

The Application of Integral Approach in Local Development Planning

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The changed living conditions and current issues of concern call for a different approach in problem solving from the point of view of both local administration and citizens. Strategic planning is the means to overcome the on-going challenges arising from the existing problems as well as to create a way ahead in the development of the Trebinje municipality. The methodology of participatory planning was used in designing of the development Strategy of Trebinje municipality. This methodology was developed and recommended by the World Bank. The Strategy consists of three goals identified as the most important ones for further development of Trebinje but also of the entire eastern Herzegovina region which heavily relies on this town.

Key elements have been defined for monitoring and evaluation of the implementation of the Strategy with the following indicators: the number of enterprises; employment rate; local economy income; profitability and productivity; demographic rejuvenation. The Strategy is concerned with the operational plan of implementation and strategic indicators. Also, the roles and responsibilities have been defined of the numerous institutional actors in the implementation, financing, monitoring and evaluation of the realization of the Strategy.

1. Introduction

Planning is a systematic process conducted for the purpose of determining the needs and working in a best possible way in order to satisfy the need within a strategic framework that allows for us to identify the priorities and to define operational principles. Planning entails thinking about the future, in order that, in view of this future, we should do something today [3].

Why is it necessary to plan the development? Because in doing this we:

- clearly establish what is necessary to be done in order that our development goals be achieved;
- determine the priorities in the decision-making process;
- allocate the possibly scarce resources upon the activities that will bring us most benefit;
- keep planning in contact with the context – global, national and regional;
- provide the means to communicate with others;
- provide a coherent/appropriate guide for implementation on a daily basis.

Planning is possible on the strategic level, on the level of the activities, as well as on the operational level; planning can be conducted for the organization, for the local autonomy, for the programme or for the project. Two major types of planning are: strategic planning and action planning. The strategy is actually the end result of strategic planning [4]. Strategic planning or strategic framework development is always related to a wider image. The Trebinje municipality uses it to:

- analyse the situation or the context in which it operates (social, political, economic, ecological), so that it can
- understand the context and is able to formulate the vision of its own development,
- identify a problem or problems within the situations

the municipality deems itself capable of coping with,

- select its operational goals,
- manage its resources (finances, human resources, time) in a rational way,
- formulate its vision statement based on the problem(s) analysis and identification,
- analyse its strengths and weaknesses in dealing with a specific problem,
- identify opportunities and threats in the environment that may affect its operations,
- determine the priorities of its operations,
- review the strategic options in achieving goals and select the most appropriate ones,
- structure and organize itself in an adequate manner.

2. Methodology of development strategy creation

The sustainable growth strategy creation methodology for the Trebinje municipality is based on the principles of the sustainable planning of the local community development, as well as on the best examples from practice. It is based on a number of principles, and these are: the phase planning process, in which the public, the private, and the non-governmental sectors take part as partners, the focus upon critical issues, the selection of clear priorities in operations and an elaborate implementation plan.

To create the Development Strategy of the Trebinje municipality the methodology of participatory planning was used, developed and recommended by the World Bank, including the following phases [4]:

- phase 1: activity organization;
- phase 2: current standing analysis, the PEST and SWOT analyses;
- phase 3: definition of the vision, the strategic and operational plans;
- phase 4: measure and project identification;
- phase 5: preparation for the strategy implementation.

Since it was worked out in a complex and uncertain environment and projected for a long-term period, the strategy is complex and comprehensive, with varied and highly elaborated contents and flexibly integrated components of economic, social, and infrastructural development. It is unique, because it is, both as a whole and in details, adjusted to a specific spirit, culture and identity of Trebinje.

3. Abstract from the socio-economic analysis

Due to climate conditions and abundant precipitation, the region of the Trebinje municipality ranks among richest in water in both the Balkans and Europe. The geographical position and the relief of the Trebinje municipality caused the specific climate characteristics suitable for farming, but also for people to live there.

Geographical position and natural features:

- area: 904km²;
- climate: mediterranean and continental-highland;
- estimated population:33,120;
- population density: 37inhabitants/km²;

Economic situation

Evident is a substantial improvement in the ratio between the number of firms and the number of inhabitants, from 1:60 in 2004 to 1:42 in 2007, which is mainly the result of the growth in the number of entrepreneurial businesses. The income in the energy and the manufacturing industry sectors are characterised by serious oscillations. The sectors displaying the growth in income and employment (construction, commerce, farming and food industry) cannot absorb the evident fall in the previously leading sectors (electric power supply and manufacturing industry), nor can they absorb the shocks, such as the surplus of workforce, that are to be expected. It is only the construction industry that shows a more reliable potential for short-term employment, however, only after certain organized retraining of workforce. On the other hand, the construction industry does not show a long-term development potential. Apart from electrical energy, **the most important export products** are machine-building industry tools and ready-made garments industry.

As regards investments, the most important are the investments into the grape growing and wine production. Two large investments are announced that could change the economic structure of Trebinje substantially: the construction of the Trebinje resort tourist complex and the building of the airport at Zubci. As regards the physical infrastructure for the development of small and medium-size enterprises, two projects stand out: the Industry zone of Volujac and the Business Incubator establishment.

Trebinje is rich in **tourist potential**. In addition to a convenient geo-traffic position and a highly favourable climate, a luxurious and well-preserved nature, the cultural and historical monuments, religious buildings, traditional cultural manifestations ... are further preconditions for the development of tourism. On the basis of

such preconditions it is possible to develop the religious tourism, as well as sports and recreational, mountain, excursional, hunting and fishing, rural, cultural and historical, transit and manifestation types of tourism. On the other hand, there are indications that a lot of people pass through Trebinje, but a small number of them stop there. The problem is partly in a poor tourist infrastructure and organization, poor accommodation capacities, inferior tourist signallization. The major part of the natural and historical heritage of Trebinje has remained unexploited so far; hence it is a big challenge and opportunity for cultural and tourist entrepreneurs.

Business Environment Conditions

The poll among the companies and entrepreneurial businesses carried out in May 2008 revealed the following facts about the business environment:

- *the most serious problems in business development are grey economy and criminal, followed by financial problems (for joint stock companies it is the access to loans, followed by ensuring a steady market/quality buyers and high taxes; for entrepreneurs, criminal is a major problem, and then the access to loans, high taxes and corruption);*
- *seventy-five percent of the companies claim that Trebinje makes a satisfactory, a good or a very good place to do business in; 60% of firms would recommend the Trebinje municipality to the others, as an adequate locality to set up a firm;*
- *as many as two thirds of the companies do not make use of the services for the business development; the services that they lack most are the introduction of the quality system and standards, then the management and the human resource management, then marketing ...*
- *only 7% firms plan to move their business (in total or only partly) out of the Trebinje municipality, as many as 84% owners/managers from the sample do not belong to any expert or business associations, 45% companies have some sort of cooperation with local firms from the same sector (business development, borrowing equipment, marketing);*
- *the companies are generally satisfied with the quality of the municipality administration services (61% entrepreneurs have so far not complained about the work of municipal bodies or staff);*
- *the costs of renting premises and documents legalization are rated as appropriate; the entrepreneurs maintain that all the other costs could be lower.*

Agriculture

The farmland makes up slightly less than 10% of the total municipal area, whereas pastures cover approximately 40% of the area. The greenhouses are used to a significantly lower extent compared to western Herzegovina. Only 7 – 8 ha of the land is covered by greenhouses. A specific problem in the development of fruit and vegetable growing industries is the lack of take over and manufacturing capacities, so large quantities of the pro-

duce does not reach customers or manufacturers. The farming and food industry, however, records growing exports. The major export products are fish, etheric oils, wine, sour cherry and medicinal herbs.

Ecology

The environmental protection measures are of utmost importance for the Trebinje region, not only from the point of view of the life and health protection, but also because the unpolluted environment is a precondition of the development of Trebinje economy, especially in the field of farming and food industry and tourism. The key ecological issues of Trebinje are regional in nature, hence finding solutions to them entails a coordinated action of all the agents responsible for the region of eastern Herzegovina. The major sources of water pollution are the TA (Thermal Power Plant) Gacko, the faecal drainage system of Bileća and Lastva, waste waters from the Trebinje Tools Factory, but also numerous illegal dumping sites, whose waste come into the ground waters and thus threaten the watershed of the river Trebišnjica. The major air polluters are the thermal energy facilities and the mines for surface extraction of coal, the coal separations and the automobile exhausts. The building of a regional sanitary dumping site is one of the most important ecological priorities, in addition to the city dumping site rehabilitation.

Area and Infrastructure

The results of the poll conducted among the citizens in May 2007 show that they are most satisfied with electrical power supply, but highly dissatisfied by road maintenance, the water supply and the sewage system.

- *The three major problems in Trebinje related to road infrastructure and traffic communications with the surrounding regions are soon to be solved. The RS Government allocated an amount of 7 million KM (convertible marks) for the completion of one portion of works on the building of the southern city transport line whose major stretch runs through the city area, hence the execution of this project is expected to begin soon. The works on the completion of the road from Trebinje to Herceg Novi are under way. The beginning of the construction of the Gacko – Foča road is planned for this year, as well as the solution to the Čemerno saddle (the works have already commenced).*
- *The execution of the power supply system development and reconstruction project is to begin soon.*
- *The problem of technical water has not been worked out yet, which is a serious problem, especially in farming and wine production, where water has a significant share in the overall costs.*
- *The waste water purification network covers only a limited number of urban settlements, while the secondary sewage system does not exist in a largest part of the municipality area.*
- *According to the local communities' representatives' estimates, there is a regular electrical power*

supply in all the households in 12 local communities, in 95% households in 2 local communities, and in 90% households in 4 local communities. On the other hand, the production of the Trebišnjica Hydroelectric Power Plant amounts to one-fourth of the total annual output of electrical energy in the Republic of Srpska. An average of one-sixth of the electrical energy produced in this plant is used in the region of eastern Herzegovina, and one-twelfth on the area of the Trebinje municipality.

- *As regards fixed telephony, all the households in six local communities are covered with this network, half of these being urban, and half being rural local communities. In urban local communities, 90-100% households are supplied by fixed/cord telephones, while in the local community Zasad, which is partly suburban and partly urban, the fixed telephony coverage amounts to 60%.*

Social Infrastructure

Three faculties, departments of the Eastern Sarajevo University and one private faculty operate on the territory of this municipality.

Trebinje is a **city of culture**. The cultural heritage is the core part of a unique identity of this city. The cultural tradition of Trebinje is primarily based on institutions, manifestations and promoters and advocates of culture. Among the institutions, worth mentioning are the Museum of Herzegovina, the National Library of Trebinje, the Centre for information and Culture and the Youth Centre, whereas the most important manifestations are the Poetry evenings of Dučić, the Dučić Day and the Trebinje Summer Festival, entailing a host of varied and high quality cultural events. Trebinje is also a **regional health care centre** and plays an important role in the medical treatment and health care of the entire eastern Herzegovina population. The citizens' needs for health care services grow in proportion to the ageing of the Trebinje population, the structure of the services required constantly changing. The two most important health care institutions are the General Hospital in Trebinje and the Health Care Centre.

Trebinje spends **substantial financial resources on social welfare and pursues a responsible social policy** concerning endangered categories of citizens. Institutionally, the social security in the Trebinje region is carried out through the Social Welfare Centre. The Centre has a highly developed system of basic and extended rights in the social welfare field. The other aspects of social welfare are organized through the work of various non-governmental organizations and other forms of organizations of citizens, whose fields of activity are related to satisfying certain social needs.

The demands for the community intervention in the social welfare field rise in proportion to the increase of the share of the elderly, the disabled persons, the children

and young people with special needs, and other socially endangered categories. Estimates show that the demand for social welfare (and consequently the expenses for that purpose) will grow in the period to come, primarily due to an increasingly unfavourable demographic age distribution in Trebinje. The **Municipal Civil Protection Staff** guides and controls the activities of civil protection and performs other activities in the field of protection and rescue. There are two fire brigades, the Territorial Fire Brigade of Trebinje and the Fire Association of Lastva, the civil protection units, and a special unit of Mountaing Rescue Unit. The lack of staff, poor and obsolete equipment prove to be a growing and an increasingly evident problem, as the fires in the summer months are more and more frequent and larger in scope. Since the fires usually spread from the neighbourhood, there is a growing need for a regional, cross border cooperation and coordination in this field.

Sports are well developed and organized through the activities of the numerous popular team sports clubs, such as football, basketball, judo, carate, handball, athletics and swimming. The city has 34 sports clubs, associations and societies with a total of 2,648 members. Evident is an intensive **development of the civil sector** that can contribute significantly to the development and promotion of Trebinje in a wider region. About fifty non-governmental organizations cater for almost all the segments of social life: from advocating the children's, the youth and the women's interests, to the rights of the retired persons, refugees and displaced persons, to getting together the individuals who need aid of some kind or another, etc; from taking care about the natural and cultural and artistic heritage to modern dances, trainings, arts, sustainable and economic development. The NGO activities, however, are not coordinated enough, therefore it is necessary that they be better coordinated in this sector.

4. Swot analysis

This chapter summarizes the crucial, strategic strenghts of Trebinje on which a development strategy can be built, the most evident weaknesses that have to be diminished or neutralised, the opportunities to be strategically taken and the threats that should be evaded or minimized in strategy building and implementation. Methodologically, the SWOT analysis (the analysis of strenghts, weaknesses, opportunities and threats) is a specific bridge between the present condition, identified in the socio-economic analysis, and a future position, projected in a strategic plan. The resource forces should by a rule be a corner stone of the strategy, since their prospects to succeed in the local development of the municipality are most promising [2]. Here we present only the most important strenghts, weaknesses, opportunities and threats, synthesised from the previous findings in the analysis.

Strenghts:

- The city at the junction of three borders, close to ports, airports and well-known tourist destina-

tions; known for its natural and geographical properties, one of the most attractive healthy life and holiday sites in Southeastern Europe;

- Managing and production centre of the energy supply sector, a strategically most important sector of the RS and B&H;
- Fast, effective, and dynamic development of wine production industry;
- Mild Mediterranean climate, and every inch of arable land could be irrigated;
- Unique cultural heritage and tradition;
- Responsible and efficient social welfare.

Weaknesses:

- Remote from major administrative and economic centres, still difficult freight and passenger transport to Dubrovnik and Ploče;
- Demographic ageing, all the working-age population move to the city, young people leave the area, those who succeed do not come back;
- Human resources are not prepared for the challenges of the new economy, the project approach and entrepreneurship;
- The existing economy structure is not sustainable in either a middle term or a long-term period; an insufficiently developed private sector cannot carry the burden of employment until a new economy structure has been created; unfavourable entrepreneurial and investment climate;
- Sustaining and promoting the cultural heritage are too dependent on an ever more scarce budgetary and sponsorship funds;
- A system of lasting capital programming and budgeting is not established.

Opportunities:

- Promotion of natural, religious and cultural heritage, especially as part of regional, cross-border tourist offer;
- Attracting strategic investors in tourism and farming and food industry;
- Large infrastructure (construction) projects in immediate vicinity;
- A proactive project approach to the RS Development Fund budget (especially to economic and social component);
- A proactive project approach to pre-accession funds (IPA) of the European Union (especially to the cross-border cooperation component – CBC);
- Focused and creative engagement of intellectual, political and economic capital of the diaspora for the promotion and development of Trebinje.

Threats:

- The probability of a substantial decline in jobs, even in short term, in the leading economy sectors (manufacturing industry and energy supply);
- Lack of adjustment and interrelation (somewhere even the absence) of public policies, funds and institutions (among the EU, the OHR, the state, the entities and the local level) that should accelerate

and facilitate structural reforms in both the economy and the society;

- Uncontrolled increasing demand for building land may result in losing the highest quality farming land;
- Water and air pollution by the Thermal power plant and the Gacko mine may seriously endanger the Trebinje orientation towards the development of farming and food industry and tourism;
- An increasing number of the socially threatened, an increasing pressure upon social funds, an ever higher demand for health care services, ... due to an unfavourable age structure of the population;
- Uncontrolled intensive housing and business premises construction may result in an irreparable harm to natural, cultural and architectural heritage of Trebinje.

5. Development vision

Methodologically, the development vision is the ideal an entity seeks to achieve in its development. Metaphorically, it is a “dream that can come true, one that shows how the agents representing the entity would like the entity to look like in the future“. By its contents and style, a good vision should be effective in expressing a unique identity and the specific advantages of the place, on one hand, and, in accordance with them, to outline the desired future in an inspiring and challenging way, on the other. It is especially important that the vision contents be agreed upon unanimously in the community. When formulated, the development vision is a sort of social, but also a personal obligation for all those who can and should contribute to its realization.

6. From strategic goals to projects

The strategic goals stem from key problems and challenges identified in the course of economic and social analysis, on one hand, and the set development vision, on the other. Actually, they are the first elaboration of the vision, defining the foci upon which efforts, energy and scarce resources we have at disposal, should be concentrated. For each of these foci, the strategic goal defines the most important goal we seek to achieve by the end of the development cycle stipulated in the strategy. In the second phase of elaboration, each strategic goal is further elaborated into a number of operational goals. Operational goals are measurable and temporary defined aims that are to be achieved on each of the strategic directions, some sort of interim times that are to be achieved. Well defined operational goals can later serve to measure the advances in the strategy implementation.

In the third step, specific support measures, programmes and projects are elaborated, to be implemented for the purpose of achieving operational goals, and through them, the strategic goals. In addition to the connection with the goals, expected results and major activ-

ities are defined for the support measures and projects, the estimate of costs is given together with the modalities and prospective sources of financing, a time orientation is defined as regards the duration and the period of execution, as well as the roles and responsibilities of the various agents in their execution. In addition to some typical support measures and the projects implemented in the situations of local economic and social development, it is important that the strategic document should include the support measures and projects recognized and proposed by local agents.

Such an approach is fully implemented in the preparation of this development strategy, in an effort to achieve an effective combination of certain standard instruments of local development, created in the developed, industrialized European countries, on one hand, and the specific measures and projects with highlighted local characteristics, on the other.

7. Major suggestions in strategy implementation

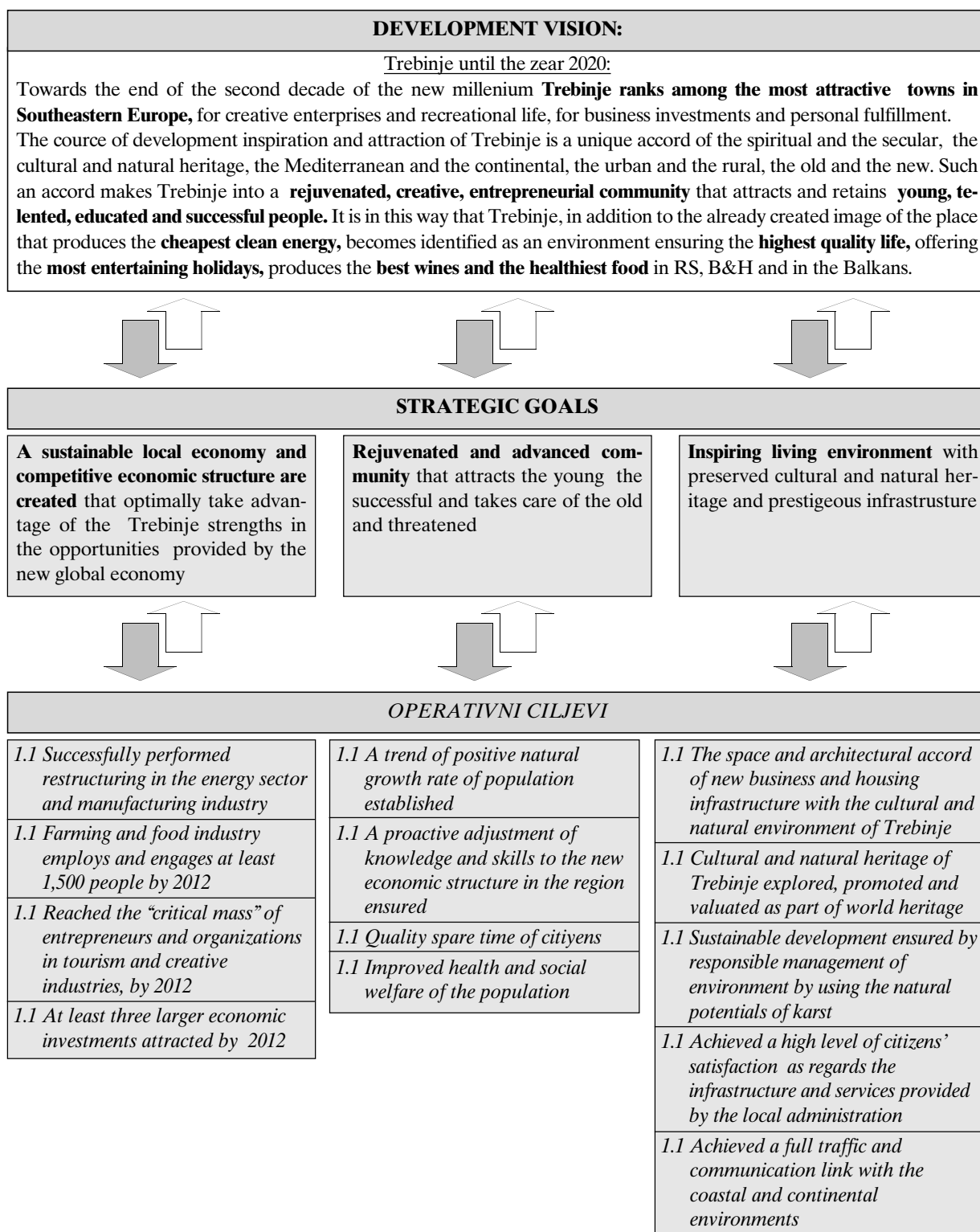
The first suggestion refers to setting up a special development office as part of the municipality mayor office, immediately upon the strategy adoption. The basic reason (mission) for setting up the office is to ensure an efficient implementation and update the development strategy. It is of great importance that all the agents understand that this office is not meant to implement any individual project (each project will have its own implementors, appointed on the basis of the nature of their work, selected following an appropriate procedure), but to control the execution of the strategy as a whole, on a daily basis. The second important suggestion is to make use of the partnership between the public and the private sectors in the implementation of the projects that require larger funds (which the municipal budget usually lacks), where the private sector finds the investment profitable in a certain period of time and where both parties are interested in an efficient implementation. In contracting such arrangements special attention should be paid to an appropriate risk share between the parties. The third suggestion deals with the timely earmarking of a portion of funds planned in the municipal budget, generally when drafting the budget for the oncoming year. Recommended also is to conduct an analysis of the credit standing of the municipality and a multi-year financing programme, at least for a three-year period.

8. Strategy implementation monitoring and evaluation

In order to manage the strategy implementation, as well as the project implementation, we have to be in a position to measure the extent to which the defined goals and results are achieved in a defined space of time, for which we apply objectively verifiable indicators. The objectively verifiable indicators defined on the strategy level allow for a clear insight into the ex-

tent to which the strategic and operational goals are achieved in a defined space of time (insight into the changes of the elements of the socio-economic analysis), while the indicators defined for each of the projects let us monitor the project implementation from the aspect of the extent to which the defined general and specific goals and the expected results of each of

the projects are accomplished. This allows us to precisely understand the impact of the project upon the achievement of strategic and operational goals. Similarly, we are in a position to timely identify the possible deviations and take corrective actions. The development office will monitor the defined indicators and thus control the achievement of goals, col-



lecting and analysing the data necessary for their verification within the strategy updating activity, as well as within the project monitoring and evaluation.

Further in the text, the authors define the major indicators for monitoring and evaluating the implementation and performance of the Development strategy of the Trebinje municipality in the 2009 – 2017 period. The key economy indicators (number of economic entities, employment, income of local economy, productivity and profitability) as well as the most important social indicator of the demographic rejuvenation of the community are identified. The position of the indicators is defined for the period from 2007 (basic year), to 2012 (the middle year between the short- and long-term periods and 2017 (the final year of the set strategic period). The estimates are given along the scale where the lower limit represents a kind of pessimistic scenario, and the upper limit represents the optimistic one. Both scenarios mean a serious engagement of resources and agents planned in the strategy.

Number of Firms Indicator

In order that the goals of the Development strategy of the Trebinje municipality be achieved, it is necessary that the number of firms grow at least by 20 to 30 newly set up firms annually in the period of the strategy implementation.

2007.	2012.	2017.
296	360-420	460-560

In the first place, we remember that such a growth was actually recorded in the Trebinje municipality region in the 2004-2006 period. New 20-30 firms a year means that approximately one new firm will be started per 1000 inhabitants. For comparison purposes, in the Istra district, 3-4 new firms are established per 1000 inhabitants. Therefore this is a real and attainable goal.

Employment Indicator

The local economy of the Trebinje municipality enters a substantial restructuring in the oncoming period.

2007.	2012.	2017.
9.796	10.500-11.000	12.000-13.000

Given that large privatized companies suffer significant losses, the trend of downsizing is expected to continue in the period of their restructuring, until 2012. According to the dynamics so far, this amounts to 4% or 200 employees annually. After 2012 and upon the completion of the restructuring of this section of the Trebinje economy, a growth in employment rate is expected. On the other hand, if the Strategy is correctly implemented, more jobs are expected to be created in the private sector, now in the full swing of restructuring (until 2012) at a dynamic

rate of 10% (200-300 new jobs per year), followed by a more temperate rate of 5% in a later period (approximately 200 new jobs annually, from 2012 till 2017).

Local Economy Income Indicator

As said above, the Trebinje municipality enters a substantial restructuring in the field of local economy, which will have a significant impact upon the overall income of the local economy.

2007.	2012.	2017.
333 miliona €	375-400 mil. €	0.55-0.66 mlrd €

In the already mentioned large privatized companies a decline in income is anticipated. It started in 2006 at an annual rate of about 3-4%. After 2012, a rise in income is expected in this sector. In the private company sector the income is expected to rise by the annual 10-15%, in accordance with the trend so far and with the average incomes achieved in other regions important for our comparison (in the Istra district the average amounts to 15%).

Profitability and Productivity Indicator

The dynamics of the local economy restructuring can best be seen by tracking the changes in productivity and profitability. The profit achieved is the profitability indicator, however, in the absence of detailed information on the basis of which the productivity can be calculated, our indicator of both will be the profit achieved per employee. A more favourable scenario predicts that losses should be eliminated in 2009 at the latest, while a less favourable one predicts that to be achieved in 2010.

2007.	2012.	2017.
- 345 € per employee	250-375 € per employee	oko 1.000-1.500 € per employee

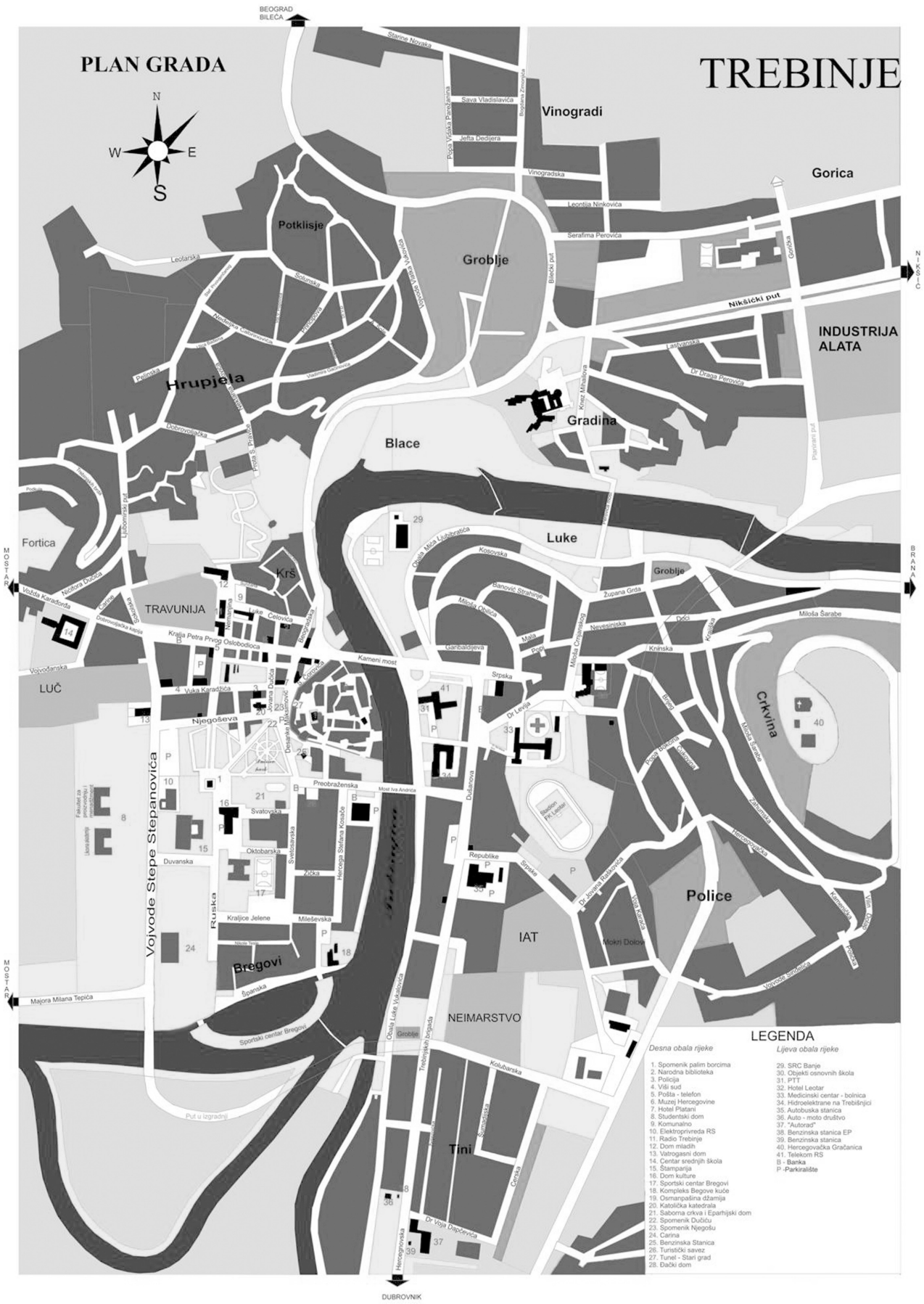
Following the period of substantial restructuring and loss elimination, a growth in profits is expected, amounting to Km 2,000-3000 per employee, in 2017 (for example, for comparison purposes, the average profits earned in the Bijeljina municipality in 2006 amounted to KM 1,200 per employee).

Demographic Rejuvenation Indicator

Approximately 320 people die in Trebinje every year, and, due to the ageing population, there is a tendency that the rate of deaths increases.

today	2012.	2017.
280 newborn babies*	330 newborn babies	380 newborn babies
	10-15 young educated married couples	10-15 young educated married couples

*average for 2005; 2006 and 2007



The plan is to have 330 new born babies in 2012, and 380 babies in 2017 (the number of babies born at Trebinje in 1999). Given that 150 weddings are held at Trebinje every year, it is necessary that, for a start, 20-30 young couples be stimulated to start a family thereby getting 15-20 additional new born babies immediately in the first year. Since the depopulation is one of the most serious strategic challenges for Trebinje, this measure should be observed to the extent when each new married couple is "covered" by a package of measures that help them start a family.

Another useful measure to rejuvenate and improve the community would be to attract at least 10-15 educated young married couples from other regions every year, to settle at Trebinje. Thus the number of inhabitants will grow at a rate of 20-30 educated young people every year, and the newcomers are expected to have children. These two measures are closely connected and influence each other.

An appropriate data base for secondary data, created in the course of the socio-economic analysis, may significantly help in data processing and in monitoring the position of indicators. The base is broadly set and allows for defining and monitoring other indicators if need arises.

The activities of monitoring and evaluating the priority projects should be defined within the project of establishing and starting the development office, since monitoring and evaluating will be an important part of activities of the office. Within the scope of that priority project, the monitoring and evaluation systems should be elaborated in detail by the end of the first half of 2009, together with the indicators and their target values for the strategy and the priority projects.

9. Conclusion

A good strategy is based on advantages, not on weaknesses, it is "a game on your own grounds", competing in what you are better than the others. There is no strategy based on certain facts, since every strategy is concerned with the future. We have the facts about the past at our disposal, and we estimate the variants of the future mainly on the basis of what was going on in the past and what suggests some regularity in the events in the present. The most important qualitative changes in the world economy (transition towards the "knowledge economy" and the "experience economy", to clean and reusable energy resources, to sustainability as a key principle of economic, social and ecological development,...) are identified as well as the opportunities that in such a context Trebinje can take advantage of, to more advantage than any other communities in the neighbourhood. Hence, the basic strategic solutions are based on reasonable estimates.

An integrated approach to planning was applied in order that the nature of the Trebinje identity should define its development perspective. It is at this point that the synergy effects between economy, ecology and social responsibility of Trebinje are best employed. The strategy, in the first place, means the concentration of available resources on solving the problems that bear the greatest development potential. It has to be focused upon the most important strategic challenges, otherwise it will result in dissolving the ever scarce resources without achieving any real strategic effects.

In such a context, the key challenges the new strategy should focus on include [4]:

- transforming the comparative location and resource strengths which Trebinje undoubtedly has at disposal, into competitive advantages of a new Trebinje economy;
- establishing a sustainable economy structure that will make use of the Trebinje competitive advantages in that it will support the human resources development, entrepreneurship and small and medium-sized enterprises;
- restructuring the energy sector and manufacturing industry;
- strategic management of the area and infrastructure that will ensure a coordinated spread of the city, the protection of cultural and natural heritage, the development of business zones and the protection of high quality soil;
- changing the negative demographic trends and ensuring a steady demographic rejuvenation;
- strategic adjustment of education, culture and sports to the opportunities and demands of the new economy;
- readiness to respond to the expected, increasingly evident health care and social demands of the citizens.

The detailed plan of monitoring and evaluation of the strategy implementation, with operational indicators is scheduled to be worked out within the development office establishment and setting into action, which is the first priority upon the adoption of the document.

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