

Chapter 15.

Tourism in South East Europe

This chapter on tourism assesses the policy settings, strategies, processes, and institutions in six South East European economies. After a brief overview of trends and performance in developing tourism in South East Europe, including visitor numbers and growth, the chapter then focuses on five essential sub-dimensions. The first sub-dimension, cultural and natural resources, explores the existence of tourism strategies that draw upon the rich and varied natural assets and cultural characteristics of the area. The second, destination accessibility and tourism infrastructure, looks at efforts made to improve visa regimes, promote connectivity and infrastructure, provide relevant information, and improve the capacity and quality of visitor accommodation. The third sub-dimension, availability of a suitably qualified workforce, asks whether the economies have the capacity to balance tourism development with labour supply and demand. The fourth sub-dimension – safety and health – assesses visitors’ security and healthcare provision. Finally, the tourism prioritisation and promotion sub-dimension asks whether government action in these fields is guided by a strategy backed up by adequate data collection. The chapter includes suggestions for enhancing the policies in each of these sub-dimensions in order to allow tourism to become a vibrant and sustainable sector, which in turn would foster the competitiveness of these economies.

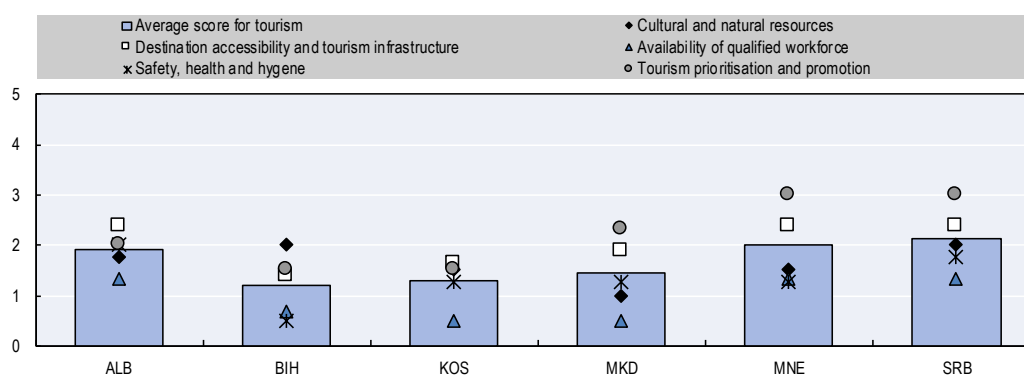
Main findings

Tourism is an important economic sector for South East Europe (SEE). Industries that deal directly with tourists (e.g. hotels, travel agents and airlines) in the region generated over 5% of regional gross domestic product (GDP) and 4% of total regional employment in 2016 (WTTC, 2017).¹ As travel and tourism continue to expand globally, the region can position itself to benefit further from tourists' increased interest in the new experiences and authentic history and culture it offers.

The six assessed SEE economies – Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Kosovo,* Montenegro and Serbia – all have tourism frameworks and institutions in place. The qualitative assessment of tourism policies in the region (Figure 15.1) found that tourism prioritisation and promotion is the strongest area for many of the economies, while providing a qualified workforce is the area with the most scope for improvement.

The scores also suggest that there is significant room to strengthen policies across all the tourism sub-dimensions. More broadly, the analysis reveals the need for measures to improve monitoring, implementation and capacity to apply a whole-of-government approach to tourism. To ensure greater competitiveness and sustainable tourism growth, the six SEE economies would benefit from more effective institutions and mechanisms to foster partnerships with the private sector, and stronger horizontal and vertical co-ordination of relevant bodies at different levels of government.

Figure 15.1. **Tourism: Dimension and sub-dimension average scores**



Note: See the methodology chapter for information on the *Competitiveness Outlook* assessment and scoring process.

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Comparison with the 2016 assessment

While the 2016 *Competitiveness Outlook* covered 15 policy dimensions encompassing a wide range of areas that are critical to economic growth, it did not include tourism. As tourism is one of the fastest-growing sectors in most economies of the region, it has been added to this current assessment. This review draws on the OECD policy handbook, *Fostering Tourism Competitiveness in South East Europe* (OECD, 2016b) and provides a baseline against which to assess and compare future progress in developing tourism.

* This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence.

Achievements

All six SEE economies have adopted strategies for tourism development and promotion and have taken initial steps to support a more sustainable tourism industry. Strategic documents on the natural and cultural heritage do occasionally focus on tourism, as well as environmental protection. Some of the economies also aim to ensure that their new tourism strategies build on previous lessons, recent market research and capacity-building plans.

Destination branding and product development have improved the tourist offer, targeting specific tourism market segments, including mountain and adventure tourism. The six economies have also taken specific measures to strengthen their offer in culture and adventure tourism. This reflects their aspiration to realise the full potential of the sector for job creation, growth and enhanced well-being of SEE citizens.

Private-sector involvement in policy design and implementation is slowly increasing through dialogue on relevant legislative changes and strategy development. The six SEE economies are beginning to introduce targeted incentives to encourage investment and higher-quality standards for tourism-related services.

The economies have taken steps to attract more international visitors from emerging markets and neighbouring countries by improving accessibility, branding and perceptions. This reflects a growing appreciation of the importance of marketing tourism in a highly competitive global environment with over 200 countries as destinations. Each economy has taken steps to liberalise visa arrangements with many countries, including those in the European Union (EU), the People’s Republic of China (hereafter “China”) and India. They are also establishing regional hub airports attracting low-cost as well as some domestic carriers.

Remaining challenges and key recommendations

- **Systematically implement a whole-of-government approach to tourism.** The six SEE economies’ tourism strategies, and their related promotion strategies, are not sufficiently comprehensive or well informed. The relatively high scores in Figure 15.1 reflect their efforts to put such strategies in place, but their objectives are not sufficiently well defined and/or fully implemented. The sector needs a whole-of-government approach engaging relevant public-sector institutions across departments and levels of government, with support from the industry. Most of the economies also need to increase the financial and human resources allocated to tourism development.
- **Forge stronger links between natural and cultural resource strategies and tourism.** Governments would benefit from more systematic consultations among relevant public institutions and civil society stakeholders and should be more transparent about the respective budget allocations. This would help with the implementation of strategies and, ultimately, the sustainable development of natural and cultural resources. It would also help to manage the environmental impact of tourism.
- **Bring tourism infrastructure into line with internationally recognised standards.** The six economies should improve their spatial policies and support for tourism clusters, as well as the oversight of private-sector development at a local level. Local tourism development also needs to be linked more closely to

domestic economic priorities. Importantly, the accessibility of the region by air, land and sea needs significant improvement to attract greater numbers of international and domestic tourists.

- **Further professionalise the tourism workforce and address the significant skills gaps in the sector.** All six economies need to review their existing frameworks for vocational education and training (VET), higher education, and lifelong learning to strengthen their links to tourism in order to match labour supply with demand. They also need to make tourism a more attractive career choice and strengthen the links between businesses and academia to address employment and skills development issues more effectively.
- **Develop tourism data and statistics in line with international standards and good practice.** Existing data need to be more robust and comprehensive to inform forward-looking strategic planning and decision making, and to facilitate monitoring of implementation. In the future, it will be important to address the gaps in the evidence base (e.g. on inbound tourism) and the lack of satellite accounts which measure the value-added effects of tourism.
- **Improve co-ordination among institutions promoting tourism at central, regional and local levels.** The six SEE economies need to foster regular interaction among bodies and services at all levels in order to increase the effectiveness of policy making and implementation. This interaction should also focus on tracking the progress of reforms.
- **Put in place independent monitoring and evaluation of tourism-related action plans and strategies.** The economies need effective systems to track the implementation of policy measures, to learn from experience and to support policy adjustments. They need to place particular emphasis on finding synergies between sectors such as transport, the environment, investment promotion, skills and education.

Context

Tourism policy underpins a government's ability to compete in one of the fastest-growing economic sectors. Over the past six decades, tourism has seen continued expansion and diversification globally, with the total value of exports of tourism services reaching USD 1.5 trillion in 2015 (UNWTO, 2016b). Moreover, international tourist arrivals worldwide are expected to increase by 3.3% a year between 2010 and 2030, to reach 1.8 billion by 2030. In Europe, international tourist arrivals grew by 5% in 2015 to reach a total of 608 million, just over half the world's total (51%). In addition to being the world's most visited region, Europe was also the fastest growing in absolute terms and is forecast to record further growth to 2030.

As emerging tourist destinations, the six South East Europe (SEE) economies have all reported double-digit increases in recent years, making them one of the fastest-growing regions. South East Europe has the potential to capture an even more significant share of the growth in tourism thanks to its diverse and rich regional heritage. Its mountainous landscapes (such as the Albanian Alps, the Dinaric Alps and the Balkan Mountains), natural sites (such as the Durmitor Park in Montenegro, the Shar Mountain Park in Kosovo and the natural and cultural heritage of the Ohrid region in the Former Yugoslav Republic of Macedonia), as well as its beaches provide international tourists with a

wealth of possibilities. Medieval castles, Orthodox monasteries and Ottoman mosques also make it an attractive cultural destination.

Successful tourism policies need to link to well-functioning strategies in other policy areas which can play a key role in increasing accessibility and facilitating tourism development. For example, competitiveness in tourism depends strongly on efforts to increase productivity and quality, and to encourage innovation (OECD, 2012). Policy makers can also promote competitiveness by better defining the roles and competencies of relevant government and industry organisations, and by fostering skills development across the sector. In turn, a more competitive tourism sector contributes to international export earnings, providing much-needed sources of finance to build more competitive industries overall. It also increases capital stocks, thus boosting labour productivity (OECD, 2014). Beyond the strict economic benefits, increased tourism competitiveness can also help improve environmental conditions and boost job creation in the host countries (as shown, for example, by the Danube Regional Development Project; see SIPA, 2016).

This chapter aims to consider the links between tourism and other policies – the potential trade-offs and complementarities. The following chapters of the *Competitiveness Outlook* are also particularly relevant for tourism:

- **Chapter 1. Investment policy and promotion** are key for investments in tourism infrastructure, such as to transport visitors to and around a destination, and to provide adequate accommodation, entertainment and other facilities. Public and private investments play an important role in promoting the attractiveness and competitiveness of a destination and in supporting small and medium-sized enterprises (SMEs) and local development. Closer co-operation between the government bodies responsible for tourism and for investment policies and promotion could allow them to better target opportunities and boost the level and quality of investment in the sector.
- **Chapter 7. Education and competencies** are relevant as the competitiveness of tourism requires policies to anticipate and meet the labour market's demand for skilled workers in the sector. The disparity between the jobs available in tourism and workers' qualifications is of increasing concern to the public and private sector in the six economies. To fully address labour and skills shortages, the government bodies in charge of tourism and education could co-operate to revise VET and higher education curricula, build in mandatory practical training, and involve the private sector and academia in a structured way to address skills needs.
- **Chapter 11. Transport** – its capacity, efficiency and connectivity – plays an important role in tourism development. Conversely, tourism demand for transport – which has grown significantly in recent years – affects transport development. This calls for closer co-operation among the relevant ministries and agencies in policy design, especially in the areas of infrastructure planning, financing and management. At a sub-national level, co-ordination is required with the local authorities and municipalities responsible for transport provision to a destination. It will be particularly important to develop intermodal connectivity across a network of airports, seaports, roads, railways and public transport systems to improve visitor mobility and satisfaction.

- **Chapter 13. Environmental policies** are key to protect natural assets, control and manage the environmental impacts of tourism, and protect the region's competitive advantage. Nature tourism and ecotourism help promote the conservation of wildlife and natural resources, which are considered key tourism assets. At the same time, tourism development needs to respect the environment and manage the negative effects stemming from increased traffic, littering, sewage and noise. The economies need appropriate policy frameworks for these functions. Environmental and tourism policies also need to be aligned to promote sustainable growth and support domestic efforts to reconcile resource use and waste targets with tourism growth objectives.

Tourism assessment framework

The tourism dimension in the *2018 Competitiveness Outlook* examines the extent to which governments have established a competitive tourism framework. Without seeking to be exhaustive, it considers five broad sub-dimensions which are critical to a sustainable tourism sector which can favour economic growth and well-being across the population:

1. Cultural and natural resources: are there strategies in place with clear measures for the management or protection of the cultural and natural heritage? Are they linked to economic development and tourism strategies with clearly resourced plans to improve competitiveness?
2. Destination accessibility and tourism infrastructure: are there strategies and frameworks to improve land, sea and air connectivity? How do the range and quality of accommodation measure up against international standards and can visitors find reliable information about potential destinations, accommodation and experiences?
3. Availability of a qualified workforce: do the economies have the capacity to bridge skills gaps in the rapidly evolving tourism sector through frameworks for VET, higher education and lifelong learning?
4. Safety and health: are there frameworks for tourists' safety and health care, and are international visitors offered a secure and seamless travel experience?
5. Tourism prioritisation and promotion: how good are the economies' tourism and complementary promotion strategies, and do they have measurement frameworks that can produce the data needed for policy design, implementation and monitoring?

Figure 15.2 shows how the sub-dimensions and their constituent indicators make up the tourism dimension assessment framework. Each sub-dimension is assessed through quantitative and/or qualitative information. The assessment draws on template surveys, fact-finding meetings in the six economies and the insights of the OECD's tourism policy handbook (OECD, 2016b). The OECD collected the qualitative and quantitative data for this dimension with the support of the SEE governments and their statistical offices. Quantitative indicators are based on domestic or international statistics. Qualitative indicators have been scored in ascending order on a scale of 0 to 5, and are summarised in Annex 15.A1.² For more details on the methodology underpinning this assessment please refer to the methodology chapter.

Figure 15.2. Tourism assessment framework

Tourism dimension				
Outcome indicators <ul style="list-style-type: none"> • Tourism's contribution to gross domestic product • Tourism exports • Tourism employment • Number of nights spent in tourism accommodation • Total international arrivals • Total receipts and expenditure in balance of payments • Visitor satisfaction rating and intention to visit again 				
Sub-dimension 1 Cultural and natural resources	Sub-dimension 2 Destination accessibility and tourism infrastructure	Sub-dimension 3 Availability of a qualified workforce	Sub-dimension 4 Safety and health	Sub-dimension 5 Tourism prioritisation and promotion
Qualitative indicators <ol style="list-style-type: none"> 1. Natural heritage strategy 2. Cultural heritage strategy 	Qualitative indicators <ol style="list-style-type: none"> 3. Travel facilitation strategy 4. Framework for air, land and sea connectivity 5. Accommodation capacity and quality 6. Information availability 	Qualitative indicators <ol style="list-style-type: none"> 7. VET framework for tourism 8. Higher education 9. Lifelong learning 	Qualitative indicators <ol style="list-style-type: none"> 10. Security framework 11. Healthcare framework 	Qualitative indicators <ol style="list-style-type: none"> 12. National tourism strategy 13. National promotion strategy 14. Tourism data collection and sharing
Quantitative indicators <ol style="list-style-type: none"> 1. Budget for maintaining sites 2. Budget for natural heritage strategy 3. No. of recognised natural heritage sites and natural preserved areas 4. No. of plant species 5. No. of animal species 6. No. of excursions on Lonely Planet website 7. UNESCO world heritage sites 	Quantitative indicators <ol style="list-style-type: none"> 8. No. of economies on visa-required list 9. Costs of obtaining visa 10. No. of economies with existing travel facilitation agreements 11. No. of beds in hotels 12. No. of beds in private accommodation 	Quantitative indicators <ol style="list-style-type: none"> 13. Quality of the tourism labour force 14. Growth in labour productivity in tourism services, or if not available, in services in general 15. Budget for VET framework for tourism 16. Budget for higher education framework for tourism 17. Budget for lifelong learning for tourism 	Quantitative indicators <ol style="list-style-type: none"> 18. No. of crime and violent incidents /1 000 pop. 19. No. of terrorism-related casualties 20. Access to improved sanitation 21. No. of police officers/1 000 pop. 22. No. of physicians/ 1 000 pop. 23. Hospital beds/ 10 000 pop. 	Quantitative indicators <ol style="list-style-type: none"> 24. Average staff per tourism office 25. Effectiveness of marketing and branding to attract tourists 26. Country brand strategy rating 27. Budget allocated for tourism 28. Budget of national tourism agency 29. No. of international promotional events attended

Tourism performance in SEE economies

The tourism sector has substantial weight in most of the six SEE economies and performance has been strong across the region, as shown by increasing visitor arrivals and additional income generation. Table 15.1 summarises some key statistics for the SEE economies.

Visitor inflows have grown significantly in recent years across SEE, driven partly by the expansion of low-cost air carriers and the development of air route networks which increase connectivity. The double-digit growth rates of visitors to the region have regularly exceeded the EU average since 2007, thanks to the economies' cost competitiveness, improved accessibility and marketing. Visitors from more developed economies, such as those of the EU, can take advantage of lower costs and enjoy attractions in a neighbouring region that offers them a new tourist experience.

Table 15.1. **Key tourism statistics by economy**

Economy	Tourism contribution to GDP, 2016	Tourism employment contribution, 2016	Tourism receipts as % of total exports, 2016
Albania	8.4% direct 26.0% total	7.7% direct 23.9% total	56.1%
Bosnia and Herzegovina	2.5% direct 9.2% total	3.0% direct 10.6% total	12.3%
Former Yugoslav Republic of Macedonia	1.8% direct 6.7% total	1.6% direct 6.1% total	5.4%
Montenegro	11.0% direct 22.1% total	6.5% direct 14.6% total	49.3%
Serbia	2.3% direct 6.7% total	1.9% direct 5.0% total	7.7%

Note: No information available for Kosovo.

Source: Estimates of the WTTC (2017), *Travel & Tourism: Economic Impact Country Reports*, www.wttc.org/-/media/files/reports/economic-impact-research/regions-2017/world2017.pdf.

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Tourism income is an important driver of both economic and employment growth, and the sector accounts for a significant share of regional income. Tourism continues to make a greater contribution to growth and exports in the six SEE economies than on average for the EU. Several of them have strong potential for further growth in the sector.

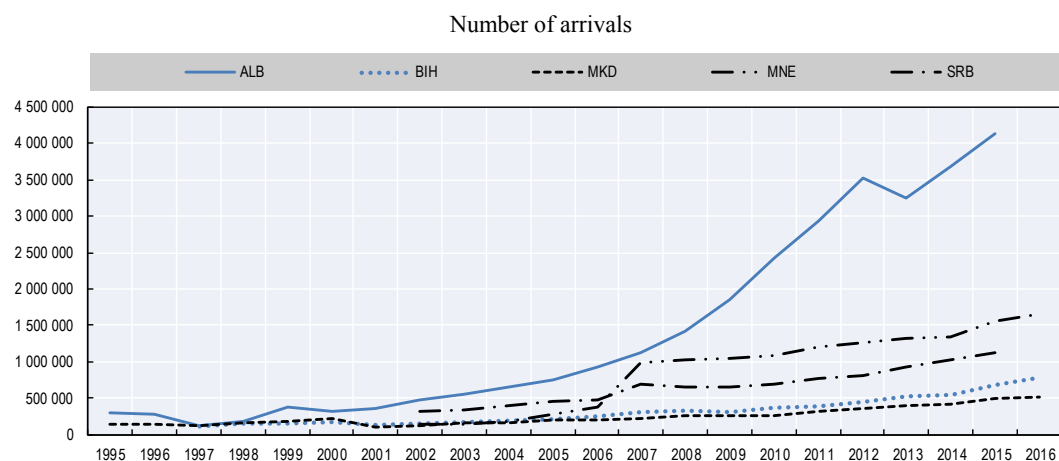
Although tourism is a key sector for the whole region, its significance varies from economy to economy. The direct contribution of tourism to GDP in 2016 ranged from an estimated 1.8% and 2.3% respectively in the Former Yugoslav Republic of Macedonia and Serbia, to an estimated 8.4% and 11% respectively in Albania and Montenegro (Table 15.1).

Montenegro exhibits the highest annual tourist inflows per capita and tourism income as a percentage of GDP, thanks in large part to continued investment in infrastructure. This can be complemented in the future by more significant efforts to improve job quality in related services and to increase average salary levels, which remain rather low.

Albania has the second highest ratio of tourism income to GDP and the largest number of international arrivals in absolute terms (Figure 15.3). Visitor growth rates have also been high in Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia,

and Serbia. Each economy has achieved this growth from different baselines and has prioritised different types of tourism. For example, Serbia continues to attract congress tourism, predominantly to Belgrade, which occupies a prominent position as a regional centre and as a recognised European city-break destination.

Figure 15.3. **The growth in international tourism (1995-2016)**



Note: No information available for Kosovo.

Source: World Bank (2017), *World Development Indicators* (database), <https://data.worldbank.org/products/wdi>.

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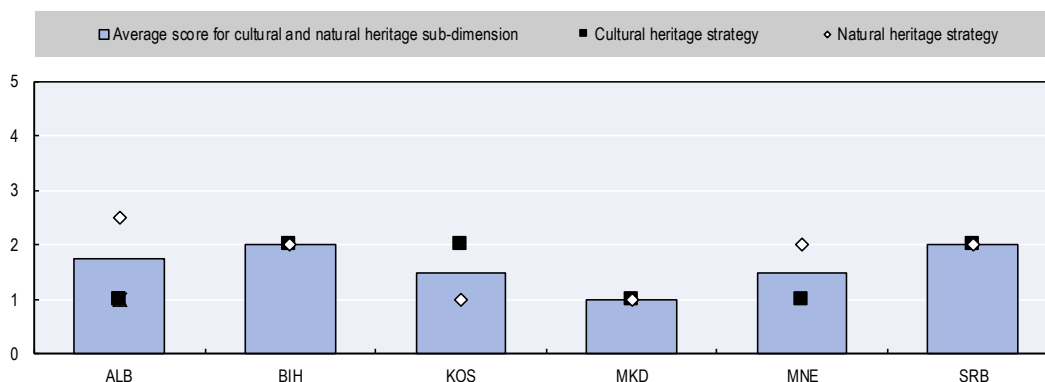
Despite these trends, the economies are not realising their full tourism development potential. In time, their short-term advantages based on price competitiveness and novelty are likely to become less significant. It will take effective, whole-of-government policies, as discussed below, across all five tourism sub-dimensions, to bring lasting progress in improving competitiveness and supporting sustainable and inclusive tourism growth in the region.

Cultural and natural resources

Natural, cultural, historical and creative resources are important elements of the tourism offer. They improve the attractiveness of a destination by promising unique experiences and creating a positive perception of a country as a place of choice for tourists.

The cultural and natural resources sub-dimension comprises two qualitative indicators that assess: 1) the natural heritage strategy; and 2) the cultural heritage strategy in each economy (Figure 15.4).

Creating a tourism offer that draws upon the rich and varied natural assets and cultural characteristics of the area is an important priority across the six economies. Yet on average, SEE economies overall score only 1.6 out of 5 for this sub-dimension. This indicates that although they are making policy advances in the area of natural and cultural resources, they have yet to develop a formal, detailed and integrated strategic approach to link their cultural and historical heritage to tourism. They also still need to establish and implement more comprehensive frameworks, and carry out monitoring. Bosnia and Herzegovina and Serbia score highest, with an average score of 2 for this sub-dimension, indicating that they have fully adopted their frameworks and entered the initial stages of implementation.

Figure 15.4. **Cultural and natural resources: Sub-dimension average scores and indicator scores**

Note: See the methodology chapter for information on the *Competitiveness Outlook* assessment and scoring process.

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However, the scores do not fully reflect the policy dynamics in this field. All the SEE economies are making important efforts to extend the type and range of tourism linked to their natural and cultural resources. In spite of these encouraging signs, however, the modest commitment of financial resources to implement any plans fully is a serious challenge.

SEE economies are focusing attention on natural and cultural resource sustainability

Natural and cultural heritage can create a competitive advantage, attracting particular segments of the tourist market – often high-value ones – and potentially generating significant receipts. Natural assets include registered sites and monuments, parks, protected areas, and activities such as hunting, forestry and extractive industries. Religious and cultural sites and specific places of interest, such as monasteries and temples, are another important part of the natural heritage. Of particular importance are internationally recognised sites such as those registered with the United Nations Educational, Scientific and Cultural Organization (UNESCO).

The six SEE economies have shown strong commitment to registering and protecting natural and cultural assets within their respective laws. For instance, they have all signed protection agreements and seek to safeguard significant proportions of their natural assets and cultural characteristics. However, across the region, the key documents for the protection and development of natural and cultural heritage have limited focus on how they relate to tourism.

There has been a general trend towards more strategic approaches to protecting natural resources, although none of the economies have specific **natural heritage strategies**. Natural heritage considerations are included in other strategic documents, such as on biodiversity, environmental and landscape protection (see Chapter 13, Environmental policy). These documents have long-term action plans, including timelines for implementing specific measures. They also draw on evidence (studies) to identify sites for designation and monitoring during the strategy period. The economies are developing other good practices, including defining key deliverables and identifying the organisations responsible for implementation. The process for stakeholder engagement and consultation includes experts from public agencies and the civil society. The biodiversity and landscape strategies identify potential sources of finance and their implementation is in progress.

The Former Yugoslav Republic of Macedonia has developed a Draft Strategy for Environmental Protection (2017-27) to complement the Draft Strategic Environmental Assessment 2017-27. However, the draft strategy does not contain a timetable for reviewing and monitoring the implementation of the strategy and there is no evidence of direct linkages to tourism.

Bosnia and Herzegovina has a Biodiversity Strategy and Action Plan for the period 2015-20. The entities of Bosnia and Herzegovina³ have various documents that relate to some extent to natural heritage – such as the Republika Srpska’s Environmental Protection Strategy – but no specifically dedicated strategies (Bosnia and Herzegovina Ministry of Foreign Trade and Economic Relations, 2015). Montenegro has a Strategy for Sustainable Development 2030, but it has only limited focus on tourism (Montenegro Ministry of Sustainable Development and Tourism, 2007).

These strategies do represent important steps forward and aim to comply with international strategies and standards, such as the Convention on Biodiversity and the Mediterranean Strategy for Sustainable Development. However, they lack information on dedicated budgets, which may mean that the implementation of at least certain aspects of their action plans may depend on the financial support of donors and international organisations. This presents potential risks for their implementation and raises concerns about the sustainability of the targeted impacts. It reinforces the need for the future monitoring and evaluation of measures to protect natural heritage in the region.

In terms of **cultural heritage strategies**, all six SEE economies recognise the importance of cultural resources as valuable assets for developing tourism. Cultural heritage sites in the region are registered according to the individual criteria for acceptance and retention on domestic registers. For example, Serbia lists 2 306 cultural heritage sites in its domestic registry. It also has 10 World Heritage Sites overseen by UNESCO, which is an important driver of policy obligations in Serbia.

Currently, all of the domestic cultural heritage documents mention tourism, and are increasingly being developed in a more co-ordinated and strategic manner. Kosovo has adopted a Strategy for Cultural Heritage for the years 2017-27, as well as an action plan (Kosovo Ministry of Culture, Youth and Sport, 2017). This strategy lists five objectives, including an integrated approach to the protection of cultural heritage and sustainable development. However, the strategy needs to provide further detail on implementation, evaluation, division of tasks and responsibilities, human resource needs, organisational structure, and financial requirements. The lack of a tourism strategy to link with this cultural heritage strategy appears to be a missed opportunity for the more effective development of cultural tourism.

Other SEE economies, such as Albania, the Former Yugoslav Republic of Macedonia and Montenegro, are drafting cultural heritage strategies for adoption in 2017/18. Bosnia and Herzegovina has implemented UNESCO Culture for Development Indicators since 2011, which highlight how culture contributes to development fostering economic growth and prosperity at domestic level. These UNESCO indicators demonstrate how culture can have an enabling and driving role in sustainable development.

The way forward for cultural and natural resources

As the six SEE economies look to strengthen their tourism sector, they need to address the role of natural and cultural resources in its development in a more structured fashion.

Emphasising the strong links among cultural heritage strategies, tourism and wider economic development will be important. An integrated approach such as this can be expected to boost cultural and adventure tourism, for example by developing new routes and product offers, with potential wider benefits in the form of increased sustainability and inclusiveness, and broader economic impacts. Serbia's new Tourism Development Strategy 2016-25 could lead the way in this area, as it contains direct references to cultural heritage and economic impacts.

It will also be important for Serbia to emphasise the relationship between tourism and its cultural development strategy, currently under preparation. This could lead to sophisticated and targeted tourism offers that balance economic impacts with the protection of natural and cultural resources.

Kosovo could consider examining the relationship between the objectives of its cultural heritage strategy and its sustainable tourism development goals. This would ideally help to design a specific tourism strategy with a long-term perspective and a whole-of-government approach across ministries and relevant public agencies.

Albania, the Former Yugoslav Republic of Macedonia and Montenegro could consider raising awareness and organising broader consultations about their current draft cultural heritage strategies and their expected outcomes. They should also include the formal monitoring and evaluation of impacts and a clear process to show how lessons from monitoring will be used to adjust strategies as necessary. This will help to develop an evidence-based policy making and learning culture.

The SEE economies could make clearer commitments to implementation. This includes identifying how tasks, roles and responsibilities will be divided among partners, as well as budget details to underpin the framework for implementation. The economies need to review their specific human resource needs, organisational structures and capacity-building approaches to improve efficiency and allow scope for future innovation.

All six SEE economies could consider doing more to promote and raise awareness about their cultural and natural heritage. Involving private-sector stakeholders and representatives of academia more widely could also lead to more relevant policy outcomes to help natural and cultural resources play a greater role in developing the region's tourism.

Destination accessibility and tourism infrastructure

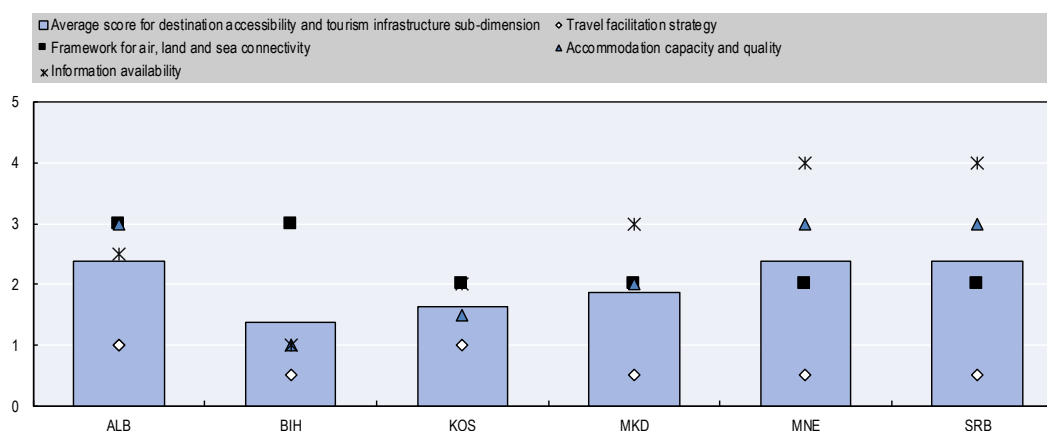
There are several policy measures available that can attract more visitors. These include increasing accessibility by improving visa regimes, promoting connectivity and infrastructure, ensuring tourists have access to relevant information, and increasing the capacity and quality of visitor accommodation. The sub-dimension on destination accessibility and tourism infrastructure assesses these measures through four qualitative indicators (Figure 15.5):

1. The **travel facilitation strategy** indicator aims to gauge whether governments apply a strategic approach to promoting travel through visa policies and fees, travel regulations, and immigration processes and services.
2. The **framework for air, land and sea connectivity** indicator looks at the steps taken to facilitate mobility between tourism locations and access points.

3. The **accommodation capacity and quality** indicator assesses the frameworks and actions in this area, the resources allocated and the steps taken to regularly monitor and evaluate existing and proposed accommodation developments.
4. The **information availability** indicator ascertains whether governments have enabled the provision of information for visitors, including entry visa requirements.

All six SEE economies have overall scores of around 2 out of 5 for this sub-dimension (Figure 15.5). These relatively low scores reflect, again, the need for more joined-up policies and specific efforts to reconcile multi-agency priorities and actions to improve tourism accessibility and infrastructure in the region.

Figure 15.5. **Destination accessibility and tourism infrastructure: Sub-dimension average scores and indicator scores**



Note: See the methodology chapter for information on the *Competitiveness Outlook* assessment and scoring process.

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The frameworks relevant to the areas assessed by each indicator are still emerging. For example, Albania, Montenegro and Serbia achieve an average score of over 2, indicating that they have fully adopted their frameworks related to this sub-dimension, but have only just started to implement them. Across the region, the two indicators with the best performance across the economies are the provision of information and connectivity measures which increase the wider accessibility and promotion of the region. Destination accessibility and tourism infrastructure frameworks, strategies and related actions have yet to be defined and implemented formally.

Travel facilitation strategies do not yet exist but visa arrangements are becoming simpler

Arrangements that facilitate travel help to make an economy attractive as a destination. These arrangements include visa policies and fees, travel regulations, and optimal taxes, as well as the relevant immigration processes and services.

Visa requirements may vary according to factors such as the length of stay, purpose of visit, economy of origin and existence of a reciprocal visa policy. The additional time, effort and cost associated with visa formalities can influence tourists' travel behaviour and global patterns of travel flows. By reducing or removing impediments and establishing bilateral travel facilitation agreements, economies can position themselves as more tourist friendly and welcoming than their competitors.

None of the six SEE economies have formal travel facilitation strategies which explains their low scores for this indicator in Figure 15.5. However, they all have visa liberalisation agreements with a number of countries and these are continuing to develop as new markets emerge in Asia, the Middle East and the Far East. Stakeholders, international tourist organisations and guide books concur that the procedures for obtaining visas are clear and relatively simple. The evidence from personal experiences and anecdotal feedback vary, but visa regimes do not feature prominently as a constraint on tourism development.

For example, Kosovo has visa exemption agreements with 115 countries. Citizens of EU Member States, the Schengen Area and neighbouring countries can enter Kosovo with a biometric ID and can stay up to 90 days over a six-month period. Bosnia and Herzegovina has had agreements with the Schengen Area since 2011 and developed visa agreements with more than 90 other countries. Citizens of China; Hong Kong, China; Macao, China and Chinese Taipei do not need visas to enter, and neither do holders of diplomatic passports from 13 other economies.

The Former Yugoslav Republic of Macedonia, Montenegro and Serbia also have similar visa agreements in place. For example, from 2017 citizens of China, the Islamic Republic of Iran and India can travel to Serbia without a visa and can stay up to 90 days within a period of 180 days from the date of first entry. Albania has removed visa requirements for citizens of states that are part of the Schengen Area and has signed agreements with a range of other countries. Albania has also developed a digital platform for consular affairs, an e-visa online platform and an e-consulate, all of which further facilitate travel to and economic interactions in the economy.

Long-term frameworks are needed to improve air, land and sea accessibility

Transport policies with well-managed synergies with tourism can improve visitor mobility to and within destinations, enhance visitor satisfaction, and help to secure the economic viability of transport systems by servicing both residents and tourists (OECD, 2015). Specific frameworks for air, land and sea accessibility facilitate mobility between tourism locations and access points and provide the basis for tourism growth and development across policy areas.

The six SEE economies have a range of transport strategies and action plans either in place or under development; hence their average score of 2 for this indicator in Figure 15.5 (see also Chapter 11, Transport). Although these documents do not make specific links to tourism, they promote reforms which will have a positive impact on connectivity in the region and thereby improve tourist travel. They also have programmes which aim to upgrade their capacity to align with the EU's long-term goals and strategic documents in the area of transport. There are no specific tourism-related travel facilitation strategies or dedicated guidelines to balance complex transport, infrastructure development and tourism policies, however (Figure 15.5).

Albania's Sector Strategy of Transport & Action Plan 2016-20 does take tourism and connectivity into consideration by including measures to improve connectivity, safety and security at border crossing points. Infrastructure upgrades have also been delivered, including improvements to intermodal connectivity, such as the strategic Durres Port-Tirana International Airport-Tirana railway link. The action plan makes specific reference to sustainable tourism as a key pillar of the strategy.

Montenegro has plans to develop a new transport development strategy with increased emphasis on monitoring and evaluation. Bosnia and Herzegovina's Framework Transport Strategy 2016-30 was adopted in July 2016. Serbia has a draft transport strategy 2016-25 and a Plan for the Development of Rail, Road, Inland Waterway, Air and Intermodal Transport for the period 2015-20. They recognise the development of multimodal transport as a key consideration that should be supported by complementary policies and strategies including the new tourism strategy.

The Former Yugoslav Republic of Macedonia and Kosovo have general frameworks for air, land and water connectivity. These provide the basis for specific development plans within their multimodal transport sector strategies and action plans, and future tourism strategies. However, the current frameworks lack budget allocations to implement the action plans and any future monitoring and evaluation of outcomes linked to tourism.

Tourism growth can increase pressure on existing transport services and infrastructure, especially during certain seasons. Other challenges include the coverage and capacity of transport networks, border crossings and inter-modality. The six SEE economies increasingly recognise the importance of hub locations, such as international airports and ports. However, they need to make stronger efforts to promote regional investment to further develop cost-effective air travel.

Recent air-transport liberalisation across the region has improved accessibility and brought in more international visitors. Government subsidies to low-cost air carriers have helped to raise the profile and marketing of the region. However, they are reportedly failing to attract high-value international tourists and are adding to the negative environmental impacts of transport. The subsidies to low-cost carriers appear to mainly benefit expatriates and the diaspora – people who would be likely to return without these incentives and who also have little in the way of additional economic impact, spending relatively little compared to other international visitors.

Accommodation capacity and quality need an upgrade

Accommodation is one of the most important elements of the tourism offer and of tourists' overall experience. Accommodation is provided by both businesses and individuals, and is increasingly marketed by digital platforms for renting private accommodation (such as Airbnb). In local tourist areas, accommodation can be one of the key economic drivers.

The six economies benefit from the presence and interest of international hotel chains and are characterised by a diversity of accommodation. However, more detailed analysis of visitor accommodation depends on the availability and accuracy of data, which could be improved. Informal and unlicensed construction of accommodation poses a variety of problems, not least environmental ones. Some economies, like Albania, the Former Yugoslav Republic of Macedonia and Montenegro, are taking steps to put in place and enforce strict licensing and environmental rules and policies, including specific regularisation procedures on accommodation buildings constructed without proper licenses.

The laws on tourism, government policies, fiscal measures and incentives encourage unrestrained private accommodation in the six SEE economies. Serbia offers low-interest loans to improve the quality of the tourism offer and has reduced value-added tax (VAT) on accommodation services to 10% instead of 20% (the rate for other services). In May 2017 Albania reduced VAT on accommodation services to 6%. Montenegro introduced measures to attract investment in high-quality accommodation facilities (four- and

five-star hotels) in priority locations identified in the Tourism Development Strategy. These include exemptions from communal tax, customs tax and VAT (Montenegro Ministry of Tourism and Environment, 2008). However, reduced VAT rates are considered an inefficient means of revenue collection because of their small impact on demand (see discussion in OECD 2017c).

Interviewees for this assessment noted that the categorisation of accommodation in the SEE economies suffers from a lack of consistency and insufficient compliance with internationally recognised quality standards. However, economies are starting to take action to improve the assessment of accommodation capacity and quality and to set consistent standards. These should be monitored regularly in the future. Municipalities across the region are also making efforts to support quality assessments of different types of private accommodation, rooms, apartments and guest houses. However, there is little evidence that there are enough resources in the region to implement quality assessments effectively.

Albania has developed an electronic application – E-Albania – to allow accommodation facilities to upload self-assessment documents before evaluation by independent assessors. The Council of Ministers approved a decision at the end of 2016 aiming to improve the quality, safety and sustainability of tourism facilities and to harmonise their classification with European standards. Albania has also developed a special “Quality Mark” awards programme, with the support of the United States Agency for International Development (USAID), to improve accommodation standards.

The tourism strategy of the Former Yugoslav Republic of Macedonia also foresees measures to improve accommodation capacity and quality. However, there is no published action plan or detailed budget allocations for the strategy implementation. Conversely, the Kosovo tourism law of 2013 relaxed procedures for the accommodation sector by agreeing to develop a voluntary system for categorising accommodation.

Montenegro and Serbia have tourism strategies that aim to complete the modernisation of older hotels and to apply a market-based approach to developing and constructing accommodation in the future. Serbia emphasises higher-quality congress tourism facilities in Belgrade, which is promoted as a regional hub and internationally competitive location. This role is facilitated by the Serbia Convention Bureau, established as a special department of the Tourism Organisation in 2007. Montenegro’s congress business sector and coastal developments will require more five-star hotels and could attract international investment. Montenegro could also develop new high-value tourism segments such as spa tourism, which could be developed in many of the economies by privatising and bringing existing facilities up to international standards. An example would be Serbia’s major spa centres (including their medical facilities).

Bosnia and Herzegovina has registered much less accommodation than the other SEE economies. Most of the private accommodation is in three major cities, serving specific architectural, historic and religious sites. Joint projects are underway involving domestic and international organisations to develop rural tourism. This includes improved criteria for private accommodation.

Visitor information is becoming more available

Information – online and on site – makes tourist areas more convenient to visit and is thus an important element of tourists’ experience. Lack of information may affect tourists’ satisfaction, what they tell others about their experience and their intention to return again.

For most foreign tourists access to information is a basic requirement when making decisions about a destination, accommodation and visits to tourist sites and attractions. Well-presented and clear information provides visitors with the details they need to compare competing offers and choose the locations and facilities that meet their needs and expectations. Information can also be essential for clarifying legal requirements, such as visas, insurance and terms of occupancy for accommodation. Digitalisation, social media, online marketplaces and other trends have also helped to make tourism information more user friendly.

In the six SEE economies, the availability of information has improved in recent years, with a greater range of sources, more regularly updated and in a variety of languages. International sources, such as Trip Advisor, the *Lonely Planet* and other travel guides, are also important references for travellers to the region. However, the many uncoordinated domestic information sources – with different municipalities producing local variations – can mean overlaps in material promoting specific areas and products in each economy.

Each of the economies has a website – often run by the tourism agency – which is the main official source of information for visitors. However, Kosovo lacks an economy-level tourism organisation or agency. Municipalities in Kosovo also provide information on cultural and religious sites, as does the private sector for resorts and attractions. This approach has resulted in fragmented information about tourist areas in Kosovo, however, confusing potential customers and making them less likely to visit or stay in the area.

In Montenegro, the tourism organisation has played a key facilitation and alignment role in co-ordinating the production of tourist information from the local to central level. The information has been tested by the tourism organisation and found to be user friendly in the local language, and also in English, Italian and German. It is updated regularly following tourist satisfaction surveys about the accessibility of the information and the quality of services provided.

The Tourism Organisation of Serbia makes information available in a greater number of foreign languages, including German, French, Italian, Russian, Spanish, Japanese and Chinese. Information from other sources is also comprehensive and user friendly, but usually only available in Serbian and English.

The way forward for accessibility and tourism infrastructure

Accessible tourism destinations depend on effective government strategies that harness synergies in all relevant sectors – such as transport, the environment and construction. Inter-agency co-operation, partnerships with the private sector, and policies and incentives that promote quality investment also play a key role. Future work in this area will require greater collaboration among domestic (local and central) authorities across SEE economies to provide adequate infrastructure, services and information at a regional level, allowing for the economic benefits of tourism to be spread more broadly.

Comprehensive travel facilitation strategies would make travel to the region more efficient, more secure and less stressful. Each economy would benefit from improvements across the full range of travel facilitation measures. These include simpler visa requirements and agreements, improved passenger security screening at departure, more thorough immigration and customs processing on arrival, the development of relevant online systems, increased inter-agency co-operation, and partnerships with airports and other private sector actors. Regional co-operation in travel facilitation is

another ingredient of success, as shown by the multi-year, comprehensive Asia-Pacific Economic Cooperation (APEC) Travel Facilitation Initiative launched in 2011.⁴

It is important that tourism information is presented in a user-friendly format and in a professional manner. Policy makers need to also consider the impact of digitalisation, social media, online marketplaces and other trends in improving the quality of information. Although English remains the dominant foreign language for travellers, a special effort needs to be made to translate information into other languages as well. Independent studies or consumer tests are needed to assess the quality, accuracy and effectiveness of the information, and to enable monitoring and evaluation. In the future, the economies could consider an integrated approach to improving information availability within their tourism and tourism promotion strategies. This could lead to the harmonisation of efforts and the emergence of good practices and standards across the economies.

The location, capacity, efficiency and connectivity of transport play an important role in how a destination develops (OECD, 2016a). To bring public transport systems in SEE up to international standards, the economies will need to attract further investment. They also need to implement specific measures, especially to modernise airport terminals, expand airport capacity and improve support services and information. Developing low-cost carrier access is not enough – there also need to be more fast and efficient connections between airports and cities or attractions. The economies also need to address movement between modes of transport and the accessibility of major attractions by bus or rail.

A structured effort to attract foreign direct investment would develop the capacity and quality of accommodation. This would require stronger links between tourism and investment promotion strategies and underlying institutions (UNCTAD, 2010). This co-ordinated effort could focus on priorities and measures for developing the accommodation sector, including the potential of offering incentives.⁵ This approach could encompass higher value-added market segments, such as spa, sport and adventure, rural, agri-food, and business tourism. Increasing commitment from major accommodation providers to sustainable tourism and environmental protection would bring additional benefits, and could also be used for promotion and as a tool for quality control (UNCTAD, 2010).

The Former Yugoslav Republic of Macedonia, Montenegro and Serbia could speed up the implementation of their plans to improve accommodation capacity and quality as an integral part of delivering their tourism strategies. They could also increase their focus on modernising and prioritising new developments that promote growth in higher value-added, sustainable tourism projects. Montenegro – and the other economies which use tourist-related taxes and incentives – could consider monitoring, evaluating and analysing their impact to ensure they are meeting their objectives without adversely affecting tourism competitiveness (see Chapter 3 of OECD, 2014, 2017c). In particular, they need to focus on optimising their tax systems for tourism, reconciling competitiveness with objectives such as revenue mobilisation for tourism infrastructure and sustainability.

Kosovo could build on its improvements to the current voluntary accommodation rating system to provide clearer internationally recognised quality standards. It could undertake further market research into the accommodation profile of different regions and their capacity to serve distinct customer segments and expectations. These studies could also examine the expected economic impact of landmark projects and tourism clusters with appropriate accommodation capacity and quality.

Albania could step up the implementation of its 2016 accommodation framework, defining the criteria for design and construction, as well as the classification of tourism accommodation. This could include efforts to attract international hotel brands, identify potential investors and tailor investment incentive schemes for accommodation developments of appropriate quality. Such instruments would align with its tourism strategy priorities and principles of sustainable economic development.

All six economies could establish clear frameworks for consistent quality standards that meet internationally recognised criteria for accommodation. They also need to consider moving to mandatory categorisation, demonstration of attainment and maintenance of standards. This, together with regular inspection, formal monitoring and evaluation reporting, would facilitate a culture change among accommodation providers. Such measures need adequate financial and human resources. All of the economies could work more closely with the private sector to develop action plans and identify future funding sources for capacity improvements, training and the marketing of accommodation and standards. All these measures could form part of a comprehensive framework that fosters the availability and quality of all types of accommodation in the SEE economies.

Availability of a qualified workforce

Tourism is able to deliver job-rich growth, providing employment opportunities to all ages and skill levels (OECD, 2016a). Tourism also faces specific challenges particularly related to seasonal jobs, which often rely on informal migrant workers, paying no taxes or social contributions. In light of the potential negative fiscal effects, policy makers need to ensure that they deal with barriers to formal work – in the social protection system, labour and tax legislation, and the activation and facilitation services for the unemployed – in a comprehensive fashion. At the same time, many economies face the challenge of bridging the gap between the skills available and the labour market’s evolving needs and opportunities. Balancing tourism development with labour supply and demand requires an up-to-date, comprehensive knowledge infrastructure and strong links among the public sector, the industry and academia (Stacey, 2015).

This sub-dimension assesses the availability of a qualified workforce using three qualitative indicators (Figure 15.6):

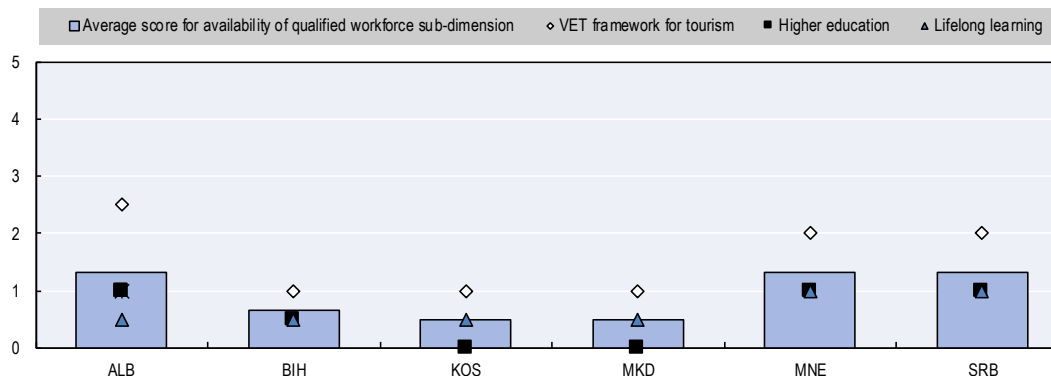
1. The **VET framework for tourism** indicator gauges whether the six SEE economies have developed industry-specific initiatives with vocational schools to bridge gaps in the labour market.
2. The **higher education** indicator aims to assess underlying policy making, quality assurance and accreditation of higher education programmes for tourism.
3. The **lifelong learning** indicator assesses to what extent frameworks for continuous education and training in tourism are in place.

The six SEE economies perform comparatively poorly on the three indicators overall. Only Albania, Montenegro and Serbia have an average score higher than 1. The low average scores point to significant workforce challenges in increasing tourism competitiveness (Figure 15.6).

The economies all have general frameworks for VET, higher education and lifelong learning which include tourism. However, none have dedicated, industry-specific frameworks for education or skills development. Nevertheless, a number of encouraging practices are in place for this sub-dimension, and there is positive recognition of the

potential for improving lifelong learning and linking education programmes to employment and career progression in tourism.

Figure 15.6. **Availability of a qualified workforce: Sub-dimension average scores and indicator scores**



Note: See the methodology chapter for information on the *Competitiveness Outlook* assessment and scoring process.

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Vocational education and training frameworks need to be better tailored to tourism

Sound tourist-focused VET frameworks play a key role in preparing individuals for a career in tourism. Drawing on partnerships with business-sector representatives can develop sustainable solutions for the industry and the economy at a central, regional and local level.

Although Albania has a Strategy for Employment and Skills 2014-20, it lacks a tourism-specific skills strategy. Vocational schools have a relatively poor reputation and find it difficult to attract motivated staff with recent industry experience and knowledge. This is blocking the pipeline of graduates ready and able to respond immediately to the needs of the industry. Donor projects could help to spread good practices across the industry and the economy through more examples of successful reforms implemented by more advanced countries. Additional efforts would be welcome to monitor and evaluate evidence on follow-up processes and programmes.

Bosnia and Herzegovina has a complex education system, with competences split at the level of each of the two entities, the Federation of Bosnia and Herzegovina and Republika Srpska. In the case of the Federation, this is the case even at cantonal level. Bosnia and Herzegovina has seen some progress in the reform and recognition of VET. New activities have also been identified to comply with the Europe 2020 Strategy and the South East Europe 2020 Strategy, as well as in the context of the European Qualifications Framework for Lifelong Learning and the Baseline of the Qualifications Framework in Bosnia and Herzegovina. A new VET strategy, which will run until 2020, is currently under preparation.

The Republika Srpska has developed VET curricula for tourism and hospitality which are taught in 20 high school centres. They include four-year courses for technicians and three-year courses for waiters and cooks, and are reported to be among the most widely attended vocational programmes. The Tourism Strategy of the Republika Srpska for the period 2011-20 identified human resource development as one of its operational

objectives. This strategy outlines a number of actions aiming to increase the quality of qualification service providers and optimise personnel potential. Ultimately, the aim is to move closer to a strategic and regulatory framework for the development of human resources in tourism.

Kosovo has increased its focus on VET in recent years but is doing little specifically on tourism. Vocational education and training programmes are poorly co-ordinated, lack appropriate strategies and priorities, and do not reinforce Kosovo's economic development strategies.

The Former Yugoslav Republic of Macedonia has started to reform its VET system in order to address weaknesses in existing structures and the lack of co-ordination between initiatives and implementation mechanisms. It has also taken steps to reduce bureaucracy in VET processes and increase flexibility to meet the fast-changing market dynamics and needs of the tourism sector.

The Montenegro Strategy for Vocational Education Development 2015-20 mentions tourism, along with specific reforms to be considered in the future. This is in part a response to pressure from the private sector, which is investing significantly in staff training in the hotel and restaurant segments. The government might wish to consider providing various forms of financial incentives for employee training, such as vouchers and tax incentives (OECD, 2016d).

The Strategy for Education Development in Serbia 2020 includes plans for promoting stronger links between education and the labour market. These include establishing Sector Skill Councils and a Qualifications Framework Agency responsible for accreditation and quality assurance. These activities have also been prioritised in other strategic documents (such as the Economic Reform Programmes of the EU Semester) and are to be supported with EU pre-accession funds.

Serbia is taking steps to improve VET, including in tourism. For example, a donor-funded programme implemented over several years, which ended in 2009, included tourism as a priority sector. Study curricula were reviewed in 22 pilot school centres for tourism and the catering sector, which also benefitted from new equipment.

None of the six economies monitors and evaluates their VET activities effectively, or in ways that can inform the development of VET frameworks for industries such as tourism.

Higher education tourism courses could be more widespread, practical and attractive

Competitive economies require effective higher education frameworks to meet the needs of fast-growing sectors such as tourism. All six economies face persistent challenges in higher education provision for tourism. These include a lack of appropriate quality frameworks and fully functioning accreditation systems. There is also limited focus on higher education content and forging links between academic study and practical experience to produce industry-ready graduates. However, in Kosovo, specific initiatives in tourism-cluster locations such as Peje, Gjakove and Prizren complement higher education curricula with practical content.

Some of the economies reportedly lack tourism experts with higher education degrees in management. This seems to be the case in the Republika Srpska, even though the University of Travnik offers a degree in economics which includes a tourism programme.

Awareness of the existence of such programmes needs to be increased and links to the industry strengthened, as university degrees do not seem to readily lead to jobs in tourism or other sectors (SIPA, 2016).

In many economies, tourism programmes in higher education have also suffered from a poor reputation. This can result in many students choosing tourism degrees as a last resort rather than as a positive career choice. This suggests the need to evaluate and modernise curricula, some of which have not changed much over the last decade. A gradual increase in the share of practical learning and the investment in educational opportunities for lecturers could also be considered.

Lifelong learning in tourism needs to be developed further

Economies need to continuously upgrade skills, especially among labour-market entrants, career changers, middle-aged cohorts and people belonging to groups at social risk (see also Chapter 8, Employment). Skills also depreciate if they are not actively maintained. For these reasons, lifelong learning is essential, and is clearly of great relevance to the six SEE economies as they face continued low educational attainment, high levels of unemployment and inactivity, and are in the process of industrial restructuring.

All the economies aim to consider lifelong learning in more detail as part of new tourism and education strategies. A number of donor projects and initiatives by non-government organisations (NGOs), such as training for mountain rescuers in Bosnia and Herzegovina, are a response to the pressing needs of the tourism sector. These have provided positive examples of the value of training. The respective programmes have also been organised in accordance with international standards and in co-operation with international organisations.

However, there is no explicit focus on lifelong learning in the SEE economies. This is a relatively new concept and has yet to receive the recognition it needs as part of creating a dynamic labour market. Further development will be essential to enhance tourism competitiveness and enable the population to realise their full potential. Surveying companies across the sector as part of training needs analyses would be an important step for identifying current and emerging skill requirements. The insights from these analyses could then form the basis for developing more relevant training programmes and curricula (OECD, 2016d).

The way forward to improve the availability of a qualified workforce

Effective frameworks for skills education, training and learning can drive improvements in productivity and competitiveness. The six SEE economies recognise the factors that contribute to an effective framework, and they now need to tailor their general frameworks to the specific requirements of the tourism sector.

More structured co-operation between government bodies in charge of tourism and education could significantly improve the availability of a qualified workforce. Such co-operation should also include representatives from industry and academia, and could focus on boosting quality jobs.

Bosnia and Herzegovina may need to put in place a specific co-ordination mechanism to address the challenges stemming from its fragmented education system (EC, 2017b). This will be critical for ensuring more effective and co-ordinated use of public resources and to define common standards for tourism-related education at all levels.

All six SEE economies could consider establishing separate, tourism-specific frameworks for VET, higher education and lifelong learning (Box 15.1). Such initiatives need to be based on independent analysis of labour market requirements and the impact of industry trends, and should include practical reform measures with adequate resource allocations.

Policy makers need to consider the impact of digitalisation, social media, online marketplaces and other trends on jobs and skills requirements. They need to put in place adequate measures to deal with such developments and also respond to challenges linked to language and culture. At the same time, the relevant authorities need to encourage the industry to do more workforce planning and development to help increase the availability of suitably qualified people.

Training in the skills needed for new tourist roles such as destination management, and new sectors – such as sustainable, cultural, adventure, accessible or green tourism – will be important. The economies will also need closer co-operation and co-ordinated policy measures to ensure decent working environments and adequate pay to address skills gaps and reduce the seasonal migration of qualified workers from the region to more advanced European countries.

The economies could do more to improve the supply of high-quality jobs in tourism to reverse the generally negative perceptions of a career in tourism among young adults. Actions could include fostering flexible local initiatives, raising awareness of education and training opportunities, creating career pathways in the sector, and developing financing mechanisms for skills development (Stacey, 2015).

Strengthening education accreditation bodies so as to work more proactively with the market would also be welcome. Independent accreditation agencies for education institutions with effective links to both the public and the private sector are important for the development of the full range of skills required by the sector. This could help develop a pipeline of qualified labour, meet individual career aspirations, service the needs of the market and support economic growth.

Box 15.1. Good practice: Boosting skilled labour for the tourism industry in Germany

Germany's dual system of vocational training provides a solid basis for increasing skills in the tourism sector, which covers 12 different occupations. Vocational training is supported through Centres of Excellence (key points of contact) and an alliance between government, business, trade unions and *Länder* that provides support for young people.

The training regulations used in the dual system are regularly modernised with the help of experts from the business sector, trade unions, and vocational schools in order to integrate new content and requirements. Employers and employees in the hospitality industry are also discussing the current need to modernise training regulations.

In 2014, the Federal Ministry published a report, "Skilled Labour for the Tourism Industry – Fit for the Future", which offers good practice examples and practical recommendations. One important recommendation is that employers need to offer more vocational training to further boost skilled labour in tourism.

Source: OECD (2016a), *Tourism Trends and Policies 2016*, <http://dx.doi.org/10.1787/tour-2016-en>.

Stronger relationships among public authorities, academia and industry would better bridge skills gaps in tourism. Sector-specific skills councils could provide proper platforms for collaboration between education institutions and the industry. By working more closely together, academics and other stakeholders can update their understanding of employers' requirements and visitors' expectations and develop new curricula or update existing ones accordingly (OECD, 2016d).

A regional tourism skills initiative could help to complement existing domestic efforts. The European Commission has launched a tourism skills initiative which highlights the need to bring together different industry stakeholders. This involves businesses, education and training providers, professional associations, chambers of commerce, social partners and trade unions. Together they have developed a targeted strategy and concrete action plan to close the skills gap in the tourism sector: *The Blueprint for Sectoral Cooperation on Skills in Tourism*, (EC, 2017a).

Safety and health

In spite of the tourism industry's resilience and strong growth, the sector faces regular natural and human-influenced risks which affect tourist perceptions and influence their decisions. International competition for tourism revenue is increasingly dependent on the quality of the offer and the assurance of a safe, secure and seamless travel experience.

Tourists expect all destinations to be safe. The safety and welfare of tourists should be a priority for policy makers. Safety and security issues have gained importance in recent years due to terrorist acts, local wars, natural disasters, epidemics and pandemics. Some of these events have exposed the vulnerability of tourism at both global and regional levels, with the industry unable to avoid their negative consequences. Therefore, each economy needs a security framework to cope with those challenges.

The two indicators in this sub-dimension cover visitors' security and healthcare provision (Figure 15.7):

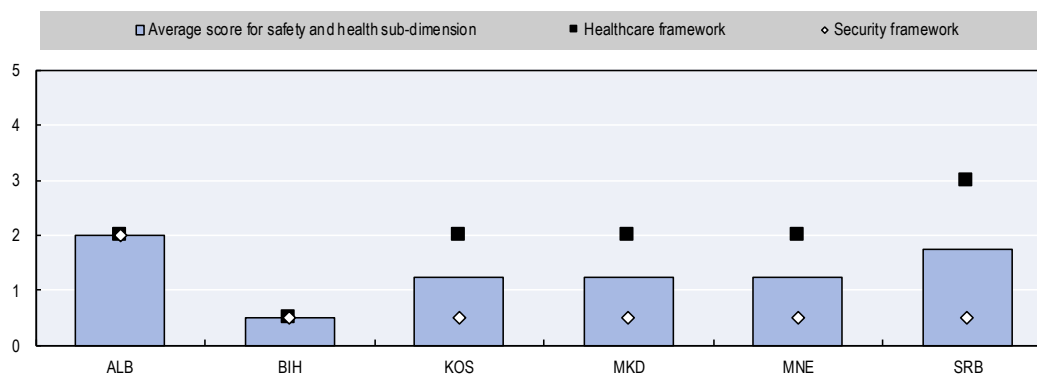
1. The **healthcare framework** indicator assesses whether and to what extent there are institutions and processes to provide health care for tourists and how effective they are. Existing institutions and processes should also allow for systematic consultations on a bilateral and regional level, involving a review of existing legislation, standards and procedures and the development of relevant roadmap and action plans.
2. The **security framework for tourism** indicator focuses on the institutions responsible for security and welfare of travellers, the related interactions at central and municipal level, the co-ordination between law enforcement agencies, and the regulatory provisions affecting the safety of tourists.

Assessing both indicators produces a variety of scores across the six SEE economies (Figure 15.7). Albania and Serbia score around 2 out of 5 on average, indicating that they have adopted their frameworks and taken specific actions towards implementation.

The six SEE economies are safe tourist destinations

The six economies all have measures in place to ensure public order and safety in all areas, including tourism. However, there is no evidence of specific tourist security frameworks or strategies with a programme of tailored actions, budgets, monitoring and evaluation. This is what their relatively low scores on safety reflect; they should not be interpreted as suggesting that the region is not a safe destination.

Figure 15.7. Safety and health: Sub-dimension average scores and indicator scores



Note: See the methodology chapter for information on the *Competitiveness Outlook* assessment and scoring process.

StatLink  <http://dx.doi.org/10.1787/888933706886>

In recent years, practical measures have improved road safety and there has been a move towards softer and less visible heavy security in line with other tourist areas in Europe. A number of the economies have implemented measures such as cross-border co-operation agreements, training of security personnel and co-ordinated action to improve the management and efficiency of processing at border crossings. Specific initiatives and training in Albania and Kosovo have been effective in facilitating tourist flows across the region in the peak summer season. A series of softer changes and measures have also been implemented to boost visitor confidence and perceptions.

Bosnia and Herzegovina has made efforts to increase the efficiency of its institutional framework through greater co-ordination and co-operation between law enforcement agencies. The State, the cantons and the entities have signed a number of agreements on mutual assistance and operational co-operation. The entities have also implemented specific initiatives, such as a memorandum of understanding to improve police co-operation between the Federation and five cantons, as well as a protocol on co-operation signed by the Republika Srpska's Ministry of the Interior and the Chief Prosecutor (EC, 2017b).

Kosovo has established a Security Council to draft a new security strategy with a section on linkages with broader economic development objectives. This will examine how a security platform can facilitate growth in sectors such as tourism which require attention to specific issues.

Serbia has no security framework for tourism. However, it offers good examples of tourism organisations and the government working together with other partners at municipal level to ensure the safety of tourists. This includes agreements and training on the use of police helicopters for mountain rescue and airlift of injured skiers. All major events, including festivals, international gatherings and conferences in Belgrade are subject to security planning and co-operation agreements between the organisers and the Ministry of Interior Affairs. This will be strengthened further with implementation of the new tourism strategy in Serbia.

Healthcare services are improving throughout the region

None of the six economies have specific healthcare frameworks for tourism. All tourists and visitors can access health care as in other European countries, with essential emergency services provided for citizens and visitors alike. In all of the economies, private healthcare providers are also available and offer modern facilities and services.

A number of the economies are actively participating in regional and international co-operation initiatives for health. This includes regional collaboration through the South-Eastern Europe Health Network (SEEHN), the signing and implementation of bilateral and multilateral agreements, and co-operation with the World Health Organization and the United Nations. They are also implementing EU programmes to align domestic health standards with European standards and legislation. These developments will require specific tourism links and measures such as the appraisal of outcomes, monitoring and evaluation, budgetary analysis, and forecasting additional demands related to future tourism growth.

In Albania, tourists have access to healthcare centres and qualified medical staff 24 hours a day. The Ministry of Health has established 21 centres in major tourist areas focusing on arrangements for the peak tourist season. There are aspirations to extend this across the whole year in a formal tourism healthcare strategy and action plan. Discussions on a healthcare framework have been initiated with relevant stakeholders. Further resources will be required to define the approach and process, implement the initial proposals, and train additional staff.

The Federation of Bosnia and Herzegovina has defined the Plan for Healthcare Development 2008-18. It has developed a network of healthcare centres based on previous healthcare strategies. These strategies have encompassed existing legal entitlements to healthcare which are accessible to tourists. The Federation has signed bilateral agreements with a number of economies in order to provide access to healthcare to their citizens through social insurance arrangements.

The Former Yugoslav Republic of Macedonia has the Strategic Plan for Health 2011-18, aiming to modernise the healthcare system and improve the infrastructure within a sustainable finance model. While it has no formal tourism healthcare framework, it has signed a series of agreements with various countries to facilitate tourism, for example to use the European Health Insurance Card. The general framework is well developed and health care can be provided to foreign citizens.

Montenegro has adopted a Master Plan for Development of Health Care 2015-20. Funding and capacity challenges have affected its implementation, however. Serbia has a Law on Healthcare and agreements recognising mutually public health insurance (and social insurance) with 29 countries.

The way forward for safety and health

All of the economies have frameworks for security and health that provide for visitors. **In the absence of tourism-specific frameworks, they need to strengthen the link between the sector and safety and health frameworks.** Some economies are partly addressing this but it will require further attention to facilitate tourism growth. Special efforts should be made to integrate tourism into national, regional and global emergency systems and design effective co-ordination mechanisms among all stakeholders in anticipation of a crisis. Future reforms should also include stronger public-private sector co-operation and improved communication and media partnerships for effective risk management in case of emergency situations (UNWTO, 2016a). Beyond such measures, SEE governments and stakeholders need to review current arrangements and, where necessary, take steps to ensure that tourism facilities are safe, with all protective measures in place to prevent harm (UNWTO, 2016c).

Safety and security committees could be one way to help develop domestic policies on tourism safety and ensure the necessary co-ordination across government bodies (the interior ministry, tourism, civil defence, etc.), industry representatives and the media. A tourism policy in the field, either separate or as part of broader tourism strategies, could formulate safety and security goals and objectives, and clear guidelines on stakeholder co-operation with specific responsibilities and resource allocation. An action plan could usefully complement the policy (UNWTO, 1996) and encompass measures to boost the capacity to mitigate risks and respond to crises and disasters affecting the industry. These documents could also place specific emphasis on issues arising in the context of key tourism segments including winter sports and adventure tourism.

Health and safety policies and frameworks could link more closely with the promotion and marketing of SEE economies as tourism destinations. Tourism agencies and organisations could work with industry representatives to develop guidelines for safety and health practices, and manuals for local officials with information on the relevant regulations and practical procedures. In the area of health in particular, tourism agencies could provide on their websites lists of medical services, hospitals and clinics with relevant maps. The establishment of a hotline could also be considered, especially for emergency situations.

A stronger focus on security and health care for tourism will require further training and skills development. This includes language skills to meet the needs of increasingly diverse foreign visitors. For example, hotlines could have staff speaking English and other frequently used languages to better explain the healthcare system to callers⁶ and provide introductions to medical facilities.

The six SEE economies need to explore new opportunities linked to healthcare and spa tourism, including developing and refurbishing existing facilities. Significant synergies are also possible across sectors that could unlock new economic opportunities through more comprehensive tourism offerings. These could be facilitated through the formal safety and healthcare frameworks.

Finally, there is a need for independent analysis and evaluation of the contribution from security and healthcare frameworks to tourism development and competitiveness. This could build on emerging plans for monitoring and reporting to provide an evidence base for future decision making. This evidence could strengthen the case for investment and leverage additional resources from external sources.

Tourism prioritisation and promotion

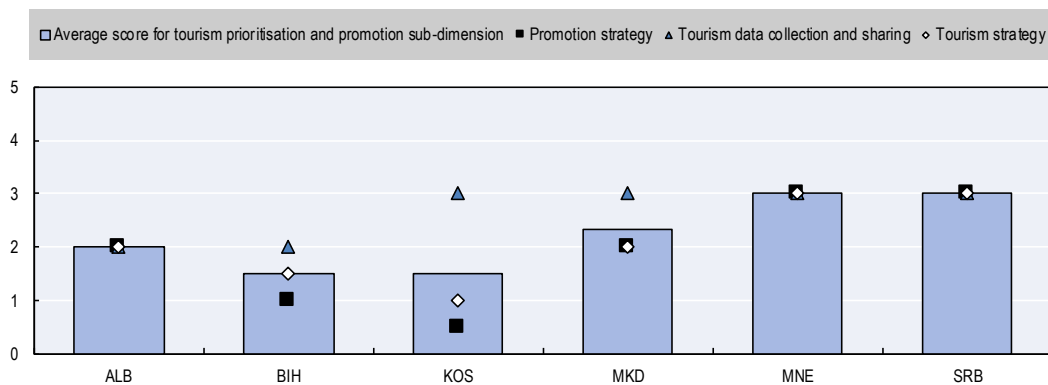
Strategic approaches to tourism development ensure a long-term perspective with clear goals and objectives. Effective tourism strategies span a range of areas, such as planning, institutional capacity building, legal and regulatory changes, product development, tourism infrastructure, the impact of tourism (economic, socio-cultural and environmental), tourism investment, and human resource development. Tourism promotion is an important tool for increasing awareness of the destination among potential tourists and influencing their travel choices. Countries conducting effective promotion policies have a competitive advantage over those that do not. Tourism prioritisation and promotion that are guided by a strategy enables policy makers to assess the areas of greatest potential for fostering long-term tourism growth and broader economic benefits. Providing comprehensive, accurate and regularly updated data will ensure that policy making is evidence-driven and adequately supports the development of tourism to its full potential.

This sub-dimension assesses the economies' efforts and experiences in these areas through three indicators (Figure 15.8):

1. The **tourism strategy** indicator measures implementation progress with dedicated sector-wide national tourism strategies.
2. The **promotion strategy** indicator is linked to the breadth of appeal of the economy as a tourist destination. It also assesses the effectiveness of the promotion strategies for achieving greater market diversification and increasing the resilience of the tourism sector.
3. The **tourism data collection and sharing** indicator assesses progress in creating sound statistics on tourism in each economy of the region. More specifically, the indicator assesses the legislative basis for systematic data collection, allocated funds, collection mechanism, and the diffusion and publication of data.

Tourism prioritisation and promotion in SEE has a considerable scope for improvement, as suggested by the overall average score of 1.7. Even Montenegro and Serbia with average score of 3 out of 5 (indicating the existence of sound frameworks and implementation) need to devote more efforts to ensure effective review, monitoring and outcomes evaluated by an independent body.

Figure 15.8. **Tourism prioritisation and promotion: Sub-dimension average scores and indicator scores**



Note: See the methodology chapter for information on the *Competitiveness Outlook* assessment and scoring process.

StatLink  <http://dx.doi.org/10.1787/888933706905>

Tourism strategies require improved resource allocation and implementation monitoring

The economies all recognise the value of a domestic tourism strategy but implementation has often been partial and had to compete for limited resources with other policy areas and priority sectors.

Albania adopted a new law on tourism in 2015. A strategy for tourism development 2017-22 is yet to be approved and adopted, and has an action plan linking tourism investments to other complementary policy areas such as infrastructure, training and SME development. The implementation of this strategy will be supported by an Inter-Ministerial Committee for the Implementation of Tourism Development.

In Bosnia and Herzegovina, tourism falls under the jurisdiction of the two entities. A Tourism Strategy 2008-18 for the Federation of Bosnia and Herzegovina has been drafted but not yet adopted. The Republika Srpska has developed and adopted a tourism strategy (2011-20). It has implemented several projects (for example to boost accommodation capacity, improve information for visitors and attract tourists through promotional activities), but there have been no efforts to monitor and evaluate their effectiveness and impact.

Kosovo does not have a stand-alone tourism strategy but is preparing a sector strategy as part of a larger Private Sector Development Strategy. The Kosovo Ministry of Trade and Industry has set a goal for the tourism industry to contribute to 10-12% of GDP. Specific objectives include the development of sustainable tourism along with a range of competitive products to increase the economic value of tourism, as well as human resource development. The ministry also aims to boost the hospitality sector and improve the quality of accommodation. Achieving these goals will require considerable additional resources and the realignment of institutions, roles and responsibilities for tourism.

The Former Yugoslav Republic of Macedonia implemented a tourism strategy over the period 2009-13, followed by a new draft tourism strategy for 2016-21. However, this is no evidence that the previous strategy has been evaluated, or of whether relevant insights informed the current draft.

Montenegro adopted a master plan for tourism in 2001, a strategy for the development of tourism for the period 2008-20 and an action plan in 2008 (Montenegro Ministry of Tourism and Environment, 2008). The new strategy aims to create a tourism offer based on an integrated approach focusing on coastal areas and the hinterland in order to extend the season and foster the development of its northern and central regions. Given the large number of arrivals in the peak months of the year, Montenegro needs to lengthen its tourist season, introduce new experiences and products, and develop its tourist accommodation. The government also recognises the need to boost the capacity of its infrastructure, strengthen institution building and mobilise additional funding for the implementation of reforms. The Ministry of Sustainable Development and Tourism is planning to revise the existing strategy in order to address these challenges.

The Serbian Tourism Strategy 2016-25 was adopted in November 2016. This strategy is a good example of collaborative preparation, with input from tourism experts, relevant associations and organisations, local authorities, individuals from academia, and business and NGO representatives. An action plan outlines priority measures aligned with the strategy's objectives. These objectives include the economically, environmentally and socially sustainable development of tourism; strengthening the competitiveness of the industry; increasing tourism's contribution to GDP and employment; and improving Serbia's overall image in the region, Europe and globally.

Promotion strategies are rare, but awareness raising does occur

The range and quality of assets across all of the economies present tremendous opportunities and themes for promotion that can boost growth in tourism and economic development. Promotion strategies generate multiple impacts – tangible and intangible. They range from influencing perceptions about an economy and region to directly informing individual decisions to visit a destination, location, facility or attraction.

Only Montenegro and Serbia have adopted and are implementing promotion strategies focusing on activities for publicising their offers, such as international tourism and promotion events and fairs. Other economies either lack stand-alone promotion strategies

or are working on their development. However, they are carrying out specific promotional initiatives often supported by a range of materials in different formats including online information, films and videos. Promotion efforts sometimes emphasise a specific tourism theme, such as culture and history, nature, and adventure. The budget allocation for promotion activities in the region is most often based on the previous year's expenditure rather than any evaluation of effectiveness or forecasts of future impact.

Albania does not have a stand-alone tourism promotion strategy but is currently preparing a dedicated section in its action plan for tourism development, as part of the draft tourism strategy. The Albanian Tourism Agency is responsible for tourism promotion and has been particularly active over the last years, participating in a range of international fairs, organising events, holding familiarisation tours for journalists of EU countries and preparing a range of information and promotional materials.

In spite of the absence of a tourism promotion strategy as such, Kosovo engages in a range of promotion activities including attending international events and fairs. When it does prepare a tourism strategy, promotion needs to become an integral part of it.

The Former Yugoslav Republic of Macedonia has an annual calendar of promotional activities with co-ordinated partner involvement. It has no separate strategy for tourism promotion but did formulate specific measures as part of the Draft Strategy for Tourism 2016-21.

Montenegro has a Tourism Organisation with an annual promotion work plan and a budget based on previous years. The organisation is conducting awareness-raising and promotional activities including producing information, films and multimedia output. The new domestic tourism strategy – to be adopted in 2018 – will also incorporate promotional activities.

The Serbia Tourism Strategy and law on tourism anticipate the adoption of a Strategic and Operational Marketing Plan in 2017 which will align and clarify the roles and responsibilities of all stakeholders in charge of tourism promotion. The Tourism Organisation of Serbia (NTOS) manages the promotion of the destination to major tourism markets, as well as domestic promotion. Its annual promotional plans are approved by the government. Regional tourist organisations, which are made up of several units of local government, also promote tourism. They often lack the resources to promote their destinations internationally and thus focus mainly on domestic and regional markets.

Tourism data collection and sharing need to be better aligned with international standards

It is vital to be able to produce regular, reliable and robust statistics with accompanying interpretation to tell the story of the effectiveness and efficiency of reforms in tourism. Tourism data help to prioritise tourism development and provide explicit evidence of its contribution to the economy. Data collection and analysis also inform policy design, including actions to improve the reputation of a tourism destination and measures to attract and retain investment and talent.

The tourism data collection and sharing indicator focuses on the availability of robust statistics and evidence and how they are prepared and disseminated. The value of sound tourism data is increasing as tourism is a high-growth sector with rapidly evolving trends influencing its development.

All of the economies have official statistics offices that produce an assortment of data across different economic sectors and social demographics. Many of them struggle to produce comprehensive tourism-specific data, however. There are also methodological issues around sampling, establishing baselines and regular monitoring and analysis. In many cases data collection is insufficient, in particular for inbound tourism, accommodation stock, country exit surveys and follow-up on customer feedback. There is also a significant scope to make greater use of electronic systems, such as Croatia's eVisitor initiative (Box 15.2) to increase the effectiveness of data collection and analysis, and improve its accessibility to the relevant authorities and private sector actors.

Box 15.2. Croatia's eVisitor initiative

The Croatian National Tourist Board, together with local tourist boards and other stakeholders, have developed the so called *eVisitor* check-in and check-out initiative as a unique information system functionally connecting all tourist offices in the country. The system also includes about 60 000 accommodation providers.

As of 2016, all domestic tourism boards have access to all the data on accommodation providers and their facilities, as well as the tourist arrivals and departures in their area. This system simplifies the process of tourist checking in and out, helps to control tourist tax payments, and provides a unified national platform for the collection and processing of data on accommodation providers and their facilities. It also enables all accommodation providers (natural and legal persons) to independently and at any time check their guests in and out and calculate their current tourist tax obligations.

Importantly, the collected data allow tourist movements to be analysed and sorted according to multiple criteria, such as length of visit, location, gender, age, country or place of residence. This is expected to significantly improve data collection and facilitate tourism marketing and promotion activities. The system also fosters the co-operation with other public authorities, such as the customs administration, the Ministry of the Interior and the State Attorney's Office, to access and use the collected data via remote access to the database.

Source: Rovinj-Rovigno Tourist Board (n.d.), "eVisitor – general informations", www.tzgrovinj.hr/page/e-visitor-en/evisitor-general-informations.

One major issue is the lack of tourism satellite accounts, which are the agreed international standard for measuring the economic impact or value-added effects of tourism. The preparation of fully functional tourism satellite accounts depends on the availability of a range of statistical data and would require a significant effort from all of the economies, even those with more advanced statistical systems. Therefore, this is likely to be more of a long-term goal. A more immediate focus could be placed on collecting sound data on a core set of tourism indicators to prepare the ground for the development of satellite accounts.

Overcoming challenges in tourism data collection and sharing will require sufficient budgets and increased capacity building within statistical offices, ministries and tourism organisations (see Box 15.3 for a good practice example). This will be key to achieving EU standards of monitoring, measurement and evaluation of evidence.

Albania has established a specialist unit within the Ministry of Economic Development, Tourism, Trade and Entrepreneurship dedicated to collecting and analysing tourism data. This unit could develop mechanisms to cascade practices and build capacity locally. There are plans for awareness-raising activities in various municipalities to inform stakeholders about the new systems, including the E-Albania portal for data collection.

Box 15.3. Good practice: Improving tourism data in New Zealand

The New Zealand government spends over NZD 3 million (New Zealand dollars, equivalent to USD 2.1 million) per year on collecting and analysing its tourism data. In 2011 it approved a five-year change programme to enhance the quality and usefulness of its data to help the tourism sector identify, understand and respond to emerging trends. The programme involved the development of an international visitor survey to help estimate international visitor spending. It has also launched world-first regional tourism indicators and estimates based on electronic card transactions. These indicators provide valuable information about changes in expenditure by international and domestic travellers as well as by region and industry.

The focus has now moved to improving measures of regional tourism expenditure and expenditure by international cruise-ship visitors. It continues to improve the dissemination of data, supporting the Tourism Industry Association of New Zealand's Tourism 2025 strategic plan which identifies market insight as a key theme.

Source: OECD (2016a), *Tourism Trends and Policies 2016*, <http://dx.doi.org/10.1787/tour-2016-en>.

The laws on statistics at state and entity level in Bosnia and Herzegovina define the responsibilities of the respective statistical institutions within their entities. This fragmented arrangement stretches the limited resources available for developing statistics and data collection. As a consequence, the official statistics are likely to underestimate the actual levels of activity and the contribution of tourism to the economy. Donor agency projects on data collection, such as those carried out with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, have provided useful examples of the way forward. Such projects need to be consolidated with greater investment in a co-ordinated approach to gathering data.

The Agency of Statistics of Kosovo (ASK) publishes data on tourism and links to other information sources including those of NGOs, cultural institutions, and donor agencies. It engages widely in capacity building and is working to align its methodology with the EU *acquis*. However, the lack of data on key tourism statistics is hampering international and regional benchmarking and the analysis of tourism development in general.

The MakStat database of the Former Yugoslav Republic of Macedonia is seen as the main channel for data dissemination. User-friendly portal systems provide access to a wide range of statistical data in different formats and alert data users about new information. Data users from ministries, chambers of commerce, universities and VET schools are also being trained. In the future, more emphasis could be placed on greater co-operation among relevant institutions and greater consistency of the definitions they use. Future work could also focus on updating and expanding survey evidence (e.g. visitor perceptions, spending, room occupancy, revenue per room and details by statistical region) and shifting to more frequent data collection, rather than the current system of every five years (Oxford Economics, 2016).

The Statistical Office of Montenegro collects, processes and disseminates tourism-related statistics. The emphasis is on baseline data, monitoring statistics and awareness raising about how to use statistics when making decisions. The Ministry of Sustainable Development and Tourism keeps a public central tourism registry of tourism and hospitality activities in an electronic form. The Central Bank of Montenegro publishes quarterly data on revenue and expenditure in the travel and tourism sector, as part Montenegro's balance of payments.

Serbia's official statistics are produced by the Statistical Office of the Republic of Serbia alongside other sources including the central bank, local authorities and other organisations. Links with the new tourism strategy and the measurement of its impact are expected to improve the coherence of data collection and a stronger alignment with international standards.

The way forward for tourism prioritisation and promotion

The six SEE economies need to accelerate the preparation of draft tourism strategies and ensure that they are adopted quickly. These strategies need to include links to promotion strategies and data-collection frameworks. They should also explore synergies with investment policies and promotion, for example developing tourism investment strategies and/or joint campaigns organised by investment and tourism promotion agencies (OECD, 2017a).

More broadly, tourism prioritisation and promotion strategies need to consider relationships and foster co-ordination with other relevant strategies and the institutions responsible for their implementation, in order to align reforms for greater effectiveness and efficiency. Relevant strategies include those on education, employment, transport, the environment and sustainability, and culture. Policy makers also need to ensure that the links go in both directions and that these strategies also take into account interconnected issues and priorities derived from tourism strategies.

As the economies prepare their tourism strategies they should gather more evidence about their experiences implementing previous strategies. Earlier strategies often lacked the financial commitment and resources needed for effective implementation and for co-ordination of key reforms generating sector-specific and broader economic and social impacts. New strategies and action plans need to mobilise additional funding (Box 15.4). This could include EU accession funds and additional donor support. Such funds could support tourism infrastructure, education and training programmes, as well as the development of new tourism offerings.

Promotion strategies and activities are challenged by competing demands on state budgets. **There should be greater emphasis on performance evaluation and accountability, and on target markets or niches, and new funding mechanisms to support tourism marketing and development** should be identified (OECD, 2017b). Policy makers also need to explore opportunities for greater vertical integration of tourism policies and promotion strategies at central and local levels. Adjustments to promotion activities need to reflect a stronger focus on new challenges and trends in tourism related to safety, the shared economy and technological developments, to take advantage of new opportunities and address new risks.

Positive regional characteristics such as hospitality and friendliness could also be promoted jointly, to sell the idea of South East Europe as a hidden gem among tourism destinations. Regional co-operation initiatives could help develop a regional tourism offer (Box 15.5) highlighting regional thematic programmes and projects aligned with the tourism strategies of individual economies. The approach could also consolidate infrastructure initiatives, promote efficient tourism investment and stimulate a culture of fostering synergies to improve competitiveness in the six SEE economies.

The economies will need to pay closer attention to institutional structures and capacity building as part of their overall approach to strategic tourism development. They need to improve public consultations and apply a more structured approach to co-operation with the private sector, academia and other stakeholders.

Box 15.4. Good practice in funding the development of tourism: Approaches from around the world

Austria: there is a strong public-private partnership between the ministry in charge of tourism and the Austrian Bank for Tourism Development, which handles programmes funding SMEs to support innovation, grow the size of tourism enterprises, and to encourage start-ups. The initiative includes an agreement between the European Investment Bank and the Austrian Bank for Tourism Development for up to EUR 250 million to provide tourism SMEs with loans at reduced interest rates.

Costa Rica: the Costa Rica Tourist Board's budget is independent from the national budget, with two primary sources of funding: a USD 15 charge on air fares into Costa Rica and a 5% fee on flights departing from Costa Rica. In 2015 its budget was close to USD 55 million.

Morocco: the budget for the Ministry of Tourism for 2015 was MAD 723.6 million (Moroccan dirhams equivalent to USD 76.8 million), 63% of which is earmarked for the following areas: central administration (23%), training schools under the ministry's responsibility (11%), the National Tourism Office of Morocco (55%) and the Moroccan Society for Tourism Engineering (11%). The other primary source of funding for the ministry is the tourism promotion tax of MAD 1-15 per night, levied on overnight stays of tourists in classified accommodation.

New Zealand: in addition to the 2015/16 government budget appropriation related to tourism of NZD 139.8 million, a passenger security charge is levied on departing international and domestic airline passengers to fund the Aviation Security Service, which undertakes aviation screening activities. Furthermore, the government announced a border clearance levy for arriving and departing passengers which is intended to meet the costs of border clearance activities conducted by the customs and biosecurity authorities.

Slovak Republic: the government facilitates the creation and operation of local and regional tourism organisations responsible for the development of tourism within their defined territories. These voluntary public-private partnerships are funded by membership fees and matching subsidies from the national budget. In 2014, the ministry provided EUR 3.7 million to 33 tourism organisations, of which 29 were local and 4 regional, for product development, media campaigns, building and maintaining tourist infrastructure.

Source: OECD (2016a), *Tourism Trends and Policies 2016*, <http://dx.doi.org/10.1787/tour-2016-en>.

Box 15.5. SEE Tourism Expert Group

The SEE Tourism Expert Group, established in 2013 jointly by the OECD and the SEE Regional Cooperation Council (RCC), has agreed on a set of activities to develop and promote regional tourism products, to implement policy initiatives to address key barriers to sector development, and to steer the implementation of small-scale pilot projects for the development of regional tourist products.

The overarching goal of this work, carried out under the auspices of the RCC, is to contribute to increased revenues, exports and job creation in tourism and ultimately boost competitiveness and growth across SEE.

The expert group has agreed to focus its future work on creating a joint offer/brand to foster regional integration in tourism and supporting its promotion at a global level, diversifying the tourism offer of the region (e.g. combining adventure routes with historical/cultural routes in the region), addressing skills gaps and skills mismatches in the tourism industry, easing administrative procedures, and improving the level of services related to tourism (local administrations, health, search and rescue, insurance, etc.). This work will also aim to support policy development and address issues cutting across related policy areas.

Source: OECD (2016a), *Tourism Trends and Policies 2016*, <http://dx.doi.org/10.1787/tour-2016-en>.

All of the economies would benefit from investing in producing regular and comprehensive tourism statistics, in line with international standards. Special emphasis needs to be placed on the development of satellite accounts, which would ideally take place after improvements have been made to survey evidence and other data, with a proper assessment of the soundness of the information collected over a number of years. This is of critical importance for informing policies, better understanding and harnessing horizontal synergies, evaluating progress with the implementation of reforms, and increasing capacity to achieve greater impact. Improvements in data gathering should also focus on evidence from monitoring and evaluation of tourism strategies and action plans to improve decision making and resource allocation.

Improvements in these areas could lead to closer integration among policy areas and agencies (tourism, economy, environment, transport, regional development and others) and foster a whole-of-government approach to tourism. Such developments at domestic level and in the framework of regional co-operation efforts can also have greater economic impact. Strong leadership with clear roles and responsibilities for institutions at all levels could generate greater synergies in the areas of tourism investment, policy design and implementation.

Conclusions

The six SEE economies are making headway in developing their tourism sectors and increasing their contribution to the economy. Policy makers have recognised the importance of the industry as a growth sector, defined strategies for its development, considered linkages with natural assets, and improved branding and marketing.

However, they will need to do more to address a range of challenges and improve competitiveness. Tourism and promotion strategies are not sufficiently comprehensive and well informed, and in some cases, not formally adopted or given enough resources to allow them to be implemented. Tourism infrastructure, accommodation and skills are significant challenges for all of the economies. Stronger links between the public sector, industry and academic institutions along with better curricula for higher education, VET and lifelong learning are also needed to ensure enough skilled labour in tourism. Improving institutional capacity and co-ordination, the provision of data and statistics, and the monitoring and evaluation of policy actions, also require attention in order to increase tourism competitiveness.

Long-term political commitment across the region will be needed to deliver a long-term vision and adequate support for competitiveness in tourism. This would send a strong positive signal to the market, boost investor confidence and foster greater international integration of the SEE economies, in line with their EU membership aspirations. Common tourism strategies and actions could support the momentum for regional co-operation emerging from recent initiatives, such as the Multi-annual Action Plan for a Regional Economic Area and the 2017 Trieste Summit of the Berlin Process linked to the future enlargement of the European Union.

Notes

1. The figures include five of the economies under discussion; data for Kosovo are lacking.
2. A score of 0 denotes absence or minimal policy development while a 5 indicates alignment with what is considered best practices. Each level of scoring is updated for the individual indicator under consideration, but they all follow the same score scale: a score of 1 denotes a weak pilot framework, 2 means the framework has been adopted as is standard, 3 that is operational and effective, 4 that some monitoring and adjustment has been carried out, and 5 that monitoring and improvement practices are systematic.
3. There are four main administrative levels in Bosnia and Herzegovina: the State, the Federation of Bosnia and Herzegovina, the Republika Srpska and the Brčko District. The administrative levels of the State, the Federation of Bosnia and Herzegovina and the Republika Srpska are taken into account in the *Competitiveness Outlook 2018* assessment, when relevant. The Brčko District is not assessed separately.
4. See the Lima Declaration of the APEC Tourism Ministerial Meeting on Connecting Asia-Pacific Tourism through Travel Facilitation (APEC, 2016).
5. For example, Turkey has included tourism accommodation investments in cultural tourism preservation and development regions eligible for incentive instruments (Invest in Turkey, n.d.).
6. This is the case in Japan, for example (JNTO, n.d.).

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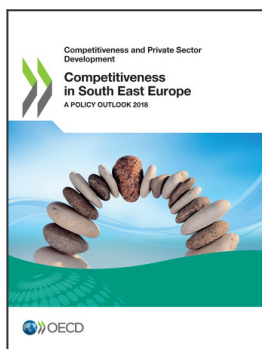
Annex 15.A1.

Tourism: Indicator scores

Table 15.A1.1. Tourism: Indicator scores

	ALB	BIH	KOS	MKD	MNE	SRB
Cultural and natural resources						
Natural heritage strategy	2.5	2.0	1.0	1.0	2.0	2.0
Cultural heritage strategy	1.0	2.0	2.0	1.0	1.0	2.0
Destination accessibility and tourism infrastructure						
Travel facilitation strategy	1.0	0.5	1.0	0.5	0.5	0.5
Framework for air, land and sea connectivity	3.0	3.0	2.0	2.0	2.0	2.0
Accommodation capacity and quality	3.0	1.0	1.5	2.0	3.0	3.0
Information availability	2.5	1.0	2.0	3.0	4.0	4.0
Availability of a qualified workforce						
VET framework for tourism	2.5	1.0	1.0	1.0	2.0	2.0
Higher education	1.0	0.5	0.0	0.0	1.0	1.0
Lifelong learning	0.5	0.5	0.5	0.5	1.0	1.0
Safety and health						
Security framework for tourism	2.0	0.5	0.5	0.5	0.5	0.5
Healthcare framework	2.0	0.5	2.0	2.0	2.0	3.0
Tourism prioritisation and promotion						
Tourism strategy	2.0	1.5	1.0	2.0	3.0	3.0
Promotion strategy	2.0	1.0	0.5	2.0	3.0	3.0
Tourism data collection and sharing	2.0	2.0	3.0	3.0	3.0	3.0

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