



## Investment in Visitor/Archaeological Centre Medijana Niš



**Location:** Archaeological site Mediana is located approx. 2 km from the city centre of Niš, Nišavski Region.



**Rationale:** The Archaeological Centre Medijana presents the remains of a luxurious villa that belonged to the Roman Emperor Constantine the Great (306-337). It is under the protection of the Institute for the Protection of Cultural Monuments of Serbia as a cultural asset of exceptional importance.

The construction of a modern visitor centre will increase the number of visitors and enhance the overall visitor experience by providing additional services (presentation and interpretation space, hospitality services, event and workspace as well accommodation).

Presently, the remains of the villa are covered by a protective structure.





The first museum building was built in 1936 to protect and present the ancient banquet part of the villa with the central mosaic in the apsidal room of the ceremonial hall as the main attraction. There are around 1,000 m<sup>2</sup> of mosaics in the surrounding, uncovered rooms, among other remains. Landscape architecture complements the site, and the route to the location is well-marked with appropriate signage and parking.



**Tourism activities at the location:** Medijana is open to the public and presents an important part of the tourist offer of the city of Nis, but the site still **lacks additional tourism services/attractions**. Beside guided visits, currently, Medijana offers **educational programs and workshops on history, archeology, and culture for school children**. **Scientific research and conservation activities** are currently taking place at the site (which is not fully adequate), contributing to the study and preservation of this archaeological site.

In 2023, Medijana welcomed **nearly 40.000 visitors**.

**Existing service infrastructure:** The tourist service premises currently encompasses an information desk, a very small sales point for tickets and souvenirs as well as visitor toilets.

## A detailed description of the intervention

**Investment activities** outlined in this project covers construction of the modern interpretation visitor/scientific center. The new building will encompass:

Presentation/Interpretation space including tourist service facilities:

- **information desk, hospitality facilities and souvenir shop;**
- **multipurpose hall** for organizing workshops and conferences;
- **exhibition space** with an amphitheatre for gatherings, lectures, exhibitions, and performances.

The working/scientific unit with:

- **processing and conservation workshop** and employee offices;
- **accommodation space for visiting researches and archeo - tourists;**
- **lounge area.**





*The projected funds for this investment are estimated on RSD 298.916.400 (~ EUR 2.5 million).*

## General data

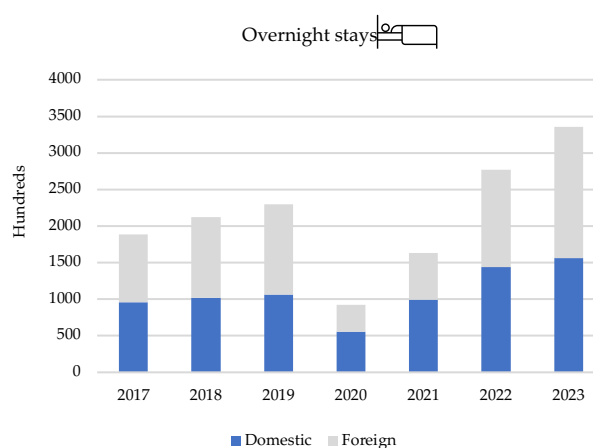
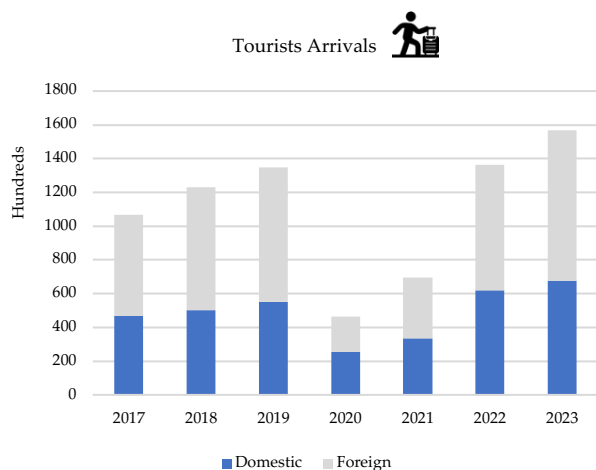


**Economy:** Despite demographic challenges, the city of Niš experienced a notable growth in economic indicators such as the number of companies, entrepreneurs, and employment opportunities, suggesting resilience and development trend within the local economy.

	2017	2018	2019	2020	2021	2022
<b>Population</b>	256825	256381	255901	254723	252655	250091
<b>Number of companies</b>	3275	3813	3509	3538	3869	3891
<b>Number of entrepreneurs</b>	8770	9400	9884	9941	10349	10907
<b>Employment</b>	77226	79283	82197	84629	87711	89785



**Tourism sector:** Tourism indicators for the Niš indicate **significant changes**, especially in the context of the effects of the pandemic. After initial growth in the pre-pandemic period, the number of tourists and overnight stays declined in 2019 and 2020. Although foreign tourist arrivals dominate Niš, domestic tourists generate a higher overall number of overnight stays. Higher number of foreign tourist arrivals can be attributed to the presence of major multinational companies operating in Niš, which draws business travellers. Furthermore, the local airport, with its low-cost carriers, attracts transit passengers, contributing to the influx of visitors. In 2023, the tourism sector **fully recovered** and surpassed the levels achieved in the pre-crisis period. This rebound suggests the potential for growth in Niš tourism sector, underlining its capacity to adapt and recover from adverse circumstances.



**Potential for development of the tourism industry:** Niš has **natural and anthropogenic resources** that are ideal for developing tourism. Its geographical position makes it as an important hub, while its proximity to the Stara and Suva mountains and its hydrographic potential open up opportunities for versatile tourism, including **spa, recreational and cultural experiences**. Niška Banja emerges as a pivotal spa destination. The city's cultural attractions, such as Ćele Kula (Scull Tower), Medijana and the Concentration Camp Red Cross, and Niš's reputation of event tourism location contributes to the city's image of vibrant destination.



**Strategic framework:** The city of Niš has adopted policies and strategic documents relevant for the tourism development, and city representatives have a positive approach towards tourism development, making significant efforts to enhance the locality.

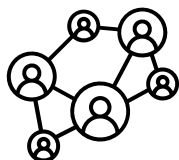


**Spatial-planning documentation:** Comprehensive **spatial-planning documentation** for the location **has been finalized**, and a **conceptual design** was created.



**Accommodation capacities:** The city has well-balanced structure of accommodation facilities capable to meet the requirements of different market segments and anticipated surges in demand.

**Investment opportunities - Transforming Medijana to a regional tourism highlight:** The investment in the Visitor /Archaeological Centre Medijana encompasses the construction of entirely new tourist infrastructure, which would enable **additional amenities** such as presentation/interpretation and hospitality facilities, event spaces, adequate working areas, accommodation capacities. This will transform the site into a **modern centre of tourism and cultural significance**. The aim is to create a comprehensive tourist offer that would attract and cater to the needs of various visitors. The centre would present and interpret the history of the site with modern technologies, **allowing visitors to experience the richness of cultural heritage through innovative and interactive methods**.



**Expanding tourism impact:** To build a marketable tourism product for this area, the focus should be on **connecting numerous attractions** in addition to the development and promotion of Medijana. The potential for integrating the Medijana archaeological site with neighbouring attractions such as Nis fortress, **Via Militaris**, **cultural-historical routes**, **sports-recreational routes**, the **Niš – Knjaževac Wine Route** and the **Roman Emperors' Route**, highlights its importance within the wider tourism

framework.

Popular tourist destinations in the vicinity of the Medijana archaeological site include:

- Niš Fortress - 5 km
- Niška Spa - 10 km
- Nature Park Sićevačka and Jelašnička Klisura - 19 km
- Vrh Trem - Suva planina - 21 km
- Sokobanja and Ribarska spa – 53 and 54 km
- The archaeological sites of Pločnik and Ravna, both are 63 km away
- Stara Planina - 70 km
- Lazarev Grad, Kruševac – 82 km,
- Neolithic settlement Drenovac - 88 km
- Felix Romuliana – 103 km
- Djavolja Varoš, 101 km
- Caričin grad, 110km.

All locations with significant tourism potential are reachable by bus or vehicle in one hour/90 minutes.



**Enhancing existing offers:** The capacities of the existing tourist infrastructure are relatively low and hinder the development of the location. With the new centre the quality of services available for tourist will be enhanced with an information centre, a modern presentation and interpretation space, and a souvenir shop. There would also be a designated area for relaxation and catering services (restaurant and cafe) on the premises.

Additionally, following the site's unique characteristics, **supplementary tourist activities** have been identified to foster initiatives that contribute to the holistic development of the locality. These initiatives, designed with a keen awareness of the cultural and natural heritage, include archeological reconstructions, guided theatrical tourism experiences, promoting hiking trails and facilitating cycling on the existing routes leading to the locality.

The investment in the Medijana archaeological site will enhance the following forms of tourism:

- Archeo-tourism;
- Educational tourism;
- New experiences of visitors;
- Incentives tourism;
- Event tourism.

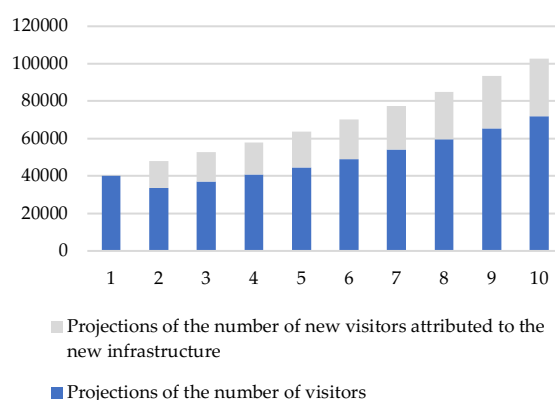


**Introducing new tourism services:** Enhancing the quality of services on the site, the project seeks to increase the site's attractiveness by offering diverse tourist activities, including workshops, organisation of cultural events and performances, in significantly improved conditions.

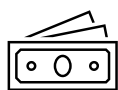
## Projections

**Number of tourists:** Considering the **dynamics of tourist visits** over the next ten years, the study takes into account:

- the historical visitation trends,
- the influx of tourists to similar sites in Serbia,
- its closure to visitors for an extended period,
- its strategic location at the crossroads of major national and international traffic routes and consideration of transit tourists contribute to a comprehensive understanding of the potential tourist flow.

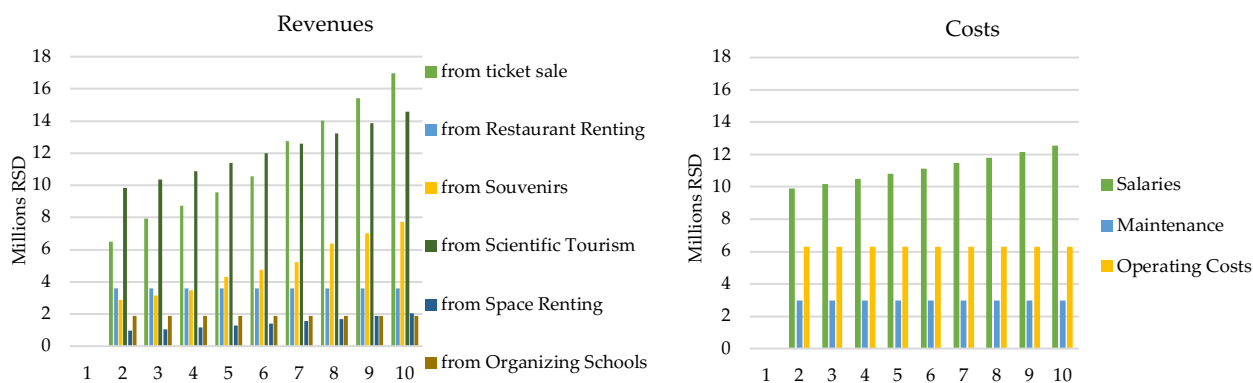


Projection on the number of visitors suggests an upward trend in the referenced period, **reaching over 100.000 visitors** in ten years. Such consistent growth forecasts a promising outlook for the tourism industry, indicating increasing interest and demand for the destination's attractions and services. This trend highlights the potential for economic growth, business opportunities and local prosperity.



**Costs and Revenues:** After the initial investment, starting from the second year of the exploitation, in all subsequent years of the reference period, total revenues exceed total costs, indicating a favourable financial outlook for the project. With new tourist infrastructure Medijana archaeological site can generate additional revenues from ticket and souvenir sales, renting of space for restaurant, organizing schools, renting out space for events, archaeological, and scientific tourism.

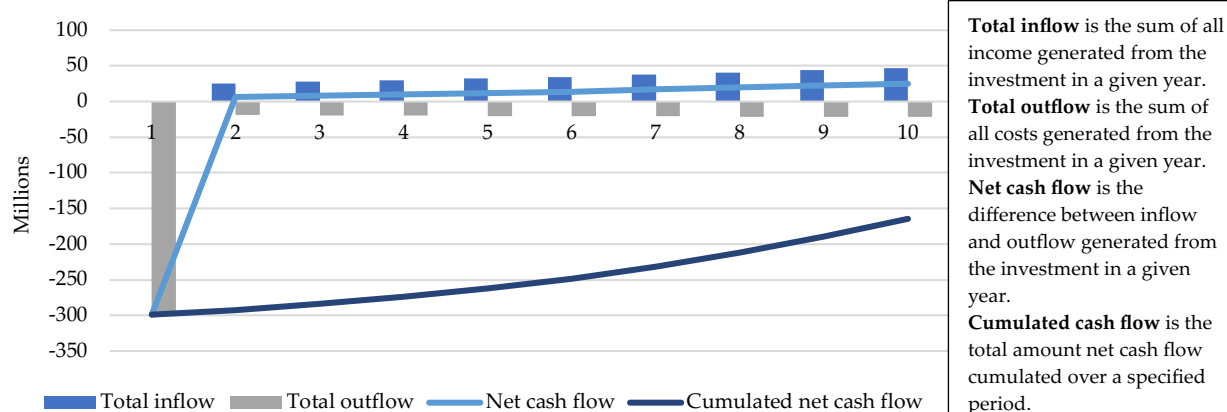
Over the 10-year period, the Medijana shows a significant upward trend in revenue in various areas, including ticket sales, science tourism, souvenirs and room rental. Both ticket sales and science tourism show strong growth, reflecting the increased interest of visitors. The sale of souvenirs and the rental of space also showed a steady increase and made a positive contribution to the overall growth in revenue. Income from the rental of restaurants and the organization of schools remains stable throughout the period. On the cost side, salaries show a steady increase, while maintenance and operating costs remain constant. This combination of rising income and stable costs indicates a positive financial development of the location.



Note: horizontal axis presents year of operation



**Sustainability of the investment:** Considering revenues, initial investment, and operating costs, financial analysis (under defined assumptions<sup>1</sup>) indicates that the investment in Medijana **does not yield financial returns**, making it financially unacceptable for a private investor. Despite a negative financial net present value (RSD -192.377.923) and an internal rate of return of -11.77%, the study emphasizes **the need for alternative funding sources supporting socio-economically relevant projects**. Sensitivity to changes in discount rates and market interest underscores the importance of flexible financial strategies.



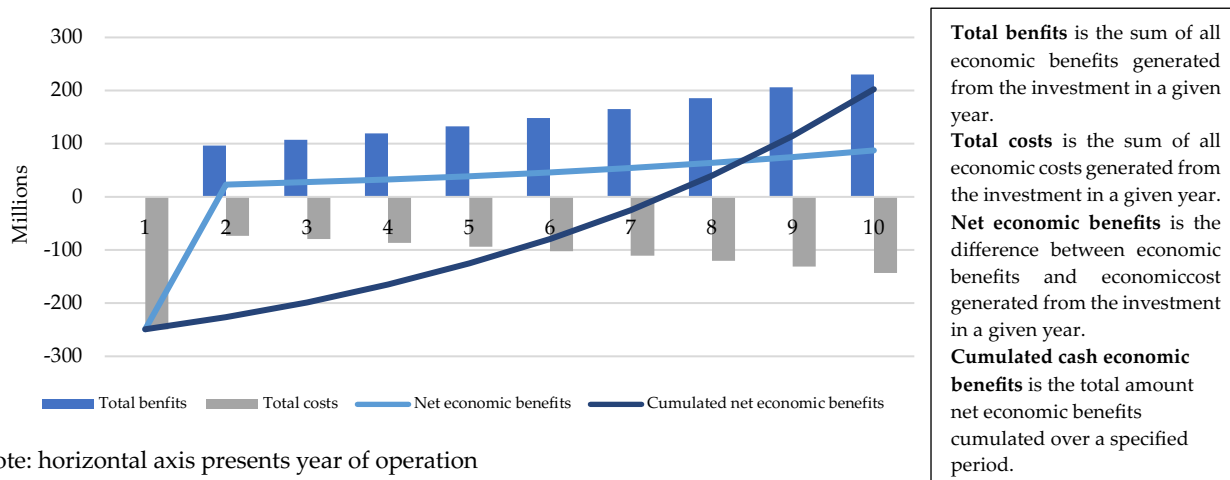
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Acknowledging the tourism attractiveness of the destination and its potential for attracting more tourists, the investment can be completed with additional sources of financing, primarily from EU funds designed to provide financial support to projects that may lack financial viability. Socio-economic analysis (under defined assumptions<sup>2</sup>) unequivocally demonstrates the financial sustainability of investing in the Medijana archaeological site. **Financing this investment is not only deemed acceptable but is also considered desirable and economically justified from a broader socio-economic standpoint.** The study indicates the project's socio-economic viability with a positive economic net present value (RSD 51.295.156) and an economic internal rate of return of 11%. The benefit-cost ratio of 1.06 underscores the project's overall positive socio-economic impact.

<sup>1</sup> Key Assumptions: The analysis excludes depreciation, provisions, or other accounting positions that do not correspond to actual cash flows of the period; all costs and revenues are expressed in Serbian Dinars (RSD) at constant prices with VAT included; the reference investment period for calculations spans ten years. The discount rate used is 4%, in line with the Ministry of Finance guidelines.

<sup>2</sup> The reference investment period for calculations spans ten years. The value of the social discount rate used is 7%, in line with the Ministry of Finance guidelines.

As for Socio-economic analysis, the break-even point, where revenues match costs, is projected to occur in the seventh year of the project implementation.



Note: horizontal axis presents year of operation

**Employment:** The project investment will lead to the employment of 9 new workers in the tourism sector. Furthermore, it's essential to consider the potential creation of job opportunities in the surrounding area as a positive social outcome.

## Considerations



**Management model:** The National Museum of Niš fully manages the Medijana archaeological site operations. Museum is providing funds from national sources as well as reinvesting revenues generated by the site into further research, conservation, improvement, and site presentation. The National Museum of Niš, additionally, manages several other important cultural heritage localities in the city, which present an opportunity for collaboration with the local tourist organization to enhance content and increase the visibility of attractions. Leveraging this portfolio, the National Museum can seamlessly integrate tourist offerings across these locations, offering visitors tickets for access to all sites.



**Socio-economic effects:** The strategic investment in the Archaeological Centre Medijana will enrich local tourism offer and elevate the region's overall competitiveness. Beyond tourism, the socio-economic impact encompasses an expanded array of tourism services, active engagement of the local population in the vicinity, expanding accommodation options, encouragement of local craftsmanship, and the revival of traditional trades. In the case of investment, Medijana can act as a catalyst for sustainable tourism, playing a pivotal role in the region's socio-economic recovery while fostering a balance between economic growth and cultural preservation.



**Risks:** A comprehensive examination of potential risks associated with the project reveals that it does **not carry risks** characterized by a high impact and a high probability of occurrence. The identified primary risks include financial and procurement risks related to the implementation of the project. However, these risks are manageable and can be effectively controlled by implementing mitigation strategies.





**Environmental Impact:** The proposed investment in the archaeological site Medijana has been thoroughly evaluated from an environmental perspective and is deemed **environmentally acceptable**. It is not expected that the implementation of the investment will significantly affect the existing environmental quality. The centre's design complies with energy efficiency standards and underlines the commitment to sustainable practices. The newly constructed centre shall have a "B" class energy certificate, which confirms the direction of improving energy efficiency and rational energy consumption to use alternative energy sources when opportunities arise.

### Final remark

Even with the use of conservative approach in the overall assessment, particularly in the financial and socio-economic analysis, the results of the valorization of the tourist location Archaeological Centre Medijana indicate that the investment is not only acceptable but also desirable from a local and national perspective. The investment in Medijana can serve as a catalyst for sustainable tourism, contributing to the region's socio-economic growth, while preserving its rich cultural heritage and fostering a balance between economic growth and environmental conservation.