

**Federation of Bosnia and Herzegovina / FBiH
Ministry of Physical Planning and Environment**

**The Republic of Srpska / RS
Ministry of Physical Planning, Civil Engineering and Ecology**

**Federation of Bosnia and Herzegovina / FBiH
Ministry of Trade**

**The Republic of Srpska / RS
Ministry of Trade And Tourism**

**Japan International
Cooperation Agency (JICA)**

The Study on Sustainable Development through Eco-Tourism In Bosnia and Herzegovina

Final Report



VOL.1

English Summary

March 2005

**PADECO Co., Ltd
in association with
Pacific Consultants International**

**Federation of Bosnia and Herzegovina / FBiH
Ministry of Physical Planning and Environment**

**The Republic of Srpska / RS
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EXECUTIVE SUMMARY

**March 2005
PADECO Co., Ltd.
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For the Currency Conversion, in case necessary,
Exchange rate in March 2005 is applied:

1 Euro = 1.9558 KM

1 Euro = 139.20 JPY

1 USD = 103.97 JPY

PREFACE

In response to a request from the Government of Bosnia and Herzegovina, the Government of Japan decided to conduct the Study on Sustainable Development through Eco-Tourism in Bosnia and Herzegovina by the Japan International Cooperation Agency (JICA).

JICA selected and dispatched a study team headed by Mr. Yuichiro Motomura of PADECO Co., Ltd, and consisted of PADECO and Pacific Consultants International to Bosnia and Herzegovina, between November 2003 and March 2005. In addition, JICA set up an advisory committee headed by Dr. Shuzo Ishimori, Professor at The National Museum of Ethnology between November 2003 and March 2005, which examined the study from specialist and technical point of view.

The team held discussions with the officials concerned of the Government of Bosnia and Herzegovina and conducted field surveys in the study areas. Upon returning to Japan, the team conducted further studies and prepared this final report.

I hope that this report will contribute to the promotion of economic development of Bosnia and Herzegovina and to the enhancement of friendly relationship between our two countries.

Finally, I wish to express my sincere appreciation to the officials concerned of the Government of Bosnia and Herzegovina for their close cooperation extended to the study.

March 2005

Kazuhisa Matsuoka
Vice President
Japan International Cooperation Agency

March, 2005

Mrs. Sadako Ogata
President
Japan International Cooperation Agency
Tokyo, Japan

Letter of Transmittal

Dear Madam,

We are pleased to submit herewith the final report of "The Study on Sustainable Development through Eco-Tourism in Bosnia and Herzegovina".

This report presents the results of the study, which was undertaken in Bosnia and Herzegovina and in Japan from November 2003 to March 2005 by the Study Team, organized jointly by PADECO Co., Ltd. and Pacific Consultants International.

The Study Team, with a great deal of cooperation from diverse sectors of the people in Bosnia and Herzegovina, has formulated a comprehensive set of development plans for the two subject areas of the Pliva area in the north and the Velez area in the south as well as six pilot projects, which have been in operation in the two areas. Because of the nature of planning process involving intensive participation of various stakeholders, we believe that the consequent plans are ready for implementation as were the case for the six pilot projects.

We owe a great deal to many people for the completion of this report. We would like to express our deep appreciation and sincere gratitude to all those who extended their kind assistance and cooperation to the Study Team, in particular, the concerned officials of the FD Ministry of Physical Planning and Environment, RS Ministry of Physical Planning, Civil Engineering and Ecology, FD Ministry of Trade, RS Ministry of Trade and Tourism, and Ministry of Foreign Affairs, and people in the subject areas.

We are very much thankful to the officials of your agency, the JICA Advisory Committee, the Ministry of Foreign Affairs, and the Ministry of Land, Infrastructure and Transport.

We hope that the report will contribute to facilitating further socio-economic development in Bosnia and Herzegovina.

Very truly yours,



Yuichiro Motomura
Team Leader
The Study on Sustainable Development through
Eco-Tourism in Bosnia and Herzegovina

Table of Contents

The Summary in Brief	ix
Summary	x
A. REVIEW AND ANALYSIS OF THE NATION AND SECTOR SITUATION.....	1
A 1 Introduction and Study Approach.....	1
A 2 Regional Development Policy in BiH	2
A 3 Tourism Resources and Their Conservation in BiH	3
A 4 Characteristics of Tourism Resources	6
A 5 Agriculture in BiH	10
B. DEVELOPMENT OF THE MASTER PLAN	13
B 1 Goals and Directions for Sustainable Regional Development	13
B 2 Approaches for Agricultural Development in the Study Areas	14
B 3 Tourism Resource Management of the Study Areas.....	15
B 4 Marketing and Promotion of the Study Areas	18
B 5 Infrastructure and Facilities for Tourism Development.....	19
B 6 Institutional and Human Resource Development	20
C. PLIVA AREA REVIEW AND PILOT PROJECTS.....	21
C 1 Setting of the Pliva Study Area	21
C 2 Analysis of Current Tourism Situation in Pliva	22
C 3 Agriculture Analysis of Pliva.....	24
C 4 Pliva Country Lodging Pilot Project	25
C 5 Pliva Eco-House Pilot Project	26
C 6 Pliva Sport Activities Pilot Project	27
D. MASTER PLAN AND ACTION PLAN FOR PLIVA.....	31
D 1 Vision and Direction for Regional Development in the Pliva Area	31
D 2 Pliva Area Proposed Tourism Development.....	32
D 3 Agricultural Tourism Development in Pliva.....	34
D 4 Tourism Resource Management in Pliva	35
D 5 Marketing and Promotion in Pliva	38
D 6 Infrastructure and Tourism Facilities in Pliva.....	39
D 7 Institutional and Human Resource Development	40
D 8 The Master Plan & Action Plan	41

D 9	Outlines of the Priority Projects.....	44
E. VELEZ AREA REVIEW AND PILOT PROJECTS		53
E 1	Study Area Setting of Velez	53
E 2	Analysis of the Current Tourism Situation in Velez	54
E 3	Agriculture Analysis of Velez Study Area	56
E 4	Blagaj Historic Heritage Trail Pilot Project	57
E 5	Velez Tourism Activities Pilot Project	58
E 6	Milk Collection Pilot Project	60
F. MASTER PLAN AND ACTION PLAN FOR VELEZ		63
F 1	Visions and Directions of Regional Development of Velez	63
F 2	Velez Area Tourism Development.....	65
F 3	Agriculture Development in Velez.....	67
F 4	Tourism Resource Management in Velez	68
F 5	Marketing and Promotion of Velez Tourism	70
F 6	Infrastructure and Tourism Facilities in Velez.....	71
F 7	Institutional & Human Resource Development	73
F 8	The Master Plan and Action Plan	74
F 9	Outlines of the Priority Projects.....	77

Lists of Tables

Table 1	Structure of the Final Report	2
Table 2	Land Utilization and Demographic Change in the Pliva Area	21
Table 3	Summary of Pliva Country Lodging Pilot Project	25
Table 4	Summary of the Eco-House Pilot Project.....	26
Table 5	Summary of Sports Activities Pilot Project	28
Table 6	Pliva Accommodation Development Targets.....	39
Table 7	Proposed Master Plan Projects	42
Table 8	Criteria for the Selection of Projects for the Action Plan	43
Table 9	Selected Action Plan Projects	43
Table 10	Investment Schedule for Short-term	51
Table 11	Land Utilization and Demographic Change in the Velez Area.....	53
Table 12	Summary of Blagaj Historic Heritage Trail Pilot Project	57
Table 13	Summary of Velez Tourism Activities Pilot Project	58
Table 14	Summary of Milk Collection Pilot Project in Podvelez.....	60
Table 15	Velez Accommodation Development Targets.....	71
Table 16	Proposed Master Plan Projects	75
Table 17	Criteria for the Selection of Action Plan Projects	76
Table 18	Selected Action Plan Projects	76
Table 19	Investment Schedule for Short-term	84

List of Figures

Figure 1	Structure of the Pliva Master Plan Project.....	33
Figure 2	Structure of the Velez Master Plan Project.....	66

Abbreviations and Acronyms

AE	Average Elevation
ALS	Average Length of Stay
ARTCHEOSITES	Spatial Integrated Enhancement of Archaeological Sites
AVNOJ	National Antifascist Liberation Council of Yugoslavia
B&B	Bed & Breakfast
BETA	Bosnian Environmental Technologies Association
BHMAC	Bosnia and Herzegovina Mine Action Center
BiH	Bosnia and Herzegovina
CAP	Common Agriculture Policy
CARDS	Community Assistance for Reconstruction, Development and Stabilization
CATV	Cable Television
CBBH	Central Bank of Bosnia and Herzegovina
CBO	Community Based Organization
CEFA	European Committee for Training and Agriculture
CIS	Commonwealth of Independent States
CL	Country Lodging
CMS	Contents Management System
COA	Conservation Orientated Area
CORINE	Coordinate Information on the Environment
CPNM	Commission to Preserve National Monuments
CTF	EU/ Bosnia and Herzegovina Consultative Task Force
CZ	Conservation Zone
CoM	Council of Ministers
DTM	Digital Terrain Model
DXF	Drawing Interchange Format
EC	European Commission
EEA	European Environmental Agency
EFC	Extent for Forest Cover
EIA	Environmental Impact Assessment
EIS	Environmental Impact Statement
EPA	Eco Pliva Association
ETRP	Emergency Transport Reconstruction Program
EU	European Union or EURO
EUFOR	European Union Force
EU RED	European Union Regional Economic Development

EUPM	European Union Police Mission in Bosnia and Herzegovina
FAO	Food and Agriculture Organization of the United Nations
FBiH	Federation of Bosnia and Herzegovina
FVO	EC Food and Veterinary Office
GDP	Gross Domestic Product
GFAP	General Framework Agreement on Peace
GIS	Geographical Information System
GNI	Gross National Income
GOBiH	Government of Bosnia and Herzegovina
GOJ	Government of Japan
GPA	Green Pliva Association
GPS	Global Positioning System
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation)
HNK	Herzegovina-Neretva Kanton
HPT	Hrvatske Posta i Telekomunikacije d.o.o Mostar (Hrvatske Post and Telecommunication Company in Mostar)
ICMPD/RIC	International Center for Migration Policy Development/ Repatriation Information Center
ICT	Information and Communication Technology
IDA	International Development Association
IEE	Initial Environmental Examination
IF	Interpretation Facilities
IFAD	International Fund for Agricultural Development
IFOAM	International Federation of Organic Agriculture Movements
IMF	International Monetary Fund
ITF	The International Trust Fund
IUCN	International Union for Conservation of Nature and Natural Resources
JICA	Japan International Cooperation Agency
JKP	Javno Komunalno Preduzece (State enterprise for utility services)
KM	Konvertibilna Mark
KfW	German Development Bank
LAC	Limits of Acceptable Change
LE	Local Entrepreneur
LIFE	The Financial Instrument for the Environment
MIP	Mission Implementation Plan
MPCE	RS Ministry of Physical Planning, Civil Engineering and Ecology

MPPCEE RS	Ministry of Physical Planning, Civil Engineering and Ecology of the Republic of Srpska
MSW	Municipal Solid Waste
MTT RS	Ministry of Trade and Tourism of the Republic of Srpska
MoA	Ministry of Agriculture
MoE FBiH	Ministry of Physical Planning and Environment of Federation of Bosnia and Herzegovina
MoFTER	Ministry of Foreign Trade and Economic Relations
NATO	North Atlantic Treaty Organization
NCC	National Council of Churches
NCP	Natural Conservation Grade Point
NEAP	National Environmental Action Plan – Bosnia and Herzegovina
NGO	Non Governmental Organization
NYI	Nevesinje Youth Initiative
OECD	Organization for Economic Co-operation and Development
OHR	Office of the High Representative
OIC	Organization of Islamic Conference
OSCE	Organization for Security and Co-operation in Europe
PCLA	Pliva Country Lodging Associations
PDM	Project Design Matrix
PE	Private Enterprise
PET	Polyethylene Terephthalate
PHARE	Preparation of the Legal Regulations for the Environment Protection in Bosnia and Herzegovina
PIC	Peace Implementation Council
POA	Preservation Orientated Area
PP	Pilot Project
PPP	Purchasing Power Parity
PRA	Participatory Rural Appraisal
PRSP	Poverty Reduction Strategy Paper
PSA	Pliva Sport Association
PZ	Preservation Zone
PfD	Partners for Development
PfP	Partnership for Peace
QOL	Quality of Life
RD	Road Density
RDA	Regional Development Agency

RS	The Republic of Srpska
S-M	Serbia-Montenegro
S/W	Scope of Work
SAP	Stabilization and Association Process
SARENICA	Telegraphic Agency of New Yugoslavia
SEA	Strategic Environmental Assessment
SEGIR	Support for Economic Growth and Institutional Reform
SFOR	Stabilization Force in Bosnia and Herzegovina
SG	Slope Gradient
SIPPO	Swiss Import Promotion Program
SL	Secondary Legislation
SME	Small and Medium-sized Enterprises
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TC	Tourist Community
TEM	Trans-European North-South Motorway
TEN-T	Trans-European Transport Network
TM	Thematic Map
TNCP	Total Natural Conservation Point
UEMP	Urban Environmental Management Forum
UHT	Ultra High Temperature
UMCOR	United Methodist Church on Relief
UNDP	United Nations Development Program
UNEP	United Nations Environmental Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
UXO	Unexploded Ordnance
VA	Velez Adventuring
VAT	Value-Added Tax
VFR	Visit Friend and Relatives
VTA	Velez Tourism Activities
WBA	Water Body Area
WHO	World Health Organization
WTO	World Trade Organization or World Tourism Organization
ZAVNOBiH	Earthly National Antifascist Liberation Council of Bosnia and Herzegovina

The Summary in Brief

1	Name of Study	The Study on Sustainable Development through Eco-Tourism in Bosnia and Herzegovina																									
2	Study Term	From November 2003 to March 2005																									
3	Counterpart Agencies	Ministry of Physical Planning and Environment, Ministry of Trade (FBiH) Ministry of Physical Planning, Civil Engineering and Ecology, Ministry of Trade and Tourism (RS)																									
4	Study Objectives	1) To propose an eco-tourism development master plan for two subject areas 2) To develop concerned human resources																									
5	Implementation of Pilot Projects	<p>The following pilot projects have been planned, implemented, and evaluated using community participatory approaches during the study:</p> <p>North Study Area (Pliva Area)</p> <ol style="list-style-type: none"> 1) Country Lodging 2) Eco-house 3) Sports Activities <p>South Study Area (Velez Area)</p> <ol style="list-style-type: none"> 4) Blagaj Historic Heritage Trail 5) Tourism Activities 6) Milk Collection <p>Results and lessons learned from these pilot projects were utilized to formulate the master plan and action plan.</p>																									
6	Master Plan and Action Plan	<p>45 projects for the Pliva and 47 projects for the Velez area are proposed in the master plan. Of these, 12 projects in addition to the continuation of Pilot Projects were selected as action plan projects for priority implementation.</p> <p>North Study Area (Pliva Area)</p> <table border="1"> <tr> <td>1)</td> <td>Pliva River Trail System</td> <td>4)</td> <td>Rapid Air & Water Quality Monitoring</td> </tr> <tr> <td>2)</td> <td>Forest Visits and Activities</td> <td>5)</td> <td>Product Development and Promotion</td> </tr> <tr> <td>3)</td> <td>Medieval Jajce Heritage</td> <td>6)</td> <td>Eco-Tourism Training Program</td> </tr> </table> <p>South Study Area (Velez Area)</p> <table border="1"> <tr> <td>1)</td> <td>Blagaj Cultural Event</td> <td>4)</td> <td>Town Beautification & Tree Planting</td> </tr> <tr> <td>2)</td> <td>Farm Visit</td> <td>5)</td> <td>Product Development and Promotion</td> </tr> <tr> <td>3)</td> <td>Nature Observation</td> <td>6)</td> <td>Velez Eco-Tourism Training Human Resource Development</td> </tr> </table>		1)	Pliva River Trail System	4)	Rapid Air & Water Quality Monitoring	2)	Forest Visits and Activities	5)	Product Development and Promotion	3)	Medieval Jajce Heritage	6)	Eco-Tourism Training Program	1)	Blagaj Cultural Event	4)	Town Beautification & Tree Planting	2)	Farm Visit	5)	Product Development and Promotion	3)	Nature Observation	6)	Velez Eco-Tourism Training Human Resource Development
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7	Appraisal of Action Plan	<p>An 8.73 million KM investment for the Pliva area may return 15.3 million KM by 2010, with 95,000 annual visitors.</p> <p>A 3.77 million KM investment for the Velez area may return 26.0 million KM by 2010 with 420,000 annual visitors (mostly day visitors).</p>																									
8	Conclusions and Recommendations	<p>Methods utilized for the Pilot Projects were proven effective. The Action Plan that was prepared to take advantage of the methods should be implemented to achieve sustainable development through eco-tourism.</p>																									

Summary

1. Background of the Study

Even after the war ended in 1995, no major industries have developed in Bosnia and Herzegovina (BiH) to take the place of industries lost due to the breaking of the past regime and the war, frustrating the local population, already burdened with extremely high unemployment rates. Furthermore, the national territory was divided into two entities, leaving many people with conflicting sentiments. Under the circumstances, development of eco-tourism was thought to be a good candidate for economic development. In response to a request from the BiH Government, the Japanese Government implemented “The Study on Sustainable Development through Eco-Tourism in Bosnia and Herzegovina”.

2. Objectives of the Study

- 1) To propose an eco-tourism development master plan for two selected areas employing participatory approaches.
- 2) To develop human resources relevant to the master plan.

3. Planning, Implementation, and Evaluation of the Six Pilot Projects

The JICA Study Team (technically and financially) supported the following pilot projects that were selected in community workshops and implemented by Community Based Organizations (CBOs). Local people and CBOs took the initiative in all stages of project planning, implementation, and evaluation.

North Study Area (Pliva Area)

1) Country Lodging

The JICA Study Team supported 10 local families to formulate a country lodging association, to manage a lodging business for additional household income. Assistance included financing facility improvements, as well as training excursions to Serbia and Slovenia.

2) Eco-House

The JICA Study Team supported establishment of facilities and the management of the Eco-house, which sells local products and offers tourist information. This idea derived from the notion of the “Road Station” in Japan. A system has been established to sell products from local farmers on a consignment basis.

3) Sports Activities

The JICA Study Team supported local sport associations (fishing, canoeing, kayaking, etc.) to establish a system to receive tourists and generate additional income for the local population.

South Study Area (Velez Area)

1) Blagaj Historic Heritage Trail

This project placed information boards at eight historical heritage sites in the old capital city and developed a trail, an information kiosk, and vehicular parking. Guide training was conducted for local people and a heritage house was opened to tourists as a café.

2) Tourism Activities

This project combines activities in Pilot Projects 1 and 3 for Pliva (mentioned above), but was implemented in Velez. Project participants (households and associations) were trained in promotional activities.

3) Milk Collection

This project supported a farmer cooperative organized in the Podvelez community, located on the Karsts Plateau, and included milk collection, milk transport to factories, and business revenue distribution. Other activities included medical checkups of milk cows, as well as hygienic checks of milk.

4. Development Strategy and Master Plan in Pliva Area

Pliva possesses the beautiful River Pliva, which connects three municipalities and contains traditional forestry and agriculture sites as well as prominent historical heritages. Appropriate tourism resource development, with environmental considerations and sustainability, will make Pliva a prominent eco-tourism destination.

Forty-five projects in the following seven categories are proposed as the master plan (with a target year of 2015): (i) Pliva Water Tourism; (ii) Pliva Agro & Forest Tourism (Eco-house, Farm Visit, and Forest Visit); (iii) Pliva History and Cultural Tourism; (iv) Tourism Resource Management; (v) Marketing and Promotion; (vi) Facilities and Infrastructure; and (vii) Institutional and Human Resource Management.

In addition to the three on-going pilot projects, the following six priority projects are proposed for the Action Plan (with a target year of 2010):

1) Pliva River Trail System

Development of a trail system that connects tourism resources and activities in Pliva.

2) Forest Visit

A trail system in the rich forest to facilitate sport activities and nature observation.

3) Medieval Jajce Heritage

Restoration of medieval cultural heritage sites will make the old town a tourist destination.

4) Rapid Air/Water Quality Monitoring

Scientific air and water quality monitoring for environmental conservation.

5) Marketing and Promotion

Development and promotion of tourism products in collaboration with tourist agencies.

6) Human Resource Development

Training guides and enhancing hospitality/environment for tourism industry employment.

The continuation of the three pilot projects and implementation of the six action plan projects will positively impact the economy, the mentality, and the institutions of the Pliva area, while negative environmental impacts will not surpass regulated thresholds. An investment of 8.73 million KM will bring about a return of 15.3 million KM by 2010, with 95,000 annual visitors (which of 54,000 are day-visitors).

5. Development Strategy and Master Plan in Velez Area

The location of Velez is advantageous as it is close to major tourist destinations such as the Croatian coast, Medugorje, and Mostar. Eco-tourism is promoted with a combination of a rich history, an attractive natural setting, unique ingredients, and dishes. Sustainable development will be promoted through local initiatives and environmental conservation.

Forty-seven projects in the following seven categories are proposed as the master plan (with a target year of 2015): (1) Velez Cultural Heritage Tourism, (2) Velez Agro-Tourism (Eco-house, Farm Visit, Gastronomy Corridor), (3) Velez Nature and Sports Activities, (4) Tourism Resource Management, (5) Marketing and Promotion, (6) Facilities and Infrastructure, (7) Institutional & Human Resource Management.

In addition to the three on-going pilot projects, the following six priority projects are proposed for the Action Plan (with a target year of 2010):

- 1) Cultural Events in Blagaj
Blagaj is a popular, year-round destination with cultural events and performances.
- 2) Farm Visit
Farmers obtain income from hosting tourists for country life and farm activities.
- 3) Nature and Wildlife Observation
Tourism products that combine nature conservation and economic development.
- 4) Town Beautification and Tree Planting
Improving the area image by picking up garbage and planting trees.
- 5) Marketing and Promotion
Development and promotion of tourism products in collaboration with tourist agencies.
- 6) Human Resource Development
Training guides and enhancing hospitality/environment for tourism industry employment.

An investment of 3.77 million KM will bring a return of 26.0 million KM by 2010 with 420,000 annual visitors (which of 360,000 are day-visitors). No significant negative impacts are expected, while positive impacts on the economy, the mentality, and the institutions of the Velez area will benefit the study area through the continuation of the three pilot projects and implementation of the six action plan projects.

6. Conclusions and Recommendations

Methods utilized for the pilot projects were proven effective. Implementing the pilot projects contributed to build the system for action plans. The action plan that was prepared to take advantage of the methods should be implemented to achieve sustainable development through eco-tourism.



Figure A. Map of the Two Study Areas

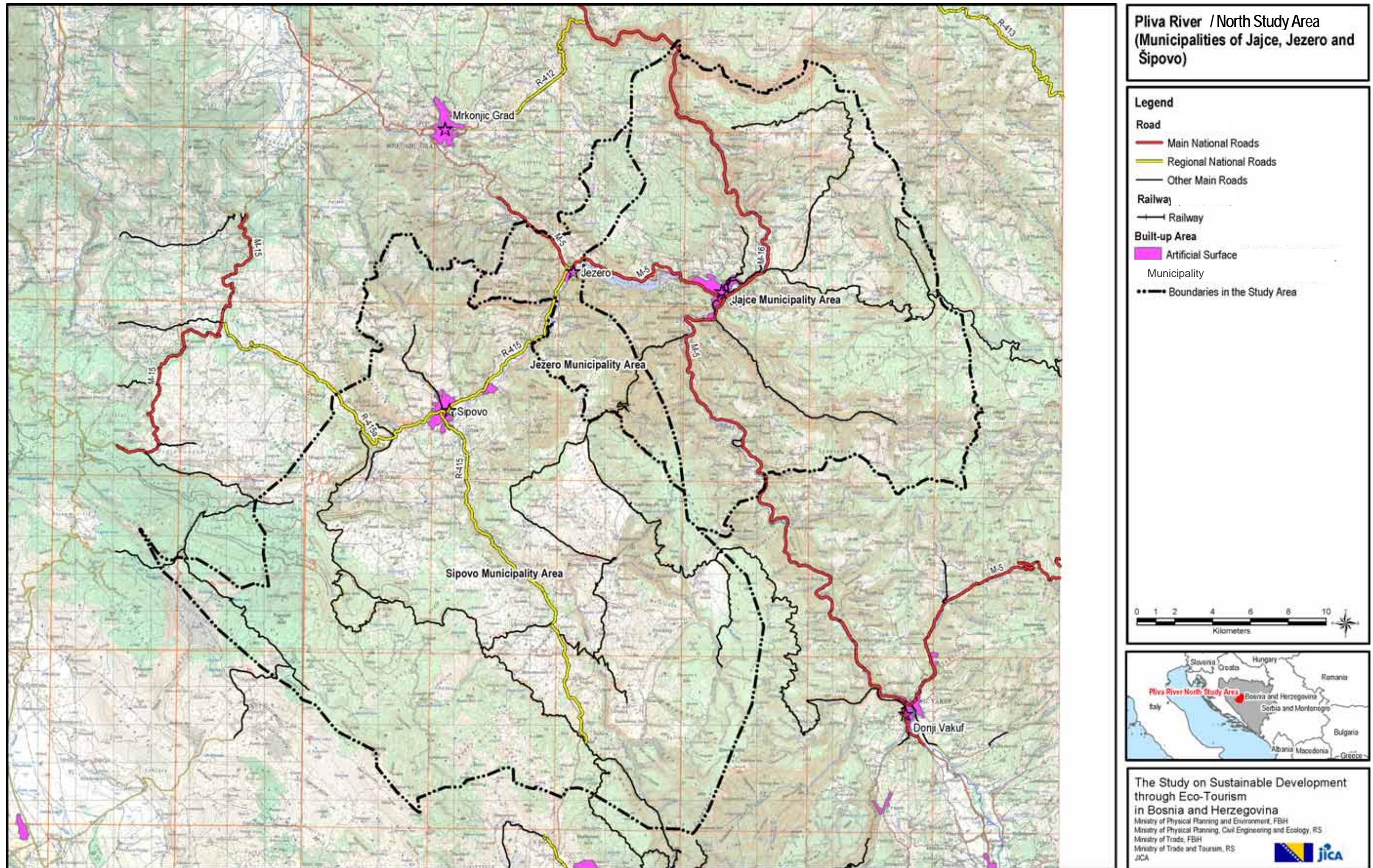


Figure B. Map of Pliva River/ North Study Area

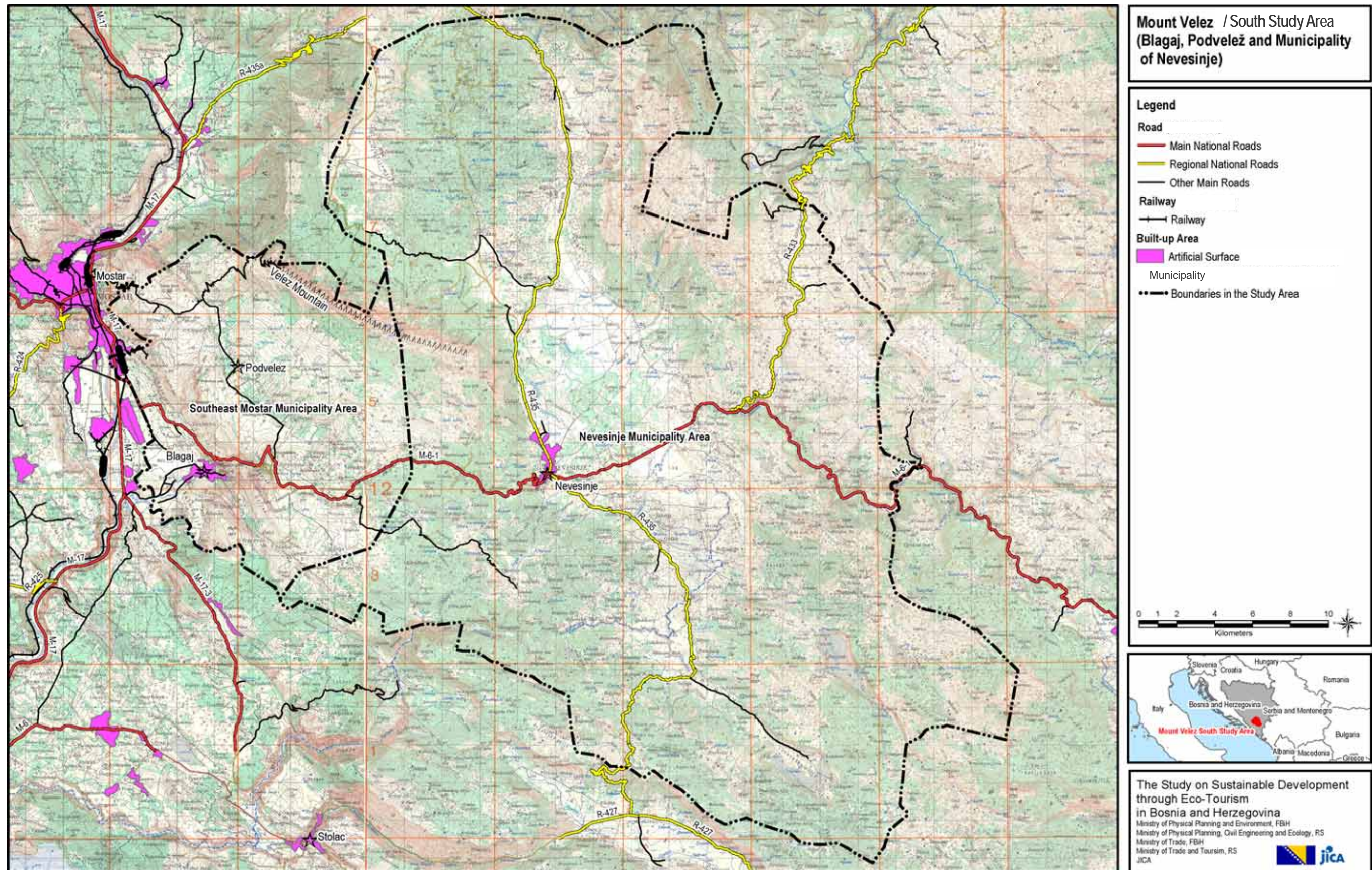


Figure C. Map of Mount Velez/ South Study Area

A. REVIEW AND ANALYSIS OF THE NATION AND SECTOR SITUATION

A 1 Introduction and Study Approach

The development study is a grant assistance provided by the Government of Japan.

In response to the request of the Government of Bosnia and Herzegovina, the Government of Japan decided to carry out “The Study on Sustainable Development through Eco-tourism in Bosnia and Herzegovina”. The JICA Study Team commenced the study in November 2003.

Objectives of the study are to propose an eco-tourism master plan for the study areas and to develop human resources.

The Scope of Work for the study states that the objectives are: (1) to propose an eco-tourism development master plan of the study areas that manages both economic development and environmental protection through a participatory approach; and (2) to develop human resources in terms of formulating, updating, and implementing the master plan.

Northern subject area comprises Jajce, Jezero, and Sipovo, while the southern subject area comprises Blagaj, Podvelez, and Nevesinje.

The study focuses on two areas, one each in the north and in the south: the north area includes Jajce, Jezero, and Sipovo; and the south area includes Blagaj, Podvelez, and Nevesinje. Both areas respectively encompass parts of two entities.

Four counterpart agencies have been designated.

The counterpart agencies designated by the BiH government are:

- Ministry of Physical Planning and Environment (FBiH);
- Ministry of Physical Planning, Civil Engineering and Ecology (RS);
- Ministry of Trade (FBiH); and
- Ministry of Trade and Tourism (RS).

The Final Report comprises nine parts in six volumes.

The Final Report comprises nine parts in six volumes as Table 1 shows.

Table 1 Structure of the Final Report

Vol.	Title	Eng	Jap
1	<i>Executive Summary</i>	✓	✓
2	<i>Review of Current Situation and Formulation of Master Plan</i> A. Review and Analysis of National Context and Tourism Sector B. Development of the Master Plan	✓	✗
3	<i>Plans for the Pliva Area</i> C. Pliva Area Review and Pilot Projects D. Master Plan and Action Plan for Pliva	✓	✗
4	<i>Plans for the Velez Area</i> E. Velez Area Review and Pilot Projects F. Master Plan and Action Plan for Velez	✓	✗
5	ANNEX 1 Supplemental Information	✓	✗
6	ANNEX 2 Maps	✓	✗

The Final Report has duplication in Volume 3 and 4, because they are targeted towards different readers.

The Final Report has duplication in Volume three and four, because they are targeted towards different readers.

A 2 Regional Development Policy in BiH

The European Union (EU) is providing substantial aid to BiH under the Stabilization and Association Process. Tourism is getting avowals of the highest priority from highest government officials and from Office of the High Representative (OHR). Several donors are also supporting the tourism sector.

Review of the Development Policies and Relevant Plans: The European Union (EU) is providing substantial aid to BiH under the stabilization and association process. To boost interior areas of the country, it has launched the multi-year regional economic development activity that will fund regional agencies in five-six sectors of the nation. Tourism is getting avowals of the highest priority from highest government officials of both entities and from OHR. Several donors also support the tourism sector including USAID and French cooperation, with efforts also sponsored by GTZ of Germany and Italy's aid agency. Related areas of cultural heritage,

redevelopment of spas, and urban rebuilding are also receiving assistance. These efforts are finally being initiated after a period of complete inattention to tourism, as donors focused on critical rebuilding efforts during the post-war era. There is a growing recognition of the benefits that tourism in villages, parks, and rural areas can have to support the rural economy.

A 3 Tourism Resources and Their Conservation in BiH

(1) Institutional Setting for Environmental Issues

NEAP (National Environmental Action Plan) is a World Bank assisted program that focuses on national environmental institutions and national environmental policies and priorities.

NEAP (National Environmental Action Plan) is a World Bank assisted program that focuses on national environmental institutions and national environmental policies and priorities. NEAP analyzed institutional issues of air quality, water resource, and water quality, as well as solid waste management, and proposed measures to achieve the following three national environmental objectives:

- Environmental protection through sustainable development
- Strengthening the environmental protection system through collaboration among various sectors
- International accountability on the environment to join EU

A set of Laws on Environmental Protection has been legislated. Many by-laws to effect implementation of respective laws are in the process of being drafted.

FBiH and RS, have respective laws governing the following environmental domains:

- Law on Environment Protection;
- Law on Nature Protection;
- Law on Water Protection;
- Law on Waste Management, and
- Law on Air Quality Protection.

The Law for Environmental Protection, enacted for each Entity,

This Law for Environmental Protection designates:

- The Principles of Sustainable Development;

sets forth the highest-level norms and standard procedures for environmental protection.

- Protection of Land, Water, Air, Biosphere and Built Environment;
- Public Participation and Access to Environmental Information; and
- Environmental Planning and Procedures for Strategic Environmental Assessment (SEA) and Environmental Impact Assessment (EIA).

(2) Current Situation of Natural Environmental Management

No specific natural environmental policy in BiH.

BiH has its first National Environmental Action Plan (NEAP), which includes the natural environmental management. The NEAP, however, lacks clear implementing priorities and finance availabilities.

Every natural environmental resource is deteriorating. Also natural environmental management capacity in BiH is very weak.

BiH has rich natural environmental resources such as flora and fauna, however, every natural environmental resource such as the ecosystem, forest management, and biodiversity is currently damaged, due to very weak management capacity of BiH.

(3) Current Situation of Historic Heritage Conservation

The commission to preserve national monuments of BiH is working on historic preservation with very limited financial resources.

The Dayton Agreement ANNEX 8 defined a commission to work on historic heritage conservation. Even though over 2,000 heritage resources have been registered at the national level, conservation works are not making good progress, primarily due to very limited financial resources and technical staff. In some locations, donor programs have undertaken rebuilding of houses of worship, homes, and other distinguished structures in the postwar era. The Commission for the Preservation of National Monuments now maintains a registry of properties and also a list of at-risk properties. Its authority covers both entities.

(4) Current Situation of Urban Environmental Management

Each entity has a unique institutional setup for the urban environmental management, reflecting the different administrative structures adopted in each of them.

Environmental Management in FBiH

FBiH possesses an environmental administration with three hierarchical levels - Entity, Kanton, and City (Grad)/ Municipality (Opstina). Entity and Kanton have jurisdictions over environmental legal provisions

and policy matters at respective levels. Each entity has a unique institutional setup for urban environmental management, reflecting the different administrative structures adopted in each of them.

The standard of services varies greatly from the larger cities to the villages and hamlets.

At the field level, officers (called inspectors) either from the Kanton Office or City/Municipal Office are engaged in delivering respective jurisdictional functions - monitoring and inspecting environmental sanitation, ambient water quality, and solid wastes – on a daily routine basis.

Environmental Management in RS

RS has an environmental administration with two hierarchical levels - Entity and Municipality. At the higher level of environmental administration hierarchy, the RS Ministry of Physical Planning, Civil Engineering and Ecology (MPCE) has jurisdiction over environmental legal provisions and policy matters. At the field level, officers (called inspectors) from the Municipal Office are engaged in delivering respective jurisdictional functions - monitoring and inspecting environmental sanitation, ambient water quality and solid wastes – on a daily routine basis.

(5) Mines and Visitor Safety

In a nation with over one million sites with mines and unexploded ordnance, it is paramount that this situation be properly assessed and addressed for tourism to grow in the study areas.

It is of utmost importance that the master plan makes use of the appropriate resources to manage this threatening situation in the study areas to render them completely safe for the intended recreational activities that form the very basis of the ecotourism industry. A procedure must be established to carefully execute this process in the study areas in partnership with the Mine Action Center. Apart from the mine threat, the master plan will also provide fully for visitor safety in the design of the systems and infrastructure and in the different types of training that it will undertake.

A 4 Characteristics of Tourism Resources

(1) Tourism Resources of BiH and Neighboring Countries

In order to assess BiH's position in the international tourism marketplace, popular tourist guidebooks were examined: the information of BiH is definitely limited compared to Croatia.

Across all four guidebooks (the *Lonely Planet*, *Let's Chikyu no Arukikata* (Japanese), and *Le Guide du Rout*; some notes of interest emerge:

- None of them are issued for BiH proper. In other wc BiH is included as just one of the countries/ destinat covered in a single edition (e.g. Eastern Europe);
- Seven major resources in BiH are featured: Saraj Travnik, Banja Luka, Bihac, Mostar, Blagaj, Medugorje; and
- In the two north and south study areas, Blagaj is only area mentioned in the four guidebooks.

A comparative assessment of BiH's internationally recognized tourism resources with those of its three regional neighbors (Slovenia, Croatia and Serbia-Montenegro) is presented.

Using the same four guidebooks and three indicators chosen, a quantitative comparison was conducted in a consistent manner: Three indicators and the result of the exercise are as follows:

- The number of pages devoted to a specific destination country: Croatia generally has two-three times as much exposure as do the others;
- The number of areas/sites featured in a specific destination country: Croatia has two-three times more coverage than the others; and
- The number of resources featured in a specific area/site: Croatia has two-six times more coverage than the others.

All three indicators underline the superiority of Croatia in the international tourist market. Slovenia ranks second, while BiH and Serbia-Montenegro rank the lowest.

(2) Infrastructure and Tourism Facilities

Existing infrastructure and tourism facilities in BiH and the study areas in particular are waiting to recover from the war damages and the loss of the market.

Due to the war and the change of the socio-economic system in the country, tourism infrastructures (including accommodation, recreational facilities and utilities) have been damaged, with their functionality still insufficiently recovered now. Many accommodations with sufficient capacity are waiting for private investment in the course of the privatization process of public facilities to meet new market

Land transportation in BiH has played a more important role in receiving international tourists from neighboring European countries than air transport, and needs to be consolidated in the future through Pan-European Corridors development.

Improvement in air transport access is not a pressing issue, but requires capacity expansion in the future.

Adequate and attractive tourism facilities of international standards are missing in the study areas.

Adequate sewerage and waste disposal system should be introduced into the study areas in order to avoid environmental deterioration.

requirements. Existing infrastructure and tourism facilities in BiH and the study areas in particular are waiting to recover from war damages and the loss of the market.

Many international tourists, including refugees living in neighboring European countries, have traveled to BiH by private cars or international bus services, which in fact have more seating capacity than scheduled international flights.

The Pan-European Corridor, where Corridor Vc and Proposed Core Road link with BiH, and the study areas would play an important role in encouraging tourist arrivals by land transportation, while international airports in BiH are required to address weaknesses in their natural and physical conditions.

Air access in BiH needs to meet the demand in the immediate future, addressing weakness of physical airport conditions such as safety and security system and terminal capacity. General improvement will be necessary to accommodate future demand of Sarajevo, Mostar and Banja Luka, taking account closer access to the study areas (Mostar to Velez area and Banja Luka to Pliva area).

Tourism facilities of international standards in the study areas should be improved and/or developed, so that attractive services, potential natural and cultural resources (such as clean rivers, rich forests), and attractive historical heritages) in the Pliva and Velez Area could be gainfully utilized.

Although insufficient sewerage and waste disposal systems in the study areas have not caused serious damage at present, it is necessary to introduce adequate systems for accommodating increased numbers of tourists for the study areas that are ecotourism destinations and for sustaining the high quality of the natural environment in the study areas.

(3) Departing Passenger Survey at Sarajevo Airport

Interview surveys of departing passengers were conducted at Sarajevo Airport.

Interview surveys of departing passengers were conducted at Sarajevo Airport in August 2004. The objectives of the survey were as follows:

- To understand the profile and features of the passengers; and
- To obtain fundamental data to forecast demand, and formulate product development and promotion.

Major findings emerging from the survey are as follows:

- The majority of visitors (66%) travel with some companions - family, friends, spouse, etc;
- First-time visitors account for 26% of respondents, while repeat visitors (more than three times) account for 36%;
- Those visiting friends/relatives account for 36%, followed by tourism (32%), and business (19%);
- Culture tourism accounted for 43%, with religious tourism at 22%, sports tourism at 12%, and eco-tourism at 10%;
- Length of stay for one-two weeks was 26%, while those with a stay shorter than one week was 25%;
- “Word-of-mouth” recommendation at 38% was the most useful information source, followed by websites (21%) and magazines (15%).
- More information was needed for tourist attractions (24%), maps (21%), and activities (20%);
- “Good” ratings were given for hospitality, but “Poor” ratings were given for sanitary conditions and tourist information; and
- The majority of visitors (84%) expressed a desire to visit BiH again.
- Demographic Profile of Those Surveyed:
 - Male - 60%, Female - 40%;
 - 20/29 years - 31%, 30/39 years - 28%;
 - Professional/Administrative personnel: 30%; and

One-third of departing passengers are leaving BiH for tourism.

Half of them are going for culture tourism, while 1/10th of them aim for eco-tourism.

84% of them expressed a desire to visit BiH again.

- Europeans accounted for 88%, consisting of the following: (i) 41% from BiH/former Yugoslavia; (ii) 21% from West Europe; (iii) 15% from North Europe; and (iv) 11% from South Europe.

(4) BiH Tourism and Its Comparative Position

BiH tourism shows a small, but encouraging sign of recovery after the peace returned.

BiH tourism shows a small, but encouraging sign of recovery after the peace returned. In the recent five years from 1999 to 2003, BiH tourism recorded a small, yet encouraging growth of 2.5% per annum in tourist numbers and 0.24% in nights spent, with an average length of stay for 2.5 nights.

Between the two entities of FBiH and RS, different trends are observed:

- FBiH tourism (3.8%) is growing faster than RS tourism (0.6%) in total visiting tourists;
- Concerns over decreasing night spent for RS (-1.7%); and
- Longer average length of stay in RS (2.7 nights) than FBiH (2.3 nights).

Comparative position of BiH tourism is examined along with that of its three regional neighbors: Serbia-Montenegro, Croatia and Slovenia.

International Arrivals:

BiH has the lowest total arrivals of the four countries at 160,000 arrivals, corresponding to a mere 2.3% of Croatia's, 12.3% of Slovenia's, and 35.9% of Serbia-Montenegro's.

BiH has 4,500 rooms for tourists, representing a mere 1/16th of that for Croatia and 1/3rd of that for Slovenia.

Tourist Accommodations:

BiH has some 4,500 rooms, representing a mere 6.1% of that in Croatia, 12.0% of that in Serbia-Montenegro, and 30.2% of that in Slovenia. The total number of nights spent is also the lowest in BiH, with 888,000 nights (4.5% of that for Croatia, 13.6% of that for Serbia-Montenegro, and 18.6% of that for Slovenia, respectively).

Domestic Tourism versus Foreign Inbound Tourism:

Domestic tourism dominates in both BiH and Serbia-Montenegro (particularly in S-M), while foreign inbound tourism dominates in Croatia and Slovenia (particularly for Croatia).

The tourism receipts of BiH are equivalent to 1/50th of that for Croatia and 1/14th of that for Slovenia.

International Tourism Receipts (unit: euro millions):
Tourism receipts of BiH (82) and Serbia-Montenegro (81) are considerably smaller than those for Croatia (4,030) and Slovenia (1,145), respectively. Tourism receipts for BiH and Serbia-Montenegro are almost equal, while S-M nights-spent is nearly 3.6 times longer than that for BiH. S-M's disproportionately smaller receipts from its night-spent volume may be due to its heavy reliance on domestic tourism.

(5) Donors Programs in the Tourism Sector

Different donors are undertaking programs improving conditions for tourism such as rural development, capacity-building programs, youth initiatives, and even activities related to promotions abroad.

Different donors are undertaking programs improving conditions for tourism such as rural development, capacity-building programs, youth initiatives, and even activities related to promotions abroad.

Some of the European donors are undertaking practical steps in product development, relating to physical facilities, to the provision of high standard services, and to promotion activities including some in the European Union raising the awareness of BiH as a destination.

United States Agency for International Development (USAID) is undertaking a cluster competitiveness program designed to boost the overall effectiveness of businesses in BiH offering tourist services. Herzegovina is the region where many of the donors are focusing their programs.

A 5 Agriculture in BiH

Agriculture in BiH produces far below its potential due to various reasons.

Agriculture in BiH produces far below its potential due to various reasons. Farming in BiH is on a small-scale subsistence level, with an average of three to four ha of arable land, with mechanization often infeasible. During the socialist regime, agriculture in BiH was not promoted by the government.

Public administration for agriculture is ambitious, however, performance is poor.

Even though the government wants to support the agricultural sector in all aspects, the budget does not reflect the importance of this sector in GDP. Major

public supports include financial, extension, and veterinary services. Import policy strongly disfavors domestic agricultural production.

BiH is importing many agricultural products from neighboring countries.

BiH is importing many agricultural products from neighboring countries. BiH is changing its system from a planned to a market economy. Much effort for selling agricultural products should be made. BiH is importing much food from neighboring countries.

Market for organic farming is too small.

Although organic farming is often mentioned as an agricultural strategy, its market is very limited and may not save the BiH agriculture significantly.

BiH agricultural and food sector should basically target import substitution agriculture. EU accepts very limited quantities of fruits and nuts, vegetables, roots, and tubers from BiH, but does not accept meat and meat products. The realistic direction of development is import substituting agriculture.

B. DEVELOPMENT OF THE MASTER PLAN

B 1 Goals and Directions for Sustainable Regional Development

(1) Goals for Regional Development

Three Goals for Regional Development

The project team selected the following three goals for regional development:

Goal 1: Enable communities to be proud of their region, being conscious of its environmental uniqueness and cherishing its historical-cultural heritage;

Goal 2: Enhance people's livelihood in harmony with the environment; and

Goal 3: Optimize the region's exploitation of resources to yield the maximum economic benefits to local communities under environmental constraints.

(2) Strategies for Sustainable Regional Development

Four Strategies for Sustainable Regional Development

The team set four strategies for sustainable regional development as follows:

- Tourism Product Development and Quality Control;
- Increased Awareness & Competent Marketing;
- Local Initiative Development with Effective Support; and
- Sustainable Resource Use.

Strategy 1: Tourism Product Development and Quality Control

It is strategically important to identify and target niches (while those rough products will be market-tested and refined through inputs of skills improvements, appropriate equipment investment and acquired know-how). Valued specialty products and tourism products, tailored to a niche, should be developed in stages with goals stated (such product development efforts to comply with EU Standards are to be prepared for pre-accession).

Strategy 2: Increased Awareness and Competent Marketing

Regions need to nurture marketers (such as local travel agents) to exploit potential demand. Plan calls for the direct selling of farm-produce of the region piloted at Eco-House, leading to awareness of consumer preference and local specialty development. Testing the Southwest Balkan market by means of a diversified tourism product, coupled with specialty products needs to be addressed.

*Strategy 3: Local Initiative
Development with Effective
Supports*

The local initiatives can be more influential and successful, while local public service is weak and insufficient (if they are integrated within other sustainable development initiatives at a regional and local level). For horizontal integration within the community, the success of local ecotourism initiatives may depend on vertical integration with regional and national level initiatives to support and promote responsible tourism.

*Strategy 4: Sustainable Resource
Use*

A fundamental characteristic of community-based development is that the quality of natural resources and cultural heritage of the study area must not be damaged, but enhanced by ecotourism. Any adverse impact on the natural environment should be minimized and managed in proper measures. Historical assets and cultures of indigenous communities should be preserved and revitalized through ecotourism.

B 2 Approaches for Agricultural Development in the Study Areas

Development of wood-based forestry and improvement of agricultural competitiveness are the growth sources for conventional agriculture.

Since forestry is the biggest industry, further development of this sector is a realistic strategy. Concerning cultivating and livestock farming, the shift from subsistence farming to commercial agriculture is the way of developing this sector. Development of wood-based forestry and improvement of agricultural competitiveness are the growth sources for conventional agriculture.

For the development of conventional types of agriculture, access to the market is important.

Extension services of technical innovation, farming skills, and institutional building (farmers' organizations, etc.), are important to improve the product and access to the market.

Commercial farming requires at least five ha of farming land or five milk cows, however, the farming size in BiH is too small to satisfy this.

Agro-tourism is another alternative for regional development. BiH is rich in traditional cuisine, which can attract tourists to the area.

Agro-tourism is another alternative for regional development. Agro-tourism is extendable, using the following unique BiH foods:

- Mijeh - Cheese in sheep skin
- Slivovica - Brandy
- Filled pepper with kajmak
- Govede suho meso - dried smoked beef
- Burek - Strudel filled with meat, potato, or spinach
- Blatina - Grape which is good for red wine, etc.

The Farm Visit Program, as an agro-tourism product, has good potential.

The farm visit program, as an agro-tourism product, can include:

- Tasting of wines, meats, fruits, and other handmade items;
- Experiencing various farming activities such as bee keeping, cider pressing, hay riding, fruit harvesting, herb and mushroom picking, milking and cheese making, sheep shearing, etc; and
- Participating in recreational activities in farms such as barn tours, ball games, bicycle or horse riding, cooking demonstrations, hunting, fishing, picnics, petting zoos, as well as visiting wineries, distilleries, and breweries.

B 3 Tourism Resource Management of the Study Areas

(1) Community Initiative In Tourism Resource Conservation

A community-based resource conservation strategy is proposed, requiring collaboration among the community, government, and external experts.

A community-based resource conservation strategy is proposed requiring collaboration among the community, government, and external experts. When a local community takes initiatives in eco-tourism and gets significant sustainable benefit, they would surely be motivated to conserve the tourism resources. In addition, collaboration among the community, government, and external experts is very important to facilitate integrated efforts for conserving eco-tourism resources.

(2) Natural Environmental Management

Proposed Approaches for Natural Environmental Management of Study Areas

Four key approaches for natural environmental management of the study areas are proposed as follows:

- Encourage effective local natural resource uses through establishing a “Protected Areas Management System” based on Ecological Zoning;
- Strengthen the institutional framework for environmental management by means of Collaborative Environmental Management;
- Involve the local people in environmental planning and management processes; and
- Train and support local governmental officials and people as “Natural Environmental Managers”.

Strategies in Terms of Land Use Conflicts and Inventory

There are two basic strategies in terms of land use conflicts and inventory:

- Consider a “Buffer Zone” to mitigate adverse impacts on the wildlife habitat; and
- Give priority to cultivation/pasture areas over urban/settlement areas. Also, clarification of land ownership, based on a land use inventory, is important in the study areas.

(3) Ecological Zoning

Procedures of Ecological Zoning for the Study Areas

Ecological zoning for each study area has four work steps: (i) preparation environmental thematic maps; (ii) conduct of natural environmental evaluation; (iii) preparation of draft ecological zoning; and (iv) modification of the analysis unit and preservation/conservation zone (GAP Analysis).

Ecological Zoning set “Preservation Zone” and “Conservation Zone”.

“CORINE Land Cover Database, EEA, 2000”, which is an international database, was utilized as a base, and “Preservation Zone”, “Conservation Zone”, and “Development Allowable Zone” were identified for both study areas from the viewpoint of environmental conservation, however, only one zone, “Virgin Forest Janj” (0.1% of the total area), was designated as a “Preservation Zone”. “Preservation Zone” (2/3rd) and “Conservation Zone” (1/3rd) were designated by setting indicators such as angularity, altitude, and protective vegetation.

(4) Urban Environmental Management

Necessary actions to take, for reducing illegal garbage dumping and for improving waste load management.

To reduce illegal garbage dumping and to improve waste load management, it is necessary to take the following four actions:

- 1) To motivate and encourage citizen awareness on reducing waste load and emissions into the ambient environment;
- 2) To strengthen people's interaction and dialog with municipal inspectors;
- 3) To strengthen collaboration and coordination of environmental protection activities among citizens (CBOs), tourism business enterprises, and the municipal government; and
- 4) To encourage and strengthen river-basin wide collaborative protection activities.

Coherent actions in harmony with ecological zoning are mandated on the part of environmental and physical planning administrations.

Lacking the environmental management capacity and dedicated staff at the municipal level, it is more practical to strengthen the role of the urban department in reviewing applications for building permits, so that impacts from waste effluents and solid waste emissions can be minimized.

(5) The Management of Historic Heritage

Necessary actions to take, for preserving and presenting the unique feature and traditions.

It is necessary to take actions to preserve and preserve and present unique features and traditions. Heritage includes both buildings and public works, as well as living heritage

based on traditions. Commercial use of heritage resources, if respectful and sustainable, can generate tourism and benefits. It can also fund conservation of these same resources.

Heritage captains in each study area to take actions in Blagaj and Jajce.

The Eco-Pliva Association and Nevesinje Youth Initiative should designate these captains to initiate improvements of buildings and in towns, getting support from NGOs and organizations local and national in scope.

B 4 Marketing and Promotion of the Study Areas

Three parameters, to develop a framework for the effective marketing strategy for Pliva (North) and Mount Velez (South) are:

- The category of tourism;
- The type of tourist activities; and
- The market segment.

In order to work out a framework of the effective marketing strategy for Pliva (North) and Mount Velez (South), three parameters are defined as follows:

- The category of tourism;
- The type of tourist activities; and
- The market segment.

First, identify what categories of tourism are available or can be developed in a broad definition such as “nature-based” or “family-oriented” or “culture seekers”. Second, enumerate all available and potential types of various activities that can be tailored into attractive tourist products. Third, distinguish the current or potential market segments to match each tourist activity. Lastly, specify optimal methods or approaches for marketing and promotion activities for each target segment per two timeframes in the immediate and long-term. The set of promotional activities is tailored to the mix of target visitors for each study area.

Pliva (North) Study Area

Three categories of tourism in the Pliva (North) Study Area (by order of importance) are: (a) nature-based; (b) family-oriented; and (c) culture.

Velez (South) Study Area

Three categories of tourism in the Velez (South) Study Area (by order of importance) are: (a) culture; (b) family-oriented; and (c) nature-based.

Current and Potential Market Segments Identified

Current and potential market segments identified are as follows:

1. BiH domestic that includes:
 - Locals in/around Study Areas; and
 - BiH domestic all across BiH.
2. Foreign contingents in BiH that includes:
 - Diplomats, aid agency staff NGOs, and the Stabilization Force in Bosnia and Herzegovina (SFOR), etc.
3. Foreign contingents outside of BiH that includes:
 - Regional neighbors of Serbia-Montenegro, Slovenia, Croatia;
 - Western Europe;

- Central/Eastern Europe, Russia, Commonwealth of Independent States (CIS) countries; and
- Turkey and Middle East/North Africa.

B 5 Infrastructure and Facilities for Tourism Development

Five principles for tourism development include:

- *Providing access;*
- *Establishing procedures;*
- *Possessing appropriate facilities;*
- *Developing guidelines; and*
- *Increasing attractiveness.*

The team formulated five principles and development measures as follows:

- 1) Provide safe, reliable, sustainable and appropriate access to tourism attractions;
- 2) Ensure minimal impact design and adequate procedures to the establishment of facilities;
- 3) Introduce appropriate facilities to encourage visitor's awareness, understanding, and appreciation in significance of tourism attraction and its environment;
- 4) Enforce or develop guidelines and policies to assist the public, private, and local communities in the provision and maintenance of infrastructure and facilities; and
- 5) Contribute to generation of economic benefit through increase of attractiveness in destinations.

Three Development Measures

Based on the five principles above, the team set three development measures.

Measure 1: Establishing or enhancing tourism bases in tourist destinations

The tourism base aims to offer attractive and key places for hospitality services, where tourists would be able to stay and enjoy their tourism activities located at rich natural, agricultural, and cultural environments, in conjunction with ecotourism and agro-tourism product development.

Measure 2: Formulating tourism network

A tourism network offering tourist transportation linkages, trail routes or tour circuits, and information networks for the hospitality business is an essential factor for tourist activities and tourism industry. Networking between tourism bases and attractions or potential tourism resources should be established or enhanced effectively by private sector efforts (except public transportation service and road network), taking account of attractive tourist circuits and product formulation.

Measure 3: Strengthening quality management of tourist facilities development

A quality tourist facilities supporting product development is crucial for a viable business, for an attractive destination and sustainability of the tourism industry in the regions, in order to establish distinguished and competitive tourism destinations. Ensuring the constant improvement of quality, whether it is a tourist destination as a whole or as an individual attraction (with accompanying services), should be a continuous process.

B 6 Institutional and Human Resource Development

Triple Emphasis in Capacity Building for Local Players

Triple emphasis in capacity building for local players are as follows:

- a) Guide Training;
- b) Environment Management Training; and
- c) Tourism Management Training.

The study examines key issues such as curriculum development, appropriate institutions for training, target populations for training, and valuable partnerships to improve the delivery and quality of training. It presents an “Environment and Tourism Management Education Program” and a framework in which to undertake it. This program provides not only for training of different types of guides, but also for managers of institutions involved for the purpose of institutional strengthening.

This study has produced a Guide Training Manual designed for broad application to outdoor and heritage guide training programs.

This study has produced a Guide Training Manual designed for broad application to outdoor and heritage guide training programs. This manual is a multi-purpose one for trainers and trainees and even for the officials setting up the programs. It provides for training on a range of basic skills relevant for many trainee populations. It also provides for development of specialized skills tailored for outdoor guides. This manual is relevant for training programs to be set up throughout the country.

Implementation through multiple NGO and donor programs are necessary.

There is a broad range of NGO and donor programs covering closely related areas of community development, environmental management, and capacity building and training. Existing programs in BiH can cover many of the proposals of this master plan.

C. PLIVA AREA REVIEW AND PILOT PROJECTS

C 1 Setting of the Pliva Study Area

(1) Socio Economic Situation

The north study area, the Pliva area, has three municipalities and covers areas belonging to FBiH and RS both.

The north study area, the Pliva area, is composed of three municipalities of both entities, Jajce Municipality in the FBiH, and the Jezero and Sipovo Municipalities in the RS, respectively.

Land Utilization and Demographic Change in the Pliva Area

Land utilization and demographic change in this area are described in Table 2.

Table 2 Land Utilization and Demographic Change in the Pliva Area

	Jajce	Jezero	Sipovo
Area	343 km ² (36%)	63 km ² (7%)	543 km ² (57%)
Agriculture Land Ratio	38.5%	29.9%	23.3%
Forest Land Ratio	52.1%	61.2%	75.6%
Population pre-war (Early 1990s)	45,000 persons	2,600 persons	15,600 persons
Population 2002	31,500 persons	1,700 persons	13,000 persons
Population 2002/ Population pre-war (Early 1990s)	70.0%	65.0%	84.0%

The results of sample household surveys revealed various socioeconomic situations.

The socioeconomic conditions in this area are as follows:

- 1) 47% of the respondents are employed;
- 2) Average monthly household income is 370KM;
- 3) Many residents feel living conditions are bad;
- 4) Majority of the respondents expect eco-tourism to trigger economic development; and
- 5) Only 55% of the respondents are optimistic about the future of the economy.

(2) Natural Conditions and Environment

The Pliva area has a moderate-continental climate type

The Study Area has around 94 days with frost from September to May. Annual average precipitation in Jajce and Sipovo is approximately 1,000mm. The number of days with precipitation more than 0.1mm is 147 days per year in Jajce.

Rivers, lakes, and forests are dominant natural characteristics of the area.

There are relatively large rivers in the North Study Area, which have large catchments areas and are good as water sources and tourism resources.

The Pliva region is extremely rich with flora and fauna. Moreover it is extremely scenic and highly photogenic.

In terms of the flora, there are 35 significant medical herbs with three endemic plants. Variations of wild edible mushrooms are found in the area. Concerning fauna, brown bear, black grouse, wild boars, wolf, deer, fox, and lynx are found in the Sipovo Area. Otter and bat species are registered as vulnerable species. The air pollution created by domestic enterprises is a problem seriously marring the great beauty of Jajce.

C 2 Analysis of Current Tourism Situation in Pliva

(1) Inbound Tourists to Pliva (Roadside Interview Survey)

A survey of traffic counts of all motor vehicles was conducted.

A survey of traffic counts of all motor vehicles at two road junctions of Jajce and Jezero/Sipovo, and interviews of selected auto passengers were conducted for four days in August in order to:

- Understand visitor profile and characteristics;
- Form a basis for a demand projection; and
- Provide insight for product development.

Major findings from the survey are as follows:

- Passenger cars dominant at 80%;
- Foreign visitors dominate in Jajce (foreign cars- 27% / domestic cars and buses - 73%), while domestic visitors dominate in Jezero/Sipovo (domestic - 80% / foreign - 20%);
- Little variation between weekdays/weekends (e.g., Jajce weekday - 49%, weekend - 51%);
- 34% of vehicles had two passengers, 25% had three, and 24% had four passengers, respectively.

- The percentage of visitors from other countries was as follows: Germany - 24%, Austria - 21%, Croatia - 14%, Serbia-Montenegro - 8%. Roughly 60% of visitors are from the EU, and 28% from the former Yugoslavia;
- 40% were visiting friends/relatives (VFR), with 25% coming for tourism, and 25% for VFR/tourism combined;
- 53% of respondents express a desire to utilize Eco-House for local produce/product shopping; and
- 66% of respondents say their visits are related to some kinds of tourism - 34% for eco-tourism, 13% culture tourism, and 12% sport tourism.

(2) Tourism Resources

The Pliva area has plenty of natural resources and human resources.

Most of the listed tourism resources can be classified as ideal for day trips or for overnight excursions for local/domestic visitors. In terms of outdoor activities that aim at niche/special market segments, these may have potential enthusiasts from Europe.

From the evaluation, we may conclude that:

- There are ample natural resources ideally suited to develop attractive eco-tourism programs;
- Tourism in the Study Area can incorporate special local small-scale industries (such as agriculture, dairy, crafts) as integrated components, so that its development will help expand these cottage industries to the direct benefit of the communities involved; and
- A small share of returnees and local citizens with foreign travel experience are now familiar with foreign quality standards and are eager to develop tourism in their towns.

(3) Infrastructure and Tourism Facilities

National Route 5, serving the Pliva area, has played a significant function as a regional economic corridor and will be a major tourism route (as one of the sub-routes of Pan European Corridors to induce

The traffic survey identified that National Route 5 has served regional domestic transportation (including goods carriage and international travelers, primarily Bosnians from neighboring countries, especially on weekends). The areas and sites along Route 5 would be potential areas to be developed as tourist facilities

international tourists).

to utilize expected tourist flow increases in the future. Jajce on Route 5, playing an important role as a transport node with an international and inter-entity bus terminal, should be developed as the tourist-hub of the Pliva area to distribute tourists to Jezero and Sipovo tourist destinations.

Access control is necessary for heritage sites to formulate comfortable tourist destinations.

The central issue of visitor access to sensitive sites, both natural and man-made, is dealt with in this master plan. This relates to areas like the source of the Pliva River, spots along the Pliva lakes, and the popular streets of Jajce's medieval old town.

Inevitable encouragement for accommodation business by local people in the Pliva area.

Mid-level accommodations capacity has concentrated in Jajce town, whereas Sipovo has few accommodations. In order to serve the expected tourists targeting ecotourism in the Pliva area, it is inevitable to increase the capacity of accommodations in the Pliva area through small-scale accommodations such as country lodging, operated by local people enabling them to diversify income generation.

Adequate sewerage and waste disposal systems will be essential to sustain the Pliva River and surrounding environment as an ecotourism destination.

Although insufficient sewerage and waste disposal systems in the study areas have not caused serious damage at present, it is necessary for the Pliva area, as an ecotourism destination, to introduce adequate systems for accommodating increased numbers of tourists, and to sustain its high quality of natural environment of the study areas.

C 3 Agriculture Analysis of Pliva

Cultivating agricultural products in Pliva varies, while productivity is not high, however.

Farming products in Pliva include grains, potatoes, field beans, cabbage, kales, onions, carrots, garlic, peas, tomatoes, fresh peppers, and cucumbers, however, yield per hectare is low. Herbs and mushroom picking is being organized.

Small herds and seasonal milk supply characterize livestock farming.

60% of livestock farmers own just one cow. Milk production per cow is often much lower than 10 liters per day due to poor nutrition. Milk could be sold to dairy companies either in Sipovo or in Meggle (Bihac).

<i>Freshwater Fisheries in the Pliva Area</i>	The fast flowing rivers in the Pliva area are favorable for fish production. Pliva counts 15 fish farms active in trout production. Autochthon species are trout and graylings.
<i>Forestry in the Pliva Area</i>	Forestry is one of the prominent local industries. Pliva has rich forests with conifers, with spruce or mixed forests with spruce, fir, and beech. More than 30 saw mills and large, state forest enterprises employ many people in the area.

C 4 Pliva Country Lodging Pilot Project

This pilot project is to convince families to provide accommodations for sportsmen and tourists. Ten local households were selected to participate in the lodging business. This pilot project has been implemented in order to demonstrate that “Pliva Country Lodging”, which was agreed to by the local people, can become a sustainable business with sufficient profit from the efforts of the community. A summary of the pilot project is described in Table 3 below.

Table 3 Summary of Pliva Country Lodging Pilot Project

1. Project Title	Country Lodging Pilot Project
2. Location	Ten households were selected from Sipovo, Jezero, and Jajce. These families run lodging business using their own houses.
3. Background	Many participants in the focus group meetings were interested in this business. Many families have applied to become member households. They have extra rooms available for rent to visitors for additional income generation. Most families have modest, but adequate homes. Most of them cannot speak foreign languages.
4. Project Objectives	The objective is that the participating households, as a first group of host families, earn a second income through lodging business.
5. Management	The Eco-Pliva Association was handling this pilot project first, but the Pliva Country Lodging Association has taken over this operation.
6. Participants and Beneficiaries	For the launch group of host families, the JICA team’s intention was to select a total of 10 families - four from Jajce, two from Jezero and four from Sipovo, respectively. An additional three families were selected to participate in the training, however, the direct beneficiaries were the original 10 families. Indirect beneficiaries include their suppliers, namely nearby farmers (for food products), arts & crafts makers (for decorative items and souvenirs), and organizers of local sports (for sports and recreational services).

7. Major Tasks	Major activities include: <ul style="list-style-type: none">- Training participating families;- Improving houses and equipment;- Undertaken promotion and reservation activities; and- Conducting inspections and providing consulting.
8. Evaluation	Promotion of attractions in the Pliva Valley began in September, missing the peak July-August season entirely. Some families had not yet completed works on their homes by November, so they could not start operation. The average revenue of participant families was 400 KM. This is a good outcome considering the poor project start, and additional positive results are expected from April 2005, coinciding with the full-start of projects.
9. Lessons Learned	There are two lessons learned from this pilot project: <ol style="list-style-type: none">1) Preparation of accommodations does not attract tourists by itself, as collaboration with tourism products development such as sport activities and local foods is essential; and2) Host families of the country lodges should improve their capability in foreign languages (German, English, and Italian) to attract foreign tourists and secure higher profits.

C 5 Pliva Eco-House Pilot Project

This project is designed to create an attractive showcase for the best products produced in the region, fresh food products, processed ones and locally made crafts and items. It would serve as a gateway and good sales location for local products, and also as a good source for all tourist information in the entire Pliva River valley. Target clients are both locals and out-of-towners passing along the road, an important regional highway. This pilot project has been implemented in order to demonstrate that the “Pliva Eco-House”, which was agreed to by the local people, can become a sustainable business with sufficient profit from the efforts of the community. Table 4 summarizes this pilot project.

Table 4 Summary of the Eco-House Pilot Project

1. Project Title	Eco-House Pilot Project
2. Location	A site was chosen in Jajce, along the main road to Jezero and Bihac.
3. Background	Farmers in remote project areas have poor access to agricultural markets. This project overcomes this situation.
4. Project Objectives	The objective is to market agricultural products from the Pliva area in an attractive setting so that producers of local products (project participants) can reach all passing traffic and earn more income.
5. Management	D.D.O Eco-kuca (Manager: Mr. Sadikovic) is taking care of this project under the supervision of the Eco Pliva Association.

6. Participants and Beneficiaries	Producers of local products in Sipovo, Jezero, and Jajce are the targeted beneficiaries of this project. Eco-House sells local products on a consignment base. Since Eco-House offers local information on eco-tourism, participants of the Country Lodging Project as well as the Sports Activities Projects receive benefits from the Eco-House.
7. Major Tasks	Project activities include: <ul style="list-style-type: none">- Institutional establishment and business planning;- Preparation of three wooden buildings and equipment;- Training and consultation for members (mainly local farmers); and- Promotion for good sales.
8. Evaluation	Eco-House celebrated its grand opening on 22 nd November 2004 with hundreds of guests. However, since it was the winter season, not many local products were available for sale. Even though Eco-House made agreements with over 90 farmers to deal with their produce on a consignment basis, a systematic effort to improve local product quality has not yet begun.
9. Lessons Learned	There are two lessons learned from this pilot project: <ol style="list-style-type: none">1) Product development is essential in order to clarify differentiate between those from the Eco-House and conventional shops in Jajce and to avoid competitions between them.2) The Eco-House project should facilitate understanding of product suppliers (local farmers) on the eco-house concept and appropriate involvement of them.

C 6 Pliva Sport Activities Pilot Project

The Pliva River is a symbol that connects three municipalities (Sipovo, Jezero, and Jajce). Water sports in this area have been famous since the Yugoslavian era. This pilot project is an effort that redevelops the sports activities as an essential part of the eco-tourism. This pilot project has been implemented in order to demonstrate that “Pliva Sport Activities”, which were agreed to by the local people, can become a sustainable business with sufficient profit by the efforts of the community. A summary of the pilot project is included in Table 5.

Table 5 Summary of Sports Activities Pilot Project

1. Project Title	Sports Activities Pilot Project
2. Location	The location of the activities planned in this project extends along the Pliva River from its headwaters above the town of Sipovo, and at the lakes located just up-river from the town of Jajce. Mountain trails and lodges are also included.
3. Background	The Pliva River, the two lakes, and nearby mountains have potential to develop many sports activities. Relevant local associations have strong intentions to develop sports activities as eco-tourism products.
4. Project Objectives	The goal of the pilot project is to establish sports activities in the mountains and along the Pliva River, and to set up a management system to safely and efficiently serve the growing number of sports visitors. As a result, the local communities can obtain sustainable income through commercial management of the sports activities.
5. Management	A Pliva Sports Association was formed with participation of fishing associations from Sipovo, Jezero, and Jajce, as well as the canoe-kayak and mountaineering associations. This new association manages the pilot project and environmental protection of the Pliva River.
6. Participants and Beneficiaries	This pilot project is to develop different capacities such as outdoor guiding, safety and emergency, hospitality, environmental education, and promotion. Direct beneficiaries include members of the Pliva Sports Association engaged in selling fishing permits and guiding sportsmen, as well as leading groups on the trails. This project even improves environmental protection. The entire population of the Pliva Valley will benefit from this.
7. Major Tasks	Activities of this pilot project include: <ul style="list-style-type: none">- Improving facilities and equipment;- Training members of the associations;- Conducting environmental campaigns; and- Conducting promotional activities.
8. Evaluation	A training program for outdoor guiding was offered, but the total number of trained guides was low. Project procurement provided safety and communications equipment for guides. A base for river sports was built in a new log cabin at Pljeva, near the Pliva source. The Pliva Sports Association succeeded in undertaking some promotion at tradeshows (even in English, using newly produced print materials and flyers).

9. Lessons Learned

Two lessons learned from this pilot project are as follows:

1) Significant progress has been made for fly-fishing products, however, it is necessary to diversify the products of the sport activities available.

2) It is important to identify special interest groups for each sports activity and operate precise marketing.

These lessons require that the next phase of this project include more training in skills for organizational management and outdoor guide training, as well as the creation of safety and rescue protocols and the continuation of product development in the form of the procurement of additional specialized sports and safety equipment. Continued promotional outreach will also be necessary.

D. MASTER PLAN AND ACTION PLAN FOR PLIVA

D 1 Vision and Direction for Regional Development in the Pliva Area

(1) Development Visions

Visions of Ecotourism Development in the Pliva Area

The Pliva area will be BiH's leading ecotourism destination based on a river basin richly endowed with green mountains and gently rolling pastoral landscapes, serving as common environmental backbone. The tourism industry will be community-based, working in partnership with government to develop attractive nature-based products, raise quality standards, manage the environment, and undertake targeted promotions.

(2) Development Directions for Pliva Area

Pillars for Regional Development in the Pliva Area

The regional context at the doorstep to the northwest region as a bridge between BiH and Europe is important. As a combination of development and reform approaches, the regional vision values are defined through the following three pillars:

- Economic development (tradition in wood and food processing, production of clean energy, and promotion of eco-tourism industries);
- Social cohesion and quality of life (area is good for living, visiting, working, and doing business); and
- Human resources (well-employed and well-educated workforce, innovations, and IT institutional infrastructure).

Development Direction of the Three Municipalities

Sipovo: It will be formed as a nature-oriented village tourism destination with various tourism products including nature watching, picnic spots, fly fishing with riverside lodging village, as well as rafting and an ancient Roman historical corridor, equipped with riverside lodging.

Jezero: It will fulfill a gateway function for international tourists on National Main Road 16 from Bihac to the Pliva area. Set on the middle reaches of the Pliva River, Jezero will continuously link to Sipovo and the Jajce areas, with river sports and forest activities among its surroundings.

Jaice: It will reestablish itself as a tourism destination with cultural heritage and medieval urban monuments, as well as diversified activity spots on the lakes, rivers, and waterfall reaches of the Pliva River. It will tap international tourist markets in Holland, other European countries, as well as ex-Yugoslavian countries, while its Eco-House will attract consumers and tourists to purchase its agro-tourism products.

Four Strategies for Pliva Regional Development

Based on the aforementioned development directions in the three municipalities, four strategies were set.

Strategy 1: Tourism Product Development

Tourism product development: The proposals provide for the creation of a variety of products designed for nature-based and culturally oriented tourists.

Strategy 2: Local Awareness and Competent Marketing

Local awareness and competent marketing: Local citizen groups will take responsibility for the use and management of outdoor resources. Marketing strategies will target special-interest groups in BiH and foreign countries to attract high potential segments of visitors.

Strategy 3: Local Initiative Development

Local initiative development: The newly created Eco-Pliva Association and Pliva Sports Association will become critical actors in managing resources in the valley and promoting its tourist products.

Strategy 4: Sustainable Resource Use

Sustainable resource use: The master plan's activities provide for beautification and land use reforms, as well as clean-ups and sensitization of various citizen groups. Also cultural resources are more effectively preserved and presented for increased tourism.

D 2 Pliva Area Proposed Tourism Development

(1) Development Concept of Pliva Tourism

Six Strategies for Making the Pliva Area a Vibrant Tourism Area

Based on the assessment of the available resources in the Study Area against the current and potential/expected visitor segments, six strategies were developed to make the Pliva area a vibrant tourism area as follows:

- 1) To develop Jajce as a core tourist center of the Study Area, based on its historical and cultural heritage;
- 2) To prepare the essentials for rural tourism development;
- 3) To provide the river and lakes with water sports/ recreation facilities and appropriate utilization framework;
- 4) To provide forestry and agro-tourism activities;
- 5) To create unique local dishes and handicrafts; and
- 6) To establish a core organization responsible for promotion of the Pliva destinations.

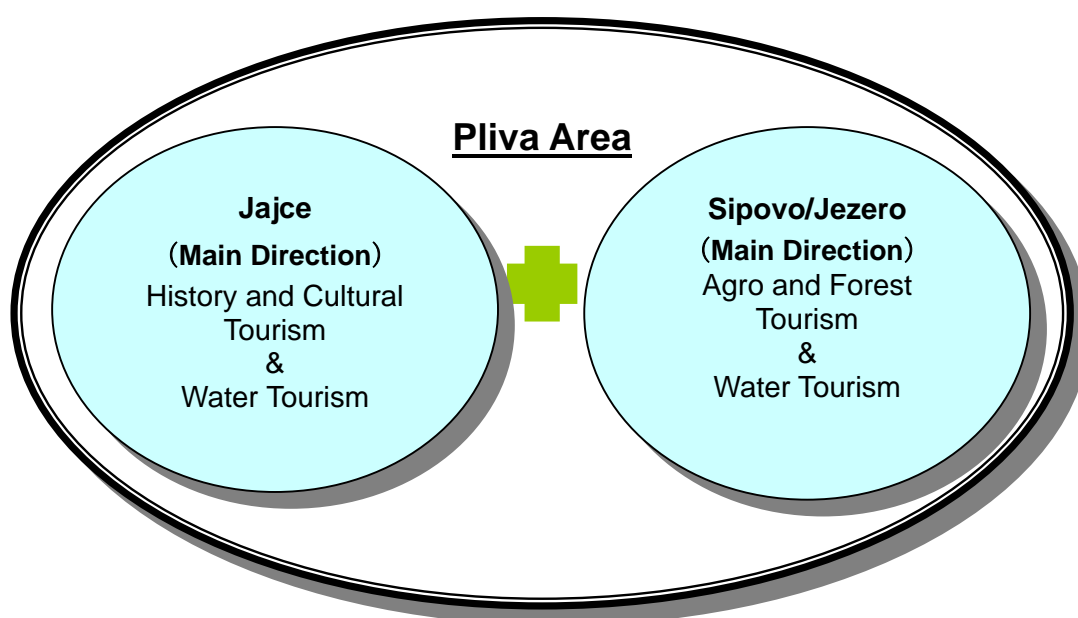


Figure 1 Structure of the Pliva Master Plan Project

(2) Pliva River Tourism Product Development

Creation of world class sports and recreational activities in and along the Pliva and Janj Rivers.

For the serious aficionados of sport-fishing, canoe-kayaking, and wildlife watching, this master plan defines a framework for the development of high quality sports products to attract individual sportsmen, teams, and clubs, and builds their loyalty to the area. It also calls for light recreational activities for the casual visitor and families, which makes up much of the domestic market. The valley can rebuild its international reputation as an excellent choice for sports and nature.

(3) Forest and Agro-Tourism Product Development

Facilitation of additional income generation for farmers through agro and forestry tourism

In order to facilitate additional income generation of the farmers, the master plan proposed the following tourism products to be prepared in Pliva:

Eco-House: This is one of the pilot projects that the JICA Study Team has supported. Eco-House supports market access for small size farmers from Pliva.

Farm visit: Farm visits constitute an agro-tourism program that receives visitors to farm. Tourists can enjoy various farming activities and experience country life as recreation.

Forest visit: Forest visits are an attempt to make maximum usage of the rich natural resources in Pliva. Visitors can enjoy herb and mushroom picking, as well as various sports activities in the forest.

(4) History and Cultural Tourism Product Development

Jajce, with its revitalized medieval town, serves as an anchor for cultural tourism to the Pliva Valley

Jajce will be a major stimulus to tourism with its revitalized medieval town, as well as its scenic riverside parklands to be improved (through the opening of a museum relating to its fascinating history and a second one presenting on the growth of its local industries). To complement these assets, Jajce will expand its offering of events and entertainment to appeal to visitors of all ages and to cover more of the year. Through this master plan, local citizens will deepen their appreciation of their past, manage cultural resources in a more sustainable way, and utilize such resources for socio-economic gain.

D 3 Agricultural Tourism Development in Pliva

Agriculture in Pliva

The three municipalities, Jajce, Jezero, and Sipovo, have similar agricultural and forest environments. Plant agriculture provides traditional products such as beans, cabbages, onions, tomatoes and green peppers. Since arable land is limited and plots are small, these products grow only in limited quantities. Pliva is rich with forests, which covers 2/3rd of its total land area. Forest areas can accommodate various recreational activities.

Marketing activities of local products are conducted by the Eco-House and USAID's program association (Independent Partners Association of Upper Vrbas).

The Eco-House project in Jajce collects small quantities of farm products from local farmers and sell them in its premises. On the other hand, USAID's program association (Independent Farmers Association of Upper Vrbas) buys herbs, mushrooms, and other non-timber forest -products from local people at the stations in Pliva area. These can be good models for the marketing of local products. The Pliva area is rich with herbs and mushrooms, which include boletus edulis, boletus aereus, boletus badius, chantarellus cibarius, morchella conica, morchella elata, and many others. Mushroom and herb farms are becoming popular in other countries.

Herbs and mushrooms can attract tourists to farms.

The farm visit business, as agro-tourism, is becoming popular with the "Slow Food" and eco-tourism movement. The farm visit program can include many other farming activities that are readily available in Pliva.

Local cheese can be used for the promotion of Pliva.

The outstanding dray cow cheese in Sipovo, which is similar to Livno cheese, has good potential to promote Pliva and generate additional farm income. Cheese weeks or cheese festivals can be organized in collaboration with local restaurants. For the improvement of product quality and marketing, farmer training for feeding cows, cheese production technology, packing, etc., promotional activities would be useful.

D 4 Tourism Resource Management in Pliva

(1) Community Initiative in Resource Conservation

Local communities are able to take initiatives to manage tourism resource

Initiatives supporting resources include sensitization students, youths, and other groups, beautification clean-up, training of guides and resources monitors well as other initiatives. These initiatives lead environmental beautification and improve tourism resource values.

(2) Natural Environmental Management Plan

Two Natural Environmental Management Strategies Proposed for the Pliva Region

Two natural environmental management strategies for Pliva Region have been proposed.

Strategy 1: Encourage effective use of local natural and cultural resources; and

Strategy 2: Establish and initiate collaborative environmental management bodies.

Contents of these strategies included the following measures:

- Establishing environmental management bodies;
- Delineating environmental management measures;
- Creating natural environmental management guidelines for the Study Area; and
- Conducting the following environmental management activities:
 - Rapid air and water quality monitoring (Action Plan);
 - Support of “Town Beautification”; and
 - Wildlife monitoring.

(3) Proposed Ecological Zones

Proposed Ecological Zones for the Pliva Region

The proposed Ecological Zone for the Pliva Region could be divided into the following zones:

- 1) “Preservation Zone” – containing the only Virgin Janj Forest (0.1% of the total Sipovo municipality);
- 2) Conservation zones – the “Authorized Conservation Zone”, which serves as a buffer zone for the core zone; and
- 3) “Development Allowable Zones” - vary by each municipality (from 30% to 18% of the total municipality land).

(4) Urban Environmental Management Plan

Encourage local environmental management initiatives by actors concerned - citizens (CBOs), private enterprises, and the municipal government

Environmental protection in the Pliva River Basin will most effectively be achieved through basin-wide collaborative actions among citizens (CBOs), private enterprises, and the municipal government.

To counter against the imminent threat of worsening

river water quality and the land littered with disposed solid wastes in the countryside, it is most effective to enhance citizen awareness to reduce (solid and waste water) emissions. Within each municipality, it is necessary to strengthen capacity in monitoring water quality and land pollution from garbage disposal. This can be done through enhanced dialog and communication among actors concerned - CBOs, private enterprises, and the municipal body.

Ecological zoning mandates and controlled usage of land strips on both sides of the main Pliva River.

Lacking full environmental management capacity at the municipal level, it is more practical to strengthen the role of the municipal urban department in reviewing applications for building permit, so that impacts from waste effluents and solid waste emissions shall be minimized. Land areas on both sides of the Pliva River have been identified as vulnerable to further development.

(5) Management of Historical and Cultural Heritage Resources

Jajce will create a Heritage Preservation Trust to undertake conservation and other related in its old town. It will also undertake the Medieval Jajce Heritage Project to preserve and liven up the old town for tourism.

The master plan provides a framework for sustainably managing Jajce's hallmark old town and hilltop fortress through the creation, by local interests, of a *Heritage Preservation Trust* to serve as a vigilant manager of the old town under the tutelage of the nation's Commission to Preserve National Monuments. The town can showcase its historic district through this framework, while conditioning it for expanded tourism. The *Trust* will conduct rescue work on the fort in order to consolidate it and have it removed from the "at risk" list for serious deterioration.

D 5 Marketing and Promotion in Pliva

(1) Tourism Demand and Growth Potential

Potential for several types of tourism products and matching market segments have been identified.

Potential for several types of tourism products and matching market segments have been identified.

Nature-based:

- Boat, regatta, canoe, kayaking from former Yugoslavia days;
- Hunting for niche enthusiast clientele;
- Fly fishing with very strong appeal; and
- Summer camps for school/youth groups.

Family-oriented mainly for domestic market: BiH diaspora on home visit and foreign expatriates in BiH. Activities include picnic, recreation, scenic stroll/discovery, easy/light sport, herb/mushroom picking, etc; and

Culture seekers: typically historic Jajce, Stari Grad, and the Castle.

Recommended Framework for Optimal Promotion Channels

A recommended framework for optimal promotion channels calls for:

- Close collaboration with tour operators in BiH as well as in its Balkan neighbors;
- Aggressive approach to clubs, and associations of various interests (sport, fraternity, cultural or academic, etc.) in BiH and all across Europe;
- Solicitation for travel guidebook listings in major West European markets;
- Promotion of winter sports and holidays; and
- Active approaches for BiH refugees in Western Europe, and the Americas, fully utilizing “word-of-mouth” recommendations.

(2) Marketing Plans for the Target Tourist Segments

An approach is defined according to customer interests - nature-based, family-oriented, and/or cultural-seeking.

The approach is a low-cost one. Strategies include sales trips, country-house lodging, travel agent and journalist invitations for the purpose of sales promotion, collaboration with sports clubs, and outreach through major websites. Expatriate markets in BiH and the Balkan nations are targeted for special interest. Officers of the Eco-Pliva and Pliva Sports associations are the key players. Funding for initial promotional activities must be raised externally.

D 6 Infrastructure and Tourism Facilities in Pliva

(1) Accommodation

Accommodation Development Direction

The accommodations development direction for the three municipalities in Pliva is as follows:

Jaice area: Utilizing richness of water-related resources of Pliva River and Pliva Lake, accommodation by *small-to-medium scale* facilities would be suitable to provide along the waterfront area, so long as riverbank deterioration is avoided and harmonious designs with river or lake landscape are taken into consideration.

Jezero area: *Small-scale tourist accommodations* or guesthouse types with a harmonious ensemble of the rural landscape would be suitable to accommodate tourists, who enjoy hunting and river recreation.

Sipovo area: Sipovo has a wider plain landscape, combined with hilly pastures, mountain forests and major rivers of Pliva and Janj. These settings give a good opportunity for country lodging in *small-scale accommodation* (for instance in farmer houses, as well as other related types of accommodation).

Accommodation Development Targets

The framework for accommodation facilities for the mid-term (2010) and the long-term (2015) are shown in the table below, reflecting a balance between hotels and other types of lodging needed in the Pliva area such as bed & breakfasts, youth camps, hunting lodges, etc.

Table 6 Pliva Accommodation Development Targets

EU Category	Item	2004	2010	2015
Hotel	Facilities	4	6	8
Establishments	Room	116	180	250
Other	Facilities	(10)*	200	400
Establishments	Room	(20)*	600	1,200
Total	Facilities	4	206	408
	Room	116	780	1,450

*Constructed by the Pilot Project of this study.

Country Lodging Program

This program will bring business and generate income for ten local families, expanding from this base in future years to include additional homes across the region. The proposed programs are itemized as follows:

- Country Lodging Expansion Program;
- Hospitality Business Capacity Building Program;
- Institutional Building and Consolidation Program
- Market and Promotion Program;
- Ensuring Quality Management of Country Lodging; and
- Associated Program for Sanitary Improvement.

(2) Access and Transportation Improvement

Access Road Improvement

Several access roads to major destinations in the Pliva area have been proposed for improvement, considering adequate road specifications (such as for pavement, side-walkway, etc.) in the following places:

- Komotin Fortress (2.0 km-Jajce);
- Old town of Jajce as mall system (0.2km-Jajce);
- River recreation place (0.5 km-Jezero);
- River recreation place (0.5 km-Sipovo); and
- Pliva Fountain area (5.0 km-Sipovo).

Access Control and Traffic Management in Destinations

The following major destinations in the Pliva area have been proposed for the implementation of access control and traffic management:

- Jajce Old Town (Jajce); and
- Pliva Riverhead Area (as a park).

Panorama Viewpoint Development

The following candidate in the Pliva area is proposed for introducing Panorama Viewpoint Development.

- Location on Route M5 able to view Jajce Fall and Old Town (Jajce).

D 7 Institutional and Human Resource Development

Several institutions from all three towns will be key players managing ecotourism; they are to be strengthened for this purpose, enabling them to adjust to the capitalistic world.

This master plan calls for the expanded use of a range of institutions from local government and the CBO world, related to the environment, youth, women, sports, arts and culture, as well as other special interests. The newly created Eco-Pliva and Pliva Sports associations bear the heaviest responsibility for the success of Pliva's ecotourism and are to undergo capacity-building activities. Designated municipal officers will also receive training to sensitize the municipalities to free-market business environments.

The master plan creates a hospitality culture among the local community members to prepare them to offer high-quality service demanded by today's travelers.

The master plan presents a framework for developing capacities among outdoor guides and tour guides, tourist service providers, as well as directors of numerous participating CBOs and the three municipalities in the Pliva Valley. All have expressed a strong interest in building up high quality services for tourism, in tapping the economic benefits, and in working together to accomplish this.

D 8 The Master Plan & Action Plan

The master plan consists of 45 projects and programs [Table 7].

These proposals represent different types of product development activities and functional support activities making the best use of a) the region's water resources namely the Pliva and Janj rivers, b) of agro and forest resources including the hinterland of the river valley, and c) of the cultural/historical resources having a major focus in Jajce's historic old town.

Logically Rooted in the Vision and Development Concept for Pliva Tourism

The proposals of the master plan all embody the vision stated in D 1, and derive from the development concepts of D 2. They include the continuation of the Eco-Pliva, Pliva Sports and country Lodging pilot projects launched in 2004 with substantial community backing

Development based on the creation of marketable products through the sustainable use of resources.

The plan calls for the development over the coming years of a range of nature-based tourism products calling for heavier use of the natural and cultural resources. The resource-based measures ensure improved condition of the rivers, lakes and forests along with rising recreational uses. Growth will be fully compatible with conservation.

Six projects have been selected, considering five criteria, for inclusion in the Action Plan. In addition, three pilot projects were deemed high priority. See Table 8 and 9.

From all the proposals for the master plan [Table 7], six projects [Table 8] have been selected for the Action Plan [Table 9], based on five scoring criteria. A scoring method using criteria and sub-criteria was used to grade each project and to create a ranking for the selection step.

Lessons learned through the implementation of pilot projects have been taken into consideration in formulating the master plan.

Lessons learned through implementation of the three pilot projects in the Pliva area (mentioned in "8. Evaluation" of C4, C5, and C6) have been incorporated into the master plan.

Table 7 Proposed Master Plan Projects

Project/Program Category		Project/Program	
TOURISM PRODUCTS	PLIVA Water Tourism	PW-1) Fishing (fly fishing and conventional fishing)	
		PW-2) Kayak	
		PW-3) Canoe	
		PW-4) Wildlife Viewing	
		PW-5) Rafting	
		PW-6) Pliva River Trail System (Jajce Waterfall)	
		PW-7) Pliva River Trail System (Plivsko lake)	
		PW-8) Pliva River Trail System (Jajce to Jezero)	
		PW-9) Pliva River Trail System (River source and Sokograde)	
	PLIVA Agro & Forest Tourism	Eco-house	PA-1) Product Improvement
			PA-2) Sale of Local Products
			PA-3) Eco-tourism Information Service
		Farm Visit	PA-4) Farm Lodging
PA-5) Milking & Cheese Making			
PA-6) Apple & Plum Harvesting			
PA-7) Bee Keeping			
Forest Visit		PA-8) Herb & Mushroom Picking	
		PA-9) Bird & Wild Animal Watching	
		PA-10) Hunting	
		PA-11) Nordic Ski	
		PA-12) Hiking	
		PA-13) Mountain Bike	
PLIVA History & Cultural Tourism	PH-1) AVNOJ Museum Reopening		
	PH-2) Industry Museum		
	PH-3) Medieval Jajce Heritage		
	PH-4) Sokograde fortress & Roman road		
SUPPORTING PROGRAM	Tourism Resource Management	PR-1) Ecological boat campaign for garbage picking	
		PR-2) Rapid air/water quality monitoring	
		PR-3) Town beautification (garbage collection & flower planting etc)	
		PR-4) Protected Area Management system	
		PR-5) Development Code for Pliva and Janj river basin	
		PR-6) Environmental management guideline for visitors	
		PR-7) Historic preservation of registered monuments	
	Marketing & Promotion	PM-1) Product Development with Tour Operators	
		PM-2) Contact to Sports Clubs/Associations	
		PM-3) Web-site Maintenance	
		PM-4) Tourism Fair Participation	
		PM-5) Promotional material development	
	Facilities & Infrastructure	PF-1) Accommodation	
PF-2) Road Signage			
PF-3) Visitor center			
PF-4) Transportation			
Institutional & Human Resource Development	PI-1) Training of guiding, hospitality, safety, environment		
	PI-2) Training of Forest Guards		
	PI-3) Eco-PLIVA association as coordinating organization		


 Pilot Projects and actions supported by JICA during Study period
Action Plan elements indicated in **bold letters**.

Table 8 Criteria for the Selection of Projects for the Action Plan

	Criteria	Sub-criteria	
1	Relevance	Consistency with Development Approach	Urgency
2	Economic Development	Economic Impact	Job Opportunity
3	Social Development	Solidarity and Collaboration	Poverty and Gender
4	Tourism Resource Management	Contribution to Environmental Improvement	Contribution to Historic Conservation
5	Project Maturity	Fund Availability	Managing Organization

Table 9 Selected Action Plan Projects

	Name of Project/Program for Action Plan	Code No.* ⁽¹⁾	Project/Program Category
1	Pliva River Trail System (Plivsko Lake)	PW-7	Pliva Water Tourism
2	Pliva Forest Visit	PA-8, PA-9, PA-10, PA-11, PA-12, PA-13	Pliva Agro & Forest Tourism
3	Medieval Jajce Heritage	PH-3	Pliva History & Cultural Tourism
4	Rapid Air/Water Quality Monitoring	PR-2	Tourism Resource Management
5	Collaboration with Tour Operators and Clubs	PM-1 PM-2	Marketing & Promotion
6	Eco-tourism Training Program	PI-1	Institutional & Human Resource Development

*⁽¹⁾ Code numbers are given in Table 7

D 9 Outlines of the Priority Projects

(1) Pliva River Trail System: Plivsko Lake [PW-7]

Goals To improve access, strengthen recreation opportunities, and generate economic and environmental management benefits by connecting the Pliva Region's tourist activities by means of a well-designed trail system.

Objectives

- To improve and facilitate visitor satisfaction of recreation and sports activities;
- To create recreation facilities, signage, and infrastructure improvements, especially accessibility;
- To implement trash collection and pollution prevention; and
- To use the trail system to monitor the region's natural resources.

Location Jajce and Jezero, Plivsko Lake

Task and Schedule

Short-Term Measures up to 2010:

- a. Clearing of land mines (2006);
- b. Site assessment and design works (2006); and
- c. Construction (2007-08).

Long-Term Measures after 2010:

- a. Visitor center design and construction

Initial Cost 1,509,000KM (2005-2008)

(2) Detailed Plans for Pliva Forest Visits and Activities [PA-8 to 13]

Goals To improve and facilitate visitor satisfaction by creating forest trail networks for various activities.

Objectives

- To improve and facilitate visitor satisfaction of eco/nature activities;
- To create a forest trail network;
- To implement education programs for guides and instructors; and
- To implement training programs for the hospitality industry, as well as other programs for specific forest-based recreation.

<i>Location</i>	Sipovo and part of Jezero and Jajce
<i>Task and Schedule</i>	Short-Term Measures to 2010: a. Potential resource identification; b. Design works for the trail and various facilities (2006) c. Construction (2007-09); and d. Environmental education and specialized training. Long-Term Measures after 2010: a. Visitor center design and construction.
<i>Initial Cost</i>	2,350,000KM (2005-2009)

(3) Medieval Jajce Heritage [PH-3]

<i>Goals</i>	The program will physically upgrade the medieval sector of Jajce to sustainably receive growing numbers of visitors for tourism and recreational purposes.
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<i>Objectives</i>	<ul style="list-style-type: none">• To introduce sustainability into the management of this “at-risk” area and achieve an optimal pattern of rebuilding and usage;• To preserve the medieval features, while using them for increased commercial and recreational activities; and• To improve the district’s ability to serve as a regional recreational center and support more businesses and jobs.
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<i>Location</i>	Jajce, old town
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<i>Tasks and Schedule</i>	Short-Term Measures up to 2010: a. Jajce Fortress and environs (2006-7): initial diagnosis and plan of needed works for mitigation of critical dangers, consolidation, essential visitor safety, educational content, lighting systems, and visitor conveniences; b. Heritage trails (2006): full-service upgrading of walkways up to 500-750 meters long; c. Transformation of St. Mary’s Church into an arts house (2006-7): use for exhibition space and performances, with close coordination with the St. Mary’s Church Revitalization Committee; d. Traffic management (2006): Multi-phase plan for pedestrian and motor traffic management; and
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- e. Management plan with voluntary building codes (2007): preparation of Historic District Management Plan and creation of the Jajce Heritage Preservation Trust to rescue threatened structures.

Long-Term Measures after 2010:

- a. Streets: cobbling of streets with appropriate street-side facilities (benches, etc.) and lighting;
- b. Parking: construction of concessioned, deck parking, outside of the old town;
- c. Visitor transport: operation of concessioned shuttle services along the touring loop and to the new parking lots; and
- d. Regulatory: adoption of mandatory building codes, per adaptation of voluntary code.

Initial Cost 1,762,000 KM (2005-2007)

(4) Detailed Plan of Rapid Air and Water Quality Monitoring [PR-2]

Goals To consider effective measures for obtaining scientific data on the air and water quality conditions at main tourism sites in the Pliva Study Area through the conduct of air and water quality monitoring, as well as environmental education seminars.

Objectives

- To obtain scientific and rational data concerning air quality in the Jajce Town center area to consider effective environmental countermeasures;
- To obtain scientific and rational data concerning water quality in the Pliva River to consider appropriate management actions; and
- To improve environmental awareness of the local people in the Pliva Study Area.

Location Jajce town and Pliva River within the Pliva Study Area

Tasks and Schedule Short-Term Measures up to 2010:

- a. Air quality monitoring (six times per year for each of the four sampling points in Jajce Town;
- b. Water quality monitoring (four times per year for each of the 10 sampling points in the Pliva River; and
- c. Environmental education seminars (four times per year).

Long-Term Measures after 2010

- a. Continuation of the above air and water quality monitoring and environmental seminars.

Initial Cost 462,000KM (2005-2010)

(5) Detailed Plan of Pliva Product Development & Promotion [PM-1 & 2]

Goals To create a permanent capability to package the Pliva travel products and promote them in the marketplace.

Objectives

- To stimulate sports and nature-based tourism to the Pliva Valley, derived from individual sports enthusiasts from within BiH and from the general Balkan region, as well as from clubs and associations from the Balkan region; and
- To stimulate cultural tourism to Jajce and the Pliva Valley through the promotion of Jajce's old town, the historic watermills on Pliva Lake, as well as Sokograd Castle near Sipovo.

Location Pliva Valley area

Tasks and Schedule

(Hire the promotion captain, make packages catalogs, add German to the website, initiate outreach to sports clubs, contact guidebook publishers, and conduct sales trips)

To Start in 2005/6:

a. Hire promotion captain: A bilingual person from one of these associations will be hired part-time for dealings with international tour operators and sports clubs.

b. Pliva packages catalog: A comprehensive compilation describing packages for fishermen, canoe/kayak teams, hikers, sports clubs, and culture visitors (with costs, sports information, and booking information noted). Trilingual (Bosnian, English, and German) materials and an electronic version are to be prepared for download from the website.

c. German language: The addition of German sections to the website www.plivatourism.ba, and the printing of German language brochures.

d. Sports clubs outreach: The promotional captain will contact fishing, canoe/kayak and mountaineering clubs in ex-Yugoslavian cities and German-language nations, and will make two sales trips [see sales trips below].

e. Auto-Clubs outreach: The captain will target auto-clubs of German-speaking and Eastern European nations.

f. Guidebook outreach: The captain will send promotional information to guidebook publishers for inclusion in the guidebooks.

g. Sales trips: The captain will plan two sales trips in advance to Sarajevo, Zagreb, Belgrade, and Ljubljana to promote the Pliva packages with PowerPoint presentations. These trips will be closely coordinated with the Pliva Sports Association.

Initial Cost 225,000KM 2005-2010)

(6) Detailed Plan of Pliva Eco-Tourism Training [PI-1]

Goals To develop capacities to serve as guides, provide guest services, conduct tourist business operations, and perform environmental management functions up to international standards.

Objectives

- Increase the professionalism of guides and other service providers that are hosting the visitors;
- Improve the understanding and management of natural resources among the guides, service providers and managers involved in tourism; and
- Improve the collection of environmental information to track changes and effects.

Location Pliva Valley area

Tasks and Schedule
(2005 for program formulation, funding, basic guide skill training, 2006 basic and specialized guide skills, and 2007 expanded curriculum and added target trainee populations)

a. Service providers: To learn essential tourism business and hospitality skills needed to establish and maintain these types of businesses.

b. Outdoor guides: To improve essential skills like safety, communication, and recreation skills, as well as flora/fauna knowledge.

c. Nature personnel: To improve management of the forest, watershed, wildlife, and fishery resources by personnel trained: (i) to accomplish environmental conservation and restoration techniques; and (ii) to establish natural resource monitoring procedures.

d. Outdoor guides: To research and document the environmental information on local flora, fauna and nature - this information would improve visitor satisfaction and create an economic opportunity to publicize information about the environmental conditions that are unique to BiH.

e. School children: To create a greater appreciation among the Bosnian people, especially the school children, of the valuable natural resources that exist in their country.

Initial Cost 880,000KM (2005-2010)

(7) Future of the Pilot Projects

The three on-going pilot projects will survive with cooperation from the Action Plan projects.

Six Action Plan projects have been proposed to further develop the Pliva area. These project ideas originated from the pilot projects and will complement each other for the further development of Pliva tourism.

Pliva Country lodging will include 200 families by 2010 with appropriate efforts

With appropriate promotion, training, collaboration with recreational programs, and relevant institutional development, the Pliva Country Lodging pilot project will constantly grow to 200 facilities in 2010.

The Pliva Eco-house will survive with institutional and product improvement and promotion.

The Pliva Eco-House should conduct institutional enhancement, product improvement, various training and promotional activities in order to survive and uphold the image of the entire Pliva area.

Pliva sports activities should develop themselves through constant training effort.

The Pliva Sports Association should organize training to create a corps of 50-70 outdoor guides (up to international standard) by 2010. The training program should be connected with efforts towards natural resource management and others. Pliva will lead all of BiH in this training aspect.

(8) Appraisal of Action Plan

Preliminary assessment of impacts from proposed Action Plans indicates that they are in harmony with the rules of the applicable laws.

All action plans with project outlines and site-specific potential environmental impacts are first screened and preliminary assessments are conducted. No actions are planned in the Preservation zone and anticipated environmental pollutant load seems within threshold dictated by Implementation Rules stipulated by both Entities. Preliminary screening using the JICA Guidelines of the Tourism Sector is done.

Communities and CBOs will enhance their capacity by

By implementing these Action Plan projects, the managing CBOs will enhance their capability. The

managing Action Plan projects and take greater care of their environment

broad population will earn additional income through eco-tourism and become prouder of the surrounding natural habitat and culture. Monitoring air/water quality may facilitate the next actions to improve the environment.

Estimated Necessary Investment and Return by 2010

Investment for the Action Plan projects/programs is estimated at 8.73 million KM in total, 7.19 million KM for implementing the action plan projects/programs and 1.54 Million KM for continuing the pilot projects. Another 2.6 million KM is needed for accommodations and relevant facilities, which will supply 200 country lodgings and six hotels, with a total of 780 guest rooms. Total return would be 46 million KM by 2010. Estimated visitors to Velez total 95,000, including 43,000 day-trippers who do not stay over night in the area. Pliva expects longer stays from international tourists than Velez. These activities will bring about a return of 15.3 million KM per a year by 2010.

(9) Implementation Schedule

Implementation of the selected six Action Projects and programs and the continuing three Pilot Projects has to be well coordinated, and relying upon each other for creating synergy effects within the limited financial source.

- Action Projects for Tourism Product Development: all of the three selected projects are identified as leading products for Pliva Eco-Tourism, which are proposed as urgent projects for the initial short-term stage;
- Action Programs to Support Action Projects: all of the three selected programs have to be steadily implemented, based on the yearly programs from the first year of the short-term period; and
- Pilot Projects: all of the three started pilot projects from 2004 have to be continuously and steadily implemented to create a base for Pliva's Eco-Tourism. Only Pliva sports activities will need rapid implementation, particularly the improvement of the canoe/kayak center on the shore of Plivsko Lake and of the existing regatta facilities on the lake.

Table 10 below shows the short-term investment schedule for the projects/programs.

Table 10 Investment Schedule for Short-term

Unit: 1,000KM

Project and Program		2005	2006	2007	2008	2009	2010	Total
Action Project	Pliva River Trail System	0	150	600	759	0	0	1,509
	Plivab Forest Visits and Activities	96	492	405	587	770	0	2,350
	Medieval Jajce Heritage	241	781	740	0	0	0	1,762
Action Program	Rapid Air & Water Quality Monitoring	42	84	84	84	84	84	462
	Pliva Products Development & Promotion	55	28	28	58	28	28	225
	Pliva Eco-Tourism Training	130	150	150	150	150	150	880
Pilot Project	Pliva Eco-House	82	33	33	33	33	33	245
	Pliva Sport Activities	71	71	121	21	21	21	326
	Pliva Country Lodging	101	105	205	205	205	155	974

E. VELEZ AREA REVIEW AND PILOT PROJECTS

E 1 Study Area Setting of Velez

(1) Socio-Economic Situation

The South Study Area is composed of two municipalities, one in each entity.

The southeast part of the Mostar Municipality in the FBiH, and the Nevesinje Municipality in the RS make up the study area. In the Mostar Municipality only the districts of Blagaj and Podvelez are in the Study Area.

Land utilization and demographic change in the Velez Area

Land utilization and demographic change in this area are described in Table 11 below.

Table 11 Land Utilization and Demographic Change in the Velez Area

	Blagaj & Podvelez	Nevesinje
Area	211 km ² (18%)	963km ² (82%)
Agriculture land Ratio	15.1%	34.8%
Forest and Grass Land Ratio	78.9%	57.8%
Population pre-war (Early 1990s)	10,900 persons	14,400 persons
Population 2004	4,100 persons	19,000 persons
Population 2004/ Population pre-war (Early 1990s)	38%	131%

Land use is mostly for agriculture, forest, and grassland with a few urban areas. The population of the FBiH side is still 1/3rd of the pre-war levels, whereas that of RS side exceeds the pre-war level by 1/3rd.

The results of household sample surveys indicate related socio-economic information.

The results of the household sample survey indicate the following socio-economic information:

- 44% of the respondents are employed;
- Average monthly household income is 410KM;
- Many residents feel living conditions are bad;
- Respondents who see eco-tourism as a good economic engine are slightly less than those in the North Study Area; and
- 91% of the respondents are optimistic with their future economy.

(2) Natural Conditions and Environment

The Velez area belongs to sub-Mediterranean zone.

This area has a long and warm summer season with high temperatures during the day. The temperatures between the Nevesinje and Blagaj area are quite different. Annual average precipitation is more than 1,500mm. Podvelez is a highland with very strong wind, which causes dry soil and other geological formations in the area.

Springs of Buna and Bunica are numerous and are important tourism resources.

In Nevesinje, the largest and most significant watercourse is the Zalomka River, which offers fishing. In Blagaj, springs of Buna and Bunica, with large volume of water being emitted, are also important tourism resources for fishing, light rafting, and fine scenery.

The Velez area is rich in bio-diversity and many species are to be protected.

The area has substantial diversity in plants, totaling about 1,200 species and subspecies of vascular plants. Velez is called the "Herzegovina Endemic Development Center". The famous Mt. Velez rock face is ideal for technical climbing.

E 2 Analysis of the Current Tourism Situation in Velez

(1) Inbound Tourists to Velez (Roadside Interview Survey)

Traffic counts of all motor vehicles at two road junctions of Blagaj and Podvelez, and interviews of selected passengers were conducted.

The survey was conducted in order to:

- 1) Understand visitor profiles and characteristics;
- 2) Serve as a basis for forecasts; and
- 3) Provide guidance for product development and promotion.

Major findings from the survey were as follows:

- Passenger cars were dominant at 88% of all vehicles in Blagaj and 76% of all vehicles in Podvelez;
- Relatively more foreign visitors come through Blagaj (foreign 46% / domestic 54%), compared to Podvelez / Nevesinje, where domestic visitors dominate (domestic 64% / foreign 36%);
- 29% of vehicles had four passengers, 27% had two passengers, and 23% had three passengers, respectively;

- Visitors from BiH accounted for 50%, with 16% from Germany, 7% from France, 5% from Italy, and 4% from Croatia, respectively;
- Tourism was the primary reason for coming (60%), with visiting friends/relatives (VFR) accounting for 26%; and
- 65% of respondents express a desire to utilize the Eco-House for local produce/product shopping.

(2) Tourism Resources

Situation in Blagaj

Blagaj is rich in attractions, making it the most well-known tourist site/resource in this area. For this reason, a tourist route connecting Blagaj with Mostar and Medugorje has already been developed and marketed in both the domestic and foreign markets (e.g., holiday tourists in the Dalmatian Coast).

Natural Tourism Conditions in the Mount Velez Area

Although the landscape and nature of Mount Velez are splendid, there are also many similar or more spectacular resources in other parts of BiH. In order for the Velez resources to attract more visitors, it is crucially important to develop attractive activity programs that harness the existing resources and potential such as hiking, biking, and camping. Groups of Italian hunters regularly visit Nevesinje.

Village Tourism Conditions

There already exist rudimentary forms of village tourism. With some expert guidance and sophistication, these attractions can be tailored into sellable highlights of future village tourism.

(3) Infrastructure and Tourism Facilities

Access control is necessary for heritage sites to form a comfortable tourist destination.

Several heritage sites such as Blagaj town with Tekija and other historical monuments sites, Roman-medieval monument sites and a small natural lake in Nevesinje, need to introduce adequate access control systems, coping with traffic congestion, parking problems, and deteriorated environmental conditions at heritage sites.

Water use in the Velez area needs to be improved carefully, taking account of the capacity of water

Podvelez and Nevesinje in the Velez area face the issue of water scarcity, especially in the summer for local communities and agriculture. As accommodation

sources. Blagaj town has no water supply problem.

facilities expected to be developed in this area require a certain volume of water, water use for tourist facilities should be managed efficiently, taking account of suitable water exploitation methods and carrying capacity in each area.

Insufficient tourism facilities need to be augmented by adequate facilities to fit with ecotourism products to be introduced into Velez area.

The Velez area has not been developed yet with supportive tourism facilities for tourist activities such as visitor centers, outdoor recreation equipment, and attractive trails to create an enjoyable nature area and attractive restaurants with local foods or shops selling local crafts except in Blagaj. It is necessary to introduce and develop adequate supporting facilities for tourist activities when new tourism products in Velez area are developed, using mitigation methods to cut negative impacts on the environment.

Observation points for the panoramic scenery should be developed.

The Velez area has a number of points with spectacular views along major access roads where tourists can enjoy panoramic views of natural landscapes, historic quarters, and townscapes. Appropriate observation points should be developed to enhance tourism circuit formulation, where tourists can rest and enjoy the scenery.

E 3 Agriculture Analysis of Velez Study Area

Plant production of Velez varies according to community.

Just 10% of the Velez area is arable land. Blagaj produces fruits, grapes (vineyards), berries and vegetables. Podvelez has very limited production with some herbs and medical plants. Nevesinje has a bigger potential with various cereals (maize, wheat, rye, oats and barley). Potatoes also have good potential.

Nevesinje also has good potential in cattle farming, while Podvelez has problems with fodder.

In the Velez area, livestock is concentrated in Nevesinje with its good resources for fodder production. Cattle in Podvelez are primarily for milk production. However, for beef fattening, adequate fodder is missing and the total livestock (beef, sheep and goats) is considerably below pre-war standards.

<i>A fish firm has been established as a tourist destination.</i>	Norfish, a joint venture between BiH and Norway, is operating a fish farm and a fish restaurant, which made Blagaj a favorite tourist destination.
<i>Nevesinje has rich forest resources.</i>	Forestry is the most important industry in Nevesinje. Forests are mostly birch and fir without spruce, as well as secondary forests of birch.

E 4 Blagaj Historic Heritage Trail Pilot Project

Since Blagaj is located at the gate of the South Study Area, it is important to make this area, especially, the old capital of the Herzegovina, worth visiting. This project developed a trail that connects eight sites of historical significance along the Buna River. This pilot project has been implemented in order to demonstrate that the “Blagaj Historic Heritage Trail”, which was agreed by the local people, can become a sustainable business with sufficient profit, through the efforts of the community.

Table 12 Summary of Blagaj Historic Heritage Trail Pilot Project

1. Project Title	Blagaj Historic Heritage Trail Pilot Project
2. Location	This pilot project took place in the old part of Blagaj town. The project area was extended along the Buna River from its origin, down to some 800m from the stone bridge. The proposed promenade will facilitate walking tours to visit cultural heritage sites.
3. Background	The small town of Blagaj, which is now a part of the Mostar Municipality, used to be the capital city of the entire Herzegovina. The enormous water fountain of the Buna River as well as the fish restaurant close to the fountain receives some tourists even now. Selling the historic aspect of this town enhances tourism to the South Study Area.
4. Project Objectives	The objective of this pilot project is to facilitate tours of heritage areas in Blagaj and achieve sustainable tourism development.
5. Management	“The Tourism Community of the Herzegovina and Neretva Canton” is the management body, with Mr. Ramiz Basic as Manager. Even though Blagaj is just a small part of the Canton territory, the Tourist Community understands the large tourism potential of Blagaj, and eagerly undertakes this intervention.
6. Participants and Beneficiaries	There are a couple of direct employees such as the car parking guards, kiosk keepers, local tourist guides, etc. With the increasing number of visitors, cafés, restaurants, hotels, country lodges in the area would increase their revenues.

7. Main Project Tasks	Activities for this pilot project include: <ul style="list-style-type: none">- Facility construction (riverside walk, kiosk, carpark, etc.);- Installing information signs at eight heritage sites;- Procurement of equipment (for kiosk, Velegicevina's house, etc.);- Guide training and cultural seminars; and- Promotion (website, printed materials, business visits, etc.).
8. Evaluation	Because of the re-opening of the Mostar Old Bridge, Blagaj is receiving an increasing number of visitors. By November 2004, most of the tasks have been completed with two exceptions, which should be done as soon as possible: (i) paving of the riverside walk; and (ii) cultural seminars.
9. Lessons Learned	There are two lessons learned from this pilot project: <ol style="list-style-type: none">1) Development of the tourist destination is not sufficient, as close cooperation with tour companies is necessary; and2) Constriction works such as the promenade pavement take time, as such a considerable length of preparation time should be allocated to assure necessary coordination and procedure.

E 5 Velez Tourism Activities Pilot Project

Even though rich with beautiful mountain and meadow scenery and agriculture, forestry, fishery, and livestock activities, the South Study Area has not been promoted for eco-tourism. Offering modest accommodations together with various tourism activities is the first step to develop ecotourism in the area. This pilot project has been implemented in order to demonstrate that the "Velez Tourism Activities", which was agreed to by local people, can become a sustainable business with sufficient profit by the efforts of the community.

Table 13 Summary of Velez Tourism Activities Pilot Project

1. Project Title	Velez Tourism Activities Pilot Project
2. Location	Podvelez, Blagaj and Nevesinje
3. Background	A potential strategy for this area is to develop it as a favorite area for active sports, easy touring and relaxation for people of all ages, throughout the year. The project lays a foundation for the emergence of Mount Velez as a mountaineer's favorite challenge, and as a winter wonderland. The project is a first step in better presenting the heartland of Herzegovina.

4. Project Objectives	The objective of this pilot project is that project participants (local households and sports associations) generate sustainable income through country lodging and sports activity businesses.
5. Management	The Nevesinje Youth Initiative is taking care of this pilot project in coordination with the Nevesinje Municipality, various sports associations, as well as private tourism agencies.
6. Participants and Beneficiaries	Nine lodging families (two from Blagaj, one from Podvelez, and six from Nevesinje) as well as members in three hunters clubs and two fishing clubs. The project managing organization, Nevesinje Youth Initiative, itself receives visitors for mountaineering and mountain biking. A rafting association of Blagaj will join this in 2005.
7. Main Tasks	Activities of this pilot project include: <ul style="list-style-type: none">- Improving facilities and equipment for lodging homes;- Training host families and outdoor guides;- Consulting and advising on guest handling and other skills;- Improving facilities for sports activities and providing equipment; and- Conducting promotion for lodging and sports activities.
8. Evaluation	All major tasks were achieved. The lodging family training in Istria (Croatia) was highly effective. A group of sports association members was trained in basic skills for outdoor guides, creating a basis for providing some recreational services and a need for further training in the near term.
9. Lessons Learned	There are three lessons learned from this pilot project: <ol style="list-style-type: none">1) Planning and preparation of tourism products should be implemented taking customer reactions into consideration (this usually takes more than one season);2) Preparation of tourism products does not bring tourists by itself. Information delivery, through the Internet, as well as close cooperation with tourist agencies is essential.3) The Nevesinje Youth Initiative, the group that implemented this pilot project proved themselves to be a very capable organization, and may actively participate in further tourism development in the Velez area.

E 6 Milk Collection Pilot Project

Farmers in Podvelez are living on a very disadvantaged land, rocky and unsuitable for cultivation. Very little water is available for farming and living on this karsts plateau. Livestock farming is one of the very few livelihoods possible in the project area. This pilot project has been implemented in order to demonstrate that "Milk Collection", which was agreed by the local people, can become a sustainable business with sufficient profit through the efforts of the community.

Table 14 Summary of Milk Collection Pilot Project in Podvelez

1. Project Title	Milk Collection Pilot Project in Podvelez
2. Location	The community of Podvelez
3. Background	Farmers in remote areas like Podvelez have no access to agricultural markets. They have one-two milk cows each, but use the milk just for their own consumption, as nobody collected milk and brought it to dairy factories.
4. Project Objectives	The project purpose is to assist participating farmers earn additional income by selling milk. This project should collect and sell enough milk (2,000 liters a day) so that project operation will achieve sustainable management by early summer 2005.
5. Management	A farmers' cooperative named P.Z. BIOPRODUCT is implementing this pilot project. In 2003, eight farmers from Podvelez established this cooperative. Mr. Esad KOLICIC is the Manager.
6. Participants and Beneficiaries	Milk farmers in isolated villages in Podvelez participate and benefit from this pilot project. 250 farmers are expected to participate.
7. Main Tasks	The activities of this pilot project include: <ul style="list-style-type: none">- Organizing milk-cow farmers for milk collection;- Arranging veterinarian health checks of the cows;- Training farmers and milking truck operators;- Preparing a milk truck and equipment;- Installing 10 lacto freezers at five stations;- Preparing equipment for milk quality testing;- Conducting milk collecting operation; and- Conducting consultations and hygienic supervising for farmers.
8. Evaluation	All the tasks have been implemented on a small scale as follows: (i) 180 cows were medically checked; (ii) 90 farmers in Podvelez with 130 cows were contracted with this project; and (iii) 65 farmers are actively involved. They appreciate the additional income from this project. The project should expand its scale in order to make the management financially sustainable.

9. Lessons Learned

There are two lessons learned from this pilot project:

- 1) A joint collection project of farm products needs a sufficient number of participating farmers since profit and sustainability of the project are subjective to the volume of products; and
 - 2) The project should be managed in a flexible way taking risks into consideration (one project risk was that a milk company failed to bring milk from the project milk station to the factory as promised).
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F. MASTER PLAN AND ACTION PLAN FOR VELEZ

F 1 Visions and Directions of Regional Development of Velez

(1) Visions and Direction of Velez Region

Visions of the Velez Area

The Velez area will be BiH's leading ecotourism destination, not only for its rich heritages and attractive sports and nature watching on various mountains, but also with its suburban/pastoral settings and gastronomy, which is as unique as its environmental combination. The community is working with the government and offering an attractive tourism industry by adopting best tourism products, development, quality management, and marketing.

(2) Directions for Velez Regional Development

The Pillars for the Regional Development in Velez Area

According to the Regional Development Strategy of European Union Regional Economic Development (EU-RED), the Velez area belongs to one of the important regions of Herzegovina in BiH in terms of economic development, where Mostar is expected to be an economic growth center of the region, with the future economic road being Corridor Vc (Pan European Transport Corridor), penetrating BiH from the Adriatic Sea and stretching to Corridor X in the north of Croatia via Sarajevo and Zenica.

Once Mostar plays a key role in developing the regional economy, the Velez area, as a fringe area of Mostar City, is expected to be incorporated into the economic development including tourism sector. In particular, tourism flows will become more dynamic in the future based on the two strongholds at Mostar and Medugorje, where tourist flows will enable the Velez area to associate with major destinations in the Herzegovina Region.

Three Development Directions of the Municipalities

Blagaj: It will succeed in attracting excursion tourists to Mostar from Dubrovnik. The tourism-driven economy will become one of the main livelihoods of Blagaj residents. Younger and intelligent population will return to settle there and engage themselves in the tourism sector. A shortcut via Buna-place will be rehabilitated to attract direct inflows of tourists from Dubrovnik (bypassing

Mostar). Blagaj will become famous for its supply of farm produce to Mostar consumers, and the large variety of crops, vegetables and flowers, which have been increasingly grown by greenhouse farming nowadays. The network of Tekija, coupled with the Buna River promenade and the beautified Old Town will attract more tourists.

Podvelez: It will establish itself as a tourist base for nature-lovers and hikers with extended stays due to its pristine and unique highland nature setting, coupled with a diverse outdoor activity offering. A growing number of families participating in milk collection will form a stable base for Podvelez people's livelihood and for diverse interesting dairy products to be sold as souvenirs for tourists. Livestock growth is carefully maintained considering the area's capacity and available fodder.

Nevesinje: It's economy will continue to be led by agriculture and the raising of livestock, as it embraces a vast arable land and pasture. Its economy will face difficulties to recover its pre-war status, as the agro-industry and the wood processing industry bases are destroyed. However, eco-tourism will attain a certain level, reaching more than 500 rooms offering country lodging, and attracting the special interest tour market for sports and outdoor activities (including repeaters of Italian family hunters). Sports tourism facilities will increase in number and diversity. A variety of recipes from Nevesinje's organic produce and dairy products attain regional acclaim and will entertain tourists at restaurants specialized in local tastes.

Strategy 1: Tourism Product Development

The proposals provide for the creation of a variety of products designed for nature-based [Mt. Velez and Nevesinje plateau] and culturally-oriented [Blagaj] tourists.

Strategy 2: Local Awareness and Competent Marketing

Local citizen groups assisted by the Nevesinje Youth Initiative will take responsibility for the use and management of outdoor resources. Marketing strategies will target special-interest groups in BiH and abroad to attract a wide segment of visitors.

Strategy 3: Local Initiative Development

A variety of citizen groups is being tapped to take action, including groups of farmers for milk production, host families for lodging, youth groups for cleanups, and outdoor enthusiasts clubs for sports facilitation to mention a few.

Strategy 4: Sustainable Resource Use

The master plan's activities provide for beautification and land use reforms as well as cleanup and sensitization of various citizen groups. Also, cultural resources are more effectively preserved and presented for increased tourism.

F 2 Velez Area Tourism Development

(1) Development Concept of Velez Tourism

Two Strategies for Bragaj Tourism

Based on travel patterns and visitor categories, the following two strategies have been developed for Bragaj tourism:

- 1) To tailor Bragaj into a core tourism area to draw more visitors having general interests from major tourism centers (Mostar, Medugorje, and Dalmatian Coasts, etc.); and
- 2) To establish Bragaj as a mini-hub of the Study Area from where visitors will disperse to pursue desired tourist activities on their own interest.

Four Strategies for Neveshinje and Podovelez

The following four strategies are proposed for Nevesinje and Podvelez based on travel patterns and visitor categories:

- 1) To develop a series of educational and interesting eco-tourism programs and products (making full use of all available resources);
- 2) To prepare indispensable basics for eco-tourism development;
- 3) To initiate consolidation promotion activities covering the whole area toward target markets; and
- 4) To create unique local dishes/cuisine.

Figure 2 shows the structure of the Velez master plan projects.

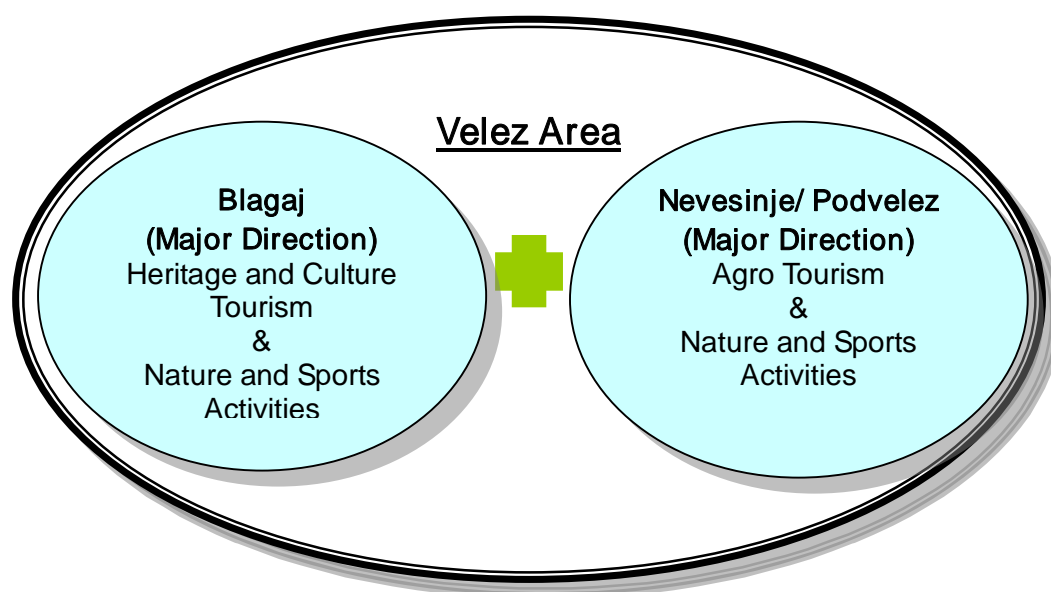


Figure 2 Structure of the Velez Master Plan Project

(2) Nature and Sport Tourism

Preparing the trail systems and outdoor facilitators to offer high quality sports and recreational services for tourists and sports enthusiasts.

The master plan provides a framework to assist the three communities to derive increasing economic benefits from: (i) installing physical infrastructure such as trails on Mt. Velez and in the meadows; (ii) offering expert guiding services of recently trained specialist guides; and (iii) establishing micro-businesses and associations with proper equipment and grounding in the basic skills of visitor safety and hospitality, as well as some specialty skills. The Velez area will emerge as a health and fun-oriented destination once a few of these activities become popular in the marketplace.

(3) Agro-Tourism in Velez

Agro and forestry tourism consists of three sub-categories:

- 1) Eco-House
- 2) Farm Visit; and
- 3) Gastronomy Corridor.

In order to facilitate additional income generation for farmers, the master plan proposes the following tourism products to better connect farmers to tourism activities.

Eco-House: This is one of the pilot projects that the JICA Study Team has supported in the Pliva area. This project can work in the Velez area to support the farmers to develop commercial farming.

Farm visit: Farm visits are an agro-tourism program that receives visitors at farms. Tourists can enjoy various farming activities and country life as a recreation. Three communities in Velez can offer various farming experiences.

Gastronomy Corridor: Since diversified food items are available in Velez such as fruits, vegetables, crops, dairy products, meat, fish, wine, beer, and rakija, visiting these farms and local food restaurants can be a good attraction for tourists.

(4) Velez Cultural Heritage Tourism

The Velez area offers a variety of resources for culturally motivated travelers including Blagaj town and Stjepan Castle, the Ottoman forts overlooking Mostar, plus some minor stone objects in Nevesinje.

The town of Blagaj and the Herzeg Stjepan Castle are the hallmarks of Herzegovina, and together form a high quality tourist experience. The Ottoman lookout forts and scenic drives around Podvelez and Nevesinje perfectly complement Blagaj, so that travel agencies can organize packages for different types of nature and culturally-motivated tourists. The natural resources, cultural resources, excellent touring logistics, and capable travel trade centered in Mostar all contribute to the promising offer of travel and sports products in this area.

F 3 Agriculture Development in Velez

Blagaj has advantages in growing fruits and vegetables.

Blagaj, with its warm and semi-Mediterranean climate, is well-suited for fruit and vegetable production either in open fields or in greenhouses. Grapes, apples, peaches, and even kiwis can grow here.

Podvelez needs livestock farming with higher productivity

Podvelez has little available land, with only livestock (cows and sheep) and harvesting of herbs and medical plants (to a lesser extent) offering income-earning opportunities. Processing milk products could add value to raw milk.

Nevesinje has good advantages for large-scale agriculture

Nevesinje is on a plateau and has excellent agricultural prerequisites for large-scale farming (grain, corn, potatoes, seed potatoes, etc.) and livestock production.

Establishment of marketing

Since the purchasing power in the Velez area is rather

channels is important.

limited, farmers are interested in selling their products at weekly markets in Nevesinje, Vrbacici, and Mostar. Organizing an Eco-kuca (like in the Pliva area), along the main M17 route will be very effective access to market.

Farm visit for various experiences and foods may attract tourists.

A farm visit for fruit harvesting, sheep shearing, bee keeping, herb picking, milking, and cheese making, as well as farm lunches and lavender farm trips will attract tourists from urban areas and initiate agro-tourism in Velez.

Gastronomy tourism has potential.

Since the Velez area is rich with local foods, gastronomy tourism encapsulating local food restaurants, winery/brewery visits, and improved local weekly markets would appeal to tourists.

F 4 Tourism Resource Management in Velez

(1) Community Initiatives in Resource Conservation

Numerous initiatives were proposed, with several launched for resource conservation

These include sensitization of students, youths, and other groups, as well as town beautification, tree planting, cleanup, training of guides and resource monitors, and other initiatives.

(2) Natural Environmental Management Plan

Two Proposed National Environmental Management Strategies for Velez Area

Two natural environmental management strategies for the Velez area were proposed as follows:

Strategy 1: Strengthen conservation of diversified vulnerable natural resources;and

Strategy 2: Establish “Collaborative Environmental Management Bodies”.

The proposed content for these strategies are as follows:

- Formulating environmental management bodies;
- Formulating environmental management measures;
- Designing natural environmental management guidelines for the Study Area; and
- Proposing important environmental

management activities:

- Town beautification (garbage collection and flowering) and tree planting as an Action Plan; and
- Wildlife monitoring.

(3) Proposed Ecological Zones

Proposed Ecological Zones for the Velez Region

Proposed ecological zones for the Velez Region are divided into the following zones: (i) several “Conservation Zones”; and (ii) one “Authorized Conservation Zone”, acting as a buffer zone for the core zone. Development allowable zones vary for each municipality (from 30% to 18% of the total municipality land).

(4) Urban Environmental Management Plan

Encourage local environmental management initiatives by relevant actors concerned - citizens (CBOs), private enterprises, and the municipal government

Environmental protection in the Velez Region will be achieved through collaborative actions among citizens (CBOs), private enterprises, and the municipal government. To counter the most imminent threat of degrading river water quality and a deteriorating landscape, littered with disposed solid wastes in the countryside, the enhancement of citizens’ awareness to reduce (solid and waste water) emissions will be most effective. In each municipality, strengthened monitoring capacity for ambient water and the land pollution from garbage is necessary. This can be accomplished through enhanced dialogue and communication among the actors concerned - CBOs, private enterprises and the municipal body.

Ecological zoning mandates and controlled use of land strips on both sides of the Buna River

Lacking full environmental management capacity at the municipal level, it is more practical to strengthen the role of the municipal urban department in reviewing applications for building permits, so that potential impacts from waste effluents and solid waste emissions can be minimized. Strips of land on both sides of the Buna River have been identified as being vulnerable to further development.

(5) Management of Heritage Resources

The area's heritage monuments must be properly preserved and presented to the traveling public on a sustainable basis

The old buildings and monuments in the area need to be managed to handle increasing visitor flows and be equipped with multilingual information to provide meaningful value for the growing numbers of visitors. Some physical works have been proposed for the heritage buildings, as has the creation of a *Friends of Blagaj* NGO to serve as a monitor for the antiquities.

F 5 Marketing and Promotion of Velez Tourism

Potential has been identified for several types of tourism products and matching market segments.

- Cultural tourism products (Blagaj, Tekija, and the Stjepan Castle).
- Deeper cultural interest for Ottoman lookouts in Podvelez, linked further with Pocitelj and Stolac;
- Family-oriented attractions, mainly for the domestic market, the BiH diaspora on home visits, and foreign expatriates in BiH (activities include picnic, recreation, scenic stroll/discovery, easy/light sport, fishing, etc.); and
- Nature-based activities including:
 - Hunting for niche enthusiast clientele;
 - Velez mountain climbing/trekking;
 - Soft adventure (para-gliding and hang-gliding); and
 - Caving for deep special interest.

The framework for optimal promotion channels has been recommended:

The following actions have been recommended to take in order to promote the tourism products above.

- Close collaboration with tour operators in BiH as well as in its Balkan neighbors;
- Aggressive approach to clubs, associations of various interests (sports, fraternities, cultural or academic, etc.) in BiH and all across Europe;
- Solicitation of travel guidebook listings in major West European markets;
- Promotion of winter sports and holidays, and
- Active approaches for the BiH diaspora in Western Europe and the Americas, fully utilizing “word-of-mouth” recommendations.

F 6 Infrastructure and Tourism Facilities in Velez

(1) Accommodation

Accommodations Development Direction

Blagaj area: Utilizing the richness of the river environment of the Buna River and the cultural heritage represented by Tekija, accommodations such as motels, pensions, and other *small-to-medium scale* facilities could be provided along the waterfront area, avoiding riverbank deterioration, while taking into consideration the need for harmonious design, integrated with the river landscapes.

Podvelez area: *Small-scale tourist accommodations* including farm stay and guesthouse types would be suitable to accommodate tourists, who enjoy hunting and mountain recreation, taking into account the harmonious development of facilities with the environment and the capacity limitations from the available water sources.

Nevesinje area: Nevesinje would give good opportunities to develop farmer's guesthouse within a harmonious rural landscape, as one of the best potential and traditional styles of accommodation for international tourists such as hunters and nature recreationalists. Also, some other mountain lodges for rock-climbing, hunting, trekking, and skiing in winter seasons could be developed in potential nature areas.

Accommodation Development Targets

The framework for mid-term (2010) and long-term (2015) accommodation facilities is shown in the table below. This framework takes into account an appropriate balance between hotel establishments and other accommodation facilities, including country lodging, which need to be encouraged in the Velez area.

Table 15 Velez Accommodation Development Targets

EU Category	Item	2004	2010	2015
Hotel Establishments	Facilities	3	10	20
	Room	64	200	400
Other Establishments	Facilities	(15)*	100	200
	Room	(46)*	400	600
Total	Facilities	3	110	220
	Room	64	500	1,000

*Constructed by the Pilot Project of this study.

Country Lodging Program

This program will bring business and generate income for 10 local families, expanding from this base in future years to include additional homes across the region. The proposed programs are itemized as follows:

- Country Lodging Expansion Program;
- Hospitality Business Capacity Building Program;
- Institutional Building and Consolidation Program;
- Market and Promotion Program;
- Ensuring Quality Management of Country Lodging; and
- Associated Program for Sanitary Improvement.

(2) Access and Transportation Improvement

Access Road Improvement

Several access roads to major destinations in the Velez area are proposed for improvements, adopting adequate technical specifications for roads (including those for pavements, sidewalks, etc.) in the following places:

- Tekija, Buna Fountain as mall system (6.0 km-Blagaj);
- Stjepan Castle (1.0 km-Blagaj);
- South Access to Village Center (7.0 km-Podvelez);
- Velez Mountain (14.0 km- Podvelez);
- Castles (Mali Grad, etc.) (8.0 km- Podvelez);
- North Access to Mostar from Village (14.0 km- Podvelez);
- Nevesinje Lake (1.0 km-Nevesinje); and
- Dilijenovo Lake (7.0 km-Nevesinje).

Access Control and Traffic Management in Destinations

The following major destinations in the Velez area have been proposed for the introduction of access control and traffic management:

- Blagaj Old Town including Stephan Castle (Blagaj); and
- Dilijenovo Lake from Culijci (Nevesinje).

Panorama Viewpoint Development

The following candidates in the Velez area are proposed for the introduction of Panorama Viewpoint Development:

- Location on Route M6-1 - able to view Stephan Castle and Blagaj with Buna River (Blagaj);

- Location on Local Roads (zigzag slopes) - able to view Mostar City, along with the Neretva River (Podvelez); and
- Location on Route M6-1 - able to view Nevesinje Town (Nevesinje)

F 7 Institutional & Human Resource Development

Implementation of the master plan will require the participation of several institutions and will depend on coordinating efforts of the HTC and Nevesinje Youth Initiative to tap and steer these resources.

As the lead organizations, the HTC and NYI will need to appoint liaison officers and stage occasional *ecotourism roundtables* as well as meetings, where stakeholders can confer to discuss progress and strategies. They will need to ensure communications, not only with local and central government bodies, but also with numerous CBOs and even the donor agencies (many of which are active in Herzegovina, running programs related to rural development and tourism). Officers of these organizations will undergo training in better business management methods, skills for the hospitality industry and will work closely with the country lodging families and sports associations managing the trail systems and running sports and recreational services.

The master plan creates a hospitality culture among the local community members to prepare them for the offering of high-quality services demanded by today's travelers.

The master plan presents a framework for developing capacities among outdoor guides and tour guides, tourist service providers, and the directors of the numerous participating CBOs and two municipalities in the Velez area. All have expressed a strong interest in building up high quality services for tourism, by tapping the economic benefits and by working together to accomplish this. There is recognition that success will require adoption of a new business ethic based on free-market principles.

F 8 The Master Plan and Action Plan

The master plan consists of 47 projects and programs [Table 16]

These proposals represent different types of product development activities and functional support activities making the best use of: (i) the region's exceptional Mount Velez; (ii) agro and forest resources of the Nevesinje Valley; and (iii) the landmark Herzegovina heritage resources focused in and near Blagaj.

Logically rooted in the vision and development concept for Velez tourism

The proposals of the master plan all embody the vision stated in F1, and are derived from the development concepts of F2. They include the continuation of the Blagaj Historical, Village Tourism and Podvelez Milk Pilot Projects launched in 2004 with substantial community backing

Development based on the creation of marketable products through the sustainable use of resources

The plan calls for the development over the coming years of a range of nature-based tourism products calling for heavier use of natural and cultural resources. The resource-based measures ensure improved condition of the mountain and valley environment along with rising recreational uses. Growth will be fully compatible with conservation.

Six projects have been selected against five criteria for inclusion in the Action Plan in addition to the three pilot projects.

Out of 47 projects proposed for the master plan [Table 16], six projects [Table 17] have been selected for the Action Plan per five criteria [Table 18]. A scoring method using criteria and sub-criteria was used to grade each project and to create a ranking of them all for the selection step.

Lessons learned through the implementation of the pilot projects have been taken into consideration in formulating the master plan.

Lessons learned through implementation of the three pilot projects in the Velez area (mentioned in "8. Evaluation" of E4, E5, and E6) have been incorporated into the master plan.

Table 16 Proposed Master Plan Projects

Project/Program Category		Project [Action plan elements in bold letters]	
TOURISM PRODUCTS	VELEZ Cultural Heritage Tourism	VH-1) Blagaj Historic Trail	
		VH-2) Podvelez Forts Visit	
		VH-3) Nevesinje Necropolis Visit	
		VH-4) Cultural Events (folklore fest, Islamic memorial day)	
	VELEZ Agro-tourism	Eco-house	VA-1) Product Improvement
			VA-2) Sale of Local Products
			VA-3) Eco-tourism Information Service
		Farm Visit	VA-4) Farm Lodging
			VA-5) Fruits Picking
			VA-6) Sheep Searing
			VA-7) Bee Keeping & Herb Picking
			VA-8) Milking & Cheese Making
			VA-9) Farm Food Service (for lunch or tasting of local food)
VA-10) Lavender Farm Trip			
Gastronomy Corridor	VA-11) Winery & Brewery Visit		
	VA-12) Local Food Restaurant Network		
	VA-13) Improvement of Local Weekly Market		
VELEZ Nature and Sports Activities	VN-1) Nature and wildlife observation		
	VN-2) 4WD tour up & around Mt.Velez		
	VN-3) Horse back riding		
	VN-4) Mountaineering		
	VN-5) Fishing		
	VN-6) Hunting		
	VN-7) Mountain biking		
	VN-8) Rafting		
	VN-9) Sports Events (Nevesinje Olympic)		
	VN-10) Football for club training?		
SUPPORTING PROGRAM	Tourism Resource Management	VR-1) Supporting the water quality monitoring	
		VR-2) Tree Planing	
		VR-3) Town Beautification Campaign	
		VR-4) Protected areas management system	
		VR-5) Environmental management guideline for visitors	
		VR-6) Historic preservation of registered monuments	
	Marketing & Promotion	VM-1) Product Development with Tour Operators	
		VM-2) Contact to Clubs/Associations	
		VM-3) Web-site Maintenance	
		VM-4) Tourism Fair Participation	
		VM-5) Promotional material development	
	Facilities & Infrastructure	VF-1) Accommodation	
		VF-2) Road signage	
		VF-3) Roadside view observatory	
		VF-4) Transportation	
Institutional & Human Resource Development	VI-1) Velez Tourism Committee		
	VI-2) Training of guiding, hospitality, safety, environment		
	VI-3) Nomination of great skill holders		
	VI-4) Training of Forest Guards		
	VI-5) Loan guarantee for small tourism/agro business		


 Pilot Projects and actions supported by JICA during Study period

Table 17 Criteria for the Selection of Action Plan Projects

	Criteria	Sub-criteria	
1	Relevance	Consistency with Development Approach	Urgency
2	Economic Development	Economic Impact	Job Opportunity
3	Social Development	Solidarity and Collaboration	Poverty and Gender
4	Tourism Resource Management	Contribution to Environmental Improvement	Contribution to Historic Conservation
5	Project Maturity	Fund Availability	Managing Organization

Table 18 Selected Action Plan Projects

	Name of Project/Program for Action Plan	Code No.* ⁽¹⁾	Project/Program Category
1	Cultural events in Blagaj	VH-4	Velez Cultural Heritage Tourism
2	Farm visit (including farm lodging, fruit picking, sheep shearing, bee keeping, herb picking, milking and cheese making, as well as farm food service)	VA-4 VA-5 VA-6 VA-7 VA-8 VA-9	Velez Agro Tourism
3	Nature and wildlife observation (including 4WD tours up and around Mt. Velez, and horse back riding as a means of transportation)	VN-1 VN-2 VN-3	Velez Natural and Sports Activities
4	Tree planting together with a town beautification campaign	VR-2 VR-3	Tourism Resource Management
5	Product development and promotion program	VM-1 VM-2	Marketing & Promotion
6	Human resource development for eco-tourism	VI-2 VI-3	Institutional & Human Resource Development

*⁽¹⁾ Code numbers are explained in Table 16

F 9 Outlines of the Priority Projects

(1) Detailed Plan of Blagaj Cultural Events [VH-4]

Goals To establish Blagaj as a popular cultural destination presenting Herzegovina culture and entertainment options to stimulate its local economy.

Objectives

- To increase revenues and employment related to the food, beverage, entertainment and souvenir activities.
- To increase the number and quality of events and the reliance on local talent and resources.
- To improve the management of events drawing large crowds by improving visitor handling and traffic management.

Location Blagaj

Tasks and Schedule 2005, 2006, and 2007:

- a. Creation of NGO *Friends of Blagaj* in 2005
- b. Improved events management from 2005 with new procedures and facilities;
- c. Scheduling of guided walking heritage tours from 2006 in Bosnian and English;
- d. Hiring of street entertainers for the 2005 peak season and beyond;
- e. Velagicevina café-house upgrade in 2006 for expanded operations;
- f. Procurement of mobile performance equipment to stage new events in 2006; and
- g. Introduction of newly themed events on agro, cultural themes or celebrating local products ongoing.

Initial Cost 72,000KM (2005-2008)

(2) Detailed Plan of Velez Farm Visit [VA-4 to 9]

Goals To augment the income of farmers adding to the sustainability of year-round operations, and diversifying their income from sources of “entertainment agriculture”.

Objectives

- To combine commercial and subsistence farming with agro-tourism;

- To make farmers familiar with new, but sustainable income generating programs like agro-tourism; and
- To preserve the local environment, while using agro-tourism activities for increased commercial and recreational purposes.

Location

Velez, whole area

Tasks and Schedule

Short-Term Measures up to 2010:

- a. Setting up management;
- b. Organizing pilot farms;
- c. Training guest handling;
- d. Conducting Marketing and promotion;
- e. Improving products including the quality, grading and packing, labeling, and branding;
- f. Professionalizing cheese production through more efficient technology and new cheese varieties; and
- g. Professionalizing product marketing.

Long-Term Measures after 2015:

- a. Increasing the number of participating farmers;
- b. Attracting investment for expanding business; and
- c. Improving the marketing of the area and of the local traditional products, as well as organizing international fairs like Slow Food.

Initial Cost

32,000KM (2006)

(3) Detailed Plans for Velez Nature Observation [VN-1 to 3]

Goals

To efficiently establish connections between numerous sports and recreation activities in order to achieve both economic and environment benefits.

Objectives

- To improve and facilitate visitor satisfaction of recreation and sports activities in the Mount Velez area;
- To create recreation facilities and signage, and to improve infrastructure, which will directly contribute to economic development of the area;
- To implement trash collection and pollution prevention measures; and

- To use the environmental-friendly transport system to observe the area's natural resources.

Location

Blagaj, Podvelez, and Nevesinje

Tasks and Schedule

Short-Term Measures up to 2010:

- a. Cooperative agreements (2006): agreements with the Mine Action Center, the Lumber Camp Velez and other private land owners;
- b. Mount Velez scenic road and trail (2007-09): the existing road to the summit will be surveyed and improved;
- c. Lumber Camp Velez Road System (2007-2009): this includes road condition surveys and recreation facilities development (shelters, picnic tables, etc.);
- d. Zalomka and Buna River Trails (2007-2009): identification of attractive sport fishing locations, access trail and fishing platforms construction; and
- e. Heritage Trails (2007-2009): an ancient Roman and Ottoman Caravan Route, a circular route and trail will be developed.

Long-Term Measures after 2010:

- a. Visitor center design and construction.

Initial Cost

1,675,000KM (2007-2009)

(4) Detailed Plans for Town Beautification and Tree Planting

Goals

To improve tourism site images in the Velez Study Area by cleaning up scattered garbage and flower planting at the main tourism sites of each municipality and by conducting small-scale tree planting in a Blagaj mountainous area.

Objectives

- To reduce scattered garbage along the main road from Blagaj to Nevesinje;
- To create a small-scale green area at a Blagaj mountainous area; and
- To enhance environmental awareness of the local people.

<i>Location</i>	Blagaj, Podvelez, Nevesinje residential areas and Blagaj mountainous area (1 ha.)
<i>Tasks and Schedule</i>	<p>Short-Term Measures up to 2010:</p> <ol style="list-style-type: none">Town Beautification (garbage collection – twice a year; flower planting – once a year; and environmental seminars: twice a year); andTree Planting (preparation, planting and monitoring/maintenance - two years). <p>Long-Term Measures after 2010</p> <ol style="list-style-type: none">Continue the above town beautification activities; andConsider expansion of the tree planting area and greater involvement with local peoples/visitors for tree planting.
<i>Initial Cost</i>	436,500KM (2006-2010)

(5) Detailed Plan of Velez Product Development & Promotion [VM-1 & 2]

<i>Goals</i>	To create the permanent capability to package the Velez travel products and promote them in the marketplace.
<i>Objectives</i>	<ul style="list-style-type: none">To stimulate sports and nature-based tourism to the Nevesinje and Podvelez areas of Mount Velez by getting tour operators to sell their products; andTo stimulate demand for related travel services like lodging, food, crafts, and entertainment.
<i>Location</i>	Mount Velez area
<i>Tasks and Schedule</i> <i>(Hire the promotion captain, create the packages catalog, add German to the website, initiate outreach with sports clubs, contact auto clubs, contact guide book publishers, and conduct sales trips)</i>	<p>To Start in 2005/6:</p> <ol style="list-style-type: none"><u>Hire promotion captain</u>: A bilingual person from one of these associations will be hired part-time for dealings with international tour operators and sports clubs.<u>Velez packages catalog</u>: A compilation of complete descriptions for packages for fishermen, canoe/kayak teams, hikers, sports clubs, and culture visitors (with costs, sports information, and booking information). Trilingual Bosnian, English and German materials will be produced, while electronic versions will be available for downloading from the website.

c. German language: The Addition of German sections to the www.veleztourism.ba website, and printing of German language brochures.

d. Sports clubs outreach: The captain will contact fishing, canoe/kayak, and mountaineering clubs in ex-Yugoslavian cities, as well as German-language nations, and will make two sales trips [see item 7 below].

e. Auto-Clubs outreach: The captain will target auto-clubs of German-speaking and Eastern European nations.

f. Guidebooks outreach: The captain will send promotional information to guidebook publishers for inclusion in the guidebooks.

g. Sales trips: The captain will plan in advance two sales trips to Sarajevo, Zagreb, Belgrade, and Ljubljana to promote the Velez packages with PowerPoint presentations.

Initial Cost 225,000KM (2005-2010)

(6) Detailed Plan of Velez Eco-Tourism Training [VI-2 & 3]

The goal of this project To develop capacities to serve as guides, provide guest services, conduct tourist business operations, and perform environmental management functions up to international standards.

Objectives

- 1-increase professionalism of guides and other service providers that are hosting the visitors
- 2-improve understanding and management of natural resources among the guides, service providers, and managers involved in tourism.
- 3-improve the collection of environmental information to track changes and effects.

Location Mount Velez area

Tasks and Schedule (2005 for program formulation, funding, basic guide skill training; 2006 for basic and specialized guide skills; and 2007 for expanded curriculum and added target trainee populations)

a. Service providers: To learn essential tourism business and hospitality skills needed to establish and maintain these types of businesses.

b. Outdoor guides: To improve essential skills like safety, communication, and recreation skills, as well as flora/fauna knowledge.

c. Nature personnel: To improve the management of the forest, watershed, wildlife, and fishery resources by personnel trained: (i) to accomplish environmental conservation and restoration techniques; and (ii) to establish natural resource monitoring procedures.

d. Outdoor guides: To research and document environmental information on local flora, fauna and nature – this information would improve visitor satisfaction, and create an economic opportunity to publicize information about the environmental conditions that are unique to BiH.

e. School children: To create a greater appreciation among the Bosnian people, especially the school children, of the valuable natural resources that exist in their country.

Initial Cost 880,000KM (2005-2010)

(7) Future of the Pilot Projects

The three on-going pilot projects will survive with cooperation from the Action Plan projects.

Six Action Plan Projects are proposed for the further development of the Velez area. These project ideas were derived from pilot projects and they will complement with each other for the further development of the Velez tourism.

The Blagaj Historic Trail will be succeeded by the Blagaj Cultural Event Action Plan Project.

An Action Plan project, the “Blagaj Cultural Events”, will directly succeed the Blagaj Historic Trail pilot project and further develop spending opportunities for visitors.

Country lodging and sports recreation will be expanded in combination to enhance Velez tourism.

The number of country lodging families will grow to 100 by 2010, with increasing recreational activities. Various guides and sports activities will be available for visitors in order to facilitate spending opportunities.

The milk collection project will become sustainable by expanding its milk handling volume.

A milk collection project should expand the volume of milk handling so that management can become financially sustainable. This model can be duplicated in the other areas also. P.Z BIOPRODUKT can organize agro-tourism in the future.

(8) Appraisal of Action Plan

Preliminary assessment of impacts from proposed Action Plans indicate that they are in harmony with rules of the applicable laws.

All Action Plan projects with project outlines and site-specific potential environmental impacts are first screened, with preliminary assessments are conducted. No actions are planned in the preservation zone and the anticipated environmental pollutant load seems within thresholds dictated by the implementation rules stipulated by both Entities. Preliminary screening using the JICA Guidelines of the Tourism Sector has been done.

Communities in Velez will receive positive impacts in economic, psychological, and institutional aspects.

The Action Plan projects will generate additional income for many households without any significant change in their lives. Residents become more conscious about their environment, and become prouder of their culture and way of living. CBOs as management bodies of the Action Plan projects, may build their institutional capacities. Collaboration among CBOs and beyond entity borders will be facilitated.

Estimate Necessary Investment and Return by 2010

Investment for the Action Plan projects/programs is estimated at 3.77 million KM in total, 0.45 million KM for its continuation and 3.32 million KM for its implementation. Another 4.40 million KM is needed for accommodations and relevant facilities, supplying 100 country lodgings and ten accommodation facilities with a total of 500 guest rooms. Return would be 26 million KM by 2010. Estimated visitors to Velez are 420,000, which include 360,000 day-trippers, who do not stay overnight in the area. These activities will bring about a return of 26.0 million KM per a year by 2010.

(9) Implementation Schedule

Implementation of the selected six Action Projects and program and the continuing three Pilot Projects has to be well coordinated to create synergies within the limited financial sources available.

- Action Projects for Tourism Product Development: all of the three selected projects are identified as leading products for Velez Eco-Tourism, which are proposed as urgent projects for the initial short-term stage;
- Action Programs to Support Action Projects: all three selected programs have to be steadily implemented based on yearly programs from the first year of the short-term period; and

- **Pilot Projects:** the Blagaj Historical Route pilot project will be transferred to “Blagaj Cultural Event Action Program”, while the Podvelez Milk Collection pilot project will be continued and operated without additional support from P.Z.BIOPRODUKT. Only the Velez Village Tourism pilot project will continuously need financial support to develop and establish village tourism products within the short-term period.

Table 19 below shows the short-term investment schedule for these projects/programs.

Table 19 Investment Schedule for Short-term

Unit: 1,000KM

Project and Program		2005	2006	2007	2008	2009	2010	Total
Action Project	Blagaj Cultural Event	10	36	16	10	0	0	72
	Velez Farm Visit	0	32	0	0	0	0	32
	Velez Nature Observation	0	0	650	775	250	0	1,675
Action Program	Velez Town Beautification and Tree Planting	0	125	78	78	78	78	437
	Velez Products Development & Promotion	55	28	28	58	28	28	225
	Velez Eco-Tourism Training	130	150	150	150	150	150	880
Pilot Project	Velez Village Tourism	51	55	105	105	105	30	449
	Blagaj Historic Heritage Trail	Transfer and join to Blagaj Cultural Event						
	Podvelez Milk Collection	Continuously operated by P.Z. BIOPRODUKT						

