

DEFINITION OF THE DEVELOPMENT POLICY

Following the diagnosis of the situation, problems and development opportunities, needs and competitive advantages, we have directed our activities towards defining the development policy of Presevo municipality. It includes the design of the vision and mission of the municipality, the strategic goals of the municipality, as well as the strategic issues in the local – economic strategy, development of infrastructure and institutional development.

In order to discuss the growth and development of Presevo municipality, that is the development strategy, we shall define the meaning of development policy, since the development strategy is only a part of it.

The development policy presents the principles, attitudes and criteria based on which the process of designing the Decisions on direction, methods and the rhythm of growth is defined and development of the municipality is established.

The development policy is the long-term policy of the municipality supported by a longer period of time during which significant changes can take place in the development orientation of the municipality, its position in the region and its impact on the whole social development.

In order for the municipality to apply the development policy over a long period of time, it has to verify the implementation of the strategy that is the development strategy. The development strategy has an orienting character and leads the municipality towards accomplishing the development objectives.

The development strategy of Presevo municipality means an increase of its dimensions, respectively, the activities in the whole territory. The development plan is the foundation for defining the joint visions and actions, which should be made in order to implement the defined vision. The development strategy is a guide that will help the municipality in determining the activities in different fields by individual institutions and in that way it ensures a basis for each institution to provide its human and material potentials in supporting the implementation of the development vision of Presevo municipality. The design process of the development strategy of Presevo municipality aims towards defining the economic future of the municipality through a balanced development.

THE VISION OF PRESEVO MUNICIPALITY

The vision of Presevo municipality for the next decade (2005-2015) is for it to be an economically sustainable municipality, ecologically clean, with a developed economy and tourism, with good infrastructure and communications network, and by the end of 2015 it should be the leading municipality in southern Serbia and the region. Quality is the only resource that will help us implement this vision and it represents the basic beginning and direction.

The vision of Presevo municipality is for it to be a place which will provide better working and living, economic, social, cultural and political conditions, whereas the businessmen will have better conditions for a more prosperous and dynamic development. The defined vision of the municipality is established on the realistic possibilities and goals for the next ten years. However, all of this will be implemented only if the strategic steps are applied to the vision in an active way.

THE MISSION OF PRESEVO MUNICIPALITY

The mission of Presevo municipality is for the local government to be a true representative of the political will of the citizens, which by respecting the principle of good management will work towards improving service providing to the citizens through:

- **Construction of infrastructure**
- **Building the capacity of the people working in the local self-administration**
- **Technical capacity building**
- **Creating a healthy environment**
- **Removing existing polluters and potential ones**
- **Creating conditions for economic development and the development of small and medium enterprises**
- **Creating conditions for the development of tourism and better communications**
- **Creating the necessary conditions for Presevo municipality to be a stable economic municipality**

THE VALUES OF THE MUNICIPALITY, A REALISTIC BASIS FOR A SUCCESSFUL IMPLEMENTATION OF THE VISION, MISSION AND STRATEGIC OBJECTIVES

The assets of the municipality play an important role in the vision, since the vision has to develop on clear and accepted values. The strategic vision, mission and goals of Presevo municipality will be approached with the help of these values:

- **Responsibility for an economic prosperity (increase in the fiscal capacity of the municipality and the creation of an equilibrium of the municipal community)**
- **Innovation (strengthen the initiatives that lead towards the wellbeing of the municipality and create conditions for their implementation)**
- **Professionalism at work (offering the citizens good quality services)**
- **Responsibility for taking care of the environment (making an effort to protect the environment and eliminate the existing and potential polluters of the water, earth, air, flora and fauna)**
- **Development of the sector for small and medium enterprises (decreasing the byrocratic procedure during their establishment)**
- **Respecting the needs of all citizens of the municipality (making an effort to meet a broad spectre of various needs of citizens)**
- **Team work (work in close cooperation with colleagues, include as many beneficiaries as possible in the decision making process)**
- **Love and nostalgia towards Presevo (through different forms of cooperation, in order for a large number of citizens that originate from Presevo to return and participate in the development projects). Create conditions to attract the Presevo Diaspora to invest in their homeland.**

STRATEGIC OBJECTIVES

The time horizon for the municipality's vision is given for the next ten years. The strategic goals are the foundation of the process for the economic development of Presevo municipality. **The strategic objectives** have been formulated as a realistic possibility for the expected period of ten years. These objectives have to be recognized widely, should be evident and very distant from the current reality in Presevo municipality. The objectives should be implemented in a period of five to ten years, depending on the speed of implementation. The strategic objectives of Presevo municipality include the following:

- 1. improving the quality of services offered to the citizens** (the staff of Presevo municipal assembly to be strengthened and municipal officials professionally trained, provide technical equipment for the different services and build the ethic behaviour of the employees)
- 2. preserving and advancing the existing level of ecological development** (since the environment of Presevo has been preserved quite well, it's necessary to work on creating all the conditions necessary to bring the municipality close to the ideal and that is – **Presevo** -

and ecological municipality), in order for it to be aligned with the other ecological municipalities; this would enable the production of healthy food and the development of tourism in Presevo municipality

3. Development of infrastructure, to avoid any further delay in economic development and improve the quality of peoples' lives. This should be done as follows:

- ensuring better quality supply with electricity for the economy, institutions and citizens,
- improving communication between the municipality and neighbouring territory and the municipality itself;
- improving telecommunication lines,
- improving the supply of citizens with drinkable water,
- a permanent solution for a landfill, to enable an easy disposal of garbage
- solving the problem of black waters and fixing the river bank,
- Improving municipal services.

4. creating conditions for a faster LED; the LED of Presevo municipality will be founded on:

- the development of small and medium enterprises
- activation of the existing capacities, a faster privatization process,
- production of healthy food from raw material found in the local territory,
- exploitation of forests, usage of forest fruit and healing herbs
- development of tourism (hunting, ethnic, school)
- institutional organization of producers in the sense of association and cluster
- organized participation on the market created on modern marketing principles

5. reducing traffic isolation

- Construction of Corridor 10 and the highway M25 as well as the construction of local and regional roads will reduce the relative traffic isolation of the municipality with the main road and railway destinations.

6. avoiding the migration of citizens

With the implementation of the previous strategic objectives, conditions will be created for education, employment and permanent residence for the youth in this area, and especially the return of citizens to the mountain villages.

7. improving the general social – economic and cultural conditions for a better quality of life

The implementation of the previous strategic objectives will result in the creation of conditions for a social – economic and cultural advancement, as well as conditions for the general improvement of the quality of life.

**STRATEGIC ADVANTAGES, MEASURES AND INSTRUMENTS FOR THE
ADVANCEMENT OF ECONOMIC DEVELOPMENT, INFRASTRUCTURE AND
INSTITUTIONAL DEVELOPMENT OF PRESEVO MUNICIPALITY**

The development orientation of Presevo municipality based on the defined vision is the adaptation of the whole municipal territory in the nature's ecosystem, the faster integration in the current regional and republican development, development of small and medium enterprises, processing of raw materials from the local territory, production of healthy biological food, infrastructural improvement, development of tourism and better communication. With the development of economy and a growth of social standard as well as general living conditions, Presevo municipality will contribute towards the reduction of unemployment and the return of all citizens from different parts of the world and this way it will overcome the problem of underdevelopment.

Strategy is a science and an ability to delegate important attack points to any type of action, in order to accomplish the set objectives and success. Like all strategies, the strategy for the development of Presevo municipality should assign attack points (strategic issues for promoting success). Strategic advantages are specific objectives dedicated to the advancement of key fields that

have an influence in the promotion of defined long-term strategic objectives. They are instruments for the usage of existing resources for the accomplishment of defined objectives.

The advantages and strategic issues should be followed by concrete measures that represent the guidelines for the essential activities in the field, which will directly contribute towards the implementation of defined objectives for the strategic advantages. Based on the development objectives of Presevo municipality shown above, the following strategic advantages can be formulated:

1. Strategic advantages in the LED of Presevo municipality

1.1. The sector whose development has to be aimed at and strengthened in order to increase the LED and reduce unemployment

The territory of Presevo municipality belongs to the valley – mountain macro region with the dominating part being the valley development. The territory consists of 35 inhabited places and they are mostly villages. With villages making the biggest part of the inhabited places, agriculture presents the largest source of income. Places covered in grass make the largest part of agricultural land. One part is very rich in forests and forest fruit, and also wild animals, which makes a good base for the development of agriculture and tourism. The municipality of Presevo has a significant water potential in the mountain area. There are sources of water which could be used to bottle clean drinkable water. Based on this we can conclude that the strengthening of LED and reduction of local unemployment should be established on the development of the following sectors:

a) production of healthy biological food based on the raw materials from the local territory (Presevo cheese)

Agricultural land represents the largest part of the territory. It covers 61.5% of the municipal territory and is laid on 16.000 ha, with cultivated land and gardens dominating (53.5%). Fields are present with 9.1% and pastures with 34.6%. More than 80% of the agricultural land is property of individuals. Such a variety and quantity of the agricultural land also enables a variable option of activities for the production in stockbreeding, agriculture, and also viticulture. In the future the healthy environment will also enable the production of healthy food from certain Presevo trends. The improvement of conditions for agricultural production will increase the volume and that way a good base will be created for the construction of mini production capacities.

b) strengthening primary agricultural products (stockbreeding – and that will enable the opening of new farms for sheep and cows).

Attractive places for the development of stockbreeding are villages in the mountain and hill areas in Presevo municipality. In the future development period it is necessary to put in efforts, financial ones, to make sure that we have an animal fund, and motivate citizens to live and work (in stockbreeding) in those mountain – hill areas. There are natural conditions for it.

c) strengthening the agricultural production capacities (providing new refrigerators – coldstores or the facility for processing potatoes, pastry products)

d) development of viticulture

Having in mind the consummation of viticulture products as well as the raw material, in the future it is necessary to start building units for the production and processing of healthy food.

e) cultivation and accumulation of healing herbs and forest fruit

In the municipality of Presevo there are natural predispositions for collecting and processing forest fruit and healing herbs. For the project to be successful, collection, processing, marketing, pasteurization (of mushrooms) and packaging, it's necessary to build an accumulation centre in the appropriate locations, which will include a warehouse, drying facility and other essential equipment.

There are also other possibilities for an organized cultivation of special types of healing herbs and aromatic ones, and forest fruit in parts that have never been exploited. Besides collecting mushrooms from the forests, there's also a possibility of growing mushrooms (champignons), a thing that could be organized in unused objects.

The future development period until 2015 should create financial conditions for the development of production capacities for drying, processing and packing the mushrooms.

f) production of healthy drinkable water (Local Community of Caravajka) and other raw materials for production

The most important source is the Moravica river, which has a few smaller rivers (Kurbalia, Bajka, Presevo, Orahovica, Rajince and Crnotince). The existing amount of water is not used sufficiently. There are many sources that could be used in the future in an appropriate way for water supply and also for irrigation. The source of the Lapusnica river in the local community of Caravajka could be used to supply the citizens of the municipality with water.

g) development of tourism (transit, hunting, school, ethnic and health)

Favourable natural conditions and attractive locations exist for the development of tourism in Presevo municipality ("Livadhi i Shehit" – which is currently taken over by the security forces, the artificial lakes in the villages of Oraovica and Bustranje – mainly suitable for fishing tourism). The geographical position offers special possibilities for the development of transit tourism of the highest level, especially if taking into consideration the construction of Corridor 10 and the reconstruction and widening of the road Presevo - Gnjilane (M25), a road which connects the municipality to Kosovo.

Besides transit tourism, there are also conditions for the following types of tourism: picnics, school excursions, hunting, and ethno and recreational. In the next period we have to count on the help of foreign donors to finish the tourism object which will be part of the local community of Caravajka. The same can be used to develop school tourism and picnics. The creation of Presevo tourist organization will have a huge impact in promoting Presevo-ethno tourism. The municipality's responsibility is in the future development period to regulate the space around the location, to build a good road infrastructure and tourism hoteliery.

h) rational exploitation of forests

The full valorisation and rational exploitation of forest potentials should contribute towards the whole development of the municipality. In order to achieve this, it is necessary to cooperate with NP "Srbija Šume" and take the following measures in the future:

- grow trees in the endangered parts of forests, and regenerate the existing forest cultures,
- improve the quality of forest roads for a rational usage,
- fix the forest areas,
- in the future, forestry should serve in the function of development of hunting and the future activities should be directed towards hunting regulation and equipment.

i) organizing producers into associations and other branch organizations, all in the interest of a better and more appropriate usage of resources and an increase of offers, as well as a organized access to the local and regional market

In order to organize the producers into associations and other branch organizations, it is necessary to carry out the following activities in the next period:

- Register all enterprises on the municipal level, the ones that deal with production, trade or service providing,
- Create a marketing bulletin of all registered enterprises in the territory of Presevo municipality. The purpose of the bulletin is to present the economic opportunities of Presevo municipality and potential investors and commercial partners,

- Integration of enterprises according to the horizontal and vertical lines in clusters which could have a regional character. The goals of the clusters in the future should be a stronger connection between entrepreneurs of Presevo, Bujanovac, Vranje, Kumanovo, Gnjilane, in order to enable a better access to the European market.
- Establishment of a municipal Business Incubator with the help of foreign donations and the integration of enterprises. The purpose of the incubator is to found new enterprises that will have an impact on the development of Presevo municipality.
- Creation of structural integration and their connection on the regional and national level.

These sectors can engage the labour from the territory of Presevo municipality, and that will reduce the unemployment rate and increase the living standard of citizens.

1.2. Measures that will have the short-term effect in LED and reduction of unemployment

a) activating existing capacities (which are currently working with an insufficient capacity or are not working at all) through privatization will have a direct effect on LED

In the territory of Presevo municipality there are factories which still haven't gone through the privatization process and they don't use their capacity sufficiently. Those factories are:

- IGM "Buducnost" (limestone and stone),
- Tobacco Industry Presevo (processing and accumulation),
- Factory for production of plastic "7 Juli",
- AD "Grafoflex",
- AD "Metal" (production of boilers, cylinders),
- Unit of the furniture factory "Simpo",

In the future development period the privatization of these factories is foreseen, and all of this will contribute towards increasing their capacity and having a strong impact in the development of the municipality.

b) increasing the usage of existing small and medium enterprises

c) construction of new small and medium enterprises in the area of business and service providing

In order to successfully solve the strategy with economic advantages, it is necessary to undertake the following measures:

- Provide high quality funds (loans from international institutions, the fund for the development of the R. of Serbia),
- Solve the ownership status and start the privatization,

1.3. Important short and long term economic development programs, which need to be initiated and strengthened in order to follow the vision of Presevo municipality

- Intensifying primary agricultural products and the production capacities in the area of agriculture
- Efficient usage of the artificial lake in Oraovica and putting it in the same function like the artificial lake in Bustranje,
- Production of drinkable water for the citizens and the market,
- Institutional linkage of producers (establishing cooperatives and integrating them in order to have an increase in offers),
- Development of tourism and services (use all conveniences that will bring close the Corridor 10 and the highway M25, all conveniences offered by the mountain-hill area and cultural symbols of Presevo municipality,

- f) Development of a trade free border zone in Presevo,

2. Strategic advantages in the development of infrastructure

2.1. Municipal development of infrastructure to strengthen the short and medium term process of the LED

- a) Supplying the territory of Presevo municipality with good quality electricity through the reconstruction of the high voltage and low voltage network
- b) Improving the local and regional roads network, to create better conditions for a successful activity in economy, circulation of goods, tourist and employees,
- c) Development and improvement of the railway traffic
- d) Development of the PTT capacity and the GSM network.
- e) Construction of a collector for filtering black waters

2.2. Public services which need strengthening in order to improve quality of life for the citizens of Presevo

To improve the quality of life for the citizens of Presevo in the area of public services, it is necessary to:

- a) Improve the water supply to the citizens in the town itself as well as the areas close to the town and villages
- b) Improve TV and radio coverage in Presevo
- c) Improve mobile and landline telephone services

2.3. Infrastructure in the function of preserving and protecting the environment

In order to be able to keep a healthy environment it is necessary to organize the following activities in Presevo:

- a) Improve the direction for the garbage
- b) Remove the existing landfill, build a new landfill and protect it in a sanitary way
- c) Continue the construction of the sewage system (black waters and atmospheric sewage system)
- d) Start works in the filtering of black waters
- e) Continue fixing the river bank and stream through certain villages and build the gasification to supply heating for the municipality
- f) Provide equipment for maintaining and cleaning the roads.

2.4. Free Trade Zone Presevo – the road to a faster economic development of Presevo

Based on the diagnosis of the situation and the statements made by the local officials it has been suggested that a **free industrial zone** should be created in the territory of Presevo municipality. The main reasons for it are the great opportunities which will be available after the establishment of the free trade zone in Presevo. Those opportunities are a faster flow of ideas, goods, services and people, without facing customs' obstacles and other problems, with minimal administrative efforts which will no doubt help in the expansion of businesses and an entrepreneurship initiative in this area. **The free zone** will be established in one of the attractive locations in the territory of Presevo municipality. The free zone will offer excellent possibilities for ground traffic, whereas the fact that the free zone will be based on the road on Corridor 10, it will be given special attention because of the closeness with the Macedonian border crossing.

The suggestion of the SME Institute is that the **Free Zone** in Presevo should be an attractive modern society, whose shareholders will be private companies, banks, state institutions and companies whose ownership is mixed. The free zone will include the existence of a production – warehouse space and it will implement concrete beneficiary programs. It will have programs from the area of information technology, shopping centres,

multinational companies, wholesalers. They will use the numerous commercial advantages in the Free zone, and one of them would be tax adaptability, since according to the law VAT is not paid when importing goods to the Free zone – except for goods that are used for final consumption in the zone. Tax will not be paid when offering transport services and other services to the beneficiaries of the free zones, which are directly linked with the import of goods to the zone.

Tax relief means that there will also be customs relief:

- Beneficiaries of the Free zone will not pay customs for equipment, spare parts, raw materials and reproduct material they use for their work in the zone,
- Whereas customs are obligatory only when the goods are exported to the domestic market and is supported only by the ino-component which is part of that good.

One of the greatest advantages of the free zone is also the fact that import to the zone and export from the zone are totally free, which means that contingencies will not be applied there, nor will importing or exporting permissions, or other limitations in the circulation of the foreign market. There has also been a simplification in the procedure of temporary transport of goods outside of the border zone the purpose of which is finalization, processing or construction, verification and presentation or marketing. In brief, the mission of the Free zone in Presevo is to offer its beneficiaries favourable conditions for doing business in the region, and that way have a direct influence on improving the environment and commercial standards for businesses and life in the area, respecting mostly professional and ecologic standards. .

The free Presevo zone will improve the quality and enrich the services it will offer, and chain of services, by applying the system of “**one stop shop**”, which means that at one place, in the minimum amount of time and administration, beneficiaries will be able to implement their programs: at one place there will be banks, insurance companies, customs administration, services for manipulating with goods and maintenance, restaurants, etc.

The free Presevo zone will surely contribute towards the economic development of the municipality through different mechanisms, additional guarantees and stimulations to ensure the attraction of foreign capital.

Presevo municipality currently does not have a sufficient increase in production. It has a very high level of unemployment and is in a very difficult social situation, and all of this slows the fast economic development. Privatization has still not been applied, the economic environment defines the high level of economic danger and acts in a destimulative way on foreign investment and partners, and has been additionally multiplied with the political danger which is further directly linked to the great impact of the government on the economic course. In such circumstances the Free trade zone of Presevo will represent the concept which is advanced in a qualitative way and restrained in a recognized way by the government and can visibly contribute towards the improvement of economic opportunities and the image of the Presevo municipality. Such an attitude of the SME Institute, based on the comparative analysis with the government in the close and wide circle, is a true model for the development of free zones, which have achieved qualitative results. We want to emphasise that the multilateral concept of the free trade zone in Presevo is very interesting for the government itself as it does not require any investment: the government adjusts the micro-environment and the conditions in it, whereas the funds are provided by the investor.

The team of the SME Institute is suggesting the model for the Free trade zone in Presevo and the advancement of industrial parks based on the zones in Hungary.

The free zone in Presevo will be an oasis of marketing economy, whereas the local government, state institutions and other relevant economic evokers should complete everything in a way to stimulate and attract foreign investors, to provide them with guarantees and additional stimulations in an active way by following the effects of commercialism and by having an impact on the course of positive effects in the area of the zone.

When a serious company comes to the zone, it brings with it its traditional suppliers and co-operators, who will use the base of our raw material and labour force from the territory of Presevo municipality, and the similar industry in the area, so that employment will broaden in the concentric

areas and development will start slowly but surely. This is one of the key points for free industrial zones. With the creation of the free zone in Presevo, the town will attract more and more foreign investors, people will start thinking more in terms of business, Presevo will become more interesting and economically stronger. With a more regular positioning and the development of this concept, there will be a situation where the zone will stimulate the area so that it will act that way as well.

The companies coming to the zone will bring their technology; therefore there will be a technological advancement in commercialism, which is a very important thing. However, it is even more important that the foreign investors bring the “new way of thinking technology”- the mental revolution. This way the technological performance will increase; there will be an essential education and mental changes to the way of thinking and behaviour of people that manage companies and the ones working in them. This is a very important moment, and in this aspect there will be not only new jobs but also a better quality education of the personnel, precisely the one employed in the zone, and indirectly the one employed in the area who should adopt certain standards if it wants to work in those companies.

The concept of free zones and industrial parks presents models that enable a faster development of the underdeveloped territories and of the mechanisms of equal economic development, and that is actually the concept of emerging from the big crisis Presevo municipality is in at the moment.

The real meaning of it is that the local government defines the level of stimulation and the guarantees it will provide the investor with, always having in mind the local interest. Through a high quality regulation and good marketing of the strategy, Presevo municipality can and should be assisted in this concept. The most important thing for the free zone in Presevo is for it to have adequate infrastructure, labour force, guarantees and stimulations, and most importantly it should be promoted by the government.

On the other hand, the strategic importance for the development of the free zone of Presevo is the free trade zone which is formed in the Balkans, respectively in south-eastern Europe. That way, our market will be placed on the additional competitiveness and will be open to their products. This is a reason why the project should be implemented as soon as possible, so that we can start increasing our production in a qualitative way and sell our products successfully on that market.

One of the giant advantages the free zone in Presevo will have is also the fact that a large number of people from this territory are temporarily working abroad and those people would be happy to invest their capital in the creation of a free zone, respectively on the development of the region.

The main problem Presevo has at the moment regarding attraction of investment is the big infrastructural problem, and that is something that should be solved in a short period of time so that the Local economic strategy can be implemented successfully the next few years.

We should also mention that for the establishment of the Free zone in Presevo we can also count on the help of international organizations (CHF, European Agency for Reconstruction, UNDP etc.) who will surely have such a concept in mind when it comes to solving the big economic problems the municipality is facing.

2.5. Development of small and medium enterprises and entrepreneurship in the municipality of Presevo

The main task in the strategic development of small and medium enterprises and entrepreneurs in the municipality of Presevo is to create a sector for the implementation of the content, market oriented competitors and exporters, and that way enable a better economic and social course of Presevo municipality, which will present itself in the:

- **Increase of the living standard of citizens**
- **Visible increase of the number of employees**
- **Strong development of the municipality**
- **Strengthening the connection with neighbours and regions**

The main elements for the strategic development of small and medium enterprises in Presevo municipality are:

- Elimination of juridical obstacles in commercialism and the establishment of SMEs (municipality in cooperation with state institutions)
- Proposal of measures by the municipality for enabling an easier access of small and medium enterprises to funds
- Reduction of economic volume and at the same time the improval of the environment in which newly registered enterprises will work
- Promotion of activities in the local media in connection to the development of the SME sector
- Promotion of financial and technical assistance by foreign donors, in order to offer support in the implementation of primary tasks in the development of the SME sector in Presevo municipality
- Implementation of the simulative right in legal and administrative commercialism of the SME sector
- Informing the existing and potential entrepreneur about new loans for the development of SMEs
- Forming a municipal agency for the development of SMEs which will provide professional assistance for founding and developing small and medium enterprises

2.6. **CORRIDOR 10 a great opportunity for the strategic development of Presevo municipality**

The construction of highway E -75 will put into function the traffic in the direction North – South and include it in the modern European road network and the highway network. The international road E-75, which partially passes through Serbia, belongs to important European roads. It is part of the **Ten puteve (Trans European Motorways)** whose primary purpose is to connect the warm and cold seas of Europe.

According to this significance in the road network of Serbia, the road destination Budapest – Subotica – Novi Sad – Belgrade – Nis – Leskovac – Vranje – Presevo – Skopje – Thessaloniki plays a very important role, having in mind that it passes through a territory with a very large number of people. It also connects the Valley of Sava River, Danub and Morava. In The highways E-75 and E-70 are crossed in Belgrade, while the highway corridors E-75 and E-80 are crossed in the south in Nis.

The result of the research carried out on the traffic, based on the analysis and results of the traffic heaviness in part of the E–75 for the period 1986-2018, is the Annual Average of Daily Traffic (AADF).

| YEAR | AADF (vehicles per day) |
|-------------|--------------------------------|
| 1986 | 8 316 |
| 1990 | 8 498 |
| 1999 | 4 633 |
| 2002 | 7 202 |
| 2008 | 10 627 |
| 2015 | 14 400 |
| 2018 | 16 640 |

For the implementation of this project it is necessary to provide funds through concerssions, foreign investments and loans. The investment value in the part Subotica – Belgrade (186,8 km) is an amount of 318 million USD, whereas in the part Belgrade - Presevo (378 km) the amount is 678 million USD.

Corridor 10 and especially the part from Leskovac to the border with Macedonia and the long distance conductor from Nis to Skopje are important for the strategic projects for the development of the municipality of Presevo. According to official information, the implementation of this Project will involve the employment of 100.000 people, whereas it is planned that after the finalization new jobs will be available. The cost for the construction of this part is estimated at more than 550 million Euro. Currently there's a hold on the works from Presevo to the Macedonian border because of the problems with the expropriation of the land in the municipality of Presevo and Bujanovac. The owners of the land in Presevo are asking for a price much higher than the price the plots of land are worth per square meter. **Beside the modern highway there should also be a constructed two-way railway, long distance gas conductor, a conductor of 400 kw and an optic cable.**

According to the spatial plan, in the part of the road E75 from Nis to Macedonia, it has been foreseen that the travellers should be able to use the following places:

- 9 motels
- 12 gas stations
- 36 rest places

The daily traffic average on the Corridor 10 from Leskovac to the border with Macedonia in 2001 was from 3.660 to 5.054 vehicles, whereas it has been foreseen that by 2005 it will be 8.300 vehicles. All of this offers an opportunity for the creation of new directions in the development of the municipality (tourism, service providing).

3. Strategic advantages in the Institutional development

3.1. Institutional capacities that need strengthening in the local administration in order to improve LED:

- a) To harmonize municipal development of institutions with local economic development (increasing the operational level of the institutions),
- b) Establish an agency for the strategic development of the municipality in order to have a professional service for preparing business plans, projects and contacts with institutions for economic development with the territory itself but also with the neighbouring places,
- c) Suit the work of all institutions from all areas to the regular needs of the citizens.
- d) Equip the municipal body with all the necessary technical equipment and appropriate staff, in order for it to provide good-quality services for existing entrepreneurs and any potential ones, when starting-up a business, solving ownership – legal issues, etc.

3.2. Institutional capacities of the civil society and local community that need improving in order to strengthen LED

The civil society in the territory of Presevo municipality should undertake the following activities that will strengthen LED:

- a) Form a non-governmental organization to deal with strengthening the local economic development and its promotion,
- b) Form an association to coordinate the commercial activities in the promotion and development of the local economy.

3.3. Institutional and organizational capacities that need strengthening in order to improve services provided to the citizens

- a) Improving the professional and staff structure in the municipal services,
- b) Technical equipment with computers and adequate software (the process is started),
- c) Professional training for the existing staff,
- d) Adequate employment of the organization ,

3.4. Institutional and organizational capacities that need strengthening in the public communal enterprises

To be able to provide efficient services for the economic sector but also for the citizens of Presevo municipality;

In order for PK to improve the quality of its services it is necessary to carry out the following activities:

- a) Strengthen the personnel structure in the sector of cleanliness maintenance,
- b) Improve the existing equipment for providing services,
- c) Professional training of the existing personnel,
- d) Educating citizens on adequate measures for maintaining a healthy environment,
- e) Technical modernization of the sector for charging services.

3.5. Measures to be taken to improve the budget base of the municipality

- a) Improve compensation payment for municipal services,
- b) In cooperation with donors provide additional funds to help improve the quality of services provided,
- c) In cooperation with the resource ministry of the Republic of Serbia additional funds to be used in increasing the quality of services provided to the citizens.

3.6. Possibilities that need to be developed in order to build the financial capacity of the municipality for promoting LED

The financial capacities of the municipality can be improved should the following activities be carried out:

- a) Creation of favourable conditions for capital investment,
- b) Creation of favourable conditions for opening new jobs, production units and the activation of existing ones,
- c) Increase of the local income resources (up to date payment, tax research, compensation and other income),
- d) A greater involvement of the Presevo Diaspora in the economic development of Presevo,
- e) Constitution of the lobby group for supporting economic development on the national level and the level of international organizations.

STRATEGIC ACTION PLAN

(The strategy for the implementation and the development of primary projects)

1. Implementation period

The implementation period for the strategic action plan of Presevo municipality implicates a period of 10 years with a revision and the possibility of its harmonization after 3 years from the date of its adoption by the Municipal Assembly of Presevo.

2. Identifying strategic partners for the implementation of the strategic action plan of the municipality

The implementation of the strategic action plan will involve the following:

- **The manager of the Municipal Assembly of Presevo,**
- **Institutions and bodies from the territory of Presevo municipality,**
- **Citizens,**
- **Associations,**

- Current and future strategic partners,
- The Government of the Republic of Serbia,
- Funds,
- Governmental and non-governmental agencies and directives,
- Standing Conference of towns and municipalities,
- Neighbouring municipalities in Serbia,
- Bordering municipalities in Macedonia and Kosovo,
- Donors,
- Non-governmental organizations and citizens' associations,
- International financial organizations,
- Commercial banks.

3. Short-term, medium-term and long-term projects in the local – economic development of the municipality of Presevo

3.1. Short-term projects

3.1.1. Identification of short-term strategic projects in the LED with related financial concepts, with the implementing structure and responsibility

The municipal assembly of Presevo has decided on the Strategic short-term projects in LED, and they are:

3.1.1. Identification of strategic short-term projects in the development of infrastructure utilities with the relative financial concepts, implementation structure and responsibility

The Presevo municipal assembly has decided on the short-term projects in the development of infrastructure and utilities:

3.1.2. Identification of projects in construction, institutional strengthening and strengthening of capacities in the public administration

3.2. Medium – term projects

3.2.1. Identification of medium – term strategic projects in the LED with related financial concepts, implementation structure and responsibility

The municipal assembly of Presevo has decided on the following strategic medium-term projects in the LED:

| Strategic project Medium-term | Structure- implementation deadline | Financial concept | Responsible |
|---|---|--|----------------------------|
| 1. Increasing the usage of built capacities | | | |
| Construction of industrial zone (park) in the municipality of | 2006-2010 | Depends on the location and interest of domestic and foreign | Presevo municipal assembly |

| | | | |
|---|-------------------------|--|---|
| Presevo | | investors | |
| Construction of object on "Corridor 10" | 2006-2010 | Depends on the price of land and planned contents | Municipal assembly, Private entrepreneurs, foreign donors, the government of the R. of Serbia |
| 2.Supporting development | Of tourism and services | | |
| Construction of a hotel in Presevo town | 2006-2010 | Depends on the capacity, location, price of land, categorization | Private entrepreneurs and the municipal assembly of Presevo |

3.2.2. Identifying strategic medium-term projects in the development of infrastructure and utilities with related financial concepts, implementation project and the responsible

Presevo municipal assembly has decided on the following strategic short-term projects in the LED:

Tables that are empty will be filled in when the competent state institution send the necessary information to the Institute of small and medium enterprises.

| Strategic Project Medium-term | Implementation structure | Financial concept | Responsible |
|--|-----------------------------|-------------------|--|
| a) Infrastructure | | | |
| I. Reconstruction of Over-head-line | | | |
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| II. Road network - communication | | | |
| Repair of road M25 | 2006-2007 | 195.583,516 | Municipal assembly, shareholders, donors |
| III. Water supply and sewage | | | |
| Repair of the river in Presevo | 2006-2015 | | Municipal assembly, Government of R. of Serbia, Donors |
| IV. Improvement of public services | | | |
| Ecological landfill "Przar" | 2006-2015 | | Municipal assembly, Foreign donors, Government of R. of Serbia |
| V. Improvement of telecommunication | | | |
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| VI. Construction of infrastructural objects | | | |
| Construction of multifunctional objects in Presevo town | 2006-2010 | | Municipal assembly, Foreign donors, Government of the R. of Serbia |

3.3. Long-term strategic project

3.3.1. Identification of long-term strategic projects in the LED, related financial concepts, implementation structures and responsibility

Presevo municipal assembly has decided on the following medium-term strategic projects in the LED:

| Long-term strategic project | Implementation structure–deadline | Financial concept | Responsible |
|---|--|---|---|
| 1. Increasing the usage of built capacities | | | |
| Construction of the free zone in Presevo | 2006-2015 | The free zone should be established in the framework of the joint-stock modern society. The height of the financial role will be defined among the shareholders | Presevo municipal assembly, Government of the Republic of Serbia, businessmen in Presevo town |
| 2. Supporting the development of tourism and services offered | | | |
| Construction of a hotel-recreational complex at the location “Livadhi i Shehit” | 2006-2015 | Depends on the price of the land and the capacities of additional contents | Private entrepreneurs and the municipal assembly of Presevo |

| | | | |
|--|-----------|--|---|
| Additional building to the primary school in Caravajka, accommodation capacity and construction of a sports-recreational centre dedicated to the children and pupils of the primary schools in Presevo municipality and the region | 2006-2015 | Depends on the capacities and additional contents that are going to be built | Private entrepreneurs, foreign donors and the municipal assembly of Presevo |
| Building a hotel-recreational capacity at the location of the artificial lake in Orahovica and Bustranje | 2006-2015 | Depends on the price of the land and the capacity of additional contents | Private entrepreneurs and the municipal assembly of Presevo |

3.3.2. Identification of long-term strategic projects in the development of infrastructure and utilities with the related financial concepts, implementation structure and the responsible

The municipal assembly of Presevo has decided on the following long-term strategic projects for the LED:

Tables that are empty will be filled in when the responsible state institution forwards the necessary information to the SME Institute.

| Long-term strategic project | Implementation structure | Financial concept | Responsible |
|--|---------------------------------|--------------------------|--------------------|
| a) Infrastructure | | | |
| I. Reconstruction of Overhead line | | | |
| | | | |
| | | | |
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| V. Improvement of telecommunication | | | |
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**PROFILE OF THE INDUSTRIAL ZONE (PARK) IN PRESEVO
AS A MEDIUM-TERM DEVELOPMENT PROJECT**

| | | | |
|--|--|-----|---------------|
| Title of project | Construction OF INDUSTRIAL ZONE (PARK) IN PRESEVO | | |
| Short description of project | The project depends on the establishment of the industrial zone in Presevo. The municipality can also be a founder. | | |
| Basic commencement and objectives | General economic development of the municipality | | |
| Institutions for the implementation of the project | Municipal assembly of Presevo and future shareholders | | |
| Assessment of the implementation period | 2006-2011 | | |
| Assessment of the investment arrangement | 90% Municipality shareholders | and | 10% donors |
| Expected beneficiaries | Citizens of the municipality of Presevo, economists from Presevo | | |

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|---|--|
| (target groups) | and the area, investors from the area, etc. |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, etc.) | The creation of the free industrial zone in Presevo will be followed by the employment of its citizens and will be an attractive place for the local people and foreign investors. |
| Preparation situation of the project (i.e. production study, preliminary or final design, bill of quantity, evaluation of expense by engineers) | There's only the proposal from the institute concerning the proposed project. It is necessary to gather all projects and documentation. |

Wherever you see a suitable place “plant your investment”, say people that know investment cases. If you are looking for such a place come to the industrial zone in Presevo. This should be the promotion advertisement of the municipality of Presevo in the next medium-term period.

The industrial zone in Presevo could be a zone of around 500.000 -1.000.000 people, close to Vranje and Bujanovac, Kumanovo and Skopje, Gnjilane and Pristina, with traditional crafts and industrial skills, and good working habits in the wide space of southern Serbia, the never visited roads of railway and ground traffic of European Corridor 10. It will be relatively close to the airports of Nis, Skopje and Pristina.

In such a future free zone **people will not ask what they can do for Presevo, but what can Presevo do for them.** In order to start carrying out some activities, we need to have a clear vision and set goals about what we want and what can be realized. The reason for the realization of this strategic action plan is to improve the quality of life for the citizens living here. To be able to implement this it's necessary to provide the citizens with the right to work, respectively to create conditions for employing citizens.

In order to do this, the municipality of Presevo has to promote the good sides and improve the bad ones. It is necessary to do the following:

- **It is necessary to change the public administration from a bad, slow and inefficient one to a good, fast and efficient one. In order to do this it is necessary to make some reforms in the public administration in the previous medium-term period.**
- **Reduce the number of employees; this will result in more efficient work.**
- **Create the reception directorate in the municipality similar to the ones in western Europe, starting from the look up to the equipment which should be placed, so that citizens can finish 90% of their needs at one place (one part is already done in the municipality).**

Investments are one of the main priorities of Presevo municipality. It is essential for the municipality to have a sector where the investor will have a connection officer, respectively a graduated lawyer who will be available to the investors 24 hours a day. **This officer should gather all consents and then register the enterprise.** At all times the investor should have access to:

- What stage his subject is in,
- Or what stage the registration of the enterprise is in,
- Construction permission and
- other documentation.

That person should be paid by the municipality and besides receiving a salary the person should also receive a stimulation bonus.

It's necessary for the municipality to equip itself with computers so that potential investors. Through the internet, can find out about the conditions linked to the whole procedure, so that there won't be any byrocratic cheating and everything will be transparent. The construction permit has to be obtained very quickly, from 40 to 60 days.

Beside the measures that should be taken the local administration in Presevo has to wait for the **Government of the Republic of Serbia to reduce tax duties and other duties, and that way stimulate employers to employ people, because a result of high taxes, especially the small companies are avoiding to register their employees.** Tax deduction will result in a larger number of people being employed, or a bigger number of people who will pay lower tax, but the government will have higher income to the budget.

Construction land in the region should be cheaper, so that there could be space for investment.

The arrival of foreign and local investors, respectively the modernization of enterprises, modern production and standards will be applied. If the reputable enterprises in the zone employ by the HACCP standard, then the local enterprises should apply that standard, if they work in a company that increases the level of commercialism in the municipality.

It is also necessary to think about opening the office of the Fund for the development of the Republic of Serbia, which would give out loans to employers, with very favourable conditions. In such an office could work young educated people who would help entrepreneurs in gathering the necessary documentation, writing business plans, studying the production and submitting the necessary documentation.

The president of the municipality should be an intermediate of such an industrial zone and should make use of his political influence in his contacts and visits to other towns in the region, in order to establish better commercial connections.

Presevo municipality should be present at all fairs held in the region, as well as economic manifestations where it would promote its own economy and the possibility for investment.

**PROFILE OF THE FREE ZONE IN PRESEVO AS A
LONG-TERM PROJECT FOR THE DEVELOPMENT OF THE MUNICIPALITY**

| Title of project | Construction of the FREE ZONE IN PRESEVO | | |
|---|--|-----|------------|
| Short description of project | The project is supported by the creation of a new joint-stock association which will create the free zone in Presevo The municipality can also be one of the shareholders | | |
| Basic commencement and objectives | General economic development of the municipality | | |
| Institutions for the implementation of the project | Municipal assembly Presevo and future shareholders | | |
| Assessment of the implementation period | 2006-2015 | | |
| Assessment of the financial arrangement for investments | 90% Municipality shareholders | and | 10% donors |
| Expected beneficiaries (target groups) | Citizens of Presevo municipality, economists from Presevo and the area, investors from the area, etc. | | |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, etc.) | The creation of a free zone in Presevo will result in the employment of its citizens and will be an attractive place for the locals and foreign investors. | | |
| Preparation situation of the project (i.e. production study, preliminary or final design, bill of quantity, evaluation of expense by engineers) | There's only the proposal from the institute concerning the proposed project. It is necessary to gather all projects and documentation. | | |

To achieve this, the municipality of Presevo has to decide on the location for this zone.

Table 1. SWOT analysis for the mid-term project of the industrial zone (park) in Presevo.

| STRENGTHS | WEAKNESSES | OPPORTUNITIES | THREATS |
|---|--|---|--|
| Extremely attractive location | Lack of urban plan for the future zone | Freedom of the municipality and other interested producers to initiatives, | Possibility of opening similar industrial parks in the area. |
| Close distance to Corridor 10 | Relative problem with privately owned land | Opportunity for Presevo to be the first attractive industrial zone for foreign and local investors in the region of southern Serbia and further | Misunderstanding by land owners and citizens about the importance of the industrial zone for the municipality of Presevo |
| Close distance to the airport of Nis, Skopje and Pristina | Lack of appropriate infrastructure at the location | Tax deduction by the Government of the Republic of Serbia | |
| Close distance to the | Unreformed public | Reduction of municipal | |

| | | | |
|--|--|---|--|
| railway | administration | taxes and other payments compared to all other municipalities in the region | |
| Possibility of a fast construction of infrastructure in the future | Insufficient computerized equipment of the public administration | Activating influencing mechanisms in the competence of the municipality of Presevo, which decide about future investors | |
| | | Reconstruction of motorway M25 | |
| | | Reconstruction of road from Bujanovac to the border with Macedonia | |
| | | Notification on faster execution of works on the Corridor 10 by the EU and Greece and the Government of the Republic of Serbia. | |

Free zones as commercial places, attractive for investors. Such zones have rejuvenated the economy wherever they were opened. This idea was very quickly copied by many countries. Out of 800 how many there was 20 years ago, today there are around 3500. 50 million people are working in the free zones around the world, meaning that they make 25% of the international economy.

In Serbia there are 11 free zones, the best being in Pirot and Subotica. Other well know zones are in Sabac, Belgrade and Novi Sad. Free zones are understood as zones with economic development incubators.

The design of the new draft law has started. It is expected that in the first three months in 2006 the parliament procedure will start and it will be approved. It is expected that the new law will include the best solutions in the world. **With the new law, the government will offer greater employment facilities than the zones.** The law foresees duty free passage of goods and non-payment of Value Added Tax, and also tax on income and contributions. It is necessary to have national subventions for starting production and for infrastructural development. The development of the zone should be taken care of by a separate body in the responsible ministry. All these novelties can improve the conditions for the establishment of the free zone in Presevo.

There are many examples of successful free zones in different environments where different types of zones were successful.

Example:

Dubai is an example since it has established tax-free and duty-free systems in its areas that are covered in sand. Today, **Xhabal Ali** is one of the most successful zones in the world. It is spread over 100 square kilometres and has more than 100 foreign companies.

The future free zone in Presevo municipality should be the most attractive of all zones in Serbia so that it can attract future foreign investors. **The local government should give up on all income from taxes during the construction of objects in the zone, by including all taxes in a period of 10 years from the beginning of using the constructed capacity. Presevo municipality should have 5-10 ha of land for this purpose, with the possibility of extension. The area should have an optic cable, the water supply system, sewage and modern power station. It is preferable for production companies to work in the zone, and companies that will receive, load and pack the goods for international transport. It is necessary for the zone to have a terminal container, customs service and transport organization and it's necessary for it to provide all**

services in the modern logistics centre at the border with Macedonia. It's necessary for the customs branch to be places at the borders of the zone, and this will guarantee fast servicing, since the delay of transport trucks and vehicles will slow things.

THE MISSION of the free zone should be to constantly improve the quality of services provided to the beneficiaries in the region with favourable conditions.

The free zone in Presevo should be an area of not less than 5-10 ha, an attractive location, and in this case it would be a location close to the border with Macedonia. This location should enable an intensive linkage and a free transport of goods and capital to the international economy. It's necessary to use the following advantages and opportunities properly:

- **Corridor 10,**
- **The railway that passes not far from this location**
- **And maybe use the close distance to the airport of Skopje, or the air transport.**

Import to the zone and export from it should be fully free and the following should not be applied:

- **Contingencies**
- **Import and export permissions and**
- **Other limitations for trade traffic.**

The procedure of temporary transport of goods outside of the border zone with the purpose of finalization, processing and installation, testing and marketing presentation is also allowed and is simple.

Business conditions inside the free zone are more favourable and liberal than outside of the zone. The Law on free zones (**off. Gazette of RS, no. 81/94**) regulates the long-term guarantee for the users of the free zones and provides them with stabile and good conditions for doing business, which with a simplification of the administrative procedure and the foreseen facilitation, provides all beneficiaries with better conditions for a more successful business. More so than providing the government and municipality with the implementation of all the positive effects that such a concept offers.

The users of the free zone do not pay customs for imported goods, for working at the zone (equipment, spare parts, raw material and other material). Customs are paid only when the goods are exported to the domestic market and is supported mainly by the ino-component of that good. The users of the zone can chose whether to pay their fees according to the customs scale foreseen for final products or the customs scale foreseen for ino-components.

VAT isn't paid and that is described in article 24 of the Law on VAT, transport of goods to the free zone, except for goods wasted or spent at the free zone (paragraph 5) and providing transport services and other services for the users of the free zone, which are directly linked to the transport of goods to the free zone (paragraph 6).

In order to constantly improve the quality of services provided, the free zone should also offer its users a range of additional services, by creating the "**One stop shop**" system, where at one place the users can get all their work done. Those services are:

- **Bank**
- **Insurance**
- **customs**
- **services for goods' manipulation**
- **Maintenance**
- **Restaurants**

The free zone is formed as a modern shareholders' company and mainly consists of:

- Private companies,
- banks,
- state institutions,
- municipality as well as
- Companies with mixed ownership.

The free zone should manage a certain production - warehouse space (at least 20.000 km²) in which 50-100 beneficiary programs would function and more than 500 employees will work.

The production-warehouse space in the zone should consist of:

- the closed production warehouse space
- half closed - warehouse space
- Open space

The enterprise that manages the zone can realize the following income:

1. Rent on production - warehouse space

- Closed production-warehouse space house.....7.euro per m²
- half open warehouse2 euro per m²
- Open space-warehouse..... 1,5 euro per m²

2. Rent of land

- Compensation for the usage of the land prepared for infrastructure and which is part of the free zone 0,70 euro per m²
- Compensation for the usage of land prepared for infrastructure, which is based outside of the zone.....0,40 euro per m²
- Compensation of land which is not prepared for infrastructure and is based outside of the zone.....0,20 euro per m².

3. Rent of the business space

- Adjusted office space.....15 euro per m² monthly
- Not-adjusted office space.....12 euro per m² monthly.

4. Compensation for the presence of services

Compensation for the presence of services in the zone includes:

- Physical security
- Protection against fire
- Presence of customs services
- Maintenance of the primary infrastructure and external lighting
- Cost0.30 euro per m²

5. Licence (entering)

The user pays the licence for the contracted program being carried out in the zone in a total cost of 10-15.000 euros. The licence costing 5.000 euros is paid by:

- Users for another contracted program,
- New user who at the same space wants to carry out the same contracted program as the user of the main contract.

6. Construction of the object

Compensation for fixing the construction land for the objects in the free zone is calculated to the height of payment set by the municipal assembly.

7. Municipal services and other services

Municipal cost of the user in the zone and services provided to the users which are paid through operators in the zone, by calculating the increase for manipulative expenses in a height of 3%.

8. Telecommunications

9. Stimulations

1. A reduction from 10% for all services can be gained by the user if he meets some of the following criteria:

- If the user is a shareholder of the free zone;
- If the user has an export rate from the zone which is higher than 50%;
- If the user uses 50% of local raw material in his production,
- If the user employees more than 20 people.

These stimulations cannot be applied

Table 2. SWOT analysis for long-term project of the free zone in Presevo

| STRENGTHS | WEAKNESSES | OPPORTUNITIES | THREATS |
|--|--|---|--|
| An extremely attractive location | Lack of an urban plan for the future zone | Freedom of the municipality and other interested producers to initiatives, | Announcement on the establishment of free zones in Vranje and Vladicin Han |
| Close distance to Corridor 10 | Relative problem with privately owned land | Notification on faster execution of works on the Corridor 10 by the EU and Greece and the Government of the Republic of Serbia. | Free zone in Macedonia |
| Close distance to the airport of Nibs, Skopje and Pristine | Lack of appropriate infrastructure at the location | Tax deduction by the Government of the Republic of Serbia | Future free zones in Kosovo |
| Close distance to the railway | | Reduction of municipal taxes and other payments compared to all other municipalities in the region | |
| Possibility of a fast construction of infrastructure in the future | | Adoption of the new Law on free zones expected to be approved in 2006 | |
| | | | |

**PROFILE FOR THE CONSTRUCTION OF MULTIFUNCTIONAL OBJECTS
IN THE FRAMEWORK OF THE LOCAL COMMUNITY THAT DO NOT EXIST IN THE
LOCAL OFFICES AS MID-TERM PROJECTS OF PRESEVO TOWN**

| Title of project | Construction of MULTIFUNCTIONAL PROJECTS in local communities | | |
|--|---|-----|------------|
| Short description of project | The project is supported by the construction of multifunctional projects in local communities | | |
| Basic commencement and objectives | The construction of new multifunctional objects will result in some local communities for the first time having local offices, ambulant, post offices, facilities for cultural-educational activities | | |
| Institutional for the implementation of the project | Presevo municipal assembly, local community, citizens and donors | | |
| Assessment of the implementation period of time | 2006-2010 | | |
| Assessment of financial arrangement for investments | 50% Municipality shareholders | and | 50% donors |
| Expected beneficiaries (target groups) | Residents of local communities in which there aren't adequate objects, the youth and children, etc. | | |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, etc.) | Citizens will be able to adequately accomplish all their requests in the local community, adequate healthcare, and with a post office they will be able to communicate with the rest of the world. | | |
| Preparation situation of the project (i.e. | There's only a proposal from the institute concerning the proposed project. | | |

| | |
|---|---|
| production study, preliminary or final design, bill of quantity, evaluation of expense by engineers | It is necessary to gather all projects and documentation and provide the funds. |
|---|---|

The experts from the institute for small and medium enterprises during their visit to local communities in the territory of Presevo municipality and during their talks local community councils saw that more than 23 local communities do not have construction-space possibilities to carry out the education of residents of local communities. There's a lack of the following objects:

- **Local office,**
- **surgery,**
- **post office,**
- **facilities for carrying out cultural-educational activities, etc.**

Experts from the Institute are suggesting the construction of **typical multifunctional objects** in all local communities that lack the abovementioned objects. The multifunctional objects will be typical ones. They will consist of local community offices, libraries, surgeries (in local communities that don't have them), post office (in local communities that don't have them) and facilities for cultural and educational activities.

In order to construct such projects it is necessary to carry out the following activities:

- **it's necessary for the local community to define the location,**
- **the land should be owned by the municipality,**
- **if the land isn't owned by the municipality, we should take into account the possibility of buying it from individual owners,**
- **provide all necessary documentation and projects,**
- **provide financial assets for construction.**

The main initiator and fonder of these activities should be the municipal assembly Presevo with the help of certain donors. The results of the construction of such projects will be:

- **residents of the local communities will have their own office where they can solve their problems;**
- **healthcare is available for the citizens, it's right there, very close to them;**
- **the opening of a post office will improve the communication of the citizens of the local community with the town, the area and the world;**
- **the opening of cultural and educational facilities will enable a better contact between the young people from the villages, and that will prevent future migration.**

**PROFILE FOR THE CONSTRUCTION OF THE ECOLOGICAL LANDFILL
AS A MEDIUM-TERM PROJECT FOR THE DEVELOPMENT OF PRESEVO MUNICIPALITY**

| | |
|--|---|
| Title of project | Construction of the ECOLOGICAL LANDFILL „PRZAR” |
| Short description of project | The project is supported on the construction of the ecologic landfill, which will help reduce pollution in the town |
| Basic commencement and objectives | An ecologically clean municipality |
| Institutions for the implementation of the project | Presevo municipal assembly, Government of the Republic of Serbia, Banks, international organizations and donors |
| Assessment of the implementation period of time | 2006-2015 |

| | | | | | |
|---|---|------------|-----------|--|--|
| Assessment of financial arrangement for investments | 20% Municipality | 20% donors | 40% banks | 20% Government of the Republic of Serbia | |
| Expected beneficiaries (target groups) | Residents of Presevo municipality, businessmen from the municipality | | | | |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, etc.) | The construction of the ecological landfill will solve one of the most important problems of the town, and all of this will contribute towards a cleaner and healthier town | | | | |
| Preparation situation of the project (i.e. production study, preliminary or final design, bill of quantity, evaluation of expense by engineers) | There's only a proposal from the institute concerning the proposed project. There's also a main project and work program proposed by the Municipal assembly Presevo. | | | | |

The purpose of this project is the construction of an ecologic landfill, which will enable the following:

- an ecologic landfill;
- the garbage remains clean,
- the garbage is safe for the area,
- the garbage is safe for the air, earth and underground waters.

The goal is for the ecologic landfill, besides being ecologically useful to be economically useful also.

In order for all of this to be implemented, it's necessary to first sanitize the existing landfill which is based in Presevo, and to construct an ecologic landfill which could implement all of the above written goals.

In industrial places, **300 to 400 kg of garbage is produced per head of citizen annually.** This garbage is placed in the safest places, in order to protect the underground waters (underground waters in hidden canals usually pollute the earth and the water in the wells) and protect the air from gas fumes coming from the landfill that are harmful and dangerous.

Gas is formed at every landfill (including the one in Presevo) **after the destroy of organic substances that are very dangerous, they contain 50% methane, which under certain circumstances can be flammable.** Besides, methane is 20 times more dangerous for the climate and the ozone layer, than carbon dioxide. In order to eliminate the negative influences like the uncontrolled spreading of the landfill gas, it's necessary to install a special device that is put at the landfill to collect the gas and direct it towards motors that burn it into so-called pines and that way is safely goes into the atmosphere. This is the content of the project for the ecologic landfill.

That's not all: **the gas motor can also be a generator for the production of expensive electricity, and through the changes in heating, heating energy can also be gained,** which is suitable for glass and plastic facilities for the early production of vegetables and flowers or even for producing warm water for heating blocks of flats.

According to the evaluation of experts, an annual quantity of 50.000 tons of garbage, which can be produced by a town with 150.000 inhabitants, means that in 20 years the landfill will have 200 million m3 of landfill gas. If the system of accumulating the gas for gas motors uses only half of the amount mentioned, annually it would be possible to produce 9 million kilowatt of electricity and 12 million kilowatt of heating.

PROFILE FOR THE REHABILITATION OF MOTORWAY M25 AS A MEDIUM-TERM PROJECT FOR THE DEVELOPMENT OF PRESEVO MUNICIPALITY

| | |
|------------------------------|--|
| Title of project | Reparation of the motorway M25 |
| Short description of project | The project is supported on the reparation of the motorway M25, the part of Presevo, the administrative border with Kosovo in a length of 14.045 |

| | |
|---|--|
| | km |
| Basic commencement and objectives | Better roads, meaning better and faster traffic |
| Institutions for the implementation of the project | Presevo municipal assembly, Government of the Republic of Serbia, Banks, international organizations and donors |
| Assessment of the implementation period of time | 2007 |
| Assessment of financial arrangement for investments | Total reprise of works is 196.583.516, 00 din. |
| Expected beneficiaries (target groups) | Residents of Presevo municipality, economists from the municipality, citizens of Kosovo and citizens of neighbouring municipalities, etc. |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, etc.) | The reparation of the motorway M25 will result in a faster movement of people, goods and capital. The quality of life will improve; many tourism and service providing facilities will be opened and all of this will result in a better employment of people. |
| Preparation situation of the project (i.e. production study, preliminary or final design, bill of quantity, evaluation of expense by engineers) | There's an idea project design and the main project proposed by the municipal assembly in Presevo. The project was drawn in 2003. |

PROFILE OF THE PROJECT FOR THE CONSTRUCTION OF THE “BIG GREEN MARKET” AS A SHORT-TERM PROJECT FOR THE DEVELOPMENT OF THE MUNICIPALITY

| | |
|--|---|
| Title of project | Project for the construction of the big green market in Presevo |
| Short description of project | The project is supported on the construction of the big green market. The location is based in the centre of the town. |
| Basic commencement and objectives | Better supply of citizens with fruit, vegetables and other goods. A cheaper and better supply of local products, like fruit and vegetables. Built and equipped according to modern standards. |
| Institutions for the implementation of the project | The Fund for the construction of land in Presevo. |
| Assessment of the implementation period of time | 2006 |
| Assessment of financial arrangement for investments | Total reprise of works is 3.844.812.44 din. |
| Expected beneficiaries (target groups) | Citizens of the Presevo, Bujanovac and the Former Yugoslav Republic of Macedonia. |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, | Expected profit for the private enterprises, better supply of citizens, new jobs and an improved quality of life. |

| | |
|--|---|
| etc.) | |
| Preparation situation of the project (i.e. production study, preliminary or final design, bill of quantity, evaluation of expense by engineers | There's an idea project design and the main project proposed by the municipal assembly in Presevo. The project was drawn on 22.11.2001. |

PROFILE OF THE PROJECT FOR THE ADAPTATION OF THE HEALTH CENTER INTO A NON- HOSPITAL MATERNITY WARD AS A SHORT-TERM PROJECT FOR THE DEVELOPMENT OF PRESEVO MUNICIPALITY

| | | | | |
|--|--|--|--|--|
| Title of project | The project for the adaptation of the health centre into a non-hospital maternity ward | | | |
| Short description of project | The project is supported on the construction of the maternity department which the municipality did not have. The location is based in the centre of the town. | | | |
| Basic commencement and objectives | Better healthcare for women and newborns. | | | |
| Institutions for the implementation of the project | Municipal Assembly of Presevo, Government of the Republic of Serbia | | | |
| Assessment of the implementation period of time | 2006 | | | |
| Assessment of financial arrangement for investments | Total reprise of works is 8.376.711.85 din. | | | |
| Expected beneficiaries (target groups) | Women from Presevo, Bujanovac and places on the other side of the border in Macedonia. | | | |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, etc.) | The biggest benefits are healthy newborn babies and new jobs. | | | |
| Preparation situation of the project (i.e. production study, preliminary or final design, bill of quantity, evaluation of expense by | There's an idea project design and main project proposed by the Municipal Assembly in Presevo. The project was drawn in September 2002. | | | |

| | |
|-----------|--|
| engineers | |
|-----------|--|

PROJECT PROFILE FOR THE REPAIR OF THE RIVER IN PRESEVO AS A MEDIUM-TERM PROJECT FOR THE DEVELOPMENT OF PRESEVO MUNICIPALITY

| | | | | |
|---|---|--|--|--|
| Title of project | Project for the repair of the river in Presevo | | | |
| Short description of project | The project is supported on the sanitation and repair of the river in Presevo which is at the moment very polluted. | | | |
| Basic commencement and objectives | A clean and repaired river bed | | | |
| Institutions for the implementation of the project | Municipal assembly Presevo, Government of the Republic of Serbia, donors | | | |
| Assessment of the implementation period of time | 2006-2015 | | | |
| Assessment of financial arrangement for investments | | | | |
| Expected beneficiaries (target groups) | Citizens of Presevo municipality and the flora and fauna in the town. | | | |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, etc.) | Improvement of life in the town. | | | |
| Preparation situation of the the project (i.e. production study, preliminary or final design, bill of quantity, evaluation of expense by engineers) | There's an idea project design and a main project proposed by the municipal assembly Presevo. The project was drawn in September of 2003. | | | |

PROFILE OF FACILITIES ON CORRIDOR 10 IN THE TERRITORY OF PRESEVO MUNICIPALITY

| | | | | |
|---|--|--|--|--|
| Title of project | Construction of service facilities on Corridor 10, the part that passes through the territory of Presevo municipality | | | |
| Short description of project | The project is supported on the construction of multifunctional facilities along Corridor 10 | | | |
| Basic commencement and objectives | Economic development of the municipality, stimulation of the tourism and service providing sector, employment of citizens | | | |
| Institutions for the implementation of the project | Private entrepreneurs and investors. | | | |
| Assessment of the implementation period of time | 2006-2008 | | | |
| Assessment of financial arrangement for investments | Municipal assembly, foreign donors, private entrepreneurs, Government of the Republic of Serbia | | | |
| Expected beneficiaries | Private entrepreneurs from Presevo and the Diaspora, tourists and | | | |

| | |
|---|--|
| (target groups) | businessmen that travel through the part of Corridor 10 that passes through Presevo town. |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, etc.) | Development of tourism, service sector, reduction of unemployment, good geographical position with the purpose of improving the quality of life and stimulation for the entrepreneurs to take initiatives. |
| Preparation situation of the project (i.e. production study, preliminary or final design, bill of quantity, evaluation of expense by engineers) | The financial proaction is possible when state a defines the location for construction and its final number. |

CORRIDOR 10 AN OPPORTUNITY FOR THE DEVELOPMENT OF SOUTHERN SERBIA

In accordance with the objective of the European Cooperation Initiative - SECI, an initiative will be taken for the creation of better facilities and transport vehicle on the whole length of Corridor 10, which means they also the part of the corridor that passes through Presevo municipality will be included.

The plan includes the construction of a motel, a petrol station and other facilities which will encourage further development of additional works and enterprises along the corridor: restaurants, car mechanics' shops, vehicle spare parts shop, retail stores, etc. An advantage is given to multifunctional facilities and transport means, which provide the transport trade centre and the welcome centre with promotional material and information about the region, literature, catalogues, unique products in the region sold at those stores, suitable places for diesel and gas: hotel, restaurant, small stores that sell personal needs' items and items necessary for travelling, private bathrooms, dry cleaner, internet cafés, business services like ATM, FAY, telephone cabins, fast food etc.

Facilities and transport means, as well as promotional works will encourage the flow of tourism in the whole region and will generate the possibility for the development of small businesses in transport facilities - to serve public transport. The option concerning the development of transport trade centres and welcome centres and rest points should be an agreement between public agencies and the oriented corporation, through the establishment of a PRIVATE - PUBLIC PARTNERSHIP at the level of Presevo municipality.

The promotion of partnership between the sectors is an important trend for strengthening competitiveness and employment. The important ones are:

Partnership in clusters, so-called sector partnerships of the industry, textile, design, press. Concerning these partnerships, in order to promote employment and competitiveness of small companies, a SWOT analysis should be carried out on the collective strengths and weaknesses, to analyse problems, like the lack of skills, investment support, qualities. I.e. the model of GIDS in the USA has developed an industrial development of cooperation. Our suggestion is to develop a local partnership in Presevo municipality, consisting of the municipality, educational organizations and trainings, social services, employees, employers and the local employment service.

Table no.1. SWOT analysis for facilities to be built on Corridor 10 on the territory of Presevo municipality.

| STREGTHS | WEAKNESSES | OPPORTUNITIES | THREATS |
|---|---|--|--|
| Position of the municipality and the fact that Corridor 10 passes through Presevo | Lack of the possibility of microfinance, underdevelopment, guarantee at the local level | Raising the awareness of citizens, entrepreneurs and public administration about the strategic importance of Corridor 10, investment of capital on facilities based on the part of the | Delay of government in understanding the importance for the construction of the facilities on Corridor 10, non-fulfilment of the plans stated. |

| | | | |
|--|-------------------------------|---|---|
| | | corridor in Presevo municipality | |
| Great need for self-employment as a sole opportunity for employment – the base for founding private enterprises and stores | Underdeveloped infrastructure | Possibility of investment by the Diaspora | Possibility that the Greek Government, as a EU partner, will give up on financing Corridor 10 in Serbia |
| Close distance to the border with Macedonia | | | Possibility for the investment to be directed towards the construction of E80 towards the border with Bulgaria and not Serbia and the border with Macedonia |
| | | | |

PROFILE OF THE TOURISM ORGANIZATION PRESEVO

| | |
|---|---|
| Title of project | Formation of the Tourism organization in Presevo |
| Short description of projects | The Presevo municipal assembly would be the founder of an organization that would promote tourism offers in Presevo municipality |
| Basic commencement and objectives | Stimulate the development of tourism, build new essential capacities, make good use of the suitable geographic position of Presevo |
| Institutions for the implementation of the project | Presevo municipal assembly and current and future owners of tourist facilities |
| Assessment of the implementation period of time | 2006-2008 |
| Assessment of financial arrangement for investments | 50% municipality – 50 shareholders |
| Expected beneficiaries (target groups) | Owners of the tourist facilities and also the municipality, since the tourism organization will implement the strategy of marketing and promotion of tourist offers in Presevo, having in mind projects for expanding the offers, innovations |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, etc.) | The Presevo Tourism Organization would be a centre for the promotion and logistics of tourism offers of the town, and the work of that organization will influence on the future employment of Presevo citizens. |
| Preparation situation of the project (i.e. production study, preliminary or final design, bill of quantity, evaluation of expense by engineers) | |

PROFILE OF PROJECT FOR THE CONSTRUCTION OF HOTELS IN PRESEVO TOWN

| | |
|---|---|
| Title of project | Construction of a hotel facility in Presevo, categorisation 3 *, capacity 50 rooms |
| Short description of Project | Construction of hotel facility in the centre of Presevo town |
| Basic commencement and objectives | Development of tourism, total economic development of the town; at the moment such a facility doesn't exist in the town |
| Institutions for the implementation of the project | Private entrepreneurs |
| Assessment of the implementation period of time | 2006-2010 |
| Assessment of financial arrangement for investments | 100% private capital |
| Expected beneficiaries (target groups) | Entrepreneurs who have business contacts and a good cooperation between the entrepreneurs from Presevo and representatives of the public administration |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, etc.) | New jobs, growth in business activities in Presevo |
| Preparation situation of the project (i.e. production study, preliminary or final design, bill of quantity, evaluation of expense by engineers) | The draft project is a proposal, the necessary parameters connected to the free land and price will be provided by the municipal leadership. |

PROFILE FOR BUILDING HOTEL CAPACITIES AT THE LOCATION "LIVADHI I SHEHIT"

| | |
|---|---|
| Title of project | Building hotel capacities at the location "Livadhi i Shehit" along the highway M25 |
| Short description of project | Construction of a hotel, petrol station, restaurant |
| Basic commencement and objectives | Economic development for the poor population living in the mountain area of Presevo municipality, employing people from that area |
| Institutions for the implementation of the project | Private entrepreneurs |
| Assessment of the implementation period of time | 2006-2010 |
| Assessment of financial arrangement for investments | 100% private capital |

| | |
|---|--|
| Expected beneficiaries (target groups) | Users would be citizens from Presevo, businessmen from the territory of Kosovo, travellers that frequently use the M25 highway since it connects Presevo to the territory of Kosovo. |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, etc.) | There will be a development of tourism, tourism offers in the town, new employment, and especially it will liven-up the frozen situation of the mountain area of Presevo municipality in every way (in the sense of economy) |
| Preparation situation of the project (i.e. production study, preliminary or final design, bill of quantity, evaluation of expense by engineers) | Proposal of the Institute; necessary to have the parameter of the land price, ownership, and to remove the landfill from that area. |

PROFILE FOR THE CONSTRUCTION OF A HOTEL-RECREATIONAL FACILITY AT THE EXISTING LOCATION OF THE CARAVAJKA PRIMARY SCHOOL

| | |
|---|---|
| Title of project | Construction and renovation of the hotel-recreational facility at the location of the Caravajka primary school |
| Short description of project | Completing the existing capacities of 16 rooms, construct new ones and also construct a sports field |
| Basic commencement and objectives | Economic development of the mountain part of the municipality, make the capacities dedicated to the children and primary school pupil functional |
| Institutions for the implementation of the project | Municipal assembly, private entrepreneurs |
| Assessment of the implementation period of time | 2006-2010 |
| Assessment of financial arrangement for investments | Municipal assembly, foreign donors and private entrepreneurs |
| Expected beneficiaries (target groups) | Children that attend primary and secondary schools |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, etc.) | New employment, possibility for children to come on holidays, lectures in the nature, economic development of the mountain part of the municipality |
| Preparation situation of the project (i.e. production study, preliminary or final design, bill of quantity, evaluation of expense by engineers) | Necessary price parameters and time to obtain the construction permit |

PROFILE FOR THE CONSTRUCTION OF A HOTEL-RECREATIONAL CAPACITY AT THE LOCATION OF THE ARTIFICIAL LAKE IN BUSTRANJE AND ORAHOVICA

| | |
|---|---|
| Title of project | Construction of a hotel-recreational capacity at the location of the artificial lake in Bustranje and Orahovica |
| Short description of project | Construction of a tourism facility on an attractive location |
| Basic commencement and objectives | Economic development, new employment, developing tourism offers |
| Institutions for the implementation of the project | Private entrepreneurs |
| Assessment of the implementation period of time | 2006-2010 |
| Assessment of financial arrangement for investments | Municipal assembly, private entrepreneurs |
| Expected beneficiaries (target groups) | Citizens of Presevo and other neighbouring towns in the region |
| Expected profit (expected income or savings, new jobs, type and level of life quality improvement, etc.) | Improved quality of life for the citizens of Presevo, organized cultural and sports manifestations |
| Preparation situation of the project (i.e. production study, preliminary or final design, bill of quantity, evaluation of expense by engineers) | Necessary parameters: construction of essential infrastructure, land ownership, construction permit |

**Program for guiding and stimulating the development of tourism
In the municipality of Presevo**

The main objectives of the Program for guiding and stimulating the development of tourism in Presevo municipality in the next 10 years are:

- Intensifying the whole number of tourism industry through the full usage of the existing capacities, improvement of structure and production qualities, and also other important factors of their competitiveness, through potential innovations, selections and trade.
- Reintegration of Presevo as a tourist destination on the local and regional market, who can successfully carry out the harmonization of structure, quality and price of products and services, upon the request of local requirements, through an intensive promotion of tourist products,
- Increasing the intensity of local tourism in order to achieve good economic, social, demographic, ecological and other effects.
- An efficient and stable direction in the development of tourism which can be achieved with constant innovative measures and activities
- Construction of economic environments that will have a stimulative impact on investments and the improvement of commercialism in this branch of economy.

The special objectives of the Program are:

1. The development of small and medium enterprises in the area of tourism,

2. The establishment of tourist organizations in Presevo town, which would serve as a logistics in the development of tourism and tourist capacities,
3. Improving accommodation offers with the construction of several facilities of different categories,
4. Construction of the infrastructure which is an essential part of tourism development,
5. Construction of a facility in accordance with the modern market requirements,
6. Advancing the high quality offers with the revitalisation and modernisation of the existing objects,
7. Advancing the quality of offers through the construction of new objects,
8. Making the tourist season longer,
9. Developing tourist activities in accordance with development principles.

In order to overcome the obvious problems of the municipality of Presevo, regarding infrastructure facilities and the construction of tourism facilities as organizational elements for the development of tourism, it is necessary to undertake the following measures:

- To adjust and use adequately the land dedicated for general recreational purposes and tourist services,
- To construct the municipal infrastructure that belongs to the extreme technical system of a high level, respectively to the local traffic, parking, bus stations, water pipe system, and supply the sewage system with the necessary equipment for filtering black waters, it's necessary to adjust public space (like squares, open markets, the zebra crossings, playgrounds etc.),
- To construct sport and recreational facilities.

In order to develop a tourism offer for Presevo municipality it is necessary to fulfil the following conditions:

- To fix the spaces outside of the pansions in accordance with the market requirements. Construct specialised tourist facilities (eco-hotels, boutique-hotels, village hotels, family pansions, etc.)
- Implement projects that satisfy tourism requirements like historical, cultural and other anthropogenic attractions of Presevo, situation outside of the pansion location.
- Implement the Project of cross-border cooperation in tourism
- Educational and social projects in tourism, which are dedicated to young people and the identified vulnerable groups

Attractive locations for the construction of tourism facilities in Presevo municipality:

1. Following their research work on the field, the team from the SME Institute has identified that Presevo municipality first needs a hotel to be constructed in the centre of the town, with the accommodation capacity of 50 rooms, and all additional facilities (restaurant, bar). The construction of a hotel is inevitable having in mind that the goal is for the municipality to develop economically, and especially since there's a plan for Presevo municipality to implement the project of the Free zone or Industrial park. Economic development itself will need an increased capacity and quality of tourist offers. The hotel should be categorized as a three star hotel, with a broad spectre of offer that will be acceptable and attractive for local visitors as well as for visitors from abroad.
2. Also, another attractive location for the construction of tourist facilities and promotion of tourism in Presevo is the land along the M25 highway, which looked at perspective will be visited more frequently and are more closely linked to business, family ties and cultural connections between citizens of Presevo municipality and municipalities close to the border with Kosovo.

The first condition for even starting to think about constructing a tourist facility on this location is to move the landfill to another location. At this location we suggest the construction of an object on the part called "Livadhi i Shehit", with a 20 room capacity, an

ethno restaurant, and ethno house which will offer and have everything typical and traditional for this area. First of all, there has to be food and specialties from Presevo (i.e. "Flia") and souvenirs that are typical for the people living in this municipality and its history. We also suggest that a petrol station be built as part of that tourist facility. Not far from this location we suggest the renovation of the capacities within the primary school in Caravajka, since that would be ideal for school tourism, recreational teaching, lectures in the nature, etc. This location will only be attractive for the municipality of Presevo, it will also be interesting for the neighbouring municipalities and pupils from the territory of those municipalities. We suggest making those capacities operational and transform them into sports fields.

3. The location at the border crossing with Macedonia is very attractive and suitable for the construction of a motel with 25 rooms, with all additional facilities (petrol station, mixed goods store, barbeque, restaurant, ATM, car wash) and parking space and rest space. The construction of such an object is planned in the Project for the construction of facilities on Corridor 10 and is a necessity, having in mind the great frequency of vehicles on the destination Leskovac- Presevo, and the average being 10.000 per day.
4. The location Bustranje and Orahovica, construction of a multifunctional facility equipped with sports fields, restaurants, fast food, possibility of organizing sports competitions and maybe even institutionalize the competition and make it an annual tradition (cultural days, poetry days, etc.).

Table no.1. SWOT analysis for the construction and promotion of tourist capacities in Presevo municipality

| STRENGTHS | WEAKNESSES | OPPORTUNITIES | THREATS |
|--|--|--|--|
| Attractive locations | Lack of infrastructure on the location of Livadhi i Shehit and the border crossing | Possibility of economic revitalization with the implementation of the strategy for economic development | Tourist offers of the towns close to Presevo, tourist offers in the region |
| Corridor 10, the M25 highway towards Gnjilane, Presevo town center, artificial lake in Bustranje and Orahovica | Presence of landfill close to the location of Livadhi i Shehut | Possibility for R. of Serbia to invest in the underdeveloped territories of southern Serbia. | |
| Frequency of ground traffic at the mentioned locations, the centre of town is in good shape and with relatively good infrastructure. | Lack of economic development, unemployment, insufficient usage of cross border cooperation and not very good infrastructure. | Investments of international organizations, especially in infrastructural projects | |
| | | Using the grants offered by international organizations to develop entrepreneurship and active employment, all with the purpose of increasing the standards of citizens. | |

NOTE: The translated material is only one part of the strategy for the development of Presevo municipality 2005-2015, and was prepared, that is translated, to serve as a discussion material, since the complete strategy is on the CD which was given to you earlier.