



REPORT

ON THE RESEARCH AND ANALYSIS OF THE ECONOMICAL CHARACTERISTICS IN THE CROSS- BORDER REGION OF MONTANA DISTRICT (BG) AND BOR DISTRICT (SR)



REGIONAL POLICY - INFOREGIO

BGMA

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OBJECTIVE OF THE RESEARCH

The research and further analysis of the economical characteristics in both cross-border areas – Montana District (BG) and Bor District (SR) aim to identify the opportunities for development and synergy of small and medium business in the researched border areas and the potential and opportunities for development of new activities for creation of employment and identification of new resources.

TARGET GROUP OF THE RESEARCH

The research is elaborated for both districts – Montana and Bor and their municipalities as follows:

For Montana District – including 11 municipalities: Montana, Lom, Chiprovtsi, Varshets, Berkovitsa, Boychinovtsi, Brusartsi, Valchedram, Georgi Damyanovo, Medkovets and Yakimovo.

For Bor District – including 4 municipalities: Bor, Kladovo, Majdanpek and Negotin

METHODOLOGY

The research combines analytical-assessing and applied cognitive methods. Researched is a set of data based on which are determined the main characteristics of both districts that are object of the research. The timeliness and accuracy of data concerning population and indicators used for the density, age, level of unemployment, etc, are guaranteed by the usage of data published by state agencies such as NSI (National Statistical Institute), as well as by the laid down indicators and indexes in the development strategies and plans of relevant districts, approved by local structures at district and municipal level.

The research is based on the detailed analysis of following fields of both reviewed cross-border regions: availability of natural resources, population, workforce, administrative division, volume, temps and structure of manufacturing, education, tourism, sports and places for leisure and recreation.

So called general scientific and economical-statistic methods could be considered as main groups of methods applied.

General scientific methods used are mainly analysis, synthetic research, inductive and deductive methods, classification, grouping and systematization.

In the usage of *economical-statistic methods* the focus is on the statistic indicators in the territorial units. In order to be clearer the tendencies are expressed in tables and graphics which aims facilitation of information acceptability.

The report is divided in two separate parts:

Part I – Preliminary Research

Part II – Analysis of Data (SWOT analysis)

PART I – PRELIMINARY RESEARCH

PRELIMINARY RESEARCH – MONTANA DISTRICT

Montana District is located in the North-West Region of Bulgaria together with four more districts – Vidin, Vratsa, Lovech and Pleven (the last two districts are included to the North-West Region in 2008 by the Regional Development Act (amd. SG/50-30/05/2008). The location of the whole region determines its importance as a strategic hub.

Following indicators should be reviewed as a benchmark in order to be determined the place of the district among the rest in the North-West Region:

- ❖ *Second* in accessibility
- ❖ *Third* in territory size, number of population, employment indicator, level of unemployment
- ❖ *Fourth* in density of urban network and GNP per capita
- ❖ *Fifth* in share of population having university degree

Montana District is located between districts of Vidin (west) and Vratsa (east). In the north the district borders with Romania, as the Danube River is the border line, as in south Montana borders with the South-West Region of Bulgaria. The South-West border with Serbia is important for the current project which makes it cross-border area and is a prerequisite for development of closer cooperation with border territories from Serbia.

The district of Montana has total area of 3 635,6 km², that is 3,26% of the territory of Bulgaria.

As it was already mentioned the district has serious potential for becoming a strategic national hub. Municipalities of Lom and Valchedram are border territories with Danube River (Pan-European Corridor VII of the TINA Network). Also the territory of the district is passed by Corridor IV (Road E79) of the same European Network: Vidin – Montana – Vratsa – Sofia – Kulata. Municipalities Montana and Lom are part of Road II-81 including Sofia – Petrohan – Montana – Lom that has direct connection with the Harbor of Lom.

Three of the largest municipalities in the district – Montana, Lom and Berkovitsa has larger concentration of workforce than other 8 municipalities, thus the main investments in the region are focused there.

According to the data announced by the last census of Bulgaria the population of Montana District is 148 098 inhabitants (2011) from which 63.7% is the urban share and 36.6% - rural. The territory of the district is divided into 8 towns and 130 settlements.

Montana Municipality has 24 settlements of which 1 town (Montana) and 23 villages. It has 676,11 km² (18,68% of the district territory).

Border municipalities:

- ❖ North – Brusartsi, Medkovets, Yakimovo, Boychinovtsi
- ❖ South – Chiprovtsi, Georgi Damyanovo, Berkovitsa, Varshets
- ❖ East – Krivodol (Vratsa District)
- ❖ West – Ruzhintsi (Vidin District)

As an administrative center of the municipality, Town of Montana, located on the Ogosta River is largest not only in territory but also in population – 53 856 citizens of which 81% live in towns and 19% in the villages. Ogosta Dam is located on the southwest of Montana. The predominant terrain is hilly as the climate belongs to the moderate continental climatic area that is characterized with hot summer and cold winter. Large percent of the territory is occupied by agricultural lands (approx. 74%) as 16,8% are forests with mostly deciduous species such as beech, poplar and oak. Only 3,7% of the total territory is covered by water.

Over 2000 private companies are registered in Montana Municipality as more than 50% of them operate in the field of trade and services. Other main sectors are mechanical engineering, electrical engineering, food industry, hotels and restaurants.

Municipality of Lom is well known with its harbor which is second largest on the Danube River in Bulgaria. It serves as a connection between Bulgaria and Western Europe and the White Sea Region. In the south Lom borders with municipalities of Brusartsi, Medkovets, Yakimovo and Valchedram. Municipality of Lom has 10 settlements (1 town – Lom and 9 villages) with total population of 28 139 inhabitants (2011) from which approximately 80% live in the town. The territory of the municipality is 323.88 km². 89% of the population is Orthodox, about 10% are Protestants and 1-2% are Muslims.

Municipality of Chiprovtsi is located on the border with Serbia. The number of the population is 3 715 inhabitants as the most interesting fact is that the proportion between rural and urban population is almost equal (1 887 to 1 828 inhabitants). The administrative center is Chiprovtsi Town as together with 9 villages they have territory of 286.88 km².

Municipality of Varshets is located in the southernmost part of Montana District. It has territory of 240.11 km². The number of population according to the last census is 8 203 inhabitants most of which live in the administrative center – Town of Varshets. Todorini Kukli Peak (1785 m.), which is one of the highest peaks of Stara Planina is located on the territory of the municipality. Varshets has mineral springs which are well known with their healing properties.

Municipality of Berkovitsa is also located in the southernmost part of Montana District, in the southwest of Montana Town. The total number of population is 18 803 inhabitants from which 13 463 live in the town. The number of settlements are 20 (1 town – Berkovitsa and 19 villages) located on total area of 464.37 km².

Municipality of Boychinovtsi is located on southeast of Montana Town, the administrative center of the district. Its western part borders with municipalities of Valchedram, Yakimovo and Montana, and the eastern parts border with Vratsa District. The population of the municipality is 9 272 inhabitants as here the proportion rural/urban population is unequal to this in the above mentioned municipalities. Over 80% live in the villages, as the exact number is 7 705 inhabitants. The total area of 308.33 km² is divided between 13 settlements (1 town – Boychinovtsi and 12 villages). The territory of municipality is crossed by the middle reaches of Ogosta River and lower river Botunya. The average altitude is 138.7 m. The one of the most important characteristics of the municipality is the availability of the rare water lily (White Water–Lily or Castalia Alba), distributed along the river Ribine in the village of Lehchevo. The one Flight Centre in North-Western Bulgaria for Air and Extreme Sports is located on the territory of village of Erden, Municipality of Boychinovtsi.

Municipality of Brusartsi has population of 5 078 inhabitants from which 76% live in the villages. The municipality includes 1 town – Brusartsi and 9 villages. The territory of 194.43 km² ranks it among the smallest municipalities in Montana District as regards the territorial indicators. As demographic indicators show the situation is severely impaired during the last years. Mortality rate three times more than the birth rate, population growth is negative and the number of Roma population continues to grow significantly.

Municipality of Valchedram is located on southwest of the Town of Lom. The distance between the center of Valchedram to the district center – Montana – is 50 km. the territory of the municipality is 429 km², which are 11,8% of the territory of Montana District. Valchedram has 9 900 inhabitants according to the last census. 63% of them are living in rural areas distributed among 10 villages. The administrative center is the Town of Valchedram which has ancient history proof of which is the number of archaeological monuments dating from the Thracian and Roma Epochs.

Municipality of Georgi Damyanovo has population of 2 771 inhabitants from which 51% are men. This fact shows the opposite trend to the common for Bulgaria and Europe – the number of women to be greater than the number of men. The municipality has 13 villages and no town as its territory is 298 km² and is located in the Valley of Ogosta River between the Kopren Peak in the Western part of Stara Planina and Wide Mountain (Shiroka Planina) –

Fore-Balkan in the north. On the southwest the municipality borders with Serbia. The mountainous part is easy accessible and very suitable for tourism. The Dalgoselska Ogosta River which is main tributary of Ogosta River flows from the territory of the municipality. The area is a unique combination of mountain, fore-mountain, forests and spring waters. Additional prerequisites for tourism development are the Monastery of Lopushna, Kopren Cabin and eco-tracks built to the picturesque waterfalls Langin Jump, Durshin Jump, Water Jump, etc.

Municipality of Medkovets comprises of 5 villages has the administrative center the village of Medkovets located at 38 km. distance from the district center Montana Town and 26 km. from the Town of Lom. The territory of the municipality is 191.09 km² which is the last in line based on this indicator in the whole Montana District. Two very important roads pass across the municipality – Road E79 (Lom – Sofia) and railway Sofia – Vidin. According to the last known data the number of the population is 4 029 inhabitants.

Municipality of Yakimovo has territory of 220.98 km². It comprises of 4 villages and is the smallest municipality as regards the number of settlements. Village of Yakimovo is the administrative center of the municipality as the population is 4 332 inhabitants. The agricultural land is 203 994 acres and over 60% of it is processed by 4 cooperatives. As an agricultural land the main occupation of the population are the livestock breeding and crop production. In 1972 near Yakimovo Village has been discovered a silver treasure from III-I century B.C.

NATURAL RESOURCES

Topography of Montana District is a diverse mix of lowland fields (Petrohan Col) and plains (Orsoya Lowland, Danube Plain), valleys and hilly areas (Fore-Balkan) and mountainous parts (Stara Planina). The highest point is located in the southern part of the district, in the Western Stara Planina – Kom Peak, with 2016 m. of height.

Plants and animal species – as a whole the dominant trees in the district are beech, oak, hornbeam, white pine, black pine and spruce. Slopes of the mountain are covered with deciduous trees, as there are coniferous forests due to human interference. In the municipality of Berkovica there are natural stands of chestnut forests. In the region could be found a wide variety of typical Bulgarian herbs including yellow and red cilantro, oregano, lemon balm, yarrow, lime, black elderberry, black and red hawthorn, red peony, etc. In the forests of the Fore-Balkan could be found typical for this part of the country variety of animal species -

deer, red deer, fallow deer, rabbit, wild boar and pheasant. The area around the Bulgarian part of the Danube River is a home of wide variety of different species of birds, some of which have the status of protected species. Birds in the area are represented by more than 100 species, most of which are permanent residents of the area.

Climate and waters

As it was mentioned above the climate in Montana District is moderate continental. It is characterized with high temperatures in the summer and low temperatures in winter. The average annual temperature is 11,1 degrees Celsius. In the mountainous parts that cover territories of the Fore-Balkan and Stara Planina the climate is changing and becomes slowly in a typical for mountainous areas with larger temperature amplitudes, especially during the summer period.

The territory of Montana District is passed by 3 rivers not very abounding in water – Ogosta, Tsibritsa and Lom. 50 micro-dams ensure the needed for irrigation of agricultural lands waters. The needs of drinking water for the population are met by Ogosta Dam and Srechenska Bara Dam.

Ogosta Dam is the largest in Bulgaria with earth-embankment wall and one of the largest on the Balkans with its capacity of 500 million m³. The second dam – Srechenska Bara has capacity of 15.5 million m³ and is used for water supply not only for Montana District but also for the Town of Vratsa.

The most important water resources are the hot springs in Varshets (known as a SPA resort) and village of Spanchevtsi. Properties of their water has proven effect in the treatment of cardiovascular diseases, diseases of the central and peripheral nervous system, endocrine and metabolic diseases, musculoskeletal apparatus diseases, etc. Hot springs are discovered also in Berkovitsa Municipality (villages of Barzia, Borovtsi and Zamphirovo) as well as one spring in the village of Dalgodeltsi (Municipality of Yakimovo).

Soils in Montana District comprises of 3 types, passing from one to other type from north to south:

- Danube Plain – fertile black soils
- Fore-Balkan – grey forest soils
- Part of Stara Planina – brown forest soils and mountain meadow soils

Agricultural lands prevail in the northern parts of the district mainly in the municipalities of Medkovets, Brusartsi, Lom, Boychinovtsi and Valchedram (in these municipalities agricultural lands represent more than 80% of their territory).

Forests occupy average 50% of the territory of the mountain municipalities of Chiprovtsi, Varshets and Georgi Damyanovo.

Minerals on the territory of Montana District have local importance and do not have a potential for development serious by volume exploitation mainly due to their quantity and quality. Below a brief review of the minerals in the 11 municipalities is presented:

- ☑ Building materials – quarries for limestone, sand, industrial materials, granite, diabase, gravel
- ☑ Ferrous and non-ferrous metals – Municipality of Chiprovtsi
- ☑ Fluorite deposit – Municipality of Chiprovtsi
- ☑ Lignite – Municipality of Lom (on the territory of the so called Lom Coal Basin located between the rivers Tsibritsa and Lom)
- ☑ Iron, silver and lead ores – Municipality of Chiprovtsi
- ☑ Copper, silver and golden ores – villages of Govezhda, Diva Slatina, Dalgi Del and Kopilovtsi
- ☑ Fireclays – villages of Klisuritsa and Dolna Riksa

POPULATION OF MONTANA DISTRICT – DEMOGRAPHIC CHARACTERISTICS

During the census in 2011 the number of inhabitants of the District of Montana is 148 098 people, i.e. about 2% of the population of Bulgaria. Based on this indicator, Montana District occupies 18th place among the districts of Bulgaria. The depopulation trend of the district affects exclusively all 11 municipalities. The population of the area is characterized with relatively high migration mobility which is a result from the unfavorable economic situation of the territory. The internal and external migration together with the negative growth gives the district 3rd place based on the depopulation index as before it are only the districts of Vidin and Vratsa. The table below shows the decrease of the population by municipality for the period 2007 – 2011.

Number of population of Montana District by municipality

Settlements	2007	2008	2009	2010	2011
Montana District	161 161	158 291	155 899	153 066	148 098
Municipality of Montana	57 098	56 608	56 086	55 246	53 856
Municipality of Lom	31 170	30 663	30 198	29 618	28 139
Municipality of Berkovitsa	20 277	19 936	19 642	19 256	18 803
Municipality of Valchedram	10 986	10 641	10 398	10 116	9 900
Municipality of Boychinovtsi	10 466	10 148	9 915	9 746	9 272
Municipality of Varshets	8 860	8 692	8 605	8 433	8 203
Municipality of Brusartsi	5 769	5 599	5 469	5 394	5 078
Municipality of Yakimovo	4 793	4 620	4 535	4 453	4 332
Municipality of Medkovets	4 571	4 447	4 310	4 194	4 029
Municipality of Chiprovtsi	3 955	3 828	3 719	3 648	3 715
Municipality of Georgi Damyanovo	3 216	3 109	3 022	2 962	2 771

The next table shows the number of inhabitants of each municipality and the district as a whole based on gender index. The urban population exceeds the number of the rural population in the three largest municipalities – Montana, Lom and Berkovitsa. In the smaller municipalities where there is only 1 town the rural population exceeds significantly the urban population. From the municipalities with number of inhabitants below 10 000 only in Varshets the people living in Town of Varshets are three times more than these living in villages.

Population of Montana District by residence and gender in 2011

Settlements	Total			In towns			In villages		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Montana District	148 098	72 841	75 257	94 345	46 328	48 017	53 753	26 513	27 240
Municipality of Montana	53 856	26 626	27 230	43 781	21 593	22 188	10 075	5 033	5 042
Municipality of Lom	28 139	13 675	14 464	22 507	10 953	11 554	5 632	2 722	2 910
Municipality of Berkovitsa	18 803	9 179	9 624	13 463	6 587	6 876	5 340	2 592	2 748
Municipality of Valchedram	9 900	4 819	5 081	3 662	1 781	1 881	6 238	3 038	3 200
Municipality of Boychinovtsi	9 272	4 614	4 658	1 567	794	773	7 705	3 820	3 885
Municipality of Varshets	8 203	4 018	4 185	6 270	3 086	3 184	1 933	932	1 001
Municipality of Brusartsi	5 078	2 536	2 542	1 208	600	608	3 870	1 936	1 934
Municipality of Yakimovo	4 332	2 145	2 187				4 332	2 145	2 187
Municipality of Medkovets	4 029	1 977	2 052				4 029	1 977	2 052
Municipality of Chiprovtsi	3 715	1 840	1 875	1 887	934	953	1 828	906	922
Municipality of Georgi Damyanovo	2 771	1 412	1 359				2 771	1 412	1 359

Women are 50.2% of the total population as men are 48.8%. The table shows 3 interesting facts in Montana District related to the ratio men/women. For the country as a whole, for Europe and for the district women are more than men. But as the data show in the above table and colored in yellow, in Town of Boychinovtsi (Municipality of Boychinovtsi) and in the villages of Brusartsi and Georgi Damyanovo municipalities the ration men/women is in favor of men.

The Bulgarian ethnic group includes 123 820 people (86,3%) of individuals that have voluntarily declared their ethnic origin, and preponderates in all municipalities. The second place is for the Roma ethnic group with relative share of 12.7 %, which makes the Montana District the place with the largest relative share of Roma people in Bulgaria. The Turkish ethnic group is 0.12% as the remaining less than 1% are representatives of other ethnic groups or do not determine themselves.

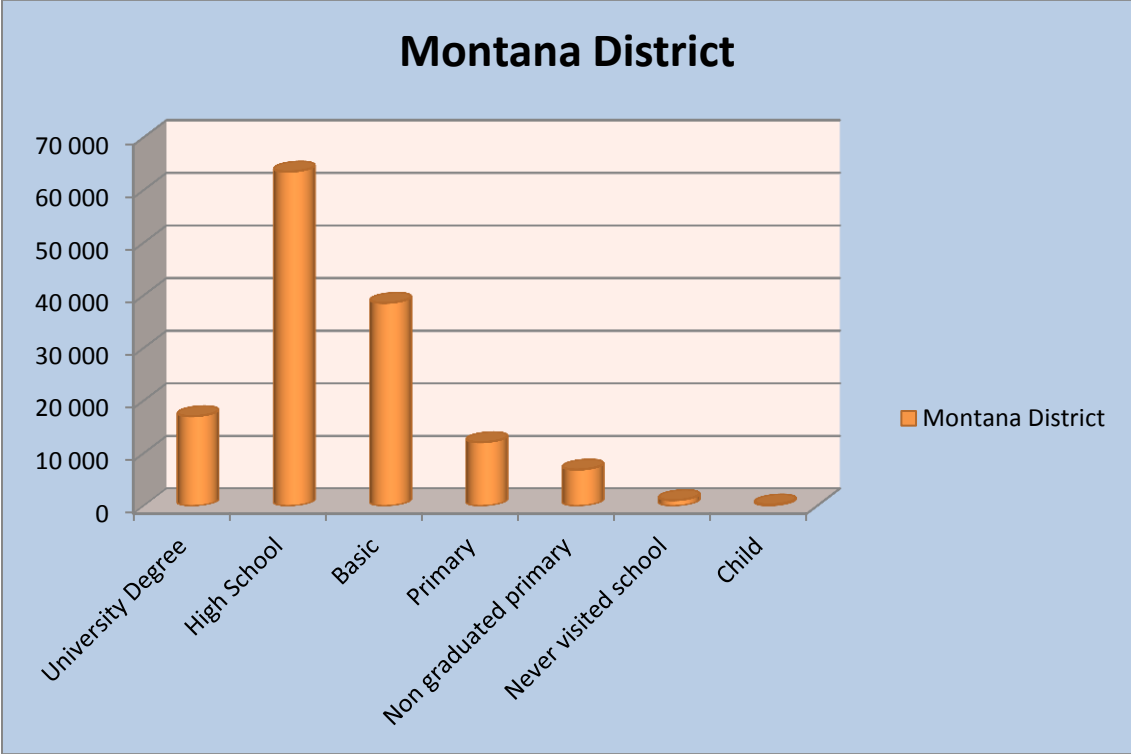
Population of Montana District aged 7 and up by municipality and education

Settlements	EDUCATION							
	Total	University	High school	Basic	Primary	Non-graduated primary	Never visited school	Child
Montana District	<i>139 634</i>	17 068	63 538	38 595	12 128	6 922	1 115	268
Municipality of Montana	<i>50 613</i>	8 551	26 614	9 806	3 143	2 166	218	115
Municipality of Lom	<i>26 572</i>	3 372	12 305	7 268	2 176	1 234	181	36
Municipality of Berkovitsa	<i>17 717</i>	2 112	7 490	5 072	1 781	976	254	32
Municipality of Valchedram	<i>9 331</i>	519	3 197	3 652	1 157	680	100	26
Municipality of Boychinovtsi	<i>8 716</i>	477	3 420	3 173	1 002	506	124	14
Municipality of Varshets	<i>7 633</i>	819	2 997	2 221	997	524	63	12
Municipality of Brusartsi	<i>4 831</i>	273	1 949	1 861	451	236	55	6
Municipality of Yakimovo	<i>4 069</i>	197	1 420	1 728	419	250	45	10
Municipality of Medkovets	<i>3 823</i>	264	1 295	1 559	475	167	50	13
Municipality of Chiprovtsi	<i>3 624</i>	280	1 710	1 238	298	87	9	
Municipality of Georgi Damyanovo	<i>2 705</i>	204	1 141	1 017	229	96	16	

At 01.02.2011 the number of people having university degree in Montana District is 17068 persons or every 8th person (12.2%) has university degree. The data show that for 10 year period between 2011 and the previous census in 2001 the number of graduated university is increasing with about 3%. The persons who have high-school diploma are 45,5% of the population aged 7 and up. This is about 10% growth since 2001 (36,6%). For the same period the number of people with basic education in the district decreases from 31,9% to 27,6%, as well as of these with primary education – from 13,9% to 8,7%. Based on this it can be

concluded that the number of those with a higher level of education increases, although slowly.

The next chart shows the inhabitants by degrees of education graduated.



The indicator economic activity is one of the most important indicators of the economy in the district. In the table below are the data of the population by municipality in categories of employed; unemployed; students; retired; housewives; etc. It could be mentioned that the level of unemployment is relatively high. This, together with the large percent of retired, shows the negative trends in economy.

Population in Montana District by municipality over age 15 – economic activity

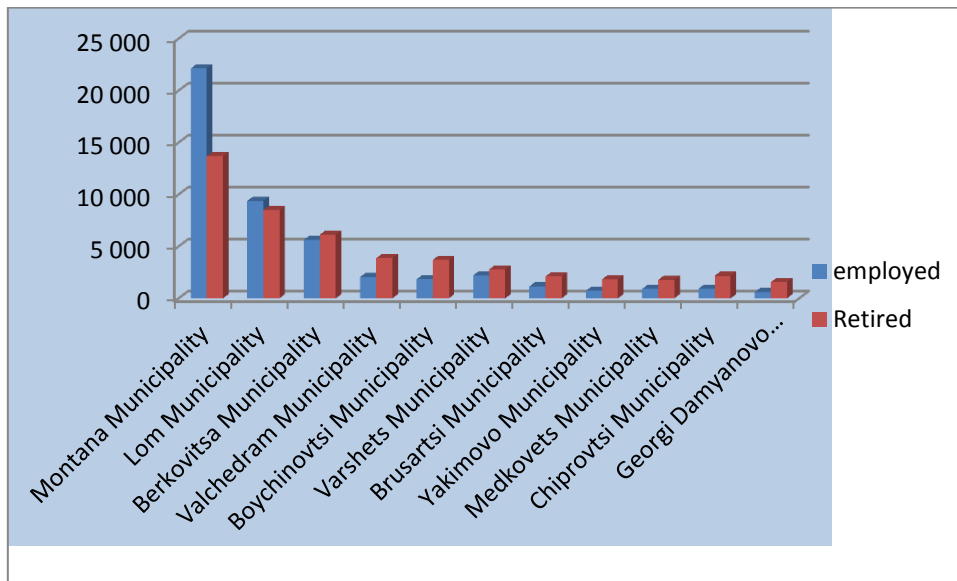
Settlements	Total	Economically active			Economically inactive				
		Total	Employed	Unemployed	Total	Students	Retired	Housewives	Other
Montana District	129 138	60 803	47 485	13 318	68 335	6 491	48 061	12 868	5 915
Montana Municipality	46 916	26 144	22 121	4 023	20 772	2 521	13 679	2 205	2 367
Lom Municipality	24 444	12 500	9 376	3 124	11 944	1 316	8 489	1 413	726
Berkovitsa Municipality	16 389	7 475	5 613	1 862	8 914	730	6 124	6 166	894
Valchedram Municipality	8 450	3 052	2 053	999	5 398	354	3 862	861	321
Boychinovtsi Municipality	8 079	2 743	1 825	918	5 336	419	3 695	633	589
Varshets Municipality	6 954	2 939	2 192	747	4 015	444	2 783	451	337
Brusartsi Municipality	4 508	1 868	1 155	713	2 640	219	2 108	194	119
Yakimovo Municipality	3 746	1 073	714	359	2 673	140	1 818	508	207
Medkovets Municipality	3 561	1 204	904	300	2 357	127	1 777	243	210
Chiprovtsi Municipality	3 487	1 069	927	142	2 418	80	2 164	109	65
Georgi Damyanovo Municipality	2 604	736	605	131	1 868	141	1 562	85	80

According to the data at 31/12/2012 the employment index for Montana District of 39.2 ppt is close to the index for the entire North-West Region (39.6 ppt) but lower than the index for Bulgaria for the same period (46.6 ppt).

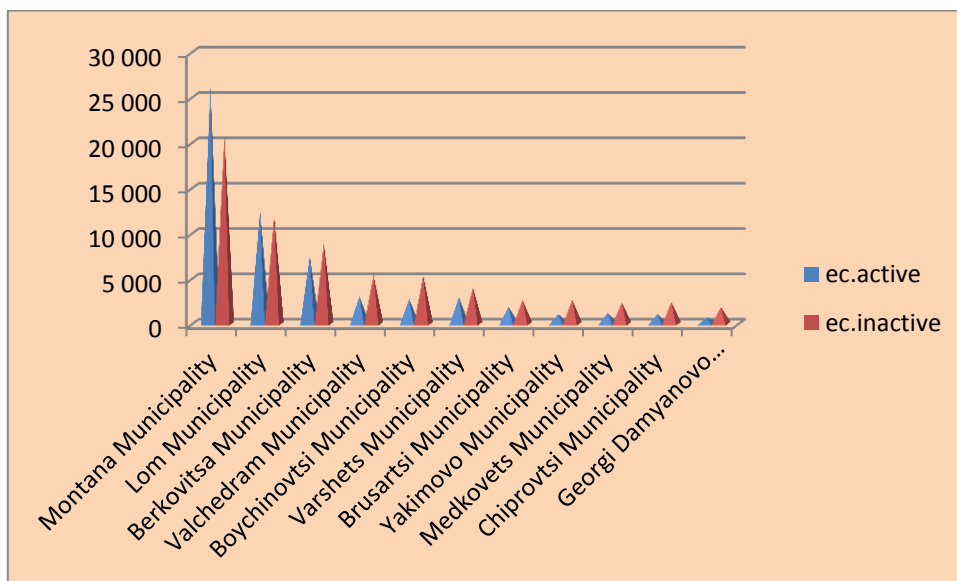
The situation is totally different with the unemployment index for 2012. For Bulgaria and entire North-West Region it is 12.3 ppt, as for Montana District is 14.9 ppt (second after Vidin District – 17.4 ppt).

The chart below shows the alarming statistics concerning the fact that the share of employed exceeds the share of retired only in both most populated municipalities – Montana and Lom. In the rest 9 municipalities the number of retired doubles the number of employed.

Population of Montana District by number of retired and economically active persons



The statistics presented graphically in the next chart below shows the ratio economically active/economically inactive people. Totally for Montana District the economically inactive inhabitants are 68 335 as the number of economically active is 60 803. These numbers come from the majority of municipalities. Only in both most populated municipalities – Montana and Lom the economically active persons are little more than the economically inactive aged over 15.



ECONOMIC CHARACTERISTICS OF MONTANA DISTRICT

Due to the specific of the research led by NSI and Eurostat most of the data concerning the district economy are before 2011. Montana District produces GNP over BGN 749 million that is 1.6% of the total GNP for the country for 2010. If we see the data for the same year, according to the GNP indicator per capita the district is located in the bottom of rating with BGN 4 894 as it is before only Vidin District (BGN 4 730) and Silistra District (BGN 4 518). The deteriorating economic indicators show slight rise for the period 2010-2011 in following categories:

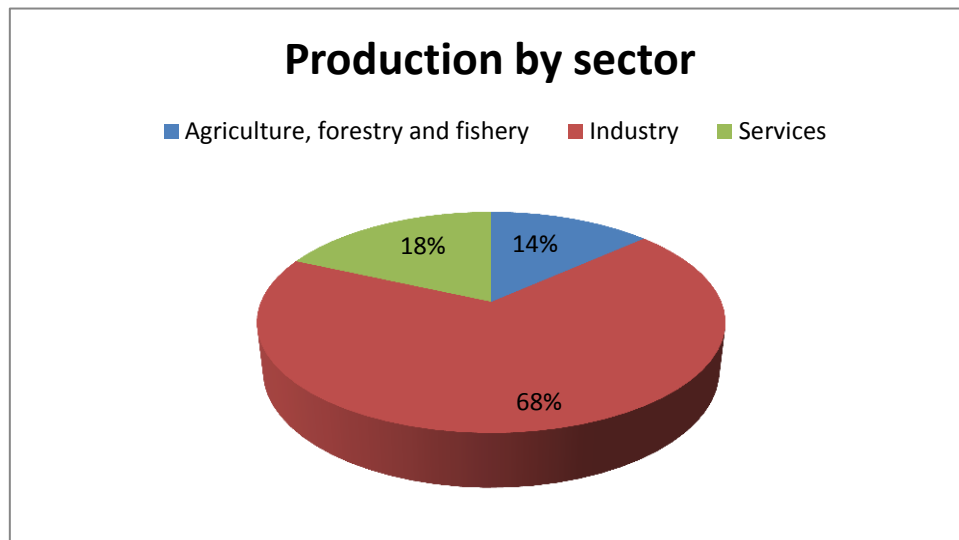
- ❖ *Production – 15% growth (from BGN 960 657 000 to BGN 1 129 839 00).*
- ❖ *Incomes from activity – 14.43% growth (from BGN 1 528 232 000 to BGN 1 850 803 000)*
- ❖ *Net income from sales – 18.4% growth (from BGN 1 331 097 000 to BGN 1 631 192 000)*
- ❖ *Long term fixed assets – 11.07% growth (from BGN 527 397 000 to BGN 0593 069 000)*

The number of registered enterprises working on the territory of Montana District for the period 2007 – 2011 increased with almost 12%. In 2007 the enterprises have been 3 967 as in 2011 their number is 4 517.

In the period 2007 – 2011 there were serious changes in some of the main economic sectors in the district. Agriculture, forestry and fishing as a sector have produced products for BGN 151 385 000 for 2011. Since 2007 the sector is increasing continuously and positively with growth of BGN 20-30 million per year. Compared with 2007 the production has been for BGN 39 939 000 as according to the recent data it exceeds BGN 150 million which is 13.4% of the share of production in Montana District in BGN. The industry as a sector that ensures the most value of the production in the district had 2 serious recessions – in 2009 and 2010. Only in 2011 the data show growth and exceeding the amount of BGN 678 205 000 in 2008 up to approximately BGN 772 000 000 in 2011. Thus the share of production from the industry is 68.3% according to the recent data. The percentage of services shows insignificant growth for the period 2007-2011 with little more than 1%. From 2007 to 2009 the sector of services has 1-2% growth as a share compared with the other sectors of economy and grows from 17% to 20.7% in 2009, but in the last years decreases to 18.3%. In value the services

showed slightly different trend. They mark a notable increase of nearly 34% over 5 years – from BGN 136.814 million in 2007. to BGN 206.572 million in 2011. There is a slight decline in 2009, but next year the decline has been overcome and the numbers go up.

As a whole the production produced in Montana District has a growth each year and in 2011 reaches the amount of BGN 1 129 839 000. In the chart below could be seen the percent of the three main economic sectors in the district for 2011.



The district is characterized with low investment interest from major investors. By that reason the number of enterprises grows slowly, the problem with the migration of population is growing and economy is presented mainly by micro-enterprises with up to 9 persons of staff. From 2007 to 2011 the number of micro-enterprises grows only with 3% that is a growth of 325 new enterprises for 5 years. According to the recent data in 2011 the number of micro-enterprises is 4 168 or 92.3% of the total enterprises in the district. At the same time the data about the level of entrepreneurship show that there is a proportion of 3 enterprises per 1000 persons. For comparison, the average number of newly established enterprises in the country is 51 per 1000 people.

The share of enterprises is changing slowly for the 5 years period (2007-2011) as the number of enterprises working in agriculture marks significant growth – increasing with about 200, but at the same time in the processing industry the drop is 44, i.e. 501 enterprises for 2011.

For Montana District the main fields of activity of enterprises in 2011 are following (given as numbers and percent):

- *Trade - 45.7% (2 064)*
- *Processing industry - 11.1% (501)*
- *Hotels and restaurants - 8.1% (365)*
- *Agriculture, forestry and fishing - 7.9% (355)*
- *Healthcare and social activities - 5.1% (230)*
- *Professional activities and research - 4.3% (192)*
- *Transport, storage and post services - 3.8% (170)*

The prevailing part of the enterprises acting on the territory of Montana District is of micro-enterprises with up to 9 persons of staff – 92.2% of the total number, as indicated above. It is interesting to note that only 8 enterprises or 0.2% of all active enterprises have over 250 employees, but they produce 1/4 of production and give job of 1.7 of the employed.

Structure of enterprises in Montana District in 2010

Size of enterprises	Share in %			
	Number of enterprises	Total number of enterprises in %	Volume of production	Number of employed
Total	4 484	100,0	100,0	100,0
Micro enterprises (up to 9 employees)	4 136	92,2	19,0	35,4
Small enterprises (10-49 employees)	284	6,3	23,2	25,5
Medium-sized enterprises (50-249 employees)	56	1,2	32,8	25,2
Large enterprises (over 250 employees)	8	0,2	25,0	13,9

It is not a surprise that about the half of enterprises in Montana District (51.4%) are concentrated in Montana Municipality. 16,2% of the enterprises are located in Lom Municipality. The third place is for Berkovitsa Municipality with 13,6% of the total number. The enterprises with over 250 employees are concentrated only in the municipalities Montana and Lom. They are 8 and their number stays unchanged in 2011.

Industry

As it was already mentioned, the main sector of the industry of Montana District is the processing industry that produces production for over BGN 600 million (prices for 2011). But in the sector there are a number of problems related to the uncertainty in the economy and lack of enough demand of production. In 2010 the investments were for BGN 41.6 million (40% of the total investments in the area). Foreign investments coming from countries such as Spain, Greece, Germany and Italy amounted to EUR 21 million.

Sectoral specialization in Montana District based on indicator “produced production” in amounts measured in prices for 2011:

- Production of electric facilities – BGN 184 338 000
- Production of metals and metal products – BGN 151 160 000
- Food industry – BGN 123 160 000

- ☑ Vehicles production – BGN 94 074 000
- ☑ Textile industry – BGN 40 658 000
- ☑ Manufacture of rubber and plastic products – BGN 20 673 000
- ☑ Logging and production of paper products – BGN 10 778 000
- ☑ Production of computers and communication equipment – BGN 300 000

For the period 2007 – 2011 there is increase in various degree in the food industry (41.2%), production of metals and metal products (90%). The real boom could be seen in the field of production of computers and communication equipment (222.6%) and vehicles production (165.3%). For the same period decrease could be seen in production of rubber and plastic products (- 47.6%), production of machines and equipment (- 39.4%) and logging and production of paper products (- 13%).

Building sector

During the last years the building sector is the most jeopardized in the whole district. In 2010 the volume of building activities measured in prices from the same year is almost twice less than this of 2009 as the decrease in the construction of buildings is 33,8%, as in the civic (engineering) construction – 55.6%. The share of the new constructions finished in 2010 is 86,6%, as the difference up to 100% includes the maintenance of already built facilities and repairs of existing objects.

Agriculture

The agriculture prevails in the northern parts of the district while the southern parts are more mountainous due to the closeness with the Fore-Balkan and more suitable for animal breeding and forestry. The farmland is 2 104 292 acres which is more than a half of the total territory. The number of farms is 9500 from which 1900 are located in Montana Municipality followed by Lom with 1290 and Berkovitsa with 1020.

Crop breeding

The climate conditions in the district are suitable for crop breeding, viticulture, fruit and vegetables breeding. There are prerequisites for large yield of strawberries that is not development in full. Strawberries, raspberries, blackberries and blueberries are grown in the district as there are already built facilities for their storage. The largest potential for

strawberries and raspberries yield have the semi-mountainous municipalities – Berkovitsa, Varshets and Georgi Damyanovo.

The vegetable breeding, cereals and part of the vineyards are located along the Danube River. Wine grape varieties are grown in the municipalities of Lom, Montana, Georgi Damyanovo and Berkovitsa. Plantations of sunflowers are wide spread throughout the area.

The areas that could be irrigated are 167 000 acres but only 2140 acres of them have been used in 2011. During the last years there is a trend these areas to be increased as in 2010 they were almost three times less.

Area occupied by crops (2011-2012)

<i>Types of crops</i>	<i>Area (acres)</i>
<i>Wheat</i>	<i>395 987</i>
<i>Barley</i>	<i>45 565</i>
<i>Triticale</i>	<i>2 800</i>
<i>Oilseed rape</i>	<i>67 576</i>
<i>Corn for grain</i>	<i>184 987</i>
<i>Silage maize</i>	<i>2 190</i>
<i>Oilseed sunflower</i>	<i>291 890</i>
<i>Oat</i>	<i>600</i>
<i>Potatoes</i>	<i>639</i>
<i>Tomatoes</i>	<i>130</i>
<i>Tobacco</i>	<i>300</i>
<i>Vineyards</i>	<i>7 118</i>
<i>Table grapes</i>	<i>153</i>
<i>Raspberries</i>	<i>895</i>
<i>Strawberries</i>	<i>330</i>
<i>Sour cherries</i>	<i>774</i>
<i>Cherries</i>	<i>303</i>
<i>Peaches</i>	<i>28</i>
<i>Plumes</i>	<i>298</i>
<i>Apples</i>	<i>465</i>
<i>Total</i>	<i>1 003 028</i>

Animal breeding

The animal breeding has years of tradition in the entire district. A cattle breeding is developed in the plain parts of Danube Plain as wool and goat breeding is developed in the southern parts. During the last few years there is increase in the number of animals as regards the breeding of rabbits, silk culture and beekeeping. At the same time the number of cows, sheep goats and fowls is decreasing.

Data about the number of animals by species in 2011, grown on the territory of Montana District presented by Municipal Directorate "Agriculture", Montana Municipality:

Species of animals	Number
Cattle	15 762
Cows	10 422
Buffalo	334
Female buffalo	217
Sheep	47 127
Ewes	32 599
Goats	22 229
Mother goats	16 404
Swine	8 676
Sows	893
Fowls	867
Laying hens	360
Broilers	439
Rabbits	13 150
Maternal rabbits	4 366
Bee families	21 916

Forests

According to the National Statistical Data (NSI) for 2011 forests of Montana District cover area of 851 553 acres with prevailing deciduous forests (about 80%). Forest areas are united in 5 state forestry departments that have following scope and territory:

SF "Berkovitsa" – includes municipalities of Berkovitsa and Varshets, area of 27 477hectares

SF “Govezhda” – includes Georgi Damyanovo Municipality, area of 17 084 hectares

SF “Lom” – includes municipalities of Lom, Brusartsi, Valchedram, Medkovets and Yakimovo, area of 6 558 hectares

SF “Montana” – includes municipalities Montana and Boychinovtsi, area of 15 982 hectares

SF “Chiprovtsi” – includes Chiprovtsi Municipality, area of 16 539 hectares

SERVICES SECTOR

The services sector includes mainly small enterprises as part of them is family business. The total number of enterprises operating on the territory of the district is 3480, as a significant part of them is located in the most developed municipalities – Montana and Lom.

Economic crisis affects also this sector and for the period 2010-2011 the incomes have grown up only with BGN 1.4 million. In 2010 the incomes are BGN 581,8 million as in 2011 – BGN 580,4 million.

The enterprises that operate mainly in the field of trade and repair of vehicles and motorcycles ensure 82.5% of the sales income in the sector and 44,6% of the production. 59 of total 2071 enterprises operating in the field of trade and repair of vehicles ceased their activity in 2010. At the same time the financial parameters of the branch are improving as in 2010 the trade enterprises closed their accounts with BGN 1 million more profit than 2009.

Activities related to transportation, storage and postal services take 18.2% of the services in the sector for 2010. Here also there is increase of incomes by current prices. The percent of increasing is 11% compared with 2009.

Other activities that have increased in 2010 are:

- Culture, sports and entertainment – 22,9%
- Creation and dissemination of information, telecommunications – 7,1%
- Real estate properties – 4,3%

The incomes of enterprises operating in the field of hotels and restaurants there is a drop of 6%.

TOURISM

The region has rich history which is a prerequisite for tourism development. In Antiquity the district was inhabited by the Thracian tribe “Tribali” as after by representatives of Slavs and Proto-Bulgarians. During the rise of the East Roman Empire settlements Montanesium (Montana), Almus (Lom) and Medeka (Varshets) are created in the area.

The district has beautiful and diverse nature – from plains in the north, picturesque coast and islands of the Danube River to the mountains in the south covered with forests and woodland. Mountain tourism, holiday tourism, hunting and fishing have potential for development. To that end could be used:

- *Natural park “Vratsa Balkan”, parts of which are in the territory of Varshets Municipality*
- *Natural reserves “Ibisha” and “Gorna Korja”*
- *Protected area “Kopren – Ravno Buche – Deyanitsa – Kalimanitsa” in Western Stara Planina*
- *Ogoste Dam with the largest open air complex in North-Western Bulgaria – sports and entertainment complex Augusta*
- *“Mishin Kamak” cave, located close to Gorna Luka Village, known with its underground lakes and exclusively stalactites and stalagmites*
- *Waterfall of Chiprovtsi*

600 cultural monuments are located on the territory of Montana District, mostly of local significance.

Among the touristic sites in the district could be highlighted:

- *Roman fortress “Kaleta” in Berkovitsa*
- *House-Museum of Ivan Vazov*
- *Clock Tower in Berkovitsa built in 1762-1764, 21.4 meters of height*
- *Klisura Monastery “St. St. Kiril and Metodiy”- fourth largest in Bulgaria and the largest eparchial monastery*
- *The Monastery of Lopushna “St. Yoan Predtecha” (St. John the Baptist)*
- *Monastery of Chiprovtsi “St. Ivan Rilski”*
- *“The Monastery of Dobridol “St. Troitsa” (The Trinity)*
- *Temples – cultural monuments of national importance*
 - *“St. Nicolas” Church in Dolna Verenitsa Village has icons from XVI – XVII century*
 - *The church “St. Vaznesenie Hristovo” (Ascension) in Chiprovtsi – symbol of brave of local people during the Chiprovtsi Rebellion*
 - *The Borun Church in Lom – destroyed several times where are preserved icons, apotheosis of the painters from the Debar’s School of Art*
- *Number of museums:*
 - *Historical Museum in Montana, created in 1953*
 - *Historical Museum in Lom, created in 1925. The building of the museum is announced to be a historical monument*
 - *Historical Museum of Chiprovtsi with collection from 1960th*
 - *Ethnographic Museum in Berkovitsa*

- *Mihaylova's House – Cultural Monument and the one fully restored house dating from the Bulgarian Renaissance period in the district*

The cultural richness of the district could be successfully used for development of cultural-historic tourism. Small picturesque villages are an excellent prerequisite for more attention focused on the rural tourism. Also Varshets Municipality has large potential opportunities for development of spa tourism thanks to its hot mineral springs with healing water.

PART II - SWOT ANALYSIS

STRENGTHS	WEAKNESSES
Second largest river harbor on Danube in Town of Lom	Negative demographic trends – ageing of population, depopulation of rural areas, high internal and external migration of workforce
Clean environment without serious pollution	Low level of innovations and competitiveness of enterprises in the district as a whole
Good geographic location, outer river border with Romania; common border with Serbia; proximity to Sofia and Vidin; the territory of the district is passed by Pan-European Corridors 4 and 7	One of the last places in the country by GNP volume per capita
Internet access in each municipality	High share of the illiterate Roma population with trends for increasing
Rich cultural and historic heritage of the district with cultural monuments of national and local importance	High level of unemployment
Well-developed network of professional high schools in Montana and Lom	Underdeveloped transport infrastructure needing serious investments
Good basis for development of agricultural sector	Lack of universities on the territory of the district
Minerals and healing hot springs	Large internal differences among municipalities
Unique natural resources – part of the Natutal park “Vrachanski Balkan”, reserves Ibisha and Gorna Korja; protected area Kopren – Ravno Buche – Deyanitsa – Kalimanitsa; Mishin Kamak Cave, Waterfall of Chiprovtsi	Lack of serious foreign investments in the district
Sustainable economy	Lack of consulting rooms, GPs and dentists in most of the villages

OPPORTUNITIES	THREATS
Opportunity for bio-agriculture	Despite of the increase of values of main economic indicators they stay below the average for the country
Creation of relations of close economic cooperation with Serbia and Romania	Prevailing part of the main economic activities are concentrated in the Town of Montana
Utilization of the potential for development of various types of tourism and attraction of foreign tourists from neighbor countries	Very slow introduction of new technologies in all fields
Opening of at least one university in shortest terms	Depopulation of rural areas and migration of workforce
Increasing the attractiveness of the region for investments and jobs creation	Deterioration of the existing irrigation facilities in agriculture due to lack of repairs and reinvestments
Creation of branch organizations in agriculture aimed joint efforts for application for EU grants and utilization of existing potential for development of agriculture and animal breeding	Increase of the level of unemployment
Implementation of explanatory campaigns for the rural population about the opportunities for development of rural tourism according to the natural resources	Poor participation of municipalities in the European programs and low level of implemented EU funded projects

PRELIMINARY RESEARCH – BOR DISTRICT

Bor District or District of Bor is one of the 29 districts on the territory of Serbia. It is located in the eastern part of the country and covers 3 507 km² of the territory of Serbia. The settlements are 90, as 6 of them are towns, the rest 84 are villages. The density of the population is 35.3 people per sq. meter as the number of the people is 124 992 according to the census implemented by the Serbian Statistical Institute (SSI) in 2011. The district covers 4 municipalities – Bor, Kladovo, Majdanpek and Negotin.

Municipality of Bor has 48 615 inhabitants according to the data from 2011, 34 160 of which live in the Town of Bor. The municipality is well known with one of the largest copper mines in Europe – „RTB Bor”. If we look in the history, Bor is a mining center since 1904 when French company started to process the resources discovered. The territory of the municipality is 856 km² divided in 14 settlements. The natural sites of the municipality are Bansko Pole, spa-resort Brestovachka Banya, Lake of Bor and Stol Mountain. An interesting fact for the municipality is that there are people from 32 nationalities, among which the largest groups after Serbs are Vlachs, Roma, Macedonians, Romanians and Albanians. During last years the pollution of the air from mining industry is a cause for gradually decrease of the population due to migration processes.

Municipality of Kladovo is located on the right coast of Danube River. The prevailing part of the population lives in villages, as the Town of Kladovo has 8 913 inhabitants (43% of the total number). The territory of the municipality is 629 km² divided in 23 settlements. Main economic subject is the water power plant built in the municipality. Beautiful sites are complemented by archaeological sites such as the ruins of the Trajan Bridge (bridge of the Roman emperor Trajan) and Roman fortress Diana.

Municipality of Majdanpek brings its name from the picturesque Town of Majdanpek. In Bulgarian the name is translated as Medenpek (copper is translated as *med* in Bulgarian) and comes from the copper mines. The population of municipality is about 18 000 as almost 7000 live in the administrative center of the municipality – Town of Majdanpek. The town is located in the middle of a hollow surrounded by wooded hills. The territory of the municipality is 932 km² and covers 14 settlements. Raykova Cave – one of the most beautiful caves in Serbia is one of the natural sites in the municipality.

Municipality of Negotin is located in the Negotin's Lowland between the rivers Danube and Timok with area of 1 090 km². The administrative center of the municipality is the Town of Negotin with total population of 16 716 inhabitants that is about 45% of the population of the municipality. Museum "Negotin" has archaeological finds dated from the Roman Empire to the Second World War. Another cultural object is the House-Museum of St. Mokranjak – the most famous Serbian composer of XIX century, born and raised in Negotin.

NATURAL RESOURCES

Natural sites that have been announced for protected areas are located in the district. More interesting and significant are the Natural Reserve "Bukovo" in Negotin with area of 10 hectares, natural reserves "Mustafa" with area of 10 hectares and "Horse Head" with area of 25 hectares in Majdanpek.

Municipality of Bor has *10 thermo-mineral springs* with healing water. The temperature of the water is between 32 and 42 degrees Celsius. The composition of the mineral water is used for healing of chronic diseases of the joints, muscles, and bone injury, nervous system, lumbago and other diseases.

Stol Mountain, located near Town of Bor is impressive with its karst formations. The highest peak of the mountain is 1 156 m. A cabin is built with capacity of 35 beds.

Raykova Cave, a.k.a The Cave of Rayko is located at 2 km. from Majdanpek. It is a river cave along which flows the Raykova River. In summer it is suitable for tourism because the river tunes inside are dry and the cave is accessible for people. The tourist route has length of 1410 meters which is near half of its length (2 304 meters). The trip takes an hour as the guides lead the tourists from April to the end of October.

Climate

Bor District is located in the temperate-continental climate zone. The climate is shaped by the prevailing influence of continental air masses in moderate latitudes and these formed over the Balkan Peninsula. The average January temperatures are from –2° to –3°C, as the average July temperatures are 25°, 27°C.

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Average high °C (°F)	3 (37)	4 (39)	10 (50)	16 (61)	22 (71)	25 (77)	27 (81)	27 (81)	23 (74)	16 (61)	8 (46)	4 (39)	15.4 (59.8)
Average low °C (°F)	-3 (27)	-2 (28)	2 (36)	7 (45)	12 (54)	16 (60)	17 (63)	16 (61)	13 (55)	7 (45)	2 (36)	-1 (30)	7.2 (45)
Rainfall mm (inches)	38 (1.5)	38 (1.5)	43 (1.7)	48 (1.9)	61 (2.4)	69 (2.7)	48 (1.9)	33 (1.3)	36 (1.4)	33 (1.3)	53 (2.1)	53 (2.1)	553 (21.8)

Source: Weatherbase

The mountain parts of the district form the Mountainous Climate Zone. It includes the areas with height over 1000 m. (areas around Stol Mountain). It is characterized with lower temperatures than in the plains and hollows, small temperature amplitude, clouds and precipitation, continuous and stable snow coverage, low atmospheric pressure and strong winds.

Minerals – the region is rich of copper ores and gold as the main deposits are concentrated in the municipalities Bor and Majdanpek. Silver deposits also are discovered but they are exclusively scattered across the territory.

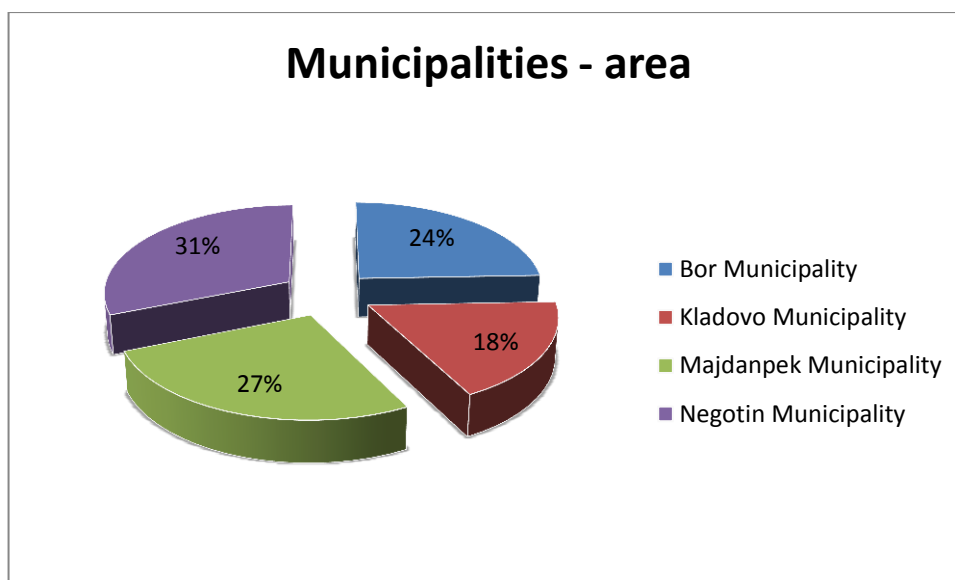
DEMOGRAPHIC CHARACTERISTICS OF THE POPULATION OF BOR DISTRICT

Data presented are taken from the statistics published by the Serbian Statistical Institute after the census in 2011.

As already mentioned, Bor District is located on territory of 3 507 km² divided in 4 municipalities – Bor, Majdanpek, Kladovo and Negotin. In the table below could be seen the data and area of each of the 4 municipalities as well as the settlements that they include.

District/Municipality	Territory (km ²)	Number of settlements
<i>Bor District</i>	3 507	90
Bor Municipality	856	14
Kladovo Municipality	629	23
Majdanpek Municipality	932	14
Negotin Municipality	1 090	39

For better presentation of the data in the next chart is shown the distribution of municipalities by territory index in %. The largest municipality in the district is Negotin followed by Majdanpek and Bor. The smallest is Kladovo (18%) of the territory of Bor District.

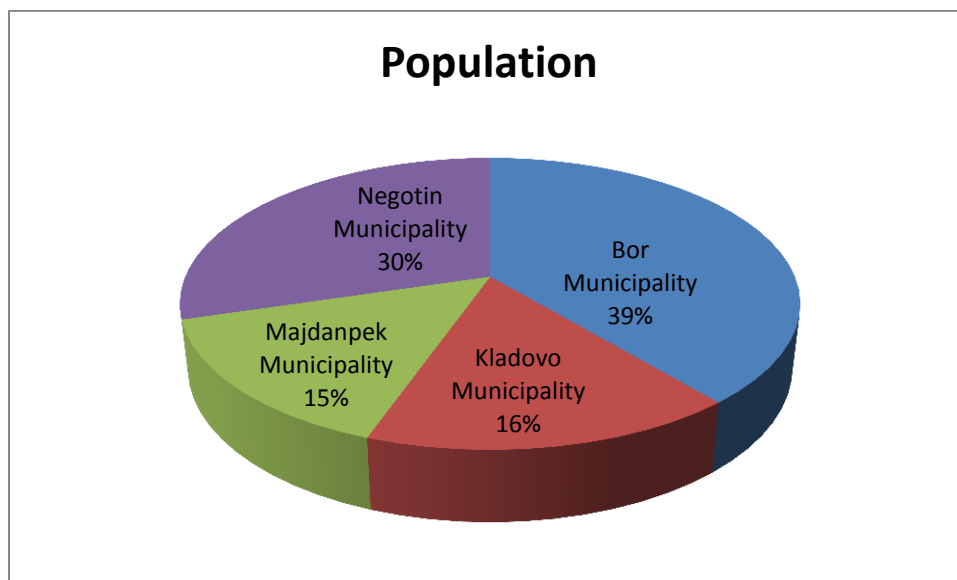


The population of Bor District according to the results from the last census in 2011 is 124 992 inhabitants. According the gender index women are more than men with little bit over 50% of the total number. Total for the district women are 51.12%. This is not a surprise but is a proof of the trend that could be seen in the European countries according which the number of women is a little more than the number of men.

Population of Bor District divided by municipalities and gender

District/Municipality	Men	Women	Total
<i>Bor District</i>	<i>61 096</i>	<i>63 896</i>	<i>124 992</i>
Bor Municipality	23 871	24 744	48 615
Kladovo Municipality	10 068	10 567	20 635
Majdanpek Municipality	9 331	9 355	18 686
Negotin Municipality	17 826	19 230	37 056

Although Bor is last in line by territory, the municipality in its capacity of administrative center of the district has a share of 39% from the total population. Kladovo Municipality is also last in line with 16% of the population.



Indicators of fertility, mortality and population growth

According to data from the census in Serbia implemented by the Serbian Statistical Institute in 2011 the index of fertility for the country is 9,0 ppt as the index of mortality is 14,2 ppt. That means negative population growth of -5,2 ppt. On this background the values of the indicators for Bor District are strongly deteriorated. For the district indexes of fertility and mortality are following:

- Fertility of 7.3 ppt (lower with 2 ppt)
- Mortality of -17.2 ppt (higher with 3 ppt)

The population growth for 2011 for Bor District is -9.9 ppt which is almost double than the index for the country as a whole. These values resulted from the trends of ageing of population and high degree of migration to other districts or countries.

The municipality with the highest fertility in the district, higher than the average for the country is the district center – Bor Municipality with 8.4 ppt, followed by the municipalities of Kladovo, Negotin and Majdanpek with values between 6.3 – 6.7 ppt. With the extremely high mortality is Negotin Municipality (22.2 ppt), followed by Kladovo with 19 ppt. The mortality index of Bor Municipality is equal to the average for the country. That gives the first place of Negotin Municipality as regards negative population growth (-15.6 ppt) as the last

place for Bor Municipality as regards population growth (-5.7 ppt), close to the values for the country.

Age structure

The average age of the population of Bor District for 2011 is 43.30 as for comparison the value for the country is 41,57. The average age of inhabitants in the municipalities of the district vary between 41 and 44 years. The working-age population is 66,87% of the total number as the preschoolers are almost 6%. It could be mentioned that their number is close in all municipalities excluding Bor which expresses the extremely equal distribution for this important group. In most Serbian districts the situation is totally different as the number of preschoolers varies in the municipalities with differences of +/- 50%.

Age structure of the population of Bor District by municipalities for 2011.

Age	Bor Municipality	Kladovo Municipality	Majdanpek Municipality	Negotin Municipality	Bor District
0 - 14	6 726	2 358	2 370	4 277	15 731
15 - 64	33 990	13 245	12 975	23 157	83 367
65+	7 899	5 032	3 341	9 622	25 894
Total	48 615	20 635	18 686	37 056	124 992

ECONOMICAL CHARACTERISTICS OF BOR DISTRICT

The numbers used for the preparation of this analysis are taken by the statistics published by the Serbian Statistical Institute about the economy of the country.

The budgetary incomes of the district for 2011 are RSD 3 195 591 000 (one of the lowest in the country) as the expenditures for the same period are RSD 3 023 114 000. Municipal administrations of the 4 municipalities commit themselves to keep the expenditures at level that not exceeds the incomes. On one hand this helps ensuring of sustainable economic environment, but on other hand is an obstacle for the serious investments of municipalities in sectors such as education, healthcare, infrastructure, etc.

According the data for the district the number of unemployed as a whole is 12 592 for 2011. The non-qualified workforce is 42.6%. This indicator is highest in Kladovo Municipality - 53.8%. The lowest percent of non-qualified staff has Bor Municipality – 37%. This

disturbing trend results from the low incomes and quality of life of the people as well as the lack of serious investments in education at local level.

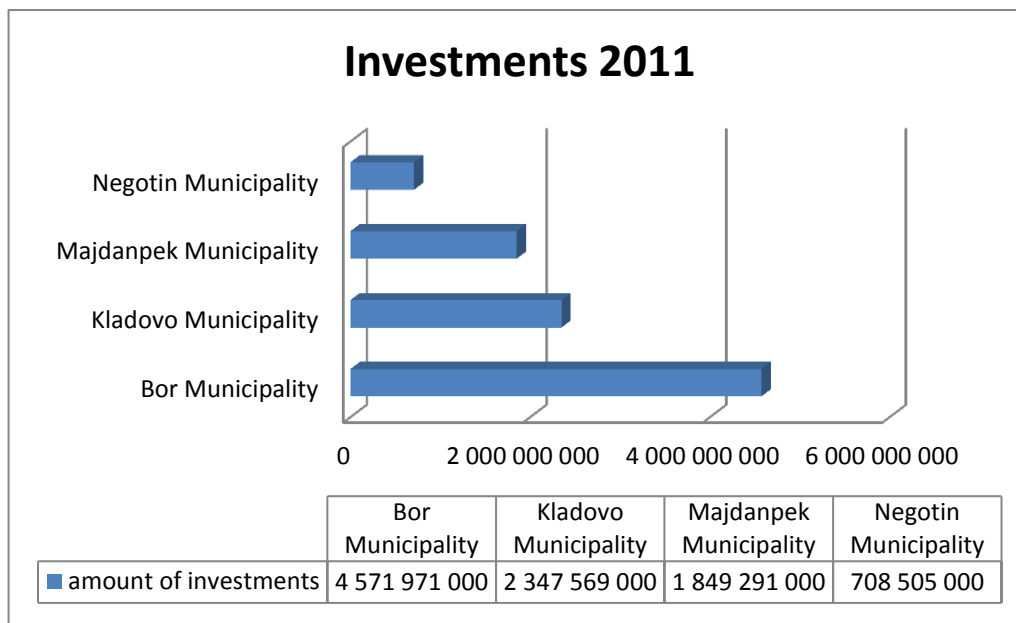
Economic sectors ensuring highest degree of employment in Bor District are flowing: (in number of employees for 2011)

- ❖ Manufacturing (5 193)
- ❖ Healthcare and social services (3 022)
- ❖ Mining industry (2 958)
- ❖ Education (2 370)
- ❖ Electricity and gas supply (1 483)
- ❖ Administration and civil protection services, obligatory social insurance (1 203)
- ❖ Transport and storage (1 044)
- ❖ Water supply services (893)
- ❖ Wholesale and retail trade, along with the repair of cars and motorcycles (1 532)

Here also could be mentioned the trend the main attractive center for job seeking to be the district center – Bor Municipality. Half of all employed in the district work there – 10 573. It should be taken in mind that it is the municipality with the largest number and qualified people in the whole district. Next in the general list is Negotin with 4,558 employees, Kladovo with nearly 4000 and Majdanpek with around 3500.

Mining industry is concentrated mainly in municipalities of Bor and Majdanpek. Employed in the field of healthcare and social services are almost three times more in the district center. The same situation is with employed in education, administration and researching. Real estate trade is poor developed in municipalities of Bor and Negotin. Agriculture, forestry and fishing sectors ensure job for at least 60-80 persons in each of the 4 municipalities.

Investments in new long-term fixed assets in total for Bor District amount to RSD 9 477 336 000. The investments in Bor Municipality are almost half of this amount – 48,24%. For Kladovo Municipality the percent is 24,77% for 2011. The third place is for Majdanpek Municipality with 19,51%. The smallest amount of investments in new long-term fixed assets has Negotin Municipality – only 7,48%. The chart below presents the data in graphic and table. The values are in RSD.



Main economic sectors where the above mentioned investments are made in 2011 are as follows:

Mining industry – RSD 4 906 479

Electricity and gas supply, etc. – RSD 2 717 973

Manufacturing –RSD 647 960

Construction – RSD 86 444

Wholesale and retail trade, repair of cars and motorcycles – RSD 61 517

Water supply services and maintenance of the network – RSD 27 403

Hotels and restaurants – RSD 27 390

Transport and storage – RSD 24 871

Agriculture, forestry and fishing – RSD 18 100

As it could be seen the main sector in the district is mining industry where almost half of the investments during the year are made. Their value even exceeds the total investments value in fixed assets for the whole Bor Municipality. Manufacturing, construction and trade also have good percent. It is not surprising the fact that the last place is occupied by agriculture, forestry and fishing. They drop down in the entire region and suffer from serious lack of financial resources.

The district is crossed by the following most important **roads**, connecting some of municipalities in the district with neighbor districts and towns. Key importance for the whole

district is the connection of the Town of Kladovo with one of the most significant industrial centers of Serbia and third largest city after Belgrade and Novi Sad – City of Nish.

E771 (M-25) Niš – Zaječar – Kladovo
M-25.1 Kladovo – Donji Milanovac – Veliko Gradište – Požarevac
M-24 Negotin – Majdanpek – Požarevac
M-4 Zaječar – Bor

Agriculture

Negotin Municipality has almost three times more agricultural areas than Kladovo and Majdanpek. This could be seen in the following two tables although data in them are in hectares. By that reason mainly agriculture is developed namely in Negotin Municipality. This is due to 2 reasons – the municipality has the largest territory from the 4 municipalities in the district and the largest number of rural settlements.

District/Municipality	Agricultural areas /sq.km/	%-of the territory
Bor District	1 696	48,4
Bor Municipality	502	58,7
Kladovo Municipality	287	45,7
Majdanpek Municipality	201	21,6
Negotin Municipality	705	64,7

Of crops planted on the arable land, with the greatest percentage are the areas with cereals – wheat and corn, and the main yields are in the Negotin Municipality. For the whole district the wheat yield for 2011 is 57 021 tons and almost such quantity of corn - 55 844 tons. Striking is that 80-90% of the crop is yielded by private lands owned by families from the district. The percent of the land owned by enterprises or cooperatives is minimal. At the same time the average yield is significantly higher in the areas owned by enterprises or cooperatives.

The second place is for the feed followed by vegetable gardens and industrial seeds that are seeded only on the territory of Negotin and Kladovo Municipalities.

Arable land (in hectares)

<i>District/Municipality</i>	<i>Crops</i>	<i>Industrial seeds</i>	<i>Vegetable lands</i>	<i>Feed</i>
Bor District	38 974	5 508	8 058	11 787
Bor Municipality	9 433		1 361	2 958
Kladovo Municipality	6 785	978	2 434	3 142
Majdanpek Municipality	3 595		742	1 261
Negotin Municipality	19 161	4 530	3 521	4 426

From so called industrial seeds in Bor District main arrays are of sunflower. Yield of this crop for 2011 is 11 622 tons, as again over 80% are coming from Negotin Municipality - 9 671 tons as the difference to 100% comes from the Municipality of Kladovo. In the municipalities of Bor and Majdanpek there are no arrays of sunflower.

From the vegetable areas Municipality of Kladovo has the largest yield of beans - 1 220 tons of total 2 432 tons. For the potatoes the yields are 11 198 tons in total. The distribution by municipality is following – Bor (2 460 tons), Kladovo (3 261 tons), Majdanpek (1 002 tons) and Negotin (4 475 tons).

As for the orchards the areas in the three of the municipalities are over 1000 hectares as in Kladovo Municipality they are only 279 hectares – mostly private lands and orchards with no economic importance. Negotin Municipality could be mentioned as the main source of grape yield in the region. Taken together, the territory of Bor and Negotin municipalities includes almost all grasslands in the district which is a serious prerequisite for development of animal breeding.

Area in hectares

District/Municipality	<i>Orchards</i>	<i>Vineyards</i>	<i>Meadows</i>	<i>Grasslands</i>
Bor District	4 031	4 007	47 483	37 469
Bor Municipality	1 292	388	12 767	19 728
Kladovo Municipality	279	851	7 104	3 141
Majdanpek Municipality	1 392	41	9 467	2 682
Negotin Municipality	1 068	2 727	18 145	11 918

Apples are prevailing in the orchards (3074 tons) and plumes (4045 tones). Below is the statistics of the number of trees by municipalities for 2011 and yield in kilograms per tree.

Bor Municipality:

✚ 43 810 apple trees with yield per tree average 14.5 kg.

✚ 72 040 plume trees with yield per tree average 6.8 kg.

Kladovo Municipality:

✚ 20 445 apple trees with yield per tree average 19.8 kg.

✚ 79 658 plume trees with yield per tree average 15.2 kg.

Majdanpek Municipality:

✚ 10 080 apple trees with yield per tree average 11.3 kg.

✚ 107 811 plume trees with yield per tree average 7.4 kg.

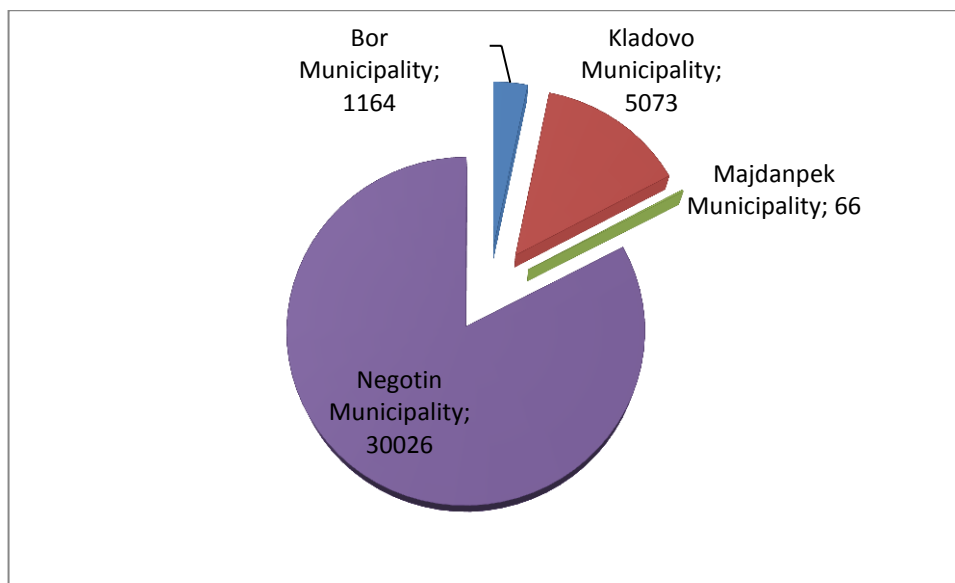
Negotin Municipality:

✚ 53 006 apple trees with yield per tree average 35.2 kg.

✚ 84 290 plume trees with yield per tree average 18.3 kg.

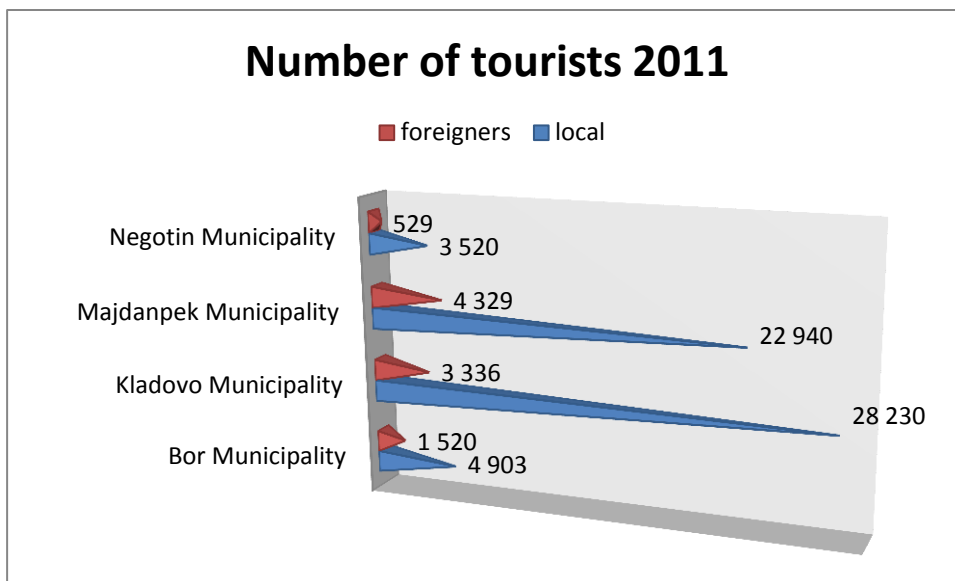
For the vineyards the crop for 2011 is total 36 329 tons for Bor District as this quantity distributed by municipalities has following graphic expression:

Production of grape in tons



Tourism

Below is the statistics of the number of tourists registered in the district in 2011. The data show that the internal tourism is much more developed and successful than the external. The number of tourists from different parts of the country is 59 593 persons. For the same period only 9 714 are the foreign tourists that visited the district. The most visited municipalities are Kladovo and Majdanpek, as Negotin as mostly rural area has the lowest attendance. Bor Municipality also is not very interesting as a tourist destination mainly due to the polluted air from the copper mining.



Bor Municipality has serious potential for development of following types of tourism:

- ✚ Rural tourism
- ✚ Cultural-historic tourism
- ✚ Spa tourism
- ✚ Cave tourism
- ✚ Mountain tourism
- ✚ Religious tourism

PART II - SWOT - ANALYSIS

STRENGTHS	WEAKNESSES
The district has good resources for agriculture and animal breeding	Lack of long-term planning by priority axis
Availability of minerals (mostly copper)	Low investment activity for the entire district
Rich cultural, historical and archaeological heritage	High unemployment index
Tolerance to other ethnic groups and multiethnic population	Trend for ageing of population
Availability of university – Technical Faculty of Bor	Poor municipal budgets
Business incubator in Bor	Unreleased touristic potential
Natural parks and sites that are of interest for the tourists	Lack of significant regional development projects for the population
Availability of high-qualified workforce in some of the municipalities with developed industry (mostly in Bor)	Lack of access to strategic Pan-European corridors
OPPORTUNITIES	THREATS
Common border between Bulgaria and Serbia is a serious prerequisite for the development of economy of the district to the Bulgarian and European market	Lack of serious investments for regional infrastructure development and improvement of the quality of life of the population
Opportunity for bio-agriculture	High percent low qualified workforce
Potential for development of renewable energy sources	Lack of decentralization at national and local level

Opportunity for attraction of foreign tourists and development of rural tourism	Depopulation trend in the district
Potential for development of forestry	High percent of internal and external migration
Using the geothermal springs in the district for development of spa tourism	
Revival of the mining industry in the area by investments	

STRATEGY FOR DEVELOPMENT AND SYNERGY OF SMALL AND MEDIUM BUSINESS IN THE REVIEWED CROSS-BORDER REGION

The strategy for development of cross-border cooperation between both districts Montana and Bor is based on complementarity of their strengths aiming optimization of economic development, cross-border cooperation and improvement of the living standard of the population by job creation and joint initiatives. The opportunities for integrated development could be summarized in following priority areas:

- Processing industry;
- Agriculture (bio-agriculture) and animal breeding;
- Trade with bio-dairy products;
- Production and trade with specific production (honey, silk culture, etc.);
- Creation of a network of business incubators assisting the development of small and medium enterprises and entrepreneurship;
- Development of forestry, logging;
- Tourism;
- Construction;
- Information and communication technologies (ICT);
- Science and education;

The proposals laid down in the report reflect the legislative and strategic framework for regional development in the European and national environment. The structure and messages of the strategic part do not contradict the legislation in the field of territorial set-up, environment protection, sustainable development and cultural heritage.

The above mentioned strategic fields reflect the common objectives of the Europe 2020 strategy, Territorial Agenda of the EU 2020 and Common Strategic Framework of the EU until 2020.

The strategy is developed according to the approved theoretical models and contemporary practices in the field of strategic planning of local development. Several general principles are combined thus allowing priority areas to have a clear focus on the efforts and resources in optimal number of complementary development trends. The contemporary integrated planning approach is used as the activities are linked and jointly improve certain aspects of

the municipal development. The structure and content of the strategy is based to the regularities in local development summarized by the synthesized results of the analysis. The strategy ends with a number of measures which concrete definitions give the opportunity for undertaking of clear actions for sustainable economic development and implementation of motivated projects during following seven years and as a whole.

Following priority areas are the areas for action where should be concentrated the financial resources and municipal initiatives from both border districts during the next programming period. The priorities are not directly linked and dependent on certain strategic objective but contribute the achievement of more than one objective. Priority areas are organized in a combination of precise shaped activities and measures discovering what exactly should and could be implemented in both districts. Different activities and measures in one or more different areas are thematically linked in order to be ensured better effectiveness and synergy between the results expected after their implementation. The strategic directions in the priority areas should be concretized with additional cross-border projects during the whole next programming period aim to achieve maximum effectiveness and overcoming the negative trends in both districts.

PROCESSING INDUSTRY

Based on the above and the analytical part of the report, Montana District has developed processing industry. The district has on its territory the second largest Bulgarian Danube harbor located in Lom. The good geographical location, outer river border with Romania, common border with Serbia, proximity with Sofia and Vidin and Pan-European transport corridors passing by the district create serious prerequisites for significant increase of the economic indicators of municipalities when compared with the data for Bor District. Availability of large quantities of copper on the territory of the partner Serbian district in combination with the above mentioned strengths of Montana District gives the opportunity for further development of the processing industry and export from Bulgaria that is serious advantage for the development of both neighbor districts.

Attraction of foreign investors from EU and third countries and building enterprises aiming better economic development of both districts will be a result from the creation of favorable investment climate in order to stimulate investment activity for job creation and income sources. This could be implemented by consistent and complementary actions that should be a part of a common approach and strategy for future development in this field. Firstly preliminary researches should be made, further development of the potential of both districts and systematization of the results. Then the activities should start in compliance with the EU regulatory framework. Ensuring of favorable investment climate and opportunity for successful business development together with the appropriate function are the conditions for making the natural resources of Bor District and opportunities for their utilization in Montana District in an important factor for the economy of both districts and future of the cross-border cooperation in the region.

Improvement of the living standard of population and creation of sustainable jobs could be implemented by technological and structural renovation of the economy and increasing its productivity and efficiency of both districts that also will lead to significantly increase of the competitiveness of both economies. This includes common project applications funded by eligible financial instruments of the EU aiming modernization of the technological part and withdrawal of the morally and technologically amortized components of the industrial infrastructure in both districts. Introduction of new technologies based on the last achievements of the European and global level will lead to facilitation of investment attracting that will bring to significant improvement of the economic climate in the region.

Developing of new manufactures on the base of the strengths of both districts will lead to better presentation of the production at the market and improvement of the workforce capacity in the region. This is determined by combining investment and development measures for both districts by enhancing cross-border cooperation in the field of innovation and innovative solutions. Elaboration of new manufactures based on the resources in both neighbor districts will increase the competitiveness at external markets and the economic image in the context of the EU for Bulgaria and future Serbian EU membership.

The least but not the last could be mentioned the opportunity for exchange of staff between both districts in the field of industry. This will contribute to the mutual exchange of experience in the sector and introduction of the Serbian partner with the leading trends and EU requirements. On the other hand the experience shared by the Serbian partner by such exchanges will complete the existing in Bulgaria that will enhance the workforce capacity as a whole.

In general the priority area could be summarized as follows:

Encouraging the innovations and increasing the effectiveness of enterprises from the processing industry in both partner districts. Innovations contribute to the dynamics of economy as the effectiveness is directly linked to the quality and cost price of the goods and services produced as well as to the competitiveness of the business as a whole. Encouraging of innovations will strengthen the link between the science and business, will increase the investments of enterprises in research and development activity and will increase the added value of services and products. Upgrade of the technological equipment, technologies and manufacturing processes will assist the enhancing of productiveness, decrease of energy and resource consumption and increasing the effectiveness of the manufacturing as a whole.

Improvement of business environment, which it is of significant importance for the development of micro, small and medium enterprises. One of the important features of the environment apart of the optimal regulatory and administrative frameworks is the availability of professional consultative support for starting and development of the enterprises. With this regard should be improved significantly the quality and access of enterprises from processing industry to consulting and information services from both sides.

All above mentioned will contribute to the enhancing the economic indicators of both partner districts, creation of employment and reduction of the durable negative demographic trends (especially for the Bulgarian side), opportunity for development of educated young people in their birth places and encouraging local manufactures aiming to achieve the competitive levels of EU markets.

AGRICULTURE (BIO-AGRICULTURE) AND ANIMAL BREEDING

The priority area discovers local traditions in the relevant field by both cross-border regions as well as the perspectives for becoming of these traditions in a basis for fruitful future cooperation. Both districts have mountainous and non-mountainous territories which determine the development of two types of agriculture – plain and mountain farming. Sufficient resources should be focused on the sector in both districts for improvement the accessibility to them. Measures which are to be taken are related to the development of different sub-sectors (pomology, viticulture, etc.) and enhancing local cooperation from both sides.

Development of pomology by creation of new arrays, introduction of modern technologies, focus on market-oriented products and consolidation of agricultural lands will bring to creation of new orchards and reconstruction of old arrays, assistance to agricultural producers and their organizations from both districts for enlargement of arrays by implementation of promotional activities regarding the EU policies in the sector. Here are combined the strengths of the cross-border region for overcoming the weaknesses in the sector and its development in the specific sub-sector. Bio-production from ecologically clean territories (such as the districts Montana and Bor) has a great value in export and internal consumption which is an important factor for strengthening the pomology in both countries as an important factor for employment and sustainable development.

Development of bio-agriculture and bio-animal breeding and production of eco-products will bring to enhancing the competitiveness of the agricultural and processing sector and creation of conditions for local implementation and export of the eco-production; development of environmental projects for cross-border cooperation in the field of bio-agriculture and animal breeding.

Special attention should be paid to the mountain areas that both districts have. Except the fact that these areas are located in disadvantaged environment compared with the plains, they are located in a cross-border region which especially for Bulgaria is one of the least developed in the EU, but has very significant potential that is underdeveloped. Agriculture in mountain areas is multifunctional – on one hand is the economic function including as a basis for other sectors; on the other hand – plays important role for preservation and usage of the landscape as well as it has determining element of traditional culture and social structures and is of key importance for the preservation of ecosystems. That means the agriculture is not only economic sector and job for the population but also a material culture deeply linked to the

living and tradition of local inhabitants. It is closely related to the social, cultural and environmental aspects. The population in mountain areas not only in Bulgaria, but in whole Europe part of which is Serbia, paid and is paying high price of the changes in one of the most important characteristics of these areas – agriculture. This is emphasized by the negative changes in other sectors of economy. By that reason it is necessary to go further development and implementation of policy that to use real opportunities and advantages of the sector.

The sustainable agriculture and entire development of the cross-border region is of importance not only for the population of this specific area but for the population of neighbor border regions. That means the policy applicable to the Montana-Bor region will affect the sustainability in neighbor cross-border regions. Access to land, water, markets and financial services, respecting the rights of most vulnerable groups, empowerment of local communities, good strategic governance are the main prerequisites for sustainable development including mountain areas and certain sectors of their economy.

For the successful development of agriculture it is necessary to be elaborated regional development programs of each type of mountain areas as the policy should be complex – simultaneously reviewing the problems of agriculture, economic, social and cultural problems at all levels. Here should be paid attention to the next programming period where should be made changes in the project evaluation criteria as more points to be given for mountain municipalities with potential for development of tourism, for investments in road, water supply and other infrastructure. This affects as Bulgaria as well as Serbia as a candidate country for EU membership.

The development of agriculture should be diversified – production of end agricultural products from different sub-sectors of the market or for industrial usage in the pharmaceutical, perfumery, food industry, tourism and sport centers. Of great importance could be also the creation and certification of bio-zones of entire settlements which will overcome the problem with the fragmentation of agricultural lands in development of bio-agriculture in mountain areas – a problem which is very crucial in Bulgaria where should be created a specialized consolidation program. This will greatly facilitate cross-border cooperation as regards the development of joint projects and is a key factor for improvement of living standard in both regions by creation of employment and opportunity for increasing the export and consumption of products at local markets.

Creation of enterprises with closed cycle for production of dairy and meat products – dairy farms and industrial units for deli products as well as for pasteurized milk and cooled meat is of great importance for the animal breeding sector. Here should be paid attention to other

sectors which are also of great importance for the population in both partner districts – enlargement of horse farming by specialized depots for the needs of mountain logging and mountain tourism; stimulation of buffalo breeding and goat breeding; appropriate selection of cultivars and animal species as the selection should be targeted to sustainability to more severe climate conditions, resistance to diseases, etc.

The least but not the last could be paid attention to the need of compensation for mountain areas for the permanent adverse natural conditions and additional expenditures due to the difficulties that agriculture face as special financial aid to be ensured for the dairy production (dairy farms and farms) and additional payments for bio-agriculture and extensive grasslands as well as support for investments in animal breeding facilities complied with the certain species. All mentioned in the field of sustainable animal breeding could be a key factor for the development of both neighbor districts which have huge potential with environmental importance. Moreover, agriculture and animal breeding have ages of traditions in our region that at the moment are exclusive opportunity for preservation of human capital and development of economy in both partner districts thus improvement of living standard. Availability of environmentally clean areas is a significant added value for both districts as gives them a great advantage not only at internal but at the European markets where there is demand of eco-production.

TRADE WITH BIO-DAIRY PRODUCTS

This direction is mentioned as separate due to its great importance for the population of both partner districts. Firstly – small producers should be stimulated by opportunity for direct market access. Small producers should be encouraged to join and cooperate for application under European calls for proposals in both countries which will optimize usage of development tools.

Another important component are mobile dairy farms that could operate between both districts and produce high quality eco-production that to be distributed at internal and EU markets. Bulgarian and Serbia should at national level to negotiate the best conditions for their producers as there are a number of threads which could destroy the sector where the processes are almost irreversible.

As other important component could be mentioned organization of joint markets and exchanges of production in both states. Such practices are implemented for years in Western Suburbs where Bulgarian and Serbian citizens could exchange high quality domestic production from small farms. The least but not the last – such initiatives should be promoted widely by the mass media. Demand of eco-production with high quality is great by the EU consumers and such market could become a tradition for both districts. This is additional prerequisite for employment and improvement of living standard of population as young people have the opportunity to develop in their birthplaces by jobs that are successfully implemented by their ancestors.

Additional grants for purchase of new animal species also will be beneficial for the animal breeders and producers of bio-dairy products from both countries.

PRODUCTION AND TRADE WITH SPECIFIC PRODUCTION (HONEY, SILK CULTURE, ETC.)

The geographical characteristics of both regions give excellent prerequisites for development of specific sub-sectors such as beekeeping and silk culture. This will encourage the production and trade with specific products such as honey and silk.

For the successful development of beekeeping in both districts is necessary to be implemented organizational and structural changes in the existing beekeeping organizations. The most important task is creation and rehabilitation of companies which are to be based on the municipal and urban structures. Without local cooperatives the beekeeping is fated in organizational aspect. Of great importance is the creation of unified database from both districts for beekeeper-producers of honey and other bee products.

If summarized, it could be mentioned that beekeeping in both districts has successful future only if the work is collective. Bee honey from our regions is very demanded and valued by the European consumers and having this opportunity will give additional impulse of the occupation for the population and further development of the sub-sector.

As regards the silk culture – the creation of a National strategy for development of the sector for the period 2010-2020 is a fact as well as the restoration of production of natural silk. After the drop down of the silk production in resources collapse were dropped all textile enterprises that have in their titles the word “silk”. Thus until December 2007 Bulgaria lost all technological structures and powers for processing of raw silk – reeling, moulinage and finishing.

By that reason recently the conclusions are: the sector is liquidated. At the same time today in the world are produced over 120 000 tons raw silk from 840 000 tons raw cocoons (or 42 000 000 boxes of silkworms). Today 90 000 tons (75%) raw silk from al the world production are produced in China. The country forms over 80% of the international trade with natural silk and in practice determine the market price.

On the background of all negatives in the sector is considered that from the moment of real EU accession the silk culture in Bulgaria has very good development perspective. Availability of favorable climate conditions in the cross-border region, the traditions and experience in the field, well developed European silk-textile industry, fostered demand of eco-natural textile materials and the large world silk market and silk products are serious prerequisites for further development of the silk culture in Bulgaria.

Both above mentioned sectors propose successful cooperation between both border regions and complementing of the strengths as the leading role here could be implemented by Montana District due to the successful development of both sub-sectors in the last years. The additional employment that could be ensured by both directions also gives the opportunity for enhancement of the economic indicators of the districts and improvement of the living standard of the population.

CREATION OF A NETWORK OF BUSINESS INCUBATORS ASSISTING THE DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES AND ENTREPRENEURSHIP

Creation of a network of business incubators assisting the development of SMEs and entrepreneurship is one more direction which will give opportunity for development of economies of both districts. Implementation of this will ensure support for entrepreneurs who start activity or have business that they want to enlarge. The activities provided are targeted to the overcoming of the problem with the incubation premises as well as ensuring all types of business services that are to guarantee effective functioning and growth of SME from local economy.

Among the activities that could be implemented in both cross-border districts are: building a network of business incubators, creation and support for existing specialized consulting agencies for business incubation; selection of appropriate buildings for business incubators and renovation; organization of trainings for the incubated enterprises; provision of administrative and other type of business services; information activities, etc.

The successful cross-border cooperation in both regions passes by creation of joint web-based marketing and business information platform, creation of a virtual database and exhibition of local products, services and manufactures, specific for the common cross-border region and development of a web-based platform for enterprise marketing of SMEs from the cross-border region – individual profiles for presentation of enterprises and contact with them.

Building of a Partnership network for cooperation between business assisting organizations in the target cross-border region will assist the encouraging and development of local business by development of partnership between SMEs, business assisting and professional organizations and promotion of the cross-border initiatives between them.

Of important benefit will be the creation of Business center for cross-border initiatives in Bor, Serbia, for provision of expert consultations and information about SMEs concerning the company governance – updated information; information about the market and market research; legal information – enterprise legislation, procedures, etc.; financial information – taxation, taxation and accounting legislation; social and health insurance; financial and credit instruments for enterprises, etc.; customs information – procedures, tariffs, quotes for import and export; opportunities for business cooperation and internationalization of the enterprise, etc.

Another important step of this component is the issuing of a Cross-border Business Catalogue of small and medium enterprises in the target cross-border region between Bulgaria and

Serbia as well as implementation of seminars for capacity building for SMEs and business-assisting organizations, experts and regional authorities in Serbia. There is also opportunity for creation of a Cooperative Exchange in Montana or Lom, Bulgaria.

All above mentioned on this component will lead to elaboration of a joint web-based marketing and business information platform; partner network for cooperation between business assisting organizations from the cross-border region in support for SME from the region; created and promoted tools and measures for encouraging the partnership between SME and attraction of investments as well as series of cooperative and training events supporting cross-border cooperation between Bulgaria and Serbia.

DEVELOPMENT OF FORESTRY, LOGGING

Development of forestry that is natural resource in both partner districts is another field with huge potential for strategic development in the cross-border region. With this regard is needed elaboration of a long term strategy for forestry development that takes into account climate changes, natural circle and the natural composition of the forests' ecosystem. The strategy should build mechanisms for prevention, fight and compensation in emergencies (ex. storms and forest fires) and incentives for integrated hosting of forests. Moreover, opportunities should be searched for sustainable using of wood and wooden products from mountain areas (building materials, second generation biofuels) as the territories that are inappropriate for processing and production to be used for preservation of forestry, sustainable development of hunting, fishing and strengthening of these activities. Population in the area of both partner districts always has been closest to the land and forest which are the main factors for sustainable development in the region. This opportunity should be used in full potential and complemented by some of mentioned below priority fields.

Development of forestry is part of the Rural Development Strategy in Europe. General priority for the forestry should be transformation of unsustainable low-quality forests in sustainable tall forests. Moreover, with a view the increase of competitiveness of the sector the improvement of road infrastructure in forests is of key importance. Private owners of forests should be supported with investments to improve the economic value of forests, logging equipment, processing and marketing in the forests' sector.

Significant investments are needed for improvement of forestry management, logging and enhancement of forest infrastructure. Improvement of the economic value of forests could be achieved by planting of appropriate species for timber production including biomass and investments in facilities and equipment for procession and utilization of wooden biomass.

Based on the above mentioned, the cooperation in both partner districts could be implemented on the basis joint activities between Bulgarian and Serbian enterprises operating in the sector and marketing of the production at internal and external markets.

TOURISM

The tourism in both border districts is among the top priorities for development of their economies. Bulgaria and Serbia have significant potential for tourism development. Availability of mineral water springs in both districts creates additional prerequisites for development of the sector and job creation. Also there is a large potential for attraction of tourists from the EU member states.

This component should develop the potential (cultural-historic, natural, human and marketing) of the cross-border region which includes Bor and Montana districts. Implementation of the mission is inextricably linked with activation of actions of local and state institutions as well as of business, related to the offering of tourist services. Improvement of tourist services quality will be achieved by enhancing the qualification and increasing the employment of people living in the region, diversification of the tourist packages and their adaption to the European tourists' requirements.

The objectives could be implemented by outlining of available tourist objects in the region that are well exposed and maintained but at the same time are not well presented before the European tourists; outlining of important and having potential for becoming tourist attractions cultural-historical sites related to the Antiquity, Middle-Ages and Ottoman period; proposal creation of thematic cultural-historical routes which are to be offered in a joint tourist package within the most developed tourism in the region – spa and recreation. The strategy includes necessity of offering package services related also with ecotourism, enotourism, business and congress tourism, etc. for which there is a great undiscovered potential in the cross-border region. Moreover, building of communication policy should be recommended. This policy should be equivalent to the policy in countries like Spain, France and Italy. Also recommendations should be elaborated for targeting of tourist services to specific user groups. Development of tourist potential of both districts could play the role of accelerator for structural adaptation and development of the areas as well as will contribute to the improvement of current status. The main directions in the sector should be structured as follows:

Diversification of economy: Tourism is relatively new sector of economy in cross-border regions and could assist the diversification of regional economy and creation of additional income and new economic activities directly to the sector and indirectly – by creation of new markets for local manufactures and services;

Development of infrastructure and equipment: Modern tourism requires availability of infrastructure and high quality services, including road network (highways and railways); airports; telecommunications; touristic information centers; hotels and places for recreation and entertainment. It requires also effective (public) services such as public transport and healthcare, shops and markets;

Development of labor market: Tourism is a labor-intensive sector and have impact on the level of employment which makes it attractive as regards creation of new jobs. Development of tourism will bring to the creation of additional work places and alternative employment; will contribute to overcoming of problems related to unemployment resulted from the restructuring in cross-border regions and job losses in traditional manufacturing as well as the lowest level of employment and insignificant participation of women and part-time employed in agriculture. Tourism will also stimulate development of new professional skills;

Increasing the investments and better territorial distribution of business: Availability of such infrastructure and facilities in combination with high quality of life and environment will have positive impact on the attractiveness of the cross-border region. As regards the quality of life and environment the region has relative advantages before the large economic centers.

Implementation of the objectives in the priority area involves forming of specific objectives targeted to increasing the competitiveness and affirmation in perspective of the peripheral cross-border region between Bulgaria and Serbia at national and European tourist markets. The specific objectives and measures will be implemented by effective using and preservation of available natural, anthropogenic and anthropomorphic resources in compliance with the modern market requirements. Building of new and renovation of the existing infrastructure and equipment in tourism will neutralize the main negative factors for development of touristic destinations. The market for the touristic product will be enlarged by convincing the tourist business representatives in the need of adequate preparation of staff as well as support to implementation of best practices. Socialization of the tourist objects, creation of integrated touristic products and offering of alternative tourism forms will increase the attractiveness and competitiveness of the region.

The least but not the last is need to be focused on the capacity building and language skills of the staff working in tourism sector. Measures that should be taken by both parties include regular re-qualification and best practices implementation in work of permanent touristic staff – the employers are expected to separate resource and seek for training opportunities for the core of managing staff; imposing of uniform criteria and preparation of unified text forms agreed with the professional organizations for assessment of the preparation of the season

staff – the specific of the branch involves the selection of this category of staff to start several months before the active season; building of information system with database for the employees in the field of tourism – the system should orient employers about the professional qualities and ethics of the individuals worked before for another employers; language training for the staff that gives the employees the needed set of language knowledge for communication with customers; adaptation of local kitchen and assortment offered to the specifications and feeding habits of the European tourists, etc.

Attention should be paid also on the re-qualification of unemployed by trainings and implementation of qualification programs and re-qualification of unemployed. This could involve professional orientation and consulting of unemployed for including in programs implemented by the officials of labor offices according to the requirements of employers announced vacant jobs; implementation by the Labor offices of introductory trainings and forming of labor habits and acquiring of professional qualification in the field of tourism, etc. Those who graduated the training should have the opportunity for traineeships within employer with determined by him/her mentors. After the end of traineeship there is need of ensuring an option for fixed or permanent contract at the position occupied. The traineeships could be implemented by exchanges between both districts Bor and Montana thus completing mutually the experience of both countries and significantly increase of tourist services quality therefore of the economic growth in the cross-border region.

CONSTRUCTION

This priority – development of construction infrastructure – is closely related to the last one having regard the specific of the requirements and opportunities. This component could ensure employment from both sides of the border by implementation of long-term projects for sustainable development of the region. Construction is needed to focus mainly in the field of tourism having regard the fact that it is one of the main factors for economic development of both districts.

Building of eco-tracks, bike lanes and speleological routes – here could be supported actions for development the potential of alternative tourism types. The natural resources of the region are very important as like huge material and energy resource as well as like ecological background and living environment for the local population and tourists. For many years the mountains around the border were inaccessible for tourists due to the specific border regulations but that preserved them. Contemporary geopolitical conditions are a prerequisite for free movement of tourists.

Building of holiday villages with focus on the spa tourism in both areas, based on the natural resources available, is another field with construction development potential. Building of spa-centers should be in compliance with all environmental regulations of the EU aiming protection of environment that is preserved in the region. Holiday villages as well as eco-tracks built will be of great importance as for the tourism development in the region as well as for the ensuring of (although temporary) employment during the construction activities.

Within this component could be mentioned as well implementation of large infrastructural projects with joint participation of Bulgarian and Serbian enterprises which are to apply for projects funded by various donor organizations and EU as a whole. The whole region suffers from lack of road infrastructure or availability of non-maintained and amortized infrastructure. The infrastructure is of key significance for the development of the rest of sectors as well as for the investment attraction in the region. Moreover, along with the road infrastructure, as an important part of the component could be considered construction of various objects of national and transnational importance – enterprises, dams, etc.

INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT)

The rapid development of information and communication technologies (ICT) has strong impact on the growth as in the developed as well as in the developing countries. As for the producers as well as for the service providers it creates direct and indirect benefits for the relevant regions. One of the main direct effects for ICT technologies that is common for all the industry, is the creation of new jobs and significant incomes for the region that keeps ICT development. The volume of direct benefits depends on the size of ICT (services and production) sector compared with the economy and the temp of its development.

In 2012 Bulgarian did not succeed to become a Silicon Valley of the Balkans. Moreover, according to data from the World Economy Forum concerning development of the IT sector Bulgaria occupied the unenviable 9th position from total of 11 Balkan countries. The rating is done on the basis of the Global Information Technology Report 2012. Unfortunately Bulgaria drops down with 1 place globally (70->71). Our index is dropping down, too – 3.89 -> 3.87. Thanks to the fact that the other Balkan countries are falling behind continuously, we are already occupying the 7th place. This year also could hardly say that Bulgaria is in good position to become the Silicon Valley of the Balkans. Just the contrary – we are again overtaken by countries with lower standard and far behind us as regards IT opportunities. The leader again is Slovenia which is absolutely not surprising. Slovenia is followed by Turkey, Montenegro, Croatia and Greece. There is no doubt that our IT infrastructure is on very high level, as well as that Bulgarians use many modern technologies, but all other components are weak or unsatisfactory. The IT sector provides large opportunities for development and growth.

Based on the above mentioned on this component, it should be focused on the local activities – development of the sector in both partner districts – Montana and Bor. It is clear that there is no word for leadership on the global market, but the development of the ICT sector will give opportunity for additional employment and enhancement of economic indicators in both districts.

Development of telecommunications as a part of ICT is also an important prerequisite for the progress of the cross-border region. We should not forget that the investment streams are linked directly with the availability of ICT – modern world could not operate adequately

without these technologies. Investments in both districts are of key importance for development of economies and ensuring better living standard of the population.

Furthermore, information society gives opportunity for more effective communication between public institutions, business and citizens. Current structure of the information society in the cross-border region does not allow deployment of the full potential of this interaction and by that reasons it needs further development. Activities which are to be implemented include analysis of existing platforms in internal network of public administration of involved territories; analysis of the difficulties of the information-electronic process; feedback from the users of opportunities of the information society; analysis of the best European practices in e-municipality; analysis of the needs of trainings of users and administrators of the infrastructure, etc.

Creation of a favorable environment for development of ICT business in the cross-border region is directly linked with the establishment of Informational Desk of the entrepreneur. Business will have opportunity by this desk to receive needed information in acceptable format and in answer of certain questions. Joint activities that partners could undertake include research and analysis of current situation and EU best practices; analysis of the stages of implementation of procedures; documents needed, working time and address as well as deadlines for procedures for services to SMEs; analysis of the feedback about the administrative services provided and procedures concerning SME and provided by municipal administrations as well as about the requirements of most of the units of central government; building of Information Desk of the Entrepreneur in regions, municipalities and mayoralities; exchange of best European practices and raised awareness among business about the advantages of the effective use of ICT.

It is also necessary building of integrated municipal school information system. The education that is offered currently in Bulgaria and Serbia does not respond to the modern requirements and European standards. The existing school information system cannot create enough qualified workforce capable to use the modern achievements of ICT. Additional investments are needed for integration of the municipal school information system as concrete measures are to be taken in both districts.

All above mentioned will lead to intensification of investments in both districts and improvement of quality of life and economic indicators.

SCIENCE AND EDUCATION

In both partner districts there is opportunity for development of science and education at local level which will have added value as well as at national level. Development of education in both districts could be considered in two main directions: education in childhood and youth and long life learning.

On the first direction the schools from both partner districts is needed to start joint work on various initiatives many of which were already opened for Serbia (Komenski, Youth in Action, etc.). For the next programming period all these programs will be united in one single that will be entitled Erasmus+ and will offer much more opportunities in the field of education.

Erasmus+ unites the Lifelong Learning Program (subprograms Leonardo da Vinci, Komenski, Grundtvig, Erasmus and Jean Monnet), Youth in Action Program and five other international programs, including Erasmus Mundus and Tempus into single, simplified and modern program. This new program will focus on the formal and informal education in Europe for improvement of skills and adaptability for employment of students, educators and workers. The new program brings the name of the successful Erasmus+ Program for exchange of students within EU. Erasmus+ is targeted mainly to the mobility of students, educators and workers in the field of education and training; reform of overlapping between existing structures; more cooperation in the field of education with EU non-member states. Namely the third focus gives opportunity for both cross-border regions to cooperate actively during the next programming period in the field of education at all levels.

It is expected that the new structure will bring to more efficiency, will facilitate the application for funding as at the same time will decrease the overlapping and fragmentation. Two thirds of the funds will be separated for mobility opportunities for enhancing the knowledge and skills. The new program aims to build sustainable partnerships between education and business for encouraging of innovations and competitiveness as at the same time the employment is promoted with specific accent on the fight against youth unemployment.

Exchange between schools from both districts and sharing experience and knowledge will bring to new opportunities for young people, many of which at the moment have no alternative for future employment. Education is directly linked with foreign investments due to the importance of the human factor in manufacturing and other sectors. Capacity building of education by joint participation in projects on future initiatives such as the above

mentioned will play positive role in the sustainable development of municipalities in both neighbor district.

Another important aspect of education in both cross-border districts is the university education and opportunity for its development. The special significance is determined by the fact that based on EU data until 2030 in the Union there will be almost 14 million more elderly people, about 9 million younger people and about 2 million less studying in the system of primary vocational training at school level and in the system of university education if the current scope of the system is preserved. Currently about 72 millions of Europeans have low or no qualification.

The universities in 21 century have new function – to provide wide range of courses for improvement of qualification as the lifelong learning opens new opportunities before the universities. By that reason opening of a university in Montana District will play an important role in development of human potential in both partner districts as it will give opportunity to young people from Serbia to obtain qualitative education in Bulgaria. It is complemented also from the availability of professional high schools in Montana and Lom. Apart from that, young people from Montana District in Bulgaria will have the opportunity to obtain education in the Technical Faculty in Bor, Serbia.

This Faculty could be complemented with the establishment of a University of Agriculture and Animal Breeding in Montana or Lom such as the University of Agribusiness and Rural Development in Plovdiv. Such university on the territory of Montana District will accelerate seriously the development of education as it will be beneficial not only for citizens of the partner district of Bor, but also citizens from Romania. The University of Agriculture and Animal Breeding should be a specialized institution that implements educational, scientific, practical, consulting, artistic and other activities as maintains high quality by unique combination of traditions and innovations. The combination of mountain and plain terrains on the territory of both districts provides opportunity for division of education in two lots – plain agriculture and animal breeding and mountain agriculture and animal breeding. As regards the second lot – development of education in the field of mountain areas – this will give an added value of the sector in the mountain areas at European level due to the fact that not only in Bulgaria but also in the Balkans there is a need of such education.

The students who will study in such university will have the opportunity to obtain qualitative theoretical and practical training with vocational focus according to the major studied, as international compliance of knowledge and skills acquired is ensured. Furthermore, eventual practical traineeships for which the university will have contracts signed with enterprises and

organizations from Bulgaria and abroad and are part of the educational process will give the unique opportunity for enhancement of knowledge and skills acquired and exchange of best practices between both countries.

There are, of course, other fields where the university education could be targeted as this could be developed in building of a multidisciplinary university in Bulgaria.

CONCLUSION

All above mentioned on all components of development of cross-border cooperation will lead to durable and sustainable development of both districts from Serbia and Bulgaria as well as to creation of employment especially among young people who are leaving intensively their birthplaces. Availability of manufacturing combined with building of educational institutions and ages of traditions in the field of agriculture in the region will give significant added value and will be of great importance for the cross-border region due to the fact that the North-Western Bulgaria and South-Eastern Serbia are among the poorest regions in the Europe. Furthermore, development of tourism under all its forms in modern society (spa, recreation, congress, religious, culinary, etc.) also will contribute significantly to the development of both partner districts and their promotion among the EU. Facilitated travel across the borders which was not possible in the near past is a prerequisite for inflow of fresh capitals in both districts and their development in the EU context. All above mentioned, of course, needs to be implemented in strict respect of the environmental regulations of the EU in order the purity of regions to be preserved such as it ever have been.

ANNEXES

**ADMINISTRATIVE-TERRITORIAL DIVISION OF THE REPUBLIC OF
BULGARIA**



ADMINISTRATIVE-TERRITORIAL DIVISION OF MONTANA DISTRICT



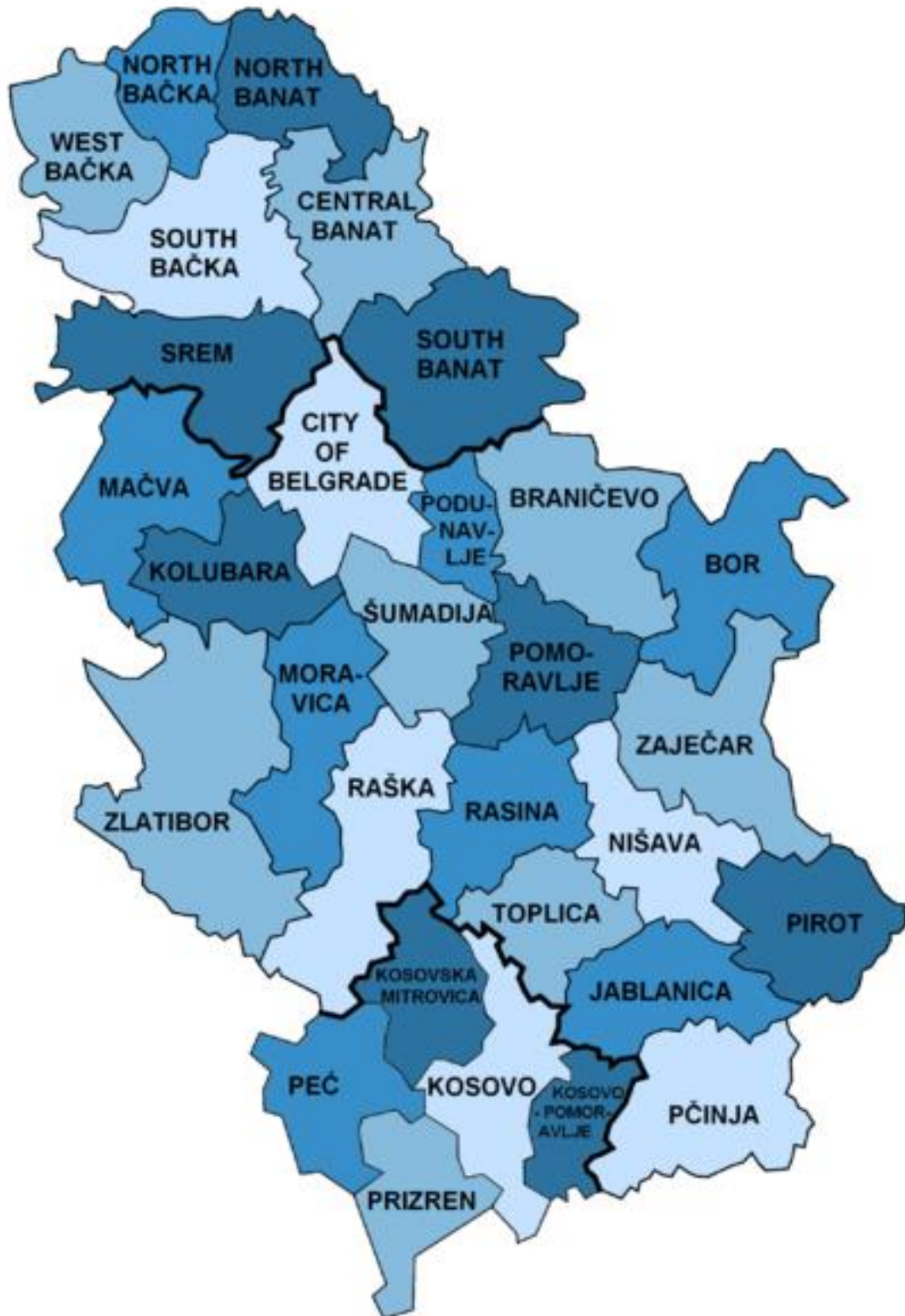
Table 1. General indicators characterizing Montana District

Indicator	2007			2011		
	District	Share from		District	Share from	
	Montana	NWR (%)	Bulgaria (%)	Montana	NWR (%)	Bulgaria (%)
Number of settlements	130	20,1	2,5	130	20,1	2,5
Number of towns	8	17,8	3,2	8	17,8	3,1
Population (number), incl.	161 161	17,3	2,1	148 098	17,5	2,0
Town population (%)	100 758 – 62,5%	17,6	1,9	94 325 – 63,7%	17,6	1,8
Rural population (%)	60 403 – 37,5%	16,9	2,7	53 753 – 36,3%	17,3	2,7
Indicator for age dependence	55,3	52,2	44,3	58,1	56,6	47,5
Share of under-work age population (%)	14,2	14,3	14,5	13,8	13,9	14,3
Share of work age population (%)	57,3	58,6	63,0	56,4	56,9	61,7
Share of over-work age population (%)	28,6	27,1	22,5	29,8	29,2	24,0
Infields per capita (acre/person)	13,1	11,7	6,5	14,2	12,9	6,8
Employed persons (number)	58 000	16,8	1,8	50 700	16,9	1,7
Share of the production in agriculture, forestry and fishing (%)	5.00%	4.50%	2.40%	13.40%	8.30%	1.50%
Share of the production from industry (%)	78.00%	50.30%	61.20%	68.30%	48.20%	40.90%
Share of the production in the service sector (%)	17.00%	45.20%	36.40%	18.30%	43.50%	57.50%

Indicator	2007			2011		
	District	Share from		District	Share from	
	Montana	NWR (%)	Bulgaria (%)	Montana	NWR (%)	Bulgaria (%)
Production per capita (BGN)	8072	9780	26156	11021	14300	28965
Level of unemployment (%)	14.71	11.73	7.75	20.47	18.27	11.03
Indicator of economic activity (%)	45.8	46.4	52.6	45.5	45.7	52.5
Density of population (%)	44.3	48.8	68.8	40.2	43.9	66.0

Sources: NSI, Employment Agency

ADMINISTRATIVE-TERRITORIAL DIVISION OF THE REPUBLIC OF SERBIA



**ADMINISTRATIVE-TERRITORIAL DIVISION OF BOR DISTRICT AND
NEIGHBOR DISTRICTS**



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