



# NATIONAL REPORT OF THE REPUBLIC OF SERBIA TO THE HABITAT III CONFERENCE

BELGRADE, SEPTEMBER 2016

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The report was prepared for the UN Conference on Settlements Habitat III in Serbian and English language

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# I Urban Demography

Intensive demographic changes, which the population of Serbia began to pass in the second half of the twentieth century, demonstrated its greatest effect at the end of the previous and the beginning of the new century. The process of demographic transition through which the population of Serbia has been undergoing in past decades is carried out in parallel and in interaction with the process of urbanization. According to the rate of urbanization at the level of European countries, Serbia is among less urbanized areas (with a relatively higher percentage of rural population compared to the European average). At the beginning of the XXI century, the population of Serbia faced major challenges, among which are: depopulation and aging, unemployment, migration caused by political and economic crisis as well as by wars and conflicts in the past, etc. Adequate urban development policies, including the implementation of guidelines proposed by the New Urban Agenda, can have a significant impact on demographic trends, as well as on the direction of urban development and the reduction of negative effects.

## 1. Managing rapid urbanization

Like in most countries of South Eastern Europe, the process of intensive urbanization in the Republic of Serbia was initiated in the second half of the twentieth century. Until 60s, Serbia's economic structure had exclusively agricultural character, the population being mainly rural, too. After the Second World War, Serbia was affected by intensive processes of industrialization and deagrarianization, which caused internal migration that has occurred primarily from rural to urban area. While in 1953 urban population seemed little more than one-fifth of the total population (22.5%) and two-thirds of the active population was employed in agriculture (67%), almost half a century later 59.44% (4,271,872) of the total population lived in urban areas, the share of employees in the primary sector activities being 11.8%. The urban growth had declining trend from the sixties. It should also be emphasized that the urban population grew more slowly than the rural population decreased. In the period from 2002 to 2011, the urban population grew by only 1.1% per year while rural decreased by 10.9%.

There have been significant demographic changes in Serbia during the last decade of 20th century by reason of the overall socio-political and economic circumstances. The immediate effects of the war during the 90s caused the influx of a large number of refugees from the former Yugoslav republics and internally displaced persons from Kosovo and Metohija, as well as a massive emigration abroad, influencing urbanization. Uncontrolled migration induced demographic and spatial expansion of urban and peri-urban areas (as the process of unplanned and unorganized suburbanization), causing an important informal construction (e.g., there are more than 300,000 applications for legalization the City of Belgrade alone). Such construction usually took place within an unclear urban pattern with insufficient and incomplete transport infrastructure and utilities, as well as other conflicting phenomena which aggravate living and working conditions.

The process of urbanization shows unequal features. The growth poles are larger urban settlements, dominated by large urban centres (national, regional and sub-regional). They exert influence and transform the environment with the power of their functions, urbanized and deagrarianization areas being formed around them. These are peri-urban areas – the gravitational areas, which are formed around strong functional centers. Peri-urban area of Belgrade metropolitan, functional urban agglomeration of Novi Sad and peri-urban areas around Niš and Kragujevac are some examples.

The expansion of urban spatial and functional system of cities of the Republic of Serbia was also induced by a change in the economic activities and occupations of citizens in the settlements that are located near urban centers which it grown together with and then have administratively merged with them in time. In this way, the urban fabric of the City of Belgrade expanded by transforming surrounding rural settlements, by developing industrial zones, locating industrial facilities, constructing residential areas and increasing the capacity of the infrastructure and super-structure facilities. This led to a great increase in the administrative territory of Belgrade which now occupies 3.6% of the total territory of the Republic of Serbia, where lives nearly a quarter of the total population of the country (23.1%) and almost a third of its total urban population.

The first step in establishing an effective regional organization of the country was the adoption of the *Law on Regional Development* in 2009. However, since the adoption of the Law until today nothing has been done on the implementation of mechanisms that would conduct regionalization of the country and the decentralization of functions from higher to lower (regional) level of governance. According to the *Spatial Plan of the Republic of Serbia 2010-2020*, the realization of the goal of the balanced distribution of the population can be achieved through the development of a polycentric model of urbanization and regional development policy, which should reduce the current negative demographic, economic, social effects that are incurred by arising of uncontrolled urbanization which is manifested by primarily rapid and uncontrolled migration flows of the population. Polycentric model of urbanization should be based on the development of small and medium-sized cities, which is the dominant development trend of urbanization in Europe. In this way, the benefits of the individual local resources would have been valorized in an optimal way decreasing their negative migration balance.

Migration flows that lead to depopulation in some regions of the Republic of Serbia have also been caused by spatial characteristics, morphology of the terrain (mountainous areas) as well as peripheral position (border areas), where the lack of conditions leads to spontaneous resettlement. Peri-urban settlements (which are only 3-6 km distant from cities but with a big difference in altitude), typical mountain settlements (located at the water sources, morphologically most isolated areas with steep inclines that make it difficult to build infrastructure and use agricultural mechanization), as well as border settlements founded near historical or national borders, are especially affected by emigration.

## 2. Managing rural-urban linkages

The processes of intensive urbanization and industrialization of the Republic of Serbia, which have occurred after the Second World War and which have led to a rapid economic development and demographic growth of a small group of settlements – the urban settlements, on the one hand, and intensive depopulation of a much larger group of rural settlements, on the other, caused many changes in the spatial organization and the settlements network. The 2011 Census shows that the demographic trends in rural areas have become increasingly unfavorable. In the inter-census period (2002-2011) the rural population was reduced by 311,139 inhabitants (10.9%) and has dropped to below three million, accounting today 40.6% of the total population of Serbia.

According to the *Spatial Plan of the Republic of Serbia*, the spatial-functional development of Serbia is to be based on a model of functional urban areas that should be the instruments of balanced or tolerably unbalanced spatial development. Also, the basic development objective of villages and rural areas is to increase the quality of life through preservation, restoration and sustainable development of their economic, social and environmental viability, as a result of the decentralization of cities and municipalities.

Balanced development of cities and municipalities must be based on good connection between centers of municipalities and cities and other settlements. The positive socio-economic transformation expressed by spreading urbanity from the cities (mainly district centers) is most obvious in the border municipalities of major cities where intensive commuting takes place. Much lower rate of urbanization is a characteristic of urban/rural municipalities that have bigger towns but where agriculture is a dominant economic activity. In Serbia, 59% of the total number of municipalities and cities have the characteristics of underdeveloped and less urbanized areas. Some activities, such as the formation of the cluster system and networking of small rural settlements in the community around a rural community center may positively affect the utilization of development opportunities in rural areas and hence prevent people from leaving rural areas. Through various forms of subsidies and implementation of rural development programs that encourage their economic development, the state government and local development policies will demonstrate responsibility toward this important national issue.

The development of infrastructure (transport, utilities, social, technological and other) is an important prerequisite for the implementation of population and social policy aimed at reducing and controlling the emigration from rural areas. This includes the provision of facilities and arrangement of rural settlements, modernization and upgrading of rural infrastructure, networking rural public utility systems with functional urban areas and so on. Poor quality of infrastructure and lack of investment in its reconstruction and modernization in municipalities and cities significantly contributes to certain disorders in the quality of the environment. The problem of water supply and utility infrastructure in the rural areas of Vojvodina region is an example.

Poverty in Serbia is predominantly rural phenomenon as it affected rural areas more than twice as much as the cities in some periods. Although in the pre-crisis period (2006-2008)

the drop in poverty was much faster in rural than in urban areas, in 2009, the overall growth of poverty was launched in rural areas while the percentage of the poor in urban areas remained almost unchanged (5% and 4.9%, respectively). The growth of the poverty gap between cities and the countryside transmitted from year to year over the crisis, reaching a record rate of 2.4 in 2010.

Large regional differences in poverty are in accordance with the existing differences in the economic development of the region. Monitoring regional differences in the prevalence of rural poverty indicates the relationships that exist between regions in terms of overall poverty. According to these indicators, the least favorable situation is in southern and eastern Serbia, while poverty is less prevalent in rural areas in Vojvodina. One of the main goals of the *Agriculture and Rural Development Strategy of the Republic of Serbia 2014-2024* and the policies that should ensure balanced regional development is to create more favourable conditions for life and work for young people and make them stay in rural areas, assuring attractive jobs and equal opportunities for their families. Achievement of the strategic objectives requires effective management of public policies as well as the improvement of the institutional frameworks for the development of agriculture and rural areas.

According to the *Progress Report for 2015*, which follows a statement from the Commission to the European Parliament, the Council and the European Economic and Social Committee and the Committee of the Regions, Serbia is in the early stage of preparation in the field of rural development. In purpose of rural development, the IPARD program was adopted for the period 2014-2020. In 2016, Serbia needs to develop an action plan for harmonization with the *acquis communautaire* in the field of agriculture and rural development above all. The legal basis to ensure adequate resources for the operational structure of the IPARD program has been created. However, there are plenty of problems in terms of the timely implementation of the program and that needs urgent attention.

### 3. Addressing urban youth needs

The trend of negative natural increase and emigration of the population that intensively have taken a place over the past decades in Serbia, created a very unfavorable and disproportionate structure of the urban population by age. While the median age of the urban population was 39.2 in 2002, according to the 2011 Census data it increased to 41.3. More than half of the young population aged 15-29 years (59.6%) lived in urban areas already in 2002. Despite the fact that the number of young people in the cities increased to 61.2% in the period 2002 to 2011, the absolute number of young people in urban and in rural areas in all region decreased.

In comparison with EU countries, the young workforce labor market in Serbia is characterized by relatively low activity rates. In 2014, the official unemployment rate for those under the age of 25 was 26.45%. According to the *Birth Promotion Strategy* the high unemployment rate is one of the reasons for the postponement of the childbirth in Serbia.



On the other hand, it should be noted that there is a tendency among employers to avoid hiring women who are pregnant and/or women with a small child.

According to the World Economic Forum 2010-2011, Serbia is highly ranked in terms of the number of circumstances that foster the phenomenon of brain drain. Analysis of issued visas for highly qualified immigrants from Serbia indicates that the brain drain has intensified since the 1980s. The investigation conducted in 2015 on the intentions and desires of young people to leave the country shows that: 30.8% of young people do not want to move, a fifth (20.8%) have a strong desire for emigration, while two quarters have medium (23.9%) or weak (23.8%) intention to leave.

According to the analysis of the housing situation of the young in 2011, two thirds of young people (66.9%) live with their parents while the housing dependencies expectedly decrease with age. When analysed in more detail, housing dependency data are as follows: 85% of young aged 15-19, 67% of young aged 20-24 and 49.9% of young aged 25-29. Single-person households are typical for young in urban areas (7.1%).

The examination of the degree of risk behavior among young people shows very negative results indicating that almost half of young people in Serbia regularly or occasionally consume cigarettes, almost half (45.2%) of them regularly consume alcohol (at least once a week - on weekends) whereas every sixth young person (14.9%) consume cannabis, of which 4.6% regularly. More than 16% of young participated in at least one form of violence, as a specific risk form of behaviour, in the past 12 months.

According to the results presented in the *Birth Promotion Strategy*, one can see that an increasing number of youth have sex under the effect of alcohol and drugs or behave promiscuously without using preventive measures against pregnancy and sexually transmitted diseases. It is estimated that the number of adolescent pregnancies within a calendar year amounts to at least 50 per 1,000 girls. Half of these pregnancies end with giving birth and half with induced abortion.

*National Strategy for Youth 2015-2025* is based on the strategic orientation of the state to work with and for youth. Starting with the objective established by the *Law on Youth*, the Strategy provides conditions, which will enable young people to completely achieve their potential and participate actively in the society.

Besides developing policies and legislation, the Ministry of Youth and Sports has conducted 47 competitions for creating and implementing youth policy, it has organized a training for 350 youth associations and informal youth groups, it has supported the development of 157 youth offices in local governments and assisted the development of local action plans for youth in over 100 local governments, all within the framework of the implementation of activities proposed by the *National Youth Strategy and Action Plan* by 2014.

*National Strategy for Youth* defines nine strategic objectives in different areas such as: employability and employment of young women and men; the quality and the opportunity to acquire qualifications, develop competences and innovation; active

participation of young women and men in society; health and welfare of young women and men; conditions for developing the youth's safety culture; support to social inclusion of young people at risk of social exclusion; mobility, the scope of international cooperation of young people and support to young migrants; youth information system and knowledge; and participation of youth in creating cultural contents.

#### 4. Responding to the needs of the aged

The population of Serbia (excluding Kosovo and Metohija) is among the oldest in the world. Changes in the age structure in the period 2002-2011 year point to a continuation the increase of elderly population. Characteristics of the age structure of the rural population are even less favorable, which is confirmed by the fact that every fifth rural resident is over 65. According to the 2011 Census data, more than four-fifths of the population (82.6%) were adults, while the share of older than 65 was 17.4%, and older than 80 years, 3.6%.

In 2011, urban population older than 65 years accounted for 15.6%, while those older than 80 years accounted for 3%. According to the population projections, the process of aging in areas with low fertility rate will continue in the first half of the XXI century and the number of people over 65 years will increase by one-third until 2052.

The adoption of the *National Strategy on Aging 2006-2015*, the phenomenon of aging is promoted as an important factor in the policy of the Serbian Government. However, as the period of validity of the Strategy expired in 2015, adoption of a new strategic document is expected in 2016. In 2005, Serbian Government adopted the *Review on the Achievement of the Millennium Development Goals*, supported as priority by the *National Strategy on Aging*. In 2007, Serbian Government brought a decision to establish the Council on age and aging as its expert and advisory body.

Basic problems of the elderly population in Serbia were specified on the basis of representative surveys conducted during the first decade of the XXI century, the most important being poverty and weak institutional and instrumental support. The findings impose priority political responses to aging, and above all to the poverty of elderly. Given the fact that, due to weakness or health problems, every fourth elderly person needs assistance in daily life in the house or outside, one of the priorities is also to encourage the development of home care as a basic form of long-term assistance and support. It should be pointed out that the institutions have a marginal role in the support network for the elderly population.

*The Survey on Income and Living Conditions (SILC)*, conducted for the second time in Serbia in 2014, showed that the at-risk of poverty rate for the people over 65 is 20.7%. The objectives of the state policy towards the elderly include: increase in the living standards of pensioners and other elderly persons in line with the increase in the living standards of other citizens; reduction of poverty among pensioners and other elderly people, both in the number of poor in the total number of this population, and in the absolute number of

poor people; reducing the severity of poverty of the remaining poor elderly; and strengthening the non-institutional care and services for particularly vulnerable elderly.

According to a representative survey on the poor elderly in Serbia and the results of this research published in a study entitled *They can't wait*, the extensive social exclusion that affects poor old people is manifested as: financial poverty, deprivation of basic needs, and poor health care, lack of support of the wider community, poor health, inadequate housing conditions, etc. In Serbia, there is a family model of social policy whose fundamental principle is such that the social functions are primary the functions and duties of the family, while the support of the organized community and the state is provided only when there is no family or when family is unable to provide them.

## 5. Integrating gender in urban development

According to 2011 Census, women accounted 51.3% of the total population of Serbia. The age and sex structure of the population of Serbia shows the dominance of men in the younger population under 39, and the dominance of women in middle-age and elderly population. The demographic development of the population of Serbia will be determined by gender disproportion, especially when taking into account spatial distribution of the population in their prime reproductive age (20-39 years). Census 2011 showed that the process of masculinisation spread to all urban centers in the country, except in a few major centers, compared to 2002 when, due to an increased migration of female population in this age group, rural and mountainous areas were generally affected the most.

*The Constitution of the Republic of Serbia* as the highest legal act of the country, proclaims the principle of equality and prohibits direct and indirect discrimination on any grounds, including discrimination based on sex. Although, women and men in Serbia formally have equal rights, indicators show that the overall socio-economic status of women is worse than the status of men and that proclaimed principles are still not being implemented in the execution of policy and actual practice.

Respecting international standards, the Constitution and laws, the *Law on Gender Equality* implies equal participation of women and men in all fields in both public and private sector. This law prescribed to public authorities how to develop an active policy of equal opportunities in all spheres of social life, defining forms of discrimination such as harassment (verbal, non-verbal or physical act and sexual harassment as unwanted verbal, non-verbal or physical act of a sexual nature). The law also established sex and gender equality in employment and income, social protection and healthcare, and participation in collective bargaining (participation in trade unions and other collective organizations and so on), and political and other public activity as well as in the education system. *Anti-Discrimination Law* obliges the country to implement comprehensive measures to prevent and protect against multiple discrimination which is described as a severe form of discrimination.

Institutional mechanisms that have implemented and supervised the process of improving gender equality in Serbia since the beginning of the millennium until today are: The Committee for Gender Equality of the National Assembly of the Republic of Serbia (2002); Gender Equality Council of the Government of the Republic of Serbia (2004); Ombudsman (Law passed in 2005, Deputy Ombudsman for Gender Equality appointed in 2008); Gender Equality Directorate within the Ministry of Labour and Social Policy (2007); Commissioner for the Protection of Equality (established by the *Law on Prohibition of Discrimination* brought in 2010, the Commissioner being appointed the same year); Provincial Secretariat for Labour, Employment and Gender Equality, the Provincial Ombudsman (Deputy Ombudsman for Gender Equality), the Provincial Council for Gender Equality, the Gender Equality Committee of the Assembly of the Autonomous Province of Vojvodina and the Provincial Institute for Gender Equality; and local councils, commissions, committees or employed persons in charge of gender equality in 129 local governments, according to the Standing Conference of Towns and Municipalities. In October 2014, the Coordination Body for Gender Equality was established as a national mechanism in order to consider all issues and coordinate the work of state administration on all issues relating to the improvement of gender equality in Serbia.

The *National Strategy for Gender Equality with the Action Plan 2016-2020* is the main strategic document, adopted with the aim of promoting gender equality. The Strategy pays special attention to the elimination of multiple discrimination and improving the situation of multiple discrimination of women (Roma women, older women, women with disabilities, rural women, women with HIV, members of national minorities, members of sexual minorities, single mothers, victims of gender-based violence, displaced persons, migrant women, poor women and others). Analysis shows that in many key areas for the reduction of sex and gender inequality and gender desired effects have not been achieved. Participation of women in public authorities outside the legislature is still at a low level, economic status of women is bad, violence against women, including femicide, is widespread, a media content is still characterized by sexism and misogyny. Evaluation of the *National Strategy for the Advancement of Women and Gender Equality, with the Action Plan for the period 2010-2015* showed a modest progress in relation to its objectives and identified a number of obstacles regarding the coordination of effective enforcement, and the possibility of monitoring.

As one of the aspects of the implementation of policies to improve gender equality one should mention the *Strategy for Social Inclusion of Roma in the Republic of Serbia 2016-2025*, which creates the conditions for social inclusion, poverty reduction and combating discrimination against Roma and the Roma women, or the conditions for the realization of human rights of Roma. In the future, it is particularly important to pay attention to solving the issues concerning the improvement of living conditions in substandard settlements, and in particular the conditions for Roma women who are subjected to various forms of violence, such as basic security for life as well as sexual harassment and even rape.

While natural disasters affect all categories of the population, they may have different social effects on men and women as well as to vulnerable groups of the population, due to differences in the degree of their vulnerability and social exclusion that affect their ability to avoid the risk and recover from. The results of the *Gender Analysis of the Impact of Floods in Serbia in 2014* confirmed the results of previous studies that women suffer more than men, such a trend being primarily caused by gender inequalities as well as material abilities and disposition of resources and goods.

Research shows that the male employment rate is significantly higher than the employment rate of women (50.0%; 35.0%) and also that twice as many men (57,568) than women (25,772) occupies a leadership position. The average salary of men is higher than the average earnings of women in the public as well as in the private sector, mainly due to the concentration of female labor in lower paid sectors.

Widespread discrimination against women in the field of labor and employment is confirmed by the fact that more than half of the complaints submitted to the Commissioner for the Protection of Equality in 2014, refers to discrimination based on sex / gender. Legislative provisions on the protection of pregnant women and new mothers are often not respected. As regards the discrimination against women because of the use of pregnancy or maternity leave, as much as 38% of the citizens stated that they were familiar with the case that the woman was fired for this reason. In job contests women are rejected more often than men with the explanation that a particular job is not for females (71%) or because of their age (65%). Access to education is particularly difficult for girls from marginalized groups (such as the poor, Roma, children with disabilities, children in rural areas).

According to the information relied by the *National Strategy for Preventing and Combating Violence Against Women in the Family and in Partnership*, violence in family is the most common form of violence in Serbian society, and more than half of women have experienced some form of family or partner violence.

## 6. Challenges experienced and lessons learnt in these areas

Despite the existence of modern theoretical platform and proposed measures for the implementation of population policy and sustainable demographic development, developed social awareness and decisive state activity that affects the important demographic factors still do not in Serbia. Notwithstanding the fact that two important strategic documents intended to guide the demographic trends were adopted – *Birth Promotion Strategy* and *Migration Management Strategy*, the concrete measures that would affect the natural replacement of the population as well as measures that would direct and control internal migration as the most important factor of urbanization of the population, are lacking.

Since 2002, two direct measures of population policy were adopted - full wage compensation to employed mother during maternity leave for a period of one year and a parental allowance (up to the fourth child in the family). However, indirect measures

of support that would enable easier reconciliation of work with parenting, as equally important factor especially for women employed in the private sector, are missing. According to the duration of paid leave with regard to the birth of a child, Serbia belongs to the group of Scandinavian countries and Central and Eastern Europe where this leave lasts longer than 40 weeks. This involves high expenditure, but in most countries mentioned above this expenditure is financed from a social security and not from the budget as it is the case in Serbia.

According to 2013 data, youth unemployment was 23.4% at the level of the EU, while it amounted to 41.7% and 33.27% for those aged 15-30 in August 2014 in the Republic of Serbia. In addition, young in Serbia are inactive in the labor market. In August 2014, the youth inactivity rate was 71.2%, and 52.87% for young aged 15-30. Also, 19.7% of young people aged 15 to 24 belonged to the NEET (Not in employment, education or training) category of young people in Serbia in 2013.

Serbian geospace is relatively well covered by a network of cities and towns. However, due to the large differences in their demographic size, quality, territorial scope and diversity of their functions, as well as the area of their influence, their role in the regional integration of the Serbian geospace varies. The decentralization of the labor function and the creation of submigration systems in urban agglomerations and peri-urban areas would enable the implementation of a decentralized model of concentration of population and functions. Model of decentralized concentration corresponds to the principles of sustainable development, it is economical in terms of space utilization, resources, energy and transport. Experiences of spatial planning in Serbia indicate that the most appropriate instrument for the implementation of decentralized concentration model (of population and functions) is the concept of micro-developing nuclei - settlements with a developed public and social infrastructure and social activities in the service sector in which industrial facilities are located and adapted to modern technology environmental standards and indigenous raw materials. Performing regionalization by the principles of polycentrism, or performing the division of large territorial units into smaller spatial entities with relatively uniform functional characteristics, make it easy to consider regional development problems and opportunities to improve individual regions by applying adequate methods.

Unequal spatial distribution of human resources and spatial disbalance in the demographic structure are one of the biggest weaknesses and limitations of sustainable development of Serbia. Such spatial demographic development is a result of insufficient degree of the urbanization of Serbian geospace, demographic disproportion, especially manifested in the inter-regional level (between the center and its periphery) as well as the functional concentration and domination of the Capital city of Belgrade comparing to the rest of the territory.

The current typology of settlements and classification of urban and rural settlements, which is dysfunctional and inadequate constitutes the major constraint for the establishment of a balanced settlement system and disables a realistic perception of the relation between urban and rural population. This raises questions about the redefinition

of the concept of settlements and the introduction of new criteria that would lead to a more accurate classification and typology of settlements (urban, rural, mixed, etc.) that would be compatible with Eurostat standards and needs of the Republic of Serbia.

Urban theory and organizations dealing with human settlements periodically formulate principles and possible models for sustainable, intelligent existence, functioning and urban planning, but intense global process of urbanization requires new principles and models of city planning. Local economic development strategies were adopted by large number of local governments, but sectoral documents remained isolated. It is necessary to integrate spatial planning, economic and social development of cities into one sole system, according to the clear theoretical recommendations and the examples of good city planning practice. It is also necessary to have a big picture in order to put strategic and operational plans into the service of urban integrated planning process and the development of the city.

Serbia is at 10% to a halfway towards gender equality. Serbian *Gender equality index* reveals that gender inequalities are pronounced and indicates that Serbia lags behind the EU average in overall gender equality. Compared to EU Member States, *Gender equality index* indicates that Serbia has a better result than several Member States of the European Union, but it still belongs to the group of countries that have the lowest scores. The experience gained in this area by the more advanced European countries used to make repairs in the coming period the *index of gender equality*. In order to improve the *index of gender equality* in the future, Serbia will use the experience gained by more advanced European countries.

In addition to laws and national strategies, the *European Charter for Equality of Women and Men in Local Life* (Council of European Municipalities and Regions, CEMR), signed by 38 cities and municipalities is of special importance to gender equality mechanisms (working groups and persons employed on gender equality) at the local level. Standing Conference of Towns and Municipalities has a special role in promoting this document, in providing a connection between cities and municipalities with the CEMR administration and in providing support to networking and understanding and the implementation of engendering in different areas of the implementation of this document regarding all responsibilities of the local government.

## 7. Future challenges and issues in these areas that could be addressed by a New Urban Agenda

One of the greatest demographic challenges and warnings which Serbia has been facing is accepting the reality that the population decrease and aging (in a long term) is its inevitable demographic future. Facing such a future should primarily point out, to the creators of the social development and population policy measures, the possibility of creating realistic frameworks through demographic development strategies. While applying the pro-natalist measures, it is necessary, along with respecting the conditions that sustain the low reproductive standards in a modern society, to recognize the causes of these negative occurrences on both regional and local level.

Regarding cities and development centers which haven't been caught by the depopulation processes yet, it is necessary to create strategic documents which would steer the urbanization and demographic development processes. On the other hand, it is necessary to carry out one of the strategic priorities defined in the Spatial Plan of the Republic of Serbia, which involves the creation and implementation of population policy measures, especially in areas that could be demographically revitalized.

A highly prominent gap in development between central and other settlements is apparent in Serbia, which is especially visible between: the capital and other settlements; macro-regional centers and subregional centers surrounding them; local, or municipal, centers and other settlements on the territory of the municipality. The imbalance between the concentration of population and functions of named settlement groups is evidence that Serbia doesn't have a balanced and equally developed urbanization system and that courses of urbanization haven't been justly directed. Furthermore, the depopulation and fragmentation of settlements have conditioned spatio-demographic and even functional imbalance in the settlement network. One of the future challenges that are imposed to the future settlement development policy, which is set as one of the basic goals in the Spatial Plan of the Republic of Serbia, is that spatio-functional development should be based on the model of functional urban areas that will be instruments of balanced or acceptably imbalanced spatial development.

The policy of rural development must be based on suitable economic, agricultural, regional-development and cultural policy that drastically differs from current policy, which hasn't adequately considered the possibility of slowing the deagrarianization and depopulation of villages in Serbia. The future challenge of managing stronger bonds between rural and urban areas involves implementation of integrated rural development measures which should enable: improvement of markedly unfavorable state of agriculture compared to the industry and service sectors; transferring from centralized to decentralized industrialization and urbanization model which would attract investments into rural areas and undeveloped municipalities; improvement of traffic and utility infrastructure in rural areas, especially the improvement of communication and connection between villages and cities through public transport which would enhance commuting; education of farmers and subsidies for investing in technology modernization and specialization of agricultural production.

Migrations of the population are an important determinant of changes in the spatial distribution of the population. Emigration, which mostly concerns younger and educated population, had as consequence the forming of highly populated zones on one hand, and depopulated zones, on the other. One of the imposed challenges for reducing the unemployment rate of younger population and reducing the economic emigration, is providing conditions for development of creativity, innovations and initiatives among the young and acquiring competencies through lifelong education, followed by developing mechanisms for financial support to the young in starting their own businesses, especially financing Start-up projects, social and innovative



entrepreneurship and the like. However, one of the basic challenges of the state policy is the harmonization of education policy with current needs of the labor market.

According to the UNHCR data, Serbia belongs to the countries that respect the freedom of movement and the right to freedom of asylum seekers. The number of asylum seekers in Serbia has drastically increased in last years. However, it should be noted that these immigrants, who trespass onto the territory of the Republic of Serbia and seek asylum, mostly don't have the intention to stay on this territory, but are here only in transit to EU countries, thus these migration routes don't have a major influence on the population urbanization processes. However, it should be borne in mind that in terms of accelerating Serbia's path towards European integration and its progressive economic development, there is a potential possibility that a certain number of immigrants (today's asylum seekers), express the intention to work and stay in the country.

A specific phenomenon and a dramatical result of urbanization in the Republic of Serbia are informal settlements and illegal construction. Challenges that impose to the implementation of the *Law on the legalization of buildings* and to the future activities that should organize this matter, concern legal matters and improvement of informal settlements and unconditional stop of future illegal construction and emergence of new informal settlements.

The matter of gender equality has up to now been treated by numerous documents and strategies, but the instruments for the implementation were either lacking or coming from donators - on both national and local level. In order to show true dedication to achieving gender equality it is necessary to provide funds from national and local budgets. Furthermore, there is a great need for a gender-disaggregated statistics and true dedication from higher levels of government and decision making bodies. In the period 2016-2020, the focus of the public policy shall be directed to achieving following strategic goals: changed gender patterns and improvement of the culture of gender equality; improved equality between women and men by implementing the policy and measures of equal opportunities; and systematic implementation of gender perspective into creating, implementing and monitoring public policies.

## II Land and Urban Planning

Urban development is a topic that integrates land management, spatial and town planning and local development strategies in urban areas, which represent the spatial concentration of population and activities. Urban planning is present in Serbia since the second half of the nineteenth century, while a comprehensive spatial planning is being developed since the second half of the twentieth century. Contemporary urbanization trends point to a growing need to improve the practice of spatial and urban planning, whereas land pressure calls for a rational land use and better land management.

### 8. Ensuring sustainable urban planning and design

In the Republic of Serbia, basic principles for the planning, development and use of space are established by the *Law on Planning and Construction*. They relate, among other things, to sustainable development through an integrated approach to planning, balanced territorial development, rational use of land by encouraging urban and rural renewal and reconstruction, rational and sustainable use of non-renewable resources and the optimal use of renewable resources, the protection and sustainable use of natural resources and immovable cultural assets, increased use of information technologies, preservation of customs and traditions, as well as the specifics of the landscape.

Going towards European integration and global tendencies described in international strategic documents, the Republic of Serbia adopted a ten years valid *National Sustainable Development Strategy* in 2008. This document is harmonized with a large number of other national sectoral and multisectoral strategies. The principles of sustainability promoted by the Strategy served later as guidelines for new sectoral strategies, both at national and local level, and particularly for the umbrella strategic spatial planning document - the *Spatial Plan of the Republic of Serbia 2010-2020*. The National spatial plan is being implemented through an implementation program, which is adopted for a period of 5 years, while the reports on the realization of the National spatial plan and the state of spatial development are being prepared annually. Moreover, all regional and local spatial plans were adopted during the past several years, as well as a large number of spatial plans for special purpose areas.

Being spatial planning documents of strategic character, regional spatial plans and spatial plans of local self-governments determine, among other things, the principles and proposals for the protection, planning and development of nature and natural systems, measures for the protection, organization and improvement of natural and cultural heritage, as well as measures for balanced territorial development. Spatial plans of local self-governments can be implemented directly on the parts of the territory where the development of town planning documents is not foreseen. General regulation plan has a double role, too. Adopted for the seat of the municipality and other settlements as prescribed by the spatial plan of the local government, this town plan defines strategic (sustainable) spatial development guidelines, implementation measures and instruments,

on the one hand, enabling authorisation of building permits by providing construction rules, on the other.

Urban/town planning which is the responsibility of local self-governments, is guided by the principles of sustainability to the extent these principles are elaborated and concretized at the national level. Ever since the nineties, the principles of sustainability in the laws on spatial and town planning are mainly determined in the context of the main development goals, however further and clearer guidelines for their implementation are missing. These principles are generally applied at the level of strategic planning (general urban/town plan and spatial plan), while their possibly further implementation is done through detailed regulation plans or urban design. The efforts of local governments to plan their territories in a responsible and sustainable way is reflected in the understanding of certain aspects such as the development and activation of zones and the existing spatial resources within an urban area through urban renewal and the use and development of brownfields. The development of brownfields has been so far, in most cases the result of cooperation or initiatives of local administrations and the local economic development offices, in charge of investments at the local level.

Due to the lack of clearer guidelines and different constraints in the field of urban development, urban sprawl or the conversion of agricultural land into construction land by reason of the expansion of illegal construction has been the trend for many years. Not rarely, this was also the choice of local governments to attract potential investors through greenfield investments, as an easier and faster mode of the realization of funds.

Other topics that could be found in the field of sustainability, such as energy, transport and environmental protection, are still not sufficiently and adequately treated in town planning. Although the last topic has perhaps advanced the most in the legislative sense through the Strategic environmental assessment (SEA) that was introduced as a result of the transposition of EU directives into national legislation and the adoption of the *Law on environmental protection* and the *Law on Strategic Environmental Assessment* in 2004, there is still plenty of room for improvements and concretizations. According to the *Law on Planning and Construction* in force, SEA is a mandatory part of background planning documentation, while before bringing an official decision on the development of a planning document (spatial or town) the authority in charge of environment estimates a necessity to prepare SEA.

## 9. Improving urban land management, including addressing urban sprawl

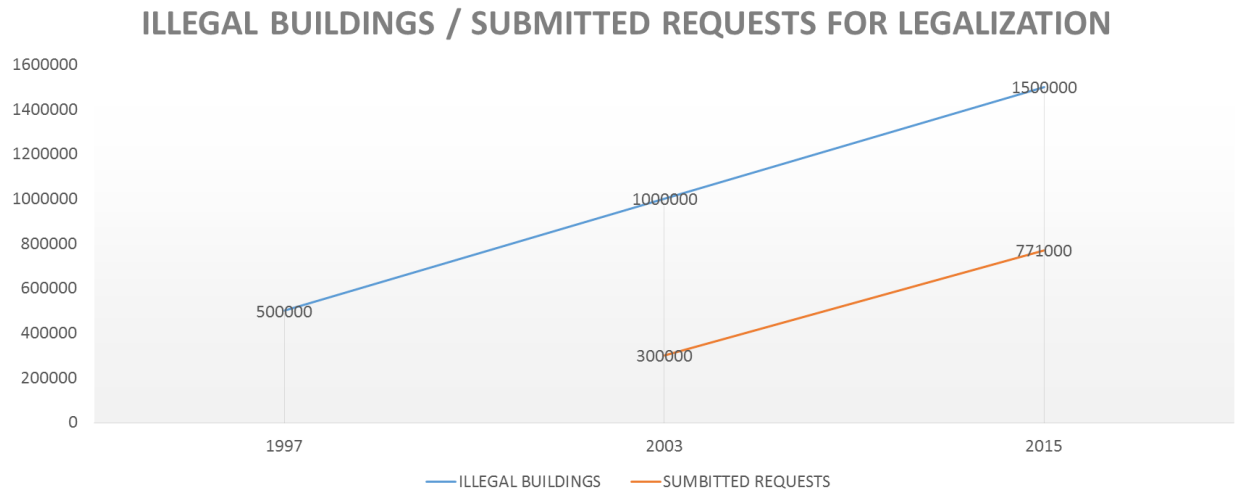
Impact of land policies on the shaping and expansion of cities in Serbia has been very important, if not decisive since the reconstruction of the country after World War II. In this respect, it is important to mention the *Law on nationalization of leased buildings and construction land* brought in 1958, which gave the framework for the determination of land intended for urbanization. The dynamics of decision-making on determination of building land and / or adequate town plans and the effectiveness of their implementation did not, however, follow the dynamics of migrations towards larger cities, thus leaving room for spontaneous construction on private plots (still on real estate

market) around them. This mainly concerns housing sector, housing units within the limits of the building land in the cities being predominantly a public property (as consequence of nationalization and “publically” constructed and owned new developments). A long-time neglect of the “capitalist” housing heritage, accompanied by a sudden privatization of “publically owned” housing units in conditions of disturbed socio-economic relations and strong social segregation, led to an expansion of uncontrolled developments during 90's in the cities themselves (a spontaneous densification of urban fabric!). The latest took various shapes, the main being: occupation of public spaces by originally temporary facilities built up also of solid materials and serving sometimes even for apartments; construction of villas or apartment buildings after demolition of private houses by reaching maximum or surpassing plot ratios but not providing parking places; built on to the existing facilities (heightening) and the conversion of common parts of the building into housing units.

Period after the year 2000 is marked by different attempts to face the above mentioned problems while reintroducing spatial order, the process not being completed yet. The steps were taken both in the field of land management and spatial and town planning.

First steps towards merging once separated land registry and land cadaster into real estate cadaster were taken by adopting the *Law on survey and registration of property rights* in 1988. Due to exceptional circumstances during the nineties, further complicated by historically grounded differences in the precision and availability of data between the northern part of the country, on one side, and central and south, on the other, significant steps were taken only since the year 2002. Given the complexity of this process, and the need to follow new standardization trends in respect to geo-spatial information, the Republic Geodetic Authority has been engaged in a number of international projects, the main partners/donors being EU, Norway, Sweden, Germany, France and Japan. The most complex projects are implemented, however, with the help of the World Bank loans. The first such project (*Real Estate Cadastre and Registration Project*) worth \$ 30 million was implemented in the period 2004-2012, while the second (*Improving Land Administration in Serbia*), worth 44 million dollars, began in 2015 and runs until 2020.

As far as urban sprawl / spontaneous urbanization is concerned, in addition to the progress made in the field of land management, strong efforts have also been made to develop and adopt new spatial and town planning documents with the aim of redefining land uses and introducing planning and construction rules. This was also followed by different attempts to approach the issue of legalization by providing new legal tools and frameworks, several aerial and satellite images being produced in order to determine the real extent of illegal construction, too. Alarming statistics on illegal construction preceding the adoption of the latest legalization law in 2015 counted 1.5 million illegally built facilities, of which around 771,000 applied for legalization. The task of the new law is, among other things, to include into legalization procedure all those facilities for which a request is not made but that can be found on the satellite image. The evolution of illegal construction and legalization since the adoption of the first legalization law is shown on the graph below:

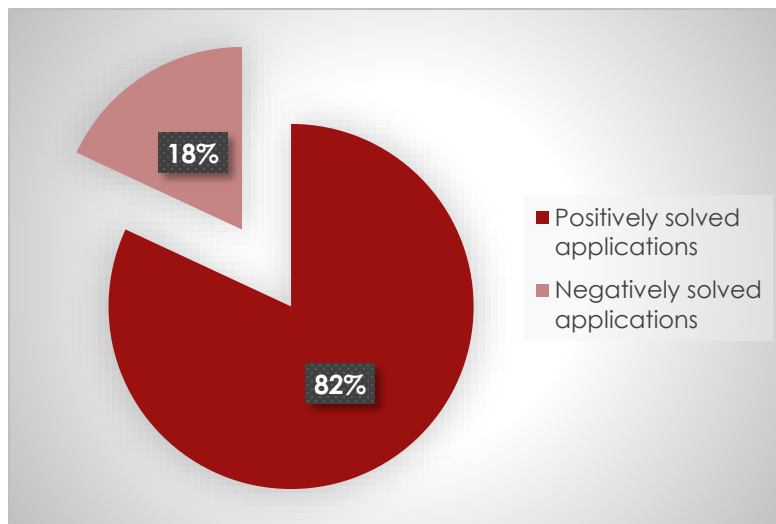
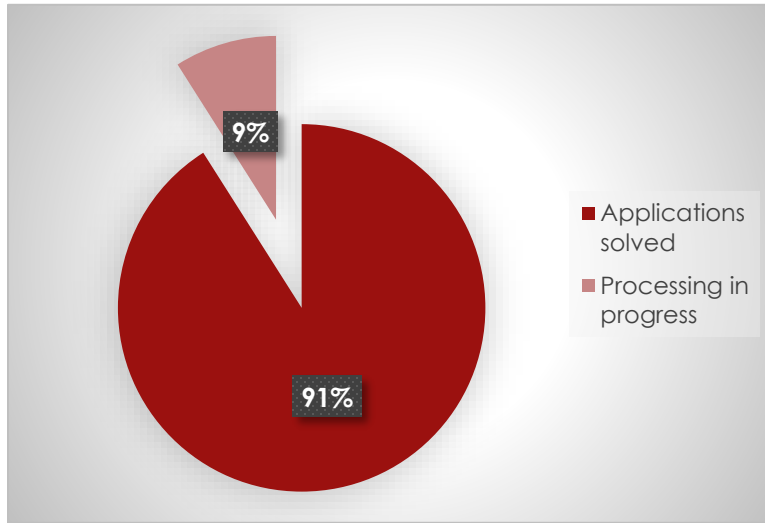


*Source: Ministry of construction, transport and infrastructure*

Parallel to the above activities, one of the most important concerns was the shortening of procedure and the time needed to obtain building permits, too. It eventually resulted in the establishment of a unified procedure (based on the cooperation of public institutions and the electronic exchange of data) as well as the release of electronic building permits.

## Statistics of issued e-permits in the municipalities in Serbia as of October 7<sup>th</sup>, 2016

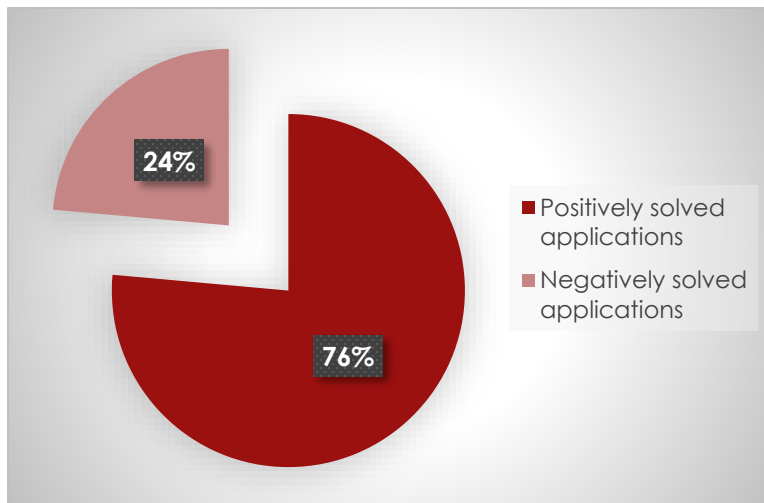
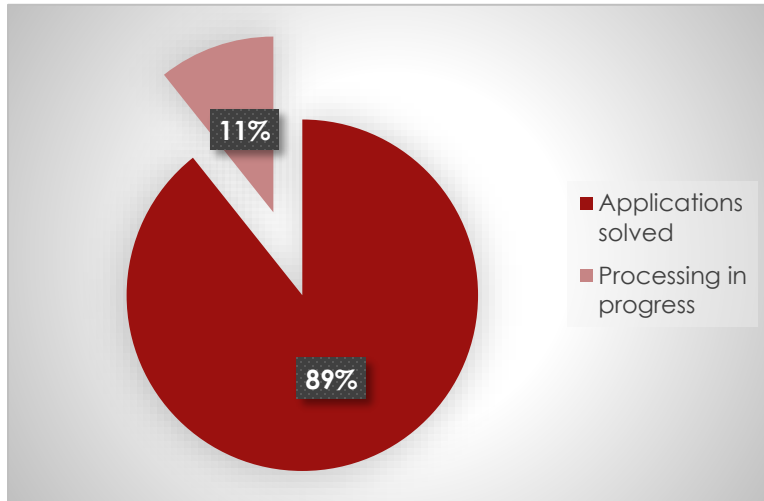
Municipalities	Number of applications	Number of applications solved	Percentage of applications solved	Number of positively solved applications	Percentage of positively solved applications	Number of negatively solved applications	Percentage of negatively solved applications	Average success rate
<b>Total</b>	19056	17341	<b>91%</b>	14209	<b>82%</b>	3134	<b>18%</b>	<b>86%</b>



Source: Ministry of Construction, Transport and Infrastructure

## Statistics of issued e-permits in the cities in Serbia as of October 7<sup>th</sup>, 2016

Municipalities	Number of applications	Number of applications solved	Percentage of applications solved	Number of positively solved applications	Percentage of positively solved applications	Number of negatively solved applications	Percentage of negatively solved applications	Average success rate
<b>Total</b>	16981	15165	<b>89%</b>	11590	<b>76%</b>	3575	<b>24%</b>	<b>83%</b>



*Source: Ministry of Construction, Transport and Infrastructure*

### 10. Enhancing urban and peri-urban food production

Agricultural land occupies 63.7% of the territory of the Republic of Serbia, of which 63.9% is arable land. As a result of the use of the most fertile agricultural land for construction

and other non-agricultural purposes, economic and sociocultural demotivation for agricultural production, advanced depopulation and aging in mountain and other villages lacking basic infrastructure, as well as institutional problems of agro-industrial complexes, all types of agricultural land, except permanent grasslands, record a decrease in their surface. The first and the last reason concern directly food production around large agglomerations, especially in the capital city of Belgrade.

Fresh food supply system in Serbian cities relies on green markets which operate in major cities throughout the week, then on specialized shops for the sale of meat, dairy products and fish, grocery stores, super- and hypermarkets. The only real and still unfinished wholesale market is located in Belgrade, while in other cities there are only distribution centers. Bearing in mind the diverse structure of Serbian agriculture, fresh ingredients are mainly of domestic origin. Given that urban hinterland is largely rural, peri-urban agriculture is an important link in the food production chain and as such, is recognized as a special type of agricultural production.

High costs of domestic production, coupled with the evolution of demand lead also to the imports of various food products. Both domestic production and imports make cities be well provided with all kind of food. Low purchasing power, which is particularly exacerbated by the recent outbreak of the global economic crisis, affects, however, the choice of a major part of urban population towards cheaper and less quality products. For those most vulnerable, the city authorities, in cooperation with the Red Cross and various charities organize soup kitchens. In recent years, the number of the users of soup kitchens is on the rise whereas the financial sustainability of these kitchens is often been questioned.

While the legal framework for integral agricultural production does not yet exist, the organic agriculture is regulated by the *Law on Organic Production* brought in 2010 (replacing the law brought in 2006) and the *Rules on control and certification in organic production and organic production methods* brought in 2011. Though still insignificant in terms of share in overall agriculture land (around 0.13%), organic agriculture has a significant rising trend, another 0.14% being in the conversion period in 2015. Organic production is usually located near major urban centers and can be therefore considered as a form of peri-urban food production.

Urban gardening is in the initial stages of development. Activities in this regard are taken by individuals and non-governmental organizations, but gradually they are joined by some local authorities.

## 11. Addressing urban mobility challenges

According to the *Strategy of railway, road, inland waterway, air and intermodal transport in Serbia 2008 – 2015*, the mobility of Serbian population is two to three times lower than in the developed countries of Europe, 96% of all passengers being commuters (mainly in urban areas). About two-thirds of all trips are performed by means of public urban and suburban transportation of passengers while one third are long-distance travels. Around



95% of all trips are effectuated in the six largest cities of Serbia. Share of railway in public urban and suburban passenger transport is significant only in the City of Belgrade (Beovoz).

Other documents of relevance for urban mobility are: *Strategy for Road Traffic Safety of the Republic of Serbia 2015-2020*, *Water Transport Development Strategy of the Republic of Serbia 2015-2025*, the *General transport master plan 2027* which refers to the investment program for the transport sector during the period up to 2027 (estimating that Serbia needs 22 billion Euro for investments and maintenance), as well as the *EU White Paper on Transport* (2011) as Serbia is a candidate country for EU membership. From the perspective of local governments, in addition to sector-regulating laws (including those related to the environment), an umbrella law in the field of mobility is the *Local Government Act* which defines the competences in the field of transport. Along with laws, the legislation is based on the locally brought decisions such as the Decision on the technical regulation of traffic on the local roads, Decision on public car parks, Decision on the municipal transport of passengers by road, etc.

Although the development of urban transport in Serbia followed the trends of industrialized cities during the nineteenth and the first half of the twentieth century, in the period after the Second World War, all forms of public urban transport were gradually abandoned in favor of the bus traffic. Today only the Capital city of Belgrade dispose with different means of urban transport (trams, trolleybuses, buses, railway). Once very busy, river transportation was, however, abandoned in Belgrade, too, the initiatives for its revival occurring occasionally. Given the strong population growth in the postwar period, a construction of Belgrade metro is being considered since seventies. A number of studies and projects has been developed so far, the newest being in preparation within the framework of bilateral cooperation with France. Besides, a possibility of building a cable car that would be in the public transport system was taken into consideration in two occasions since 2002, new studies being in preparation.

As the dominant form of public transport, the bus transport can be assessed as relatively satisfactory in terms of the number of lines and the frequency of operation, whereas a lack of capacity can be observed in rush hours. The main challenge when it comes to the bus fleet is a continuing need for renewal and modernization of the vehicles in order to provide greater passenger comfort and to minimize adverse environmental impacts. Bus companies operating in the public transportation system can be both public and private.

The conditions for carrying out taxi services, including the lowest economic price, as well as the necessary number of taxis is specified by local authorities. Taxi drivers are organized into associations. The problem of illegal taxi drivers is especially evident in Belgrade, namely at the airport and the main railway station.

Even though the majority of commuters use public transport, the share of private passenger vehicles in urban traffic is not negligible. Traffic congestion in rush hours is, in this sense, a daily phenomenon. This is also due to an incomplete system of bypasses

around major cities (which are being constructed depending on the availability of financial resources), but also to a network of urban roads that requires adaptation to a growing number of vehicles on the streets. For reasons of poor driving culture, a great attention is, for many years, paid to road safety, especially the safety of pupils. In addition to the continuous improvement of the legal framework, this activity involves numerous campaigns and initiatives that bring together national and local governments, NGOs, schools and media. The average age of a car in Serbia is 16 years, which raises a number of questions regarding the safety of vehicles, air pollution, but also of the economic power of the population. The lack of parking places in city centers is another challenge.

Bicycle traffic is typical chiefly for Vojvodina as a northern, lowland part of the country whereas in Belgrade, for example, it has primarily a recreational character with a system of paths along the rivers and mainly in New Belgrade, which is mostly flat. "Bike sharing" system exists in the cities of the northern province of Vojvodina. Bike paths are built sporadically in other cities and towns south of Belgrade, but this kind of traffic is primarily promoted as a form of recreation in the countryside and therefore it has no significant role in urban mobility. In recent years there has been an increasing number of initiatives of citizens and associations of cyclists requiring greater road safety for cyclists and raising awareness about the participation of bicycle traffic in the system of public transport.

Pedestrian traffic depends, naturally, on distances and its role varies depending on the size of the city. The main barriers to this form of urban mobility is the lack of or insufficient regulation of sidewalks, taking sidewalks for parking, as well as insufficient safety of certain pedestrian crossings, or lack thereof.

Cities in Serbia participate in the European Mobility Week since the establishment of this campaign by the European Commission. The campaign aims to raise public awareness about the need to reduce the use of private cars and promote alternative forms of transportation. Since 2001, this initiative in various ways involved more than 90 towns in Serbia.

In comparison to the EU White Paper on transport, Serbian Transport Strategy does not make any reference neither to the Sustainable Urban Mobility Plans – SUMP nor to quantitative targets for reducing emissions. Apart from Belgrade, there were no significant activities related to the definition of the SUMP in Serbia until recently. During 2016, the town of Kruševac started drafting the SUMP on its own initiative, which can be considered the result of previous involvement of the city in the European Mobility Week and CIVINET network for South East Europe.

## 12. Improving technical capacity to plan and manage cities

Cities may consist of one or more municipalities, as stipulated by the statute of the city. However, planning is centralized so that the city government adopted all kinds of local planning documents. This is in addition to the City of Belgrade, the case with several other cities in Serbia.

All cities in Serbia have services engaged in the planning and management of urban land. Major cities have also established special directorates or public companies engaged in planning. In these cities, there are also other companies (public or private) that can compete in public tenders for development of planning documents. The largest capacities in this regard can be found in Belgrade, Novi Sad, Niš and Kragujevac. A system of licenses issued by the Serbian Chamber of Engineers since 2003 and covering various professional engagements - from the process of planning to the construction (including energy efficiency), makes it possible to achieve greater responsibility for planning and construction made solutions.

The efficiency of the city's professional services is conditioned by the available human resources, technical equipment and financial capabilities, as well as, of course, organizational capacity and political support. City administrations differ in this regard, while a special threat is a phase downsizing of the number of employees in the public sector which takes place in recent years.

Bearing in mind the decades of experience in the development of planning documentation, methodological issues are not as pronounced. However, it would be useful to follow new trends and this activity should be strengthened. On the other hand, planners, city servants and city managers face other important challenges such as short deadlines to provide concrete planning solutions and establish information systems. This, at the same time, favors physical over strategic planning. As far as information technologies are concerned, the transition from CAD to GIS technology is relatively slow. The biggest planning agencies are in a better position because they can allocate more funds for the purchase of appropriate software and the training of employees. On the other hand, the city authorities are faced with the need to establish a unified information system with consolidated data from various city services. For this activity support is needed, both in terms of financial resources, and training.

A novelty on the exchange and availability of information is the establishment of the Central Registry of planning documents at the national level. The Registry combines all planning documents adopted in the Republic of Serbia and which is publicly available on the Internet. The institution in charge is the Republic Geodetic Authority. Availability and exchange of necessary geodetic and other information related to land depend, among other things, of the dynamics of cadastral reform.

With the initiated reform in the area of finances, including the subsequent amendments to the *Law on Budget System* in 2015, which stipulates that public companies, funds and authorities lose their status of indirect budget users, survival of directorates and public companies involved in planning in the present organizational form, has been brought into question. This means that the regrouping of the capacity of local governments and a different way of organizing and running in the near future is inevitable, with so far, uncertain results.

### 13. Challenges experienced and lessons learnt in these areas

It could be said that the commitment to apply the principles of sustainable urban development in the planning system of the Republic of Serbia is still of a general character. This calls for a concretization of actions, and clearer guidelines for the application of these principles to the level of urban planning. Local spatial planning is guided by these general principles to a lesser extent, in part because of the lack of clear guidelines from the national level, but also because a large part of urban planning still depends on the assessment of individual interests that may significantly affect the planning solutions.

Larger cities and local self-governments that have implemented projects to support local economic development, have also started developing sustainable development strategies (mainly for the period up to 10 years), which provide detailed directions for the development of cities and municipalities by sectors, and thus determine the guidelines for the management of land and its resources. In addition, through pilot projects under the project "Strengthening of local land management in Serbia" the studies of integrated urban development have been prepared in several towns in recent years. This is a new instrument that allows the implementation and concretization of the basic principles of sustainability set in the umbrella documents at the national level – the *Law on Planning and Construction*, *Spatial Plan of the Republic of Serbia*, as well as international documents, charters and conventions, which provide guidelines for sustainable development of cities and settlements (Urban Agenda, Leipzig Charter, etc.).

In terms of experiences, it is also necessary to mention the project "Strengthening national capacity for sustainable housing and urban development for countries in transition" financed from the United Nations Development Account (UNDA) and implemented by the Ministry of construction, transport and infrastructure of the Republic of Serbia, Committee on housing and land management of the United Nations Economic Commission for Europe (UNECE) and UN Habitat. Two seminars were organized so far - one in 2014 and another one in 2015, both under the title: "Improving national capacity for sustainable housing and urban development." By organizing National Urban Forum at the occasion of the second UNDA seminar, Serbia launched preparations for the Habitat III conference and determined starting points for the elaboration of the present report. Conclusions of the Forum have somehow provided the basis for defining urban development policy as a key activity in the coming period. Moreover, both seminars contributed to a definition of the *Action Plan for sustainable housing and urban development of the Republic of Serbia*, which was developed through the cooperation of all participants of the seminar, as well as international actors, ensuring the inclusion of principles and guidelines for more sustainable urban development and housing, the principles that were revised and approved through the exchange of experiences and dialogue at the global level on the basis of experience acquired in different countries. Activities of the Action Plan were conducted between the two seminars.

Improving land management in the urban area, as well as preventing the spread of urban areas, although closely related to the effect of applying the principles of sustainable planning, depends largely on the success of the establishment of stable and long-term legal framework, strict law enforcement, consolidation of real estate cadastre and implementation of restitution. Preventing illegal construction is one of the key topics in the Republic of Serbia for almost two decades, while frequent changes in the legal framework, accompanied by specific measures, testify to the complexity of this topic, but also to the need to perceive the issue of emergence and spread of informal settlements in a more comprehensive way. Particular attention should be paid to the unhygienic (substandard) settlements that are inhabited predominantly by Roma population, as well as to the efforts of the state and local governments to identify these settlements, to examine and improve them to the extent that it is possible. Although the state allocated some funds for the improvement of living conditions in these Roma settlements over the past years, serious project activities were started only when EU pre-accession funds (IPA) were engaged.

As far as (peri)urban agriculture is concerned, cities themselves should, in the first place, pay more attention to this segment of their development, affecting, as far as possible, the strategic and legal provisions relating to the agricultural sector in general. This especially applies to incentives for activation of uncultivated land, strengthening the role of small urban food producers, incentives for modernization and innovation. Stronger local production could lead to a partial reduction in the price of food, especially when accompanied by a stronger promotion of "healthy food" from the local region. Although this would in some way be contrary to the very definition of urbanization, food production in and around cities could generate new jobs, which is especially important in the current economic crisis. Momentum that exists in organic food production should be used for better marketing of such products at city level improving in this way the health of urban population. This endeavor should be complemented by urban gardening as a multi-beneficial activity.

In the period 2011-2014, the GEF funded project "Support to Sustainable Transport in the City of Belgrade" was implemented by UNDP Serbia in partnership with the Ministry of Agriculture and Environmental Protection and the City of Belgrade. The activities included the first phase of the preparation of Sustainable Urban Mobility Plan – SUMP for the City of Belgrade, as well as the Guide to Urban Mobility, which refers to the reduction of the negative impacts of road transport on the environment and the strengthening of national and local capacities in planning and implementing sustainable urban mobility. Cities of the Republic of Serbia participate in the European Mobility Week that takes place every year in September since 2002. In the period 2007-2016, an average of 11 cities from Serbia participated in the European Mobility Week, while the most, as many as 19 cities participated in 2009.

Better technical capacity to plan and manage cities requires consolidation of both financial sources and responsibilities, accompanied by a strengthening of the rule of law. Consolidation of existing and creation of new information systems is also of great

importance. In this regard, it is necessary to invest in the purchase of appropriate and compatible software as well as in the training of employees, while introducing new planning and management standards. The use of GIS in spatial planning is a particular challenge. It has been supported by some projects like UN Habitat project on Territorial information systems – TIS, realized in the municipalities where Settlement and Integration of Refugees Program – SIRP was implemented. The TIS component of the SIRP program, which focused on specific sectoral territorial issues, like tourism, rural development etc. was implemented from 2005 to 2008. Another important project was realized with the support of German International Aid – GIZ in the period 2012-2015. One of the topics was “Standardization and Classification of Land Use and Planning Symbols in Territorial and Urban Plans at Local Level”. When implementing this activity a link has also been made to the implementation of EU Inspire Directive which gives common framework for Spatial Data Infrastructure (SDI) in EU countries, what is of particular importance for Serbia as an EU candidate country.

Some of the other future challenges in improving the technical capacity of local self-governments, are:

- solving the problem of the status of urban public companies and the consequences that will arise from it;
- rationalization of the number of employees in local administrations on the one hand and the need for further strengthening the capacity of local governments for urban planning activities, on the other;
- further strengthening the professional liability of engineers and designers.

#### 14. Future challenges and issues in these areas that could be addressed by a New Urban Agenda

Stronger implementation of global and European standards of sustainability and measures defined in international strategic documents through strategic commitment at the national level and passing the missing strategic documents in the coming period would be highly desirable. In this sense, a significant commitment and challenge will be the adoption of the National Urban Development Policy and the new Spatial Plan of Serbia for the period after 2020 as well as a further support to projects which contribute to the development of new planning instruments and implementation of sustainable development measures. In light of this, it would be desirable to further strengthen local governments in the preparation and adoption of local strategies that will develop and clearly define the basic guidelines for sustainable urban development from the national level. By giving preference to "urban recycling", rational land use and improved development of the central city zones in relation to the city periphery should become local development objectives.

A system of informing and awareness raising on sustainable urban development intended for professionals, policy-makers and citizens should be established at both national and local level. Developing these capacities would certainly be good to

continue through the implementation of pilot projects that have a strong sustainable urban development component.

One of the strategic decisions which should, *inter alia*, contribute to improving the quality of the built environment by applying sustainable urban development solutions, and raising the quality of sustainable planning and design would be to prepare Architectural Policy of the Republic of Serbia. It would be necessary to provide new instruments and techniques, as well as capacity building in this regard.

Further development of strategic documents and at the same time stricter implementation of regulations in the field of spatial and urban planning and construction, while raising the quality of planning and design, are the key future contributions to sustainable and rational use of land and other resources, and consequently to a better quality of life.

Land management is a key to face different urban developments and especially urban sprawl. Consolidation of the real estate cadaster, restitution and an effective response to requests posed by citizens in respect to their ownership rights should be at the top of agenda. Special attention should also be paid to those who are the most vulnerable by providing solutions for the integration of their homes and settlements into the existing urban fabric. Incorporation of informal settlements will require further development of basic infrastructure, social and other services and amenities that are necessary to provide decent life.

The New Urban Agenda should devote a lot of attention to the provision of food in cities, the urban population in Serbia facing impoverishment due to the economic crisis. In this respect, peri-urban food production should be based on the maximum utilization of available agricultural land and incentives for small producers, including those engaged in organic farming. Integrated agricultural production should also gain in importance, as well as urban gardening. A healthy diet, which, *inter alia*, predicated on the optimal utilization of local products should be available to every urban resident.

Improving urban mobility will require major investments that cities in Serbia, unfortunately, are not able to provide at an appropriate level. For Belgrade metropolis, independent transport system such as metro or further development of light-rail would be highly desirable solution, while its functional area should rely, to a greater extent, on the system of regional railways. The system of regional railways should also be renewed in other parts of the country, especially in Vojvodina. Urban bus transport should, as much as possible, follow current environmental trends, relying on the least harmful fuels and minimum noise. Trolleybus should be preserved within the Belgrade public transport system. Cities should provide more parking space, preferably underground. In addition to raising the level of public transport, it is necessary to improve the conditions for the intensification of pedestrian traffic, both through better regulation of sidewalks and pedestrian passages and further limiting the speed of motor traffic, as well as through the expansion of pedestrian zones. Through the arrangement and construction of bicycle lanes, bicycle

parking racks and lifts, as well as through the introduction of bike rentals, cycling should get more important place in the context of urban mobility.

Modern public transport in cities must meet several basic criteria: it must be efficient in terms of time spent in transport to ensure the quality of both private and business life, it should be safe as well as affordable and environmentally acceptable. In addition, more attention should be paid to soft mobility, especially pedestrian and bicycle traffic by rising safety standards and providing adequate infrastructure.

A bylaw deriving from the *Law on Planning and Construction* and adopted in 2015 prescribed the establishment of the information system on spatial development. The system should be vertically compliant with the recommendations of the EU directive on spatial data infrastructure (INSPIRE Directive brought in 2007) as well as with local information systems in each of the units of local self-government. It should also be horizontally connected to the existing (Register of spatial units and utility lines cadastre under the auspices of the Republic Geodetic Authority, as well as water management, agriculture, forestry, geology, mining, nature protection, road traffic, etc.) or planned sectoral information systems (for cultural heritage, railways and telecommunications). In the model of the information system there should be defined sets of attributes needed for spatial and urban plans as well as specifications for vector files using GIS tools. Some activities have already been initiated within the framework of the project supported by German development assistance (GIZ) in the past, and they will continue.

Standardization of services and spatial data infrastructure would be beneficial to improve technical capacity to plan and manage Serbian cities. The information system of spatial development is planned bylaw of the *Law on Planning and Construction* in 2015. National information system of spatial development should be vertically compliant with the recommendations of European Union directives for the establishment of spatial data infrastructure (INSPIRE Directive of 2007) and with local information systems in each of the units of local self-government, while the horizontal should be connected to the existing ( under the auspices of the Geodetic - register of spatial units and utility lines cadastre, as well as water management, agriculture, forestry, geology, mining, nature protection, road traffic, etc.) or planned sectoral information systems (for cultural heritage, railways and telecommunications). In the model of the information system should be defined sets of attributes needed for spatial and urban plans and the way the graphic in vector format using GIS tools. Some activities have been initiated in the framework of the project of German development assistance (GIZ) in the past, and will be continued in the future.



### III Environment and Urbanization

Environmental protection is one of the main challenges that comes with contemporary urbanization. In the framework of this subject, following topics can be recognized: climate change, disaster risk management and prevention, water, air and soil pollution, waste management, pollution from industry and traffic, and other topics which impact the quality of environment and human lives. Environmental issues have a direct impact on the future and life conditions that will be mitigated because of past, present and future human activities, these impacts being the most pronounced in urban areas.

#### 15. Addressing climate change

Republic Hydrometeorological Service of Serbia (RHSS) is the country's Focal Point in the International Panel for Climate Change established in 1988. At the time of the Earth Summit in Rio de Janeiro, held in June 1992, Serbia, as part of the Federal Republic of Yugoslavia was under United Nations sanctions. *United Nations Framework Convention on Climate Change*, opened for signature during the Summit in Rio and entering into force in 1994, was ratified by the Federal Republic of Yugoslavia in 1997 („Official Gazette FRY – International Agreements”, n° 2/97). Conferences of Parties take place annually at different locations since 1995. The Third COP, held in Kyoto was particularly important, the Kyoto Protocol being ratified by Serbia in 2007 („Official Gazette of RS – International Agreements”, n° 88/2007 and 38/2009). Designated National Authority (DNA) for the Implementation of Clean Development Mechanism (CDM) projects became operational on November 21<sup>st</sup>, 2008, following the Decision of the Government brought on June 5<sup>th</sup> 2008 (05 n°: 02-2099/2008-1). Agreement on the Establishment of DNA for the implementation of projects under the clean development mechanism of the Kyoto Protocol was signed on July 30<sup>th</sup>, 2008. DNA has been introduced into legal framework by adopting the *Law on Air Protection* („Official Gazette of RS”, n° 36/2009, 10/2013).

The Government of the Republic of Serbia established the National Council for Climate Change (*Nacionalni savet za klimatske promene*) in 2014. The Council's duties are to monitor the development and implementation of the national climate change policy, to monitor consistency of sectoral policies and planning documents in view of climate change policy, as well as to propose measures for directing, coordinating and improving policies, measures and actions in this area. The Council also monitors the realization of international obligations of the Republic of Serbia in the domain of climate change, it suggests measures for reducing the effects of climate change / GHG emissions and adapting to changed climate. The Council give proposals for the achievement of the objectives of combating climate change, particularly in the process of negotiations of the Republic of Serbia to join European Union. At the third meeting of the National Council on Climate Change held in 2016, the *Draft law on reducing emissions of greenhouse gases* was presented aiming at introducing the obligation of monitoring and reporting GHG emissions.

The Regional Cooperation Council has adopted the *South East Europe (SEE) 2020* strategy that foresees activities aimed at reducing the impact of climate change. "Effects of Climate Change" is also the chapter of the *Spatial Plan of the Republic of Serbia 2010-2020*. The implementation of this planning document is being monitored through annual reports where the progress of project realization is evaluated:

- „Research on Climate Change and Its Impact on Environment: Monitoring of Impact, Adaptation and Mitigation”, (Istraživanje klimatskih promena i njihovog uticaja na životnu sredinu: praćenje uticaja, adaptacija i ublažavanje), project of the Ministry of science in the framework of the program „Integrated and Interdisciplinary Research”, for the period 2011-2014;
- “Structured network for integration of climate knowledge into policy and territorial planning”, project *Orientgate* financed from the IPA fund in the period 2012-2014;
- “Gridded meteorological data for Serbia for the period 1961 to 2010” in the framework of the project *Carpatclime 2015*, as part of the Joint Research Centre of the European Commission (JRC EC);
- „Guideline on Climate Change Adaptation and Risk Assessment in the Danube Macro-region” in the framework of „*SEE Risk*”, 2014;
- “South-East Europe Forum on Climate Change Adaptation” – SEEFFCA in the period 2011-2012.

South East European Climate Change Center (SEEVCCC) is the institution, hosted by RHSS, which brings together scientists from different areas of research to work together. The Center's operational functions are climate monitoring, long range forecast, monthly forecast and dust forecast. Dust forecast is part of the SDS-WAS project, where evaluation of dust models is also performed. Research and development activities are mostly related to their application in agriculture, forestry, energetics, and other aspects of economy.

In December 2015, Serbia participated in the Twenty-first Conference of Parties (COP21) in Paris where the changes to the Kyoto Protocol were agreed based on which the country will have new obligations in combating climate change.

## 16. Disaster risk reduction

*Law on emergency situations* was adopted in 2009 ("Official Gazette of RS", n° 111/2009, 92/2011 and 93/2012), replacing the *Law on the protection against natural and other major disasters* ("Official Gazette of SRS", n° 20 / 77, 24/85 and 52/89 and "Official Gazette of RS", n° 53/93, 67/93, 48/94 and 101/05). The Law and the *Strategy of protection and rescue in emergency situations* adopted in November 2011 ("Official Gazette of RS", n° 86/2011) deal with the following risk types: natural disasters (earthquakes, floods, flash floods, storms, heavy rain, atmospheric discharge, hail, droughts, landslides, snow drifts and avalanches, extreme air temperatures, accumulation of ice on the river, epidemics of infectious diseases, other epidemics), technical and technological accidents,

radiation, chemical and biological accidents. Additional legal and strategic documents are the *Law on protection from fire* ("Official Gazette of RS", n° 111/2009 and 20/2015) and the *Strategy on fire protection 2012-2017* ("Official Gazette of RS", n° 21/2012). The issue of risk management is also present in many other laws. The institution responsible for the risk management at national level is the Ministry of interior, namely the within which there is the Sector for Emergency Situations, while at regional and local level, provinces and local self-governments have their own competencies in the prevention and management of emergency situations.

Prevention of technical and technological accidents, protection from fire and explosion, protection against natural disasters and elimination of the causes of climate change are among principles listed in the Article 3 of the *Law on Planning and Construction*. *Law on emergency situations* defines measures to encourage urban protection and response in emergency situations, but the way this issue should be approached in spatial and urban plans has not been foreseen. There are however precisions in the *Law on protection from fire*, according to which there is also an obligation to deliver all adopted planning documents to the Ministry of interior within 60 days following their adoption.

In May 2014, heavy rains hit Serbia, causing large scale flooding which resulted in 51 fatalities, while 31,879 people were evacuated and located in 140 collective centres. The flooding has destroyed many houses, bridges and road sections (Krupanj and Šabac), flooded large urban (Obrenovac) and rural areas (Šabac), activated a large number of landslides (Krupanj and Bajina Bašta). Floods have caused many social and economic problems, putting a large number of poor and vulnerable into difficult position. While Serbia was still recovering from May floods, in July and September heavy rain fell again causing major floods in Lučani, Kladovo, Majdanpek and Negotin municipalities. UNDP, UN Office for the Coordination of Humanitarian Affairs (OCHA), together with other UN agencies, have mobilized immediate response (through experts and funds). The Office for Reconstruction and Flood Relief which was established following the floods in 2014 was transformed in 2015 in the Public Investment Management Office as a new body of the Government of the Republic of Serbia tasked with managing the projects of reconstruction and aid allocation following natural and other hazards. New *Law on Reconstruction Following Natural and Other Disasters* was adopted in 2015. Main institutions in charge of waters are Republic Directorate for Waters within the Ministry of agriculture and environmental protection, Public Water Management Companies Srbijavode and Vode Vojvodine and the Institute for Water Management „Jaroslav Černi”.

The Republic of Serbia is a seismically active area, the reference institution being Seismological Survey of Serbia. The strongest earthquake in the last twenty years happened on April 30<sup>th</sup>, 1999 on the territory of Kolubara District. This was an occasion to prepare a spatial plan with special emphasis on measures for the protection and rehabilitation of the earthquake. Regional Spatial Plan of Kolubara District Hit by Earthquake was adopted in 2002 ("RS Official Gazette", n° 70/2012).

The main purpose of the project SEE-Risk (Joint Disaster Management Risk Assessment and Preparedness in the Danube Macro-region) is to improve coherence among risk

assessments undertaken by the countries from the South East Europe Programme area at national and local level, especially in case of disasters intensified by climate change. The project is based on the European Council conclusions on “*Developing Risk Assessment for Disaster Management within the European Union*” adopted in March 2011, which aims for a common approach on the prevention of natural and man-made disasters setting out an overall disaster prevention framework. SEE-Risk project tests and adapts the guidelines in six selected pilot areas, focusing on two main activities: risk assessment and enhancement of joint preparedness and efficiency of action in emergencies caused by climate change.

## 17. Reducing traffic congestion

Traffic congestion can be reduced by increased the use of public transport and by better organization and quality of traffic network. Serbia had the *Strategy of railway, road, inland waterway, air and intermodal transport in Serbia* for the period 2008 – 2015, transport infrastructure being an issue treated in all spatial planning documents from national, regional, to local level. The intensity of traffic reflects both the intensity of economic activity and of environmental risk.

Road network is the most developed compared to other transport networks in Serbia. There are two companies in charge of activities on the road network – Corridors of Serbia (Koridori Srbije) for development of highways and Roads of Serbia (Putevi Srbije) for the development of national and regional roads. There are also two public institutes – Institute for Roads (Institut za puteve) and Transport institute (Saobraćajni instiut – CIP). Public company Roads of Serbia measures the flow of traffic on sections of the road network and publishes annual data. The highest congestion can be found on the Corridor X in Belgrade, from Belgrade to Novi Sad (in the north) and from Belgrade to Niš (in the south). In Serbia, pan-European Corridor X goes from the Croatian border to Belgrade and Niš to the Macedonian border, with branches from Belgrade to Hungary in the direction of Budapest and from Niš to Dimitrovgrad, in the direction of Sofia. The corridor is mainly built while branches from Niš-Macedonian border and Niš-Dimitrovgrad are in the final stages of construction. Existing spatial plans for those infrastructure corridors take into account also the environmental aspects.

Railway network, although existing, is in a poor condition. Trains are slow and passenger traffic is left behind. Transportation of goods is slightly more developed. Railroads are not fully electrified, most of them being single-track. Spatial Plan of the Republic of Serbia sets development priorities for the construction and reconstruction of railroads. The project of a high-speed railroad from Belgrade to Budapest is in the initial stage of planning and design. Public Company Serbian Railways is undergoing transformation.

Passenger air transport is operated by three airports - Belgrade, Niš and Priština. Belgrade airport, which is very frequent, and with an important traffic growth, is a macro-regional hub in Southeast Europe. Public Company Airports Serbia was founded in 2016. In 2015, there were more than 4.5 million passengers at Belgrade airport, more than 1.5 million

passengers at the airport of Priština and more than 35 thousands passengers at the airport of Niš.

Water transport takes place on four navigable rivers – the Danube, Sava, Tisa and Begej. Directorate for Inland Waterways (Direkcija za vodne puteve – Plovput) within the Ministry of construction, transport and infrastructure, ensures efficient, sustainable and environmentally friendly standardized system of inland waterways that should benefit the population and the economy both domestically and internationally. International cooperation is very active in the framework of the Danube Commission created in 1948 and Sava Commission created in 2004. International Commission for the Protection of the Danube River (ICPDR) promotes and coordinates sustainable water management, including protection, improvement and rational use of water for the benefit of the Danube countries and its inhabitants. River Danube is the paneuropean corridor VII - the only waterway among ten transport corridors.

Public transport in cities and between cities is the main mean to reduce traffic congestion, since cities are transport bottlenecks. Although large cities dispose with public transport systems, they are not sufficiently developed and need stronger support. Belgrade public transport is the most developed one, with a network of buses, tramways and trolleybuses. Tramways were present in Novi Sad and Niš until 1958 and in Subotica until 1974. Belgrade has a regional/sub-urban railway - Beovoz, with three underground stops in the city centre, but a real underground systems is lacking in this agglomeration of almost two million inhabitants. Cycling is also not developed enough. Ring roads are under construction or are planned in a number of cities.

## 18. Air Pollution

Serbian Environmental Protection Agency undertakes permanent monitoring of air quality in accordance with the *Law on air protection* ("Official Gazette of RS", n° 36/09 and 10/2013). According to the *Directive on the conditions for monitoring and required air quality* ("Official Gazette of RS", n° 11/2010) Serbia is divided in zones and agglomerations in which concentration of pollutants is measured annually. EU *Directive 2008/50/EC on Ambient Air Quality and Cleaner Air for Europe*, which deals with the air quality was transposed into above mentioned legislation.

Environmental Protection Agency set up the first station for automatic monitoring of air quality by the end of 2006 in Smederevo and in mid-2007 in Brezonik near Bor. Pursuant to the Article 5 of the *Law on air protection* and the *Directive on determining the zones and agglomerations* ("Official Gazette of RS", n° 58/11 and 98/12), three air quality zones (Central Serbia and two provinces) and eight agglomerations (Belgrade, Novi Sad, Niš, Bor, Užice, Kosjerić, Smederevo and Pančevo) were determined on the territory of the Republic of Serbia.

According to the data obtained at the automatic air quality monitoring stations, the mean annual concentration of sulfur dioxide above the limit value ( $50 \mu\text{g}/\text{m}^3$ ), occurred only in Bor (monitoring station Bor - Gradski park,  $145 \mu\text{g}/\text{m}^3$ ) in 2015. Exceedences of the daily limit value ( $125 \mu\text{g}/\text{m}^3$ ) at this monitoring station were registered 139 times (days). Due to industrial pollution, the impact of sulfur dioxide on the state of air quality is typical for the agglomeration Bor, putting this city in the third category of air quality.

In 2015, the annual limit value for nitrogen dioxide ( $40 \mu\text{g}/\text{m}^3$ ), was exceeded in Belgrade (monitoring station Beograd – Mostar, mean annual value  $49 \mu\text{g}/\text{m}^3$ ). Exceedances of the daily limit value ( $85 \mu\text{g}/\text{m}^3$ ) were occurring mostly in Belgrade (monitoring station Beograd – Mostar 11 days, monitoring station Beograd - Stari grad 18 days, monitoring station Beograd - Vračar 8 days and monitoring station Beograd - Novi Beograd 2 days). Considering only the exceedance of nitrogen dioxide, Belgrade air would be moderately polluted, ie. classified in the air quality category II, but it is not the case due to the concentration of traffic.

Annual limit value for carbon monoxide ( $3 \text{mg}/\text{m}^3$ ) was not exceeded at any monitoring station in 2015. Tolerant value of maximum daily eight-hour concentration of carbon monoxide ( $11.2 \text{mg}/\text{m}^3$ ) was exceeded in Zaječar and Šabac with  $12.3 \text{mg}/\text{m}^3$  and  $11.7 \text{mg}/\text{m}^3$  respectively.

In 2015, the air was in the quality category I - clean to slightly polluted, in the zone of Central Serbia, except for the city of Valjevo and Kragujevac. In the zone of Vojvodina, the air was in the quality category I, except in Sremska Mitrovica. In the agglomeration of Novi Sad, the air was in the quality category II - moderately polluted due to the presence of suspended particles PM<sub>10</sub>. In the agglomerations of Belgrade, Bor, Užice and Pančevo the air was in the quality category III - over-polluted. In Bor it was because of the concentration of sulfur dioxide, and in Belgrade, Užice and Pančevo because of the concentration of suspended particles PM<sub>10</sub>. In the agglomerations of Smederevo, Niš and Kosjerić it was not possible to determine the category of air quality due to the lack of data. In the cities of Valjevo, Kragujevac and Sremska Mitrovica the air was in the quality category III - over-polluted, due to the concentrations that exceeded tolerant value of suspended particles PM<sub>10</sub>.

## 19. Challenges experienced and lessons learnt in these areas

In the past twenty years, since the conference Habitat II, a significant result was the adoption of a set of laws in the field of environment in 2004, introducing, among other things, the obligation of developing Strategic Environmental Assessment. In the context of negotiations for Serbia's membership in the European Union, Chapter 27 on Environment sets specific requirements to harmonize regulations and procedures in the field of environmental protection. Every year, the European Union publishes a report on Serbia's progress in adopting and harmonizing with EU legislation. The report on progress for 2015 states that Serbia is still in the early stage of preparations to adopt environmental standards that exist in the EU Member States. The negotiations on Chapter 27 have not yet started. Strategic environmental assessment is only formal, with little real influence,

which requires additional efforts, more serious approach and its better integration into planning process.

A comprehensive policy and strategy was launched in the field of climate change. From the standpoint of the European Union, it is necessary to comply with the plans for the period up to 2030 as well as to integrate climate change policy into all sectoral policies. In June 2015, Serbia submitted its *Intended Nationally Determined Contribution (INDC)* to the Paris climate agreement. Target set by the *INDC* is to reduce emissions of greenhouse gases by 9.8% comparing to 1990. The legal framework for monitoring the emissions of greenhouse gases, reporting and the verification of compliance with the EU Emissions Trading System has been prepared. Activities on establishing a system of monitoring and reporting were started in May 2015. Serbia has implemented the first measure of the Montreal Protocol to freeze consumption of hydro-chloro-fluoro-carbonate (HCFC) at the level of 2013. Serbia has also started the preparation of the National Adaptation Plan. It is however necessary to reinforce administrative capacity and raise awareness.

Risk management also requires additional efforts. Great disasters - floods and landslides that hit Serbia in 2014, a drought in 2012, and the risk of earthquakes, including the earthquake that happened in 1999, require greater commitment and better coordination. Foundation of the Sector for emergency situations and the development of a national strategy were the first steps in this direction, decisive actions and better focus being however necessary.

The aim of the project "Support to Sustainable Transport in the City of Belgrade", implemented by UNDP and other partners, was to reduce greenhouse gas emissions by improving access to sustainable transport modes in Belgrade. The activities of the project focused on the integration of land-use and transport planning for the promotion of cycling and public transport, while rationalizing parking tariffs and initiating social networking programs to promote shared taxi and car use, in order to reduce the use of personal vehicles and improve transport management infrastructure to support environmentally friendly development of Belgrade. Urban transport is an issue in General urban plans that should be adopted by all settlements which have official city status in Serbia, twenty-four of them since 2007, and three more since 2016.

Annual monitoring of air quality has shown that seven out of the eight agglomerations in Serbia exceed the tolerance level for several pollutants. Plan for air quality in Belgrade should be adopted, and the planning of air quality for other agglomerations should be accelerated. Plan of emission reductions for the energy sector has been prepared, but it has not yet been adopted. Serbia failed to comply with the deadline set by the Energy Community for Southeast Europe to adopt a directive on the sulfur content in fuels brought in 1999.

Spatial Plan of the Republic of Serbia has recognized four hot spots where the activities are carried out to improve the quality of the environment, these are the mining areas of Bor, Kostolac, Kolubara and the polluted water of the Great Bačka canal. Standardization in line with the standards of the group ISO 14000, the implementation of

EMAS (Eco-Management and Audit Scheme) system, the promotion of renewable energy sources, prevention and control of technological and industrial accidents in accordance with the Seveso Directive are among the activities of protection and environmental management in Serbia.

## 20. Future challenges and issues in these areas that could be addressed by a New Urban Agenda

The challenges of environmental protection appear in various strategic and all planning documents in the Republic of Serbia. Several national strategic documents deal directly with the environmental protection, primarily the Spatial Plan of the Republic of Serbia, the National Programme for Environmental Protection and Waste Management Strategy, all three adopted in 2010 with the planning solutions and activities for a period of ten years. A large number of local self-governments have made local action plans (LEAP - Local Agenda XXI in transition countries) in line with the recommendations of the Rio Conference on Sustainable Development. All planning documents are accompanied by a Strategic environmental assessment (SEA).

Climate Change Strategy with Action plan should be completed in 2017. As a developing country, Serbia expressed willingness to limit emissions of greenhouse gases to 18% by 2020 compared to the level of emissions in 1990, in line with the Copenhagen agreement, in 2010. The *Paris agreement on climate change* brought in 2015 is embedded in the *New Urban Agenda* and should be incorporated in the planning documents at all levels of governance. The issue of climate change has been tackled by the Spatial Plan of the Republic of Serbia, however this topic is less explicitly present at lower territorial levels.

Disaster risk management in the Republic of Serbia remains largely focused on emergency response, while the concept of preparedness and risk reduction has to be implemented better. The principle BBB – Build Back Better, promoted by the New Urban Agenda, has already been introduced into national legislation (Article 10 of the *Law on Reconstruction Following Natural and Other Disasters*, "Official Gazette of the RS", n° 112/2015). From the point of view of local self-governance, risk management, in accordance with *International Guidelines on Decentralization and Access to Basic Services for all*, supported by the New Urban Agenda, risk management requires an urgent and proactive approach, better inter-sectoral cooperation at the local level and partnership with neighboring local governments. It is important to achieve better integration of the risk management in spatial and urban plans, using geospatial information systems at national and local level.

Air pollution and reducing the concentration of traffic are related topics considering that most of the air pollution comes from exhaust gases, the impacts of noise and land occupation from transport not being negligible neither. The Republic of Serbia still does not monitor the amounts of CO<sub>2</sub> emissions, although there is a *Regulation on conditions and requirements for monitoring of air quality* on the basis of which the concentrations of NO<sub>2</sub>, SO<sub>2</sub>, PM10 and CO are being observed.



*International Guidelines on Urban and Territorial Planning* pay special attention to the environment, as well as spatial and urban/town plans in Serbia. Given that the Republic of Serbia is fully covered by spatial plans, the focus is on completing the coverage of urban plans, then on the implementation of all planning documents, as well as on a better use of SEA.

## IV Urban Governance and Legislation

There are two basic challenges of a proper legal framework - its existence and respect for the law and regulations. Both challenges are large in the areas of housing and urban development in Serbia. There are three levels of government in this country. State and local level are traditional ones whereas regional level can be recognized only in the case of the Autonomous Province of Vojvodina, City of Belgrade (as a metropolitan region) and the Autonomous Province of Kosovo and Metohija, with its ultimate specific problems and challenges. The introduction of e-government in urban development is another specific issue.

### 21. Improving urban legislation

As a result of a changing social and economic context, but also as a result of aspiration to follow global trends such as those promoted by the Habitat Agenda, several changes of a legal framework governing spatial and town planning and construction took place in the past twenty years. In 1995, following laws were adopted: *Law on planning and the organization of space and settlements* (amended in 1997 and 1998), *Law on building land*, *Construction Law* and the *Law on maintenance of residential buildings*. This was followed by the adoption of the *Law on the Spatial Plan of the Republic of Serbia* in 1996 – the first national strategic spatial planning document, and the foundation of the Spatial and Town Planning Institute within the ministry responsible for spatial planning in 1997, established to coordinate the implementation of the national spatial plan. On the other hand, the *Law on special conditions for issuing building and occupancy permits for certain facilities* was passed in 1997 in order to stop the illegal construction that took an important toll during nineties.

In line with a process of a strong centralization of power, the 1995 Planning law abolished municipal spatial plans. However, by reason of conflicts and economic sanctions against Federal Republic of Yugoslavia, little was done to prepare and adopt spatial and town planning documents by the end of the millennium. After democratic changes in 2000, several years were spent to prepare a comprehensive legal framework to reform inherited spatial planning system and bring it closer to market economy and EU integration process. Conceived as a transitional law to be further improved on the basis of experiences gathered through its implementation, the *Law on Planning and Construction* was adopted in 2003, bringing together in one place spatial and town planning, land policy and construction. This law established the Serbian Chamber of Engineers (with sections of spatial and town planners) and the Republic Agency for Spatial Planning, as an independent institution outside the ministry which replaced the Spatial and Town Planning Institute founded in 1997. The Law has undergone changes in 2006, and in 2009 it was replaced by the new *Law on Planning and Construction*. The latest reduced the number of town plans from four to three. General town plan (the Master plan) lost elements of direct implementation (the possibility of issuing location permits for obtaining a building permit) and became a strategic urban plan for

settlements with city status. Elements of regulation were kept in in general and detailed regulation plans.

The latest *Law on Planning and Construction* was amended in 2014. In order to improve services for citizens, a unified procedure for issuing building permits was introduced as part of the electronic government. Republic Agency for Spatial Planning was abolished. The *Law on the Spatial Plan of the Republic of Serbia* (containing the new national spatial plan), was adopted by the National Assembly in 2010 and for the period up to 2020. In 2015, The Republic of Serbia has, for the first time, been covered by spatial planning documents at all territorial levels – national, regional and municipal. Implementation Programmes for the national and regional spatial plans have also been adopted, annual reports of the monitoring and evaluation of the Spatial Plan of the Republic of Serbia being prepared in the period 2011-2014. Although general urban plans and general regulation plans have been adopted in the majority of local self-governments, it is necessary to adopt an additional number of these planning documents.

Following the adoption of amendments to the *Law on Planning and Construction* a set of bylaws has also been adopted. One of the ordinances provides for the establishment of the Central Registry of Planning Documents, as well as GIS-based national information system on spatial planning (which corresponds to the concept of UN-Habitat National Urban Observatories - NUO) and local information systems (which correspond to the concept of UN-Habitat Local Urban Observatories - LUO). All planning documents (spatial and urban plans) will be available on the Internet through the application of the Central Registry, established in 2015. There is a growing number of entered planning documents in 2016.

As the illegal construction continued to develop in spite of serious offenses introduced by the 2003 Planning Law (mitigated in 2009), the issue was treated separately by the *Law on the legalization of buildings* brought in 2013 ("Official Gazzete of the RS", n° 95/2013) and amended in 2014 and the *Law on special conditions for the registration of property rights to the buildings constructed without building permits* ("Official Gazzete of the RS", n° 25/13 и 145/14). Both laws were then replaced by the new *Law on the legalization of buildings* ("Official Gazzete of the RS", n° 96/15).

## 22. Decentralization and strengthening of local authorities

The notion of local self-government has been reintroduced into the political system by the *Constitution of the Republic of Serbia* brought in 1990, while the *Constitution of the Federal Republic of Yugoslavia*, brought in 1992, guarantees the right to local self-government. Until the beginning of 2011, local government units had a rather modest set of duties. Main focus of their activities was on the social aspects of development, while their economic function was neglected. Instead of expected democratization and necessary decentralization, a strong and immoderate centralization of all functions was taking place at national level. However, after 2000, important positive changes occurred for municipalities and towns, representing a strong affirmation of local self-government. In the beginning of 2002, the *Law on local-self-government* was adopted enriching the

original and shared responsibilities, introducing a new financing model, establishing more clear rules for central-local relations and innovating the structure of local bodies. In addition to the directly elected councilors, the first direct elections of mayor were introduced, as well as city council and local government, local ombudsman and some other optional bodies.

Following the local elections in 2004, organizational reform of local self-government was introduced in 2002, showing its advantages and disadvantages (the biggest and not the best innovation was directly-elected president of municipality of mayor) what required changes in legislation. In this connection, local self-government got clearer base by the adoption of the new *Constitution of the Republic of Serbia* in 2006. In order to harmonize the legislation with the new Constitution a new set of law has been adopted by the end of December 2007 (*Law on Local Self-Government, Law on the Capital City, Law on local elections* and *Law on Territorial Organization of the Republic of Serbia*), bringing further progress towards better decentralization. Preceding the adoption of this set of laws, the *European Charter on Local Self-Government* has been signed in July 2007. The Constitution assigned the local self-government the right to dispose independently with their property through appropriate bodies. Important innovations arising from the set of laws on local self-government include a significant increase in the number of cities, the expansion of the jurisdiction of local self-governments and clearer definition of local bodies. An important incentive for the decentralization process was the adoption of the *Law on public property* in 2011, which introduced the possibility for local self-governments to gain and inscribe the ownership right on real estate that they actually use, allowing them to dispose with property autonomously in order to improve their local socio-economic environment.

In order to establish an effective mechanism for the coordination of the decentralization process, Government of Republic of Serbia established the National Decentralization Council with the task to prepare the Strategy of Decentralization of the Republic of Serbia. In October 2013, the Council was reconstructed and its role in the creation of the strategy was redefined. It is expected that those changes and the strengthening of the Council contribute to the intensification of the process of the preparation of the Strategy.

The process of decentralization and strengthening of local self-government in Serbia is ongoing, which is reflected in the adoption of numerous laws in order to ensure the necessary legal framework for the effective operation of the system of local self-government. In this context, a set of laws was adopted in 2015, such as the *Law on administrative procedure*, the *Law on inspection control*, *Amendments to the Law on Territorial Organization of the Republic of Serbia*, the *Law on the system of salaries of public sector employees*. By its nature and content, all these laws make part of the reform, because they bring certain changes, not only in the functioning of municipalities and cities and performing different tasks, but also in the way of understanding and transforming local government towards the concept of "good governance".

## 23. Improving participation and human rights in urban development

Stakeholders in the planning process in the Republic of Serbia are numerous. The general public is not well informed about the complexity of the process of the preparation of planning documents and individual citizens are insufficiently involved in the process of their development, which requires additional promotion of spatial and urban planning, its importance and the way of making and implementing plans. Main actors in the planning process are: a contracting authority (holder of the planning document), a drafter (policy maker), the body responsible for the adoption of the plan (decision maker) and public. In accordance with the law, the public is involved at three stages. General public is involved through public hearing and debate (in two stages). Professional public is indirectly involved through the work of the national, provincial or local planning commission, depending on the type of planning document to be examined. Early public hearing was introduced by the *Amendments to the Law on Planning and Construction* voted in 2014. It is regulated by the Article 45a, whereas public hearing at final stages of the preparation of a planning document is regulated by the Article 50 and the work of the planning commission by the Article 49.

Early public hearing shall be announced after the decision on development of the planning document has been brought. The holder of the planning document (contracting authority) informs the public about the object and purpose of a future planning document, about possible planning solutions and the effects of the plan in general. Early public hearing is advertised in the media and through Internet seven days before its start, and takes 15 days from the date of the publication of announcement.

Before public hearing, the draft planning document is subject to professional control. This includes the verification of compliance of the planning document with: planning documents of the wider region, the Decision to proceed, the law, standards and norms, as well as reviewing the justification of planning solutions. Local planning commission conducts the verification of planning documents within 15 days following the request for supervision.

Presentation of the planning document for public hearing is made after the professional control. It is being advertised in daily and local newspaper and lasts for 30 days. The institution in charge can be the ministry, the provincial secretariat in charge of spatial and town planning or local authority (contracting authority).

Interest in planning documents is different, which is reflected in a different level of involvement of stakeholders in the planning process. The actors involved in the planning process include state institutions, private sector, non-governmental organizations and individuals. Conflict of interest, as one of the main challenges of planning, happens also during public hearing. Efforts to achieve a greater transparency are more or less pronounced.

Ministry in charge of urban development, in cooperation with German Society for International Cooperation (GIZ) and local professionals prepared the "Guide for

Participation in Urban Planning" in 2013. This publication features the examples of good practice as well as guidelines for future activities concerning participation of citizens and general public in the planning process.

Challenges posed by the respect for human rights in the planning process are certainly present. It is very important that the local, provincial and national authorities fulfill their obligations in order to provide the highest possible rights to the population.

## 24. Enhancing urban safety and security

The violent breakup of Yugoslavia during the 1990s greatly deteriorated the general state of security in Serbia. In addition, an international trade embargo contributed to the impoverishment of the population and the development of the informal economy, and both of these factors have contributed to a substantial reduction of security and increasing crime in the country, including the development of organized crime. This was a drastic change in a country that had previously been considered as excessively safe.

Improvements were initiated after the democratic changes in 2000. The police was demilitarised and a paradigm of its work shifted from police forces to the police service. A crucial part of that process was the reintroduction of problem-oriented policing and community policing, the latter being officially designated as one of police reform priorities in 2001. With international assistance, primarily through the OSCE, which is the coordinator of international support to police reform, but also within other international programs (UN, DFID, SDC ...), a lot has been invested in the re-introduction of these methods of policing that were neglected during the nineties. The *Community Policing Strategy* was adopted in 2013 and the Action Plan for its implementation in 2015.

Two programs with the support of UN Habitat were implemented in Serbia since 2005. Urban security was the topic under the component on socio-economic and civic integration of Settlement and Integration of Refugees Program – SIRP since 2006. This program was executed in Kragujevac, Čačak, Kraljevo, Valjevo and Pančevo. Good networking was recognized as an important element of urban security and violence prevention. During the conference that was held in Belgrade in 2008, the creation of Serbian Forum for Urban Security (with the intention to join European forum for Urban Security - EFUS) was initiated. Among SIRP pilot initiatives two should be mentioned - „Stop Drug Addiction – Čačak safer city" and *Strategy for improving local security*, adopted by the municipal council of Valjevo in 2008.

In the framework of the Promoting Peace-Building and Inclusive Local Development Programme and its capacity building activities for improved safety and prevention of violence, supported also by UN Habitat, Safer Cities Training Cycle was realized in municipalities across Pčinjski and Jablanički districts from February to June 2011. In cooperation with the Educational Centre from Leskovac (contracted partner) and European Forum for Urban Security (EFUS), Municipal Safety Diagnoses were formulated and used as a basis for the development of the first Regional Safety Strategy in Serbia. Capacity building has contributed to the development of strategies and plans through

the participation and partnership, with the active participation of the police, and dealing with security issues, conflicts and security at the local level, integrating them into development policies, encouraging social cohesion and capacity to resolve conflicts. Six new Safety Councils were established in Leskovac, Bojnik, Vlasotince, Surdulica, Trgovište and Bosilegrad, and three were reactivated in Medveđa, Preševo and Lebane. These partnerships have become an official part of the municipal structures, and support for the activities has become an integral part of local budgets, which had ensured the viability of the entire concept and continuation of activities after the project.

The national model of community policing in Serbia is focused on the institutional mechanism of local safety councils, which bring together stakeholders important to the safety and security (including health, social services, education and non-governmental organizations), and coordinated by local authorities and police. The development of these voluntary and inclusive advisory bodies began after 2000, and today they can be found in more than half of local self-governments in Serbia. The success of local safety councils varies, depending on the level of cooperation between different actors. The *Police Act* brought in 2015 provides a legal framework for local security and safety, while local communities have a significant degree of autonomy to institutionalize local safety councils the way that suit them best. Ministries of interior and Permanent conference of towns and municipalities work together to direct the activities of local safety councils, in line with jointly determined principles and guidelines published in the *Manual of Safety Council Functioning in Towns and Municipalities*.

## 25. Improving social inclusion and equity

The Government of the Republic of Serbia established the Social Inclusion and Poverty Reduction Team in July 2009. The Team is responsible for strengthening the capacity of the Government to develop and implement social inclusion policies based on best practices in Europe and provides support to line ministries in the development and implementation of policies of social inclusion, with regular consultation with civil society organizations. The Team is active in five areas: social protection, health, education, economic development and employment, vulnerable groups and human rights and EU integration.

The Team is working on building capacity and processes to the effective development and implementation of policies of social inclusion in all bodies of public administration, so that the Republic of Serbia could report on: the establishment of the monitoring system based on indicators of social inclusion, developed and integrated social inclusion policies, strengthened and developed capacity of the state administration for the implementation and reporting on the process of social inclusion, as well as the established and sustainable unit that will serve as a mechanism for coordinating the further development of and reporting on the progress of the process of social inclusion. Through the project "Support to Improve Social Inclusion in Serbia ", Swiss Confederation is supporting the Government of the Republic of Serbia to improve the process of social inclusion in the period 2009-2017.

Pursuant to the *Law on ministries*, the following institutions are in charge of social inclusion policies in the Republic of Serbia: the Ministry of Labor, Employment, Veteran and Social Affairs, the Ministry of Health, the Ministry of Education, Science and Technological Development, the Ministry of Youth and Sports, the Ministry of Economy etc. Also, there are special organizations which tackle social inclusion policies: the Republic Secretariat for Public Policies, the Republic Statistical Office and the Institute for Social Insurance.

According to the Point 17 of the Article 20 of the *Law on Local Self-Government*, a local self-government unit is competent to: establish institutions in the field of social protection and monitor and ensure their functioning, give permission to start the work to social welfare institutions established by other legal entities and individuals, determine fulfillment of conditions for the provision of social services, determine norms and standards for the performance of activities of institutions founded by itself, pass regulations on the rights of social protection and take the role of the state guardian.

Social inclusion policies are regulated by a set of sectoral laws, such as: the *Law on Social Welfare*, the *Law on Financial Support for Families with Children*, the *Law on Preventing Discrimination against Persons with Disabilities*, the *Anti-Discrimination Law*, the *Law on Gender Equality*, the *Law on Employment and Insurance in Case of Unemployment*, the *Law on Professional Rehabilitation and Employment of Persons with Disabilities*, the *Law on Foundations of the Education System*, the *Law on Health Protection*, etc.

Support for persons with special needs when building new facilities was defined by the *Ordinance on conditions for planning and designing facilities in connection with the free movement of children, the elderly, and persons with disabilities* ("Official Gazette of RS", n°18/97), replaced by the *Ordinance on technical accessibility standards* ("Official Gazette of RS", n° 19/2012 and number 46/2013). Important steps to improve the situation of persons with disabilities in the Republic of Serbia are the adoption of the *Law on Prevention of Discrimination against Persons with Disabilities* ("RS Official Gazette", n° 33/06) and the *Strategy for Improving the Status of Persons with Disabilities* ("RS Official Gazette", n° 1/07).

The Republic of Serbia has no comprehensive strategy in the field of human resources and social development. The *Poverty Reduction Strategy* has fulfilled its aim, which is to halve poverty in the period 2003-2008.

## 26. Challenges experienced and lessons learnt in these areas

Adoption of amendments to the *Law on Planning and Construction* in 2014 and the adoption of 28 ordinances based on this law brought some innovations in the management of urban development. In line with modern trends, a unified procedure has been introduced as part of electronic government, which aims to facilitate citizens to carry out their activities, especially when it comes to the planned construction. Unified procedure is also very important to struggle against illegal construction. Planned construction solves many problems of urban development at the root. New regulations, among other things, provide for the introduction of information systems for spatial and



urban/town planning at the national and local level, as well as a digital format for making plans. The legal basis has been created for the elements of e-administration in the field of urban development, but it should be developed and upgraded.

*Declaration on Informal Settlements in South Eastern Europe* was adopted in September 2004. This joint declaration of the Balkan countries signed in Vienna had three main goals: the legalization of informal settlements, improving the quality of life in them and preventing further illegal construction. The legalization should be done in a way that it does not harm urban development (it should protect the heritage and environment, it should enable access to road and assure other public interests).

With the entry into force of the *Law on the legalization of buildings* ("Official Gazette of RS", n° 96/2015), following other laws ceased to exist: the former *Law on legalization of buildings* ("Official Gazette of RS", n° 95/2013), the *Law on special requirements for the registration of property rights on buildings constructed without a building permit* ("Official Gazette of RS", n° 25/2013 and 145/2014), *Ordinance on facilities for which a building permit cannot be issued, the level of construction of the facility and the construction and use permits in the process of legalization of buildings* ("Official Gazette of RS", n° 106/2013) and the *Ordinance on the conditions, manner and procedure for acquiring property rights on land and buildings to which the Law on special conditions for the registration of property rights to the buildings constructed without a building permit is being applied* ("Official Gazette of RS", n° 31/2013).

In order to establish a uniform system of professional training of employees in local self-government the *Strategy of Professional Training of Employees in Local Self-government* was adopted in 2014. Furthermore, the *Law on Employment in the Autonomous Provinces and Local Self-governments* was adopted in 2016, bringing the labor status of local employees closer to the provisions of the *Civil Servants Law*, and particularly to the principle of merit in the selection and promotion of staff, fully respecting the specific situation of autonomous provinces and local government units. New legislation will bring significant changes in the field of career and professional development of employees in autonomous provinces and local self-governments.

When establishing the necessary legal framework for the operation of local governments, Standing Conference of Towns and Municipalities, as an association of local governments in Serbia, has been recognized as a key partner in a constructive dialogue with the relevant ministries and other government bodies and organizations in the definition of the law of importance for local government. Also, for their part, local governments, use the opportunity to regularly address their demands for reform to the Government of the Republic of Serbia through their association - Standing Conference of Towns and Municipalities.

As part of participation in the planning process, a legal framework for early participation has been provided. This new form of public hearing at an early stage should encourage the participation of citizens, institutions, NGOs, the private sector and all relevant stakeholders from the public sector, throughout the planning process, from its very

beginning. The introduction of early public hearing has been formal so far, but it is supposed to become more important in future.

Bearing in mind the transition and a more or less constant political and economic instability in Serbia in the past 25 years, urban safety and security represent a special challenge. Adoption of the *Law on police in community* and the Community Policing Strategy, and the development of local strategies of urban safety represent a significant step forward in the direction of solving the problems of modern society, especially in critical places such as the Republic of Serbia in the recent past. Recent wars, exile during the nineties, the migrant crisis (prominent in 2015), the unresolved status of the autonomous province / self-proclaimed state of Kosovo / Kosovo and Metohija are the challenges that are specific to Serbia, in addition to the challenges faced by other countries during the global economic and political crisis.

Social inclusion is one aspect of security, particularly important for vulnerable groups, which contributes to the social stability of the entire population. Through creation of the Social Inclusion and Poverty Reduction Team activities in this area have been institutionalized. Within the activities of the Team, the index of social development of cities and municipalities has been calculated enabling comparison of the quality of life in relevant areas (education, social protection and health, employment, economic development, vulnerable groups and human rights). The index is intended to assist the creation of national and local policies of social development on the basis of data on the state of human development in Serbia.

## 27. Future challenges and issues in these areas that could be addressed by a New Urban Agenda

Respect for the legal framework is not guaranteed in the Republic of Serbia. Planning documents are the legal basis for the planning, organization and use of space, they have the force of law and should be respected, however this is not always the case. Spatial plans at all territorial levels have been adopted by 2015. There exist also the spatial plans for special purpose areas. Spatial Plan of the Republic of Serbia, brought by the National Assembly in 2010, expires in 2020 and should be replaced by a new such document by the end of that year. Currently, the focus is on the adoption of urban/town plans - general urban/town plans and general regulation plans. Number of the plans of detailed regulation is neither limited nor final, the same as the number of spatial plans for special purpose areas.

*Law on Planning and Construction*, as well as the as well as the implementing rules issued thereunder, will surely face changes in the coming years. The practice indicates some minor shortcomings. Besides, the aspiration to join the European Union, the growing intensity of the overall international relations, continuous innovation, especially in the field of science and socio-economy, with particular emphasis on the electronic governance, services and opportunities, all point to the need to adapt the legal framework. *Law on the legalization of buildings* is specific to the countries of Southeast Europe and can rely on the *Vienna Declaration on Informal Settlements* signed in 2004.

The *New Urban Agenda*, as well as international guidelines on which it is based (for decentralization and basic services for all, and for urban and regional planning) strongly support a participatory approach to urban development. In the Republic of Serbia, the already existing legal basis in respect to public hearing has been further reinforced with the introduction of early public hearing in 2014. The participation of spatial development stakeholders in the preparation of planning documents and definition of planning policy should be an integral part of the whole planning process, culminating in moments of public hearing. Enhancing horizontal and vertical connection of stakeholders in an appropriate manner is one of the basic elements of participatory planning. The participation of public, private and NGO sector in Serbia should be adequately strengthened.

Improving the work of municipal police will contribute to the overall quality of life of urban residents. In addition to the instability that is present in the Republic of Serbia in the past two and a half decades, there are new challenges such as the fight against terrorism, the dangers caused by technological development, the consequences of growing social problems due to the alienation, the increase in individualism, forgetting tradition. Cooperation with the UN Habitat "Safer Cities" programme, which took place in previous projects can be continued through new projects and exchange of experiences of the Republic of Serbia and local communities and cities in other countries.

Social inclusion is both old and new theme. The United Nations deal with it since the *Declaration on Social Progress and Development* adopted by the General Assembly of the United Nations in 1969, attaching great importance to the spatial and urban development in the regulation of social problems. The complexity of social relations is a topic that requires special attention as it is the weakest link in the sustainable development trilogy. In the current conditions of market economy, the economic component of sustainable development is the most pronounced, environmental protection has insufficient even though great promotion, while the social component is little represented. The trend of strengthening the social component is present, especially for vulnerable and marginalized groups, but this issue is of importance for both the entire population and comprehensive urban development. Creation of the Social Inclusion and Poverty Reduction Team is of particular importance.

Housing is an important aspect of social inclusion, which the Social Inclusion Team does not directly address. Republic Housing Agency has not achieved the expected results and the problems of housing, although distinguished as a specific and very important social theme remained in the background, supported however by the *Law on Social Housing* brought in 2009, which will be integrated into the new *Law on Housing*, but without a significant institutional support of the public sector.

It is necessary to strengthen the cooperation between Serbia and the on-going UN Habitat programs and initiatives. Program for integration of refugees and support to local development - SIRP was successfully implemented in the period 2004-2008 the. Its successor – the Program for Settlements and Local Development - SILD has not gone beyond the preparatory phase. Activities of the UN-Habitat have been implemented

within the framework of the United Nations Mission in Kosovo and within the framework of the Joint UN Programme "Peacebuilding and Inclusive Local Development - PBILD" in southern Serbia. UN Habitat programmes in Kosovo include: LoGo (Local Government Programme), and Municipal Support Programme (MSP 2000-2001), Urban Planning and Management Programme (UPMP, 2001-2003), the Governance and Development Planning Programme (GDPP, 2003-2006), Municipal Spatial Planning Support Programme phase 1, (2005-2008) phase 2, (2008-2011), and the phase 3, (2011-2014).

## V Urban Economy

Serbian urban economy is undergoing a process of transformation within a specific political-economic transition through which the country is passing in the past 25 years. The decline in living standards compared to the previous period, combined with strong impacts of globalization that have extremely reduced the country's competitiveness, poses a challenge and points to the need for numerous reforms and adjustment to international trends. City economies as generators of regional development play an important role in the economic development of the whole country.

### 28. Improving municipal/local finance

During the 1990s and early 2000s, municipal funding largely depended on the national budget. At the end of January 1994, *Program of Monetary Reconstruction and Economic Recovery Strategy of Yugoslavia* was adopted in order to eliminate many negative consequences that occurred after the collapse of the former state and the imposition of sanctions of the United Nations to the Federal Republic of Yugoslavia. The Programme gave basis for the definition of the system of local funding, which provided that the utility consumption is financed from the revenues of local self-government, establishing also the responsibilities and functions of local government that are financed from shared taxes, based on uniform objective criteria. Of particular importance for local funding was the adoption of the *Law on Tax on Income Fund*, introducing this tax as a local revenue, and establishing it at a rate of up to 3.5% of the wage fund. The first significant reform of the tax system after 2000 began with the adoption of amendments to the *Law on public revenue and public expenditure*. Based on this law, out of six types of taxes that were non-categorical transfers, four types became shared revenues, while the remaining two remained transfer funds. *The Law on Local Self-Government* brought in 2006, which has since undergone a number of changes, was a major step forward in the direction of fiscal decentralization. It regulates the financing of local self-governments to perform original and delegated functions. An important innovation brought by this law is that property tax revenue becomes the source of local governments, which in the period 2007-2009 launched one of the most important tax reform - the establishment of local tax administration.

There are four types of local government revenues in Serbia:

- original revenues, which basic elements are determined by the local self-government (except the maximum rate that can be determined by law) that collects and use them;
- shared revenues, determined by law, implemented on the territory of local self-government and ceded to it completely or partially;
- non-categorical transfers as transfers of funds from other levels of government that are of general type;

- categorical transfers, transfers of funds from other levels of government for a specific purpose.

The *Law on Local Government Finance*, together with *Budget System Law* defines personal income tax (income from agriculture and forestry, self-employed, real estate, leasing of movable property, personal insurance and higher wage tax to be paid according to the permanent employees), as shared revenues, as well as the tax on inheritance and gift tax on the transfer of absolute rights. In addition to property taxes, local administrative fees, local communal taxes, city tax for tourists utility fee for company (signage fee), the fee for keeping motor vehicles and special compensation for the protection and improvement of the environment, etc. represent the original revenue.

A significant part of the original local government's revenues is based on building land (*land based financing*). However, this revenue is also experiencing a significant transformation in recent years. The fee for the use of building land, one of the most abundant source of local revenues, was abolished by the *Law on Planning and Construction* brought in 2009, and integrated with the property tax in 2014. As part of the reform process of issuing building permits aimed at increasing the competitiveness of the country for investment, the land development fee, once paid during the construction, was changed to the contribution to building land in 2014.

Transfers of funds are being made from other levels of government (central or provincial) to the local level. Non-categorical transfers are general and their purpose is to balance the level of development and to foster solidarity with less developed local government units. They are determined by regulations on annual basis in accordance with the *Law on Regional Development*. Republic of Serbia can make transfer of funds to local governments for performing specific tasks within their original or shared responsibilities. For this purpose, the competent ministry or special organization, determines the amount of categorical transfer and criteria for the allocation to local government unit, as well as the dynamics of the transfer of funds.

The decentralization of public finances is going on since 2006. Being a member of the Council of Europe, the Republic of Serbia introduced in its legislation basic principles in line with the *European Charter of Local Self-Government* from 1985, as well as with the *International Guidelines on Decentralization and Access to Basic Services for All* from 2007.

## 29. Strengthening and improving access to housing finance

Although it is officially considered that the transition in Serbia started after 2000, one of the first privatization which marked the transition from centrally-planned to market economy was the privatization of socially and publicly owned housing. It started with the *Law on Housing Occupancy* brought in 1990, and then accelerated by the *Law on Housing* brought in 1992, which widely opened possibilities to the then holders of tenancy rights (the right to permanent use) to buy apartments under favorable terms. At the same time, the idea was that through the purchase of apartments, means are provided to take

measures "to create favorable conditions for housing construction and addressing the needs of vulnerable people". However, the hyperinflation that occurred in 1993 completely devaluated the financial assets from the purchase of dwellings preventing thus the realization of the established public interest in the housing sector.

In addition to the funds that were expected from the purchase of apartments, Article 44 of the Law on Housing established another source of funding for public intervention - funds for solidary housing construction (*fondovi solidarne stambene izgradnje* - FSSI). The funds were actually associated funds collected on the basis of the obligatory deduction of "the fee for the construction of subsidized housing at reasonable conditions" from salaries. In the period 1990-2004, 15,000 apartments were built out of these funds, the total investment being estimated at 600 to 800 million euros (one apartment per 10,000 inhabitants). Most apartments were built to solve the housing needs of employees, but there was also the requirement that a certain number of apartments opts for socially vulnerable persons. The funds for solidary housing construction have been deleted from the *Law on Housing* in 2001. The change of their nature into taxes was regulated by the Article 4 of the *Law on corporate income fund*, abolished in mid-2004. The abolition of the law led to the abolition of this source of funding for public intervention in housing.

Since the mid-2000s, Serbia is developing a system of housing financing through organized financial intermediaries - banks, which gradually suppress the financing from personal funds (invested mostly in illegal construction) or by means of private investors (often accompanied by widespread fraud and uncertainty for buyers), numerous during the 1990s.

The housing financing through banks is accompanied by measures in the public sector, whose main goal is to increase the availability of housing loans through interest rate reduction by providing loan insurance, and then subsidizing the loans' interest since 2006. Funds, conditions and the way of subsidizing are set by the Government through Regulations brought on an annual basis. The subsidy includes the allocation of funds for the participation in the loan (15-20%) at a low interest rate (0.1% per year) or interest-free, to a certain category of the population (persons not owning an apartment, mostly under 45 years of age, employed, with the highest incomes 100-150 thousand dinars ~ 1000-1500 euros in 2006, etc.). In the period 2006-2016, the total funding allocated for subsidized housing loans amounted to 159.8 million euros targeting 20,363 users. This means that the average subsidy loan amounted to 7,850 euros of which 6,500 were pure subsidy, the loan repayment period being 25-30 years.

The implementation of these measures is delegated to the National Mortgage Insurance Corporation (NMIC), established in 2004 following the model of the Canada Mortgage and Housing Corporation. By December 2012, 70,265 loans were insured by the NMIC, their total amount being 2.58 billion euros. Subsidies were granted to citizens till the end of 2013, and, according to the NMIC, there were about 17,500 subsidized loans and subsidies granted to citizens in the amount of 13 billion dinars, or 115 million euros. According to the same source, the average value of housing loan is around 37,000 euros.

The loans are mainly used for the purchase of real estate, and much less for renovation, construction or purchase of prefabricated houses.

Currently, the only subsidized loans for the purchase of apartments are being granted to professional military personnel, while they are no longer available for other citizens.

### 30. Supporting local economic development

Several projects of support to local economic development took place in Serbia at the beginning of the first decade of the new millennium. They were supported by European and bilateral funds (programme of support to municipalities in eastern Serbia from European funds, support to municipalities in the context of the Swiss development aid, American development aid program MEGA, programme "Progress" in southern Serbia, UNDP assistance in southwestern Serbia, etc.). Agencies in support to small and medium-sized enterprises were established in the same period. They have over time evolved into regional development agencies (RDA), in accordance with the *Law on Regional Development* brought in 2009.

New *Law on Investments* was brought in 2015. Its enforcement should provide conditions for an efficient realization of investments and achieving positive economic effects, as well as better coordination and cooperation among the holders of a public office in supporting the process of investment. The law gave basis for the establishment of the National Agency for Regional Development (NARD) in 2010. The agency was responsible for the coordination of RRA but it was later merged with the Serbia Investment and Export Promotion Agency (SIEPA) to form the Development Agency of Serbia. The RRA network counted 17 active regional development agencies in 2016.

Although the activities in support of local economic development (LED) intensified in Serbia after 2000, it was only with the adoption of the *Law on Local Self-Government* that the local economic development has become the responsibility of local authorities in 2007. By Article 20, paragraph 9 of the Law it is determined that local government delivers programs, conducts projects of local economic development, and ensures the improvement of the general framework for economic activity on its territory. Most local governments have LED offices that are formed with different capacity and profile of employees - one employee in the office of the mayor, small offices with a few employees or complete administration of LER, mainly in the cities, which are in number and expertise of employees completely skilled to participate in all matters of local economic development. A survey conducted by the Center for Equitable Regional Development (CenTriR) showed that 108 out of 145 local governments had LED offices in 2015. Most of them were situated in the AP Vojvodina - 41, then on the territory of Šumadija and Western Serbia - 37, while in the region of Southern and Eastern Serbia there were 30 LED offices. In addition to the most important activities - attracting new and maintaining existing investments, these offices implement projects of local economic development that are focused on specific areas of intervention: development of strategic and action plans for local development, capacity building for the writing and implementation of projects, development of the local community, utilities and business infrastructure.



In building the capacity of local economic development, local governments may rely on the professional support of the Standing Conference of Towns and Municipalities, as well as on numerous international programs and projects, which main aim is to faster establishment of the LED offices and improve the quality of their work.

The Standing Conference of Towns and Municipalities has a Committee for Economic Development, responsible for the issues of local economic development (including instruments and mechanisms encouraging LED), strategic planning, tourism, hospitality, trade, commerce, cooperatives, the general system of public-private partnerships and concessions, agriculture and rural development, policy formulation to adapt education to the needs of the labor market and employment, improvement of business environment at the local level, inter-municipal cooperation in the field of local economic development, etc.

National Alliance for Local Economic Development (NALED) was established in 2006, with the aim of improving the business environment in Serbia through institutional reforms with active participation of businesses, municipalities and citizens. NALED activities are focused on improving the regulatory framework for business and municipal capacity building for local economic development.

Within the non-governmental sector in this area there exists, for example, the Institute for Territorial Economic Development (InTER) - a non-profit, independent, non-governmental organization with the mission of promoting and advancing sustainable socio-economic territorial development in the Western Balkans, established in 2006.

### 31. Creating decent jobs and livelihoods

The most important strategic document in the field of employment is *the National Employment Strategy 2011-2020*. To implement this strategy, the Government of the Republic of Serbia adopts *the National Action Plan for Employment* on annual basis. Situation in the national labor market is significantly affected by amendments to the Labour Law, the set of economic laws as well as by the arrangements made with the International Monetary Fund. The Ministry of Labor, Employment, Veteran and Social Affairs is responsible for the creation, development and implementation of active employment policies, provided that the employment according to *the Law on Employment and Unemployment Insurance* may be performed by private employment agencies. The active participation of the state in the labor market started after the commencement of the implementation of active employment policy measures (in addition to the passive ones) and the transformation of the Republic Institute for the Labor Market into the National Employment Service (NES) in 2003. NES is associated with the relevant Ministry, covering the territory of Serbia through its branch network. NES consists of the Directorate in Belgrade, two provincial departments, 34 branches in major cities, 21 offices and more than 120 branch offices in all districts in the Republic of Serbia.

According to *the Employment Strategy*, there was officially 17.8% of unemployed in 2010, the aim being to decrease this share to 10.32% by 2020. The main strategic goals are:

increasing employment in less developed areas, capacity building and social inclusion, improving institutions and bodies of the National Employment Service, reducing the duality between formal and informal employment (undeclared work). In 2010, the share of employment in the sector of industry was 24.2%, the Strategy targeting 26.4% by 2020. The latest amendments to *the Labour Law* made in 2014, aim to harmonize national with EU legislation, to stimulate employment, and introduce new solutions to limit or enhance workers' rights.

In accordance with *the Law on Employment and Unemployment Insurance* brought in 2009, local employment councils were created in some local governments in Serbia. A large number of local self-governments decided to establish such councils over the years, so that there were 103 active councils in 2014. The reason lays in the opportunity to receive equal or even greater funds from the national budget or through the support of the NES to those allocated for active employment measures from the local budget. When a decision to take this step is taken, local councils prepare an employment action plan, based on the data from the labor market and the financial plans prepared by the NES at the national level. In this way the councils propose measures to be financed from the local budget to cover the most important needs of the labor market, on the one hand, and provide the best possible realization of the NES funds, on the other.

Through local employment councils, local governments conducted the three basic types of active employment measures allocating funds for: self-employment programs, measures for job creation and programs of professional practice. Besides, in the budget years in which the competent ministry anticipated funding for public works, local governments funded this measure, because even though this is only temporary and cannot lead to a long-term employment, it allows for a greater number of people to be engaged in work in the short term. Public works are a measure of active employment policy which provides for approval of funds for the recruitment of unemployed persons registered with the National Employment Agency and involves the implementation of activities undertaken by the employer – a contractor of public works, which are aimed at achieving a specific social interest (eg, assistance to the elderly, rehabilitation of illegal dumpsites, construction of roads, etc.).

### 32. Integration of the urban economy into national development policy

National development policy consists of a large number of strategic documents whose development began in the mid of the first decade after 2000. These strategies are mostly sectoral, but some of them are of integral character such as the *Spatial Plan of the Republic of Serbia 2010-2020*, the *Sustainable Development Strategy 2009-2017*, the *National Economic Development Strategy 2006-2012* and the *Strategy to Support the Development of Small and Medium Enterprises, Entrepreneurship and Competitiveness 2015-2020*.

City network of the Republic of Serbia consists of 27 cities that have the administrative status of the city and their urban functional area, defined using a simplified methodology of the ESPON programme for determining functional urban areas. Belgrade, together

with Novi Sad, Smederevo and Pančevo is the only metropolitan area (MEGA) and an important economic generator. Priorities of economic development policy in the *Spatial Plan of the Republic of Serbia* include: macroeconomic stability, creation of favorable conditions for investments, reindustrialization, competitive economy, reducing regional disparities and knowledge based development.

Urban Renewal and Recycling is one of the themes of the Spatial Plan of the Republic of Serbia, which should contribute to a greater quality of life in cities. There are at least two sub-topics under this general one: the use of brownfields and green urban renewal. Green urban renewal includes energy efficiency in buildings and heating.

A strategic vision for SMEs include the development of entrepreneurship and competitiveness, based on private entrepreneurial initiative, knowledge and innovation, in order to sufficiently strengthen local micro, small, medium enterprises and entrepreneurs to be ready to respond to competitive pressures in the single EU market and to contribute to the improvement of living standards in the Republic of Serbia.

The network of regional development agencies emerged after 2000 with an initial objective to provide support for the development of small and medium-sized enterprises. However, regional development agencies gradually expanded their approach, which in some cases become fully integrated. The network is co-ordinated by the Development Agency of Serbia – governmental agency that offers support to direct investment and export promotion, as well as to the implementation of projects aimed at improving competitiveness, regional development and the reputation of Serbia.

An example of a program to support the development of the urban economy is the Urban Partnership Program aimed at helping cities, towns and municipalities to evaluate the vulnerability of their municipal organizations to corruption in order to prepare an integrity strategy as well as an action plan for improving transparency and accountability. The Urban Partnership Program is funded by the World Bank and the Austrian Federal Ministry of Finance. This program is being implemented since 2011, the importance of local planning documents for decision-making at both the local and national level being taken into account.

### 33. Challenges experienced and lessons learnt in these areas

It can be concluded that there has been a great progress in the policy of financing local governments with regard to a number of problems at the beginning of the 1990s and the delayed transition. Expanding the jurisdiction of local governments was accompanied by changes in financial laws that gradually gave local governments the autonomy in the collection and allocation of public revenues for the exercise of their functions. The *Law on Local Government Finance* has not increased the amount of funds for financing local governments, as has been announced, but it primarily brought to a greater transfer of resources to less developed municipalities at the expense of the developed ones.

The ratio between average annual income and housing prices amounted to 1: 9 when paying in cash and 1:13 when taking a loan in 2013. These very unfavourable ratios call for a support of the public sector. In conditions of fiscal consolidation and the reduction of public spending, it is necessary to carefully analyze the effectiveness of the measures of public support, determine the greatest needs and provide sustainability, so that the support mechanisms give better results. Insuring loans and subsidizing participation have contributed to the reduction in average interest rates for housing loans from 8% to about 6% in the period 2005-2010. However, a drop in Euribor rate had a greater positive impact in this sense. The experience from the previous period shows that the subsidized housing loans were a more effective mechanism than the direct public investment in the construction of housing. However, the FSSI system was financially more sustainable because the assets returned immediately after the construction while the state subsidy for the participation in the loan (7,850 euros on average *per user*) will return only in 25-30 years after the award of the subsidy. In addition, the total funds used to subsidize insurance and housing loans amounted to around 200 million euros by the end of 2013. The effects of this measure on the reduction of the total cost for acquiring an apartment, have never been monitored or evaluated. It is evident, however, that raising the creditworthiness of households through subsidies increased the effective demand for housing, which in the conditions of insufficient and undiversified offer inevitably led to an increase in prices. Therefore, the decline in interest rates in parallel with the increase in prices quickly annulled the ultimate effect of the measure. In the case of both measures the question is whether they tackled those who needed them most, and whether a permanent financial mechanism of private housing finance could have been established in the future if the measures were more sustainable, smaller in scale and tackling more beneficiaries.

By adopting the *Law on Local Self-Government* in 2007, a huge step forward has been taken in the financing of local economic development, especially in developing institutions. The major challenge that appeared at the beginning when taking over the responsibilities of local economic development through specialised offices and which has not yet been solved in a strategic way is the communication with the business community. In some local communities, the relationship between the two has been institutionalized through the establishment of business councils. Business councils give space for a cross-sector cooperation of all three sectors - public, private and civil society, which is a good model for future cooperation in the planning and implementation of projects at the local level.

Based on the European Union's Enlargement Strategy 2013-2014, the European Commission has launched a new process for the countries in the accession process in which priorities in the field of employment and social policy will be established and monitored - *Employment and Social Reform Programme (ESRP)*. Application of the ESRP will be a strategic process, structured on the model of the "Europe 2020" Strategy, implemented by the EU Member States. In the same time, this will be the main mechanism for dialogue on the priorities of the Republic of Serbia in the field of social policy and employment in the EU accession process. Preparation of the ESRP has officialy started in

September 2013, the programme being adopted by the Government of the Republic of Serbia in May 2016. The Programme identifies following main challenges:

- The anticipated large influx of the unemployed owing to the completion of the privatisation and restructuring of state-owned enterprises and the public sector;
- High overall inactivity rate and low employment rate, accompanied by Roma exclusion from the formal labour market and the need to strengthen the role of employment policy;
- Segmented labour market and structural unemployment,
- High youth inactivity and unemployment.

### 34. Future challenges and issues in these areas that could be addressed by a New Urban Agenda

In addition to the establishment of local tax administration, one of the most significant changes in order to increase local funding is the introduction of the program budget, which would increase the efficiency and effectiveness of the planned objectives and improve the control of expenditure of funds from the local budget. Also, all the potential income from the property should be used to the extent possible, which will require the development of information systems on real estate, and in particular the update of the information on the value of building land, as one of the most important resources for the development of local finance. It should also be borne in mind that the building land was exclusively publicly owned until recently, so that there is not enough relevant empirical data on this resource. Obtaining this data will be one of the most important tasks for the improvement of local finances in the future. The process of the legalization of facilities should contribute to this objective, too. The performance of legalization should positively affect the updating of property rights to immovable property and improvements in the local real estate market, and therefore increase the revenue from property taxes.

In the existing banking system, there are no specialized mortgage banks. Their efficiency largely depends on the development of the system of registration of property rights to real estate, which is significantly lagging behind in Serbia. A mechanism for contractual housing savings, which exists in some countries in the region and which can be considered as a good starting point for less developed systems of housing finance, is also missing. Mechanisms of housing support to households with middle and lower incomes, as well as for the poorest, do not exist and have not been systematically developed in the past ten years, limiting the development of the different types of housing markets (renting market, the market of housing services, etc.). Lately, however, awareness is rising towards the necessity to adapt lending conditions to a wider circle of the population and offer more diverse products. In this context, it is important to think about starting an initiative for the legal regulation of microcredit, which was one of the announced activities of the Ministry of Finance.

To ensure effective implementation of investment, which means, among other things, better coordination between all levels of government, especially within the state institutions and agencies, the implementation of the *Law on Investment* (brought in

October 2015) will be of great importance. Through the implementation of a unified procedure for issuing permits, the process of investment management will be completed, including incentives for the construction of a favorable business environment. The *Law on Investment* establishes measures to boost the competitiveness of local government. The measures include the provision of relevant information on locations for investment and development of urban infrastructure, which is also the subject of integrated urban development strategies. Therefore, improving the quality and transparency of databases on the built environment and its resources, such as information on available locations, in particular brownfield sites in terms of sustainable use of land, represent one of the major common challenges of the future local economic development and integrated urban development.

Through the Republic Secretariat for Public Policy (established in 2014), the Government of the Republic of Serbia develops an important comprehensive initiative - Competitiveness and Jobs Project, supported by the World Bank. Project implementation started in 2015 and will continue until 2019. The project supports the national budget in several distinct areas, labor market and social protection being among them. The activities related to labor market reform go into two main directions: the reorganization of the National Employment Service in order to raise the quality of services to the unemployed and employers and redesign of active employment policies in order to increase their effect on employment. The overall objective of the project is to increase employment, investment and exports.

The informal sector and informal markets are among the biggest challenges that the economy of Serbia is facing, their consequences being visible in the areas of tax evasion, market distortions, unfair competition and inefficient allocation of resources. Although the informal economy remains a source of income for many individuals and households in Serbia, its negative effects on employees, businesses and society as a whole exceed far its benefits. Measures in the field of fiscal policy to combat the gray economy include: adjusting the tax system to a real context, reducing the cost of application of taxes, reducing the profitability of tax evasion and reducing tolerance for gray economy. Measures in the field of labor market are: adjustment of labor legislation, support for entrepreneurship, better inspection. Measures in the financial sector are: introduction of the possibility of electronic payments, reducing informal sources of financing and higher transfer funds through formal channels. Measures in relation to business conditions include the simplification of the existing regulatory requirements and prevention from the introduction of new unnecessary administrative obligations.

The diversity of the problems of urban economy is the subject of numerous strategic documents that have been prepared at both local and national level in the last fifteen years. Better horizontal and vertical integration of strategic documents and a greater involvement of all stakeholders is a recurring challenge for better strategic planning of urban development.

## VI Housing and Basic Services

Housing policy in the Republic of Serbia is facing several key challenges - stopping illegal construction, solving the problem of substandard settlements (mostly inhabited by Roma population), giving support in addressing the housing needs of different categories of population, as well as providing basic services and improving their quality (water supply, sewerage, waste management, accessibility). Increase in the share of renewables in energy production and rational use of energy affect positively the quality of the environment and life of the population of the Republic of Serbia.

### 35. Slum upgrading and prevention

The urbanization process in the Republic of Serbia was marked by ever more pronounced illegal construction and expansion of many informal settlements, mainly in the peripheral areas of cities in the last two decades.

Illegal construction in Serbia is recorded from the sixties, but the migration processes in the nineties (around 750 thousand refugees and internally displaced persons), along with an inefficient system of management of construction land and the absence of a consistent housing policy, contributed largely to a frequent occurrence and expansion of informal settlements, especially in the outskirts of large cities.

The problem of the emergence of informal settlements is mainly associated to socially vulnerable groups. However, other levels of society have also frequently seen in this endeavor a chance to come to a housing solution in a faster and cheaper way. In this respect, two basic forms of illegal construction can be observed: building a house of average, and sometimes above-average quality on its own, mostly agricultural land (unplanned construction) and construction of substandard houses (often from poor materials) on the land of another person, usually in a public ownership in order to overcome homelessness.

When it comes to the prevention and improvement of living conditions in "slums", a term "substandard settlements" has recently been introduced in Serbia. Though it is not grounded in national legislation, the term is used in various policy documents as well as in individual programs of non-governmental and international organizations and local authorities. It mainly refers to Roma enclaves that belong to the poorest urban zones and are usually in the category of "slums" or "unhygienic settlements".

Given that Roma are one of the largest ethnic communities in the Republic of Serbia (according to the 2011 census, the Roma population in Serbia has about 150 thousand inhabitants), the problem of informal Roma settlements, as predominant form of substandard settlements in Serbia, points to the need for a systematic approach to their rehabilitation and improvement.

Government of the Republic of Serbia adopted the *National strategy for improving the situation of Roma* in 2009. In the period 2009-2011, the ministry responsible for housing

funded the preparation of town plans for spatial regularization of informal Roma settlements in line with this document, as an appropriate measure of financial support to local governments that are responsible for town planning.

*National Strategy for Social Housing* defines a specific objective (Objective 7) which relates to the improvement of living conditions in substandard settlements, including measures for planning, improvement of infrastructure and the improvement of living conditions in substandard settlements. The objective and measures are largely focused on ensuring access to adequate housing for Roma, who mostly live in substandard settlements.

The measures set out in the Strategy and Action Plan are implemented through the project "We are here together - European support for the inclusion of Roma", funded from IPA 2012. The project has achieved the expected results, fulfilling at the same time the aforementioned Objective 7. This primarily concerns the adoption of regulatory urban plans that have spatially and legally regulated 13 substandard Roma settlements with about 1,150 households (approximately 4,200 people). As part of the project, technical documentation has also been prepared for the implementation of various projects for the construction of urban infrastructure (water supply, sewerage, electricity networks, roads), as well as for the construction of social housing for about 1,200 households (4,500 people, mostly Roma), to be financed from IPA 2013. Furthermore, a geographic information system has been established to allow a monitoring of substandard settlements in a systematic way in order to define priorities for new project proposals aimed at improving living conditions, as well as to monitor project implementation itself. The GIS include information on 583 settlements in 120 municipalities (71.01%) or 3 - 4 settlements per local self-government.

### 36. Improving access to adequate housing

The influx of a large number of refugees and displaced persons from war-torn areas of the former Yugoslavia during the nineties and later a significant influx of internally displaced persons from Kosovo and Metohija after the NATO bombing in 1999, have led to a large migration inflow of about 750,000 persons during the period of ten years, which made about 10% of the population of the Republic of Serbia without Kosovo and Metohija. Since the beginning of the refugee crisis, from 1991 to 2010, around 3,550 housing units for refugees were built mostly through the help of international donors. The mission was conducted by the Commissariat for Refugees in cooperation with other state agencies, local self-governments and international organizations.

The first major project that Serbia has conducted in order to provide housing solutions for refugees and internally displaced persons was SIRP programme (*Settlement and Integration of Refugees Programme*) under the auspices of UN-Habitat. In the period 2006-2007, 532 apartments in the public domain for the lease were built in seven municipalities, another 140 alternative housing solutions being provided, too. In addition, the SIRP program enabled development and partial testing in practice of the basic mechanisms and institutional structure of the system of social housing after which housing



agencies for the implementation of social housing policy at the local level and local housing strategies and action plans, which among other things constitute the basis for the allocation of funds in local budgets for financing social housing at the local level, were have been established in eight municipalities.

Based on the experiences gathered from this program, the *Law on Social Housing*, as a first attempt to establish financial and institutional support for social housing in a sustainable way, was enacted in 2009. The Law gave basis for setting up local housing agencies and determined the jurisdiction of the state and local self-governments in the area of social housing, as well as the role of other non-profit housing organizations. *National Social Housing Strategy and Action Plan* have also been adopted on the basis of this law in 2012. The Strategy developed systemic measures of housing support to persons or households that can not, for economic, social or other reasons, solve alone their housing needs on the market.

In accordance with the *Law on Social Housing* and the *National Social Housing Strategy* the Programme of the construction of social housing is being implemented since 2013. The Programme is coordinated by the Republic Housing Agency and implemented by local housing agencies. The effect of the programme in terms of the number of constructed housing units is not great (only 65 apartments, including 49 renting apartments for renting households with lower incomes, another 100 apartments of which 28 renting apartments being planned to be completed by the end of 2017).

Additionally, preparations for the realization of a complex project to restore a residential block in the city of Kraljevo have been taking place in 2015 and 2016. They include the demolition of residential buildings damaged in 2010 earthquake and the construction of four new residential buildings with 366 apartments on the same site, in order to relocate population to safe housing. The project is implemented by the Ministry of Construction, Transport and Infrastructure in cooperation with the Republic Housing Agency and the City of Kraljevo, and is funded in part from a loan given by the Council of Europe Development Bank (CEB), and partly from the funds of the City of Kraljevo and EU donations.

Implementation of the housing projects for refugees, as part of the Regional Housing Programme - a common multi-annual program between the Republic of Serbia, Bosnia and Herzegovina, Montenegro and the Republic of Croatia, is in progress, too. This program aims to provide permanent housing for about 27 thousand of the most vulnerable refugee families (about 74 thousand people). Given that Serbia still has the largest number of refugees it is also the largest recipient of assistance for permanent housing for 16,780 families (about 45 thousand people). Projects implemented in Serbia include various forms of housing assistance, from the award of building materials for the construction of houses, of prefabricated houses, houses in the countryside, to the construction and allocation of an apartment in a building with facilitating its purchase on favorable terms.

### 37. Ensuring sustainable access to safe drinking water

More than 150 water supply systems in urban areas and more than 2,000 in rural areas are functioning under regular drinking water quality surveillance. In rural areas, there are many small-scale water supply networks with waters that are not controlled due to the unresolved issue of competence, so their real number is much higher. In 2013, the raw water for drinking purposes comes from ground (67%) and surface (33%) waters. Differences exist all over the country, for example in the Autonomous Province of Vojvodina all drinking water comes from underground sources. According to the *Census of Population, Households and Dwellings 2011*, around 70% of the population is connected to public water supply systems, around 12% is connected to rural water supply systems and around 10% is connected to individual systems, while the remaining population is supplied from wells and pumps. In 2012, around 82% of Serbia's population was supplied with urban or rural public water systems and around 92% was supplied with drinking water by pumped water distribution systems. Urban areas have better coverage than rural ones. Average water losses in Serbia are approximately 35% of total water injected into the supply networks, being 38% nonrevenue water (components: real losses - leaks and bursts, apparent losses - water theft and counting inaccuracies, billed counting consumption - water counting does not exist, and unbilled authorized consumption - uncontrolled watering, firefighting).

Water losses in Belgrade reach 25 per cent of total distributed water, but there is a further 10 per cent of unbilled water; together these represent 35 per cent nonrevenue water. Water losses in Subotica are in the range of 26–30 per cent of total distributed water. Usually this indicator (water losses) has been approached in regard to the evaluation of network performance, more specifically with regard to pipe breaks, leaks and bursts, being also linked with the efficiency of the use of water, through the measurement of the sustainable economic level of leakage. No related data were found (just 2.3 breaks/km/year). Measures to reduce losses, such as pipe rehabilitation or adoption of innovative maintenance solutions, are still weak in Serbia.

Transposition of Water Framework and Floods EU Directives are in advanced stage and in initial phase for other directives. Full transposition of water directives is expected through further amendments of the *Law on Waters* („Official Gazette of RS" 30/2010 and 93/2012). Draft Law on Waters with the first set of amendments is prepared, adoption planned, second set of amendments of the Law on Waters planned for 2017 and adoption of some 30 relevant bylaws until the end of 2018.

Current activities are related to further development of strategic and legislative framework in order to improve water management policies and support further compliance with the requirements of the relevant EU *acquis*. The Water Management Strategy in the Republic of Serbia is available in its draft form, as well as the Water Pollution Protection Plan. The Water Management Plan for the Danube River Basin on the territory of the Republic of Serbia is under development. An on-going activity is preparation of proposal for sensitive areas and vulnerable zones relevant for Urban Waste Water

Directive and Nitrates Directive. Priority is also provided for the implementation of Flood Directive, as well as preparation of flood maps for a part of Serbia.

### 38. Ensuring sustainable access to basic sanitation and drainage

*National Waste Management Strategy* has been brought for the period 2010-2019. *Spatial Plan of the Republic of Serbia*, which is harmonized with this document proposes regional centers for solid waste management, central regional storages for dangerous waste and central plant for physical and chemical treatment of solid waste. The trend towards regionalization of waste management services is providing opportunities for the involvement of private sector.

Recycling of waste is meeting (low) national targets, separate collection being introduced only as a local activity of individual municipalities. Large amounts of industrial waste are generated by the mining industry and utilization of industrial waste as a source of material or energy is increasing. Recently completed radioactive waste storage was licensed for full-scale operation. Serbia has developed and implemented a system that allows waste management activities and is improving its control over the transboundary movement of waste.

Urban population generates, on average, 1 kg of solid waste per person per day, the rural population, on average, 0.7 kg of solid waste per person per day, and the Belgrade population, 1.2 kg of solid waste per person per day. Organized collection of solid waste was estimated to cover about 80 per cent of generated waste in 2013. Collection is organized mainly in urban areas, while rural areas are less serviced. It is estimated that 25% of solid waste is disposed to sanitary landfills, 45 per cent is delivered to registered municipal dumpsites and 30% ends up in uncontrolled dumpsites. According to the *National Waste Management Strategy*, there are 164 registered landfills and dumpsites and more than 4,000 illegal dumpsites.

Of the 2.5 million households in Serbia, 1.44 million are connected to public sewerage systems. Of the 300 million m<sup>3</sup> of wastewater discharged in 2013, 71.4% was from households, 14.6% from industry and 14% from other sources. Only 16.8% (50.4 million m<sup>3</sup>) was treated, including 2.4% with primary treatment, 11.8% with secondary treatment and 2.5% with tertiary treatment. In terms of national coverage, in 2013, 58% of the population was connected to public sewerage systems, but only 10.54% of the population was connected to public sewerage systems served by an urban wastewater treatment plant (WWTP). The total length of the sewerage network is 15,779 km, including main collectors of 2,447 km and collecting networks of 13,332 km. Currently, 23 WWTPs are functioning, 9 not functioning, 18 being under construction or reconstruction. Besides the fact that only 10.54% of population is connected to public sewerage systems with WWTP, more than 2 million inhabitants in rural areas and more than half a million inhabitants in urban areas use septic tanks. In some areas, mainly rural, septic tanks are also used to treat wastewater. The capacity and efficiency of most of them is not sufficient, so that only 5% of the population is considered to have an adequate and satisfactory level of wastewater treatment. The biggest cities (Belgrade, Niš and Novi Sad) still do not have

appropriate WWTPs. Urban wastewaters are usually discharged without treatment. Despite low wastewater treatment coverage, river water quality is acceptable, primarily as a result of a low level of loading by industrial pollutants and due to the self-purification capacity of the main national rivers. The quality of surface and groundwater is being monitored on regular basis through the existing network of monitoring stations.

### 39. Improving access to clean domestic energy

Renewable or "clean" energy is one of the key pillars of sustainable development. The regulatory framework for renewable energy sources is conditioned by the Republic of Serbia's membership in the Energy Community to which it has acceded by ratifying the Treaty in July 2006. Legal framework consists of the *Energy Act* and its bylaws, the *Energy Development Strategy of the Republic of Serbia 2025* and the *Action Plan for renewable energy sources*. By joining the Energy Community Serbia has committed to implement EU directives in the field of energy, including the acceptance of binding targets for EU member states to secure a share of 20% renewable energy by 2020 in gross final consumption, according to the Directive 2009/28/EC. Given the starting position, in the case of Serbia this goal is 27% of renewable sources in gross final consumption by 2020.

In terms of potential, Serbia is relatively rich in "clean" energy sources that include the energy of sun, wind, rivers, geothermal sources and biomass. Some 33% of the available technical potential estimated for reaching the target in 2020, is already being used. In 2013, renewable energy accounted for 16%, or 1,835 Mtoe in total domestic primary energy production, 58% being from solid biomass, 41% from hydropower and less than 1% from biogas, wind, solar and geothermal energy. Efficient use of energy from renewable energy sources so as to encourage economic development and contribute to environmental conservation is the priority set by the *Energy Development Strategy of the Republic of Serbia 2025*.

To speed up the process and intensify the use of renewable energy sources incentives provided by the Ministry of mines and energy in the form of the *Decree on conditions and procedure for acquiring the status of a privileged electricity producer, temporary privileged producer and the producers of electricity from renewable energy sources* and the *Regulation on incentives for the production of electricity from renewable energy sources and high-efficiency combined production of electricity and heating* are of great importance. These measures should provide stable funding for the development of infrastructure for the exploitation of renewable energy sources.

In line with their responsibilities, cities and municipalities have a very important role in the energy sector at the local level because they are both producers and distributors of energy (district heating systems), energy consumers (public buildings, water and other public utility companies) and market regulators (thermal energy, public transport). Besides, the local administration may have an important role of motivator and promoter of model behavior. The Energy Act stipulates that energy policy at the local level is conducted through regular preparation of local energy development plans, which determine energy demands, as well as the conditions and ways of providing the

necessary energy capacities. Local self-governments, as a level of government closest to citizens, are ideally positioned to understand their needs and to establish mechanisms for the harmonization of public and private interests, ensuring equal opportunities in access to "clean" energy. It is therefore essential that the local administration has a leading role in the implementation of sustainable energy development, a support being necessary in the form of capacity building and access to financial instruments for the realization of projects.

#### 40. Improving access to sustainable means of transport

According to the *Spatial Plan of the Republic of Serbia* in force, the aim of defining transport corridors, of their planning and the provision of space for their realization, is to connect sites, towns, regions, countries, as well as to preserve and improve ecological values and regional accessibility. According to this planning document, when developing a transport system it is necessary to take into account the following principles:

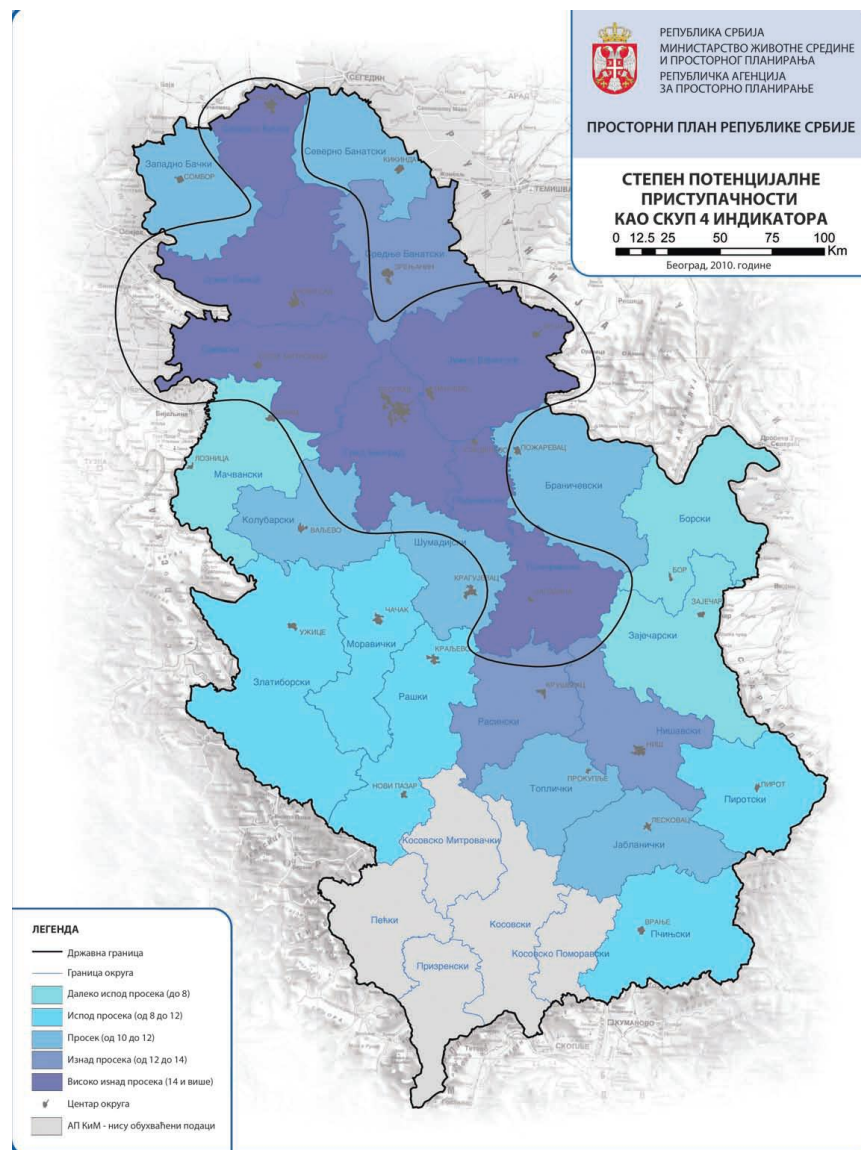
- economic and social viability and the environmental acceptability;
- balanced development of the network from the physical, technical and technological aspects;
- orientation towards users, ensuring the availability and competitiveness;
- integration with the surroundings and other modes of transport;
- orientation towards environmental protection.

Accordingly, it is proposed to transport planning system that would link the less accessible parts of the territory of the Republic of Serbia, which would occupy less space required for their construction and operation, which would be environmentally safe and most economical. In this regard, special emphasis is put on the necessary development of rail passenger and freight transport as well as of intermodal hubs in places where it is possible to link rail and river transport.

Analysis of regional accessibility in the Republic of Serbia was carried out with the help of combined indicators formed on the basis of four indicators: potential accessibility by road, potential accessibility by rail, time to market - centers of functional areas and time to closest regional centers. The result of the analysis shows that the areas with above-average traffic accessibility are those with a higher density of motorway network and the network of state roads of the first and second order. Such areas also tend to be better equipped, providing different infrastructure facilities and services, and therefore having a higher population density. In these areas, however, there is a problem of congestion and environmental degradation, especially on the main traffic arteries.

The intensification of accessibility to economic activities in urban centers is one of the preconditions for spatial integrating within functional urban areas. Increasing accessibility should be accompanied by networking functional urban areas within the territory of the

Republic of Serbia and across borders - with functional urban areas in neighboring countries. This is especially true for Pirot, Bor, Zaječar, Mačva and South Banat district/county in which it is necessary to improve the infrastructure.



Source: Spatial Plan of the Republic of Serbia 2010-2020

#### 41. Challenges experienced and lessons learnt in these areas

Although the phenomenon of informal settlements appeared much earlier, the term "informal settlements" was included in the legislative framework only with the adoption of the *Law on Planning and Construction* in 2009. This law stipulated that the detailed regulation plans should be adopted, *inter alia*, for the zones of informal settlements. Through the development of spatial plans of municipalities and cities, as well as the general regulation plans since the entry into force of the law, local self-governments have, in most cases, identified informal settlements, leaving obligation to develop

detailed regulation plans there where informal construction took a more complex shape, as is in the case of substandard settlements.

Through projects that the Republic of Serbia has implemented together with the OSCE mission in the country, it has been shown that in order to improve living conditions in substandard settlements and integrate them into the urban fabric it is necessary to make a large number of preparatory activities such as to develop adequate urban planning documentation and a detailed analysis of the situation and needs in these neighborhoods as well as to prepare adequate technical documentation in order to enable the construction of the necessary infrastructure and utilities, legalization or improvement of residential buildings.

It could be said that the system of social housing, which is regulated by the *Law on Social Housing* has not achieved great success in the implementation of social housing projects, primarily due to the lack of funding sources, as well as the lack of capacity to implement long-term housing programs.

Positive experiences with SIRP programme, unfortunately, are not sufficiently used, which is reflected in the fact that only about 1,400 social housing units, including those built through SIRP, were completed in the past 10 years.

Central registry of energy passports, a unique database on the energy performance of buildings in Serbia, was put into operation in 2014.

The conclusions of two seminars that were held within the framework of the project "Strengthening national capacities for sustainable housing and urban development" financed from UNDA have shown that there are numerous challenges to improve housing towards greater sustainability, which is particularly related to the rehabilitation of informal settlements and a better maintenance of the existing housing stock in order to preserve it from further deterioration, as well as to its improvement, especially in order to increase energy efficiency. Experiences exchanged in these seminars between the representatives of other countries and international organizations had a positive impact on a number of legislative activities that were initiated during this period, such as the drafting of a new Law on Housing and amendments to the *Law on public utilities*.

In terms of road infrastructure, it is necessary to complete works on the Corridor X, to carry out the whole work on the construction of the motorway E-763, to complete the ring road around Belgrade and build new bridges, to build a bypass around other cities, to introduce a new billing system, to provide funds to complete the initiated reconstruction, and improve the quality of carriageway on regional and local road network.

Waterways are only partially used comparing to their potential available capacity. Domestic traffic should be better integrated with the river traffic that takes place in the Rhine and Danube system, while domestic ports, as well as the fleet, should be restored.

Construction of the systems and hubs of integrated transport is not in accordance with the planned schedule. In terms of air transport it is necessary to expand and modernize the

airports in Belgrade and Niš. Railway transport is in poor condition, and it is necessary to continue with the reform of the railway sector and to reconstruct and modernize the railway infrastructure so that it could respond to the need for sustainable transport in terms of both scope and capacity.

#### 42. Future challenges and issues in these areas that could be addressed by a New Urban Agenda

Remediation of the situation in the field of housing and the prevention of future illegal construction, or expansion of existing and creation of new substandard settlements, can not be considered as current project activities only. This is a long-term process that requires a sustainable system solutions and financial resources.

Despite all systematic efforts to stop future illegal construction, and to integrate the existing one into legal framework through the adoption of the *Law on Planning and Construction* in 2003 and its amendment in 2009, followed by the enactment of new legislation in this area, and then the adoption of the *Law on legalization of buildings* in 2013 and another such law in 2015, the illegal construction is not completely stopped, and consequently neither is the spread of substandard informal settlements.

The willingness of the state to approach systemically the issue of the provision of affordable and adequate housing for different social categories of the population that are not able, for economic and other reasons, to independently and adequately solve their housing problem and thus partially prevent further spread of informal construction, revealed through the adoption of the *National Social Housing Strategy and Action plan* in 2012. This strategy foresees the series of measures that, among other things, include the improvement of infrastructure and substandard living conditions in Roma settlements, as well as the planned regulation of substandard settlements. By further improvement of the legal and strategic framework in the field of housing, planning and construction (including land management), as well as through the development of programs and projects aimed at housing support (social housing) it is possible to suppress the occurrence and spread of substandard settlements, while improved living conditions in existing settlements can only be achieved through the continuation of initiated and further development of appropriate new improvement projects.

At this point, a new legislative framework is in the course of the drafting to regulate and reform the entire area of housing, including social housing. This is to be done through the provision of the different forms of housing support such as: 1) renting - providing a housing in public property with non-profit rents or providing housing with subsidized rents in any form of property, 2) purchase and other ways of acquiring ownership rights to the apartment and family house, 3) improvement of living conditions, 4) assistance for the legal regulation of housing status and 5) housing.

In order to define and implement housing policies, the plan is to prepare *National Housing Strategy* which will determine the aims of sustainable development of housing in the Republic of Serbia, as well as measures and means to achieve them.



In addition, it is planned to establish a monitoring system of the housing needs of local self-governments and integrate data on housing support programs that are planned or are being implemented. Local self-governments will have to report on the implementation of the *National Housing Strategy and Action Plan* on an annual basis.

During the preparation of the *Law on Housing and maintenance of buildings*, the Ministry of Construction, Transport and Infrastructure has estimated the priority housing needs and necessary means for the enforcement of the law in the period 2016-2018, according to the forms of housing assistance, as well as the means that are necessary for the improvement of the energy performance of residential buildings.

Water supply network requires improvement of its quality. This primarily concerns 30% of the water supply system which is not in the public mode of providing water for households. Water losses that amount to around 35% of total water consumption should be reduced by improving the water supply system, as well as through rational spending and raising awareness about the importance of water resources. Flood control is a particular priority, taking into account climate change and flooding that occurred in the Republic of Serbia in previous years.

Waste management should be reorganized by establishing a system of sanitary landfills (primarily at the regional level), storage and processing facilities for hazardous waste, as well as significantly greater share of recycling in waste management. A small percentage of the population connected to the sewerage system (only 54%), and a small proportion of waste water treatment (only 10%) call to priorities such as an increase in the share of population connected to the sewerage network, as well as an increase in the percentage of wastewater treatment. The values of these parameters must absolutely be increased in the future.

The target set in cooperation with the European Union is to arrive to a share of 27% of energy production from renewable sources till 2020. Serbia has significant potential for such production. In addition to energy production, it is necessary to rationalize its consumption applying the principles of energy efficiency.

In line with the *New Urban Agenda*, emphasis should be on developing a sustainable transport system in Serbia, which would be efficient, affordable and physically accessible, adapted for people with disabilities and environmentally friendly. Collective passenger transport should certainly take precedence over the individual, especially when it comes to commuting, as well as to rural-urban circulation. Cargo transit traffic must be set out of settlements, whereas other cargo traffic in settlements should be limited through the construction of logistics centers in the urban periphery and adequate redistribution of further transport.

Establishment of a sustainable transport system would have a positive impact on the low mobility of the population of Serbia. Sustainable transport system should be accompanied by sustainable supporting infrastructure. The development of rail transport as a sustainable form of transportation of passengers and goods is a priority in terms of

improving the existing railway network and the services of railway transport. The project of building the railway for high-speed trains from Belgrade to Budapest in the north is one of the priorities of the Government of Serbia and indicates the preference for the development of rail transport.

## VII Indicators

Indicator	1996	2006	2013
<b>i Percentage of people living in slums</b>	/	/	/
<b>ii Percentage of urban population with access to adequate housing</b>	/	/	/
<b>iii Percentage of people residing in urban areas with access to safe drinking water</b>	/	78.25(2007)	82.01
<b>iv Percentage of people residing in urban areas with access to adequate sanitation</b>	/	48.64(2007)	57.79
<b>v Percentage of people residing in urban areas with access to regular waste collection</b>	/	60	80
<b>vi Percentage of people residing in urban areas with access to clean domestic energy</b>	/	/	/
<b>vii Percentage of people residing in urban areas with access to public transport</b>	/	/	/
<b>viii Level of effective decentralization for sustainable urban development measured by:</b>	/	/	/
<b>(i) Percentage of policies and legislation on urban issues in whose formulation local and regional governments participated from 1996 to the present</b>	/	/	/
<b>(ii) percentage share of both income and expenditure allocated to local and regional governments from the national budget</b>	/	19% (2005)	23.1%
<b>(iii) percentage share of local authorities' expenditure financed from local revenue</b>	/	20.3% (2005)	19.6%
<b>ix Percentage of city, regional and national authorities that have implemented urban policies supportive of local economic development and creation of decent jobs and livelihoods</b>	/	/	/

<b>Indicator</b>	<b>1996</b>	<b>2006</b>	<b>2013</b>
<b>x Percentage of city and regional authorities that have adopted or implemented urban safety and security policies or strategies</b>	/	/	/
<b>xi Percentage of city and regional authorities that have implemented plans and designs for sustainable and resilient cities that are inclusive and respond to urban population growth adequately</b>	/	12 (17/145)	82 (119/145)
<b>xii Share of national gross domestic product (GDP) that is produced in urban areas</b>	/	/	/

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