

Sveto Živković

# SUSTAINABLE RURAL TOURISM IN MONTENEGRO

Guidelines for prospective development



PHOTOGRAPH BY

*Vašo Knežević*  
BOBOVO

*Sveto Živković*

# **SUSTAINABLE RURAL TOURISM IN MONTENEGRO**

Guidelines for prospective development

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## **LIST OF ABBREVIATIONS**

EBRD – The European Bank for Reconstruction and Development  
EFTA – The Central European Free Trade Agreement  
EIB – The European Investment Bank  
EU – European Union  
CEFTA – The Central European Free Trade Agreement  
GDP – Gross domestic product  
GDP/pc – Gross domestic product per capita  
GDI – Gender Development Index  
GEM – Gender Empowerment Measure  
GHG – Greenhouse gas emission  
IPARD – Instrument for Pre-Accession Assistance in Rural Development  
HDI – Human Development Index  
HPI – Human Poverty Index  
IBA – Important Bird and Biodiversity Area  
IFAD – The International Fund for Agricultural Development  
IRF – Investment-development fund  
LAG – Local action groups  
LEADER – Links between actions for the development of the rural economy  
MICE – Meetings, Incentives, Conferences, Events  
MIDAS – Montenegro Institutional Development and Agriculture Strengthening programme  
MONSTAT – Statistical Office of Montenegro  
NATO – North Atlantic Treaty Organisation  
NP – National park  
NRDM – Network for Rural Development of Montenegro  
NSSD – The National Strategy for Sustainable Development of Montenegro  
NTO – National Tourism Organisation  
OECD – The Organisation for Economic Co-operation and Development  
PESTEL – Political, Economic, Social, Technological, Environmental and Legal analysis  
PER – Program of Economic Reforms  
RDA BKP – Regional Development Agency for Bjelasica, Komovi and Prokletije  
RP – Regional Park  
RTD – Research, Technology and Development  
SEE – South East Europe  
SWOT – Strengths, Weaknesses, Opportunities, and Threats  
UAA – Utilised agricultural area  
UN – United Nations  
UNESCO – The United Nations Educational, Scientific and Cultural Organisation  
UNDP – The United Nations Development Programme  
UNWTO – The United Nations World Tourism Organisation  
WTO – The World Trade Organisation

## **Review by Elena Marulc, PhD**

In this study written in detail, Sveto Živković comprehensively represents the possibilities of sustainable development of rural tourism in Montenegro. The topic discussed in this book is significant for the development of tourism in Montenegro in general. Recent official statistic data show the implementation of sustainable development in diverse tourist destinations around the world. The development of sustainable rural tourism in Montenegro as a destination with beautiful nature is strategically necessary.

The author of the monograph highlights fundamental definitions of rural tourism, enhanced by the inclusion of sustainable development, emphasizing the importance of tourist satisfaction and the desecration of natural and cultural heritage. He also emphasizes the need to improve the existing situation of rural tourism in Montenegro and stresses the issues related to the inadequately developed infrastructure and the lack of investment in the environment, focusing on the central and northern region, one of the most underdeveloped areas of the country. His in-depth professional analysis has shown that development of sustainable rural tourism in Montenegro is unfortunately reflected in less favourable economic, social, and environmental indicators in rural areas.

From the author's analysis, it is concluded that in the last decade Montenegro made significant progress in the regulation of rural development, but still the tourism industry and government must ensure a balanced sustainable development of rural tourism overall. Due to its great importance, the author devotes special attention to the structure of accommodation capacities. In accordance with the current Tourism Development Strategy in Montenegro, the author deals with the development of quality and diversified accommodation offers, and predicts the increase of tourist services in rural areas, and demand for recruiting additional workforce. The lack of unskilled staff and inadequately educated population in rural areas are still a big challenge for the country.

In order to ensure efficiency of sustainable development of rural tourism in Montenegro, the author in the last chapter of the study presents the vision and new opportunities as guidelines for prospective development. Mr. Živković completes the first all inclusive, in-depth monograph in this area of consideration, and therefore I am convinced that the book would be interesting and useful to the tourism economy, government, governmental organisations, professors and students, and all those interested in the field of sustainable development of rural tourism.

*Elena Marulc, Assistant Professor for Tourism at the Faculty of Commercial and Business Sciences, Celje, Slovenia*

## **Review by Milka Rajković Mitrović, PhD**

The book by the author of Mr. Sveto Živković is the first comprehensive work in which the author made efforts to present the genesis of the development of sustainable rural tourism of Montenegro.

Although it is a comprehensive procedure, which includes the study of this type of tourism in the central and northern region, as the most underdeveloped areas of the country, we have an in-depth analysis that brings a lot of studious details and a thorough knowledge of the facts with future pre-conditions for the development of sustainable rural tourism in Montenegro. The author of the book made great efforts to describe the socio-cultural, economic, technological, environmental and institutional context that leads to the development of sustainable rural tourism in Montenegro. Also, Mr. Živković describes a resistance to the development of the sustainability of rural tourism overall, which, sadly, is not deprived of the current state, despite the adoption of significant legal and strategic regulations in Montenegro.

The author shows a significant knowledge of the topic of the conceptual approach to the development of sustainable rural tourism in general. In this regard, I emphasize that this study should be read not only by domestic authors from economic sciences, but also by all stakeholders in the process of rural tourism development for its further improvement in Montenegro. In the end, I would recommend this book to students and young researchers in the field of tourism and hospitality industry in Montenegro as a guide for their further study contributions.

*Milka Rajković Mitrović, Senior Adviser, Department for nature protection, monitoring, analysis and reporting, Environmental Protection Agency of Montenegro*



*To my parents, grandparents and to my future.*

# 1 INTRODUCTION

This book was created to provide an insight into the current state of the development of rural tourism and its sustainability in Montenegro. Even though as a small country, Montenegro has a great potential for the development of sustainable rural tourism. According to the data available in the professional literature on the conceptual development of sustainable rural tourism in Montenegro, this topic was mostly dealt with by a small number of domestic authors. Their focus was on the current external analysis and comparison instead of the deep internal research of rural tourism in underdeveloped regions of Montenegro. The potentials of rural tourism in Montenegro are also evident from the statistical data of local tourism organisations, where the trend of increasing number of tourists in rural areas is recorded from year to year. On the one hand, this can serve as an initiator for further progress, but it can also be an indication of the necessarily corrections within the development of sustainable rural tourism.

For this reason, as the central theme of this book, the current legal and strategic norms of regional development and rural sustainable tourism in Montenegro are analysed. The elementary basis of work, imposes the need to proclaim the characteristic of the central and northern part of Montenegro as the less developed regions, in order to propagate the chances for a more contemporary formation of an embraced unique offer to improve tourist efficiency. Another reason to improve the rural tourism in Montenegro is the fact that this type of tourism offer represents a good indicator of sustainable development and environmental protection, despite the current state of poor infrastructure, project and environmental investments.

Montenegro has significant regional differences in the level of development, which leads to restrictions in terms of social improvement and the use of natural resources. The demographic structure of the population, the poverty rate and underdevelopment of the infrastructure in the northern and central region significantly lag behind the overall development of the southern region (Milanović, Radojević and Škatarić, 2010, p. 33). The basic for creating strategies for the future development of sustainable rural tourism in Montenegro should be the tendency to reduce regional inequality, improve living conditions, assimilation of approach to its planning and organisation and of course the use of all comparative advantages of rural areas through sustainable development (Milanović, Radojević and Škatarić, 2010, p. 33; Bećagol, 2014, p. 55; Kaluđerović, 2015, p. 45). The following chapters will deal with the theoretical basic and the current level of sustainable rural tourism development in underdeveloped regions in Montenegro, the progress of legal framework and future predispositions of sustainable rural tourism in Montenegro.

This book aims to contribute to:

1. better understanding and definition of the term *rural* and *sustainable*;
2. efficiency of decision-makers on the regional and local level;
3. better integration of administrations at all levels into the conception and utilisation of more efficient legislation and various sustainable rural tourism development projects;
4. future guidelines for the sustainability development and its rural tourism in Montenegro;
5. creating a specific tourist product, which includes coastal and continental part of the country as one conceptual marketing entity.

## 2 DEVELOPMENT OF RURAL TOURISM AND ITS LEGAL DEFINITION

The available expert and scientific literature offers numerous definitions of rural tourism. Some papers define it through the spectrum of various frameworks, whereby it is considered the product of rural environment consisting of natural, cultural and human experiences with mostly rural denotation (Hall, Kirkpatrick and Morag, 2005, pp. 180-181). That is why it is often emphasized that rural tourism is an integrative activity (Sedmak, Jurdana, Kociper and Planinc, 2015, p. 15). On the other hand, there is too often the confusion of rural tourism with village tourism and agricultural tourism.

That is why, to distinguish between similar or borderline terms, Bećagol (2014, p. 13) defines them the following way:

- rural tourism consists of all touristic activities and services, i.e. all types of tourism within rural areas,
- village tourism – a term narrower than rural tourism, yet broader than farm tourism (a touristic village family household) – includes activities such as agriculture, events, gastronomy, traditional folklore of the area, ethnology, etc.,
- agricultural tourism or village household tourism or village family household tourism – a type of touristic service promoting additional household activity with an active agricultural activity, which offers domestic farm produce.

Rural tourism in its core stands for the movement of people with the goal of satisfying certain needs, which manifests differently in scope and effects (Pasinović, 1998, p. 2). However, it must be noted at the beginning that the term also denotes certain directly related factors, such as the following (Cooper, Fletcher, Gilbert and Wanhill, 1993, p. 256):

- market growth limitations;
- qualitative distinctiveness of the destination;
- responsible, attractive or socially appealing promotion;
- political structures stability; and
- tourism distribution alterations (development moving from north to south).

In the context of wider interpretation and multi-factor influence of tourism, the available literature offers a schematised display of tourism movement in the future, with indications of constant need for acquiring new consumers, the implementation of new technologies, tracking development limitations and the introduction of new globally applicable practices in tourism (Figure 1).



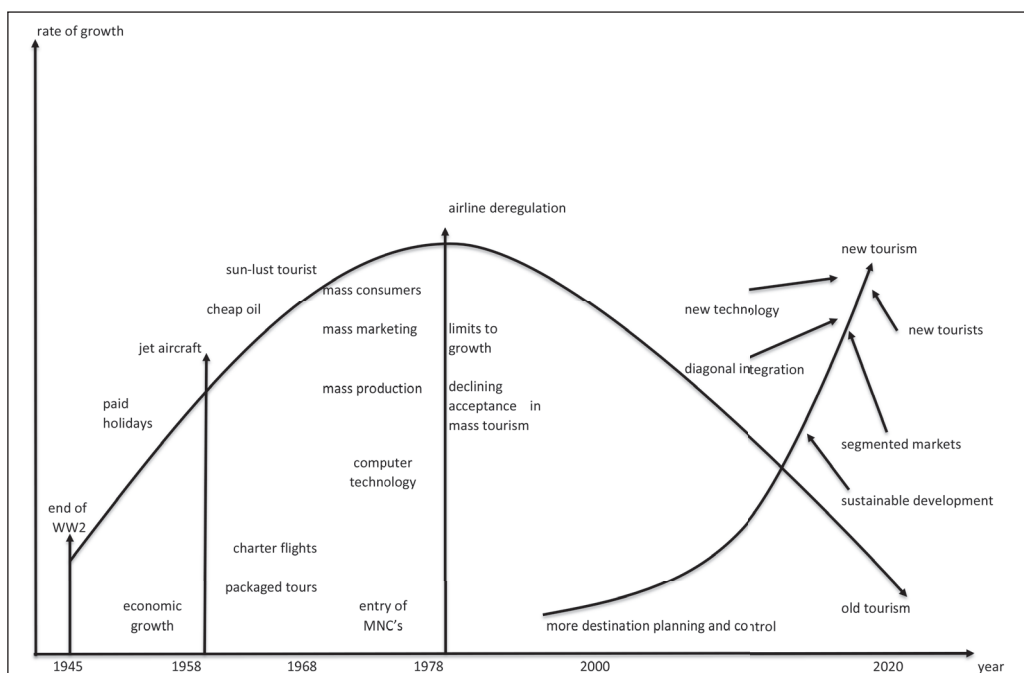


Figure 1: Graphical presentation of tourism movement with indications of future development (Poon, 1993, p. 12)

From the standpoint of European union, “rural tourism” encompasses a wide spectrum of touristic activities in rural areas, majority of which could be roughly divided into separate rural tourism branches such as rural households tourism, hunting tourism, fishing tourism, ecotourism, sports-recreational tourism, residential tourism (holiday houses), educational tourism, gastronomical tourism and ethno-gastronomical tourism, natural reserves tourism, cultural tourism, and other specific types of tourism.

Having in mind that the term integrates various activities, it is in place to emphasize that distinctive terminology means different things in different countries. That is why in Finland rural tourism implies renting cottages to visitors and providing them with meals in countryside (Tyrväinen, Silvennoinen, Nousiainen and Tahvanainen, 2001, p. 134). On the other hand, *rural* in Hungary includes activities and services offered in villages known as “village tourism”.<sup>1</sup> Furthermore, rural tourism in Slovenia entails the set of activities in family farms, where guests are given an opportunity to reside with a farmer family or in their guest houses; while in the Netherlands it denotes staying at a farm with activities that are not strictly connected to countryside households, such as cycling, hiking or horse riding. In the south of Europe, in Greece, rural tourism is interpreted as a touristic offer consisting of an overnight stay and a breakfast, but also staying in traditionally decorated rooms with traditional breakfast made of organic, home-grown produce.<sup>2</sup>

<sup>1</sup> Countryside tourism.

<sup>2</sup> <http://www.dgt.uns.ac.rs/download/seoskitur1.pdf>.

According to the wider definition, rural tourism is a part of the wider notion of tourism focused on rural areas, outside the city (Seoski turizam, 2005, pp. 8-10). To better understand the specificities and the features of this term, it is necessary to remember that rural tourism unites the complexities of all activities and aspects of all-encompassing tourism products (to exemplify: countryside leisure activities, enjoying pastime and the tranquillity of rural areas, enjoying nature and landscapes, national parks, nature parks, extraordinary areas, cultural tourism, countryside households tourism) (Cawley and Gillmor, 2008, pp. 316-320).

There are, undoubtedly, numerous definitions of rural tourism in literature. Some of them may refer to sparsely populated areas in which the population criterion is used to declare an area a rural one (Towards Quality Rural Tourism: Integrated Quality Management (IQM) of Rural Tourist Destinations, 2000, p.15). On the other hand, in other definitions, the notion of rural tourism entails the set of different services and experiences which descriptively define a specific area. Some of such experiences combine natural environment and countryside lifestyle with the opportunity to participate in activities and traditions of local population. Rural touristic destinations can practically be observed as separately identified areas presented to tourists as selected for visiting, with the primary motive of enjoying countryside, its ambient and activities. The combination of such rural destinations is oftentimes devised by a group of towns, districts, small regions or areas in which the touristic product is coordinated, defined and promoted by the authorities or various touristic organisations (Towards Quality Rural Tourism: Integrated Quality Management (IQM) of Rural Tourist Destinations, 2000, p.16).

The main idea of rural tourism is to display countryside life, its art, culture and heritage, which plays an important role in restructuring and positioning of agriculture as the main economy branch.

Bear in mind that, regardless of the wide spectrum of activities, services and additional offer which generate revenue, it is crucial to stick to the principles of sustainable development and natural resources conservation (Muhi, 2013, p. 130). That way, on one hand, it is possible to promote the healthy life norms, while on the other it enables efficient resources management and usage, which is the prerequisite for the balanced consumption of energy, resources and materials.

Having in mind that the literature on rural tourism offers numerous definitions based on different approaches, the most applicable one is the one given by Svetozarević (2013, p. 5) where he defines rural tourism as the type of tourism in rural areas that is controlled by inhabitants of the area. As such, this type of tourism includes touristic activities that take place in rural areas, including and not limited to local culture, traditions and economic activities, as well as outdoor activities. Morić (2013, p. 85) emphasizes that local community of an area, is an important segment in the development, promotion and the success

of rural tourism. Đorđević Milošević and Milovanović (2012, pp. 21-23) state that rural tourism could be seen as functional and operational means of revitalising abandoned rural areas. From a wider perspective, such point of view is the only way to achieve sustainability, reflected in nurturing regional landmarks, as well as in the preservation or the formation of new job positions and varying professions.

One of the main goals of rural tourism is the conservation of natural resources and the support to maintaining village arts and crafts, features, specificities, history and landmarks. However, it must be pointed out that the crucial stage of sustainability lies in the necessity to provide additional income to countryside population so as to improve their life standards, infrastructure, educational level and social norms. In that sense, it is clear that the development of tourism in rural areas could significantly decrease or prevent depopulation. Indirectly, this not only takes us to the problem of depopulation, but also to birth rate, sustainability, innovation implementation, as well as to continuous development. The rural tourism is the most complex type of contemporary tourism, considering the fact that rural areas are ecologically, economically and culturally, specific ambients in which numerous activities can take place, while on the other hand rural areas are underdeveloped and thus cannot present their features properly to prospective tourists (Bryden, 2005, pp. 10-11). The importance of tourism is most reflected in the claim that it is considered a replacement for industry in the modern world (Saarinen, 2007, p. 96)!

The below subsections of the book try to define more clearly the notion of sustainable rural tourism as a core for understanding this complex issue. Also, a PESTEL analysis and universal rural development indicators in Montenegro are being considered as crucial parameters of sustainable rural tourism.

## **2.1 Sustainable development of rural tourism in Montenegro**

Tourism is a multidimensional, multifaceted economic activity with strong social elements (Dover and Papageorgiou, 2003, p. 9). When it comes to Montenegro, as a country with features of both coastal and mountainous regions, it must be emphasized that the combination of seaside, sand, the sun and the fresh air are no longer a warrant of a successful touristic season, primarily because modern tourists are experienced travellers with high expectations when choosing a destination. This inevitably demands high investments into development and improvements in tracking and monitoring the tourists' desires. Such alterations in touristic behaviour and values enable the basic moving force in the new, sustainable and clean tourism (Unković and Zečević, 2009, p. 448). It is for this reason that the set of services which should be presented in a touristic offer include vacations during holiday season, business trips, visiting friends or family, educational trips, sports trips, health or religious trips, or, in the bottom

line, fun and leisure trips.

When it comes to sustainable rural tourism, it must be first seen in the context of the very concept of sustainability and the idea of energy efficiency, the usage of renewable resources and the preservation of the overall natural environment. By combining all prerequisites, a general conclusion could be drawn that “tourism is the link of its kind between urban centres and the areas with genuine or well preserved nature, because the increase in pollution of urban and industrial centres demands for touristic movements, directed towards non urbanised natural environment” (Stefanović and Azemović, 2012, p. 39).

To summarise, sustainable rural tourism aspires to satisfy the need of tourists, but not at the expense of culture, ecological processes and natural resources – it is rather based on the conservation of these values. In this context, it is stated that the conceptualisation of sustainable development necessarily aims at connecting and uniting all four pillars of rural development: people, economy, environment and industry. That is why sustainable rural tourism prevents vulnerability of natural and social processes, and undisturbedly directs the development of domestic environment and its population (Tomka, 2010, p. 40; Lun, Pechlaner and Volgger, 2016, p. 390).

The notion of sustainable rural tourism gains importance towards the end of the 20<sup>th</sup> century, as it advocates the type of tourism that minimally influences the environment and local culture. Its main goal is to enable tourists to gain knowledge on the natural, historical and cultural characteristics of a unique environment while simultaneously preserving the local integrity and encouraging economic growth and benefits of local community. In such a way, sustainable rural tourism permanently contributes to the improvement and preservation of environment, cultural values, natural and social resources and the integrity of local community (Vujić, 2012, p. 476). This is achieved by minimising the negative and maximising the positive tourism effects on environment and the available resources (Maksin-Mičić, 2007, p. 128). Simultaneously, the notion of sustainable rural tourism must promote democracy and safety in a wider area, as well as equality and justice, so as to respect and conserve the fundamental principle of moral justice.

From the developmental point of view, the aims of sustainable rural tourism are the following (Vujić, 2012, p. 476):

- satisfy all tourists’ needs;
- long-term maintenance of environment quality (resources);
- enable the development of rural tourism to the future generations based on the genuine features of natural and social resources.

The same author states that the main factors of sustainable rural development in tourism are the following (Vujić, 2012, p. 476):



- tourists, whose behaviour influences sustainability;
- tourism employees, whose influence on sustainability is either direct or indirect;
- economic subjects in tourism, within basic and connected activities;
- public services;
- local population.

The systematisation of the aforementioned developmental goals and factors unique to sustainable rural tourism has brought about the concept of sustainable rural tourism which promotes (Maksin, Pucar, Korać and Miljić, 2009, p. 16):

- development of high-quality touristic product which satisfies the current touristic needs, while simultaneously preserving touristic resources for future generations;
- preservation and improvement of environment quality, optimal usage and protection of natural resources, values and goods;
- economic development, preservation of social integrity and improvement of life quality of local communities in a touristic region;
- affirmation and preservation of cultural identity and traditions of a touristic region;
- direct and indirect economic profit from and in tourism, and contribution to decreasing poverty rate of local population;
- strategic planning and administration of sustainable development of touristic regions.

Presented this way, the concept is characterised by more flexible (weak) and more restrictive (strong) points, in which (Weaver, 2006, pp. 19-20):

- **more restrictive strategy** aims to prevent the destruction of resources most prone to the negative influences of intensive tourism development; while
- **more flexible strategy** aims to recover regions with intensive anthropogenic influences.

A more detailed explanation of the abovementioned division implies that the application of sustainable rural tourism concept, when it comes to more restrictive strategy, is more severe in measures of “planning and administration of regions with relatively preserved natural and touristic resources and significant or limited natural resources, so as to prevent their degradation due to negative impact of touristic development” (Weaver, 2006, pp. 19-20). When it comes to the more flexible strategy, it is applied in the “planning and administration of regions with intensive anthropogenic factors”<sup>3</sup> (Weaver, 2006, pp. 19-20).

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<sup>3</sup> City and industrial centres, formed activities, etc.

## 2.2 Economic indicators and economy of rural regions

Prior to the analysis of economic indicators and the definition of relation between economics and economy, it is important to determine key aspects of macroeconomic analysis that deals with economy as a whole, based on several big economic aggregates which, when systematised, unite the entire economy and the market. When we talk about the economic indicators in the sustainable development of rural tourism in Montenegro, those are the macroeconomic indicators of current state and development in all rural regions and all rural clusters. In general, the role of indicators of rural development is to show the following as much as possible (Pokazatelji privrednog razvoja, 2017, p. 3):

- display the level of economic development of rural regions;
- define key developmental issues; and
- help the creators of macroeconomic policy in rural areas to act appropriately in certain economically important situations.

What should be used as a starting point in determining these economic indicators are the realisation of economic growth, decrease of unemployment rate and the decrease of poverty rate, which are the imperatives in encouraging the development of rural tourism. Quantitative indicators are the height and movement of GDP/pc, movement of unemployment rate, as well as statistics on the poverty rate from the sum population (Pokazatelji privrednog razvoja, 2017, p. 4).

Another criterion for rating rural development is the value of sector structure alteration, having in mind that development is always accompanied by structural adjustments. This way, through analogous observation of several indicators, it is possible to define the sum level of development, which is used to rate the economic growth of a country, thus they are used to practically represent the norms of direct investment consisting of a unique joint of its kind of property capital and functional capital within underdeveloped regions of Montenegro (Grbić and Janković, 2015, p. 62; Morić, 2013, p. 85).

Economic growth and development of Montenegro is based on four pillars of economy: tourism, energy, agriculture and rural development and industry, which are recognised by the Ministry of finances of Montenegro as the main potentials. This Ministry adopted the “National plan for development of Montenegro 2013-2016” which enlists the directions of development through the domains of smart growth, sustainable growth, and inclusive growth (Pravci razvoja Crne Gore 2015-2018, 2015, p.1).

Within these directions, there are 18 areas for which development plan with separate strategies has been devised. To exemplify, smart growth plan enlists tourism next to business environment, small- and mid-size companies,

competition, science, higher education and information technologies. Areas of sustainable growth policy enlist agriculture and rural development, forestry, energy, environment, transportation, civil engineering and habitation. Finally, inclusive growth includes labour market, education, sports, social protection and health care system. The aim of working in these areas should bring about economic growth above the potential one, i.e. the real GDP growth, decrease of public finances deficit and achieve a balanced budget, as well as decrease the non-formal economy share (Ministarstvo finansija, 2013, p. 5).

To achieve the desired results and understand the items enlisted in the “National plan for development of Montenegro,” it is crucial to analyse each segment it refers to. Within the domain of smart growth, the development strategy determines the strengthening of economic competition through the improvement of business sector and an increase of productivity by hiring qualified staff. Also, through the application of new technologies, a wide application of technological achievements, attracting direct foreign investments, new projects, as well as the production of new products and the diversification of supply. Smart growth should include business environment, the sector of small- and mid-size companies, direct foreign investments, science and education, information-communication technologies, tourism and, within it, culture (Ministarstvo finansija, 2013, p. 42).

The “National plan for development of Montenegro” enlists numerous activities directed towards the increase of economic, i.e. entrepreneurial and business development based on key economic domains. It also enlists and projects the strengthening of capacity of national, regional and local tourism organisations, the application of cluster strategies,<sup>4</sup> the introduction of new models of business centres, business zones, technological park and the experimental centre for supporting scientific and research-developmental activities so as to create the necessary infrastructure to use the EU programmes for research-developmental projects. Promotion of internationalisation and export plays an important role in this process, as well as the implementation of joint projects,<sup>5</sup> with the aim of ensuring sustainable cooperation (Ministarstvo finansija, 2013, p. 42). This programme claims that the employment and income increase for majority of population can result from successful development of tourism. That is why, in the context of global economy, as well as in the segment of tourism, it is important to comply with the established standards to balance regional development, tourism in particular, as a priority economic branch in Montenegro (Ministarstvo finansija, 2013, p. 52).

<sup>4</sup> Ministry of Economy of Montenegro has announced the Cluster development programme in Montenegro for the period 2017-2020. This project should provide financial support for more efficient functioning of innovative clusters and their better promotion, all aimed at achieving a better competitive position of micro, small and medium enterprises in the (inter)national markets. According to the Strategy for Sustainable Economic Growth of Montenegro, the cluster of micro, small and medium-sized enterprises represents the sectoral and geographical concentration of companies and/ or entrepreneurs that produce a characteristic range of goods or services that face similar threats and opportunities (Ministarsvo ekonomije, 2018).

<sup>5</sup> University/ research centres, together with industry centre, i.e. business subjects, tourism with culture sector.

## 2.3 Socio-cultural indicators of rural regions and sustainable rural tourism

Socio-cultural factors of rural development of Montenegro are the quintessential guidelines when it comes to tourism, primarily because tourism relies on social interaction based on cultural values. When limited to sociological factors in tourism, they imply structural as well as socially interactive alterations in the lives of people.

If we track the cultural factors in tourism, it is important to note that the spectrum of culture as a system of changes in organisation and development of society includes the changes in art, artefacts, customs, rites and the population structure. By taking into account the specificities of both social and cultural relations, it is possible to distinguish terminology which entails the changes in inhabitants' everyday lives, as well as in their values, lifestyle, intellectual and artistic production, rites, customs, points of view on life and life standard (Tylor, 1958, pp. 14-16).

In studying socio-cultural impact, within the context of sustainable rural tourism, it is important to nurture traditional customs of rural areas so as to give the chance to visitors, who are in either direct or indirect contact with rural population, to experience the connection between various cultures, to participate in the rites, to improve their communication abilities and to develop critical opinion on the influences and members of various traditions, customs and attitudes that are in touch with the destinations' inhabitants. Based on this, tourism can indirectly be understood as a means to disseminate and to balance the differences between cultural resources through the promotion of norms which "include knowledge, beliefs, art, morale, rights, customs, and all other abilities or habits that humans gain as members of social communities" (Tylor, 1958, p. 16).

It must be noted here that the spectrum of tourists' interest varies, hence there are those interested in familiarising themselves with the national culture of the region they visit. In such cases, national culture is important so much that sometimes it is even the key element to take into consideration when determining the chosen destination factors. However, there are also tourists for which this national culture does not play a role.<sup>6</sup> To achieve balance between the differences, it is essential to determine the "overall culturally oriented" promotion strategies, which are to (Nedeljković, Koković and Nedeljković, 2010, p. 2):

- form the image of the brand on a global scale;
- achieve an efficient emotional attractiveness of the promotional materials;  
and
- achieve high level of tourists' satisfaction with the quality of touristic services.

<sup>6</sup> Based on the aforementioned differences, there is also a division of tourists based on the nature of cultural interest, so there are tourists with specific and tourists with unspecific cultural interest (Jelinčić, 2000, p. 47).



Having in mind that cultural tourism is highly important in the overall social-economic development of Montenegro, the close relation of culture, social interactions and tourism is imperative, since without it there would be no promotion of either natural beauty, cultural landscapes, cultural resources or nature monuments.

Other than that, the focus of touristic market should as well go to cultural goods such as cultural-historical buildings, cultural-historical units, locations, museums and galleries, and other stationary and movable cultural goods, such as abstract non-material heritage – language, speech, customs and beliefs, to name just a few. Based on the aforementioned elements, it is evident that the factors of socio-cultural segment of rural tourism are elements of societal living identity (Schouten, 1996, p. 54).

## **2.4 Environment indicators of rural regions**

Environment protection and the promotion of positive aspects of rural areas are important prerequisites for the preservation of healthy environment and human health, sustainable tourism, agriculture, forestry, sustainable development, transportation and energy, as well as for abiding by the ecological life standards. Besides strictly instilling these prerequisites into the population's ethical-moral values, it is also highly important to incorporate them into state policy. On one hand, that can be achieved by infrastructural organisation (by building water purification plants, reconstructing the existing water supplies facilities, building sanitary garbage dumps and other infrastructural measures to manage both communal and dangerous waste), while on the other hand it is also important to thoroughly punish those who disrespect the norms (Ministarstvo finansija, 2013, p. 67). If we specifically discuss Montenegro, it is possible to conclude that the key indicators of sustainable development demand for high performance industry, which decreases waste accumulation and emergence through the system of shifting industrial production from the conventionally linear to the circular model (Findacevska et al., 2013, p. 10). Together with structural changes, enormous conversions must be made in the current national legal system. This system must in all aspects be aligned with the EU regulations and international conventions concerning environment protection. The concept of environment protection enlists numerous goals, such as the following (Ministarstvo finansija, 2013, p. 68):

- preserving and renovating structures and functions of natural systems and preventing biodiversity loss, improving water quality and waste water purification systems;
- sustainable waste management by the principles of preventing, decreasing, reusing, recycling, renewing, and safely removing;

- preventing exposure to hazardous effects of air pollution, noise and radiation;
- alleviating climate change and adjusting to its effects;
- controlling chemical substances usage;
- decreasing industrial pollution by establishing control system; and
- risk management and the introduction of environment and clean technologies management system.

Environment protection policy is related to rural tourism and sees it as a financial object with great economic, social and cultural worth, with an enormous mutual connection in which the very policy depends on the environment condition (Cawley, Marsat and Gillmor, 2007, p. 407). As a candidate for joining the EU, Montenegro has recently improved the activities in the area of shaping the environment policy to align it with the strict EU ecological standards. To adequately fulfil all demands, it is necessary to devise and implement appropriate measures in all life areas, starting from society, over economy, industry, to transportation and tourism. In line with this research, here we enlist measures related to rural tourism and tourism goals published in “The second annual report on the implementation of National strategy of sustainable development of Montenegro.” This strategy prioritises the following goals (Vlada Republike Crne Gore: Kancelarija za održivi razvoj, 2009, p. 19):

1. formation of a more diverse touristic offer<sup>7</sup> to prolong the touristic season, to offer more quality service and to attract wealthier guests (with the utmost goal of increasing both direct and indirect tourism revenue); and
2. integration of sustainability criteria in approval of developmental touristic projects (i.e. in devising and rating the plans), particularly in coastal and mountainous tourism.

The same document enlists measures that are to ensure the realisation of the aforementioned goals, such as the following (Vlada Crne Gore: Kancelarija za održivi razvoj, 2011, pp. 44-46):

- pilot projects for locations identified by developmental studies;
- formation of local and regional touristic organisations;
- intensive engagement of touristic association of Montenegro, individually and in cooperation with regional associations;
- providing funds and funding options for the implementation of touristic projects based on the principles of sustainable rural development;
- implementation of media campaigns on the possibilities and importance of tourism in rural and natural protected areas aligned with the principles of sustainable rural development;

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<sup>7</sup> Development of rural, ecological, mountainous, cultural, sport and other types of tourism, particularly in the north part of the country.

- the establishment of new rural tourism staff training centres;
- adopting and implementing principles and guidelines which define the development of sustainable rural tourism aligned with the good international practice and standards;
- action plan of strategies for rural tourism development of Montenegro;
- adopting strategic documents for certain rural regions of Montenegro; and
- coherent application of estimating the influence of great developmental projects onto environment.

## **2.5 Rural development indicators**

On a global scale, there are numerous activities that track and confirm the level of rural development, by indicators and parameters chosen for certain segments. This handbook will try to give an overview of the most important indicators ratified by the most prominent authors and international organisations. Firstly, there is an overview of indicators defined by the “Rural development in the EU – Statistical and Economic Information Report 2013”, which are as follows (European Commission: Directorate-General for Agriculture and Rural Development, 2013):

### **1. Importance of rural areas:**

- defining rural areas; and
- importance of rural areas.

### **2. Socio-economic situation in rural areas:**

- population density;
- population age structure;
- economic structure;
- employment structure;
- employment rate;
- unemployment rate;
- long-term unemployment rate.

### **3. Sector economic indicators:**

- primary sector employment development;
- primary sector economic development;

- arable land usage;
- agricultural household structure;
- agriculture importance;
- agriculture training and education;
- agriculture age structure;
- agriculture work productivity;
- agriculture investment;
- food industry work productivity;
- basic funds sum investment in food industry;
- food industry employment development;
- food industry economic development;
- economic branch structure – forestry;
- forestry productivity;
- forestry work productivity; and
- forestry investment.

#### **4. Environment:**

- land;
- logical framework approach;<sup>8</sup>
- extensive agriculture areas;
- Natura 2000 area;
- bird biodiversity in agro-ecosystems;
- biodiversity: high natural value of agricultural areas;
- flora biodiversity;
- biodiversity: forest protection;
- development of forest areas;
- forest ecosystems;
- water quality;
- water quality: nutrients balance;
- water quality: nitrates and pesticides pollution;
- water consumption;
- protective forests, soil and water;

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<sup>8</sup> LFA.

- soil: areas prone to soil erosion;
- soil: organic agriculture;
- climate change: production of energy from renewable resources available in agriculture and forestry;
- climate change: utilised agricultural area<sup>9</sup> – dedicated to renewable resources; and
- climate change: greenhouse gas emission<sup>10</sup> in agriculture.

## **5. Diversification and life quality:**

- agricultural labourers with lasting productive activities;
- employment of non-agricultural sector;
- economic growth of non-agricultural sector;
- self-employment development;
- development of touristic infrastructure in rural areas;
- development of internet infrastructure;
- expanding internet access to rural areas;
- development of service sector;
- migration rate;
- development of structure of population with different education levels; and
- life-long learning in rural areas.

## **6. Development of local action groups.**

Besides the indicators defined by the EU, the “Ruralni razvoj – Praktikum za lokalne aktere” handbook<sup>11</sup> enlists indicators of rural development, based on the idea that the territorial access contribute to better recognisability of rural areas (Milić, 2011, p. 61). This is achievable by a detailed and precise analysis of a great number of indicators, such as the following (Milić, 2011, p. 61):

1. population on the territory;
2. the number of initiatives, launched by authorities, which impacted rural population of a neighbouring municipality or near-by municipalities;
3. the number of organised consultative meetings with representatives of other municipalities and the relevant ministry, initiated by the authorities, on the topic of rural development; and

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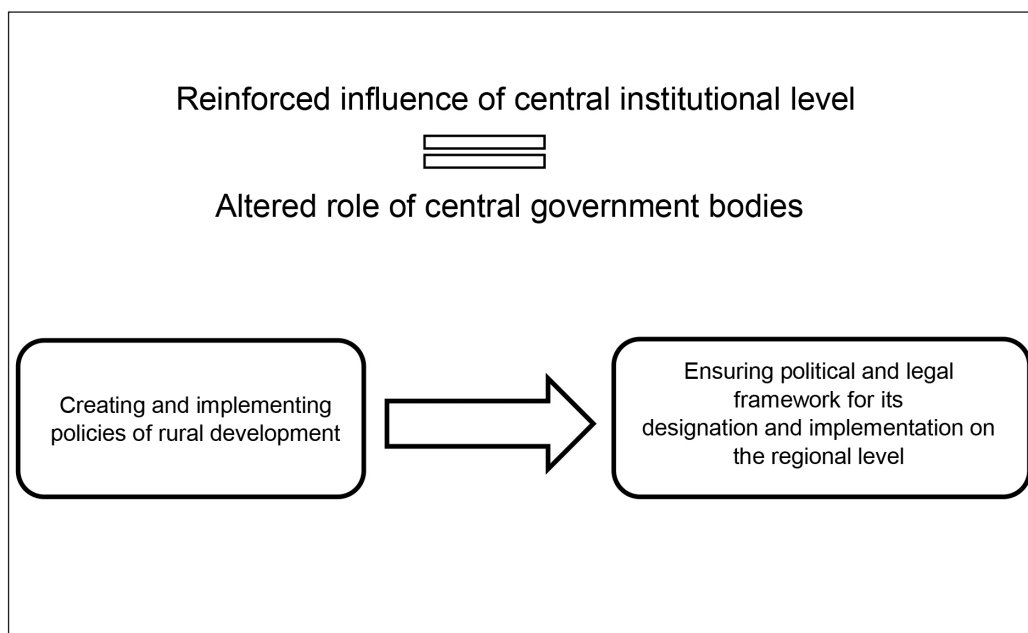
<sup>9</sup> UAA.

<sup>10</sup> GHG.

<sup>11</sup> Literal translation to English: “Rural development – Practicum for local participants.”

4. the number of municipal initiatives aimed at other municipalities (and accepted by them) regarding continuous work on the joint devising of local policies.

The tracking of the above mentioned indicators opens space for the contemporary concept of rural policy, which sees territory as an entity with a certain homogeneity and is characterised by the “internal social coherence, unitary history and tradition and by a common sense of identity” (Milić, 2011, p. 62). Another approach to rural development is the “bottom up” approach, which encourages the development of local region through including it in the development of central government, in which there is a connection between the positive aspects and abilities of both authorities (Figure 2). On one hand, local experiences are used to devise policies, while on the other hand a greater economic power of centralised government is also put in practice.



*Figure 2: Schematic overview of political coherence on both national and regional level (Milić, 2011, p. 52)*

Indicators of establishing balance between the work of local and central government can be observed through (Milić, 2011, p. 64):

1. the existence of a specialised body in municipal administration responsible for the design of local activities / decision making / strategic choice of new programmes regarding rural areas;
2. the level of inclusion of local social groups representatives<sup>12</sup> and the level of their frequency in bodies responsible for the design of local activities /

<sup>12</sup> Informal associations, NGO's, local tourism organisations, etc.

- decision making / strategic choice of new programmes regarding rural areas;
3. the number of municipal initiatives (training, active participation, promotional meetings, mutual lobbying, etc.);
  4. establishing direct cooperation between the local stakeholders;
  5. the level of implementation of transparent, participation-designed criteria for choosing the activities / programmes / projects, etc. for a given year.

To accompany the aforementioned indicators the World Bank (1997) published a document entitled “Rural development – from vision to action” (phase 1),<sup>13</sup> which, besides the clearly defined goals and indicators aligned with the differentiated Analytical means of human development,<sup>14</sup> also tracks the global economic structure which influences the population life.

In that context, there are 4 main goals for tracking rural development, which are as follows (World Bank, 1997, pp.1-3):

- decreasing poverty rate on a global scale;
- sum annual economy growth on a global scale;
- enough food for the entire world population; and
- sustainable policy of natural resources.

To establish this, there are commonly accepted monetary and physical indicators. Within monetary indicators, the following are of particular importance (Hafner, 2015, pp. 167-168):

- achieved economic wealth *per capita*;
- achieved saving *per capita*;
- achieved net participation of foreign financial funds *per capita*;
- achieved investment *per capita* in foreign currency;
- achieved productive capital *per capita*;
- achieved capital investment *per capita*;
- achieved human capital *per capita*;
- achieved investment into human capital *per capita*;
- achieved natural capital *per capita*;
- actual exploitation of natural capital *per capita*;
- achieved social capital *per capita*; and
- achieved net investment into social capital *per capita*.

<sup>13</sup> Also its corrected phase 2 version from 2000.

<sup>14</sup> It includes: the Human Development Index (HDI), the Human Poverty Index (HPI), the Gender Development Index (GDI), and the Gender Empowerment Measure (GEM), defined by the UNDP in '90s to track the life quality and social differences in the world (Dželebdžić, 2006, p. 103).



Within physical indicators, the following are of particular importance (Hafner, 2015, pp. 167-168):

- temperature deviation from average temperatures;
- emission of gases that contribute to greenhouse effect;
- ozone levels and its concentration at toxic level;
- emission of pollutants that form smog;
- availability of adequate quality water;
- nutrients level for water organisms;
- erosion of natural habitats;
- preservation of natural habitats;
- percentage of population with education beyond primary school;
- lifetime expectancy;
- alterations of lifetime and illnesses;
- membership in local associations and networks;
- reliability and acceptability of norms;
- coherent indicators of reliability / acceptability of collective activities norms; and
- collective activities.

The combination of all aforementioned indicators enables tracking of rural development in economic, social, ecological, cultural-historical and institutional levels (Hafner, 2015, pp. 167-168).

## 2.6 PESTEL analysis of Montenegro as a tourist destination

PESTEL is an acronym for Political, Economic, Social, Technological, Environmental and Legal factors. According to Gregorić (2014, p. 551) this tool is helpful to evaluate companies and industries that are engaged in exporting and depend on global markets or to “recognise the external forces that could impact their market and analyse how they could directly impact their business”.<sup>15</sup> In tourism it might be useful tool to analyse a specific tourist destination as a market and impact on business/ tourism industry and tourism demand itself. In this case we will conduct a PESTEL analysis as a framework to categorise diverse influences that might affect development of sustainable rural tourism and tourism in general in Montenegro. This analysis applied to Montenegro as

<sup>15</sup> <https://blog.oxfordcollegeofmarketing.com/2016/06/30/pestel-analysis/>.

the development tourist destination and can be represent “as a collection of tourism supply of an area, region or country offered to tourists on the international markets” (Gregorić, 2014, p. 552).

The PESTEL analysis of Montenegro has been made of various strategic documents, (inter)national reports and studies. The below analytical study includes data sources from the European Commission reports – Transport Development Strategy Report for Montenegro, 2017; Economic Reform Programme of Montenegro for the period 2018-2020, 2018; Montenegro 2018 Report, 2018; UNDP Human Development Report, 2016; national strategies and official reports – National Strategy for Sustainable Development of Montenegro until 2030, 2016; Strategy for the Information Society Development 2020, 2016; National Innovation System Study, PESTLE&SWOT Analysis-Montenegro, 2012; studies from the Statistical Office of Montenegro MONSAT, 2018; the waste management study in SEE by a group of authors led by Hogg (Hogg et al., 2017); a research study of Western Balkan countries, 2015, by Radović-Marković et al.; and a study of the development of rural tourism in underdeveloped regions of Montenegro by Živković, 2017.

### ***Political factors:***

1. Montenegro is member of the UN, EBRD, EIB, IFAD, WTO and the World Bank Group. The country acquired the official status of a candidate for the EU membership in December 2010;
2. Since 2002 Montenegro uses euro as the official currency;
3. In 2007 Montenegro joined CEFTA and 2011 EFTA organisations;
4. Montenegro became 29<sup>th</sup> NATO's member in June 2017;
5. One of Montenegro's main goals is to join the European Union;
6. Montenegro has long-term institutional stability with no changes in the structure of political party leadership;
7. Montenegro is a relatively low ranked country in 77 place to the value of Global Competitiveness Index;<sup>16</sup>
8. Montenegro has made significant political progress in several spheres, including the rule of law, the fight against corruption and the fight against organised crime;
9. During the past few years, Montenegro has liberalised foreign trade and low and attractive tax policies for investors;
10. Limited political progress has been made in the process of decentralisation on a local and regional level;

<sup>16</sup> [http://reports.weforum.org/pdf/gci-2017-2018/WEF\\_GCI\\_2017\\_2018\\_Profile\\_MNE.pdf](http://reports.weforum.org/pdf/gci-2017-2018/WEF_GCI_2017_2018_Profile_MNE.pdf).

11. Montenegro is following the Europe 2020 strategy<sup>17</sup> related to energy efficiency, increase of investments in RTD and innovations, but the budget contributions to the RTD overall remains at the low level. National research, technological and educational structure system is mostly dependent on state budget.

### ***Economic factors:***

1. The entire economy of Montenegro expanded by 4.2% 2017 with projection of economic growth from about 2.8% in 2018 to 2.6% in 2020;
2. Gross domestic product per capita in Montenegro in 2016 was 45% of the EU average<sup>18</sup> or 6,354 euros<sup>19</sup> and real growth is noticeable compared to previous years;
3. Economic growth of Montenegro is based on tourism, energy, agriculture and rural development and industry;
4. The official credit rating for Montenegro stands at B1<sup>20</sup> or B+<sup>21</sup> with stable outlook;
5. Montenegro has a relatively fragile economy supported by investment mostly in the tourism and energy sector. The economic situation remains macroeconomic vulnerabilities because of high level of illiquidity in real sector, high claims from the business sector, growth of public debt,<sup>22</sup> high unemployment rate,<sup>23</sup> inflation and fiscal deficit;
6. The Fiscal Strategy of Montenegro, has the main goal to turn the 5% of GDP budget deficit into a 4.5% of GDP surplus for period 2017-2020;
7. Economic development of Montenegro presented in strategic document "Montenegro in 21st century – era of competitiveness" is oriented towards open economy, strengthening of economic freedom<sup>24</sup> in order to develop the entrepreneurial environment for all three regions;
8. In the last few years Montenegro has implemented many structural reforms aligned with the EU regulatives in order to facilitate entrepreneurial environment and to remove business barriers. However, those structural

<sup>17</sup> The Europe 2020 is a 10-year strategy with the main priorities of smart, sustainable and inclusive growth as a way to improve the Europe's economy competitiveness and productivity of a sustainable social market economy (EUROPE 2020. A European strategy for smart, sustainable and inclusive growth, 2010, pp. 3-4).

<sup>18</sup> <https://www.monstat.org/cg/novosti.php?id=2559>.

<sup>19</sup> GDP report for 2016, Statistical Office of Montenegro, 2017.

<sup>20</sup> Moody's credit rating (<https://tradingeconomics.com/montenegro/rating>).

<sup>21</sup> Standard & Poor's credit rating (<https://tradingeconomics.com/montenegro/rating>).

<sup>22</sup> For 2017 was about 65% of GDP.

<sup>23</sup> The unemployment rate in the northern part of Montenegro is about 35%, the total unemployment rate for Montenegro is about 17% up to date.

<sup>24</sup> The economic freedom score of Montenegro is 68th freest economy in the world in the 2018 Index (<https://www.heritage.org/index/country/montenegro>).

- reforms still need to focus on the labour market performance in general, together with human and physical capital;
9. The economy of Montenegro has an unequal balance between import and export of goods;
  10. Montenegro has shown a high potential in the sector of tourism year by year, especially on the coast and provides one-quarter of the national GDP and employs over three-quarters of the workforce. Agriculture and Industry employ around 25% of total workforce, while service sector represents the rest;
  11. Montenegro is working on the improvement of its agricultural sector following the EU regulations, which at the moment has low productivity and insufficient mechanisation. For instance about 30% of the total population work in agriculture as a primary economic activity;
  12. Recently the tourism infrastructure on the coast has been improved, but the development of rural infrastructure and living conditions of the rural population still represent a big improvement challenge for the Government;
  13. Lack of investment activity in the rural tourism industry and lack of transport links within the continental regions and with other destinations “in terms of quality, security, capacity and management efficiency”.<sup>25</sup>

**Social factors:**

1. Montenegro is a multicultural democratic country of about 620,000 inhabitants;
2. Montenegro is rich in natural, historical and unique socio-cultural heritage;
3. About 37% of the total population is inhabited in rural areas. Most of the population lives in the urban areas and in the coastal region;
4. Average gross income was about 765 euros and average net income was about 510 euros in 2017. The highest wage income was in financial sector, whilst the lowest one was in administration services. By regions, the highest average wage was in the coastal region, the lowest one in the central (except the capital of Podgorica) and northern region;
5. Poverty rate is higher for minorities, the long-term unemployed and people with disabilities. The poverty is higher in the north, compared to other regions of Montenegro. The newly established UNDP Social Welfare Information System or Social Card aims to improve the proficiency and effectiveness of the administration, and providing of social services;<sup>26</sup>

<sup>25</sup> Transport Development Strategy Report, 2017, p. 10.

<sup>26</sup> The UNDP Social Welfare Information System is the project that enables enforcement of social welfare reform ensuring more effective approach of social protection for quality service for the poor and vulnerable. Social Card is an electronic system for processing, approval, audit of social benefits/transfers, record-keeping, calculation and payments reporting ([www.me.undp.org/content/montenegro/en/home/operations/projects/socialinclusion/SWIS.html](http://www.me.undp.org/content/montenegro/en/home/operations/projects/socialinclusion/SWIS.html)).

6. The educational and management skill sets are insufficiently developed. The cooperation between educational system and labour market needs still remains weak. The most noticeable progress has been achieved in improving the vocational education and training system from primary school and secondary education. Regarding the higher education Montenegro has one public university<sup>27</sup> and two private universities.<sup>28</sup> Montenegro has low number of researchers per capita, with a current rate of 0.38% of GDP invested in research and innovations with the goal up to 0.6% to be reached by 2020. The national level of literacy rate is about 99%;
7. Montenegro has the potential of human resources even with a lack of skilled tourism and hospitality workers and short-term/ seasonal employment in the tourist industry;<sup>29</sup>
8. With life expectancy at birth of 76.4 years Montenegro is ranked on 48<sup>th</sup> place with Very High Human Development, according to the UN's Human Development Index for 2016.

### ***Technological factors:***

1. ICT remains an important factor in contribution to the creation of a digital Montenegro and his economy in the "Strategy for the Information Society Development 2020";
2. Montenegro is ranked 45<sup>th</sup> in the world in the field of the development of the electronic government;
3. Legislation in the field of the information society is largely harmonised with the EU laws. Nowadays, Montenegro strives to achieve digital integration of the ICT in all sectors;<sup>30</sup>
4. According to the statistical official data for 2017, 70.6% of households have access to the Internet. The territorial representation of the Internet in households is the smallest in the northern region about 57% and largest in the coastal region about 85%. In rural areas the Internet access is 60%, whilst in urban regions is 76%. About 73% of households in Montenegro use broadband connection. The use of computers in the business environment is about 98% with 99% of the Internet access;
5. The Strategy sets one of the main goals to achieve 100% household coverage with speeds above 30 Mbit/s by 2020, whereas the current coverage is about 26%;

<sup>27</sup> University of Montenegro.

<sup>28</sup> University Mediteran and University Donja Gorica.

<sup>29</sup> Montenegro has one public Faculty of Tourism and Hotel Management in Kotor and one private Faculty of Tourism (Montenegro Tourism School) in Podgorica.

<sup>30</sup> Development of electronic communications: e-learning, e-government services, e-health, e-payment, etc.

6. The telecommunications sector in Montenegro is 100% privately owned and the market penetration rate for mobile telephone users is one of the highest per capita in the world;<sup>31</sup>
7. Montenegro faced with lack of business structure, as well as service culture specifically in rural areas. The country provides insufficient budget support for development of technological and research centres.

### ***Environmental factors:***

1. Montenegro was established as a first ecological country in the world 1991 when the Parliament adopted the Declaration on the Ecological State of Montenegro;
2. One of the requirement in the process of joining the EU is the establishment of the Natura 2000 network<sup>32</sup> and Montenegro is currently in the field of study research and implementation of projects for the establishment of a network of areas important for the conservation of endangered species and habitats. Montenegro is part of the Bern Convention on the Conservation of European Wildlife and Natural Habitats since 2008. The network of protected areas currently covers between 13% and 17%<sup>33</sup> of the territory of Montenegro: national and regional parks, Ramsar protected areas, Emerald zones and other special natural protected areas;
3. Montenegro civil and government organisations are aware of environmental issues<sup>34</sup> but they are not fully involved in processes such as waste recycling and waste management programmes. Also the mentioned programmes are not completely aligned with National Waste Management Plan in all municipalities;
4. The wastewater treatment plant programme is currently under development. In terms of landfill infrastructure, the sanitary landfills are also under development. According to the Report on the Implementation of the National

<sup>31</sup> <https://www.export.gov/article?id=Montenegro-telecommunications>.

<sup>32</sup> The Regional Environmental Center for Central and Eastern Europe (REC) is an international organisation with a mission to assist in solving environmental issues of Central and Eastern European Countries. REC Montenegro is an essential institution in the country since 2001 whose mission is to provide support in the process of public participation in the final decision of environmental related topics, as well as to promote sustainable development education, water resource management, cooperation between NGO's, government institutions, business sectors and other stakeholders (<http://montenegro.rec.org>).

<sup>33</sup> <http://www.vijesti.me/vijesti/za-naturu-ce-trebat-tri-godine-900847>.

<sup>34</sup> Natura 2000 is the EU network of core breeding and resting sites for rare and threatened species, and some rare natural habitat types which are protected in their own right. Natura 2000 is established 1992 to ensure the long-term survival of Europe's most valuable and threatened species and habitats, listed under both the Birds Directive and the Habitats Directive and this network actively involves people in the process. Stretching over 18 % of the EU's land area and almost 6 % of its marine territory, it is the largest coordinated network of protected areas in the world ([http://ec.europa.eu/environment/nature/natura2000/index\\_en.htm](http://ec.europa.eu/environment/nature/natura2000/index_en.htm)). Natura 2000 consists of two central areas: SAC - Special Areas of Conservation and SPA - Special Protection Areas (Ministarstvo održivog razvoja i turizma, 2015, p. 16).

Waste Management Plan, of the total amount of waste generated, about 30% ends up in unregulated landfills, and about 30% in uncontrolled landfills, especially in the northern and central region;

5. In general, some limited progress has been made in terms of waste legislation, however none of the 23 municipalities is ready to implement waste management properly;
6. Over the past few years Montenegro has implemented many environmental policies and created the necessary institutional framework aligned with the EU ecological sustainable standards;
7. The last few years, the infrastructure of central and northern region of Montenegro is focused on the development of eco and ethno rural tourism;
8. In 2013 Montenegro adopted the “Montenegro Development Directions 2013 -2016”, as a model of the “Europe 2020” strategy with three key factors: smart, sustainable and inclusive growth;
9. Quality and detailed planning is one of the most important prerequisites for long-term sustainable development of tourism. Montenegro still has a problem with Illegal construction which is strictly prohibited by law especially in the natural reserved areas, but in recent years can be visible progress in that area;
10. The first National Strategy for Sustainable Development of Montenegro adopted 2007 was developed in cooperation with the Mediterranean Commission for Sustainable Development and the Mediterranean Action Plan of the United Nations Environment Program. After a five-year period of implementation of the Action Plan within NSSD 2007, 53% of strategic measures were achieved or half of 24 priority areas;
11. Followed the previous one, the new NSSD of Montenegro until 2030<sup>35</sup> was defined with the following goals (Ministarstvo održivog razvoja i turizma, 2016):
  - Sustainable environmental development is one of the main strategic goals for economy, tourism and product development of Montenegro.
  - Socio-economic development of Montenegro is based on rational relationship between man and nature, and on well-organised management of human, social, natural and economic resources.
  - Montenegro is a country where dignity of each individual is respected, with no discrimination.

<sup>35</sup> This follows the UN Agenda 2030 as a commitment to eliminate poverty in all its forms and achieve 17 pre-set global goals for sustainable development by 2030 ([http://ec.europa.eu/environment/sustainable-development/SDGs/index\\_en.htm](http://ec.europa.eu/environment/sustainable-development/SDGs/index_en.htm)).



- Montenegro is a country based on openness, cultural diversity, tolerance, inclusive and prosperous society and where areas of natural, spatial and cultural value are preserved and positioned in function of sustainable development.
- Demographic trends are enhanced in Montenegro by realisation of 1,4% population growth until 2030, especially in rural areas.
- Everybody in Montenegro has equal access to quality and inclusive education, to quality and efficient health care at all levels.
- Montenegro is a green country where connections between traditional way of living and natural ambience is preserved, the environment and other natural resources are improved and preserved for future generations.<sup>36</sup> One of the main environmental goals is reduction of the level of greenhouse gas emission for 30% by 2030.
- Until 2030, Montenegro has the goal to achieve balanced and sustainable economic development and productive employment for all at regional level.

***Legal factors:***

1. Montenegro has been made a good progress with the reform of its public administration at national, regional and local level. Also some progress has been made in the judicial system, the fight against organised crime, war crimes, terrorism and money laundering and fight against corruption at all levels. Despite that of all efforts have been made, the corruption remains a big issue;
2. On fundamental rights and freedom of expression slightly progress has been made, especially on protection of general human rights;
3. In the legal framework, Montenegro has been made a significant progress in the areas of food safety, agriculture and rural development, company law, veterinary and phytosanitary policy followed by the European standards;
4. The involvement of partnerships, associations and stakeholders at national, regional and local level in Montenegro is insufficiently developed;
5. Montenegro has insufficiently implemented local action groups, “bottom to top” decision-making system and the entrepreneurship development in rural areas;
6. The Regional Development Agency for Bjelasica, Komovi and Prokletije are the only regional agency in Montenegro with the goal to enhance the development of northern municipalities of Bjelasica mountain (NP Biogradska

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<sup>36</sup> Biodiversity, waters, sea, air, soil, space.

gora), RP Komovi and NP Prokletije.<sup>37</sup> Through cooperation with all stakeholders, diverse EU funding project programmes and new employment opportunities, the Agency strives to achieve the economic development of region, in alignment with the EU and domestic strategic development plans.

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<sup>37</sup> Municipalities of Mojkovac, Kolašin, Bijelo Polje, Berane, Andrijevica, Plav, Rožaje, Petnjica and Gusinje ([www.bjelasica-komovi.me](http://www.bjelasica-komovi.me)).

### 3 CURRENT LEVEL OF RURAL TOURISM DEVELOPMENT IN MONTENEGRO

Within this chapter, Montenegro is presented as a tourist destination with thematic components of the development of sustainable rural tourism. The detailed studies of important legal and strategic documents are specifically and critically addressed, with a special emphasis on the advantages and disadvantages. An attempt has been made to present more contemporary approaches to the development of this type of tourism in the continental part of the country.

#### 3.1 Montenegro

Montenegro is a primarily mountainous country with coastal valley. It is situated in southern Europe, on the Balkan Peninsula, with the coast on the Adriatic sea. It borders Serbia in east and north east,<sup>38</sup> Croatia,<sup>39</sup> Bosnia and Herzegovina and Republika Srpska<sup>40</sup> in west and north west, and Albania<sup>41</sup> in south and south east. By air, Montenegro is separated from Italy by the Adriatic sea, with 293.5 km of coast line.<sup>42</sup> Due to the Adriatic coast, Montenegro is strategically more defined as a coastal country,<sup>43</sup> with a rugged coastline with numerous small islands and where Lovćen and Orijen mountains merge with the most beautiful bay at the Adriatic Sea – Bay of Boka Kotorska.<sup>44</sup> One of the most famous mountain tops and the symbols of Montenegro is Bobotov kuk, the highest peak of Durmitor mountain, at the height of 2.523 m.<sup>45</sup> All Montenegrin mountains are Dinaric Mountains, formed by the Alpine orogeny. Adriatic coast in Montenegro spans 293.5 km in length from the cliff of Oštro to the confluence of the river of Bojana, then disperses in Bojana valley, Skadar basin and the valleys of rivers of Morača and Zeta (Zavod za statistiku Crne Gore – MONSTAT, 2016, p. 2). As a country abounding in natural resources, interesting culture and traditions, Montenegro has an immense capacity to become a regional leader in the sustainable rural tourism. Its location, i.e. the character of touristic resources and values, makes it possible to distinguish between coastal and mountainous tourism, as well as urban and rural tourism. Each of these divisions carries a spectrum of diverse positive and negative aspects, which clearly differentiate

<sup>38</sup> State border length: 203 km.

<sup>39</sup> State border length: 14 km.

<sup>40</sup> State border length: 225 km.

<sup>41</sup> State border length: 172 km.

<sup>42</sup> <http://www.me/index.php/cg/geografija>.

<sup>43</sup> Montenegro-Wild Beauty – a marketing approach where Montenegro is primarily shown as a Mediterranean country with a small focus on the tourist offer of the continental part of the country.

<sup>44</sup> [http://www.bestofboka.com/About\\_Boka.htm](http://www.bestofboka.com/About_Boka.htm).

<sup>45</sup> Officially the highest peak in Montenegro is Zla Kolata of Prokletije mountain, at the height of 2.535m.

tourists based on their interests. Knowing that Montenegro is heterogeneous in environment, it is at the same time an attractive touristic destination with a great potential to develop numerous types of tourism related to the characteristics of spatial comparative values for their development. That is why, to make the analysis easier, Montenegro is divided into 3 regions and 23 municipalities, with Podgorica as the capital<sup>46</sup> (Milanović, Radojević and Škatarić, 2010, p. 33; Ministarstvo turizma i zaštite životne sredine, 2007; cited by Dašić and Jovičić, 2011, p. 135; Zakon o regionalnom razvoju, 2011; Ministarstvo ekonomije, 2014, p. 33; <http://uom.me/clanovi/>):

1. coastal region (municipalities of Herceg Novi, Kotor, Tivat, Budva, Bar and Ulcinj);
2. central region (municipalities of Podgorica, Danilovgrad, Nikšić and Cetinje);<sup>47</sup> and
3. northern region (municipalities of Plužine, Žabljak, Pljevlja, Mojkovac, Kolašin, Bijelo Polje, Berane, Andrijevica, Plav, Rožaje, Petnjica\* and Gusinje\*)<sup>48</sup> (Picture 1).

The defined regions are characterised by specific natural-ecological localities, which on one hand abound in cultural-historical heritage, while, on the other hand, are important nature parks. That is why Montenegro is a relatively attractive area for the development of heterogeneous touristic offer and tourism centres (Jovičić and Brankov, 2009, pp. 3-5).

However, it is important to note here that, even though the country is rich in resources that could be presented to tourists, tourism in Montenegro mainly focuses on coastal region solely. It is necessary, for that reason, to direct a well-designed concept of touristic development to form a functionally efficient, better and more qualitative valorisation of natural potentials, characterised as potential touristic resources.

Thanks to the coastal-mediterranean position defined in one of the country's areas, and the mountainous region in another area, the importance of tourism for prospective development of Montenegro could be also analysed from the perspective of potentially most profitable social-economic industry branch in Montenegro (Dašić and Jovičić, 2011, p. 135).

<sup>46</sup> The capital city of Montenegro is Podgorica, but Cetinje presents the Old Royal Capital, a treasure of political, socio-cultural and historical heritage of Montenegro.

<sup>47</sup> Central region is known as Karst area with Zeta-Bjelopavlici plain.

<sup>48</sup> Petnjica (2013) and Gusinje (2014) are the youngest municipalities which renew their status in recent years. (<https://www.cdm.me/politika/na-danasnji-dan-gusinje-postalo-opstina/>). This northern region is area of high mountains and river valleys and makes up about 53% of the total territory of Montenegro.



*Picture 1: Map of Montenegro with their municipalities*

The basic guideline promoting and advocating tourism as the most important industry activity in Montenegro is the fact that the amenable Ministry of sustainable development and tourism is in charge of its improvement. This Ministry encourages a number of infrastructural projects, enlisting Montenegro with other elite touristic destinations attractive to tourists from all over the world, as well as from the region, and the EU member countries in particular.

In that sense, “the formation of appropriate receptive offer in quantitative and qualitative perspective, in line with the focus on the aforementioned market segments, provides room to create basis for greater touristic turnover and further specialisation of the entire region offer” (Dašić and Jovičić, 2011, p. 138).

Montenegro can be divided into two main bio-geographical regions as Mediterranean and Alpine, and for a relatively small country,<sup>49</sup> has a very wide range of ecosystems and habitat types (Ministry of Spatial Planning and Environment, 2010, p. 6). Montenegro is rich in both natural and cultural-historic sights, and also can boast with a mild climate. Such climate is one of the crucial abiotic prerequisites for a successful development of tourism, both in summer as well as in winter, when Durmitor, Bjelasica and Prokletije mountains become more attractive to tourists. These mountains, at the height of 1650-1750 m, are covered in snow during at least 80-90 days a year.<sup>50</sup>

Montenegro is important in flora and fauna diversity. According to the official data, Montenegro has 40 lakes, up to 80% of its territory is covered with forests, natural grassland and meadows,<sup>51</sup> while the remaining part of the country is coastal region. The continental region of Montenegro is divided into 5 sub-regions given the status of national parks: Lovćen, Lake Skadar, Durmitor, Biogradska gora and Prokletije<sup>52</sup> (Picture 2). Montenegro also has three regional parks: RP Komovi (municipalities of Podgorica, Kolašin and Andrijevica), RP Piva (Plužine) and RP Orjen (Herceg Novi). Montenegro has two Ramsar protected areas,<sup>53</sup> the IBA protected status,<sup>54</sup> two UNESCO sites<sup>55</sup> and more than a dozen Emerald zones.<sup>56</sup>

<sup>49</sup> Territory of the country is only 13.812 km<sup>2</sup>.

<sup>50</sup> <http://www.me/index.php/cg/ekonomija44/turizam>.

<sup>51</sup> According to the OECD official methodology, the entire territory of Montenegro could be considered rural. The Statistical Office of Montenegro classifies rural areas with less than 10,000 inhabitants in urban settlements in one municipality (13 municipalities just in the northern region). According to official statistical data, forests, untamed forest land and inaccessible terrain occupy almost 70%, and the area of agricultural land is about 22% of the total territory of the country (Vlada Crne Gore: Ministarstvo poljoprivrede i ruralnog razvoja, 2015, pp. 27-35). In this regard, it can be concluded that at least 90% of the territory of Montenegro can be considered a rural area (forests, agricultural holdings, pastures, arable and non-cultivated land, inaccessible lands, etc.).

<sup>52</sup> <http://www.me/index.php/cg/geografija/priroda>.

<sup>53</sup> The Ramsar Convention on Wetlands of International Importance particularly as Waterfowl Habitat is an intergovernmental agreement for the conservation and sustainable use of wetlands. NP Skadar Lake and Tivat Salina are protected Ramsar zones.

<sup>54</sup> NP Skadar Lake as a protected area of international importance for birds since 1989.

<sup>55</sup> NP Durmitor (1980) and Kotor-Risan Bay (1979).

<sup>56</sup> The Emerald network is a network of nature protection areas to conserve wild flora and fauna and their natural habitats of Europe, which was launched in 1989 by the Council of Europe as part of its work under the Bern Convention. Montenegro has some of the following important protected Emerald zones: NP Skadar Lake, NP Lovćen, NP Durmitor, Tara canyon, Tivat Salina, Kotor-Risan Bay, Bjelasica, RP Komovi, Islet Katič with Donkova and Velja Seka, etc. (Ministarstvo održivog razvoja i turizma, 2015, p. 16).



Picture 2: National parks of Montenegro (retrieved from <http://www.nparkovi.me/sajt/mapa-crne-gore-sa-nacionalnim-parkovima>)

The national park of Lovćen spans across the municipality of Cetinje; the national park of Lake Skadar spans across the municipalities of Podgorica, Bar and Cetinje; the national park of Durmitor is located in the municipalities of Žabljak, Plužine and Šavnik; the national park of Biogradska gora is located in the municipalities of Kolašin, Mojkovac, Berane and Andrijevica, while the national park of Prokletije is located in the municipalities of Plav, Rožaje and



Gusinje. National parks of Durmitor, Biogradska gora and Prokletije encompass macro touristic destinations, while the national park of Lovćen, together with the mountains of Orjen (Herceg Novi), Rumija (Bar), Veruša (Podgorica), Vučje (Nikšić) and Kosanica (Pljevlja) contain micro touristic destinations (Program razvoja planinskog turizma u Crnoj Gori, 2005; cited by Gašović, 2017, pp. 436-437).

Clusters are innovative models of economic development which “emerge from associating economic and non-economic subjects and institutions in a single work area in lower levels, cities – regions” (Đurašević, 2009, p. 102). To better understand the need for cluster definition, there is an explication in scientific discourse claiming that clusters are “geographically directed groups of mutually connected companies and institutions in a certain sector, united by a common goal and complementarity” (Porter, 1990, p. 8). However, each cluster, independently from the homogenised composition of being united by a complementary idea of sustainability, is also characterised by its competitors’ traits as well, as an attribute defining a destination’s ability to successfully compete on the market, hence create an ideal and affirmative social and ecological image (Milojević, 2006; cited by Janković, 2010, p. 22). As a touristic destination, Montenegro can be divided into several clusters, and three predefined regions, which mutually differ from one another in specific and endemic characteristics of the areas and cultures (Đurašević, 2009, p. 109):

1. coastal region with three clusters:
  - the cluster of Boka Kotorska;
  - the cluster of Budva; and
  - the cluster of Bar and Ulcinj.
2. central region with two clusters:
  - Cetinje with the national park of Lovćen; and
  - Podgorica with the national park of Skadar Lake.
3. northern region with three clusters:
  - Kolašin with the national park of Biogradska gora;
  - Žabljak with the national park of Durmitor; and
  - The national park of Prokletije with the lake of Plav and mount Turjak (Rožaje).

The aforementioned clusters provides various economic development opportunities, from the high competitiveness through strategic and civil partnerships and sustainable development (Đurašević, 2009, p. 108). The clusters of the first region are characterised by the coastal nature and coastal mountains, unusual bays,<sup>57</sup> cultural-historical towns,<sup>58</sup> several churches and

<sup>57</sup> For instance, Jaz and Buljarice.

<sup>58</sup> Old town of Budva and Old town of Bar.

monasteries, and the peninsula of Sveti Stefan. It is for this reason that these clusters developed the types of coastal, cultural, sports and medical tourism (Ministarstvo turizma i zaštite životne sredine, 2008, pp. 60-62).

The second and the third region clusters are characterised by legally defined national parks. Additionally, there are diverse nature parks, sites with extraordinary qualities, strict nature reserves, as well as special nature reserves, various nature monuments and the display of natural relics. Flora, fauna and ecosystems in all these are preserved to varying level, as well as the forms of physical-geological characteristics, with specific cultural-historical values (Ministarstvo turizma i zaštite životne sredine, 2008, pp. 63-67). Such regions are highly attractive to tourists because of their preserved ecosystems and the natural traits of the soil, air and water, with traditional lifestyle, which, in the world of fast globalisation and urbanisation, is a trait of uniqueness, rarity and natural representation (Ubavić, 2015, p. 83).

Picture 3 displays one of the official touristic maps of Montenegro with the aforementioned and the defined clusters, designed to familiarise coastal tourists with specific characteristics of the entire touristic offer of the country. Related to this, in recent years, Montenegro is attempting to present itself on the international touristic market as a unique touristic product, meaning that it connects all three clusters, i.e. regional offers of both coastal and continental regions, into a single integral set (Ministarstvo turizma i zaštite životne sredine, 2008, pp. 36-38).



Picture 3: International touristic map of Montenegro (retrieved from <http://www.montenegromap.net/montenegromap.html>)

### 3.2 Analytical model of theoretical and normative approach in Montenegro

Rural areas are defined as a specific type of social system in which people are connected with one another more deeply; they share interaction and mutual understanding, as a life-long relation with other members of the area they perceive as the place of common care and action (Milić, 2011, p. 15). By taking a wider overview of the level of rural tourism in general, we made a selection of theoretical approach to the topic, based on the normative scales aligned with sustainability indicators. According to it, there are three theoretical approaches (Đorđević Milošević and Milovanović, 2012, p. 20):

1. rural areas are facing immense challenges undermining the territorial cohesion within countries;
2. rural areas often have an economic potential, mostly unused, or could be used better for the benefit of rural population and the overall national development;<sup>59</sup> and
3. no sector policy nor market forces are able to fully respond to the heterogeneity of the challenges and potentials of rural areas, nor to deal with all positive and negative external factors.

All these three above mentioned theoretical approaches can be applied to Montenegro and its adopted laws. In relation to that, the following (sub)sections will deal with a more detailed analysis of the formal support of all stakeholders, from local to national organisations, challenges of sustainable rural development and its potentials in Montenegro.

### ***3.2.1 Legal framework for the rural development in Montenegro***

The Ministry of agriculture and rural development has adopted several crucial systematic documents, the most important of which is the following “Strategy for the development of agriculture and rural areas 2015-2020”. The document was defined by the previously adopted strategic document – “National programme of rural development” from 2008 – whose main goal was to balance agrarian policy, legal framework and institutional support to agriculture, with the demands of joining the EU (Vlada Crne Gore: Ministarstvo poljoprivrede i ruralnog razvoja, 2015, p. 14). Together with the aforementioned documents, the “National programme for the development of food production and rural areas 2009-2013” was passed and adopted in 2008. The most recent project of the Ministry of agriculture and rural development is Rural Clustering and Transformation Project<sup>60</sup> supported by IFAD. This 6-year project deals with issues of economic growth in underdeveloped regions, climate change, water supplies and empowerment of youth and women. The project includes 6 municipalities in the northern part of Montenegro<sup>61</sup> and 3,000 rural households will be covered. The other component will include revitalisation of 57 villages, improvement of 30 roads in rural areas, construction of about 15 reservoirs for agricultural purposes and 12 water supply systems (Bataković, 2017, p. 8).

<sup>59</sup> For instance, Župa Nikšićka, a village in the central part of Montenegro has an immense economic potential for successful sustainable development of rural tourism. It is surrounded by the mountains Maganik and Prekornica, plateaus Krnovo, Štitovo and Lukavica, numerous historical monuments and many other natural and socio-cultural resources. The Lukavica plateau is famous for its more than 350 water springs, the impressive mountain tops of Veliki and Mali Žurim, the lakes of Kapetanovo and Manito, church of St. Ilija and katuns ([www.zupa.today](http://www.zupa.today)).

<sup>60</sup> RCTP.

<sup>61</sup> Nikšić, Šavnik, Žabljak, Mojkovac, Bijelo Polje, Berane and Petnjica.

However, to encourage, develop and improve the Montenegrin policy of rural development and align it with the EU standards, the most important is the IPARD II programme for the period 2014-2020. It defines the support measures for investment into primary agriculture and processing industry, and the support to widening the scope of economic activities in rural areas (Vlada Crne Gore: Ministarstvo poljoprivrede i ruralnog razvoja, 2015, p. 14). Another important document in the development of rural areas is the LEADER programme, based on the objectives of the European Agricultural Fund for Rural Development, which has a unique set of rules for rural development and propagates tasks aimed at strengthening the finances of rural areas through activities of strengthening the competitiveness of the agriculture and forestry sector, improvement of the environment and agricultural areas, and improving the quality of life in rural areas and achieving the diversity of the rural economy (Turek Rahoveanu and Turek Rahoveanu, 2013, p. 296). The LEADER is planned to be included through the IPARD II 2014-2020 programme in 2018 and the implementation of the LEADER has to be harmonised with all legal set of regulations in Montenegro in the field of tourism, economy, NGO's, organisations, etc. (Bataković, 2017, p. 11).

By all odds the most functional document concerning sustainable rural development is the "Strategy for regional development of Montenegro 2014-2020" which is closely related to the "Law on Regional Development"<sup>62</sup> from 2011. It enlists the following as essential measures (Ministarstvo ekonomije, 2014, pp. 10-11):

- achieving balanced social inclusion and economic development of all units of local self-government and the region, especially of the continental part of the country, based on competitiveness, innovation level and employability;
- improving the system of monitoring the implementation of "Strategy of regional development" and statistical indicators;
- encouraging measures for underdeveloped municipalities, so as to mark the investment areas; and
- raising the level and the quality of education to align it with the needs and the demands of the work market.

Similar measures were proscribed by the "Law on Regional Development" and "Strategy for development of agriculture and rural areas 2015-2020" (Zakon o regionalnom razvoju, 2015, article 18; Vlada Crne Gore: Ministarstvo poljoprivrede i ruralnog razvoja, 2015, pp. 14-15):

- building infrastructural facilities;<sup>63</sup>
- increasing economic activity and further encouragement to the development of entrepreneurship, small- and mid-size startups;

<sup>62</sup> Last modified 2015.

<sup>63</sup> Local and regional roads, hospitals, schools and pre-school institutions, sports objects, residential facilities, etc.

- identifying areas for investment and for attracting foreign investors;
- encouraging measures to populating underdeveloped municipalities so as to decrease depopulation and improve services in social and child protection;
- raising the level and the quality of education, especially in higher education and in line with the needs and the demands of the work market, with special emphasis on the development and the encouragement of youth entrepreneurship;
- improving protection of the environment, the quality of utility service and waste management.

Here we must emphasize that, due to the fact the in 2012 Montenegro became a full member of the World Trade Organisation, today it can influence the liberalisation of international trade in all segments by following the pre-defined parameters. Besides the legal framework regarding rural development, Montenegro has significantly improved the legal structure from the standpoint of sustainable development, hence adopting the UN Framework convention on climate change in 2007, and ratifying the Kyoto protocol, hence agreeing to decrease the emission of greenhouse effect gases.

### ***3.2.2 Critical analysis of the existing legal documents***

The legal structure of Montenegro in recent years strives to pass and adopt as many laws, norms, models and principles aligned with the EU standards and procedures. The EU demands are much wider in scope when they refer to developing countries, i.e. the countries which economically, institutionally and socially are not able to match the developed countries in corresponding aspects. This problem is least visible in the domain of legal system and bylaws, because it is not particularly difficult to adopt laws, yet progress is much less evident in the domain of strengthening the existing institutions and founding new ones, in methods and the course of improving not only tourism but all life spheres of society, which directly or indirectly impact the productivity of touristic activity (Bataković, 2012). From that standpoint, it is possible to conclude that Montenegro insufficiently uses both positive and negative experiences and good and bad practices of transitional countries.

A great limitation is also insufficiently trained staff at all levels,<sup>64</sup> whose capacities prevent it from adequately responding to the complex demands they inevitably face on a daily basis. An evidence for such a claim can be found in the report on progress of Montenegro in 2018, which states that good progress was observed in rural development (Montenegro 2018 Report, 2018). These data, most certainly, show that Montenegro has still not achieved the developmental

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<sup>64</sup> From academic to administrative.



level which would enable it to openly accept and implement the legal regulations available in the EU countries. First and foremost, it is necessary to modify the development Strategy, and only then modify master plans, as well as action plans. All these must comply with legal regulations, as well as with the legal possibilities to bring about certain changes in the environment, society, economy, and the very degree of development (Bataković, 2012).

The “Law on agriculture and rural development” from 2009<sup>65</sup> (Zakon o poljoprivredi i ruralnom razvoju, 2017) is the basic legal document for the agrarian policy, and it regulates the following: planned development of agriculture and rural areas, measures of agrarian policy, agricultural and rural development encouragements, pre-conditions for their realisation, encouragement users, producers organisation, quality and demarcation of agricultural produce, trade and commerce of agricultural produce, additional activities, public interest work, registers and evidences, as well as other matters concerning the development of agriculture and rural areas. More in-detail explanation on the agrarian policy guidelines are given in the four main groups: market-value policy, rural development policy, public interest work and social transfer to family agricultural households (Zakon o poljoprivredi i ruralnom razvoju, 2017). Its main clauses, however, do not even precisely define neither the notion of rural development nor rural areas. It rather defines general goals and measures of agrarian policy, related to the market prices value and the measures for market stability, with a wide overview of the external and internal trade market. The same law mentions, as a significant item, the importance of encouragement of rural producers via subventions and additional funds, as well as via international projects, donations and other sources. Having in mind that Montenegro aims to establish deeper connections with the EU, this law also defines special advice for agriculture and rural development which enlist authority, measures and activities of agricultural inspectors, food inspectors and phytosanitary inspectors. In general, this “Law on agriculture and rural development” at most directs the sustainable usage of resources, enables stable market prices for the rural areas produce and products, while maintaining competitiveness and with tendencies to improve life standard of population in rural areas (Zakon o poljoprivredi i ruralnom razvoju, 2017, articles 3-19).

This Law is the only law in Montenegro regarding rural tourism and activities related to rural development and rural regions. This wide area of rural topics is mostly regulated by the “Law on tourism,” adopted in 2010.<sup>66</sup> However, “Law on tourism” also does not define the notion of rural tourism, while on the other hand the notion of ecotourism is clearly defined. This allows for a conclusion that rural tourism in the legal system on Montenegro is not clearly defined yet.

<sup>65</sup> Last modified 2017.

<sup>66</sup> Last modified 2014.



Other than general principles, defining the scope and the subjects it refers to, the Law explains all aspects of touristic activities and the issues related to their functioning, as well as functioning of touristic agencies, the scope of their work, licence acquisition, activities, goals and special conditions for organising special touristic offers, field trips or transport of passengers, and the like.

Twelfth segment of this “Law on tourism” regulates the issues regarding touristic services in rural areas. In Article 65, these touristic services imply services that are offered “for vacations and recreational activities of tourists, including activities related to agricultural households (fruit and vegetables picking, harvesting, renting riding horses, etc.)” (Zakon o turizmu, 2014, article 65). Article 66 (Zakon o turizmu, 2014, article 66) states that the right to practice tourism in rural areas is allowed to both physical and legal entities as members of family agricultural households. It also mentions that entities working in tourism sector in rural regions are obliged to file an application form to a local government body in charge of economic work, containing all data on location, activities, actions and services offered by the locality or touristic facility.

In accordance with the activities types, the Law allows for further validity investigation and verification for approval acquisition, which implies that it is necessary to check if the different types of accommodation facilities satisfy the minimal technical, sanitary and ecological prerequisites in terms of functionalities in general. The Law also obliges applicants to comply with laws stipulated by the Ministry of agriculture and rural development and the Ministry of sustainable development and tourism of Montenegro when filing, withdrawing applications or registering facilities in rural areas (Zakon o turizmu, 2014, article 66). Furthermore, the Law analyses and answers all questions concerning catering activities and facilities, with all their applications and types, work conditions, categorisation means, normative and legal work framework, as well as acquiring approval for working in accommodational and catering sector, and work ban in the case of breaching certain agreements.

### ***3.2.3 Critical analysis of the existing strategic documents***

Knowing that Montenegro is in the stage of intensive development and improvement, all its strategic documents, although long-term in time scope, contain developmental guidelines enforced in developed countries for quite some time. On one hand that is good, because the authorities could use them as an example of good practice, while on the other hand it is also bad because it demands special effort in various levels, investments, corrections, modifications, upgrades, etc.

When it comes to rural tourism and rural regions, the “Strategy for development of agriculture and rural areas 2015-2020” and the “Strategy for development of

tourism in Montenegro until 2020” are two most important strategic documents. The first one defines rural areas in Montenegro as municipalities with less than 10,000 inhabitants. Following from such a definition, we analysed the data from the population census from 2011. This census established that central Montenegro is inhabited by 293,509 inhabitants, out of which 59,869 (20.4%) in rural regions. Accordingly, northern region is inhabited by 177,837 inhabitants, out of which 106,164 inhabitants (59.7%) in rural regions. Out of the total number of inhabitants of coastal region, 148,683 inhabitants, about 41% is from rural region. The sum number of inhabitants of coastal, central and northern region indicates that approximately 37% of the country’s population inhabits rural regions (MONSTAT, Popis stanovništva, 2011; quoted by Vlada Crne Gore: Ministarstvo poljoprivrede i ruralnog razvoja, 2015, p. 35).

In line with the previously given data, the “Strategy for development of agriculture and rural areas 2015-2020” enlists, together with the analysis of the current state, the development vision (chapter 4), as well as measures for development of rural tourism compliant with the EU policies. This document points out to the authorities the importance of reforms in rural-touristic sector and demands for adopting of numerous strategic documents. What is necessary for such documents to be even possible to devise and adopt is to devise a thorough and a detailed master plan of measures and activities to be realised so as to align the entire scope of documents with the political, legal and administrative stipulations by the EU. Consequentially, this Strategy sheds special light on identifying competitors not only in Montenegro but in the EU as well (Vlada Crne Gore: Ministarstvo poljoprivrede i ruralnog razvoja, 2015, pp. 60-68).

“Strategy for development of tourism in Montenegro until 2020” was devised to analyse what goals have been achieved from the master plan from 2001, and to incorporate those results into the vision of further development. The Strategy enlists as achieved the following goals (Ministarstvo turizma i zaštite životne sredine, 2008, pp. 13-14):

- focusing market economy to sustainability of resources and attracting domestic as well as foreign investors;
- improving the quality of touristic offer and arrangements;<sup>67</sup>
- a positive trend of increased demand for touristic offers in the entire Montenegro is evident from 2007 onward;
- the need for constructing new touristic attractions has been justified;<sup>68</sup>
- inclusion of parts of central and northern region of the country in touristic offers is on the increase;
- launching the website of the NTO of Montenegro, designed to be innovative and interactive; and
- increased interest of investors for investments in tourism of Montenegro.

<sup>67</sup> Such as: high-quality hotels, accommodation, food, activities, etc.

<sup>68</sup> E.g. golf courses.

The need for the definition of a strategy with an influence on prospective development of tourism in Montenegro is absolutely justified, having in mind that according to the Strategy, Montenegro is a touristic destination with a year-long touristic offer throughout the country. On one hand, such touristic offer consists of seasonal touristic arrangements, while on the other hand it can also offer season-independent arrangements. Since the majority of touristic offers in Montenegro is focused on either natural or cultural sights, the Strategy stipulates preservation, care and maintenance of their traits and puts them under protection, so as to prevent deterioration of diversity and attractiveness of a certain touristic offer (Ministarstvo turizma i zaštite životne sredine, 2008, p. 15).

It is important to emphasize that the Strategy also offers examples of both global and regional touristic trends, whose goal is to awake interest of touristic agencies or stakeholders offering touristic arrangements, and to influence them to improve or enrich their offers. That is why the Strategy sheds special light on some of the following trends (Ministarstvo turizma i zaštite životne sredine, 2008, pp. 16-17):

- raising awareness on development sustainability and defining the legal framework to ensure abiding by the sustainable principles in tourism;
- devising authentic and genuine touristic offers to stand out from the clichés already exploited in touristic sector in general;
- developing innovative and functional electronic-informational distributive system to facilitate tracking of offers, prices and opportunities;
- constructing an efficient transportation system with characteristics of low-budget carriers;<sup>69</sup>
- differentiating touristic offer according to demands of individual tourists.

To be able to turn the aforementioned tendency to reality of, the Strategy suggests the following (Ministarstvo turizma i zaštite životne sredine, 2008, p. 17):

- emergence on the market and the development of lifestyle products;
- emergence on the market and the development of quality products;
- devising touristic offers based on the mixture of sports and nature activities, which are both healthy and relaxing;
- devising touristic offers to satisfy the demands of tourists with academic background; and
- developing more touristic offers with all-inclusive arrangements.

Since the Strategy thoroughly analyses and presents the vision of tourism development until 2020, it also enlists key demands stipulated to service

<sup>69</sup> At the moment, in Montenegro can be found several international low-cost companies including Ryanair, WizzAir, EasyJet, Pegasus, Eurowings, Transavia and Pobeda Airlines.

providers in tourism, which refer to the following (Ministarstvo turizma i zaštite životne sredine, 2008, p. 18):

- defining services and activities offered to tourists depending on the type of vacation;<sup>70</sup>
- defining service and activities offered to tourists depending on the target group of tourists;<sup>71</sup> and
- maintaining the touristic offer authenticity.<sup>72</sup>

Abiding by the goals and tasks enlisted in the Strategy would, on one hand, enable the maintenance of a well-established position of a high-quality local, regional and global touristic destination, and the possibility for higher employability of local population and improvements in life standard, while on the other hand it would bring about stable and reliable revenue. These strategic goals could be realised via operational goals, with development measures presented in Figure 3. Their main aim is for Montenegro to become a high-quality global touristic destination. In general, tourism in Montenegro will increase employment rate of the entire population, as well as improve life standard, at the same time providing steady and reliable revenue to the country.

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<sup>70</sup> Pastime, leisure, health, training, expanding horizons, etc.

<sup>71</sup> Children, the young, adults up to 65 years of age, seniors.

<sup>72</sup> Refers to the visual attractiveness of both interior and exterior, treatment of nature, attractiveness of activities, quality of staff service, quality of accommodation, width of touristic offer, offer dependence on the season, degree of respecting environment sustainability, respecting traditional principles typical of the destination, professional and highly educated staff, innovation in marketing presentation of the destination (Ministarstvo turizma i zaštite životne sredine, 2008, p. 18).

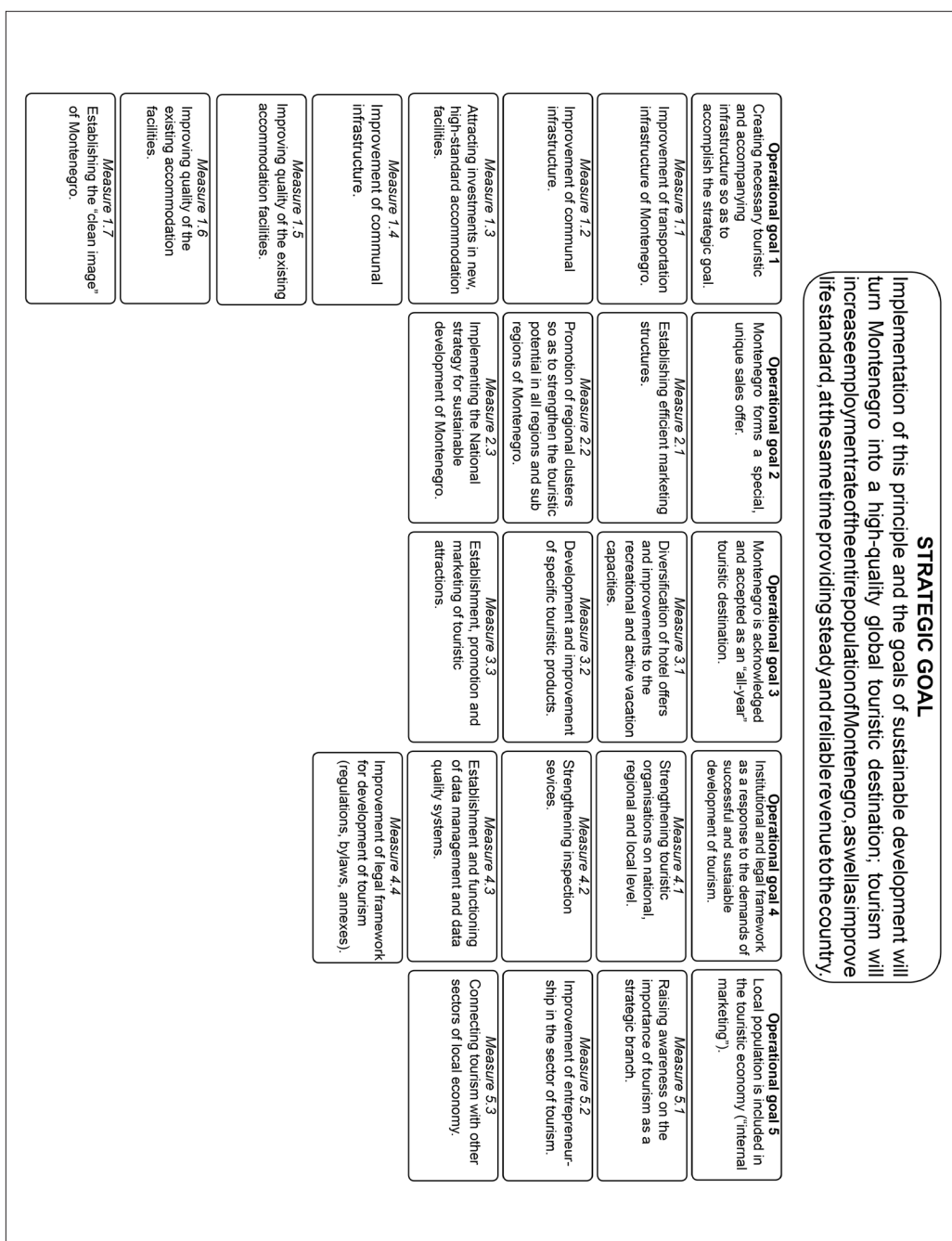


Figure 3: Development measures of tourism in Montenegro until 2020 (Ministarstvo turizma i zaštite životne sredine, 2008, p. 22)<sup>73</sup>

<sup>73</sup> The development measures have been translated into English.

### **3.2.4 Contemporary approach to strategic planning in sustainable rural tourism**

The improvement of sustainable rural tourism in any rural region implies integration through rural touristic spectrum respecting ecological, socio-cultural and economic possibilities of the environment. It is hence no surprise the attitude of the wide scientific community, which believes that the best type of tourism is the one which ensures gain in all development dimensions. However, although theoretically the perfect system, what happens in practice is that the notion and the ideal of sum sustainability can be achieved only sometimes, yet in real life highly rarely, because the goal of touristic offer is to move tourism along the sustainability continuum from lower values to higher (Clark and Chabrel, 2007, p. 372).

We must emphasize here that the notion of sustainability does not imply strictly ecological norms, but sustainable approach, principles and the system which promotes, defines the concept and guides rural tourism. Since we live in a society characterised by prompt changes, it is evident that those changes must be transferred to touristic social segment as well, with a solid foundation to maintain social stratification and the mobility of tourists (Oh and Schuett, 2010, p. 31).

Having in mind all these facts, the first stage in establishing and accepting new norms in rural areas is to raise awareness in rural population that social-professional structure must be changed in such a way to maintain its genuine, traditional aspects of the region, while on the other hand the society must not neglect the acceptable progress. However, rural regions tend to perceive the notion of modernisation not solely as the acceptance of contemporary technological advancements but also as the ability to discover or devise new ideas to improve productivity, economic status, life standard, and the like (Šimić, 2016, p. 8).

Scientific literature on the topic offers the typology of tourism sector innovations, which could be divided into five categories (Jovičić, 2015, p. 15):

1. product innovations – refer to either modification of the existing products or to the addition of new ones to enrich the touristic offer as well as to establish competitive trend;
2. process innovations – refer to the improvement of production or processing activities through the usage of new and improved technologies which not only speed up the process but also make it easier;
3. management innovations – refer to more modern approach to the staff administration system in the context of employability, training, work modernisation, etc.;

4. logistics innovations – refer to the maintenance of healthy interactive relations between competitors, which could easily set up limitations and new trends in the value scale; and
5. institutional innovations – refer to the restructuring and innovation of the very touristic resorts, offers, activities, arrangements, aligned with public and private sector guidelines.

All aforementioned innovations are relatively wide in their scope, because they do not refer to a single tourism segment, yet the more contemporary approach to planning in rural tourism also refers to the quality of services, abundance of activities, affordability of arrangements, sustainability, localities, gastronomic offer, additional activities, etc. Similarly, not all innovations refer to tourists solely, but also to venues owners and the staff in rural areas, and additionally, not only in the external aspects of touristic offers but also in the treatment of the employed, tourists and the work in general.

However, contemporary approach additionally implies the ways in which tourists learn that they should return to a certain locality – by being given discounts, collecting points, benefits, etc. Moreover, it is also reflected in the desire and the possibility to satisfy the tourists' demands not only in their basic life needs (accommodation, food), but also in their technological needs, as well as having the opportunity to electronically receive all information on a region they are interested in visiting<sup>74</sup> (Beldona and Cai, 2006, pp. 4-5).

Subsequently, the aspect of contemporary approach implies the degree of the compliance with the EU standards concerning services in several levels. To some tourists, that is the milestone when deciding on the holiday destination. On one hand, it is not the basic standards that are applied, but rather an extremely thorough approach to valuing the touristic arrangement, nowadays most often graded by the special contemporary classification system – a star and price category recognition by different specialised touristic and travel aggregators.<sup>75</sup> On the other hand, it also monitors if the food quality standards are applied and up to what degree. Food, as a part of touristic offer, is not the least important, but reflects the entire food chain, from producers to consumers. What is regulated that way are the many questions concerning physical, chemical and biological risks (Saxena, Clark, Oliver and Ilbery, 2007, p. 350). By connecting all the aforementioned, the goal of contemporary approach to the strategic planning of sustainable rural tourism is to achieve “efficiency, product quality improvement, decrease expenses, increase clients' satisfaction, increase sales and boost profit, ensure greater market share and the differentiation compared to competitors” (Jovičić, 2015, p. 16).

<sup>74</sup> A Mobile application of hotel organisation/ destination with free Internet access, electronic room locking, electronic safe locking, personal computers, etc.

<sup>75</sup> Booking, Trivago, Priceline, Tripadvisor, Hostelworld, etc.



## 4 STRATEGY FOR DEVELOPMENT OF SUSTAINABLE RURAL TOURISM IN UNDERDEVELOPED REGIONS OF MONTENEGRO

Strategy for development of sustainable rural tourism in underdeveloped regions firstly consists of defining the project team which is to devise a sketch of the current Strategy for development of tourism in Montenegro. This sketch should, as faithfully as possible, display the state and the needs of rural regions, aligned with the results obtained in field research which tracked numerous quantitative and qualitative factors, rated in accordance with current indicators. Action plans and master plans are devised based on those results, so that they respond to the goals and tasks of the Strategy, but they first must be aligned with the current documents on the national level: the Strategy for regional development, the Law on agriculture and rural development, the Strategy for development of agriculture and rural areas, the National Strategy for Sustainable Development and other national programmes.

The direction of development of sustainable rural tourism in underdeveloped regions of Montenegro implies the following (Bataković, 2012):

- accelerating preparational activities and adopting necessary strategic documents,<sup>76</sup> and upgrading the existing documents;
- forming expert group, i.e. national advisory board for rural development;
- ensuring better management of donation projects;
- local action groups networks<sup>77</sup> – as a part of the entire system of institutions included in rural development;
- launching formal educational programmes in the area of rural development and supporting non-formal ones; and
- empowering communication with the civil sector and supporting the programme “Networks for rural development of Montenegro.”<sup>78</sup>

Together with the enlisted levels, it is important to monitor the sum planned expenses, i.e. agricultural budget allocated to rural development on the state level. Having in mind that rural development is an underdeveloped type of tourism, and that its increase and diversification should be worked on, the allocated budget is increasing every year. That is why in 2015 the total value of rural development expenses was 13,585,000.00 euros; in 2016 14,817,328.28; while in 2017 it was 15,300,000.00 euros (Ministarstvo poljoprivrede i ruralnog razvoja, 2017, article 2).

<sup>76</sup> New strategies, plan documents, laws, etc.

<sup>77</sup> LAG networks.

<sup>78</sup> Network for Rural Development of Montenegro or NRDM is an NGO from Nikšić founded in 2012 with the main goal to strengthen interactive relationship of stakeholders and civil society, and to contribute to the overall sustainable development of rural areas in Montenegro. NRDM is represented by over 20 civil society organisations across the country (mne.ruralportal.me).

From the enlisted expenses, according to the programme 3891– Rural development, and the position 4412 – expenses for rural development and local infrastructure, it was planned to use the total sum as follows (Ministarstvo poljoprivrede i ruralnog razvoja, 2015, 2016 and 2017):

- In 2015 – 800,000.00 euros,
- In 2016 – 820,000.00 euros,
- In 2017 – 1,320,000.00 euros.

Based on the budget allocation every year, defined the strategic measures of planning rural development which, together with measures for improving agricultural competitiveness, and measures for sustainable management of natural resources, also imply measures for improving life quality and the diversification of natural activities in rural areas, which all refer to the following (Vlada Crne Gore: Ministarstvo poljoprivrede i ruralnog razvoja, 2015, pp. 45-47; Ministarstvo poljoprivrede i ruralnog razvoja, 2015, pp. 61-64):

- increase in and expansion of economic activities in rural areas;
- revitalisation and construction of rural infrastructure;
- encouragement of sustainable and high-quality production;
- development of sustainable management;
- maintenance of a steady development of all rural areas;
- training on innovations in the sector of rural development, tourism and agriculture;
- enabling sustainable management;
- sustainable usage of resources;
- preservation and protection of ecosystems;
- switching to low-polluting economy;
- raising awareness of rural population;
- encouraging the implementation of IPARD II programme;
- encouraging national and foreign investors to invest into rural development;
- modernising development;
- adjusting development of rural areas to the demands at national level, so as to enable funding and subventions from the state budget.

Besides the aforementioned strategic directions, when devising new plans, it is important to bear in mind that the encouragement of rural development in Montenegro highly depends on the equality of all rural areas. First and foremost, that refers to the allocation of state budget funds, training system, the level of media support, promotion and management, which, depending on the readiness

level, can or cannot fully implement the national and regional projects. Pertaining to the above, the following subsections of the chapter tried to present the overall picture of tourism in Montenegro, accommodation facilities, the infrastructure level, human resources' education and precise SWOT analysis of the continental part of the country.

#### 4.1 The current state of development of tourism in Montenegro – general overview

Based on the available data (from the period between 2010 and 2017), it is clear that, in the segment of tourism of Montenegro, the number of tourists and overnight stays exponentially grows, as well as the wide spectrum of affordable and attractive touristic offers (Table 1). The data indicate that in 2010 the number of tourists in collective accommodation was 593,187, while in 2017 it grew to 955,499, which brings about the conclusion that, in the period of 7 years, the Touristic organisation of Montenegro actively worked on tourism development, leading to over 36% increase in the number of tourists in collective accommodation facilities since 2010. The trend of annual growth (18% in 2017) is also evident. Such data indicate that it is extremely important to monitor standards and demands of foreign market, especially when it comes to statistical data on the place of origin of the majority of tourists, so as to track their lifestyle and to adjust touristic offers (Table 1).

*Table 1: Number of arrivals to touristic capacities of Montenegro<sup>79</sup> (Zavod za statistiku Crne Gore – MONSTAT, 2017, Dolasci i noćenja; Zavod za statistiku Crne Gore MONSTAT, 2018, Saopštenje)*

Tourists arrivals to collective accommodation facilities in Montenegro					
Year	Total number	Domestic tourists	Foreign tourists	Level index, 2010=100	Annual rate, % (g/g-1)
	(1)=(2)+(3)	(2)	(3)		
2010	593,187	93,489	499,698	100.0	
2011	625,981	94,478	531,503	105.5	5.5%
2012	651,291	87,326	563,965	109.8	4.0%
2013	694,101	82,426	611,675	117.0	6.6%
2014	676,342	81,501	594,841	114.0	-2.6%
2015	733,850	97,771	636,079	123.7	8.5%
2016	808,788	100,038	707,750	136.3	10.2%
2017	955,499	111,890	843,609	161.1	18.1%

<sup>79</sup> Starting 2017, the Statistical Office of Montenegro in line with the EU regulation 692/2011, publishes reports on the arrivals and overnight stays of tourists in collective accommodation solely (hotels, hostels, and the like, excluding private accommodation).

The number of overnight stays in touristic capacities of Montenegro is also on the rise. Namely, data from 2010 indicate that the number of overnight stays was 3,014,418, with 2,571,729 of foreign tourists. When it comes to 2017, the number of overnight stays was 3,890,370, with 3,459,000 of foreign tourists. Compared to 2010, the number of overnight stays of all tourists records a 22% increase, which could also indicate that the quality of accommodation and touristic services in the country rose as well (Table 2).

*Table 2: Number of overnight stays of tourists in touristic capacities in Montenegro (Zavod za statistiku Crne Gore – MONSTAT, 2017, Dolasci i noćenja; Zavod za statistiku Crne Gore – MONSTAT, 2018, Saopštenje)*

Overnight stays of tourists in collective accommodation facilities in Montenegro					
Year	Total number	Domestic tourists	Foreign tourists	Level index, 2010=100	Annual rate, % (g/g-1)
	(1)=(2)+(3)	(2)	(3)		
2010	3,014,418	442,689	2,571,729	100.0	
2011	3,170,519	427,105	2,743,414	105.2	5.2%
2012	3,172,900	394,129	2,778,771	105.3	0.1%
2013	3,397,308	385,495	3,011,813	112.7	7.1%
2014	3,085,634	364,816	2,720,818	102.4	-9.2%
2015	3,247,820	403,926	2,843,894	107.7	5.3%
2016	3,521,897	407,810	3,114,087	116.8	8.4%
2017	3,890,370	483,184	3,459,000	129.1	10.5%

The additional reports by PER show there was over 850 million euros revenue in 2017 from tourism solely, i.e. 7% more than in 2016, while the number of tourists who visited Montenegro in 2017 summed over 2 million (Program ekonomskih reformi za Crnu Goru, p. 15; Statistical Office of Montenegro, 2017). From 2010 to date, the number of tourists increased by 60%. Table 3 presents arrivals and overnight stays of tourists from 2010 to 2017 in important touristic regions – coastal region, capital of Podgorica, mountains, and other touristic areas, calculated by the Statistical Office of Montenegro using the old calculation methodology. The most salient is the correspondence between the coastal region, with about 95% of all arrivals and overnight stays in the country's tourism sector, while Podgorica, the mountains and other touristic locations, have a 3-6% share in the total number of arrivals and overnight stays every year (Table 3).

<sup>80</sup> The data by the Statistical Office of Montenegro were calculated by its old methodology, since from 2017, in accordance with the EU regulation 692/2011, the Office publishes reports on arrivals and overnight stays of tourists in collective accommodation facilities (hotels, hostels, and the like, excluding private accommodation).

<sup>81</sup> The author's own calculation based on the available official data.

<sup>82</sup> The author's own calculation based on the available official data.

*Table 3: Total number of arrivals and total number of arrivals and overnight stays in touristic regions of Montenegro (Bošković, 2011; Turizam – dolasci i noćenja turista po vrstama turističkih mjesta, 2014; Zavod za statistiku Crne Gore – MONSTAT, 2017, Saopštenja – turizam; Zavod za statistiku Crne Gore – MONSTAT, 2018, Saopštenje)*

Year	Arrivals of tourists	Arrivals and overnight stays of tourists in touristic regions <sup>80</sup>		
		Coast	Podgorica	Mountains and other(touristic) locations
2010	1,262,985	96%	locations	2.6%
2011	1,373,551	96.5%	1.2%	2.3% <sup>81</sup>
2012	1,439,500	96.8%	1.1%	2.1%
2013	1,492,000	97%	1.2%	1.8%
2014	1,517,376	96.9%	1.3%	1.8%
2015	1,750,000	97%	1.6%	1.4%
2016	1,813,817	96.2%	1.6%	2.2% <sup>82</sup>
2017	2,000,009	94,9%	2.2%	2,9%

These data bring about the conclusion that it is necessary, when analysing progressive data on the growth of number of tourists, accommodation, and overnight stays, to analyse the quality of manifestations offered to tourists too. If we take an analogous perspective on the observed period with activities of touristic offer of Montenegro in the given period, it is evident that the arrangements include manifestations such as numerous regional and international music festivals in Cetinje, Podgorica, Nikšić and Berane, as well as the following festivals: “Sea dance,” “Lake fest,” “Southern Soul Festival,” “Guitar fest,” “Jazz festival,” “Refresh,” and “Afterbeach parties,” mostly intended for the younger population, as well as irreplaceable carnivals such as “Bokeška noć,”<sup>83</sup> “Petrovačka noć,”<sup>84</sup> “Grad teatar Budva”<sup>85</sup> and “Barski ljetopis”<sup>86</sup> (official data by the Ministry of tourism and sustainable development and the NTO of Montenegro, 2015, pp. 1-5). Events in rural areas are slowly emerging in the past few years. The “Durmitorski prsten”<sup>87</sup> international cycling race and “Katunske sportske igre”<sup>88</sup> sports competition, to name just a few, are not competitive enough nor commercially attractive to numerous events mostly in the coastal region.

While planning strategically the touristic offers, prices, accommodation capacities and the diversity of arrangements, it is extremely important to track all the aforementioned aspects, analyse all factors which could have a direct or indirect impact on tourism results, and to listen to the attitudes of tourists.

<sup>83</sup> Literal translation to English: The night of Boka Kotorska.

<sup>84</sup> Literal translation to English: The night of Petrovac.

<sup>85</sup> Literal translation to English: Theatre city of Budva.

<sup>86</sup> Literal translation to English: The yearbook of Bar.

<sup>87</sup> Literal translation to English: Durmitor ring.

<sup>88</sup> Literal translation to English: Summer pasture sports games.

### **4.1.1 Infrastructure and suprastructure**

Adequate infrastructure contributes to better life quality, and prevents migrations and depopulation. Road infrastructure is one of the key elements in development of rural areas, because it enables coherence of regions, as well as easier access, better products placement, facilitates arrival of tourists, hence it provides additional revenue.

When it comes to rural areas in northern and central regions of Montenegro, their road and social and economic infrastructure is relatively underdeveloped. However, what mostly impacts tourists are the lack of sewers and plumbing networks, telecommunication networks and electricity networks. Additionally, inadequate traffic roads, as well as insufficient traffic network, are an evident cause of numerous problems, reflected in the distance from the most important shops and administrative centres. When it comes to grocery stores and primary schools, these distances average 3–4 km; high schools and banks the average is up to 10 km; bus stations are located up to 2,5 km from towns; while post offices are 7,5 km away (Ministarstvo poljoprivrede i ruralnog razvoja, 2015, p. 35). Roads structure length in Montenegro is around 6,400 km – 930 km of which are primary roads, 850 km regional roads, while local roads take up to 4,500 km. State roads entail 312 bridges and 136 tunnels, the motorway network is still in the development stage, which places Montenegro (at the moment) as the only country in southeastern Europe without developed motorway system.<sup>89</sup> The cause of insufficient transportation network is the rough terrain which detracts or limits the functional cohesion within the country and its connections with neighbouring countries. The majority of roads result from either individual labourers or actions of local community, with no or very little interference of the government (Ministarstvo poljoprivrede i ruralnog razvoja, 2015, p. 34).

For all the aforementioned reasons, it is expected to see amelioration work in the near future, so as to improve tourism as well. The work refers to the improvement of road infrastructure, whose importance is manifested in the weakening and depopulation of remote rural areas. Such negative trends are likely to continue unless national strategies start offering better life conditions and more affable economic situation in these areas. To exemplify the country's engagement in improving infra- and suprastructure, we came across the data that, every year, state budget allocated to rural areas slightly grows, so as to improve the conditions in rural areas, to increase the number of tourists and to facilitate living in underdeveloped regions. However, as much as the country puts effort into improving the current state, we still must note that such a demanding process takes years, if not even decades, to reap the benefits of, and it must be implemented thoroughly and meticulously – more so due to great natural

<sup>89</sup> The largest construction project in Montenegro that is currently under roadwork is known as Bar-Boljare motorway and will be about 165 to 169 km long. It connects the south with the north, all the way to the border with Serbia.

diversity of Montenegro, which actually hinders the works and impedes the cohesion of less urbanised regions.

#### **4.1.2 Current structure and the possibilities for staff training**

Legal framework of Montenegro clearly defines demands for human resources in tourism sector. This framework postulates the following beliefs (Ministarstvo turizma i zaštite životne sredine, 2007, p. 10):

- what is sold in tourism is not a service of a single service provider but rather an entire set of services by various service providers on the market. Hence, high quality of touristic services greatly depends on the available human resources (both quantitatively and qualitatively);
- the quality of touristic product is determined by numerous participants on the market;
- staff in tourism must possess the basic knowledge on various activities so as to understand their mutual relationships better, which leaves room for more potentials for the economy and employability in Montenegro;
- average number of employees per company in hotels and restaurants sector equals 4.6 – this number demands for more flexibility in hiring possibilities and for a wide qualifications profile.

With the aforementioned postulates the following qualities are expected from tourism staff (Ministarstvo turizma i zaštite životne sredine, 2007, p. 15):

- high flexibility;
- knowledge of foreign languages;
- readiness to provide service and communication skills;
- practical abilities; and
- high knowledge on various branches and segments within the complex sector of tourism.

If we quantitatively observe the state of human resources in tourism, the data indicate that, out of the total number of 24,500 full-time employees in tourism Montenegro in 2016 (Ministarstvo turizma i zaštite životne sredine, 2007, p. 13):

- 65% (equivalent to about 15,925 positions) is employed in coastal region;
- 20% (equivalent to about 4,900 positions) is employed in wellness centres and spas;
- 12% (equivalent to about 2,940 positions) is employed as touristic guides, as well as in MICE congress tourism;
- 3% (equivalent to about 735 positions) is hired in the domain of mountains tourism and active tourism.<sup>90</sup>

<sup>90</sup> Skiing, hiking, rafting, etc.



The data for 2017 available on the website Statistical Office of Montenegro (Vuković and Tanjević, 2018), indicate that the total unemployment rate is 16%, whereas the unemployment in the northern part of the country is as high as 35%.<sup>91</sup> Average time required to get employment is longer than two years, i.e. more than 60% of the entire working population (Vuković and Tanjević, 2017).

#### 4.1.3 Structure of touristic capacity of rural tourism

The overall capacities of accommodation are the foundation for development and popularity of rural tourism. At the same time, they reflect the quality of service since the price of accommodation directly depends on the offer. Namely, if an accommodation facility offers rooms solely, it lowers the offer, causing lower prices and lower revenue. That is why it is necessary to invest more into accommodation facilities, as well as in balancing the tourists' demands and the revenue. Having in mind the fact the the conditions and the quality of touristic capacity reflect in tourism in general, the "Strategy for development of tourism in Montenegro until 2020" defines the goals regarding hotels capacity (Ministarstvo turizma i zaštite životne sredine, 2008, p. 75) (Table 4).

*Table 4: Increasing the availability of accommodation capacities in Montenegro by 2020 (Ministarstvo turizma i zaštite životne sredine, 2008, p. 75)*

2008						2020				
	Coastal	Mountain/ Northern region	Central	Total	%	Coastal	Central	Mountain/ Northern region	Total	%
Hotel beds	34,000	2,150	2,300	40,000		100,000	10,000	15,000	125,000	
Category	%	%	%	#		%	%	%	#	
5 stars	2.50	0	0	900	2.25	15	25	10	19,000	15.2
4 stars	17.1	12.8	26.3	7,400	18.5	35	35	35	43,750	35
3 stars	17.2	14.1	22.4	7,450	18.63	35	25	35	42,750	34.2
2 stars	55.8	1	41.1	21,550	53.8	10	10	15	17,250	13.8
1 star	7.4	0	10.2	2,700	6.75	5	5	5	2,250	1.8
<b>Note:</b> the estimates include all types of hotel, condo and timeshare										
<b>Note:</b> the estimates assume that many hotel companies of lower categories will be transformed into higher categories										
<b>Note:</b> the estimates do not include objects that are not categorised - mountain lodges and katuns <sup>92</sup>										

<sup>91</sup> The Statistical Office of Montenegro presented the results of unemployment rates by regions just for 2016.

<sup>92</sup> Katuns – a summer cottages in the mountains used by shepherds in the Balkans. This type of object is very well known in Montenegro.

Its main features are the necessary quality and offer diversification in accordance with the target groups of tourists. It must be noted here that any form of training most certainly demands for the existence of funds to cover the expenses of interior decoration and renovation. However, it is undoubtedly evident that the growth in demand rises the demand for higher investment in activities too, indicating that there is still some awareness on the necessity of expanding touristic offer. It also refers to the heterogeneity of the basic and additional services in rural areas, as well as to providing specific and unique services (such as traditional gastronomy and domestic produce). Furthermore, better and more efficient promotion is not to be neglected<sup>93</sup> so as to expand the span of potential destination visitors (Fotiadis, 2009, p. 153).

Interestingly, the most important problems refer to inadequate staff hired in rural tourism. On one hand, the deficiency in number of employees is already problematic enough, while on the other hand the staff is not properly trained to work in tourism, especially in rural tourism. All this is due to the simple fact that the majority of population in rural areas, i.e. household owners, are in fact retired seniors, and in the end the manual labourers and cattle breeders. Such population structure is clearly inadequate basis for improvement, primarily because, in majority of cases, the employees in rural households lack proper educational level, directly reflected in lower revenue. To make further education possible for them, it is necessary to provide them with opportunities for personal and professional growth, such as seminars, workshops, public events, and the like, with the goal of offering lectures and lessons, organised by expert groups, in cooperation with the Ministry of sustainable development and tourism of Montenegro (Babović, Babović and Babović, 2015, pp. 85-89).

## **4.2 SWOT analysis of central and northern region of Montenegro**

SWOT analysis is a technique of strategic management used in tourism as a tool successful in determining the current situation in a certain sphere. The analysis given in the "Strategy of regional development of Montenegro 2014-2020" (Ministarstvo ekonomije, 2014, pp. 42-45) indicates the following elements in terms of development of sustainable rural tourism in central and northern part of the country (Table 5). In this part of the SWOT analysis, I deliberately turned out the central and the northern part, since, according to all official criteria, these regions of Montenegro are least developed. Below is a detailed SWOT analysis of the potentials and challenges of these regions, which are being met on a daily basis. This SWOT analysis is supported by the Strategy of the regional development of Montenegro with my own additional analysis and observations (Table 5).

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<sup>93</sup> Via the Internet, social networks, banners, advertisements, flyers, bulletins, radio and television.

Table 5: SWOT analysis of sustainable rural tourism in central and northern region of Montenegro (Ministarstvo ekonomije, 2014, pp. 42-45)

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<b>Smart growth</b>	<ul style="list-style-type: none"> <li>- relatively good access to all education levels</li> <li>- satisfactory level of population education</li> <li>- existence of primary and secondary health care</li> <li>- education centres (Podgorica, Nikšić, Cetinje) with the possibility of expansion to north</li> </ul>	<ul style="list-style-type: none"> <li>- growth of unemployment rate</li> <li>- constant migrations from northern to central region</li> <li>- insufficient social inclusion</li> </ul>	<ul style="list-style-type: none"> <li>- training of individuals with special needs</li> <li>- life-long learning</li> <li>- hiring creative and professional staff</li> <li>- workshops for using the EU funds</li> </ul>	<ul style="list-style-type: none"> <li>- incoherence between the educational system and the labour market</li> <li>- growth of unemployment rate</li> <li>- northern region depopulation</li> <li>- underdeveloped capacities for preparation and implementation of the EU projects</li> </ul>
<b>Sustainable growth</b>	<ul style="list-style-type: none"> <li>- conditions for development of entrepreneurship and science relations</li> <li>- there are capacities for the production of traditional and recognisable agricultural produce</li> <li>- existence of adequate economic zones infrastructure</li> <li>- internationally protected nature areas and an abundant cultural-historical heritage</li> <li>- progress in the preparation of strategic documents</li> </ul>	<ul style="list-style-type: none"> <li>- low level of foreign and domestic investment (lack of funds)</li> <li>- insufficient number of craftsmanship startups</li> <li>- economy insufficiently connected to the scientific-research institutions</li> <li>- insufficient export orientation</li> <li>- inadequate promotion of available touristic resources</li> </ul>	<ul style="list-style-type: none"> <li>- application of new knowledge and technologies</li> <li>- adequate valorisation of national parks as touristic destinations</li> <li>- development of new trends in tourism</li> <li>- adequate valorisation of the existing cultural-historical heritage</li> <li>- contribution to the promotion and presentation of total Montenegrin resources</li> <li>- funding possibilities through MIDAS and the IRF</li> </ul>	<ul style="list-style-type: none"> <li>- lack of funds</li> <li>- global and the EU competitors</li> <li>- further drop in investment activities</li> <li>- insufficient interest of population in private business</li> <li>- lack of business interest of Ministry of foreign affairs in clusters</li> <li>- failure to implement the adopted strategic development plans of local authorities</li> <li>- inadequate institutional infrastructure on the regional level</li> </ul>

	<b>STRENGTHS</b>	<b>WEAKNESSES</b>	<b>OPPORTUNITIES</b>	<b>THREATS</b>
<b>Inclusive growth</b>	<ul style="list-style-type: none"> <li>- progress in the organisation of local authorities</li> <li>- progress in the development of local authorities</li> </ul>	<ul style="list-style-type: none"> <li>- disbalance in development dynamics between Podgorica and northern and central region</li> <li>- insufficient mutual cooperation between units of local authorities and the lack of integrative activities on the regional level</li> </ul>	<ul style="list-style-type: none"> <li>- cross-border cooperation – EU funds</li> <li>- possibility to establish necessary institutional infrastructure on the regional level</li> <li>- cross-municipal cooperation</li> </ul>	<ul style="list-style-type: none"> <li>- lack of partnerships between public and private sector</li> <li>- increased debt of local authorities</li> <li>- “brain drain”</li> </ul>
<b>Smart growth</b>	<ul style="list-style-type: none"> <li>- mineral resources</li> <li>- forest (protected) resources</li> <li>- resources for development of sustainable energy resources</li> <li>- rich and unique biodiversity (in Europe)</li> <li>- excellent resources for development of sustainable rural tourism</li> <li>- quality infrastructure for water supply in city areas</li> <li>- developed energy and telecommunications network</li> <li>- relatively good transportation infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>- low level of environment awareness</li> <li>- low energy efficiency</li> <li>- inadequate waste management</li> <li>- insufficient valorisation of cultural-historical heritage</li> <li>- low level of exploitation of natural resources for development of sustainable rural tourism</li> <li>- inadequate division of programmes in the entire country territory</li> <li>- significant amount of unused arable land</li> <li>- inadequate transportation infrastructure in rural areas</li> <li>- inadequate water supply infrastructure in both cities and rural areas and under-developed system of water purification plants</li> </ul>	<ul style="list-style-type: none"> <li>- improvement of energy efficiency in economy</li> <li>- contribution to renewable resources</li> <li>- improvement in system for selective waste collection and its processing</li> <li>- improvement in natural resources management</li> <li>- higher valorisation of natural resources in strategic plans of local authorities</li> <li>- valorisation of potential for development of agriculture</li> <li>- constructing the Bar-Boljare road – Adriatic-Ionian corridor</li> <li>- digitalisation of mass media</li> <li>- funding the infrastructure construction and improvement via the available EU funds</li> <li>- private-public partnership</li> </ul>	<ul style="list-style-type: none"> <li>- all forms of environment pollution</li> <li>- overexploitation of arable land by repurposing it for civil construction land</li> <li>- multiple over-exploitation of protected areas (exploitation of natural resources)</li> <li>- lack of infrastructure investors</li> <li>- lack of funds to finance infrastructure projects and renewable resources</li> <li>- lack of funds to adopt new spatial planning documentation</li> <li>- natural disasters</li> </ul>

One of the main strengths of central and northern region of Montenegro is their hydropotential. At the same time, there are coal, bauxite, lead and zinc ore deposits, great amount of arable land, wood mass, and excellent natural resources for development of sustainable rural tourism and the production of traditional food with the protected geographical origin. Touristic infrastructure of central and northern region is, in recent years, focused on the development of ecological and ethno rural tourism and mountainous (winter) tourism. Religious tourism, as well as leisure tourism, cultural-historical, sports-recreational and medical tourism, are also on the rise.

Both regions' weaknesses are mostly inadequate exploitation of available resources and the lack of clear strategy for the future. Another problem is the lack of institutional and human capacities to support the development of education and entrepreneurship primarily in rural areas.

One threat to prospective development of both regions is also the lack of adequate capacities of local authorities to implement projects funded by the EU, except in the capital city of Podgorica. Challenges that both northern and central region faces are high depopulation (mostly in the north) and population migration to the capital. Deagrarisation of and high unemployment rate in rural areas contribute to the "brain drain," whereby many young people leave the country for good. Both regions are also limited by improper transportation infrastructure and the division of arable land into numerous possessions instead of merging them into several big ones. At the same time, unfavourable climate, improper waste and waste water management, water supply in rural areas and the lack of human awareness on the importance of environment protection for prospective generations, are among the most salient problems in both regions. Opportunities to both regions lie in the valorisation of natural resources, application of new information-communication technologies, in bringing science and economy together, as well as in developing rural entrepreneurship.

Some more crucial aspects that have so far been neglected but should be worked on more in the future, are raising awareness on the usage of renewable resources, improving the existing infrastructure, investing into recycling system, and holding workshops to train stakeholders in the implementation of the EU projects, because all of them can significantly contribute to the long-term development of central and northern region of Montenegro (Ministarstvo ekonomije, 2014, pp. 42-45).

## 5 POSSIBILITY FOR DEVELOPMENT OF SUSTAINABLE RURAL TOURISM IN MONTENEGRO

Within this final chapter suggest that the current rural tourism capacities might be new development opportunities. Furthermore, important foundations for the development of rural tourism in Montenegro and its contribution to the sustainability are clearly specified.

### 5.1 Capacities of continental part of Montenegro important for development of sustainable rural tourism as a highly recognised touristic product

The significance of the touristic offer of municipalities of northern and central regions lies in numerous natural and cultural sights which offer to tourists a chance to encounter unspoiled nature and natural rarities, with breath-taking landscapes and roads intertwined with tradition, culture and art.

Knowing that the entire Montenegro is rich in activities, culture and tradition, underdeveloped regions could benefit from introducing at least some of them in their touristic offer. Such moves are favourable from the standpoint of economy, while on the other hand they contribute to better position on the touristic market.

To overcome the challenges of lack of rural areas on the touristic map of Montenegro, it is necessary to introduce those areas on the map and to plan the direction and strategies for their development, as well as to introduce tradition and contemporary approach to the touristic offer of rural areas. In other words, the inter(national) visual touristic slogan, “Montenegro – Wild Beauty” must improve its encouraging marketing approach, enrich the touristic valorisation of continental part of the country, to expand the available touristic product and attract more potential tourists throughout the whole year particularly in northern and central region (Nacionalna turistička organizacija Crne Gore, 2017, pp. 16-20).

This chapter briefly presents some of the natural, historical and socio-cultural sights most often found in touristic offer of continental Montenegro.<sup>94</sup> The NTO of Montenegro offers a wide selection of touristic programmes, divided into the following routes (Nacionalna turistička organizacija Crne Gore):

- “Secrets of the north east” panorama programme;<sup>95</sup>
- “Crown of Montenegro” panorama programme;<sup>96</sup>

<sup>94</sup> <https://go.montenegro.travel/en/home>.

<sup>95</sup> In Serbian: “Tajne sevjeroistoka.”

<sup>96</sup> In Serbian: “Kruna Crne Gore.”

- “Circuit around Korita” panorama programme;<sup>97</sup> and
- “The sea and the heights” panorama programme.<sup>98</sup>

“Secrets of the north east” panorama programme<sup>99</sup> incorporates visits to the following national parks: Biogradska gora, Prokletije and Durmitor; a visit to the Tara canyon and Grlja canyon; a visit to the Dulovine botanical garden, and to Ali-pasha’s springs. At the same time, cultural and historical heritage included in numerous rural tourism programmes mostly consist of visits to the Morača monastery, Husein-pasha’s mosque, Holy Trinity monastery, Church of St. Petar, Church of St. Nikola, Đurđevi stupovi monastery, Redžepagić tower, Dobrilovina monastery.

“Crown of Montenegro” panorama programme<sup>100</sup> includes visits to the following heritage sites: Durmitor national park, Tara canyon, Komarnica river (canyon Nevidio), Piva and Morača rivers, and the hill of Trebjesa, nearby Nikšić, as well as visits to the Piva monastery, Soko Church, Podmalinsko monastery, King Nikola’s royal complex, Morača monastery, and Ostrog monastery (as the most important touristic-religious sites), Duklja – Doclea and the royal complex at Kruševac.

“Circuit around Korita” panorama programme<sup>101</sup> includes visits to the Novak Milošev monument, Medun fortress, Marko Miljanov museum, Ubla, Orahovo, Kuč basin; to the viewpoints of Grlo Sokolovo, Zatrijebača, Delaj, Stjepovo, Rudine, and Fundina; to the Rašovići monument; to the lakes of Bukumirsko and Rikavačko; to the river of Cijevna; to the Rašović wheel and Ljuharski spring; Our Lady catholic church, St. Ilija church, St. Dimitrije church, St. Spasoje and St. Stefan churches.

All the aforementioned three programmes are a good starting point for development of numerous types of tourism, especially rural tourism, as they are located in central and northern parts of Montenegro, leading to the conclusion that the potential capacities for development and improvement of rural tourism are immense. It is necessary to focus on finding the best strategy to enable a high degree of development and quality service of sustainable rural tourism in the long run. Also the entire potential of rural regions is not solely in sites but also in the approach exploited in their presentation. Hence, it is no surprise to learn that some presentations also include legends, remarkable true stories or interesting historical facts which raise interest in tourists and leave special impressions on them.<sup>102</sup>

<sup>97</sup> In Serbian: “Krug oko korita.”

<sup>98</sup> In Serbian: “More i visine.”

<sup>99</sup> <https://montenegro.travel/en/info/1-secrets-north-east>.

<sup>100</sup> <https://montenegro.travel/en/info/crown-montenegro>.

<sup>101</sup> <https://montenegro.travel/en/info/circuit-around-korita>.

<sup>102</sup> <https://go.montenegro.travel/en/home>.



In addition to the mentioned sights, I would like to point out the katuns as the historical heritage of people from the continental part of Montenegro. The katuns present a unique social, historical and cultural demonstration of the centuries-old herders' nomadic way of life at high altitudes of "wild" mountains of Montenegro. The katuns are temporary high mountain cattle settlements or habitats in which shepherds live during the summer months<sup>103</sup> when their livestock graze on pastures (Spasojević, 2007). The katuns are ubiquitous in the history of Montenegro and with their unique architecture, well combined into the environment, and autochthonous food represent one of the most important aspect of the development of sustainable rural tourism.

The katuns as a social, cultural and historical attraction are suitable for contemporary touristic demand and to the formation of quality touristic products in rural areas which respond to diverse touristic tastes. For that reason, Montenegro should pay particular attention to the promotion of the katuns as a unique rural touristic offer in this part of Europe.<sup>104</sup>

What is also important in the presentation of touristic products is the clear definition of what a touristic offer contributes to the market and of its unique market value, so as to differentiate the specificities of rural tourism compared to other types of tourism. Undoubtedly, rural tourism today must be commercialised, formed so as to incorporate numerous ecological, cultural and social factors, shaped by the concept of sustainable rural tourism, primarily defined on the basis of rural region identity.<sup>105</sup>

Compared to the aforementioned, it could be concluded that Montenegro abounds in diversity of naturally, culturally and historically attractive touristic offers, which are not necessarily included in the touristic assortment, but are there as a milestone on which rural tourism is actually based. Hence, the potential capacities of continental Montenegro for development of sustainable rural tourism as a touristic product are immense, specific, interesting and natural. A rich cultural-historic background of Montenegro indicates the need to improve the development vision, to define the marketing and advertising strategies, as well as the scope of services and activities that could contribute to the migration of population from urban to rural regions (Maksimović, 2016, pp. 27-33).

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<sup>103</sup> Or until late autumn.

<sup>104</sup> A very good example of promotion of the katuns and diverse touristic offers of rural areas of Montenegro can be found on [www.katunroads.me](http://www.katunroads.me). This project has been developed through the RDA BKP "Rural Tourism for Economic Development of Cross-border Area of Montenegro and Kosovo" project.

<sup>105</sup> The RDA BKP "Year-round tourism in mountain destinations of Bosnia and Herzegovina and Montenegro 365" project is a good sample of the rural region identity project with the objective goal to strengthen cross-border cooperation between countries and to establish an integral sustainable approach in the development of mountain tourism based on natural resources in the region ([www.northernexposure.me](http://www.northernexposure.me)).

## 5.2 Vision of development of sustainable rural tourism

Vision of development of rural tourism does not refer to tourism aspect solely, but rather take into consideration the available natural resources and the political framework, agriculture advancement, as well as sustainable exploitation of resources, improvements of life quality in rural areas, and all aspects of market-oriented food production. The foundations for development of sustainable rural tourism include the following aspects (Vlada Crne Gore: Ministarstvo poljoprivrede i ruralnog razvoja, 2015, p. 57):

- increase of productivity of rural areas;
- increase of arable land in rural areas;
- connecting the production, processing and all activities in rural areas, and the EU standards;
- sustainable exploitation of resources in rural areas;
- increase in new job positions;
- maintaining healthy competition on touristic market.<sup>106</sup>

Tourism is one of the crucial economic pillars of Montenegro. As such, it is clear that enriching the touristic offer with new traditional high-quality products could significantly expand the scope of services and the assortment of touristic offers. This, primarily, refers to connecting activities that are of interest to tourists and at the same time belong to the touristic and agricultural aspect of rural areas. It must also be noted here that rural tourism, although with significant potential, has still not found its place on a touristic map, resulting in insignificant revenue to the country. In fact, the revenue of rural tourism remains on the level of scarce additional income to individuals – or individual rural households, organisations or agencies – rather than providing regular revenue to the country on the whole.

Hence, there is a clear need to base further development of rural tourism on the adaption and implementation of projects with the aim of expanding economic activities in rural areas.<sup>107</sup> According to the data enlisted in the “Strategy for development of agriculture and rural areas 2015-2020,” the state authorities<sup>108</sup> support rural regions via numerous support methods. That includes subventions, development investments and indirect economic improvement by introducing foreign investors via project funding (Vlada Crne Gore: Ministarstvo poljoprivrede

<sup>106</sup> One example of how to maintain healthy competition on touristic market is the “Wild Beauty Award”, established by the National Tourism of Organisation of Montenegro in 2005. This award aims to encourage and promote the tourism sector, competition, improvement of quality, creation and recognition of tourism values, following the commitment to create a sustainable and recognisable tourism product of Montenegro, whose basic premise is the excellence of tourism offer at all levels (<http://www.vijesti.me/vijesti/urucene-nagrade-za-turizam-wild-beauty-awards-2017-967408>).

<sup>107</sup> Projects which will be adopted on the basis of agreements between the Ministry of agriculture and rural development, the Ministry of sustainable development and tourism, the National tourism organisation, stakeholders and local communities.

<sup>108</sup> All ministries and the government.

i ruralnog razvoja, 2015, p. 14). Some of the important aspects of the support refer to acquiring accreditations for the exploitation of all funds available to Montenegro through IPARD programme and their smart usage for modernising rural infrastructure and tourism (Vlada Crne Gore: Ministarstvo poljoprivrede i ruralnog razvoja, 2015, p. 58).

However, not only do these funds help improve rural regions and make them stand out in the touristic market of Montenegro, they also enable access to much wider and unique touristic market of the EU, in the domains of agricultural and processing capacities for food production and of tourism.

The starting point for prospective vision of development of rural tourism in Montenegro is based on the formation of healthy competition between agricultural labourers. On one hand, this can only lead to more thorough work on the formation of certain touristic products, while on the other hand it contributes to the standardisation that will be proscribed to other rural producers and manufacturers if they want to become a part of the rural touristic market (Vlada Crne Gore: Ministarstvo poljoprivrede i ruralnog razvoja, 2015, p. 21). This is a recommendation for forming a desired economic climate which could indicate priority sectors of both agriculture and tourism, while at the same time enabling better exploitation of space. Additionally, the Strategy (2015, p. 59) states that, in order to solve the challenges faced by rural tourism, it is necessary for entire regions, as well as for all their producers and manufacturers, to mutually connect and unite to form cooperational touristic communities.

That is why it is important to monitor the potentials of a region, to define both long-term and short-term strategies, to introduce innovative tourism approaches<sup>109</sup> by launching products that unite strategy, history, culture and social-economic aspects of not only population of rural areas but the tourists as well (Despotović, Joksimović and Jovanović, 2016, p. 278).

### **5.3 New developmental opportunities – starting point for prospective development of sustainable rural tourism in Montenegro**

A multifaceted analysis of rural tourism gives a clear picture of the current state of rural tourism in northern and central region of Montenegro. Namely, as a specific type of tourism, rural tourism unites various spheres of tourists' interest. Montenegro is a relatively tranquil region, characterised by specific static and dynamic cultural monuments, natural monuments, social, cultural-historical monuments, and by institutional attainments that could be attractive to various tourists. It is exactly those specificities that the Touristic organisation of Montenegro should exploit as the basic trigger for encouraging, developing and further improving rural regions and their tourism. However, besides the material

<sup>109</sup> Internet access, contemporary training, informational campaigns, contemporary production system.

and non-material infrastructural monuments, rural regions of northern and central Montenegro, unlike the coastal region, thrive on a completely different lifestyle – a lifestyle that could turn quite attractive to tourists who come to familiarise themselves with the local culture and its traits. Likewise, even tourists who visit rural region yet whose main goal is not just to learn about the local culture, could enjoy from various sports-recreational/ leisure activities (Dašić and Jovičić, 2011, pp. 136-137; Krajnović, Čičin-Šain and Predovan, 2011, pp. 35-36; Bećagol, 2014, p. 5; Kaluđerović, 2015, pp. 8-10).

The primary requirement for attracting tourists with diverse interests is an all-encompassing and heterogeneous offer which should include the following (Cawley and Gillmor, 2008, pp. 316-320; Krajnović, Čičin-Šain and Predovan, 2011, p. 3; Đorđević Milošević and Milovanović, 2012, pp. 33-37; Bećagol, 2014, pp. 66-69; Brščić, Franić and Ružić, 2010; cited by Bećagol, 2014, p. 11; Vuletić, 2015, pp.17-22):

- clean and unpolluted environment;
- detailed presentation of natural resources of the area;
- countryside diversity;<sup>110</sup>
- traditional hospitality;
- authentic gastronomy;
- specific food preparation process;
- rich cultural-historical heritage;
- rich culture;
- spectrum of diverse oral traditions regarding individuals who left a trace in the history of the area;<sup>111</sup>
- preserved arts and crafts tradition;
- numerous manifestations held in rural areas;
- traditional infrastructure;<sup>112</sup>
- developed sports-recreational and leisure centres;<sup>113</sup>
- activities.<sup>114</sup>

<sup>110</sup> Nature, history, social-culture relations, customs.

<sup>111</sup> Birthplace of painters, writers, poets, actors, etc.

<sup>112</sup> Ethnic household, ethno villages, katuns, elements of house architecture and the backyards facilities (kitchen, rainwater tank, stable), etc. (Vuksanović and Popović, 2006).

<sup>113</sup> A very good example of developed sports-recreational center in northern part of Montenegro is the Outdoor Center Mojan, who has been created through the "Revitalisation of local communities through development of youth and tourism" project. This center includes hostel and various sports and outdoor equipment. The main aim of the project has been to strengthen sustainable development and tourism promotion of cross-border Montenegro and Kosovo area through development of infrastructure and empowerment of youth. Within this project, two web portals were created to promote the region: [www.mojanadventures.me](http://www.mojanadventures.me), which describes the different touristic offers and hostel accommodation through the Outdoor Center Mojan; [www.pedalaj.me](http://www.pedalaj.me) with detailed map of biking routes across the country and offers of other outdoor activities.

<sup>114</sup> Hiking, cycling, paragliding, fishing, fly fishing, hunting, etc.

These are just some of the interesting ideas that could be put into practice to attract tourists if developed enough. However, in practice, they are underdeveloped, if exploited at all. The reasons for such state are numerous: from societal via financial to infrastructural. Namely, as stated by Radović, Pejanović and Radosavac (2013, p. 242), the main limitations to development of rural tourism include the following:

- lack of finances;
- underdeveloped infrastructure;
- lack of accompanying touristic activities;
- insufficient awareness of local population on the importance of cultural-historical heritage;
- manifestations held are not linked to other touristic activities;
- underdeveloped promotional activities; and
- difficult access to destinations in winter.

Analogous monitoring of potential and realistic possibilities and limitations for development of sustainable rural tourism allows for a presupposition that the prospective development of rural tourism in Montenegro should be based on the modernisation of the offer and the infrastructure. Such direction could provide transparency, i.e. the development of media support which is to disseminate information on the availability of a rural location as a potential touristic destination.

Simultaneously, it is necessary to enrich the touristic offer with numerous arrangements interesting to tourists of various age. To make sure that the offer could satisfy all demands and criteria, it must also be balanced and combine both the traditional and contemporary principles of tourism.

It must not be forgotten that the direction of development does not necessarily include the absolute modernisation of rural areas, primarily because there is a great affinity of urban tourists for visiting industrially underdeveloped regions. At the same time, we must emphasize that the system of implementation of innovative approaches does not always refer to modifying the traits of natural areas – because what may happen is the deterioration of the area's natural beauty and the loss of that special notion of unspoilt nature (Bećagol, 2014, p. 53).

Even though the primary foundation for any kind of correction, improvement or upgrades of touristic offer of rural areas' demands for funds, it is more important to raise awareness, analyse the needs and devise a plan on which it is possible to foresee both advantages and disadvantages of rural development. If funds are the first parameter, then the presupposition is that development must be guided by acquiring more funds to launch projects in rural regions. On one hand, it entails the necessary cooperation of regional and local authorities with

central authorities, which must ratify or reject any ideas or projects. However, it is undoubtedly evident that projects, even when approved by the national government, do not go any further from the commencement stage because there are not enough funds in the country's finances to cover the basic expenses. That is when launching calls for foreign investment, both nationally and locally, is an acceptable step forward. To acquire funds from foreign investments, it is necessary to present the ideas and action plans to investors, so that they could decide on the investments to make.

It goes without saying that development implies by default devising a developmental plan, strategy, case study and risk study, which all enable a multifaceted tracking of the realisation of ideas and projects, both quantitatively and qualitatively. In that context, it is necessary to work on educating the local population on the possibilities of acquiring national and foreign subventions and investments, on ways of designing creative and interesting ideas which are to extrapolate on the market and thus bring revenue. Also, what is necessary in achieving the desired goals is the cooperation of stakeholders of the entire region, reflected in the possibility of participating in mutual projects (such as designing destination network)<sup>115</sup> (Petrou, Pantziou, Dimara and Skuras, 2007, p. 422). When it comes to the case of Montenegro, there is also the presupposition that such cooperation implies designing unique touristic offer(s) of the coastal and continental region. That offer(s) can be consisted of excursions, field trips or longer journeys and vacations in northern and central regions of the country, whose primary interest is to experience tranquillity and leisure of unspoilt nature.

To conclude, we believe that, to enable further development and realisation of new possibilities, it is necessary for the country to fund projects in rural areas through domestic and foreign investments. Such projects should be decided on the principle of attractiveness, on the planned expenses, the rationale behind them, necessary funds and demands enlisted in a detailed financial plan, aligned with the legal regulation of Montenegro accompanied with the EU regulation and norms of ecological/sustainable living. There is also the presupposition that the development plan of rural areas should primarily focus on improving the energetic, transportational, water and sewers and plumbing networks and communication infrastructure. The capacity of tourism development must be in line with the development of renewable energy sources. The waste recycling system should be one of the most important conditions in the development of sustainable rural tourism in the country. Montenegro must turn to sustainability instead of the massiveness of tourism fostered only in the coastal region. The current capacity of the infrastructure do not support the development of sustainable tourism in general, bearing in mind the overcrowding and inadequate expansion of the infrastructure on the coast in relation to the continental part of Montenegro. If Montenegro wants to be an ecological country, as it is written in the Constitution,

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<sup>115</sup> Government, ministries and its agencies, national and local tourism organisations, NGO's, local communities, individuals and anyone who can affect or is affected by an organisation.

and to develop sustainable (rural) tourism, it has to prove in practice its own readiness to take concrete steps, not copying other countries, but to be a good example to others!



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