Special Landscape Kosmaj

Program for protection and development

Jelena Nedeljković
Faculty of Forestry
University of Belgrade
Serbia
Contents

Subject ......................................................... Page No.

Chapter 1. Introduction ........................................ 3.
1.1. General description of innovation and innovation processes 3.
   1.1.2. Basics of innovation processes 4.
   1.1.3. Related to forest sector 4.
   1.1.4. European perspective 4.
1.2. Purpose and goals for this report .........................

Chapter 2. Case enterprise .................................... 5.
2.1. Description of the enterprise and the business area: 5.
   2.1.1. Short history 7.
   2.1.2. Main ratios (turnover and personnel) 8.
   2.1.3. Main products, markets and customers 9.
   2.1.4. Main trends in the business area 12.
2.2. Present situation regarding innovation aspects .......... 14.
   2.2.1. Present innovations 14.
   2.2.2. Resources and working methods/strategies for innovations 15.
2.3. Description of the business goals of the enterprise .... 15.
2.4. Future innovations the enterprise is planning to work with 15.
2.5. Analysis and recommendations for the enterprise .......... 16.
   How to enhance the innovations: 16.
   2.5.1. Market analysis: potential, competitive circumstances 16.
   2.5.2. Resource analysis (non-material): knowledge, networks 16.
   2.5.3. Resource analysis (financial and other material resources) 16.
2.6. A’WOT – analysis about enterprise’s innovation ability 17.
   2.6.1. SWOT – about enterprise’s innovation ability 17.
   2.6.2. Calculated AWOT results about the importance of the factors 18.
   2.6.3. Written conclusions based on the AWOT – results 20.

Chapter 3 – Innovation case .................................. 21.
   3.1.1. What was the problem situation before the innovation? 21.
   3.1.2. Development and implementation of the innovation process (milestones) 23.
   3.1.3. Detailed description of the innovation 25.
3.2. Actors network analysis: 27.
   3.2.1. Which actors involved? Roles of actors; Business cooperation 27.
3.3. Analysis of the innovation process ....................... 29.
   3.3.1. Finance 30.
3.4. Evaluation ............................................... 31.
   3.4.1. Objectives of the innovation 31.
   3.4.2. Problems 31.
   3.4.3. Fostering and impending factors 31.
   3.4.4. Future plans 32.

Chapter 4 – Lessons learnt/ recommendation ................. 33.
4.1. Lessons learnt ......................................... 33.
4.2. List of recommended tasks to do ........................ 33.

References ..................................................... 34.
Chapter 1. – Introduction

1.1. General description of innovation and innovation processes

1.1.1. Basics of innovations

**Innovation** is successful introduction of novelties, intentional change in the inputs, outputs and processes of an enterprise. "Innovation is the doing of new things or the doing of things that are already being done in a new way... Innovation is a process by which new products and techniques are introduced into the economic system." (Schumpeter 1947)

"An innovation is the implementation of a new or significantly improved product, or process, a new marketing method, or a new organizational method in business practice, workplace organization or external relations". (OECD)

**Categories of the innovations:**

I  1. new products,
   2. new methods of production,
   3. new sources of supply,
   4. the exploitation of new markets,
   5. new ways to organize business

II

III  a. new to whom?
    1. New to the firm (minimum requirement)
    2. New to the market/sector
    3. New to the world

b. how new?
   1. Radical: Creative destruction, new technology substituting the old
   2. Incremental: Development along technological paths

c. how?
   1. Continuous: interrelated innovations
   2. Discontinuous - Basis innovations
1.1.2. Basics of innovation processes

Innovation processes are ability to generate a stream of new product, to improve upon old ones, and to produce existing product in an increasingly efficient way, which is depends on two fundamental processes:

1. Analysis (solving problem on the rational way)
2. Interpretation

1.1.3. Related to forestry sector

Forestry is one of the areas where innovations can bring a lot of novelties. It can bring new institutions, initiatives and programmes in new areas (bio energy, carbon) but it must be focus on the specific topics, partly covered by policy makers outside forest sector (biomass). The characteristics of forestry sector are:

1. Little innovation activity especially in small forest holdings
2. Incremental innovations and no new to the sector innovations
3. Majority of innovations are organisational followed by services innovations
4. Forest owners and experts see opportunities for new products and services.

1.1.4. European perspective

Innovation policy in Europe is very good developed. In European Union are three big innovation general policies: Lisbon Strategy on competitiveness and innovation, EU Research Framework Programmes 6&7 and EU Research project lines and infrastructure.

National policies and strategies are based on Ministries and Agencies on innovation and on Funding programmes and initiatives.

Innovation in forestry sector policy in EU is based on Sector technology platform “Innovation and Sustainable Development” and on new institutions, initiative & programmes in new areas.

1.2. Purpose and goals for this case studies report

The main goal of the case study work is to understand the innovation processes. In the Inno-forest Intensive Programme in Hungary we have worked with international experts on the high level on the forestry education. In this programme we have got a great overview on forest innovation research in Europe and had possibilities to get known best practise cases for innovation in forestry from different countries in the Europe. Our assignment was to get a better knowledge about innovations and innovation processes, to developed own innovation plan and to learned working in the international groups.
Chapter 2. - Case enterprise

2.1. Description of the enterprise and the business area

State Enterprise “Srbijašume” is centralized enterprise for forest management in Serbia. Headquarters – General Directorate of SE “Srbijašume” is in Belgrade, and it manages forests that are located in western, central, eastern and southern parts of the country, without responsibility for forest areas in Vojvodina Province and in Kosovo and Metohija Province neither.

By 1991 Forest Law, Serbia was administratively divided into 27 Forest Areas covering municipalities of larger cities, covering areas with both state and private forests. Today SE Srbijašume manages forests through 17 Forest Estates (FE in further text) which are equal to those Forest Areas in Central Serbia, as seen in Picture 2. FEs are further divided into Forest Administration Units (FAU), and there are 66 of them in whole SE. Because of such territorial division SE “Srbijašume” operates on three levels:

I LEVEL: **General Directorate** - creates business and development policies and is divided into seven business departments (Department for silviculture and forest protection; Department for utilization of forests and other resources; Department for development and International cooperation; Department for finances and accounting, Department for commercial affairs, Department for legal and general affairs and Department for marketing and public relations).

II LEVEL: **Forest Estates** (17) – are administrative connection in the middle that helps to run the business on local level by creation of forest management plans and other means of support to FAU. Every FE consists of several Services (Service for commercial affairs, Service for forest utilization, Service for planning and management, Service for finances and accounting, Service for legal and general affairs) and sometimes FE have special Work Units as Machinery or Nursery.

Picture 1: Geographical position and territorial division of SE “Srbijašume”
III LEVEL: **Forest Administration Units** (66) are base units for which forest management plans are made. They consist of forest ranges for management of state forests (624) and Districts for private forests (239).

Chart 2: Organizational scheme of SE “Srbijašume” (Working Plan 2221)
2.1.1. Short history

State Enterprise Srbijašume was founded by the State on the 1st of October 1991 after the current Forest Law was adopted (25th of July 1991). 54 smaller independent companies (some of them were previously independent Forest Estates) were united to create SE “Srbijašume”. At that time it managed around 1 110 000 ha divided into 27 FE, 110 FAU with of over 10 000 employees.

First change happened in June 1999 when International UNMIK Administration was established over Kosovo and Metohija. SE “Srbijašume” lost control over 6 FE and 21% of forest area. In period until 2000 SE “Srbijašume” was owner of 5 dependant companies – 4 wood processing companies and one that was fabricating food, mineral water and trade of agricultural products. But in 2001 process of restructuring of the enterprise started with plan to privatize dependant companies (segregate non-core duties, segregate machinery, reorganize parts of enterprise that were not profitable) and optimize number of the employees. Next reduction came at the end of year 2002, when 4 FEs from Vojvodina according to law passed in Autonomous Province Vojvodina formed new SE for forest management – “Vojvodinašume”. New SE segregated another 8% of forest area and 1700 employees.

Altogether after separation that number of employees was around 7050 which was still too much for the available resources. As restructuring plans and social program went on number was further reduced for another 68%, or 3,344 remaining in SE “Srbijašume”.

2.1.2. Main ratios (turnover and personnel)

Table 1: Some of the main ratios of SE “Srbijašume” for 2006

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income</td>
<td>57,851,803 €</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>56,661,918 €</td>
</tr>
<tr>
<td>Profit</td>
<td>1,081,100 €</td>
</tr>
<tr>
<td>Total wages</td>
<td>16,564,199 €</td>
</tr>
<tr>
<td>Wages (per employee per month)</td>
<td>410 €</td>
</tr>
</tbody>
</table>

Source: The official power point presentation of SE Srbijašume

As previously mentioned, total number of employees is 3,344.

Chart 3: Staff qualification structure
2.1.3. Main products, services, markets and customers

**a. Wood production**

Ratio of total production of technical wood and cordwood: %

Production of roundwood (logs + roundwood) 410,762 m³ 39
Production of cordwood (40 % pulpwood, 60 % fuelwood) 643,252 m³ 61
Total 1,054,014 m³ 100

*Source: Report on the analysis of activities (Working Plan 2225-1)*

**b. Silviculture and afforestation**

Silviculture and afforestation activities: ha (%)

Simple reproduction of forest 45,415 (98%)
Extended reproduction forests 964 (2%)
Total (Simple rep. + Extended rep.) 46,379 (100%)

Tree marking 1,244,855

*Source: Report on the analysis of activities (Working Plan 2225-14)*

**c. Real-estate business**

Real-estate business is based on the fact that SE “Srbijašume” has ability to rent land areas or buildings owned by state to citizens and other companies to use for their needs. Forest lands are not being rented, just areas without trees. There are three basic types of rentals available:

- Forest land for rent (telecommunication antennas, storages, waterlines, agriculture)
- Business/Office quarters rent (for retail services, offices, garages, storages)
- Exploitation of mineral resources (quarry)

**d. Hunting and fishing**

SE “Srbijašume” manages 42 hunting grounds on total area of 501,161 ha. On that area SE manages approx. 11,000 large game animals and 80,000 small game animals, with year plan to shoot 1,800 large game animals and 3,000 small game animals.

SE “Srbijašume” applied to the State for management of several water objects on the Sava and the Danube rivers, and got 4 areas on 5 year terms. On those areas SE charges permits for sport fishing, professional fishing and fish trade and conducts control of those activities (Working Plan 2225-3).

**e. Non-wood forest products**

Mushrooms, forest fruits, medicinal plants, agricultural products, fruits, and timber assortments (from private forests) are being purchased from private collectors/producers and than processed or traded further.

The market, mainly foreign (90%), dictates which products, in which quantity and year are to be predominantly procured. But the working assets also largely determine the quantity of purchased products, their sale and their storage. Unfortunately policy of SE does not make possible the utilisation of all potentials in these activities (Working Plan 2225-4).
f. Management of protected areas

State Enterprise "Srbijašume" manages 96 protected areas, the area of which is 242,439.85 ha, which accounts for 47.8% of the total protected nature in the Republic of Serbia. According to the Law on Environmental Protection, the means for the protection and development of the protected nature are provided either from the Budget of the Republic of Serbia; or from the income of the manager, the compensation for the utilisation of the protected area, and from other sources. SE “Srbijašume” made income out of Protected Natural Goods that was only 1/3 of expenditures for their management (Working Plan 2225-12).

Table 2: Protected natural goods in Serbia and PE “Srbijašume”

<table>
<thead>
<tr>
<th>No.</th>
<th>Type of PNG / PA</th>
<th>No. in RS</th>
<th>Area (ha) in RS</th>
<th>No. in PE</th>
<th>Area (ha) in PE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>National park</td>
<td>5</td>
<td>158.986,36</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2.</td>
<td>Nature park</td>
<td>8</td>
<td>228.055,02</td>
<td>3</td>
<td>225.148,64</td>
</tr>
<tr>
<td>3.</td>
<td>Regional nature park</td>
<td>10</td>
<td>24.200,29</td>
<td>4</td>
<td>11.561,64</td>
</tr>
<tr>
<td>4.</td>
<td>Park forest</td>
<td>20</td>
<td>273,00</td>
<td>1</td>
<td>19,65</td>
</tr>
<tr>
<td>5.</td>
<td>Special landscape</td>
<td>6</td>
<td>11.703,65</td>
<td>1</td>
<td>345,33</td>
</tr>
<tr>
<td>6.</td>
<td>Special nature reserve</td>
<td>6</td>
<td>73.428,00</td>
<td>1</td>
<td>115,72</td>
</tr>
<tr>
<td>7.</td>
<td>Nature reserves</td>
<td>84</td>
<td>3.791,00</td>
<td>42</td>
<td>2.143,86</td>
</tr>
<tr>
<td>8.</td>
<td>Nature monuments</td>
<td>246</td>
<td>2.907,80</td>
<td>30</td>
<td>1.844,58</td>
</tr>
<tr>
<td>9.</td>
<td>Memorial nature monument</td>
<td>31</td>
<td>2.328,00</td>
<td>9</td>
<td>491,19</td>
</tr>
<tr>
<td>10.</td>
<td>Area around immovable cultural goods</td>
<td>14</td>
<td>1.926,00</td>
<td>5</td>
<td>769,24</td>
</tr>
<tr>
<td>11.</td>
<td>Protected flora</td>
<td>215</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Protected fauna</td>
<td>426</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total 1-10</td>
<td></td>
<td>430</td>
<td>507.599,12</td>
<td>96</td>
<td>242.439,85</td>
</tr>
</tbody>
</table>

Source: Report on the analysis of activities (Working Plan 2225-12)
Table 3: Protection regimes

<table>
<thead>
<tr>
<th>No.</th>
<th>Degrees of protection</th>
<th>Area (ha)</th>
<th>Volume (m³)</th>
<th>Increase in volume (m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>I</td>
<td>2.970,18</td>
<td>498.414,2</td>
<td>5.556,4</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>1,2</td>
<td>4,3</td>
<td>2,4</td>
</tr>
<tr>
<td>2.</td>
<td>II</td>
<td>6.476,17</td>
<td>2.610.034,2</td>
<td>33.105,1</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>2,7</td>
<td>22,7</td>
<td>14,0</td>
</tr>
<tr>
<td>3.</td>
<td>III</td>
<td>78.274,00</td>
<td>8.371.837,40</td>
<td>197.513,7</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>32,3</td>
<td>73,0</td>
<td>83,6</td>
</tr>
<tr>
<td>Total 1-3</td>
<td></td>
<td>87.720,35</td>
<td>11.480.285,8</td>
<td>236.175,2</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>36,2</td>
<td>100,0</td>
<td>100,0</td>
</tr>
<tr>
<td>4.</td>
<td>Without degree</td>
<td>154.719,50</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>63,8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>242.439,85</td>
<td>11.480.285,8</td>
<td>236.175,2</td>
</tr>
</tbody>
</table>

Source: Report on the analysis of activities (Working Plan 2225-12)

g. **Services for private owners**

Along with SE “Vojvodinašume” and SE of National parks, SE “Srbijašume” is one of providers for services in private forests. Those services are:

- Data collection for temporary annual plan for management of private forests
- Making of the temporary annual plan for management of private forests
- Tree marking for cutting and issuing documentation
- Organizing forest protection work

Users of these services are 500,000 different owners, either citizens who have forests on their properties or churches or monasteries that have forests on their holdings. These services are not paid by forest owners, but directly from the State Budget (Working Plan 2225-5).

h. **Nursery production**

Nursery production is established in 33 registered nurseries on area of 234 ha. The areas of the nurseries are not uniform, ranging from 1 to 25 ha. There are 137 registered seed production areas, with the total area 980 ha. During 2005, 4,900,000 peaces forest seedlings were sold. 2,700,000 seedlings were sold to external buyers and 2,200,000 seedlings sold within SE to other Forest Estates. External buyers are the Ministry of agriculture, water management and forestry, SE “Vojvodinašume”, Youth organization “Gorani”, Water management companies, SE of national parks, other State Enterprises, individual private persons and international buyers.

i. **Tourism and accommodation services**

SE “Srbijašume” has 10 tourist accommodation objects and 2 restaurants. SE “Srbijašume” also has one tourist agency – “Šumeturs”, within Forest Estate “Belgrade”, that provides tourist arrangements in external accommodation – summer and winter destinations in country and abroad (Working Plan 2225-6).
j. Green engineering
Green engineering is organised mainly with purpose of contending for services to maintain and expand suburban forest areas that are under charge of Belgrade city administration, but also for other similar contracts. This activity is run by horticultural engineers within FE “Beograd” and has been highly profitable in recent years. SE “Srbijašume” practically has no competition when it comes to the maintenance of suburban forests, which have a protective and recreational-tourist function (Working Plan 3209).

2.1.4. Main trends in the business area

a. Wood production
Although there was minor decrease in roundwood production since 2000, it is mostly due to felling structure and increase in demand for roundwood is expected. Also rise in demand for cordwood as bioenergy source is expected from Western Europe due to new EU policies.

b. Silviculture and afforestation
Silviculture, tending and afforestation are done according to Forest Management Plans created for 10 year periods approved by the Ministry of Agriculture, Forestry and Water Management – Directorate for Forests. They should be made to fulfil of Spatial plan of Republic of Serbia – to increase forest area in Serbia from 27% to 41% by 2050, but with current trends in afforestation that is not likely to happen at expected time (Working Plan 2225-14).

c. Real-estate business
Increase of demand for areas and objects is being expected due to foreign investments in telecommunications and improvement of motorway infrastructure. Due to rise in demand, increase of prices is also expected.

d. Hunting and fishing
Improvement in quantity and quality of large game populations is needed to make SE “Srbijašume” more competitive on regional level. 94% of customers are domestic hunters and hunters associations and the rest of 6% are foreign hunters – mostly from Austria, Germany, Italy, Slovenia and Spain. (Working Plan 2225-3)

e. Non-wood forest products
Fulfilment of standards set by EU demands additional investments and adjustment to European market and requirements. Slight increment of demand is to be expected. Harmonisation EU will demand increment of quality and fulfilling norms of protection (ecology). In next period, the priority should be better organization and increment of production and export. (Working Plan 2225-4)

f. Management of protected areas
Projected area of PNG in Serbia is around 10%. Increase to that percentage would be further burden to the SE “Srbijašume” if subsidies from the State Budget remain as low as they are. There is also idea to create special organizational unit within SE “Srbijašume” for management of PNG (Working Plan 2225-12).

g. Services for private owners
These services are provided by the same forest engineers that have to manage state forests, and it difficult for them to do both jobs simultaneously. These services are paid from the State Budget. There is idea to create special organizational unit for management of private, but there is also belief that Extension service for private owners should be organised within the Ministry of Agriculture, Forestry and Water Management – Directorate of Forests, thus separated from SE (Working Plan 2225-5).
**h. Nursery production**
SE has very strong position on domestic market in this area. Upward trend of sales is expected because of need for increase of forest area according to Spatial Plan of Republic of Serbia. The favourable circumstances for SE are the professional staff and well developed infrastructure. But, current subventions based on annual contracts with the Ministry, insufficient political stability, unfair competition by private firms on the market of horticultural seedlings etc. - do not provide the security in the planning and production of seedlings. The current state of nursery production points to the need of rationalisation of nursery production and upgrading of technical equipment. It is also necessary to revise the forest seed sources, regarding their state and the demands of seed types and quantity (Working Plan 2225-6).

**i. Tourism and accommodation services**
It’s expected, that there will be increase in number of tourists visiting for hunting purposes, ecotourism and tourism of special interests. In this area significant improvement is possible, but it has to be done in such way not to disturb primary duty of SE - forest management.

**j. Green engineering**
This activity has very good lookout. Expansion of business is expected due to Belgrade city administration plan to increase green space area, from the present 15% to 26% by 2021. Plan is to increase number of employees on this activity and create new organisational structure which would increase competitiveness in tenders for the procurement of works. (Working Plan 3209)
2.2. Present situation regarding innovation aspects

To get insight on present situation regarding innovation aspects in SE “Srbijašume” interview with Mr. Vojislav Janković, Executive manager of Sector for Development and International Cooperation in SE General Directorate was conducted. Major processes mentioned during the interview were restructuring of SE, full digitalization of business, new way of monitoring wood production and modern seed processing centre.

2.2.1. Present innovations

a) Restructuring of SE “Srbijašume”
This is process that started in 2000 because the Government wanted to reorganize all SE to make them met the demands of market economy. SE “Srbijašume” had to change organizational structure, cut the irrational (big and not profitable) parts of the enterprise and reduce the number of employees through social programme. This project was conducted in cooperation of the Ministry of Agriculture, Water Management and Forestry, SE “Srbijašume”, OBF-Consulting and Austrian Agency for Development (ADA).

b) Full digitalization of business
Full digitalization of business is going to solve two big issues - communication and slow flow of the information through the SE. Plan is to create Virtual Private Network for SE and new software subsystems for business (accounting, contracts, e-mail and planning) and forestry (planning, database of forest resources and GIS). VPN would have server in the SE General Directorate, and all other units (FE, FAU) would work on it through local terminals. This process is half way through. Forest resources database is finished and GIS is expected to be done by the end of 2008.

c) Modern seed processing centre
Project of modern seed processing centre with bank of genes in Požega in FE “Užice” is now phase of production. Swedish BCC equipment is about to be installed into new building. This object will replace the old seed processing facility from the XIX century.

d) Visitors centre in nature park “Golija – Studenica”
This object was recently opened. It is an old forest house that has been renovated and adopted for visitors. Purpose of the centre is education of visitors and local communities about values of nature that has not been changed yet and about biodiversity protection. It is expected that this will promote rural development and encourage local communities to participate in planned tourist activities, production of organic food, and presentation of ecological and cultural values of the area. (www.srbijasume.co.yu)

e) Bioenergy plants in cooperation with local communities
This area is something new and is done in compliance with new policies in EU.
2.2.2. Resources and working methods/strategies for innovations

SE “Srbijašume” has Sector for Development (and International Cooperation) in their General Directorate, but it is shorthanded (approx. 10 engineers is not enough for the enterprise of this size) and does not have sufficient funds to conduct own development projects. Therefore it relies on cooperation with other development centers (research, consulting and educational institutions). Concept of buying the knowledge is the principle in these conditions.

As Mr. Jankovic described, innovational processes here are derived from innovations accomplished in countries that are on higher level of development compared to Serbia. Since Serbia is not a leader in forestry sector, we depend on others experience. Working method for innovations could be roughly described through following steps:

- Do survey what is done elsewhere.
- Analyze applicability to our surroundings.
- Do cost/benefit analysis.
- Look for capacity for such investment (financial) – many ideas stop here because there is not enough money – investment potential is small, bank loans have very high interest rates, own funds are small, budget funds are uncertain and donations are rare.
- Production (project, revision, correction, creation of executive workgroup, physical production).
- Implementation (creation of procedures and training of employees for new positions).

2.3. Description of the business goals of the enterprise

The major business goal is finishing restructuring and becoming profitable commercial enterprise instead of SE that greatly relies on state subsidies. Other goals are:

- Develop a company oriented to the market and the buyers, for sustainable management of forests, other wooded land, and goods.
- Increase the profitability and increase the competitiveness at the European level; preparation for the European integrations.
- Increase the value and upgrade the state of natural resources and increase the area under forests.
- Take active responsibility for rural development, the population and the society in Serbia.

2.4. Future innovations the enterprise is planning to work with

a) Wood product monitoring

There is idea to implement new way of monitoring wood production with ID numbers/plates for all trees in custody of SE. This would be end to malversations that happen in forest by disloyal employees. Right now, too much energy is being spent on suppression of corruption. With such system it would be possible to trace logs from stump to buyer without any losses. This is very large investment and it is on hold right now. SE is in search of possible solutions.
b) Transition to joint stock company
Since Serbia is a country with economy in transition, many state companies have been privatized. There is a belief that something like that should happen to SE “Srbijašume”. Solution for that would be transition to Joint Stock Company of closed type in which owner would be the State. Such model exists in Austria and Bavaria for example. This would actually be extension of the restructuring process.

2.5. Analysis and recommendations for the enterprise how to enhance the innovations:

2.5.1. Market analysis: potential, competitive circumstances
After restructuring process, SE “Srbijašume” had to conduct analysis of main activities. That was done to determine importance of strategic activities and to create development strategies for all of them.

The major forces of SE are wood production and real-estate business which are situated very well on the market because of the fact that SE is user of state owned forest and forestland so it can easily benefit from that. Rests of the activities are not making profit – either because offer made by SE is not attractive enough or because competition is way ahead of SE (for example in case of NWFP). Management of protected areas and services for private owners are duties of SE subsidized by the State and at the time, because of legislative frame, there is no real market for them.

2.5.2. Resource analysis (non-material): knowledge, networks
Considering staff numbers and qualifications SE has good knowledge base to run and develop its activities. Problem is lack of own centre for research and development of new solutions.
On the other hand, through Department for Development and International Cooperation, SE has very good cooperation with domestic educational (Faculty of Forestry, University of Belgrade, Forestry High Schools in Kraljevo, Sremska Mitrovica) and research institutions (Forestry Institute, Belgrade, Institute for lowland forestry, Novi Sad) as well as good relations with some foreign institutions (OBF-Consulting, Austria).

2.5.3. Resource analysis (financial and other material resources)
Altogether SE “Srbijašume” manages 915,972 ha of state owned forests and provides expert support for private owners on 996,581 ha. Total volume of those forests is 115,723,135 m$^3$, total annual increment is 2,961,057 m$^3$ and average annual increment is 3.8 m$^3$/ha/year. Approx. 60% of increment is being removed every year, which is total drain of 1,750,116 m$^3$. Broadleaf species account for 84% of the volume, while conifers are the rest of 16%. Main species by volume are Beech (65%), Oak (15%), Spruce and Fir (7%), Pine (7%) and others (6%). In forests managed by SE “Srbijašume” natural high forests and forest cultures cover 56% of area, coppice forest 30% and shrubs and brushwood 14% (PPT).

According to interview with Mr. Jankovic ability of SE to invest into development on its own is not significant. At this time such projects are funded in cooperation with external investors and with help from the State.
2.6. A’WOT – analysis about enterprise’s innovation ability

This specific form of SWOT analysis was conducted by identification of the most important internal and external factors for innovation ability of SE “Srbijašume” from the interview with Mr. Vojislav Jankovic, and from analysis SE conducted in 2005 to evaluate restructuring process and determine new business policy.

2.6.1. SWOT – about enterprise’s innovation ability

<table>
<thead>
<tr>
<th>Strengths</th>
<th>weights</th>
<th>scaled</th>
<th>results</th>
</tr>
</thead>
<tbody>
<tr>
<td>s1 - Staff with high expert and practical knowledge</td>
<td>90</td>
<td>0.204</td>
<td>0.04109</td>
</tr>
<tr>
<td>s2 - Good collaboration with scientific and research institutions in Serbia</td>
<td>100</td>
<td>0.227</td>
<td>0.045656</td>
</tr>
<tr>
<td>s3 - Number of staff has been optimized</td>
<td>60</td>
<td>0.136</td>
<td>0.027393</td>
</tr>
<tr>
<td>s4 - Enterprise covers whole area of Central Serbia</td>
<td>40</td>
<td>0.091</td>
<td>0.018262</td>
</tr>
<tr>
<td>s5 - Integral business policy within SE</td>
<td>60</td>
<td>0.136</td>
<td>0.027393</td>
</tr>
<tr>
<td>s6 - Business credibility and tradition</td>
<td>60</td>
<td>0.136</td>
<td>0.027393</td>
</tr>
</tbody>
</table>

0.930 0.187

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>weights</th>
<th>scaled</th>
<th>results</th>
</tr>
</thead>
<tbody>
<tr>
<td>w1 - Big administration, complicated passing of decisions</td>
<td>60</td>
<td>0.103</td>
<td>0.020753</td>
</tr>
<tr>
<td>w2 - SE does not have own Development Centre</td>
<td>100</td>
<td>0.172</td>
<td>0.034588</td>
</tr>
<tr>
<td>w3 - Insufficient funds for own investments</td>
<td>70</td>
<td>0.120</td>
<td>0.024211</td>
</tr>
<tr>
<td>w4 - Non-motivated short term employees</td>
<td>80</td>
<td>0.137</td>
<td>0.02767</td>
</tr>
<tr>
<td>w5 - Large differences between natural resources quality, which has directly influence on business success</td>
<td>40</td>
<td>0.069</td>
<td>0.013835</td>
</tr>
<tr>
<td>w6 - Non-wood forest product business is not considered as important enough</td>
<td>60</td>
<td>0.103</td>
<td>0.020753</td>
</tr>
<tr>
<td>w7 - Information system is not completed</td>
<td>80</td>
<td>0.137</td>
<td>0.02767</td>
</tr>
</tbody>
</table>

0.842 0.169

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>weights</th>
<th>scaled</th>
<th>results</th>
</tr>
</thead>
<tbody>
<tr>
<td>o1 - Attracting foreign investments/partners</td>
<td>90</td>
<td>0.309</td>
<td>0.062258</td>
</tr>
<tr>
<td>o2 - Harmonization of new legislature that complies with EU regulations</td>
<td>50</td>
<td>0.172</td>
<td>0.034588</td>
</tr>
<tr>
<td>o3 - Wide range of products and services required by market</td>
<td>60</td>
<td>0.206</td>
<td>0.041505</td>
</tr>
<tr>
<td>o4 - National Forestry Development Strategy and taking part in rural development</td>
<td>50</td>
<td>0.172</td>
<td>0.034588</td>
</tr>
<tr>
<td>o5 - Transition into different form of organization - Joint Stock Company</td>
<td>60</td>
<td>0.206</td>
<td>0.041505</td>
</tr>
<tr>
<td>o6 - Finalisation of the restructuring process</td>
<td>60</td>
<td>0.206</td>
<td>0.041505</td>
</tr>
<tr>
<td>o7 - Energetic policy of EU - promotion of renewable energy sources</td>
<td>50</td>
<td>0.172</td>
<td>0.034588</td>
</tr>
<tr>
<td>o8 - Improvement of relations with international scientific and research institutions</td>
<td>100</td>
<td>0.344</td>
<td>0.069175</td>
</tr>
<tr>
<td>o9 - Export to foreign markets</td>
<td>80</td>
<td>0.275</td>
<td>0.05534</td>
</tr>
</tbody>
</table>

2.062 0.415

<table>
<thead>
<tr>
<th>Threats</th>
<th>weights</th>
<th>scaled</th>
<th>results</th>
</tr>
</thead>
<tbody>
<tr>
<td>t1 - Influence of political changes in the Government on SE and other political pressure on forestry</td>
<td>100</td>
<td>0.258</td>
<td>0.051882</td>
</tr>
<tr>
<td>t2 - Extremely bad bank loans with high interest rates</td>
<td>80</td>
<td>0.206</td>
<td>0.041505</td>
</tr>
<tr>
<td>t3 - Transition is slow process</td>
<td>60</td>
<td>0.155</td>
<td>0.031129</td>
</tr>
<tr>
<td>t4 - Corruption</td>
<td>60</td>
<td>0.155</td>
<td>0.031129</td>
</tr>
<tr>
<td>t5 - Uncertainty of subsidiaries by the State</td>
<td>80</td>
<td>0.206</td>
<td>0.041505</td>
</tr>
<tr>
<td>t6 - Low % of forestry in GDP (0.03%)</td>
<td>60</td>
<td>0.155</td>
<td>0.031129</td>
</tr>
</tbody>
</table>

1.134 0.228

TOTAL 4.968 1.000
2.6.2. Calculated AWOT results about the importance of the factors

![Chart 4: Graphical presentation of SWOT group’s importance](chart)

Table 4: SWOT factors sorted by descending importance

<table>
<thead>
<tr>
<th>#</th>
<th>SWOT factors</th>
<th>Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>o8 - Improvement of relations with international scientific and research institutions</td>
<td>0.069175</td>
</tr>
<tr>
<td>2</td>
<td>o1 - Attracting foreign investments/partners</td>
<td>0.062258</td>
</tr>
<tr>
<td>3</td>
<td>o9 - Export to foreign markets</td>
<td>0.05534</td>
</tr>
<tr>
<td>4</td>
<td>t1 - Influence of political changes in the Government on SE and other political pressure on forestry</td>
<td>0.051882</td>
</tr>
<tr>
<td>5</td>
<td>s2 - Good collaboration with scientific and research institutions in Serbia</td>
<td>0.045656</td>
</tr>
<tr>
<td>6</td>
<td>o3 - Wide range of products and services required by market</td>
<td>0.041505</td>
</tr>
<tr>
<td>7</td>
<td>o5 - Transition into different form of organization - Joint Stock Company</td>
<td>0.041505</td>
</tr>
<tr>
<td>8</td>
<td>o6 - Finalisation of the restructuring process</td>
<td>0.041505</td>
</tr>
<tr>
<td>9</td>
<td>t2 - Extremely bad bank loans with high interest rates</td>
<td>0.041505</td>
</tr>
<tr>
<td>10</td>
<td>t5 - Uncertainty of subsidiaries by the State</td>
<td>0.041505</td>
</tr>
<tr>
<td>11</td>
<td>s1 - Staff with high expert and practical knowledge</td>
<td>0.04109</td>
</tr>
<tr>
<td>12</td>
<td>w2 - SE does not have own Development Centre</td>
<td>0.034588</td>
</tr>
<tr>
<td>13</td>
<td>o2 - Harmonization of new legislature that complies with EU regulations</td>
<td>0.034588</td>
</tr>
<tr>
<td>14</td>
<td>o4 - National Forestry Development Strategy and taking part in rural development</td>
<td>0.034588</td>
</tr>
<tr>
<td>15</td>
<td>o7 - Energetic policy of EU - promotion of renewable energy sources</td>
<td>0.034588</td>
</tr>
<tr>
<td>16</td>
<td>t3 - Transition is slow process</td>
<td>0.031129</td>
</tr>
<tr>
<td>17</td>
<td>t4 - Corruption</td>
<td>0.031129</td>
</tr>
<tr>
<td>18</td>
<td>t6 - Low % of forestry in GDP (0.03%)</td>
<td>0.031129</td>
</tr>
<tr>
<td>19</td>
<td>w4 - Non-motivated short term employees</td>
<td>0.02767</td>
</tr>
<tr>
<td>20</td>
<td>w7 - Information system is not completed</td>
<td>0.02767</td>
</tr>
<tr>
<td>21</td>
<td>s3 - Number of staff has been optimized</td>
<td>0.027393</td>
</tr>
<tr>
<td>22</td>
<td>s5 - Integral business policy within SE</td>
<td>0.027393</td>
</tr>
<tr>
<td>23</td>
<td>s6 - Business credibility and tradition</td>
<td>0.027393</td>
</tr>
<tr>
<td>24</td>
<td>w3 - Insufficient funds for own investments</td>
<td>0.027393</td>
</tr>
<tr>
<td>25</td>
<td>w1 - Big administration, complicated passing of decisions</td>
<td>0.027393</td>
</tr>
<tr>
<td>26</td>
<td>w6 - Non-wood forest product business is not considered as important enough</td>
<td>0.027393</td>
</tr>
<tr>
<td>27</td>
<td>s4 - Enterprise covers whole area of Central Serbia</td>
<td>0.027393</td>
</tr>
<tr>
<td>28</td>
<td>w5 - Large differences between natural resources quality, which has directly influence on business success</td>
<td>0.013835</td>
</tr>
</tbody>
</table>
Chart 5: Graphical presentation of SWOT results

- S1 - Staff with high expert and practical knowledge
- S2 - Good collaboration with scientific and research institutions in Serbia
- S3 - Number of staff has been optimized
- S4 - Enterprise covers whole area of Central Serbia
- S5 - Integral business policy within SE
- S6 - Business credibility and tradition
- S7 - Information system is not completed
- W1 - Big administration, complicated passing of decisions
- W2 - SE does not have own Development Centre
- W3 - Insufficient funds for own investments
- W4 - Non-rented short term employees
- W5 - Large differences between natural resource quality, which has directly influence on business success
- W6 - Non-wood forest product business is not considered as important enough
- W7 - Information system is not completed
- O1 - Attracting foreign investments/partners
- O2 - Harmonization of new legislature that complies with EU regulations
- O3 - Wide range of products and services required by market
- O4 - National Forestry Development Strategy and taking part in rural development
- O5 - Transition into different form of organization - Joint Stock Company
- O6 - Finalisation of the restructuring process
- O7 - Energy policy of EU - promotion of renewable energy sources
- O8 - Improvement of relations with international scientific and research institutions
- O9 - Export to foreign markets
- T1 - Influence of political changes in the Government on SE and other political pressure on forestry
- T2 - Extremely bad bank loans with high interest rates
- T3 - Transition is slow process
- T4 - Corruption
- T5 - Uncertainty of subsidiaries by the State
- T6 - Low % of forestry in GDP (0.03%)
- T7 - Large differences between natural resource quality, which has directly influence on business success
- T8 - Non-rented short term employees
- T9 - Good collaboration with scientific and research institutions in Serbia
- T10 - Staff with high expert and practical knowledge
2.6.3. Written conclusions based on the AWOT – results

AWOT results for SE “Srbijašume” innovation ability, based on factor weights given by my colleagues Djordje Grubić and Aleksandar Ilić and me are clearly showing that there is space for advance in this field.

Further restructuring and existing Forestry Development Strategy of the Republic of Serbia are certainly fostering factors for that. Similar is with European integrations and acceptance of obligations set for acceptance to EU. The fact that this is big enterprise is both advantage and disadvantage for innovations, depending on innovations character.

On the other hand current political and economical situation caused by transition in Serbia are creating pressure over SE management that is not necessarily promoting innovative thinking. There is problem of dependence on budget funding for large projects and some business areas that are not subsidized rightfully. Another issue is that SE relies too much on external providers and help instead on their own, which in future can get SE in bad competitive position. Many “classical” forestry activities are done by contractors instead of own force, which results in decrease of competitiveness of SE. Engineering staff is not motivated to improve skills and knowledge (nature protection, application of GIS in planning and etc.) which is needed for improvement of competitiveness domestic, regional and international market. This is partially due inefficient organizational form of SE and due to contemporary political situation.
Chapter 3. Innovation case

Special landscape "KOSMAJ"

Program for protection and development

3.1. Chronology and subject of the innovation:

3.1.1. What was the problem situation before the innovation?

The care about suburban forests in Serbia has been started with Knez Miloš Obrenović’s statement from 1859. In that statement, he ordered protection of forests on Avala Mountain. First forest management in Kosmaj was made in 1931, due to Temporary Economic Plan. First after-war management was made in 1952, when "Plan for public picnic-place Kosmaj" was prepared and ratified.

Picture 1: Kosmaj- landscape

Forests near Belgrade have been observed on different way, because of their scarceness from period Obrenović's regency. Those ideas were realized only formal, by giving forests status different from classic. In the last 20 years, urban and suburban forests are more and more used in framework of social function. Between these function, recreational function is most significant. Because of that, Forest Estate Belgrade, which manages forest around Belgrade, decided to qualify for multifunctional managing. Now, they make more than 60% of their profit from recreational function of the forests.

In the last couple of years, we can see that needs for multifunctional using forests around Belgrade are grown up. Spatial plan for Belgrade abstracts Management Units "Avala", "Kosmaj", "Guberevačke šume", "Lipovica", "Ada Ciganlija" and "Košutnjak" as the most significant recreational and tourist objects.
The area of Kosmaj is a traditional ground for tourist and recreational functions. There are a lot of monuments which should be adequately protected and equipped for the presentation to the widest public.

The basic functions that could be developed and maintained on the PA "Kosmaj" are: ecological, recreational, educational and general-culture, functions connected with the development of agriculture and the livelihood of people in the surroundings, functions connected with the development of tourism, primarily recreational tourism.

The living world of Kosmaj consists of: 550 plant species with numerous relic, subendemic and rare species; 300 species of fungi; 24 species of herpetofauna; 51 mammal species; 96 bird species; a great number of different insect species and a rich forest vegetation. More than 70% of the mountain area is under forest vegetation, with dominant coppice oak and beech stands, with the participation of artificially established coniferous plantations.

Kosmaj and its wider surroundings represent the area of special cultural-historical significance, with numerous protected cultural sites and registered monuments. In the protected area, the main cultural-historical values are Monastery Pavlovac, cultural monument of high significance and the protected archaeological site Kasteljan, as well as Monastery Tresije, St. Peter and Paul Church and St. Trinity Church.

Listed Nature characteristics and values of SL Kosmaj, attendance of threatening factors, presence of big number of excursionists and visitors and regular obligations dictate organized, planned and coordinated engagement numerous of qualified subjects, that should accomplish statutory obligations. That is the basic condition for realization of the Program for protection and development SL Kosmaj. Because of designation Kosmaj as a special landscape, its function was changed and obligations of the curator were determined. The area of Kosmaj was evaluated most detailed than classic managing requests. After that, the managing was done according to the Decree and results of valuation.

Picture 2: Monastery Tresije                                      Picture 3: Monument from II world war
3.1.2. Development and implementation of the innovation process (milestones)

The Belgrade City Assembly, based on the proposal of the Secretariat for Environmental Protection, passed the Decree (501-890/05-XIII-01 from 26.12.2005.) of the designation of the protected area "Kosmaj" (PA Kosmaj). PA "Kosmaj" is designated as the Special Landscape (SL) and it is put under the management of the State Enterprise "Srbijašume".

Basics for Program for protection and development SL "Kosmaj"

Protection and development of this nature good are done according to the Program for protection and development SL "Kosmaj". That was established with the Decree of protection of SL "Kosmaj". Also, it was determined that the Program should comprise strategic protection goals and priority tasks for conservation and sustainability of protected area.

The Program for protection and development SL "Kosmaj" is being fulfilled though Annual operational programs for protection and development of protection area.

The Program is brought by the Curator. The Program should comprise:
- general - strategic goals
- priority medium-term and short-term tasks and activities for protection and development

Goals of protection

Goals of the innovation

Kosmaj is the protected area for the conservation and enhancement of picturesque landscape features and primary landscape values, forest structure and quality, diversity and wealth of plant and animal life and sites, quality of water, soil and air, sites of cultural heritage and their ambiance, creating the conditions for the sustainable development of tourism, recreation and agriculture, i.e. planned land use and management and construction of objects for that purpose.

General – strategic goals

- enhancement of system for protection and development of that area
- biodiversity and ecosystem conservation
- area development in terms of recreational, eco-cultural and rural tourism
- conservation and enhancement of cultural heritage
- development from traditional agriculture production to production of health food

Specific documents and their implementation should provide realization of the long-term goals. Some of these documents are: Program for enhancement of tourist and recreational activities, Program for enhancement of forestry ecosystems, Program for cultural-historical sites identification, Program for tourist objects identification, Program for people in the surroundings and other users of the protected area education and many others.
Priority tasks

- conservation of SL "Kosmaj"
- enhancement of tourist and recreational activities
- enhancement and development of educational activities
- coordination between allowed aspects of using resources and protection and conservation measures
- ...

Picture 4: Summer on Kosmaj

Picture 5: Winter on Kosmaj
3.1.3. Detailed description of the innovation and outcome

Why is it innovation?

This is the first time, that landscape values in Serbia have the priority and that all activities are in the function of its conservation!

Measures and activities for protection and development of SL "Kosmaj"

Improving of forest natural equipment for recreation

People who are looking for rest and recreation don’t validate uniform and huge stands. Because of that, forest managing should take care of:
- different age distribution;
- changing tree’s species;
- increment of dominant trees proportion;
- formation of forest’s stratification;
- identification of the attractive observation decks.

Defined tasks could be realized on next way:
1. by changing way of use of non-woody land;
2. by creating and aesthetic forming of forestry border;
3. by changing proportion of the species;
4. by increment number of species;
5. by disestablishing even-aged stands.

Treatment measures

Recreational function is the one that always should be carried out.

✓ cutting and treatment should be done at the time when minimum number of visitors is attendant;
✓ quickly cleaning and capacitating roads and foot-paths after harvesting;
✓ removing branches from both side of foot-paths;
✓ necessary enclosure should be moved as deep as possible in forest;
✓ leaguers shouldn’t be set around springs;
✓ areas which are threatened by erosion, rock-falls and avalanches shouldn’t be use for recreation, because they demand special managing, in counterpart.

Arrangement of SL "Kosmaj" (infrastructural equipment)

Beside works on nourishing areas for excursion, there are a lot of other planned actions. For example:
- building of monitoring station (observation deck),
- arranging and nourishing roads,
- arranging and nourishing public fountains,
- arranging area around charnel-house,
- arranging and identifying spaces for parking,
- putting baskets for trash,
- putting rustic elements,
- putting sign-posts and informative tables.

Other actions in SL "Kosmaj"

The Curator is planning to publish special posters about Kosmaj, to make a movie, to form guide service, etc.
Hard work is needed in order to develop tourism on Kosmaj and to call it "eco" or "sustainable". Beside suggested actions, other things that could be done are:
- offering different program activities, such as: photo-safari, painting in nature, orienteering, horse-riding, schools in nature, etc.,
- presentation of cultural heritage,
- presentation of local food and homemade articles.

Basic preconditions, for achieving these offering qualities are:
- education and training all interested subjects for doing different tourist activities,
- presentation of eco-tourist offering,
- involving all target groups in tourist activities (local government, local people, entrepreneurs, farmers and others). (Studija)
3.2. Actors network analysis:
3.2.1. Which actors involved? Roles of actors

*Business cooperation*

All subjects, who are interested in protection and development natural and cultural values of this area, should have harmonized cooperation. That’s the most significant condition for successfully realization of the Program. Also, very important is the cooperation with local people. Basic aim for constituting of cooperation is area protection, respecting protection regimes and making conditions for better development of this area, all in function of protection.

Actors, that were involved in the creation and the realization of the Program are: The Institute for Nature Conservation and The Institute for the Protection of Cultural Monuments of Republic of Serbia, Faculty of Forestry, Faculty of Biology and Veterinary Faculty, University of Belgrade, The Institute for Forestry, The Institute for Biological Research, SE "Srbijašume", The City of Belgrade (Secretariat of the Environmental Protection), curators of other PAs, NGOs, mountaineers, local Municipalities, Ministries, etc.

The Institute for Nature Conservation of Republic of Serbia was the initiator of designation of the PA "Kosmaj". They made "Elaborate of Nature Conservation on Kosmaj Mountain". The Belgrade City Assembly passed the Decree on the designation of the PA "Kosmaj". PA/SL "Kosmaj" is now managed by SE "Srbijašume", Forest Estate Belgrade, Forest Administration Lipovica.

---

**Chart 5: Vertical cooperation**

Basic preconditions for the realization of the Program for protection and development are good organization, equipment and staff’s education in the SE. That means that all sectors and services in SE should be functionally organized, especially Services for protection of forests on all levels. (See: chart 6)
Also, SL "Kosmaj" requests an organization of the complex scientific researches and data collecting and processing. Appropriate Ministries and scientific and professional institutions and their active engagement are needed for the realization of these requests. Lateral cooperation is realized between SE "Srbijašume" and following institutions: Faculty of Forestry, Faculty of Biology and Veterinary Faculty, The Institute for Forestry and The Institute for Biological Research.

Horizontal cooperation is accomplished with the curators of other protected areas, with NGOs, with mountaineers, with private forests owners and with hunting organizations. The most significant cooperation is with local communities. Both Municipalities (Sopot and Mladenovac) have well-organized urban services and they are ready to give support for this project. Also, there are NGOs and hunting organisation in both Urban Municipalities. It’s been supposed to this organization to help protection process and become partners in PA management.

Chart 7: Horizontal cooperation

Special Forest Management Plan (2006.-2010.) and Temporary annual plan of forest management in private forests are basic documents for forest managing in this area and they have to be compatible with conditions of nature and environment protection on this area. Also, Hunting Management Plans have to be compatible with regulations of the Decree on the designation of the PA "Kosmaj".
3.3. Analysis of the innovation process:

The Curator has next obligations:

✓ to take care of PA in accordance with protection regimes,
✓ in case of appearing changes which can destroy or damage PA, the Curator has to inform institutions for nature conservation or inspection immediately,
✓ to circumscribe PA
✓ to organize guard service
✓ to arrange and nourish non-wood lands
✓ to follow making and adaptation of town-planning projects and plans
✓ to follow making and implementation of programs and projects of agriculture and tourist development, and also programs and projects of presentation and research of cultural-historical and nature values, and scientific and educational projects
✓ to make Program for protection and development of PA

Rules for realization of the protection and development regimes are regulated in accordance with the Act about inside order, which is brought by the Curator. Some of these rules are:

✓ moving and staying of visitors
✓ using natural resources
✓ using areas for recreation
✓ using roads (public, forest or other)
✓ putting informative tables and other sings
✓ doing scientific researches
✓ doing tourist and catering services
✓ special protection measures
✓ ...

Making some plan documents is statutory by low. Those documents are:
1. General Forest Management Plan
2. Special Forest Management Plan
3. Annual Management Plan
4. Plan of forest management in private forests
3.3.1. Finance

According to the Article 54. of the Environmental Protection Law (Official Gazette RS No. 66/91), financial means for conservation and development of protected areas could be realized:

1. from budget;
2. from fee for using protected area;
3. from incomes that could be realized from business of the Enterprise which manages protected area;
4. from other sources, according to Law.

Also, according to the same Law, it is established that enterprises, other organizations and citizens have to pay fee to enterprise, i.e. organization that manages protected natural good. Financial means that come from fees are used for protection and development of PA.

Fee is paying for:
- using natural resources;
- using protected natural good for tourism, catering, trade, making movies, etc.;
- using name and trademark of PA;
- using specially equipped terrains for parking, recreation, sport and other similar
- using services of the enterprise which manages PA.
3.4. Evaluation

3.4.1. Objectives of the innovation

- forest and forestry resources protection are achieved;
- endangered and rare plant and animal species are identified and protected;
- the area is equipped for recreation and the number of visitor is increasing;
- making the Program has a share in the better presentation of Kosmaj’s values.

3.4.2. Problems

- bed forest condition;
- dominated coppice forests;
- extensive forest utilization;
- primitive behaviour of the citizens towards to the forest (education of citizens and tourists is needed).

3.4.3. Fostering and impeding factors

fostering factors
- more and more financial means are being extricated for subsidy of nature conservation;
- Government support;
- good cooperation of all involved actors.

impending factors
- uncertain financing, which depends on political situation;
- unsolved law (forest and environment) legislative.
3.4.4. Future plans

Basic activities (2006.-2010.) are:
- putting equipment in the areas for tourism and recreation (putting benches and other park’s furniture, servicing areas for parking, etc.),
- putting sign-marks and informative tables,
- nourishing roads,
- nourishing public fountains,
- displacement trash from dumps (monthly),
- arranging guard service,
- publishing books and posters,
- general and special protection of flora and fauna,
- local people’s education,
- children’s education (schools in nature, leaguers, painting and literary competitions),
- implementation of the Program for development of traditional activities on SL "Kosmaj",
- realization and following of the tourist and recreational activities on SL "Kosmaj",
- realization of the Program for development of the forestry ecosystem condition.

- I phase building observation deck,
- arranging terrain for volleyball and basketball (one terrain),
- making Annual Program,
- making Annual Report.

Plan for 2009.
- I phase building village-house,
- II phase building observation deck,
- arranging and nourishing terrain for volleyball and basketball (one terrain),
- making Annual Program,
- making Annual Report.

Plan for 2010.
- arranging and nourishing terrains for volleyball and basketball (two terrains),
- reconstruction of sign-marks and informative tables,
- making Medium term improvement and development plan,
- making Annual Report.
Chapter 4. - Lessons learnt/recommendations

4.1. Lessons learnt

During those two weeks I spent in Hungary at the Inno- Forest 2007 I learnt a lot about innovations and how they are working; what is an innovation and its meaning, how to analyze an enterprise, its production and innovation system, why the enterprise needs the innovation and which are the bases and stages of the innovation. Also, I learnt a lot about group work and about Hungary.

4.2. List of recommended tasks to do

Concerning this case innovation, I would recommend following to enterprise:

- to keep in touch with all research and educational institutions;
- to cooperate and learn from more experienced institutions;
- to be open at any new information that can be useful for its development;
- to continue cooperation with the local populations and to develop the management strategies for the SL Kosmaj according to their needs, because this region has a very rich cultural heritage and the tourism can really push the economic development of the region;
- improve competitiveness in non wood forest products, tourism and hunting on local level by enhancement of current offer in those areas.
References

   a. Working project 2221: Organizational Structure
   b. Working project 2225-1: Wood production
   c. Working project 2225-2: Real-estate business
   d. Working project 2225-3: Hunting and fishing
   e. Working project 2225-4: Non-wood forestry products
   f. Working project 2225-5: Service for private forests
   g. Working project 2225-6: Nursery production
   h. Working project 2225-7: Tourism and accommodation services
   i. Working project 2225-12: Protected Nature
   j. Working project 2225-14: Silviculture and afforestation

12. www.srbijasume.co.yu

Interviews:
1. Mr Milan Medarević, PhD. Professor of Forest Management. Faculty of Forestry, University of Belgrade
2. Mr Branislav Božović, Secretary for Environmental Protection of City of Belgrade
3. Mr Vladan Živadinović, B.Sc.F., Executive Manager of Forest Estate Belgrade
4. Mr Slavko Ivanović, B.Sc.F., Manager of FA Lipovica
5. Mrs Dragana Dražić, PhD. Manager of Department for Environmental Protection of Institute for Forestry