu/social/main.jsp?catId=1081>

### 2.2.3 CREATIVE EUROPE

Creative Europe is the European Commission’s framework programme for support to the culture and audiovisual sectors. It runs from 2014 to 2020.

Creative Europe, with a budget of EUR 1.46 billion, which is 9% higher than its predecessors, supports:

- culture sector initiatives, such as those promoting cross-border cooperation, platforms, networking, and literary translation;
- audiovisual sector initiatives, such as those promoting the development, distribution, or access to audiovisual works;
- a cross-sectoral strand, including a Guarantee Facility and transnational policy cooperation.

The programme consists of two sub-programmes:

- culture sub-programme for promotion of culture sector, and
- media sub-programme which provides support to the audiovisual sector.

In addition, there is also a cross-sector strand.

The Republic of Serbia has been a party to the programme since its inception on 19 June 2014. Creative Europe Desk Serbia is the implementing body of the Creative Europe programme, established within the Ministry of Culture and Information of the Republic of Serbia.

Source: <http://kultura.kreativnaevropa.rs/lat/kreativna-evropa/>

## 2.2.4 EUROPE FOR CITIZENS

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Eligible participants in the programme are civil society organisations, local self-government units and regional governments, foundations, associations and association networks, European networks and umbrella organisations, educational, research and cultural institutions, trade unions, think tanks and others.

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Priorities of the programme are as follows:

- to raise awareness of remembrance, common history and values of the Union promoting peace, EU values and well-being of its peoples;
- to develop understanding of citizen participation in the Union's policy-making process;
- to promote opportunities for societal and intercultural engagement and volunteering at EU level.

Each year specific priorities are set to additionally ensure efficiency and purposefulness of approved and funded projects as well as to ensure that project activities have as high an impact as possible on the local community.

Programme components:

- Strand 1 – European remembrance;
- Strand 2 – Democratic engagement and civic participation.

As part of the latter strand there are three measures: twinning between cities/towns, networks of cities/towns, civil society organisations' projects.

The programme is centralised and implemented by the European Commission's Directorate-General for Migration and Home Affairs and Education, Audiovisual and Culture Executive Agency. The programme's 2014-2020 budget totals EUR 185,486,000; the programme is open to all EU member states and the countries which have signed an international agreement (candidate countries and potential candidates, as well as EFTA member states).

National contact point for the Programme is the Office for Cooperation with Civil Society of the Government of the Republic of Serbia.

Source: <http://www.civilnodrustvo.gov.rs/evropa-za-gradjane-i-gradjanke>

## 2.2.5 EUROPEAN HEALTH PROGRAMME – THIRD HEALTH PROGRAMME 2014-2020

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The EU's Third Health Programme (2014-2020) focuses on improvement in public health by fostering cooperation among member countries so as to enhance health policies which bring benefits to their citizens.

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The Health Programme is intended to support and complement efforts by member countries to serve four specific objectives:

Objective 1: Promote health, prevent diseases, and foster supportive environments for healthy lifestyles. In practice: identify, disseminate and promote the up-take of evidence-based and good practices for cost-effective disease prevention and health promotion activities, particularly key risk factors with an emphasis on EU value added;

Objective 2: Protect citizens from serious cross-border health threats by identifying and developing coherent approaches and implementing them for better preparedness and coordination in health emergencies.

Objective 3: Contribute to innovative, efficient and sustainable health systems. In practice: identify and develop tools and mechanisms at Union level to address shortages of resources, both human and financial, and facilitate the voluntary up-take of innovation in public health intervention and prevention strategies.

Objective 4: Facilitate access to better and safer healthcare for Union citizens. This shall be achieved through a better access to medical services and information on special conditions, including beyond national borders. This also entails application of research and development of tools for enhancement of the quality of health care services and patient safety, including through actions designed to contribute to health care literacy.

The new health programme budget is EUR 449,394,000 from 2014 to 2020. This amount shall be directed towards accomplishing various programme's objectives over the course of its entire duration. As with the previous health programmes, the funding will be implemented through grants for actions co-financed by competent authorities responsible for public health in member countries.

Eligible candidates for financing are national health care authorities, as well as private and public bodies, international and non-governmental organisations dealing with health-related issues at EU level and fitting in specific programmatic objectives. The programme is open to all member states, EFTA/EEA member countries, states acceding to the EU, candidate countries and potential candidates, and the countries covered by the European Neighbourhood Policy, as long as their membership in the programme is not in contravention of their respective bilateral or multilateral agreements.

Source: <https://europa.rs/treci-program-zdravlja-2014-2020/>

## 2.2.6 EU CIVIL PROTECTION MECHANISM

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The objective of EU activities in the field of civil protection is to support efforts to prevent disasters and ensure preparedness of civil protection units to act in the event of disasters at the national, regional and local levels.

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The European Union's Civil Protection Mechanism offers to the Republic of Serbia a variety of options for cooperation, such as:

- use of European monitoring tools and early warning systems;
- participation in joint trainings and exercises;
- exchange of experts;
- participation in disaster prevention projects;
- direct communication with other civil protection organs providing response to emergencies, exchange of information and best practices;
- coordinated EU operations to mitigate and counter fallout from disasters, co-financing of transport of teams and other types of assistance.

Source: [ec.europa.eu/echo/what/civil-protection/mechanism\\_en](http://ec.europa.eu/echo/what/civil-protection/mechanism_en)

## 2.2.7 HORIZON 2020

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This framework programme serves as a vehicle for fostering economic growth and creating new jobs.. Horizon 2020 enjoys the political support of European leaders and the European Parliament. They are in agreement that investment in research is a key investment in the future, and therefore the programme is the centrepiece of the EU plan for a smart, sustainable and inclusive growth and employment.

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Horizon 2020 is built around three main pillars:

1. Excellence in Science – financing of the most interesting scientific research projects via public competitions to be implemented through four programmes:

- European Research Council;
- research infrastructure, including e-infrastructure;
- new technologies and technologies for the future;
- through research grants as part of Marie Skłodowska-Curie fellowship programme.

2. Industrial Leadership – including grants programme for support to innovative small and medium-sized enterprises, the programme for providing assistance to companies and organisations to gain access to sources of financing, as well as the programme for fostering development and industrial technologies.

3. Societal Challenges – signify support for research in areas such as health, climate, food, security, transport and energy.

Serbia has been a party to the Horizon 2020 programme since July 2014. The Ministry of Education, Science and Technological Development is in charge of the Horizon 2020 programme implementation and provides support for all thematic areas through a network of national contact points.

Eligible participants in the programme are Serbian research teams at universities, research institutes, individual researchers, small and medium-sized enterprises, governmental, non-governmental and private organisations and institutions. They are participating in the programme on equal terms with their counterparts from the EU member countries.

Source: <https://ec.europa.eu/programmes/horizon2020/>

## 2.2.8 ERASMUS+

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Erasmus+ is the European Union's programme that provides finance to projects for cooperation in three areas: education, youth and sports. It runs from 2014 to 2020 and brings together several previous programmes – Erasmus Mundus (higher education), Tempus (cooperation among educational institutions), Youth in Action (youth organisation) and Lifelong Learning Programme.

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Republic of Serbia is among the programme's partner countries. Given that preparations have been recently made to ensure full participation in the programme, Serbia's institutions will have an opportunity for a limited participation in several new types of projects. In addition to opportunities it has as a partner country from the Western Balkan region, the following projects are at present accessible for Serbia:

KA\*1 Higher education

KA1 School mobility

KA1 Mobility in vocational education and training

KA1 Mobility in adult education

KA1 Youth mobility

KA2 Strategic partnerships in vocational education and training

Tempus foundation is the national Erasmus+ country office in Serbia where project applications for the said types of projects are to be submitted. Seven-year-long programme has a budget of almost EUR 15 billion (14.7).

(\* Key Activity)

Source: <http://erasmusplus.rs/pocetna-strana>

### 2.2.9 FISCALIS 2020

Fiscalis 2020 is an EU cooperation programme which enables national tax administrations to create and exchange information and expertise. It allows developing and operating major trans-European IT systems together, as well as establishing networks by bringing together national officials from across Europe. Fiscalis 2020 has a budget of EUR 234.3 million. It runs from 2014 to 2020.

Except for EU member states, EU membership candidate countries – Albania, Bosnia-Herzegovina, Montenegro, Serbia and Turkey – are participating at present in the programme.

The European Commission is responsible for the implementation of the programme. It is assisted by the Fiscalis 2020 Committee, composed of delegates from each EU member state.

The programme's general objective is to improve the proper functioning of the taxation systems in the internal market by enhancing cooperation between participating countries, their tax authorities and their officials. The programme's specific objective is to support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law.

Source: [https://ec.europa.eu/taxation\\_customs/fiscalis-programme\\_en](https://ec.europa.eu/taxation_customs/fiscalis-programme_en)

## 2.3. COHESION POLICY AND OTHER FUNDS – POLICY FOR 2014-2020 PERIOD

By 2020 the European Union plans to achieve five specific goals related to employment, innovations, education, social inclusion and climate/energy efficiency. Each member state has adopted its respective national goals in these areas. To accomplish these goals and meet the needs for development in all EU regions, a total of EUR 351.8 billion – almost a third of the overall EU budget – has been earmarked for the 2014-2020 Cohesion Policy.

Cohesion Policy is a catalyst for further public and private funding, not only because it obliges Member States to co-finance from the national budget, but since it also creates investor confidence. Taking into account national contributions and other private investment, the impact of Cohesion Policy for 2014-2020 is expected to be about EUR 450 billion.

Basic instruments through which support is implemented and directed towards specific programmes and operations are as follows:



- European Regional Development Fund (ERDF) provides support to EU member states and their respective regions with an aim to overcome principal regional inequalities and to achieve sustainable growth. It is, above all, intended to strengthen economic competitiveness through investment in research, development and innovation, investments in manufacturing and infrastructure, urban and local development, improvement in competitiveness of small and medium-sized enterprises and support for transition to economy based on low carbon dioxide emissions in all sectors.
- European Social Fund (ESF) provides support to EU member states and their respective regions to achieve employment policy goals. It invests in human resources by supporting employment of as many people as possible, fostering equitable access and opportunities for all, providing incentives for entrepreneurship and activation on the labour market, integration of immigrants, ensuring gender equality, fight against poverty, strengthening social inclusion, advancement of education and lifelong learning. The ESF's Youth Employment Initiative provides support for activities in education or training targeting the unemployed below 25 years of age.
- Cohesion Fund (CF) provides support to the least developed EU member states whose GDP per capita falls below 90% of the EU27 average. This fund finances big projects in the field of transport infrastructure and environmental protection. In the 2014-2020 period, the programme offers support to the following member countries: Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

Cohesion Policy has set 11 thematic objectives supporting growth for the 2014-2020 period.

- ▢ Investment from the ERDF will support all 11 objectives, but 1-4 are the main priorities for investment
  - ▢ Main priorities for the ESF are 8-11, though the Fund also supports 1-4.
  - ▢ The Cohesion Fund supports objectives 4-7 and 11.
1. Strengthening research, technological development and innovation;
  2. Enhancing access to, and use and quality of, information and communication technologies;
  3. Enhancing the competitiveness of SMEs;
  4. Supporting the shift towards a low-carbon economy;
  5. Promoting climate change adaptation, risk prevention and management;
  6. Preserving and protecting the environment and promoting resource efficiency;
  7. Promoting sustainable transport and improving network infrastructure;
  8. Promoting sustainable and quality employment and supporting labour mobility;
  9. Promoting social inclusion, combating poverty and any discrimination;
  10. Investing in education, training and lifelong learning;
  11. Improving the efficiency of public administration.

Those outside the EU borders also reap the benefits from the Instrument for Pre-Accession Cross-Border Cooperation programme. International cooperation may unfold through

“macroregional strategy”, an integrated framework, dealing with common challenges which all member states and third countries in the defined geographic areas are facing. At present there are two macroregional strategies: EU Strategy for the Baltic Sea Region and the EU Strategy for the Danube Region (in which Serbia participates); the third strategy was to be adopted by late 2014 (EU Strategy for Adriatic and Ionian Region) and the fourth strategy – by the end of 2015 (the EU Strategy for the Alpine Region).

Urban dimension to the Cohesion Policy – In the 2014-2020 period, the urban dimension is in the limelight of the Cohesion Policy. In each EU member state, a minimum of 5% of ERDF is designated for sustainable integrated urban development. Allocation and decision-making are based on decisions passed by the local authorities.

Source: [http://ec.europa.eu/regional\\_policy/sources/docgener/informat/basic/basic\\_2014\\_en.pdf](http://ec.europa.eu/regional_policy/sources/docgener/informat/basic/basic_2014_en.pdf)

### 2.3.1 WESTERN BALKANS INVESTMENT FRAMEWORK (WBIF)

The Western Balkans Investment Framework (WBIF) is a financial instrument launched in 2009 by the European Commission. It is a joint initiative of the EU, international financial institutions, bilateral donors and Western Balkan governments designed to facilitate preparations and implementation of priority investments in the area of infrastructure in the ‘Western Balkan’ countries.

This is also a regional instrument whereby the European Union’s enlargement and social-economic development of Western Balkan countries, this instrument’s beneficiaries, are supported through various sources of financing. WBIF supports social-economic development and accession to the EU by providing financial and technical assistance for strategic investments, particularly in infrastructure, energy efficiency and private sector development. Since 2016, EUR 600 million in grants has been designated for the Western Balkans, out of which EUR 492 million is the EU contribution. Allocation of grants has two objectives:

- pooling of grants, loans and expertise in order to prepare finances for priority investment projects;
- strengthening coherence and synergy among donors in order to boost positive impact and visibility of investments in the Western Balkans.

The WBIF focuses on key sectors of the Western Balkan economies: energy, environment, transport, social development and private sector development.

The Framework awards, based on competitive procedures, grants for infrastructure project preparation activities as well as for investments. Calls for proposals are launched by the WBIF Steering Committee. Generally, there are two calls for technical assistance and only one call for investment grants per year.

Guidelines/instructions are published for each call for proposals setting out eligibility criteria, including any specific requirements, as well as the pre-notification and submission deadlines. Applications are assessed by the WBIF Project Financiers’ Group who recommend selected applications for approval by the Steering Committee. Approved grants are then implemented by the Infrastructure Project Facility teams and/or the IFIs themselves.

For the 2014-2020 period, the European Commission has approved a billion US dollars for the Western Balkans Investment Framework to invest in improvement of key transport

and energy corridors in the Western Balkan countries, as well as the corridor connecting the region and the European Union member states. This initiative, known under the name of 'Connectivity Agenda', is a part of the Western Balkan Six Process (Berlin Process) and intended to create secure and efficient transport routes through corridors, as well as more secure and more accessible balancing out the needs for electric power and overall electric power supply.

Source: <https://www.wbif.eu/> <https://www.wbif.eu/beneficiaries/serbia>

### 2.3.2 EU REGIONAL TRUST FUND IN RESPONSE TO THE SYRIAN CRISIS, THE «MADAD FUND»

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This fund's original objective was to provide support to Syrian refugees and their host communities in Egypt, Iraq, Jordan, Lebanon and Turkey. The fund was subsequently expanded to cover refugees and migrants from other countries at risk, as well as to provide support to the states which are not EU members, but were affected by the migrant crisis, which made Serbia eligible to apply for the funds.

The European Commission established the EU Regional Trust Fund in Response to the Syrian Crisis, the Madad Fund, on 10 December 2014.

Madad funds were approved for the Republic of Serbia in 2016 and 2017 to support financing operational costs, expenses for food, health care services and access to education for migrant children and improvement of conditions for accommodation of refugees and migrants at reception centres – primarily in collaboration with the Ministry for Labour, Employment, War Veteran and Social Affairs, the Commissariat for Refugees and Migration, and the Ministry of Interior, as well as the International Organisation for Migration (IOM).

Source: <https://www.minrzs.gov.rs/madad-fund.html>

[https://ec.europa.eu/neighbourhoodenlargement/neighbourhood/countries/syria/madad\\_en](https://ec.europa.eu/neighbourhoodenlargement/neighbourhood/countries/syria/madad_en)

### 2.3.3 EU SOLIDARITY FUND (EUSF)

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The funds are intended to cover a part of extraordinary costs of public works, above all for reconstruction of key infrastructure, recovery and meeting urgent needs in the aftermath of flooding, as well as the costs of rescue operations and cleaning up affected areas. The funds may be used retroactively or for already started recovery and reconstruction projects.

On 13 March 2015, the European Union designated EUR 60.2 million from the Solidarity Fund for Serbia, the country in the region which was the most affected by flooding.

The European Union Solidarity Fund (EUSF) was set up to respond to major natural disasters and express European solidarity to disaster-stricken regions within Europe. The Fund was created as a reaction to the severe floods in Central Europe in the summer of 2002. Since then, it has been used for 80 disasters covering a range of different catastrophic events including floods, forest fires, earthquakes, storms and drought.

Source: [http://ec.europa.eu/regional\\_policy/en/funding/solidarity-fund/](http://ec.europa.eu/regional_policy/en/funding/solidarity-fund/)

#### 2.3.4 REGIONAL HOUSING PROGRAMME

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The Regional Housing Programme (RHP) is a joint initiative of Bosnia-Herzegovina, Croatia, Montenegro and Serbia. The programme's objective is to provide a comprehensive contribution to resolving a long-standing issue of displacement of the most vulnerable refugees and displaced persons in the aftermath of the conflicts on the territory of former Yugoslavia in the 1991-1995 period, including internally displaced persons in Montenegro since 1999, by offering permanent and sustainable housing solutions.

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The Regional Housing Programme is a joint initiative launched by four countries – Serbia, Bosnia-Herzegovina, Croatia and Montenegro – intended to provide permanent housing for 27,000 most vulnerable refugee families (74,000 individuals) in the region. Out of this number, 16,780 families (around 45,000 individuals) are residing in Serbia.

Total funds pledged by donors by October 2017 to implement the entire programme in all four countries amount to EUR 280 million. To apply for access to these funds, four beneficiary countries submit specific projects. By the end of 2017, the Republic of Serbia had submitted 8 project application worth in total about EUR 106 million in grants which were subsequently approved by the Donor Assembly. Therefore, the Republic Serbia is this fund's biggest individual beneficiary.

The programme offers a large number of various housing solutions: allocation of building materials, construction of pre-fabricated houses, purchase of village houses and construction of apartment buildings. This allows refugee families to resolve their housing problem in the manner which suits them best at the current place of residence, bearing in mind that the programme is implemented in over 120 municipalities in the Republic of Serbia.

Donors provide funds required for the programme's implementation, including, in particular, the European Union which finances this programme from multi-user and national pre-accession funds (IPA). Other donors are the United States of America, the Federal Republic of Germany, the Kingdom of Norway, the Swiss Confederation, the Republic of Italy, the Kingdom of Denmark, the Republic of Turkey and the Grand Duchy of Luxembourg. Donor funds are managed by the Council of Europe Development Bank. In 2018, a consortium consisting of Eptisa, GIZ and DRC won the EUR 5.4 million contract to implement the technical assistance project in four partner countries as part of phase 2 of the Regional Housing Programme. The same consortium implemented the previous project phase which had started in 2012. .

Source: <https://europa.rs/финансијска-помоћ-еу-србији-за-инфрас/?lang=sr-Cyrl>  
[www.regionalhousingprogramme.org](http://www.regionalhousingprogramme.org)







### 3.1. COUNCIL OF EUROPE DEVELOPMENT BANK (CEB)

CEB invests in social projects fostering inclusion and improvement in living conditions for the most vulnerable. Priorities are:

- sustainable and inclusive growth,
- integration of refugees, displaced persons and migrants, and
- climate changes.

CEB grants loans to governments, regional or local authorities and financial institutions in member countries. CEB loan arrangements must meet all specified technical and social criteria. They must be financially sound and comply with strict bank rules with regard to environmental protection, procurement and following guidelines for compliance policy.

*Source: <http://coebank.org/en/project-financing/>*

### 3.2. EUROPEAN INVESTMENT BANK (EIB)

EIB is the European Union bank. The bank is owned by member states and represents interests of the European Union. It collaborates closely with other EU institutions for the purpose of EU policy implementation. EIB is the largest global multilateral lender. It offers finances and expertise for sustainable investment projects contributing to the accomplishment of EU policy goals. Over 90% of its activities take place in Europe, but EIB is also a large global investor – worldwide.

Most of the financing takes the form of loans, but EIB also provides bank guarantees, microfinancing, equity investments, etc. Its speciality is also support for ‘unlocking’ funding from other sources, particularly the EU budget. EIB is capable of combining funds from other sources with loans in order to create a bundle of funds required for financing. Often, lack of financing is not the only obstacle to investments. EIB helps organisation’s managers and project management facilitate investment, and thereby additionally completing the assortment of products and services.

From 2001 to early 2018, the bank spent a total of 4.8 billion euros to fund projects in Serbia supporting all main infrastructure sectors, as well as small and medium-sized enterprises, industry, services sector and local governments.

EIB support to financing urban projects

Urban Agenda EU (2016) focuses on three pillars for development and implementation of EU policies:

1. better regulation (more efficient and more coherent application of existing EU policies, laws and instruments);
2. better financing (contribution to identifying, supporting, integrating and improving traditional, innovative sources of financing for urban areas, including European structural and investment funds (ESIF), and
3. better knowledge (enhancement of knowledge database on urban issues and exchange of examples of good practice and knowledge).



EIB, as the European Union bank, aligns its advisory services to complement Urban Agenda and step up its credit-related activities to support urban development. EIB is allowed to mobilise the European Fund for Strategic Investments (EFSI) and the European Investment and Advisory Hub (EIAH) to accelerate financing and delivery of investments throughout the European Union.

EIB encourages cities to implement sustainable and mature projects requiring support and to apply with such project proposal for financial assistance.

One of the forms of technical assistance is URBIS – a platform for successful guidance of projects ready to be implemented (*URBIS: urban advisory platform within the European Investment Advisory Hub*).

Another important way in which the cities may access financing is fi-compass (*fi-compass: resource hub for practitioners on local development investment funds*), which is also managed by EIB in partnership with the European Commission.

CSI Network – is a network of cities which have implemented Cities Sustainable Investments projects. Their practical examples showing tangible results explain the ways in which local development planning may include financial instruments – with demonstrated practical applications from several cities, e.g. the results achieved in the field of housing and energy efficiency as key issues for sustainable investments.

The European Investment Bank is open to cities as important partners. Local authorities, as the local community leaders, are in a unique position to develop intersectoral strategies for an integrated urban development, which reflect local competitive advantages. In addition, they may enlist and coordinate support from third parties in order to enable implementation of priority projects (including services for implementation), and thereby creating demand for financial instruments, EFSI and EIB loans.

Current opportunities and the trend to mobilise funds for investments in urban development may be exploited through sustainable and integrated urban development strategies. A city which has developed its own capacity and has projects in the pipeline is well positioned to take advantage of advisory support for mobilisation of investments and identification of funds required to carry out the projects as part of the Sustainable and Integrated Urban Development Strategy. .

Source: <http://eiah.eib.org/about/initiative-urbis.htm>

<http://www.eib.org/infocentre/videotheque/fi-compass.htm>

### 3.3. EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

Serbia joined EBRD in early 2001. EBRD focuses on the following:

- Enhancing the role and competitiveness of the private sector. This is so as Serbia's level of private sector engagement in the economy is modest even by regional standards.
- Bolstering the banking sector and deepening the financial intermediation. While the financial sector has survived the crisis, its role as a driver of economic growth has been significantly diminished.

Developing sustainable and efficient public utilities. The reason for this is that large transition gaps remain in the energy and infrastructure sectors. In the energy sector in

particular, EBRD aims to continue to play a key role in promoting energy efficiency and renewable energy, while assisting with replacing the aging electricity generation capacity and bringing power generation into compliance with the EU environmental standards.

Basic forms of direct financing that EBRD may offer are loans, capital and guarantees. Loans are tailored to meet specific project needs. Credit risk may be taken over entirely by EBRD or in part by bank associations on the market.

- EUR 5-to-15-million loans, fixed or floating interest rates,
- Regular, subordinated (more favourable terms and conditions) or convertible debt,
- Denominated in foreign or local currency,
- Short-term to long-term maturity, 5 to 15 years,
- It is possible to include grace periods for projects,
- Equity capital financing uses innovative approaches and instruments, but expects an adequate return on investment; takes up minority positions in redistribution of equity capital and a clear exit strategy.

The EBRD Serbia Strategy for 2018-23 (provides, inter alia, estimates on the needs for grants and loans):

GRANT NEEDS ASSESSMENT FOR THE NEW EBRD SERBIA STRATEGY	POTENTIAL SOURCES FOR GRANT FUNDS
<p>Grants are required to prepare investment projects and build capacities.</p> <p>Their characteristic is the focus on:</p> <ul style="list-style-type: none"> <li>– SMEs sustainable infrastructure;</li> <li>– green economy transition;</li> <li>– technical cooperation for inclusive growth;</li> <li>– good governance and vocational training .</li> </ul> <p>At the regional level, existing programmes combining policy dialogue, loan financing and grants for consultancy and investment incentives will require additional support and will be expanded, e.g. the Regional Energy Efficiency Programme, etc</p>	<p>WBIF – Western Balkan Investment Framework (beneficiary governments, EU, bilateral donors and IFIs):</p> <p>EU grants from IPA funds for priority infrastructure investments in: 1) environment, 2) transport, 3) social sector and 4) energy sector</p> <p>A national sector strategy is a prerequisite to apply, as is demonstrable progress in the implementation of policy reforms.</p> <p>Bilateral donors and support via cooperation of bilateral partners working together with EBRD to enhance SME sector, green economy transition and sustainable infrastructure, advancement of good governance and investment climate policies.</p> <p>The EBRD Shareholder Special Fund: complementary facility to donor resources, where advancing transition in the Western Balkans remains a priority.</p>

### 3.4. WORLD BANK GROUP

The World Bank Group is the most prominent development bank in the world. It offers advice and financial assistance in the form of discounted loans and grants to countries in areas such as health care, education and agriculture. The World Bank came into existence on 27 December 1945 as part of the Bretton Woods Agreement and consists of five organisations:

- International Bank for Reconstruction and Development (IBRD)
- International Development Association (IDA)
- International Financial Corporation (IFC)

- Multilateral Investment Guarantee Agency (MIGA)
- International Centre for Settlement of Investment Disputes (ICSID)

The first two institutions, IBRD and IDA, make up the World Bank, a subgroup as part of the World Bank Group.

### 3.5. WORLD BANK IBRD

#### Financial instruments

##### 1. Investment Project Financing (IPF)

provides IBRD loan, IDA credit/grant and guarantee financing to governments for activities that create the physical/social infrastructure necessary to reduce poverty and create sustainable development.

2. Development Policy Financing provides IBRD loan, IDA credit/grant and guarantee budget support to governments or a political subdivision for a programme of policy and institutional actions to help achieve sustainable, shared growth and poverty reduction.

3. Program-for-Results links disbursement of funds directly to the delivery of defined results, helping countries improve the design and implementation of their own development programmes and achieve lasting results by strengthening institutions and building capacity.

4. Trust funds and grants allow scaling up of activities, notably in fragile and crisis-affected situations;

- enable the Bank Group to provide support when its ability to lend is limited;
- provide immediate assistance in response to natural disasters and other emergencies; and
- pilot innovations that are later mainstreamed into its operations.

5. Private sector options for financing, direct investment and guarantees are provided by MIGA and IFC. Guarantees can also be provided through World Bank (IBRD/IDA) for private sector projects.

##### 6. Customised options and risk management

Multiphase Programmatic Approach allows countries to structure a long, large, or complex engagement as a set of smaller linked operations (or phases), under one programme. It can be applied to Investment Project Financing and Program-for-Results and is not a stand-alone instrument.

#### Characteristics and use of financial instruments

##### 1. Investment Project Financing (IPF)

is used in all sectors, with a concentration in the infrastructure, human development, agriculture, and public administration sectors. IPF is focused on the long-term (5 to 10 year horizon) and supports a wide range of activities including capital-intensive investments, agricultural development, service delivery, credit and grant delivery [including micro-credit], community-based development, and institution building.

Unlike commercial lending, Bank IPF not only supplies borrowing countries with needed financing but also serves as a vehicle for sustained, global knowledge transfer and technical assistance. This includes:

- support to analytical and design work in the conceptual stages of project preparation,
- technical support and expertise, and
- assistance during implementation, and institution building throughout the project.

## 2. Development policy financing (DPF)

Development policy financing (DPF) provides rapidly-disbursing financing to help a borrower address actual or anticipated development financing requirements. DPF aims to support the borrower in achieving sustainable development through a programme of policy and institutional actions, for example, strengthening public financial management, improving the investment climate, addressing bottlenecks to improve service delivery, and diversifying the economy. DPF supports such reforms through non-earmarked general budget financing that is subject to the borrower's own implementation processes and systems. The Bank's use of DPF in a country is determined in the context of the Country Partnership Framework (CPF).

The DPF policy emphasizes country ownership and alignment, stakeholder consultation, donor coordination, and results, and requires a systematic treatment of fiduciary risks and of the potential environmental and distributional consequences of supported policies. DPF can be extended as loans, credits, or grants. Funds are made available to the client based on:

- maintenance of an adequate macroeconomic policy framework, as determined by the Bank with inputs from IMF assessments,
- satisfactory implementation of the overall reform programme, and
- completion of a set of critical policy and institutional actions agreed between the Bank and the client.

## 3. Program-for-Results (PforR)

In today's world, development is about results and institutional strengthening. Everyone—government officials, parliamentarians, civil society, and the private sector—is demanding programmes that help deliver sustainable results and build institutions. To address this growing demand, the World Bank developed the Program-for-Results (PforR) financing instrument with particular features. Unique features of this programme (PforR) include:

- using a country's own institutions and processes, and linking disbursement of funds directly to the achievement of specific programme results;
- focus on results, strengthening capacities and support to borrowers' programmes. PforR is also unique because it supports government programmes and helps leverage World Bank development assistance by fostering partnerships and aligning development partner goals and results that can lead to greater development effectiveness.
- PforR is available to all World Bank member countries and is one of three financing instruments offered, accompanying Investment Project Financing (IPF) and Development Policy Financing (DPF). (The choice of instrument depends on a client's needs and the development challenge to be addressed.)

#### 4. Trust Funds

With regard to Trust Funds, the Development Finance (DFI) Vice Presidency is responsible for managing and following policies and procedures related to the World Bank funds designated for development financing. DFI serves as trustee for more than 20 of the largest multilateral trust funds managed by the Bank, including the Global Environment Facility (GEF), the Climate Investment Funds, HIPC Debt Initiative, the Consultative Group on International Agricultural Research, the International Finance Facility for Immunisation, and the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM).

DFI is responsible for creating and disseminating the policies and business processes of trust funds and partnership programmes, as well as serving as trustee of large global funds, known as financial intermediary funds.

There are 26 of them. Some are as follows:



*The Global Infrastructure Facility (GIF)* is a global, open platform that facilitates the preparation and structuring of complex infrastructure public private partnerships (PPPs) to enable mobilization of private sector and institutional investor capital.

*The Consultative Group on International Agricultural Research (CGIAR)* promotes sustainable agricultural development by way of providing international agricultural research centres with funds and strategic directions.



*Climate Risk and Early Warning Systems*

*The Nagoya Protocol Implementation Fund* is a new fund which is to help developing countries ratify and implement the key international agreement on conservation and sustainable use of biodiversity.



*The Clean Technology Fund* promotes scaled-up financing for investment in clean technologies in developing countries.

## 5. Guarantees

Guarantees are ancillary options for the private sector to obtain guarantees for financing and direct investments. In addition, the private sector may also obtain guarantees through the IBRD / International Development Agency.

## 6. Multiphase Programmatic Approach (MPA)

Multiphase Programmatic Approach allows countries to structure a long, large, or complex engagement as a set of smaller linked operations (or phases), under one programme. As a result of breaking down a single loan into phases, Bank clients can match borrowing more closely with financing needs, permitting more efficient use of financial resources for both the Bank and clients. This “adaptive approach” also strengthens the potential for crowding in other sources of capital to support development objectives.

Subsequent phases of MPA programmes will be prepared as separate operations with rigorous adherence to all applicable World Bank policies with regard to management reviews, fiduciary assessments, environmental and social safeguards assessments, and timely public disclosures and consultation with affected people.

This approach also encourages more learning and adaptation, as subsequent phases will be informed by lessons learned in previous ones. This will help ensure operations are more responsive to changing country circumstances.

*Source: <http://www.worldbank.org/en/projects-operations/products-and-services>*

## 3.6. INTERNATIONAL FINANCE CORPORATION (IFC)

The International Finance Corporation is a member of the World Bank Group serving the private sector and offering financial services to companies investing in the developing world. IFC is an extension of the World Bank Group designed to borrow to the private sector and provide financial services to companies investing in the developing world. It has a network of 80 banks throughout the world. IFC does not accept guarantees issued by the host country's banks.

Criteria for financing: IFC member from a developing country, private sector, technologically advanced and beneficial to the community, meeting IFC social and eco-standards. 25% to 35% max. of the project value is eligible for IFC funding.

*Source: [https://www.ifc.org/wps/wcm/connect/corp\\_ext\\_content/ifc\\_external\\_corporatesite/home](https://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporatesite/home)*

## 3.7. GERMAN DEVELOPMENT BANK KfW

The German Development Bank KfW disburses its funds through commercial banks. These credit lines allow many SMEs and communities to invest in energy efficiency via the banking sector in Serbia.

Energy: At present, an amount of EUR 850 million has been earmarked for the energy sector and it represents one of the important pillars of German development-related cooperation.

Environmental protection: KfW mostly supports small and medium-sized cities/towns in the construction of more efficient water supply networks. Institutional and financial reforms, as well as introduction of modern work flows, constitute a prerequisite for investments. The bank is also involved in waste water treatment. The KfW loans will make possible the construction of three modern waste water treatment facilities in the Morava River catchment area.

Financial sector development: a pioneer that helped establish an organisation which became ProCredit Bank – currently the market leader in terms of the most comprehensive financial services on offer to SMEs.

Source: [http://www.15godinasaradnje.com/organizations\\_srb/kfw.php](http://www.15godinasaradnje.com/organizations_srb/kfw.php)







## 4.1. BILATERAL COOPERATION BY DONORS

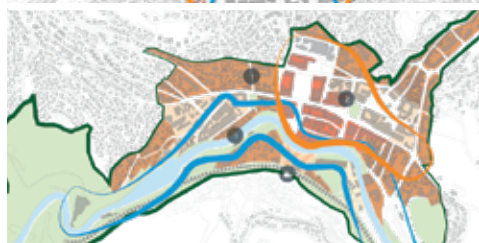
### 4.1.1 GERMAN TECHNICAL COOPERATION AGENCY (GIZ)

On its journey towards the European Union membership, Serbia is continuously aligning its policies with the EU standards. “National Programme for Adoption of the *acquis*” (NPAA) from July 2014 acknowledges the fact that competent land management in urban areas is a prerequisite for adoption of various EU *acquis* chapters, particularly chapter 22 on regional policy and coordination of structural instruments. In the light of Serbia’s journey towards the EU membership, the GIZ “Strengthening of Local Land Management in Serbia” project launched activities in the first two 2010-2015 implementation phases intended to introduce an integrated approach to local urban development. The project provided support to local self-governments in Kragujevac, Kraljevo and Uzice to draft “Integrated Urban Development Strategy” as a baseline for further development of central urban areas in these cities.

A series of workshops were organised and cooperation with national institutions was established with a view to awareness-raising and better understanding of the integrated approach to planning. The said activities laid a solid foundation. A large number of urban planners and expert practitioners, above all in cities and municipalities where pilot projects were carried out, understand better the integrated planning concept and the advantages of such a concept with regard to the city development, i.e. how it may contribute to establishment of enhanced cooperation among various sectors and institutions within local self-governments, improved participation of citizens and stakeholders, or what the advantages of jointly drafted plans of activities and investments are for the city development that in turn contribute to a strategic, comprehensive and long-term local budget planning.



Integrated Urban Development Strategy for Kragujevac Central City Area, 2012



Integrated urban Development Strategy for Uzice Central City Area, 2013



Integrated urban Development Strategy for Kraljevo Central City Area, 2014

However, it is necessary to carry out further activities to ensure sustainability of the integrated approach to planning. Particular attention should be focused on the implementation of integrated urban development strategies (IUDS). Most of these strategies are facing constraints given modest local budgets which represent an obstacle to IUDS successful implementation. Whilst EU municipalities and cities may obtain support from the EU development funds, and often from national funds and programmes, municipalities and cities in the Republic of Serbia have no similar financial incentives at their disposal. For this very reason the government and the line ministry need to provide technical and financial support to the cities and municipalities.

The importance of cooperation and joint local and national action in the field of urban development is highlighted in the so-called Riga Declaration. In this declaration, the ministers of EU member states underline the importance of national policies and programmes for sustainable and integrated urban development.

Given the above, the Ministry of Construction, Transport and Infrastructure (MCTI) launched an initiative and the Government of the Republic of Serbia in January 2018 adopted the Conclusion on Drafting the Sustainable and Integrated Urban Development Strategy by 2030 in the Republic of Serbia. In the preparation of the III phase of the GIZ “Strengthening of Local Land Management in Serbia” project, MCTI and GIZ/AMBERO agreed to collaborate on drafting of the National Urban Development Policy as a key activity in the project’s III phase, which was to be implemented in the 2016-2018 period. The national policy should create a political framework for promotion of sustainable and integrated urban development.

*Source: Mueller, H., Wehrmann, B., Colic, R., Fürst, A., Begovic, B., Jochheim-Wirtz, C., Bozic, B., Ferencak, M., Zekovic, S. (2015) Strengthening of Local Land Management in Serbia. Results of 6 Years of German-Serbian Cooperation. Module 1: Urban Land Management. AMBERO Consulting Representative Office Belgrade, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Colorgrafx, Belgrade. December 2015 ISBN 978-86-914025-5-6  
[http://www.urbanlandmanagement.rs/wp-content/uploads/2015/12/Six-Years-of-Strengthening-of-Local-Land-Management-Urban-Module\\_ENG.pdf](http://www.urbanlandmanagement.rs/wp-content/uploads/2015/12/Six-Years-of-Strengthening-of-Local-Land-Management-Urban-Module_ENG.pdf)*

## 4.2. BILATERAL COOPERATION BY STATES

### 4.2.1 JAPAN

Priority areas of Japan’s bilateral development assistance to the Republic of Serbia are as follows:

1. Environmental Protection,
2. Health care, Social Protection and Education; and
3. Entrepreneurship and Support to Small and Medium-Sized Enterprises.

Some of the examples of assistance that Japan provides to the Republic of Serbia are: non-project donations in the form of Japanese products, projects for the basic needs of the population (POPOS Projects), which include one-off assistance such as the reconstruction of school buildings and kindergartens, delivery of medical equipment and ambulances, garbage lorries and containers, tankers, special vehicles for transportation of persons with disabilities, etc., as well as the consulting assistance of Japanese experts

since 2009 through the volunteers programme of the Government of Japan. Japan also provides concessional loans (yen loans), so that the project “Installation of flue gas desulfurization systems at the Nikola Tesla Thermolectric Power Plant” will be financed by funds from one of the loans.

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>

#### 4.2.2 KINGDOM OF DENMARK

The Development Cooperation Strategy of the Kingdom of Denmark with the Republic of Serbia is defined within a broader regional concept - the Danish Neighbourhood Programme for Eastern Europe. The Neighbourhood Programme is the basis for Denmark's assistance to the eastern and southeastern EU regions. Through this Programme, Denmark supports the development of democracy, the rule of law, stability and economic development in the EU's neighbouring countries. Although the Republic of Serbia has not been identified as one of the priority countries (which include Georgia and Ukraine) in the Neighbourhood Programme 2017-2021, Denmark provides targeted support to Serbia, which is focused on the accession of Serbia to the EU.

Over the past 10 years, Denmark has been active in Serbia through a multitude of programmes worth more than EUR 17 million. One of the biggest projects was the “Private Sector Programme for Support to Fruit and Beverage Sector in Southern Serbia”. Farmers in this region have been provided with support in the development of fruit and berries production. The project has created more than 800 new jobs. Denmark also supported the judiciary reform, media freedom, refugee accommodation, the Ombudsman institution and local economic development.

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>

#### 4.2.3 KINGDOM OF NORWAY

The Kingdom of Norway is one of the largest bilateral donors of the Republic of Serbia, whose support, only in the period from 2008 to date, has amounted to more than EUR 100 million. Norway provides its assistance to Serbia through Bilateral Cooperation Programme, Embassy small-scale grants, as well as through direct grants to civil society organizations.

Norway also provided significant support to Serbia for the rehabilitation of damages caused by floods, as well as for combating the migrant crisis

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>

#### 4.2.4 KINGDOM OF THE NETHERLANDS

In the past five years, Dutch assistance to the Republic of Serbia has been reduced to MATRA donations for small projects, managed by the Embassy of the Netherlands in Belgrade, whose beneficiaries are mainly civil society organizations. In April 2012, a Memorandum of Understanding was signed with the Dutch Government on the implementation of the ORIO Programme in the Republic of Serbia. The ORIO Programme is a former Dutch government programme aimed at financing infrastructure projects, mainly in the field of water supply and waste water treatment.

The most important projects currently under way are as follows:

As part of the ORIO Programme, the project “Collection and Treatment of Waste Water in Leskovac” is being implemented in the Republic of Serbia. The Ministry of Environmental

Protection is the main partner to the Dutch in the implementation of the project. The Dutch government is participating in the EU Civil Protection Mechanism, as well as in the implementation of projects which strengthen the capacities for response to the migrant crisis and providing legal assistance to migrants

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>

#### 4.2.5 KINGDOM OF SWEDEN

Cooperation between the Republic of Serbia and the Kingdom of Sweden in terms of international development assistance was established by the Agreement signed in 2007. The Agreement regulates the roles and responsibilities of the Serbian and Swedish parties in the context of the use of funds, the issues of VAT exemption, customs duties and other duties, diplomatic and legal status of staff, etc.

Priority areas of development cooperation have been established in accordance with the Sweden's new Strategy for Reform Cooperation in Eastern Europe, the Western Balkans and Turkey for 2014-2020, and they include:

- enhanced economic integration with the EU and development of functional market economy;
- strengthening democracy, greater respect for human rights and more developed rule of law, with a focus on a strengthened public administration and justice system, with the aim of increasing the level of achievement of human rights and opportunities for achieving democratic influence; and
- better environment, reduced climate change impact and enhanced resilience to environmental impact and climate change

In the previous period, Sweden has donated most of its grants to the sectors of environmental protection, internal affairs, civil society, public administration and energy.

Of the ongoing projects, the most significant ones are as follows:

PEID Project (Priority Environmental Infrastructure for Development), through which the support to the environmental protection sector continues - providing technical assistance to the Ministry of Environmental Protection, in order to prepare potential projects for financing in the following period. The principal objective is to draft technical documentation for large infrastructure projects.

EISP 2 Project (Environmental Infrastructure Support Project), which provides support to the Ministry of Environmental Protection in the implementation of small components of large infrastructure projects, as well as identification of potential environmental projects in order to be prepared for the development of necessary technical documentation.

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>

#### 4.2.6 PEOPLE'S REPUBLIC OF CHINA

There is in place the Agreement on Economic and Technical Cooperation between the Government of the Republic of Serbia and the Government of the People's Republic of China.

Several projects in the field of health care have been implemented in the past few years, as part of which medical equipment has been provided to hospitals and health care centres throughout the Republic of Serbia. The Republic of China also provided significant

support in terms of flood protection, in the form of donation of lifeboats and GPS devices. In addition, the Government of the People's Republic of China provided professional development by organising seminars in various fields for representatives of institutions at the national and local levels, chambers of commerce, small and medium-sized enterprises, universities, and hospitals.

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>

#### 4.2.7 REPUBLIC OF AUSTRIA

The Republic of Austria supports the policy of the Republic of Serbia aimed at accession to the European Union. Projects in the areas of regional development, education, environmental protection, agriculture, healthcare, entrepreneurship development, social protection, strengthening of governance capacities at the local level, as well as support to civil society organisations, have been implemented. By 2012, the estimated total amount of development aid reached cca EUR 40 million.

As of 2012 to date, the activities of Austria in the Republic of Serbia have been focused on the implementation of projects financed from EU funds or international financial institutions. The implementation of the programme titled "Socio-Economic Development of the Danube Serbia Region" (SEDDSR), financed from EU funds, is a good example of the Republic of Austria's engagement which is realised through the Austrian Development Agency in Belgrade. The Project consists of several components, including the construction and renovation of infrastructure, e.g. the construction of a water supply system in the municipality of Veliko Gradiste, as well as the rehabilitation of the Golubac Fortress.

Austria participates in the EU programme "Socio-Economic Development of the Danube Serbia Region" with a contribution of about EUR 1.5 million.

In the field of flood recovery and prevention, the Republic of Austria, via the Red Cross, provided assistance to households which were affected by flooding in Pozarevac, Paracin, Svilajnac and Trstenik.

The Republic of Austria also financially participated in the European Union's Floods Recovery Programme, aimed at the construction of new and reconstruction of the existing river embankments in the municipalities of Paracin, Svilajnac and Valjevo, as well as rehabilitation and reconstruction of the drainage network in the Municipality of Obrenovac with pumping stations.

In the field of migrations, Austria has provided funds through its participation in the EU Civil Protection Mechanism for the procurement of necessary equipment and goods. Austria also participates in twinning projects in the Republic of Serbia, which are an instrument of the European Union aimed at strengthening the administration of the Republic of Serbia in the activities pertaining to adoption and implementation of the EU legislation in the fields of judiciary, migration, environmental protection, agriculture and rural development, etc.

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>

#### 4.2.8 REPUBLIC OF GREECE

Greece provides development support to Serbia both at multilateral (EU, Council of Europe, OSCE, etc.) and bilateral levels. Bilateral development support has been provided either directly or indirectly through activities of Greek and Serbian NGOs, local self-

government institutions, etc.

The basic instrument of bilateral development support provided by Greece is the Greek Plan for Economic Reconstruction of the Balkans (ESOAV) by way of which about EUR 17 million has already been disbursed for road construction (a section of Corridor 10), telecommunications (interconnecting higher education and research institutions via optic fibre technology), but also improvement in living conditions for local communities (renovations of school buildings, hospitals and other institutions), thereby contributing to increasing visibility in Serbian public of Greece as an important development support sponsor.

With regard to business investments in the past 2 decades, Greece ranks as the third biggest foreign investor in Serbia, behind Austria and Norway, and in the 2000-2010 period, Greece had been the second biggest foreign investor, behind Austria.

Principal areas of Greek investors' activities are banking, construction and building materials industry in general, retail, telecommunications, hospitality sector and tourism services, consulting, food and beverage industries, etc. We should point out that Greek investments are spread throughout Serbia – around 200 companies with Greek stakeholders employing over 25,000. Direct and indirect Greek investments in aggregate exceed EUR 2.5 billion.

Source: <https://www.mfa.gr/serbia/sr/greece/greece-and-serbia/ekonomski-odnosi.html>

#### 4.2.9 REPUBLIC OF INDIA

The Indian Technical and Economic Cooperation Programme (ITEC) is implemented by the Ministry of Foreign Affairs of the Government of the Republic of India since 1964, as a bilateral assistance programme of that country to friendly countries. This Programme is primarily aimed at developing countries, including the Republic of Serbia, offering free training courses in India for various technical and professional jobs, as well as the possibility of faster and easier adaptation to an increasingly globalised world.

Serbia has been a partner of the Indian ITEC Programme since 2008, and to date more than 140 experts from Serbia have attended courses in various fields and scientific disciplines, including information and communication technologies, management, entrepreneurship, banking and finance, renewable energy sources, issues related to climate change, legislation, English language training, etc.

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>

#### 4.2.10 REPUBLIC OF POLAND

Development cooperation with the Republic of Poland is implemented through programmes and projects aimed at specific user groups (bilateral assistance), as well as through membership fees and voluntary contributions to international institutions, funds and organisations (multilateral assistance). Bilateral assistance can be used by institutions from the sector of public finance, research institutes, NGOs and private sector entities. The projects are implemented by Polish diplomatic missions, either individually or in cooperation with local partners.

Project partners are most often local non-governmental organisations, public institutions or local self-governments.

Since 2007, 42 different programmes and projects have been implemented, which were funded with Polish funds in the amount of cca EUR 470 thousand. In 2017, the Embassy



of the Republic of Poland in Belgrade closed the public competition “Small Grants 2017”, whilst the projects from this programme will be implemented through four thematic priorities set out in the “Multi-annual Development Cooperation Programme 2016-2020”: human capital, entrepreneurship and private sector, sustainable agriculture and rural area development and environmental protection.

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>

#### 4.2.11 REPUBLIC OF SLOVENIA

Technical assistance activities are focused on supporting the institutions of the Republic of Serbia in the process of European integration, including support in harmonising regulations, aligning procedures pertaining to the operation of our institutions with EU standards, improving the quality of services, improving organisational structures through transfer of experiences of Slovenian institutions and organisations. The amount of funds allocated for development assistance is determined on an annual basis in the Development Plan of the Republic of Slovenia.

At present, a project entitled “Assistance in Combating Corruption” is being implemented, which aims to improve the conditions for ensuring transparency and accountability in the functioning of public sector institutions in the Republic of Serbia, as well as strengthening the capacities of the Republic of Serbia for the efficient implementation of the legal competencies of institutions in the fight against corruption. The project manager is the Anti-Corruption Agency, whilst its total value is EUR 95,580.

Projects are conducted through direct communication between the Slovenian Centre for International Cooperation and Development and beneficiaries in the Republic of Serbia.

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>

#### 4.2.12 REPUBLIC OF TURKEY

The Turkish Cooperation and Coordination Agency (TIKA) is collaborating and coordinating cooperation with the institutions of the Republic of Serbia.

Priority areas supported by the Republic of Turkey through a development cooperation programme with the Republic of Serbia are education, health care, agriculture, culture, historical heritage and tourism.

We will cite several larger projects to illustrate Turkey’s support to Serbia provided by way of donor funds: general reconstruction of and provision of equipment to the General Hospital in Novi Pazar, procurement of polythene greenhouses in the municipalities of Zlatibor, Pcinja, Toplica, Raska, Moravica and Bor districts in the Republic of Serbia, construction and reconstruction of several primary schools in Novi Pazar, support to reconstruction of the Ram Fortress in the vicinity of Veliko Gradiste.

Following the 2010 earthquake in Kraljevo and floods in Novi Pazar in 2011 and 2016, humanitarian aid and support worth EUR 1,350,000 to fund several projects in seven municipalities in the Republic of Serbia were provided designated for regulation of river beds, construction of levees and embankments along the Ljig, Velika Morava, Zapadna Morava and Pek rivers, respectively, construction of a new bridge in Razanj municipality, etc.

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>



#### 4.2.13 FEDERAL REPUBLIC OF GERMANY

Bilateral development cooperation between the Federal Republic of Germany and the Republic of Serbia started in 2000. Over EUR 1.8 billion in development assistance from the funds of the German Ministry for Cooperation and Development (BMZ), the Ministry of Environmental Protection and the Stability Pact has been approved to date in the form of grants and soft loans. Financial support projects are implemented by the German Development Bank (KfW), whereas technical assistance projects are implemented by the German Technical Cooperation Agency (GIZ).

In the previous period, German development assistance funds in the Republic of Serbia have been focused on the implementation of projects and programmes in three priority areas:

- public infrastructure (energy and water): electric power supply and district heating, water supply, sewer infrastructure (waste water management);
- sustainable economic development and employment: enhancement of legal framework in the field of finances and economy, financial sector development, support to SMEs, support to vocational education and training reform; and
- democracy, state administration, civil society: support to development of decentralised administration, efficient and results-oriented, particularly in the domain of advancement in transparency, rule of law, justice system and streamlining various segments of the state administration, as well as assistance in preparation for EU accession negotiations and support to EU accession process itself in the past several years.

In terms of the volume of the funds approved and the significance of the results achieved, the Federal Republic of Germany is the most important bilateral development partner of the Republic of Serbia. In addition to projects implemented at the national level, the Federal Republic of Germany is providing both financial and technical support for regional projects and programmes.

Regional financial cooperation is implemented through the following cooperation instruments:

1. Regional instrument for support to renewable energy sources and energy efficiency;
2. European fund for Southeast Europe, and
3. Green Fund for Southeast Europe's Development

Regional technical cooperation is implemented through three regional programmes:

1. Open Regional Fund for Southeast Europe;
2. Regional programme for establishment of the Danube Competence Centre for strengthening the lower Danube region; and
3. Cross-border cooperation in the field of social inclusion of human trafficking victims.

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>

#### 4.2.14 SWISS CONFEDERATION

The Government of the Swiss Confederation has two institutions in charge of development assistance. The Swiss Development Agency (SDC) within the Federal Department of Foreign Affairs is in charge of development assistance for supporting capacity building

projects, technical assistance, i.e. the so-called “soft” projects, aimed at reforming the administrative and general social system.

The State Secretariat for Economic Affairs (SECO) of the Federal Department of Economic Affairs is responsible for development projects that are exclusively of infrastructural nature. At the national level, the Swiss Development Agency and the State Secretariat for Economic Affairs are represented by the Swiss Cooperation Office (SCO) in Belgrade.

The Swiss Cooperation Strategy for Serbia 2018-2021 represents a continuation of the multiannual support to the reform processes in the Republic of Serbia. The Swiss Confederation has been present in Serbia since 1991, which is a testament to its commitment to this bilateral partnership. So far, the financial support has amounted to EUR 350 million.

The new Strategy for the period 2018-2021 is focused on the areas of governance, economic development and sustainable energy sources. In the next four years, Switzerland will allocate EUR 95 million, which is 10% more compared to the previous strategy’s timeframe. The Swiss-Serbian cooperation is based on mutual trust, partnership and active participation of all relevant partners. The Strategy has been carefully developed in close cooperation with Serbian partners.

Areas of support in the upcoming four-year period are as follows:

- In the area of governance, support in the amount of EUR 36 million will be provided to legislature at the national and local levels in order to strengthen the position of representative bodies and their supervisory role. Attention will be focused on the capacities of local self-governments in public finance management in order to improve the overall quality of services provided to citizens and the business sector, with a particular emphasis on marginalised social groups. Support to the civil society will have a stronger role aimed at strengthening the links between civil society organisations and the citizens so as to increase their participation and ensure they have a voice in the decision-making process.
- In the field of economic development and employment, support to the tune of EUR 45 million is intended to improve the macroeconomic framework, business environment and inclusive policies for overcoming inequalities. Over the next four years, attention will be focused on the local economic development, trade promotion, youth employment, dual education system and private sector development, aimed at achieving sustainable development and quality employment, particularly in rural areas.
- In the field of sustainable energy and resilient cities, support to the tune of EUR 14 million is committed to strengthening the exploitation of renewable energy sources, supporting the implementation of energy-efficiency measures and strengthening local capacities for managing and planning infrastructure-related activities. In addition, support in this area will be extended to activities that will contribute to the development of self-sustaining cities with a view to achieving the national goals regarding energy efficiency and renewable energy sources.

Horizontal fields of Swiss cooperation with Serbia

Over the course of the following four-year period, Switzerland will also continue to address the issues of gender inequality, with a particular emphasis on promotion of women’s entrepreneurship and women’s parliamentary networks lobbying for gender equality at

the local level. Since 2009, the Migration Partnership has been actively operating between the Swiss State Secretariat for Migration (Staatssekretariat für Migration - SEM) and the Government of Serbia. In the 2016-2019 period, Switzerland has been providing support to help strengthen capacities for migration management, improve reception capacities, register asylum seekers and approve an innovative housing model for migrants on the territory of Serbia to the tune of EUR 2 million.

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>

#### 4.2.15 SLOVAK REPUBLIC

According to specific priorities set by the Slovak Republic for the Republic of Serbia, development cooperation objectives are as follows:

1. Civil society development, societal recovery and regional development;
2. Reconstruction of local infrastructure and development; and
3. Support to integration into international structures and organisations.

In the following period, transfer of experiences related to European integration, as well as experiences from the transition and reform processes will be the focal point of the bilateral development cooperation with the Slovak Republic.

Slovakia has been providing assistance to Serbia in the previous period through “Slovak Aid”, the Slovak development agency. In the 2007-13 period, financial support to Serbia provided to Serbia through “Slovak Aid” had following forms:

1. 108 development projects were implemented. Some of the most prominent ones are as follows:
2. “Solar Energy for Children with Disabilities” - implemented in 2011, worth EUR 247,192.14,
3. “Democratisation and Integration” - implemented in 2013, worth EUR 110,452;
4. Small grants (up to EUR 5,000 per project), in the 2007-14 period, Slovakia provided financial assistance to Serbia totalling EUR 600,000, mostly in education and health care sectors;
5. In May 2011, the Slovak Ministry of Foreign Affairs launched a technical support programme - CETIR (Centre for Experience Transfer on Integration and Reforms) with a view to exchanging experiences in the field of integration and reforms;
6. In 2016, humanitarian aid was organised as part the Slovak Republic’s foreign policy implementation. This form of assistance was provided to Serbia mostly to meet the needs of refugees and migrants, through material humanitarian aid worth EUR 61,500 in total.

Source: <http://www.mei.gov.rs/srl/fondovi/bilateralni-i-multilateralni-partneri/po-zemljama/>

### 4.3. UNITED NATIONS COUNTRY TEAM IN SERBIA

The United Nations Country Team in Serbia (UNCT) is coordinated by the UN Permanent Resident Coordinator. The UN consists of 19 agencies, funds and programmes out of which:

- six agencies with in-country presence - UNDP, UNHCR, UNICEF, WHO, IOM and UNOPS;
- five with project offices in the country - UNFPA, UN WOMEN, FAO, ILO and UNODC;
- eight without in-country presence - UN Habitat, OHCHR, UNESCO, UNECE, UNIDO, UNEP, UNCTAD, UNVTO and IAEA.

UNOPS - implements, assesses, designs and plans, manages construction, provides advisory services and manages complex projects.

UNOPS Serbia key donors have been the European Union, Switzerland and Norway, joined also by the United Kingdom, Sweden, Canada, France and the Czech Republic.

UN WOMEN - is currently working in the fields of: gender responsive budgeting, gender equality in disaster risk reduction, combating violence against women and advancing women's economic empowerment. The Office also assists in the implementation of projects supported by UN funds, such as the UN Trust Fund to End Violence against Women and the Fund for Gender Equality of UN Women.

UNESCO - all state parties to the World Heritage Convention may, in principle, submit an application to the World Heritage Fund. The Fund does not accept applications for international assistance from foundations, international non-governmental organisations and non-governmental organisations. Applications for international assistance must be submitted by UNESCO National Commissions or a corresponding government body or ministry. Other parties are not eligible for international assistance. Priority is given to the most threatened properties. Hence, international Assistance under the World Heritage Fund can support projects falling under one of the following three categories: emergency assistance, conservation and management, and preparatory assistance.

*Source: <http://rs.one.un.org/content/unct/serbia/en/home/un-agencies.html>*



APPENDIX

## GLOSSARY

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Ambience units	Ambience units are easily recognizable, defined in style and architecture and artistically designed spaces with a specific atmosphere. What often gives them their character is the architecture of structures, but also trees, pleasant microclimate or a particularly favorable position in the topography of the city. They are the materialization of an idea and a system of values, a vivid note of the routine of everyday life, the specifics of the inhabitants or the habits of permanent visitors. What also makes the ambience units valuable is their place in true stories and urban legends engraved in the collective consciousness of citizens.
Illegal construction	Illegal construction refers to the construction of a new building as well as to the extension, adaptation or reconstruction of a residential or other (business, auxiliary and other) facility without the required construction approval.
Brownfield	A brownfield site is a land that was previously built and used, but then economically or financially or otherwise abandoned physically or due to property relations, which is ecologically contaminated and requires investment for re-use. Brownfields are also “blocked” sites where investors have not completed the planned facilities or have interrupted their work due to bankruptcy, insolvency or unresolved property-legal relations. Depending on the restrictions for their reactivation, brownfield sites can be grouped in so-called «soft» and «hard». Soft brownfield sites have significant potential for “self-development” and are usually attractive to private investors (due to their location, availability, benefits and possible business effects). Hard brownfield sites have significant limitations that make them less attractive compared to soft brownfield sites. A special form of hard brownfield sites are devastated areas that abound with numerous locational, ownership, technical, infrastructural, environmental problems and whose activation for a more productive purpose involves large investments. Their re-activation requires compulsory participation of public funds, especially in terms of decontamination, demolition of existing content, displacement, infrastructure development, property relations regulation, restitution, etc..
Greenfield	Greenfield is a land without any previous construction, with no previous obligations, free to be taken over and constructed.
Devastation	Desolation, demolition, destruction due to various unsuitable works.
Deprived neighbourhoods	Deprived neighbourhoods are areas of groups of people with limited options for choosing a place of residence. These are areas where health hazards are possible due to concentration of poverty, unemployment, lack of social and economic cohesion and inclusion.
Accessibility	Accessibility to an element is the distance of that element from other significant areas of the settlement, facilities, surfaces, contents or activities. Distances can be expressed in relation to different types of movement (air, car, bicycle, pedestrian ...).
Energy efficiency	Energy efficiency is the relationship between the achieved result in services, goods or energy, and the energy consumed for it.
Green Economy	The «green» economy is the economy resulting in improved population well-being and social equity, with a significant reduction in environmental risks and further degradation of the environment.
Identity of the city	The identity of the city is a set of unique features and features that ensure its permanent recognition in comparison with other cities, by which it differs from them and is recognized as special.

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Industrial/ commercial zones	Groups of locations or limited areas with a number of companies from the same or different branches, i.e. the location form of business infrastructure that, besides other location models (industrial parks, technological parks, free zones, business incubators, business centers, airport development zones, etc.), is an attractive instrument for attracting investments to the given area.
Industrial Park	An industrial park can be established on the entire surface of an industrial zone or in one part of it. Industrial park is a legal entity in private, public or public-private ownership, which provides special services to companies located in it, in accordance with their needs. Industrial parks are most often located near the roads, especially where there are more than one mode of transport: highway, railway, airport and navigable rivers.
Integrated Planning	Integrated planning is a process consisting of linking sectoral planning and planning at different levels to make strategic decisions and provide a comprehensive insight into resources and their use. Integrated planning is the basis for institutional initiatives and the allocation of resources. In the context of integrated planning, economic, social, environmental and cultural factors are considered together and combine so that decision making on the use of land and facilities is directed towards sustainable spatial development.
Climate change	A change in climate, which is directly or indirectly caused by human activities that cause changes in the composition of the global atmosphere, and which is superposed on natural climate fluctuations, and monitored over comparable periods of time.
Compact city	A compact city is considered a sustainable urban form offered as a possible solution to the problem of urban sprawl. The advantages of a compact city are: improved energy efficiency and reduced pollution because the higher density of population preserves land, allows the population to live closer to work places, services, etc. and to use sustainable modes of transport. In addition to the positive effects on the environment, compact cities also affect social diversity and connectivity among people.
Contaminated sites	Areas where the presence of localized soil contamination is confirmed. Localized pollution is related to areas of intensified industrial activity, inadequately regulated waste dumps, mineral extraction sites, military warehouses, areas where accidental and land pollution have occurred and industrially devastated locations (brownfields) where the activities that could contaminate the land have been carried out.
Creative economies	Creative economies (creative activities) include: advertising, architecture, art, antiques market, urban crafts, design, high fashion, film and video, computer games and other interactive leisure software, information and communication technology, music, scene art, publishing, television, radio, etc.
Cultural heritage	Cultural heritage is a set of resources inherited from the past, which people identify, regardless of ownership over them, as a reflection and expression of continuously evolving values, beliefs, knowledge and traditions. It encompasses all aspects of the environment created by the interaction of man and space over time.
Local Economic Development (LED)	Local economic development is the instrument and concept of integrating the efficiency of economic growth and development, social equity, environmental quality and sustainable financing of urban settlements development as a framework for integrated community development.



Local Integrated Urban Development Strategy (IUDS)	Local Integrated Urban Development Strategy is prepared on the basis of this Strategy for the purposes of its development and direct implementation. IUDS connects economic, social, governance and political planning component with of spatial-physical planning component, involves participation and is associated with financial and temporal framework and actors / institutions as the bearers of the activities that will be implementing it. The Local Integrated Urban Development Strategy determines the priority areas of intervention in accordance with the potential areas identified by this Strategy. Based on IUDS, LSGUs prepare and implement programs and / or strategic projects for identified priority areas.
Mixed-purpose zones and blocks	Mixed -purpose blocks represent a combination of any three types of blocks - compact, open or individual construction. Mixed-purpose zones are areas of planned integration with a certain combination of commercial, business, residential, recreational and other functions in the settlement. These purposes of the space are directed towards pedestrians and make an environment that contains all the elements: housing - work - fun.
Uncontrolled urban sprawl	Uncontrolled urban sprawl is unplanned and uncontrolled spread of urbanization in the area that is located directly next to the city (peripheral zones with low population density). The uncontrolled urban sprawl beyond planned solutions in spatial and urban plans gives priority to greenfields location in relation to brownfield locations by illegal construction or poor quality of planning documents. Uncontrolled urban sprawl can be applied to both facilities and to a poorly planned network of infrastructure that occupies land more than necessary.
Substandard settlements	Substandard settlements are insufficiently or inadequately equipped with utility infrastructure and streets and partially have problems in waste collection. They often include poverty.
Construction heritage	The architectural heritage includes: monuments (all buildings and constructions of distinctive historical, archaeological, artistic, scientific, social, or professional significance, including installations and equipment); groups of buildings (compact groups of urban or rural buildings that stand out because of their historical, archaeological, artistic, scientific, social, or professional significance, and which are sufficiently unique to form topographically defined unites) and sites (common work of human and nature/areas that are partly built and sufficiently recognizable and homogeneous to be topographically defined, which are of exceptional historical, archaeological, artistic, scientific, social or professional significance).
Sustainable development	Sustainable development represents the harmonization of economic, social and environmental aspects of development, the rational use of non-renewable resources, and the provision of conditions for greater use of renewable resources, which enables current and future generations to meet their needs and improve the quality of life.
Participatory planning	Participatory planning is a specific form of planning activities carried out by the authorities (primarily at the local level), which enables citizens to get involved in the planning process. The most common form of participatory planning is to consult the public about projects before their official approval. However, more creative and contentive forms of public participation, such as workshops, public debates, etc., are being introduced. An increasingly important role in participative planning is played by the Internet, whether it serves to disseminate information about projects or create interactive communication systems.
Suburban settlement	Suburban settlement often represents a direct combination of urban and rural and eventually can develop into a completely urban area. Most of the suburban settlements are located on the periphery of the formed urban areas, but they can also be found within the rural areas as places in which a residential function is being developed. A suburban settlement most often arises as a result of suburbanization or uncontrolled expansion of cities

Accessibility	Accessibility refers to the ease with which a destination can be reached. Accessibility depends on the volume and quality of transport infrastructure and services.
Affordable housing	Affordable housing is economically, socially and individually acceptable to families that are part of the target groups; housing receiving public subsidies so that the selling price of the apartment or rent for its lease is significantly lower than the market prices or rents at a location.
Urban development program/project	The Urban Development Program is a program or set of projects for the priority area of intervention identified in the local integral urban development strategies. Projects can be targeted at spatial / physical intervention measures, but are usually a combination of spatial, environmental, cultural, social, economic aspects and initiatives. Urban development projects are the foundation for LSGUs to apply for funding from national, European and international funding sources.
Resilience	Resilience refers to the ability of the subject (city, ecological systems, enterprises, population, etc.) to recover, i.e. to return to normal after absorbing stress or surviving negative changes. The term «resilience» is first used in physics and materials science to describe the ability of the material to withstand high forces, strokes and stresses. In this context, this term occurs in the translation «resistance». Translation that is more suitable for social sciences, urban and spatial planning, etc. would be «elasticity» or «flexibility», but it is not wrong to use the term «resilience».
Peripheral urban zones	Peripheral urban zones are transitional zones between clearly defined urban land use and the area of agrarian activity.
Rural settlement	A settlement whose population is predominantly engaged in agriculture, and is not the seat of the municipality.
Remediation	Remediation is the execution of construction and other works on an existing facility carried out in order to repair the devices, plants and equipment, i.e. to replace structural elements of the building, which does not change the appearance, does not affect the safety of adjacent objects, traffic and the environment, and does not affect the protection of natural and immovable cultural property, registered real estate, property with prior protection and its protected environment, except for conservation and restoration works.
Seveso plant	A plant in which activities are carried out in which a dangerous substance is present or may be present in equal and greater quantities than prescribed. Seveso plant is a technical unit within a complex where hazardous substances are manufactured, used, stored or handled.
Poverty	A state in which a person does not meet basic living needs.
Smart zone	The «smart» (industrial) zone as the basic element of the «smart», low-carbon city. Spatial, industrial symbiosis and industrial and urban symbiosis can enhance the interaction of industries that could optimize material and energy flows, reduce resource consumption and emissions, and coordinate industry-city interaction.
Social inclusion	Social inclusion means access to social resources, institutions and processes in which individuals and especially socially vulnerable groups are given the ability to self-sustain and satisfy their needs, achieve their civil and political, economic, social and cultural rights, and provide for themselves and their family with at least the minimum acceptable living conditions defined in the society, and to actively participate in the life of their community.

Socially vulnerable groups	Socially vulnerable groups are groups of people who, due to a specific difference in relation to the dominant population, need additional support for equal participation in community life flows. The socially most vulnerable groups are those with deprivation in terms of health, physical condition, education and knowledge, with low income and poor economic status (e.g. children and young people, women, old people, people with disabilities, people with mental disabilities, homeless people, single parents, etc.)
Social entrepreneurship	Social entrepreneurship is a business with the idea that income acquired through the sale of products or services is used for fulfilling a clear social mission. This means that earned funds do not serve to increase the assets of individuals but for investment in: hiring people who have difficulties in finding a job, social and medical services, education, environmental protection or community cultural activities.
Social housing	Social housing represents a housing in a public property with the purpose of renting which can be used from socially disadvantaged households that can not meet their housing needs on the market.
Technological park	Technological park is an area with a high concentration of public and private sector activities focused on development and research, technological development, technology transfer, high level of scientific education, high-tech production and services etc.
Usurpation	Usurpation (appropriation, self-imposed occupation) is any unlawful appropriation and / or endangerment of the property of another (public or private), regardless of whether it is exercised with or without permits.
Urban capital	Urban capital (synonym for «urban potential») in the Strategy includes: a) property of economic, cultural, social, technical and ecological character that ensures the development potential of the urban settlement, and b) institutional and governance factors for urban development. According to the OECD definition (2001), territorial capital is a specific set of factors in a given area that causes that investments in this area are more effective than in other areas. The importance of the so-called «hard» and «soft» factors, i.e. «hard» and «soft» capital is being emphasized. „Hard «territorial / urban capital is based on» absolute» urban-area factors based on» tangible» elements that can be quantitatively and qualitatively expressed (e.g. human resources - the so-called human capital, intellectual capital, economic infrastructure, technical and utility infrastructure, social infrastructure, constructed fund, quality of urban environment, quality of life, area size, cultural heritage, etc.). Soft «urban capital» implies less tangible or «intangible» qualitative factors in the area - e.g. institutional capital, cultural capital, governance mechanism, etc.
Urban mobility	Urban mobility implies a balanced relationship between different types of traffic and the basis for sustainable transport modes in cities.
Urban renewal	Urban renewal is a set of planning, construction and other measures to regenerate, develop or reconstruct the constructed part of a city or urban settlement.
Urban revitalization	Urban revitalization aims to transform the outdated socio-economic basis of some urban areas in a more sustainable socioeconomic basis, by attracting new activities and enterprises, modernizing the urban structure, improving urban environment and diversifying the social structure.

Urban regeneration	Urban regeneration implies the concept of modernization of all urban systems, structures and infrastructure. Urban regeneration projects are market-oriented projects with the goal of stimulating local sustainable economic growth and application of economic and organizational innovations, but also instruments for the transformation of cities. Urban regeneration projects focus on lucrative purposes in the market that include business facilities (office spaces), large format stores (big shopping malls), culture (museums, galleries, operas, etc.), entertainment, as well as housing. The areas of urban regeneration are most often parts of the traditional city center and its surroundings, among which the larger spatial complexes of outdated purposes are very attractive (formerly industrial zones, military barracks, coasts, etc.).
Urban reconstruction	Urban reconstruction in terms of construction refers to rebuilding/extension of a deprived structure and development of the existing condition.
Urban recycling (of structures)	Urban recycling is the conversion and reuse of abandoned parts of urban tissue (structures).
Urban development	Urban development refers to changes that occur within an (urban) area or the effects of various activities that contribute to the development of the area. Encouraging urban development implies strengthening of the various economic, social, ecological and cultural potentials of cities and urban areas. Urban development encompasses a wide range of public sector policies based on multidisciplinary knowledge. Incorporating civil society through participation and partnership is also crucial for tackling complex urban development issues.
Urban settlement	In the Strategy, this term includes centers of local self-government units, other urban settlements categorized as urban settlements in the statistics, as well as spa settlements.
Spatial development	The concept of spatial development involves the rational use, organization, protection and management of space as a particularly valuable and limited general resource, which creates the conditions for sustainable development by applying an integrated approach in spatial and urban planning.
Hazard	Hazard is any situation that has the potential to cause injury and damage to health, the environment and material goods.
Healthy City Concept	Healthy city concept enables the continuous creation and improvement of the physical and social environment and the expansion of those community resources that enable people to support each other in the performance of all life functions and develop according to their maximum potential, with the active participation of all citizens. This concept ensures citizens' right to live in an aesthetically and environmentally-friendly environment.
Hot spots	Locations or areas with a high (often dramatic) degree of vulnerability to one or more environmental parameters requiring priority rehabilitation / revitalization.
Central urban zone	A compactly built (urban) area with smaller free areas, e.g. parks, etc. It is the wide or strict center of the city, and most often in urban planning it is referred to as the Central Business District (CBD), or the urban core.

## PARTICIPANTS IN THE PROCESS OF PARTICIPATION IN THE PREPARATION OF THE STRATEGY

### KICK-OFF CONFERENCE

2nd February 2018.

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FACULTIES AND INSTITUTES	<p>IAUS          Geographical Institute „Jovan Cvijic“          Institute for Meteorology          Faculty of Architecture          Faculty of Geography          Faculty of Security Studies          Faculty of Civil Engineering and Architecture in Nis          John Naisbitt University</p>
INTERNATIONAL INSTITUTIONS AND EMBASSIES	<p>Embassy of France          OSCE          KfW          JICA          UN          Eurocomm-PR          Embassy of Switzerland</p>
LOCAL SELF-GOVERNMENTS	<p>Uzice          Smederevska Palanka          Cacak          Beograd          Pancevo          Smederevo          Kraljevo</p>
PLANNING COMPANIES	<p>Urban and Spatial Planning Institute of Vojvodina          Urban Planning Institute of Nis          Urban Planning Institute of Belgrade          Institute of Transportation - CIP          Arhiplan          Juginus          Public Enterprise Urbanizam Kragujevac          Public Enterprise Urbanizam Novi Sad</p>
ASSOCIATIONS AND NGOs	<p>Serbian Chamber of Engineers          Serbian Spatial Planners Association          PALGO Center          ECOlogica URBO          SCTM          SIPRU          Institute for International and Cross-Border Cooperation</p>

## TOPICAL ROUND TABLES

29th and 30th March 2018

MINISTRIES AND NATIONAL AUTHORITIES	<p>Ministry of Construction, Transport and Infrastructure</p> <p>Ministry of Trade, Tourism and Telecommunications</p> <p>Ministry of Economy</p> <p>Ministry for European Integration</p> <p>Ministry of Agriculture, Forestry and Water Management NDW</p> <p>Ministry of Environmental Protection</p> <p>Joint stock Company “Elektromreza Srbije” Belgrade</p> <p>National Tourism Organisation of Serbia</p>
INSTITUTES	<p>IAUS</p> <p>Jaroslav Cerni Institute for the Development of Water Resources</p> <p>Institute of Public Health of Serbia “Dr Milan Jovanovic Batut”</p>
INSTITUTES	<p>Statistical Office of the Republic of Serbia</p> <p>Urban Planning Institute of Nis</p> <p>Republic Geodetic Authority</p> <p>Republic Hydrometeorological Service of Serbia</p> <p>Culture Development Institute</p> <p>Institute for Nature Conservation of Serbia</p>
INTERNATIONAL INSTITUTIONS	<p>European Progres</p> <p>AMBERO Consulting</p>
LOCAL SELF-GOVERNMENTS	<p>Krusevac</p> <p>Nis</p> <p>Smederevo</p> <p>Uzice</p> <p>Beograd</p> <p>Kraljevo</p>
FACULTIES	<p>Faculty of Security Studies</p> <p>Faculty of Architecture</p> <p>Faculty of Philosophy</p> <p>Faculty of Physics</p> <p>John Naisbitt</p>
PLANNING COMPANIES	<p>European Policy Centre</p> <p>Arhiplan</p> <p>Urban and Spatial Planning Institute of Vojvodina</p> <p>Public Enterprise Urbanizam Kragujevac</p> <p>Urban Planning Institute of Belgrade</p> <p>Public Enterprise Urbanizam Novi Sad</p>

NGOs	SCTM Housing centar ECologica URBO PALGO Center Accessibility Association
REGIONAL INSTITUTIONS	Regional Development Agency Uzice

## WORKSHOP VISION, GOALS AND PRIORITIES

4th June 2018.

MINISTRIES AND NATIONAL AUTHORITIES	MCTI Ministry of Environmental Protection Environmental Protection Agency Ministry of Economy Ministry of the Interior Emergency management sector Public Policy Secretariat
INSTITUTES	IAUS Institute of Public Health of Serbia "Dr Milan Jovanovic Batut"
INSTITUTES	Culture Development Institute
INTERNATIONAL INSTITUTIONS	GIZ UNOPS UNDP
LOCAL SELF-GOVERNMENTS	City of Nis City of Kraljevo City of Smederevo
FACULTIES	Faculty of Geography Faculty of Security Studies
PLANNING COMPANIES	Public Enterprise Urbanizam Novi Sad European Policy Centre Arhiplan
NGOs	ECologica URBO Institute for International and Cross-Border Cooperation Urban Development Program SCTM
REGIONAL INSTITUTIONS	Regional Development Agency Zlatibor

## WORKSHOP URBAN DEVELOPMENT FINANCING

25th June 2018.

MINISTRIES AND NATIONAL AUTHORITIES	MCTI Public Policy Secretariat
INSTITUTES	IAUS
INTERNATIONAL INSTITUTIONS	UNOPS GIZ
LOCAL SELF-GOVERNMENTS	City of Uzice City of Kraljevo
PLANNING COMPANIES	Arhiplan
REGIONAL INSTITUTIONS	Regional Development Agency Zlatibor

## WORKSHOP IMPLEMENTATION

3th July 2018.

MINISTRIES AND NATIONAL AUTHORITIES	Ministry of Environmental Protection, Environmental Protection Agency Ministry of the Interior, Emergency Management Sector MCTI
INSTITUTES	IAUS
INSTITUTES	Statistical Office of the Republic of Serbia Republic Institute for the Protection of Monuments of Cultural Heritage Institute for Nature Conservation of Serbia
INTERNATIONAL INSTITUTIONS	GIZ UNDP UNOPS
LOCAL SELF-GOVERNMENTS	City of Kraljevo City of Smederevo
FACULTIES	Faculty of Geography Faculty of Security Studies
PLANNING COMPANIES	Public Enterprise Urbanizam Novi Sad Urban and Spatial Planning Institute of Vojvodina Public Enterprise Urbanizam Kragujevac Urban Planning Institute of Nis



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Aleksandar Djukic · IAUS  
Aleksandar Marinkovic · Exchange  
Aleksandar Panjkovic · Public Enterprise Urbanizam Novi Sad  
Aleksandar Ristic · Public Enterprise Urbanizam Novi Sad  
Aleksandar Savic · Public Enterprise Urbanizam Novi Sad  
Aleksandra Gajic · IAUS  
Ana Graovac · Urban Planning Institute of Belgrade  
Ana Milanovic Pesic · Serbian Academy of Sciences and Arts  
Ana Mitic Radulovic · UNDP  
Ana Nikolov · Institute for International and Cross-Border Cooperation ICBC  
Ana Nikovic · IAUS  
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Bata Stojkov · Serbian Chamber of Engineers  
Biljana Milic Petrovic · Republic Hydrometeorological Service of Serbia  
Biljana Pavlovic · Public Enterprise Urbanizam Novi Sad  
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