



Investment in Manasija Monastery



Location: The Manasija Monastery, located about 3 km from the town of Despotovac near the Resava River, is an important symbol of Serbian medieval culture.

The Manasija Monastery is on the tentative UNESCO list, which emphasises its historical importance, but also offers the opportunity to promote tourism in the entire Pomoravski region by presenting other remarkable attractions.



Rationale: The strategic revitalization of the Manasija Monastery is closely linked to its historical significance and architectural design. Considering the historical context in which it was built, the defensive structures of Manasija Monastery are a testimony to medieval defensive architecture. The monastery was founded by the **Despot Stefan Lazarevic**, son of Prince Lazar Hrebeljanovic.

The focal point of the monastery complex, the **Church of the Holy Trinity**, is still a major attraction and draws pilgrims and tourists alike. The surrounding walls with 11 towers not only enclose the monastery, but also provide a tangible link to the past and attract visitors interested in military history and architectural heritage. However, other elements of the monastery, such as the dining hall and the defensive towers, need to be restored and adapted to fulfill their potential as a tourist attraction.



The dining hall, despite its current state, can serve as a meeting room or interpretation center for visitors once it has been restored. The partially accessible **defense towers and walls** also offer opportunities for guided tours and historical interpretation that enrich the visitor experience while respecting the cultural significance of the monastery.



Tourism activities at the location: The Manasija Monastery has **considerable tourist potential**, although it is not officially

integrated into the tourist offer. Several travel agencies offer visits to Manasija, either on their own or as part of special tours, which underlines the growing attractiveness of the monastery. The unique features of Manasija, such as the well-preserved frescoes and the atmospheric surroundings, contribute to its appeal to tourists. The service of local tourist guides is usually organized by the local monks.



The local monks estimate that during the peak months (spring and summer) an average of around 500 visitors visit the monastery on weekdays, while around 2,000 visitors explore the monastery at weekends.

Existing service infrastructure: The only functioning building on the Manasija monastery grounds is the church dedicated to the Holy Trinity. The monastery's dining hall is no longer used due to its relatively poor condition; it has been partially renovated but has no roof. The defense towers are not used, and the walls have not been fully restored, but visitors can walk on parts of the walls and towers, which is a tourist attraction. The complex has a well-stocked souvenir store and parking lots in the immediate vicinity. There is a small inn nearby with around 15 accommodations units of varying capacity.

A detailed description of the intervention

Investment activities include the revitalization of the Despot's Tower (Donjon Tower) and the Monastery Dining Hall to enhance the visitor experience, promote cultural heritage and create versatile spaces for exhibitions and events.

Despot's Tower Revitalization to make it accessible to visitors include:

- **New Roof Structure:** Installing a new roof over the Despot's Tower not only restores its structural integrity but also ensures visitor safety and comfort. This allows for year-round accessibility and protection of the tower's interior.
- **Accessibility Improvements:** Constructing a new staircase facilitates visitor access to the tower, providing panoramic views from higher levels.
- **Interior Organization:** The reorganization of interior spaces within the tower optimizes visitor flow and enhances the presentation of historical content. This may involve interpretive displays, interactive exhibits, and informational panels.
- **Exhibition Space:** Transforming parts of the tower into a exhibition area enables the display of archaeological findings and historical artifacts related to the monastery's fortifications. The exhibition will be designed across multiple levels, offering engaging narratives about the monastery's evolution.

Dining room revitalization as the largest and best-preserved medieval building of its kind in Serbia includes:

- **Roof reconstruction:** Adding a missing roof to the dining room ensures the preservation, protecting it from environmental degradation and enabling year-round use.
- **Lapidarium-Exhibition Space:** Creating a lapidarium on the ground floor provides a dedicated area to showcase archaeological discoveries, and exhibits depicting the original layout of the monastery complex.
- **Multi-purpose Hall:** Converting the first floor into a multi-purpose hall expands the monastery's capabilities beyond religious functions. This flexible space can host monastery events, seminars, symposia, and cultural gatherings, contributing to community engagement and cultural exchange.



Source: Conceptual Design, Institute for the Protection of Cultural Monuments of Serbia

The projected funds for this investment are estimated on RSD 348,100,000 (EUR 2.95 million).

General data



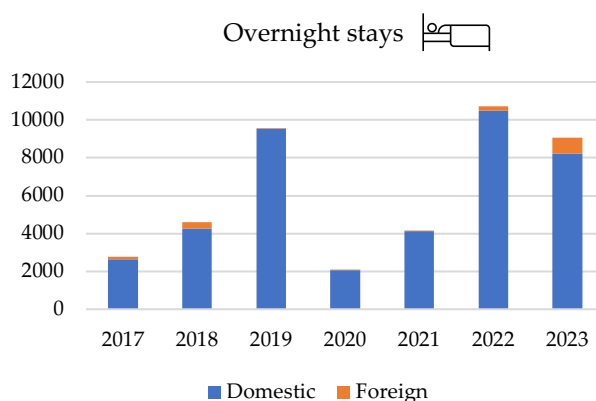
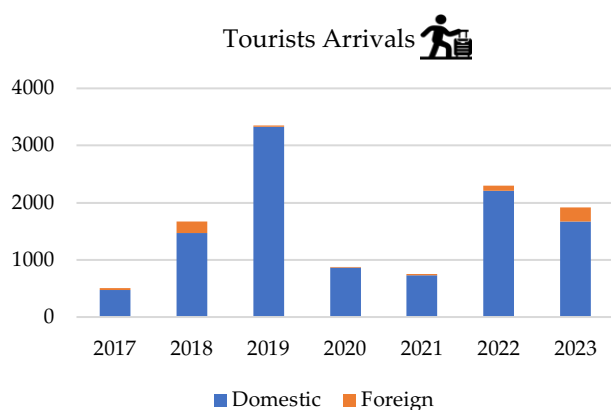
Economy: In the municipality of Despotovac, where the Manasija monastery is located, there has been a steady **decline in the population** from 21,013 in 2017 to 18,405 in 2022. This downward trend indicates fundamental demographic changes in the region, possibly due to factors such as migration to urban centers, an aging population or changing lifestyle preferences. Despite this demographic trend, the **business sector has proven resilient**, and the number of businesses has remained stable. The steady increase in the number of entrepreneurs in Despotovac reflects the growing interest of residents in entrepreneurship and self-employment, possibly driven by the need for alternative economic opportunities in the face of demographic change. The increase in entrepreneurship contributes to economic diversity and can foster innovation in the local economy. While the number of entrepreneurs has increased slightly over the years, the **decline in employment figures** indicates challenges in the local labor market. Therefore, Despotovac must adapt to these evolving economic dynamics to effectively address these issues. Efforts may need to be made to address employment issues, create a favorable environment for entrepreneurs, and explore strategies to attract and retain residents, especially younger people.

	2017	2018	2019	2020	2021	2022
Population	21013	20629	20226	19792	19278	18405
Number of companies	149	166	152	151	150	148
Number of entrepreneurs	576	601	627	626	642	671
Employment	4957	4962	4797	4804	4726	4688



Tourism sector: Despotovac has **potential for tourism growth**, but a significant increase in visitor numbers and overnight stays will depend on strategic investment in tourism infrastructure and the development of compelling visitor experiences. Despite the modest size of the municipality, there is an opportunity to position Despotovac as a standout destination by capitalising on its unique cultural heritage and natural assets.

In recent years, tourism in Despotovac has changed in terms of both domestic and foreign visitor arrivals and overnight stays, reflecting the dynamic nature of the tourism industry, which is influenced by various economic and external factors. Between 2017 and 2019, there was a significant increase in domestic visitors, with arrivals peaking at 3,332 in 2019. However, the outbreak of the pandemic in 2020 led to a sharp decline in domestic arrivals, which recovered significantly in 2022. The figures for 2023 show a slight decline compared to the previous year, but remain relatively high, reflecting the **continued interest in domestic travel to the region**. In contrast to domestic tourism, foreign tourist arrivals in Despotovac are lower, with sporadic increases and decreases over the years. The number of overnight stays reflects the trends observed in tourist arrivals, with fluctuations reflecting the impact of economic conditions and travel behaviour. Tourism trends in Despotovac underline the resilience of domestic tourism to external shocks such as the pandemic and highlight the importance of nurturing local visitor markets. At the same time, efforts to diversify and increase the attractiveness of the region for foreign tourists are evident from the projected increase in foreign arrivals and overnight stays.



Potential for development of the tourism industry: The tourist offer of Despotovac is shaped by **natural and anthropogenic factors**, fostering various forms of tourism such as excursion, ecological, sports-recreational including hunting and fishing and spa. The region's landscapes, encompassing forests, rivers, and mountains like Beljanica and Kučaj, alongside the Resava river valley provide opportunities for outdoor activities such as hiking, biking, and nature exploration, further enriching the tourism offerings. Additionally, the region's rich cultural heritage, highlighted by landmarks like the Manasija monastery and other attractions including the Church of the Nativity of the Blessed Virgin Mary and the Resava Cave, adds depth to the tourism experience. Despotovac benefits from its proximity to major cities like Belgrade and Niš, making it accessible to both domestic and international tourists. This accessibility presents an opportunity to leverage the monastery's appeal as a cultural landmark within the broader tourism landscape of Serbia.



Strategic framework: The "Draft Development Plan of the Municipality of Despotovac 2023-2030" emphasizes the tourist potential of the municipality and focuses on its natural beauty, historical heritage and rural charm. Despite the small size of the municipality and limited resources for formulating specific strategic plans for tourism, the outlined vision in the Development plan places emphasis on sustainable rural tourism centered around the Despot Stefan Lazarevic and Manasija Monastery and **aims to position Despotovac as a growing tourist destination** known for its cultural, historical and natural attractions.



Spatial-planning documentation: Spatial planning documentation for the site are **available**. However, the construction process requires obtaining the following project and technical documentation:

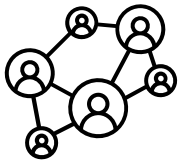
- Preliminary design for the rehabilitation, conservation and reconstruction of the building of the old refectory and the reconstruction of the Donjon tower of the medieval Manasija monastery.
- Obtaining location conditions and conditions of the Republic Institute for the Protection of Cultural Monuments.
- Conceptual design for the rehabilitation, conservation and reconstruction of the old dining hall and the reconstruction of the Donjon tower of the medieval Manasija monastery for.
- Building approval for the execution of works.
- Detail design.



Accommodation capacities: Accommodation options in the Despotovac area are **modest, as there are currently no hotels** in the municipality. Instead, visitors usually find accommodation in guesthouses and lodges, which represent the main accommodation offer.

In order to improve the tourism offer, it is recommended that the municipality explores opportunities to diversify its accommodation offer by attracting hotel investment or supporting the development of additional guesthouses and lodges to meet the growing demand from visitors.

Investment opportunities - Transforming Manasija Monastery to a regional tourism highlight: The investment in the Manasija Monastery includes revitalizing the structure of the complex and positioning it as a prime destination in the region. The restoration work will focus on preserving the architectural integrity and historical significance of the monastery in order to protect it as an important part of Serbia's cultural heritage while increasing its attractiveness to tourists. Furthermore, investment initiatives will go beyond restoration and include the development of additional services and experiences tailored to increase visitor engagement. Working with **local artisans and craftspeople** can provide authentic and interactive attractions that showcase the region's cultural heritage. **Integrating guided tours and educational programs** can provide visitors with insights into the rich history and spiritual significance of the monastery. In addition, promoting Manasija Monastery as a venue for **cultural events and festivals** can encourage community involvement and enrich the overall visitor experience. Improvements to infrastructure and facilities will ensure comfort and accessibility for visitors and further enhance the monastery's appeal as a tourist destination. Working with local businesses to develop hospitality and dining offerings will provide visitors with the opportunity to sample traditional cuisine and hospitality, enriching their cultural experience.



Expanding tourism impact: Although the tourist potential of Manasija Monastery is evident through its inclusion in the offers of various travel agencies, there is still room for formal recognition and integration into the official tourist framework of Serbia. The revitalization of the Manasija Monastery complex will lead to an increase in tourist demand and attract new groups of visitors who were not previously included in tourist trips and tours of the complex. On the other hand, the increase in the number of tourists

will have a positive impact on the improvement of the tourist offer and the development of new tourist services, especially the hospitality industry (new accommodation capacities, rural tourism businesses, restaurants), local crafts (souvenir production, handicrafts, jam and confectionery production) and agricultural production. The revitalization will contribute to the development of educational, transit, cultural-historical, adventure-oriented, sports-recreational and rural tourism.

In the **immediate vicinity** there are tourist attractions such as the Milivac canyon, the Resava cave, the Veliki Buk (Lisine) waterfall, the Krupaj spring - 23 km, the Senjski mine, the Nature Center, Svilajnac and the Ravanica monastery, which in a broader context form a good basis for the improvement and development of tourism in the region.

Popular tourist destinations in the vicinity of Despotovac site include:

- Milivska gorge - 13 km
- Resava cave - 21 km
- Veliki buk waterfall (Lisine) - 22 km
- Krupajsko vrelo - 23 km
- Senj mine - 25 km
- Nature center, Svilajnac - 26 km
- Kučaj Mountains (Vinatovača Rainforest) - 28 km
- Prskalo waterfall - 31 km
- Mountain Beljanica - 32 km
- Sisevac - 35 km
- Ravanica Monastery - 36 km
- Neolithic settlement Drenovac - 50 km
- Mountain Rtanj - 80 km



Enhancing existing offers: Given the current limitations of Manasija Monastery's tourism infrastructure, there is **significant potential** for improvement to enhance the visitor experience and attract more tourists. Improvements to the monastery's infrastructure can improve its **appearance and accessibility**. In addition, the implementation of security measures can ensure the **well-being of visitors**. Offering various tourist activities such as guided tours with professional guides, interactive presentations or interpretation services that provide insights into the history and significance of the monastery, as well as information desks that help visitors with questions and provide helpful resources. Partnering with local businesses and artisans can enrich the visitor experience. This could mean offering locally made souvenirs or products in gift stores, hosting cultural events or workshops led by local artisans, and providing opportunities for visitors to engage with the surrounding community.

Supplementary tourist activities: Given the wealth of natural attractions around Despotovac, including landmarks such as the Prskalo Waterfall, Milivac Gorge, Veliki Buk Waterfall, Krupaj Springs and Kuchaj Mountains, **supplementary tourist activities** have been identified to enhance the overall experience of visitors. These include various outdoor activities such as hiking, mountain climbing, and camping, which are complemented by activities of rural and gastronomic tourism.

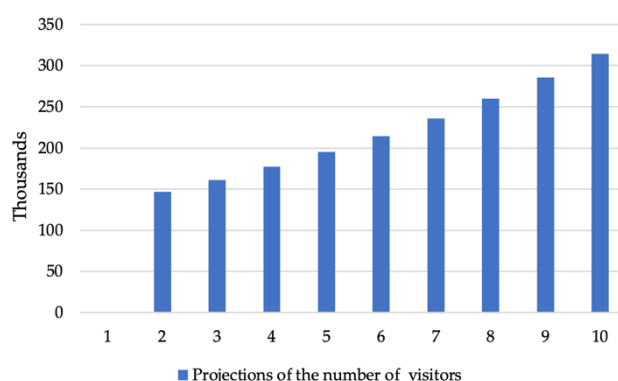
The investment in the Manasija Monastery will enhance the following forms of tourism:

- Cultural and historical tourism;
- Religious tourism;
- Green and active tourism;
- Incentives tourism;
- Event tourism;
- Sports and leisure tourism;
- Rural tourism.

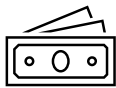
Projections

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

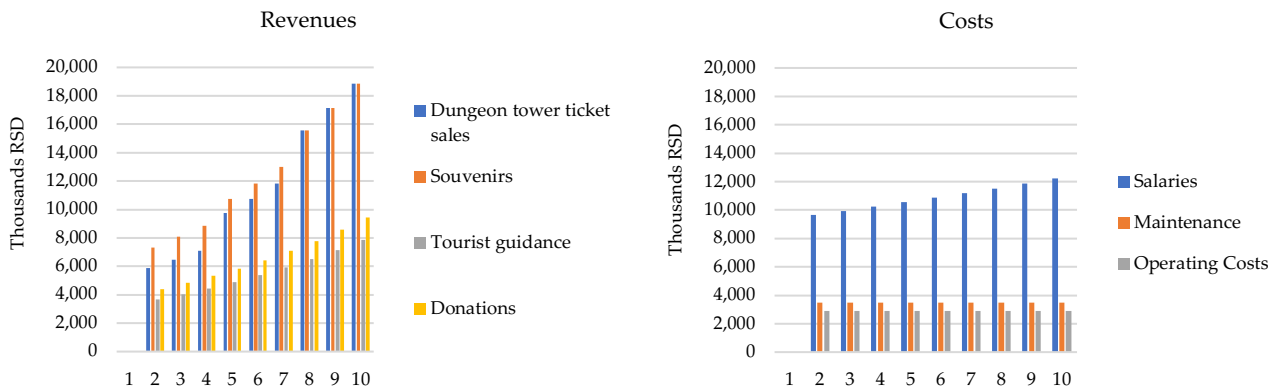
- the visitation trends,
- current number of student excursions,
- the influx of tourists to similar sites in the region.



The data on visitor numbers show that the number of visitors to Manasija Monastery has increased significantly and steadily over a ten-year investment period, starting at 146,616 in the second year and rising to 314,284 by the tenth year. The upward trend underlines the potential for sustainable tourism development and significant economic benefits for the region.



Costs and Revenues: After the initial investment, the total income from the second year of use exceeds the total costs in all subsequent years of the reference period, which indicates a favourable financial outlook for the project. With the new tourist infrastructure, the Manasija Monastery can generate additional revenues from the sale of tickets for the revitalised Despot's Tower, the sale of souvenirs, guided tours and donations.



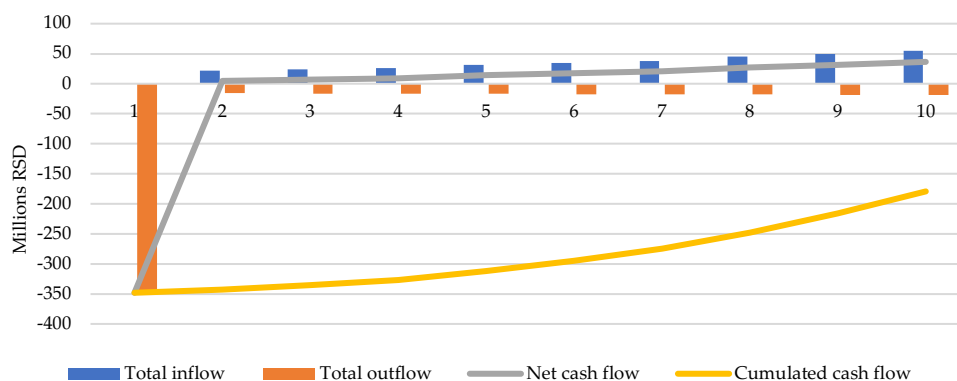
Note: horizontal axis presents year of operation

The revenues graph for Monastery Manasija shows a significant increase over the 10-year period, particularly in income from ticket sale and souvenirs, with the tourist guide services and donations also making a steady contribution. In contrast, the cost chart shows that expenditure on salaries, maintenance and operating costs has remained relatively stable over the same period. This suggests that while revenues are increasing significantly due to effective tourism initiatives, costs are remaining constant, likely resulting in increased profitability and economic benefit for Monastery Manasija and surrounding area.



Sustainability of the investment: Considering revenues, initial investment, and operating costs, financial analysis (under defined assumptions¹) indicates that the investment in Manasija Monastery **does not yield financial returns**, making it financially unacceptable for a private investor. Despite a negative financial net present value (RSD -216,434,861) and an internal rate of return of -10.26%, 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.

¹ 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.



Total inflow is the sum of all income generated from the investment in a given year.

Total outflow is the sum of all costs generated from the investment in a given year.

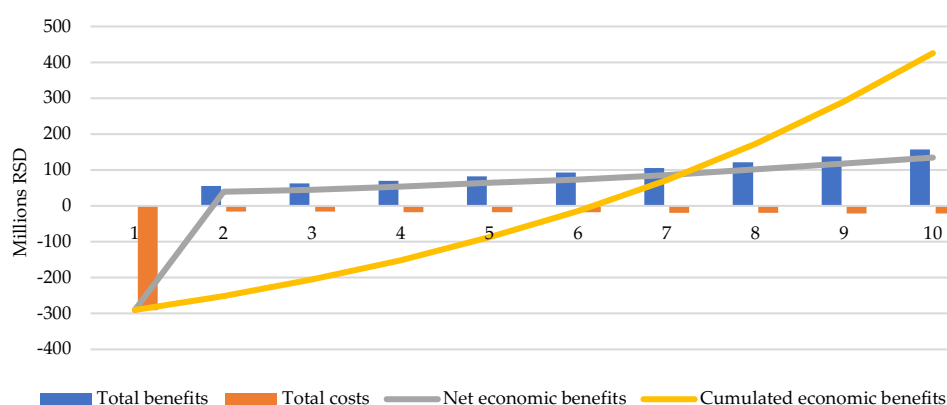
Net cash flow is the difference between inflow and outflow generated from the investment in a given year.

Cumulated cash flow is the total amount net cash flow cumulated over a specified period.

Note: horizontal axis presents year of operation

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 assumptions²) unequivocally demonstrates the financial sustainability of investing in Manasija Monastery. **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 180,915,139) and an economic internal rate of return of 18%. The benefit-cost ratio of 1.47 underscores the project's overall positive socio-economic impact.

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.



Total benefits is the sum of all economic benefits generated from the investment in a given year.

Total costs is the sum of all economic costs generated from the investment in a given year.

Net economic benefits is the difference between economic benefits and economic cost generated from the investment in a given year.

Cumulated cash economic benefits is the total amount net economic benefits cumulated over a specified period.

Note: horizontal axis presents year of operation

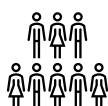
Employment: The project investment will lead to the employment of 6 new employees in the tourism sector. Furthermore, it's essential to consider the potential creation of job opportunities in the surrounding area as a positive social outcome.

² 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.

Considerations



Management model: The Serbian Orthodox Church plays a central role in the management model for the Manasija Monastery and uses its influence to deepen the spiritual and cultural significance of the monastery. Through its active involvement in the economic and tourism development of the Despotovac community, the church not only preserves the spiritual and architectural heritage of Manasija, but also generates income from increasing visitor and pilgrim numbers, thus strengthening its financial sustainability and international reputation. This approach ensures that the maintenance and development of the monastery is funded in a way that respects its spiritual and cultural values and is in line with the overarching mission of the Serbian Orthodox Church.



Socio-economic effects: In economic terms, the revitalization of Manasija Monastery brings tangible benefits to local communities and businesses. The increase in tourist flows creates sources of income in various sectors, including hospitality, gastronomy, transport and retail. This influx of economic activity stimulates job creation and entrepreneurial opportunities and promotes sustainable growth in the region.



Risks: Investment in Manasija Monastery exhibits **no risks characterized by high impact and likelihood**. However, it faces manageable risks, such as an imbalance between supply and demand, as well as financial, business and procurement challenges, for which **effective mitigation strategies have been developed to ensure the successful and sustainable progress of the project**.



Environmental Impact: The proposed investment in Manasija Monastery 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. Despite the expected minimal impact on environmental factors, **comprehensive measures for environmental protection** are meticulously outlined, aligning with prevailing regulations, standards, and industry best practices.

Final remark

Despite the use of a conservative approach in the overall assessment, especially in the financial and socio-economic analysis, the results of the valorization of the Manasija Monastery indicate that the investment is not only acceptable, but also desirable from a local and national perspective. The investment in the revitalization of the Manasija Monastery represents a unique opportunity to preserve Serbia's rich cultural and spiritual heritage while promoting economic growth and tourism development in the region. By capitalising on the historical significance and tourism appeal of the monastery, efforts can be made to contribute to its restoration, enhance the visitor experience and sustain its long-term preservation and prosperity. This investment not only protects a valuable landmark, but also enriches the cultural environment of Despotovac and strengthens the international recognition of Serbia's heritage.