

18 Tourism policy (Dimension 15)

The Western Balkans is one of the fastest growing tourist regions in the world, with all six Western Balkan (WB6) economies seeing double-digit increases in tourist arrivals and overnight stays in recent years. The fast growth of tourist arrivals contributes to the growth of earnings, gross domestic product (GDP), exports and job creation, underlining the increasing importance of the sector for regional development. This chapter assesses the performance of the WB6 in developing competitive and sustainable tourism through an analysis of five tourism policy sub-dimensions. The first sub-dimension, governance structure and co-operation, explores the effectiveness of the institutional set up and the efficiency of co-operation among public and private stakeholders. The second sub-dimension, destination accessibility and tourism infrastructure, assesses the progress made in improving accessibility, accommodation capacity and quality assurance. The third sub-dimension, availability of a qualified workforce, examines how effectively economies address the needs of the tourism labour market through vocational education and training and higher education frameworks. The fourth sub-dimension, sustainable and competitive tourism, assesses the existence and efficiency of sustainable tourism policy frameworks to influence the development and operation of sustainable tourism. The fifth and final sub-dimension, tourism branding and marketing, assesses the effectiveness of tourism branding and marketing, including digital marketing.

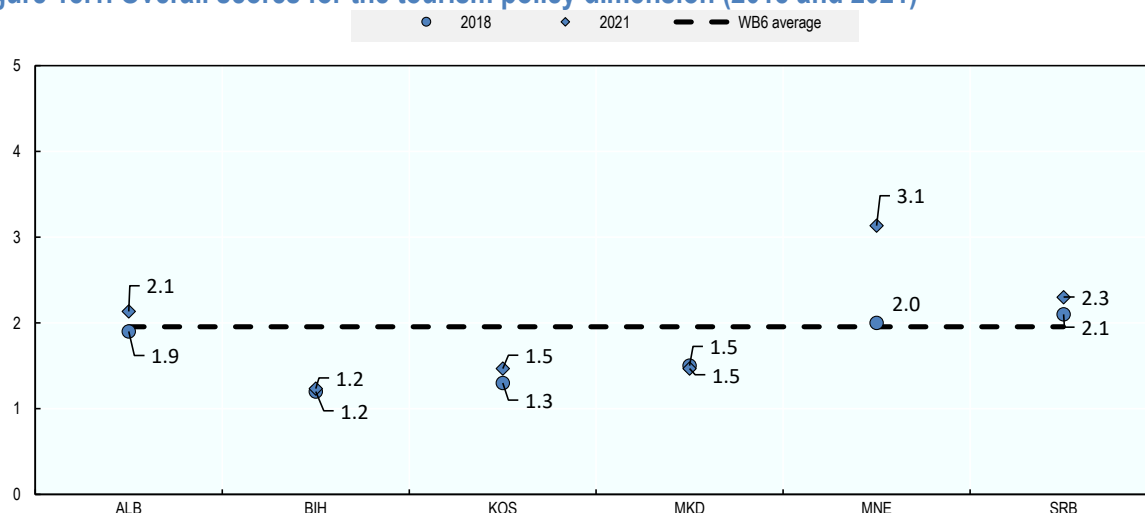
Key findings

- **Four WB6 economies (Albania, Montenegro, North Macedonia and Serbia) have tourism development strategies and have committed to develop an efficient governance structure involving inter-ministerial co-ordination, vertical co-operation, and dialogue with private and other tourism stakeholders.** Albania, Montenegro and Serbia have made the most progress in this area.
- **Most WB6 economies (Albania, Kosovo, Montenegro and North Macedonia) have made some progress in developing a tourism data collection framework.** North Macedonia, Montenegro, and Bosnia and Herzegovina have started or plan to start preparing their first Tourism Satellite Account. The key challenge remains the reliability of the data collected.
- **All economies have made progress in boosting accommodation capacity and establishing an accommodation quality standards framework** based on international standards. All WB6 economies started categorising accommodation before this assessment, with the main progress in the last two years regarding the establishment of a register of accommodation facilities. Regular monitoring controls should be established.
- **Three WB6 economies (Albania, Kosovo and North Macedonia) have made sound progress in developing a vocational education and training (VET) framework. However, a qualified workforce is still lacking throughout the region, implying that the skills supply framework and higher education need improving.** Other key challenges are the lack of active engagement by private stakeholders in curricula development, weak monitoring and evaluation systems, and schools' insufficient budgets for equipment and staff training.
- **Comprehensive natural and cultural heritage enhancement frameworks for sustainable tourism development are still incipient.** The WB6 economies should focus on establishing effective inter-ministerial co-operation and introducing regular monitoring and evaluation of policy measures. Montenegro has made the most effort in this area.
- **Despite efforts to develop tourism investment policies in most economies, tourism innovation frameworks are not yet in place.** Challenges include monitoring and evaluation, investment procedures, urban planning, and awareness raising among private investors.
- **Despite significant progress, the competitiveness of tourism marketing and branding remains a challenge for most WB6 economies, but is needed to increase their visibility in international markets.** Digital marketing frameworks are incipient. Moreover, the absence of a common regional tourism brand and marketing activities lessens the visibility of the Western Balkans as an attractive tourist destination that offers a diversity of unique tourist experiences. Four economies (Albania, Montenegro, North Macedonia and Serbia) have established tourism brands. Only Montenegro, Serbia and Republika Srpska in Bosnia and Herzegovina have valid marketing strategies that have not yet expired. Marketing strategies are under development in all other economies.
- **The COVID-19 pandemic has hit the tourism sector very hard in all WB6 economies (most significantly in Montenegro), and has stopped the fast growth of tourism seen over the last decade.** The crisis revealed gaps in tourism development that will need to be addressed in the future. The main gaps and challenges in all WB6 economies are similar, therefore establishing regional co-operation to address these challenges could help each WB6 economy to overcome them more efficiently.

Comparison with the 2018 assessment

Montenegro, where tourism contributes much more to GDP and employment than in the other economies, has the most developed tourism policy framework, followed by Serbia and Albania (Figure 18.1). Bosnia and Herzegovina, Kosovo and North Macedonia still have room to improve their tourism policy frameworks.

Figure 18.1. Overall scores for the tourism policy dimension (2018 and 2021)



Note: Scores for 2021 are not directly comparable to the 2018 scores due to the addition of new sub-dimensions and relevant qualitative indicators, and removal of some sub-dimensions and qualitative indicators. Therefore, changes in the scores may reflect the change in methodology more than actual changes to policy. The reader should focus on the narrative parts of the report to compare performance over time. See the Methodology and assessment process chapter for information on the assessment methodology.

Implementation of the Competitiveness Outlook 2018 recommendations

The previous Competitiveness Outlook (CO) in 2018 made a number of recommendations for the WB6 economies to improve the tourism policy framework (Table 18.1) (OECD, 2018^[1]). Progress in most issues has been moderate, with key challenges remaining including monitoring and evaluation of implemented policy measures and more efficient inter-ministerial co-operation to enhance cultural and natural heritage in tourism.

Table 18.1. Implementation of CO 2018 policy recommendations: Tourism policy

Competitiveness Outlook 2021		
CO 2018 policy recommendations	Main developments during the assessment period	Regional progress status
Systematically implement a whole-of-government approach to tourism	<ul style="list-style-type: none"> Specific tourism-related strategies/programmes were adopted in Albania, Montenegro, North Macedonia and Serbia. Tourism was included in other domestic strategies in Albania, Montenegro and Serbia. Regular co-operation among public officials in the ministries is formally established in all WB6 economies, except North Macedonia. 	Moderate
Forge stronger links between natural and cultural resource strategies and tourism	<ul style="list-style-type: none"> Links between natural and cultural resource strategies and tourism are formally established in all WB6 economies, except North Macedonia. However, the implementation of policy measures and actual co-operation among relevant ministries is still weak in all WB6 economies except Montenegro, which has developed a comprehensive natural and cultural enhancement framework. 	Limited
Bring tourism infrastructure in line with internationally recognised standards	<ul style="list-style-type: none"> Consistent accommodation quality standard frameworks based on international standards have been developed in all WB6 economies. Challenges remain regarding tourism monitoring and inspections due to a lack of human and financial resources in all WB6 economies. 	Moderate
Further professionalise the tourism workforce and address the significant skills gaps in the sector	<ul style="list-style-type: none"> Progress has been achieved, especially in improving the tourism VET framework, in all economies except in Bosnia and Herzegovina. However, higher education and skills supply frameworks still need to be improved in all WB6 economies. 	Moderate
Develop tourism data and statistics in line with international standards and good practice	<ul style="list-style-type: none"> North Macedonia has started preparing its first Tourism Satellite Account (TSA). Bosnia and Herzegovina and Montenegro are planning to implement a TSA in 2021. Serbia has launched an e-tourist information system. Montenegro is planning to implement e-tourism electronic guest registration in 2021. A platform for electronic data collection is under development in Kosovo. 	Moderate
Improve co-ordination among institutions promoting tourism at central, regional and local levels	<ul style="list-style-type: none"> All WB6 economies have established a public-private dialogue and co-operation framework at the economy level, which includes vertical co-operation with the local level. All WB6 economies have established formal bodies at the economy level that include representatives of the private sector, non-governmental organisations (NGOs), educational institutions and municipalities, in addition to relevant ministries. Except for North Macedonia, regular meetings of public and private tourism stakeholders have been undertaken since the previous assessment. 	Moderate
Put in place independent monitoring and evaluation of tourism-related action plans and strategies	<ul style="list-style-type: none"> Albania has started monitoring its tourism strategy, with the first progress report prepared for 2019. Montenegro began monitoring its tourism strategy in 2019. However, more measurable indicators should be included in the monitoring. 	Limited

Introduction

Driven by a relatively strong global economy, a growing middle class in emerging economies, technological advances, new business models, affordable travel costs and visa facilitation, international tourist arrivals grew by 4% globally in 2019 compared to 2018, to reach USD 1.481 billion in total international receipts.¹ At the same time, export earnings generated by tourism grew to USD 1.7 trillion (UNWTO, 2021^[2]). This makes the sector a true global force for economic growth and development, driving the creation of more and better jobs and serving as a catalyst for innovation and entrepreneurship (UNWTO, 2019^[3]).

As emerging tourist destinations, the WB6 economies have all reported double-digit increases in tourist arrivals and overnight stays in recent years, making the region one of the fastest growing in the world. The fast growth of tourist arrivals creates jobs and contributes to the growth of earnings and consequently the

growth of travel and tourism as a share of GDP (Figure 18.5) and exports (Figure 18.6). This shows the growing importance of tourism for overall economic development in WB6 economies.

The containment measures adopted to prevent the spread of the COVID-19 virus have had a significant impact on the tourism industry in the Western Balkans. The number of tourist arrivals decreased in 2020 by around two-thirds compared to 2019,² which negatively affected jobs in the tourism industry (OECD, 2020^[4]). WB6 governments need to ensure that they strengthen their tourism policy frameworks to effectively support the recovery of the tourism industry – especially small and medium sized-enterprises (SMEs) – and take the opportunity of increased demand for outdoor and nature adventure tourism products, for which the whole region has enormous potential.

This chapter considers the links between tourism and other policies, including potential trade-offs and complementarities. The following chapters of the Competitiveness Outlook are also particularly relevant for tourism:

- **Chapter 4. Investment policy and promotion** is important as public and private investments play an important role in promoting the attractiveness and competitiveness of a destination. Closer co-operation between the government bodies responsible for tourism and investment policies and promotion could allow them to better target opportunities, boost the level and quality of investment in the sector, and together address the obstacles that hinder investments in tourism.
- **Chapter 6. Access to finance** is important for ensuring sufficient investment in high-quality tourist products and infrastructure, especially for micro, small and medium sized enterprises (MSMEs), which are predominant in the tourism sector.
- **Chapter 10. Education policy** is relevant as the ability to provide enough qualified workers is essential for sustaining and enhancing competitiveness in tourism. To fully address labour and skills shortages, the government bodies in charge of tourism and education could co-operate to adopt and implement policy measures that will address tourism specific needs.
- **Chapter 11. Employment policy** and efficient labour market governance are key to ensure high-quality jobs and develop a flexible, inclusive and proactive labour market in tourism.
- **Chapter 12. Science, technology and innovation** are key to ensure competitiveness in tourism. Tourism is recognised as a sector where several innovations can be tested and implemented (e.g. renewable resources, energy efficiency solutions, green mobility solutions, single-use plastic reduction). This requires the inclusion of tourism in the overall science, technology and innovation strategy.
- **Chapter 13. Digital society** is important as tourism is one of the largest users of information and communication technology (ICT) and cannot survive without Internet access, broadband penetration and the use of e-commerce.
- **Chapter 14. Transport policy** that ensures capacity, efficiency and connectivity is vital for improving the accessibility of destinations and the movement of visitors within the region. It is therefore important that economy-level transport strategies consider investments in transport infrastructure that are vital for tourism development, especially in remote areas.
- **Chapter 16. Environment policy** is key to protect natural assets, control and manage the environmental impacts of tourism, and protect the region's competitive advantage. Environmental and tourism policies need to be aligned to promote sustainable growth and support domestic efforts to reconcile resource use and waste targets with tourism growth objectives.
- **Chapter 17. Agriculture policy** is key as the agro-food sector is a major supplier and one of the most important parts of the tourism value chain. It provides the basis for the creation of local and authentic culinary tourist products and experiences, which is one of the fastest growing tourism market segments.

Assessment framework

Structure

This chapter examines tourism policy frameworks in the WB6 by assessing five broad sub-dimensions:

1. **Sub-dimension 15.1: Governance and co-operation** focuses on the efficiency of economies' governance structures and institutional setups at economy and destination levels for managing the development and implementation of tourism strategies. It assesses inter-ministerial co-operation, government co-operation with municipalities and dialogue with non-governmental tourism stakeholders. It also assesses institutional support for the establishment of a comprehensive tourism data collection and sharing system.
2. **Sub-dimension 15.2: Destination accessibility and tourist infrastructure** focuses on how the economies facilitate destination accessibility and the flow of tourists across the region in terms of visa requirement policies and the implementation of other measures to ease border crossings. It also focuses on how efficiently the economies facilitate the quality of tourist accommodation based on international standards. The quality of information for tourists about destinations, accommodation and experiences is also assessed.
3. **Sub-dimension 15.3: Availability of a qualified workforce** focuses on how efficiently the economies bridge skills gaps in the tourism sector through established VET and higher education frameworks. It focuses on how well equipped schools are to deliver knowledge to their students, the effectiveness of the quality assurance framework in education and training, and to what extent private tourism stakeholders are involved in human resource development.
4. **Sub-dimension 15.4: Sustainable and competitive tourism** focuses on how efficiently the economies conserve, manage and use natural and cultural resources as one of the key drivers of tourism development and competitiveness. It also explores how efficiently tourism policy frameworks, which influence both tourism development and the operation of the tourism sector, make tourism more environmentally, socially and economically sustainable. Finally, it assesses how economies facilitate the investments and innovation in tourism that are vital for sustaining the competitiveness of the sector.
5. **Sub-dimension 15.5: Tourism branding and marketing** focuses on the effectiveness of tourism branding and marketing, how efficiently the economies facilitate the use of digital tools in tourism marketing, and the capacity of tourist stakeholders to use digital tools efficiently.

Figure 18.2 shows how the sub-dimensions and their indicators make up the tourism policy dimension assessment framework. The assessment was carried out by collecting qualitative data with the help of questionnaires filled out by governments, as well as interviews undertaken with relevant non-government stakeholders. Alongside these qualitative inputs, quantitative data on certain indicators – provided by the economies' statistical offices, relevant ministries and agencies, and other databases – formed an integral part of this assessment. For more information on the methodology see the Assessment methodology and process chapter.

Figure 18.2. Tourism policy dimension assessment framework

Tourism dimension				
Outcome indicators: <ol style="list-style-type: none"> 1. Growth of international tourist arrivals 2. Growth of overnight stays 3. Tourism contribution to the gross domestic product 4. Contribution of travel and tourism to employment and exports 				
Sub-dimension 15.1 Governance and co-operation	Sub-dimension 15.2 Destination accessibility and tourism infrastructure	Sub-dimension 15.3 Availability of a qualified workforce	Sub-dimension 15.4 Sustainable and competitive tourism	Sub-dimension 15.5 Tourism branding and marketing
Qualitative indicators <ol style="list-style-type: none"> 1. Tourism governance and institutional set up 2. Partnerships with stakeholders 3. Vertical co-operation 4. Data collection and interpretation 	Qualitative indicators <ol style="list-style-type: none"> 5. Connectivity framework 6. Accommodation capacity and quality of tourism offer 7. Information availability 	Qualitative indicators <ol style="list-style-type: none"> 8. Skills supply framework 9. VET framework for tourism 10. Higher education framework for tourism 	Qualitative indicators <ol style="list-style-type: none"> 11. Natural and cultural heritage enhancement framework 12. Promotion of sustainable development and operations within the tourism sector 13. Tourism investment and innovation policy framework 	Qualitative indicators <ol style="list-style-type: none"> 14. Tourism branding and marketing strategy 15. Digital tourism marketing framework
Quantitative indicators <ol style="list-style-type: none"> 1. Budget allocated for tourism 2. Number of staff working on tourism strategy implementation 	Quantitative indicators <ol style="list-style-type: none"> 3. Number of economies on visa-required list 4. Costs of obtaining visa 5. Number of economies with existing travel facilitation agreements 6. Number of beds in hotels 7. Number of beds in private accommodation 	Quantitative indicators <ol style="list-style-type: none"> 8. Quality of the tourism labour force 9. Number of students in VET programmes for tourism and hospitality 10. Number of students in higher education programmes for tourism and hospitality 11. Number of certified VET programmes 	Quantitative indicators <ol style="list-style-type: none"> 12. Share of national protected areas (national parks and nature reserves) 13. Budget for tourism investments 14. Budget for innovations and new products 	Quantitative indicators <ol style="list-style-type: none"> 15. Average staff per tourism office 16. Effectiveness of marketing and branding to attract tourists 17. Economy brand strategy rating 18. Budget allocated for tourism promotion

The leaders of the WB6 endorsed the Common Regional Market (CRM) 2021-2024 Action Plan at the Berlin Process Summit held on 10 November 2020 in Sofia. The plan is made up of targeted actions in four key areas: 1) a regional trade area; 2) a regional investment area; 3) a regional digital area; and 4) a regional industrial and innovation area.

In the regional industrial and innovation area, the WB6 economies commit to closely transform the industrial sectors, shape the value chains they belong to, and prepare them for the realities of today and the challenges of tomorrow. The findings of the tourism policy dimension can help to inform implementation of actions under this component (Box 18.1, Box 18.5 and Box 18.6).

Key methodological changes to the assessment framework

Since the CO 2018 assessment, some methodological changes have been made to the framework to emphasise issues that are gaining importance for sustaining and improving the competitiveness of tourism in the region.

Three new sub-dimensions have been created:

- **Governance and co-operation** covers some indicators of the CO 2018 sub-dimension tourism prioritisation and promotion, complemented by new indicators for measuring how efficiently tourism strategies are implemented.
- **Sustainable and competitive tourism** supplements the CO 2018 sub-dimension cultural and natural resources, with indicators focusing on the promotion of sustainable tourism development, and the existence and efficiency of tourism investment and innovation policies.
- **Tourism branding and marketing** contains some indicators of the CO 2018 sub-dimension tourism prioritisation and promotion, accompanied by new indicators for measuring the effectiveness of tourism branding and marketing and the readiness of the tourism sector for digitalisation.

Tourism policy performance and context in the WB6

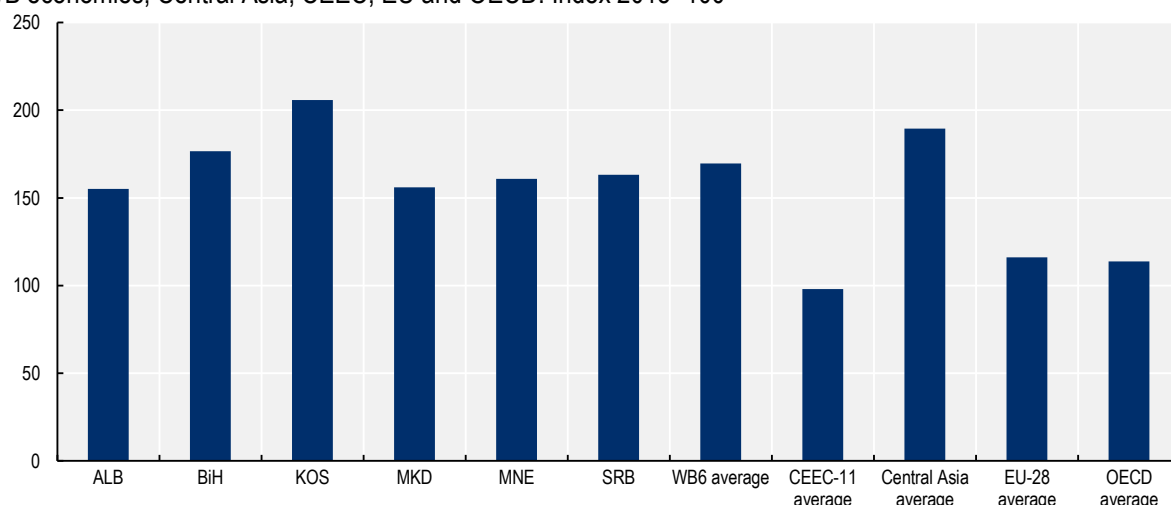
The Western Balkans is one of the world's fastest growing tourist regions. Its unique geographical position between the East and West, as well as its rich and diverse cultural heritage and pure nature that includes Europe's deepest canyons, glacial lakes and the last remaining virgin forests between the Danube River, Dinaric Alps and the Adriatic Sea, means that the Western Balkans is one of the Europe's most unique regions and can offer authentic nature adventures and cultural experiences to tourists. All WB6 economies have recognised tourism as an opportunity for economic development. By designing tourism policy frameworks they have provided a base for improving the competitiveness and visibility of their economies in the highly competitive tourism market. To consolidate the fragmented tourist offer and increase the visibility of the Western Balkans as a unique tourist destination, the economies have begun co-operating at the regional level through the development of joint and internationally competitive cultural and adventure tourist products – see Destination accessibility and tourism infrastructure (Sub-dimension 15.2).

Outcome indicators play a key role in examining the effects of policies and provide crucial information for policy makers to judge the effectiveness of existing policies and the need for new policies. The outcome indicators chosen for the tourism sub-dimension are designed to show the impact of tourism on the WB6 economies and its contribution to economic growth and job creation. They also show the importance of tourism in the WB6 economies in terms of its impact on overall development and progress compared to Central Asia,³ another emerging tourist region, the European Union (EU), OECD and CEEC.⁴

In the last decade, tourist arrivals have grown significantly in the WB6 region (average annual growth rate 11.5% in the period 2010-2019), driven by the overall fast growth of international tourism and improvements in marketing. The region also became more connected due to the expansion of low-cost air carriers and the development of air route networks. The double-digit growth rates of international arrivals to the region in 2019 compared to 2015 was below the Central Asia average, except for Kosovo, but exceeded OECD, EU and CEEC averages (Figure 18.3).

Figure 18.3. Growth of international tourist arrivals (2015-19)

WB economies, Central Asia, CEEC, EU and OECD. Index 2015=100



Note: The CEEC-11 countries are Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia.

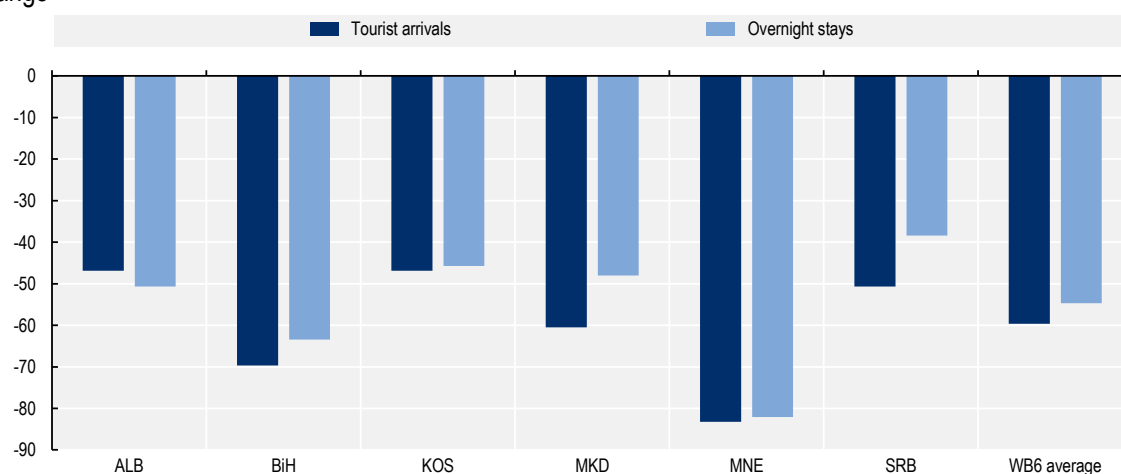
Source: (World Bank, 2021^[5]), *International tourism, number of arrivals*, <https://data.worldbank.org/indicator/ST.INT.ARVL>; For Kosovo, (Kosovo Agency of Statistics, 2020^[6]), *Hotel Statistics*, <https://ask.rks-gov.net/media/5950/hoteleria-q4-2020.pdf>.

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The COVID-19 crisis hit the tourism sector in the WB6 very hard and led to a significant drop in tourism growth in the region, with tourist arrivals decreasing by nearly 60% and overnight stays by 55% in 2020 compared to 2019. Montenegro faced the highest drop in the region (83.2% in tourist arrivals and 82.1% in overnight stays), followed by Bosnia and Herzegovina (nearly 70% in tourist arrivals and 63.4% in overnight stays). The fall in tourist arrivals and overnight stays in other economies was lower, but still significant (Figure 18.4).

Figure 18.4. Tourist arrivals and overnight stays in the Western Balkans (2019-2020)

% change



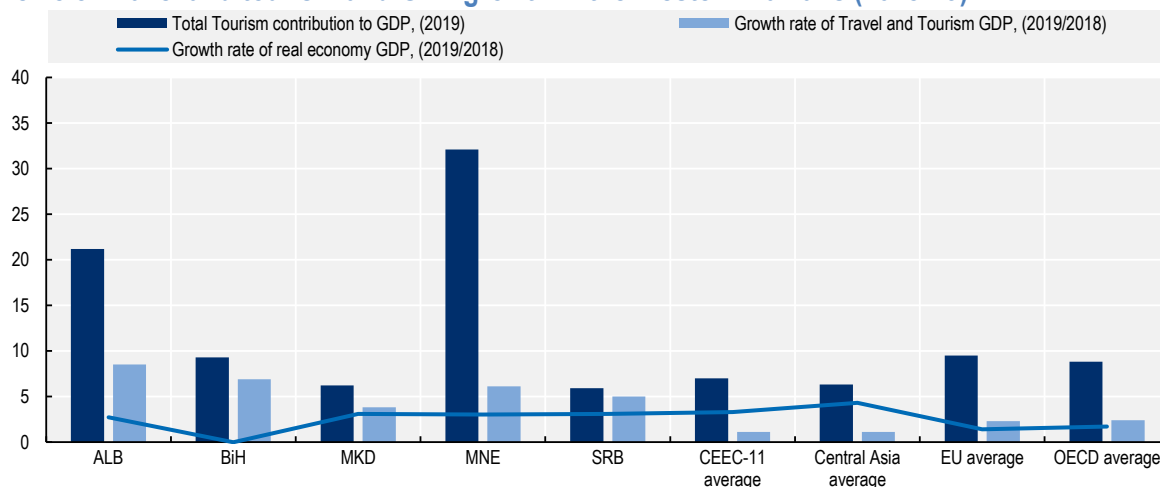
Source: Statistical Offices of WB6 economies.

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The fast growth of tourist arrivals before the COVID-19 crisis has contributed to a rise in earnings and consequently to the growth of travel and tourism as a share of GDP in WB economies. Given their location on the Adriatic Sea, the tourism sector in Montenegro and Albania contributes much more to GDP than in

the other WB economies, representing about one-third of GDP in Montenegro and one-fifth in Albania (Figure 18.5). In other WB economies, the contribution of tourism to GDP is below 10%, similar to Central Asia, EU, OECD and CEEC averages. Nevertheless, compared to 2018 the growth of tourism GDP was higher than overall GDP growth in all assessed economies, and much higher than Central Asia, EU, OECD and CEEC averages (Figure 18.5).

Figure 18.5. Travel and tourism and GDP growth in the Western Balkans (2018-19)



Note: EU includes all EU Member States in 2018-2019 period. The CEEC-11 countries are Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia.

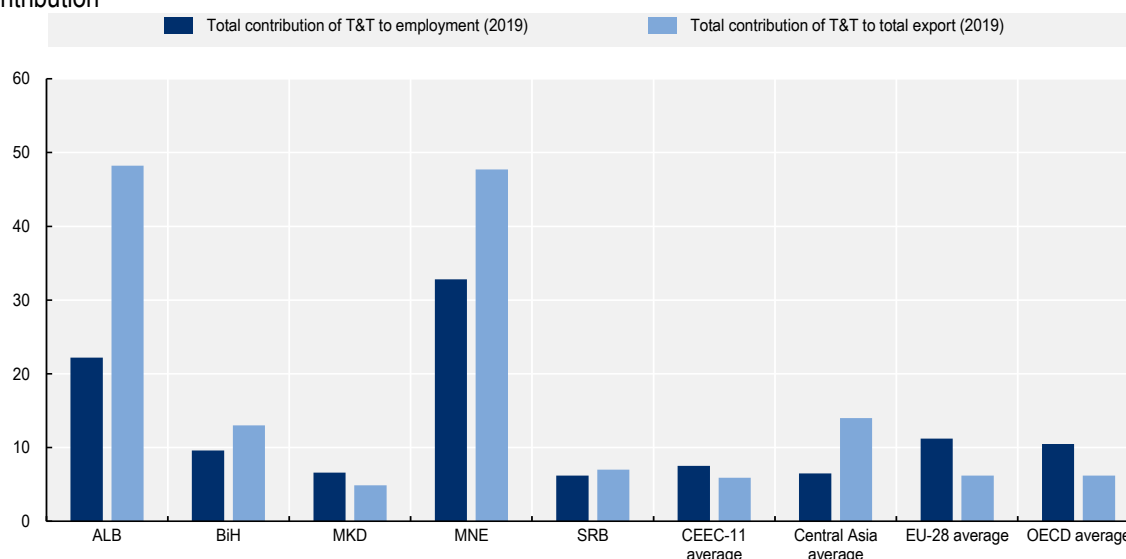
Source: (WTTC, 2020^[7]), *Economic Impact Reports*, <https://wtc.org/Research/Economic-Impact>; For Kosovo, (Kosovo Agency of Statistics, 2020^[6]), *Hotel Statistics*, <https://ask.rks-gov.net/media/5950/hoteleria-q4-2020.pdf>.

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The COVID-19 pandemic has lessened the contribution of travel and tourism to GDP across the region,⁵ and will have severe economic and social consequences for all WB6 economies in terms of total exports and employment, particularly in Albania and Montenegro, where tourism contributes significantly to total exports and employment (OECD, 2021^[8]). The contribution of tourism to total exports and employment in other WB6 economies is much lower. The contribution of travel and tourism to exports in the WB6 (except Albania and Montenegro) is lower than the Central Asia average, but higher than EU, OECD and CEEC averages (except for North Macedonia). The contribution of tourism to total employment in the WB6 economies is nearly the same as in Central Asia – except for Bosnia and Herzegovina where the contribution of tourism to total employment is higher – but below EU, OECD and CEEC averages (Figure 18.6).

Figure 18.6. Contribution of travel and tourism to employment and exports (2019)

% contribution



Note: Data for Kosovo are not available. The CEEC-11 countries are Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia.

Source: (WTTC, 2020^[7]), *Economic Impact Reports*, <https://wtcc.org/Research/Economic-Impact>.

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The growth of tourism GDP in the WB6 before the COVID-19 crisis showed the increasing importance of this sector for the overall economic development of the region. Nevertheless, the pandemic has revealed the main gaps in tourism development, in particular the government and industry's preparedness and response capacity, the concentration of tourism in a small number of destinations, high seasonality, the low quality of tourist offers, and the lack of sustainable approaches to development.⁶ Considering the significant similarities among opportunities and challenges for tourism sector development in each WB6 economy, strengthening regional co-operation to address the common challenges and opportunities may help each economy overcome gaps at the economy level more efficiently. Moreover, established regional co-operation is key for increasing the visibility of the Western Balkan as an attractive tourist destination and an opportunity to capture a more significant share of international tourism.

Governance and co-operation (Sub-dimension 15.1)

An economy-level tourism strategy is a fundamental requirement to foster long-term growth in the tourism sector. It enables policy makers to assess the areas of greatest potential and capture economic and social benefits from tourism. The successful design and implementation of tourism policy requires an efficient governance structure and institutional set up at the economy and destination level. The cross-cutting nature of the sector requires a sophisticated set of horizontal co-ordination measures across government departments and agencies to ensure that all parts of government with either an interest in or influence over tourism can be fully involved in its planning and development (OECD, 2020^[4]). Destination management organisations often play a leading role in developing tourism, working in collaboration with regional and local government, and increasingly have other related roles, such as inward investment promotion, and co-ordinating the management of all elements that make up a destination (OECD, 2020^[4]). Moreover, there needs to be active co-operation and dialogue with the private sector and NGOs, and active involvement of local communities in the overall governance structure to ensure coherent tourism management in an economy (UNWTO, 2013^[9]).

This section aims to assess the efficiency of tourism governance co-operation at the economy and destination level, and the progress made on developing a tourism data collection and sharing framework (Table 18.2).

Overall, Albania, Montenegro and Serbia have managed to establish the most effective governance and co-operation frameworks at economy and local levels (scoring from 2.4 to 3.8), while the frameworks in Bosnia and Herzegovina, Kosovo and North Macedonia still need significant improvement, especially in tourism governance and institutional set up and in vertical co-operation, where they score only between 1.0 and 1.5. Across all economies, the tourism data collection and sharing framework is the most advanced, reaching the highest average score overall (3.0) in this sub-dimension. However, the economies still need to work on this area intensively to provide consistent and reliable data for decision making.

Table 18.2. Scores for Sub-dimension 15.1: Governance and co-operation

Sub-dimension	Qualitative indicator	ALB	BIH	KOS	MKD	MNE	SRB	WB6 average
Sub-dimension 15.1: Governance and co-operation	Tourism governance and institutional set up	2.0	1.0	1.0	1.0	4.0	3.0	2.0
	Partnership with stakeholders	3.5	1.0	2.0	1.0	4.0	3.0	2.4
	Vertical co-operation	2.0	1.0	1.0	1.5	3.0	3.0	1.9
	Data collection and interpretation	2.0	2.0	3.5	3.5	4.0	3.0	3.0
Sub-dimension average score		2.4	1.3	1.9	1.8	3.8	3.0	2.3

Tourism governance still needs improving to implement policy measures effectively

Clear tourism policies, effectively implemented by governance structures that embrace a range of stakeholder interests, are essential for sustainable tourism development and competitiveness. Albania, Montenegro, Serbia and Republika Srpska (RS) in Bosnia and Herzegovina⁷ have committed to developing an efficient governance structure with well-established inter-ministerial co-ordination and the active involvement of private stakeholders, municipalities, educational institutions and NGOs in the planning and development of tourism. The tourism strategies in these economies and entity clearly define policy measures and actions to be implemented (by ministries responsible for tourism and other relevant ministries), as well as budget allocation and the timeframe for implementation. A multi-governmental approach that respects the cross-cutting nature of the tourism sector is confirmed by the adoption of specific tourism-related strategies/programmes and the inclusion of tourism in other strategies (Table 18.3). Regular co-operation among public officials in the ministries is formally established through bodies such as tourism councils and working groups (Table 18.4). In Kosovo, North Macedonia and the Federation of Bosnia and Herzegovina (FBiH), tourism governance is still weak. In North Macedonia, this is reflected in the fact that few policy measures defined in the tourism development strategy have been implemented. In the FBiH, a draft Tourism Strategy for 2008-2018 was prepared but never adopted, and the FBiH Law on Tourism was cancelled in 2014 and a new one has not yet been adopted. The tourism policy framework in Kosovo is in the early stages of development and the Tourism Development Strategy is currently being developed.

Table 18.3. Tourism strategies and tourism-related strategic documents in WB6 economies

Economy	Tourism strategies and tourism-related strategic documents	Key focus area
ALB	Strategy for the Sustainable Development of Tourism 2019-2023	Overall tourism development
	General National Territorial Plan 2015-2030	Sustainable tourism based on natural resources
	Integrated Cross-Sectoral Plan for the Coast 2015-2030	Coastline and urban tourism
	Sectorial Strategy of Transport and Action Plan 2016-2020	Connectivity and accessibility
	Cross-Cutting Strategy Digital Agenda of Albania 2015-2020	Development of connected tourism/e-tourism
	Cross-Sectoral Strategy for Rural and Agricultural Development 2014-2020	Development of rural tourism and tourism related to culture, nature, mountains, etc.
	National Strategy for Culture 2019-2025	Management of cultural heritage and cultural tourism
	Policy Document on Biodiversity and Law on Protected Areas	Management of natural heritage and nature adventure tourism
BIH	Tourism strategy is under jurisdiction of the entities	
	Strategy of Cultural Policy in Bosnia and Herzegovina (adopted in 2008)	Includes cultural tourism development
	Biodiversity Strategy and Action Plan for 2015-20 (adopted in 2016)	Includes natural heritage and nature adventure tourism
	FBiH: Tourism strategies at the cantonal level	Overall tourism development
	RS: Tourism Strategy for the period 2010-2020	Overall tourism development
KOS	Tourism Strategy is under development	
	National Strategy for Cultural Heritage 2017-2020.	Management of cultural heritage and cultural tourism
	Strategy and Action Plan for Biodiversity 2011-2020	Management of natural heritage and nature adventure tourism
MNE	Tourism Development Strategy 2020	Overall tourism development
	Rural Tourism Development Programme and Action Plan 2019-2021	Measures for development of tourism in rural areas
	Cultural Tourism Development Programme and Action Plan 2019-2021	Cultural tourism products
	Health Tourism Development Programme and Action Plan 2021-2023	Includes sustainable component of tourism development
	National Strategy for Sustainable Development by 2030	Sustainable and health tourism
	Smart Specialisation Strategy of Montenegro (adopted in 2019)	Tourism and culture tourism
	Cultural Heritage Development Strategy for 2020-2025	Cultural tourism products
	National Strategy of Preservation and Sustainable Use of Cultural Heritage	Protection of cultural heritage
	National Biodiversity Strategy and Action Plan for 2016-2020	Integrating and developing biodiversity protection measures in the tourism sector.
	Montenegro Development Directions 2018-2021	Includes measures for tourism
	Montenegro Economic Reform Programme 2020-2022	Includes measures for tourism
	Strategy of Regional Development 2014-2020	Includes measures for tourism
MKD	National Tourism Development Strategy 2016-2021	Overall tourism development
	Tourism Development Strategy 2016-2025	Overall tourism development
SRB	The Tourism Development Strategy of the Republic of Serbia for the Period 2016-2025	Overall tourism development
	The Strategic Marketing Plan for Tourism of the Republic of Serbia until 2025 (adopted in 2021)	Tourism marketing
	Agriculture and Rural Development Strategy for 2014-2024	Includes tourism in rural development
	Strategy of Sustainable Urban Development until 2030	Includes sustainable component of tourism development
	Culture Development Strategy 2020-2029	The impact of tourism on cultural heritage and natural resources, and rules for cultural and natural heritage protection from the negative impacts of tourism

Note: In Bosnia and Herzegovina, FBiH = Federation of Bosnia and Herzegovina, RS = Republika Srpska.

Source: Ministries responsible for tourism in WB6 economies; Tourism C0 2021 qualitative questionnaire.

Despite these relevant strategies, representatives of WB6 economy ministries responsible for tourism, except those in Albania and Montenegro, claimed that there is still significant room to improve inter-ministerial co-operation. The lack of monitoring of implemented policy measures in terms of outputs and outcomes hinders a more realistic assessment of progress, and limits the ability to adapt decisions and policy measures to monitoring results. Only Albania and Montenegro have made progress in introducing regular monitoring of implemented policy measures since the last assessment.

Public-private co-operation and dialogue is formally established, but not monitored or evaluated

The private sector is key to the development and co-ordination of tourism policy, and its involvement ensures that policies address the key challenges of the sector. Accordingly, an effective partnership and dialogue framework is one of the key factors for ensuring coherent tourism development.

All WB6 economies have established a public-private dialogue and co-operation framework at the economy level, which also includes vertical co-operation with the local level. With the exception of North Macedonia, all WB6 economies have established formal bodies at the economy level, which besides relevant ministries include representatives of the private sector, NGOs, educational institutions and municipalities (Table 18.4). The members of the councils or working groups meet at least twice a year to discuss the design and implementation of tourism strategies and other tourism related issues. However, a more detailed assessment of the effectiveness of public-private co-operation could not be provided due to the lack of monitoring and evaluation.

Table 18.4. Formal bodies for co-operation and dialogue with non-government tourism stakeholders in WB6

Economy	Name of formal tourism body	Members/representatives of institutions
ALB	Private Sector Advisory Committee of Tourism (chaired by the Minister for Tourism)	Associations of enterprises; higher education institutions; chambers of commerce; tourist associations or NGOs operating in the field of tourism; international institutions/donors.
BIH	Tourism Working Group (established by the Ministry of Foreign Trade and Economic Relations)	Ministries responsible for tourism in the entities of FBiH and RS; Brčko District; Foreign Trade Chamber of BiH.
KOS	The Kosovo Tourism Council	Ministry of Trade and Industry; Ministry of Environment and Spatial Planning; Ministry of Education, Science and Technology; Ministry of Culture, Youth and Sports; Association of Municipalities; tourism experts; representatives of NGOs.
MKD	Working group for the development of the tourism strategy (chaired by senior tourism official)	Chamber of Commerce; the eight regions; municipalities; educational institutions; NGOs; other associations (e.g. the Mountaineering Association).
MNE	Tourism Council (chaired by the Prime Minister), Co-ordination body (chaired by the Minister of Sustainable Development and Tourism)	Relevant ministries; stakeholders from the private sector (e.g. Chamber of Commerce and their associations); local communities and NGOs.
SRB	National Council for Tourism Development (chaired by The Minister of Trade, Tourism and Telecommunications)	Tourism Organization of Serbia; Association of Travel Agencies (YUTA); Business Association of Hotel and Restaurant Industry (HORES); Association of Tourist Guides; Spa Associations of Serbia; Air Serbia; universities; Belgrade municipality.

Source: Ministries responsible for tourism in WB6 economies; Tourism CO2021 qualitative questionnaire.

Municipalities need systematic government support to develop tourism effectively

Regional and local governments often play both a strategic and a delivery role in relation to tourism, which requires them to understand the challenges of their tourism sector and put in place plans to address these

challenges and develop tourism. They may also be involved in domestic promotion, while overseas and economy-wide promotion is usually the responsibility of economy-level tourism organisations. The administration of tourism therefore needs to be co-ordinated vertically, taking into account the roles and activities of regional and local jurisdictions (OECD, 2020^[4]).

Vertical co-operation is established in all WB6 economies, while destination management still needs to be strengthened in most economies. Municipalities in all the economies are formally involved in overall tourism governance. Local tourism development strategies (where adopted) are mainly aligned with economy-level tourism strategies. Implementation remains a challenge, mostly due to weak human and financial resources in the municipal governments, lack of investment in infrastructure and limited co-operation with private stakeholders. Moreover, destination management organisations, which should play a leading role in developing tourism, are only established and functioning well in Serbia and Republika Srpska.⁸ On a positive note, recent donor projects in Bosnia and Herzegovina⁹ have helped to improve public-private co-operation at the destination level and can serve as a good model for all other main tourist destinations in the economy. In Kosovo, while tourism governance and destination management are relatively weak, most municipalities have established departments for tourism development and adopted tourism development strategies.¹⁰

Data collection has improved, but data need to be more reliable

Improving the reliability, accessibility and transparency of statistics is vital to guide tourism development. The provision and measurement of good quality tourism data requires the active involvement and co-ordination of key players.

Since the last assessment, most WB6 economies have made some progress in this area. All WB6 economies have tourism data collection and sharing frameworks formally in place, defined in laws on statistics. Informal co-operation among the relevant institutions for data collection is also established (e.g. ministries responsible for tourism, central banks, custom offices).

North Macedonia started preparing its first Tourism Satellite Account (TSA)¹¹ in 2019, and BiH and Montenegro are planning TSA implementation for 2021. In Serbia, a central information system for hospitality and tourism (e-tourists) started to operate in 2020 with the aim of consolidating all data on accommodation providers. Kosovo and Montenegro plan to establish the e-tourism electronic guest registration in 2021.

The findings of this assessment are also relevant for the WB6 economies' implementation of the Common Regional Market Action Plan, which includes a component on tourism data and statistics (Box 18.1).

Box 18.1. Tourism governance and co-operation in the Common Regional Market

The regional industrial and innovation area of the CRM 2021-24 Action Plan includes a component on tourism data and statistics (Priority 8.8). The following key findings of the CO2021 governance and co-operation sub-dimension, and in particular the tourism data collection and interpretation indicator, can inform the implementation of actions under this component:

- All WB6 economies have a tourism data collection and sharing framework formally in place, as defined in laws on statistics.
- North Macedonia has begun the preparation of the first Tourism Satellite Account, and BiH and Montenegro are planning TSA implementation for 2021.
- Serbia has established a central information system for hospitality and tourism (e-tourists) to enable the more accurate statistical monitoring of domestic and foreign tourists and to improve the reliability of collected data.

The way forward for governance and co-operation

- **Revise tourism strategies and adapt strategic goals and policy measures to focus on more sustainable and resilient models of tourism development.** COVID-19 has changed tourist behaviour, preferences and patterns. For example there is now a greater demand for short haul travel domestically or to neighbouring economies; a preference for travelling by rail or car rather than aeroplane; people are staying in self-catering and private accommodation rather than hotels; are visiting coastal, regional and rural areas rather than cities; and are participating in walking, cycling and other outdoor activities rather than spending time in enclosed spaces (OECD, 2020^[10]). Revised tourism strategies should also include crisis management to better address the recovery and to be better prepared for the next crises.
- **Further strengthen the governance structure at the central level by establishing efficient inter-ministerial co-operation.** This will help to harmonise tourism policy priorities with the priorities of other sectoral policies and strengthen the capacity of public officials for managing tourism development. In particular, North Macedonia should establish a formal government body to improve the effectiveness of inter-ministerial co-operation.
- **Establish regular monitoring and introduce the independent evaluation of implemented policy measures** to assess their effectiveness, and make adjustments accordingly. This would contribute to the more prompt response and adaptation of tourism policy to the current market situation. This is valid for all WB6 economies, except Montenegro and Serbia, which already have such measures. All WB6 economies should include relevant indicators of the effectiveness of public-private co-operation and dialogue in the overall monitoring model to provide a reliable basis for improvements.
- **Strengthen dialogue and co-operation with private sector stakeholders, educational institutions and NGOs at all levels of government.** Involve private sector stakeholders more actively in the process of decision making to better address their needs and to understand expected government support in the implementation of development projects. The current crisis has confirmed that co-ordinated actions across governments at all levels, as well as with the private sector, is essential for mitigating the impacts of the crisis on tourism. Organising events such as tourism forums as an open space for the exchange of views on tourism development could contribute to the more active involvement of a wider range of tourism stakeholders and enable the better understanding of commonly set goals and objectives. This would provide conditions for more co-ordinated action in the tourism sector and could contribute to awareness raising among private stakeholders of the benefits of co-operation and dialogue for businesses development. The Days of Slovenian Tourism initiative might serve as inspiration (Box 18.2).
- **Empower local communities and tourist destinations to manage tourism development** by establishing tourism destination management organisations (particularly in Albania, Kosovo, North Macedonia and FBiH), providing sufficient budgets, and implementing sound capacity building programmes for local tourist organisations (LTOs). This will help the faster, more efficient and sustainable development of competitive tourism products. Post-COVID-19 recovery requires well-functioning destination management that will be able to facilitate the development of new bookable tourist products from MSMEs, and their connections to inbound tour operators and other marketing channels (OECD, 2021^[11]). Sufficient resources should be allocated to destinations and to SMEs in tourism so that they can develop new and adapt existing tourist products, build new tourist infrastructure, and implement digital marketing campaigns effectively.¹² The following funds should be used for these purposes: an EU package of EUR 385 million to support socio-economic recovery in the Western Balkans and ensure the survival in the short term, and recovery in the medium term, of businesses in the private sector; a European Investment Bank (EIB) support package of EUR 1.7 billion for additional loans for public sector investments, as well as credit for enterprises, to help safeguard jobs for those working in the region's SMEs (EC, 2021^[12]).

- **Improve the tourism data collection and sharing framework to empower policy makers with reliable information for decision making.** The introduction of electronic data collection methods (e-questionnaires, web surveys, etc.) in all economies would improve the reliability of tourism data collected. Establishing a formal co-ordination body among relevant institutions would help to increase the quality of tourism data collection. In all economies, updating and expanding survey evidence (such as visitor perceptions, spending, room occupancy, revenue per room, and details by statistical region) would provide a better basis for decision making in tourism. Albania, Kosovo and Serbia should first consider introducing a TSA. Albania, Bosnia and Herzegovina, and North Macedonia should introduce electronic data collection, drawing on best practice examples from other economies in the region.

Box 18.2. Annual gathering of tourism stakeholders: Days of Slovenian Tourism

Since 1997, the Days of Slovenian Tourism (DST) annual event has been organised to strengthen co-operation in the development and marketing of Slovenian tourism among major institutions active in tourism in Slovenia. This is in line with the basic principle of all Slovenian Tourism Development Strategies since 2002 that public-private partnerships for sustainable tourism development should be encouraged.

The DST is organised by the Ministry of Economic Development and Technology, the Hospitality and Catering Chamber, the Chamber of Crafts and Entrepreneurship, and the Slovenian Tourist Board. It gathers the whole tourism community in one place, with the tourist destination changing each year.

The central part of the DST is the annual **Slovenian Tourism Forum**, where current issues, trends in tourism and new projects are presented and discussed. This is also an open space for discussion on the next steps and future development of Slovenian tourism. Other important sessions include the **plenary session** where the main tourism achievements of the previous year are discussed and the highest achievements in tourism awarded (e.g. best innovations in tourism, best business model, best investments, best worker, best destination). The **Catering and Tourism Assembly also takes place during the DST, as do assemblies of several other tourist organisations**. There is an exhibition where new technologies for catering, hospitality and other tourism related sectors are presented.

Note: DST 2020 was organised virtually.

Source: (Slovenian Tourist Board, 2019^[13]), *Days of Slovenian Tourism 2019: Programme of events*, <https://www.slovenia.info/22st-slovenian-tourism-forum>.

Destination accessibility and tourism infrastructure (Sub-dimension 15.2)

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. The most important information for visitors when deciding where to go is the accessibility of a destination and the availability of high-quality accommodation. While accessibility influences the flow of tourists to and within the destination, and has a considerable impact on tourists' first impressions, the availability of consistent high-quality accommodation ensures tourists are satisfied and choose to return in the future.

This section aims to assess improvements in destination accessibility, the existence and effectiveness of accommodation quality standards and an investment facilitation framework, and the quality of tourists' access to information.

Overall, the connectivity framework can still be improved considerably throughout the region (average score 1.5). Although some progress has been made, there is still room for improvement in establishing a consistent quality assurance framework, especially in Kosovo, Bosnia and Herzegovina and

North Macedonia. Montenegro (4.0), followed by Kosovo and Serbia (3.0), have managed to establish the best tourist information system so far; however, the quality of the system can still be improved in all WB6 economies (Table 18.5).

Table 18.5. Scores for Sub-dimension 15.2: Destination accessibility and tourist infrastructure

Sub-dimension	Qualitative indicator	ALB	BIH	KOS	MKD	MNE	SRB	WB6 average
Sub-dimension 15.2: Destination accessibility and tourist infrastructure	Connectivity framework	2.0	0.5	0.5	1.0	3.0	2.0	1.5
	Accommodation capacity and quality	3.0	2.0	1.0	2.0	3.5	3.0	2.4
	Information availability	2.5	2.0	3.0	2.0	4.0	3.0	2.8
Sub-dimension average score		2.5	1.5	1.5	1.7	3.5	2.7	2.2

Easing border crossings is a key challenge for improving destination connectivity

Overall, limited progress has been made in improving destination accessibility in the WB6 economies since the last assessment. Although Albania, Montenegro and Serbia have further reduced visa requirements, the other economies have made no progress on this matter. Montenegro has made progress in easing border crossings with the adoption of special regimes for tourists in the high season. Albania introduced e-visa applications in 2020.

The accessibility of destinations remains one of the key challenges to further developing tourism in the region. The poor experience of many tourists, tour guides and operators at border crossings is recorded as the most pressing issue in regional tourism (Kennell J., 2019^[14]) and includes extremely long waits at crossings with no explanation provided; unexpected closures of crossings, again with no warning or information available; language barriers involving tourist-facing staff; refusals to let suitably credentialed tourists or guides cross, with no clear explanation available or avenues for recourse; and in some cases a perception of corruption or other non-transparent procedures taking place at border crossings. This affects the launch of the regional, and internationally competitive, cultural and adventure tourism products developed as part of the Regional Cooperation Council's (RCC) Tourism Development and Promotion project, which could contribute to branding the region as a desirable tourist destination¹³ (Box 18.3).

Box 18.3. Regional cultural and adventure tourism: The RCC's Tourism Development and Promotion project

The RCC's Tourism Development and Promotion project works to consolidate the fragmented tourism offer in the WB6 economies through the creation of joint and internationally competitive tourism offers in cultural and adventure tourism. Such offers will be promoted globally and contribute to branding the region as a desirable tourist destination. Regional (three or more WB6 economies) tourism routes have been developed and are ready to launch on the market. These should attract more international tourists, lengthen their stay in the region, increase revenue and contribute to employment in the industry. However, COVID-19 has slowed down the launch of these products. Two products developed under this project are explored below.

The **Western Balkans Crossroads of Civilisations** was conceived with the aim of defining the framework for the development of an overarching shared regional umbrella identity. There are three main aims of this product: 1) to promote the rich and diverse cultural heritage of the WB6 region; 2) to spearhead the repositioning of the region in the international travel market; and 3) to support the development of high-quality services, products and essential tourism infrastructure at tourist destinations. The concept identified core points of historic intertwining to justify the selection of sites that communicate the heritage of the Western Balkans. The 40 sites and locations throughout the WB region have been identified and represent the starting point for creating tourism products and itineraries. Storytelling, a brand development strategy, a brand labelling system and a marketing strategy with two-year action plans have been prepared. These documents represent a solid base for the development of regional cultural tourism itineraries and marketing them internationally.

The idea of the **Balkan Monumental Trail (BMT)** is to explore and highlight hidden or forgotten monuments in the Western Balkans, with an emphasis on World War II heritage. Related to this, the RCC's Triple P Tourism Project aims to create tourism infrastructure (tourism route, signage, marketing tools) and a network of partnerships that will serve as conduit for tourists to effectively engage with these monuments. Furthermore, as many of these monuments are located in areas far from normal tourist paths, the creation of the Balkan Monumental Trail will bring economic stimulation to areas currently underserved by tourism traffic and keep tourists in the region for a longer period of time. This concept encompasses the historical and cultural significance of monumental sites, visual impressiveness, and architectural and artistic appeal.

Via Dinarica, a 2 000 km hiking mega trail running along the Dinaric Alps, was extended from Slovenia, Croatia and Bosnia and Herzegovina to Albania, Kosovo and Serbia in 2019.

Note: Promotional videos for these products have been prepared and are being promoted at several tourism fairs, such as ITB Berlin and ITB Shanghai. Videos are available at: <https://www.youtube.com/watch?v=Hvvlq33TRYg>; <https://www.youtube.com/watch?v=B-L2CYOKE7I>; and <https://www.youtube.com/watch?v=sXtFzY9TrnQ>.

Source: (RCC, 2020^[15]), *Tourism Development and Promotion Project*, https://www.rcc.int/priority_areas/40/tourism-development-and-promotion; (RCC, 2019^[16]) *Via Dinarica extends throughout Western Balkans: RCC developing a marketing strategy for the trail*, <https://www.rcc.int/events/1331/via-dinarica-extends-throughout-western-balkans-rcc-developing-a-marketing-strategy-for-the-trail>.

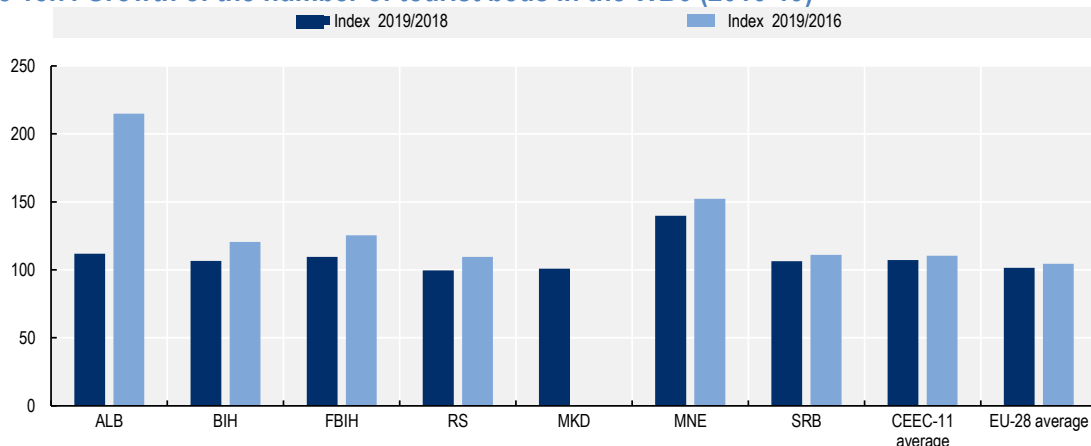
Accommodation quality has improved, but there is insufficient monitoring and control

The availability and quality of accommodation facilities is one of the key success factors of the tourism sector. Therefore, it is important to design an accommodation facilitation framework that fosters the availability and quality improvements of all types of accommodation in an economy. Providing incentives for investment in private accommodation facilities, especially by MSMEs, can boost the availability of different types of high-quality accommodation adapted to the needs of tourists. An effective accommodation quality standards framework is necessary to sustain the consistent quality of

accommodation facilities. Accordingly, governments are looking to official certification schemes to denote the quality of facilities and services, and to support local businesses to improve their products and service quality (OECD, 2020^[41]).

In the period 2016-19, five of the six economies (data for Kosovo are not available) increased the number of beds registered in private accommodation. Except for North Macedonia, the growth of the number of beds was higher than EU (4.5%) and CEEC (10.3%) averages. Albania recorded the highest growth (115%), followed by Montenegro (52.3%) and Bosnia and Herzegovina (20%) (Figure 18.7). The impact of COVID-19 on the availability and further growth of beds in the WB6 economies has not yet been monitored. However, it can be assumed that the pandemic has led to the reduction of accommodation facilities in WB6 economies.

Figure 18.7. Growth of the number of tourist beds in the WB6 (2016-19)



Note: For North Macedonia only Index 2018/2019 is calculated as the data for 2016 and 2017 are not available. The CEEC-11 countries are Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia.

Source: For EU and CEEC: (Eurostat, 2021^[17]), *Number of establishments, bedrooms and bed-places (database)*,

http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=tour_cap_nat&lang=en; for Albania: (INSTAT, 2019^[18]), *Tourism Survey*

"Accommodation establishments", <http://www.instat.gov.al/media/7332/tourism-survey-accommodation-establishments-2019.pdf>; for other economies data were provided by the statistical offices through the quantitative questionnaire.

StatLink  <https://doi.org/10.1787/888934255152>

In most WB6 economies (Albania, Bosnia and Herzegovina, Montenegro and Serbia), several incentives (subsidies and/or loans) are available for private and public investors in high-quality accommodation. In North Macedonia and Kosovo, incentives are rather limited and there has been no major investment in accommodation.¹⁴

Despite the recent relatively high growth of accommodation capacity in the region (which might have fallen in 2020), there is still room for improvement. Except for Montenegro, all other economies have yet to establish regular monitoring and evaluation of policy measures to facilitate investment in accommodation facilities, which would ensure the most efficient allocation of limited financial resources. Moreover, the lack of clearly defined property rights (in Albania), lengthy spatial plan preparation procedures and weak co-operation with private investors in strategic planning at the destination level, along with other cross-cutting challenges in the business environment, hamper investment in accommodation and other tourist infrastructure in all WB6 economies.

Since the last assessment, all WB6 economies have been developing consistent accommodation quality standard frameworks based on international standards, have begun the process of categorising accommodation structures and have established a register of accommodation facilities. Every type of accommodation must be categorised in all economies except Kosovo. However, the development of a consistent accommodation quality standard framework is still in the early stages, and needs the further

engagement of responsible ministries to ensure that it is efficient. The key challenge in this regard is to empower responsible inspectorates with sufficient human and financial resources to monitor and control the categorisation of accommodation.

Tourism information systems require better management and co-ordination, and regular monitoring and evaluation

The WB6 economies have established systems that provide information on the accommodation, attractiveness and services available at tourist destinations. Information is provided in multiple languages via websites, road signage and tourist information centres. Tourism information is reported to be updated regularly in all WB6 economies.

Montenegro, Serbia and Republika Srpska have a well-established system for co-ordinating tourist information between the central and local destination levels, while the other economies still need to strengthen co-ordination among different stakeholders to establish a comprehensive information database. The main area for improvement overall is establishing tourism information system frameworks that will include the regular monitoring and evaluation of tourist information. Currently, only Montenegro monitors the quality of tourism information by conducting regular visitor surveys, and even here an independent evaluation of the tourist information system is recommended to identify potential weaknesses not detected in the surveys. Providing real-time information to tourists is becoming a key way of gaining competitive advantages in tourism, and using digitalisation to improve tourist information systems should be considered in all WB6 economies.

The way forward for destination accessibility and tourist infrastructure

- **Improve destination accessibility by further reducing visa requirements and easing border crossings.** WB6 economies could adopt special regimes to speed up border crossings, especially during peak seasons. Eliminating barriers identified in this area would ease tourism flows within the WB6 economies, helping to increase the attractiveness of the region in the global tourism market. A tourism ambassador programme for key tourist border crossing points could be a good solution as this would not require a systematic review of border arrangements and resourcing and is achievable in the short term (Box 18.4).
- **Establish the monitoring and evaluation of policy actions to facilitate investment in accommodation facilities.** Monitoring and evaluation should focus on how policy measures raise the overall quality of accommodation. The timely adaptation and upgrading of measures based on perceived weaknesses will improve the efficient use of scarce (available) financial resources.
- **Empower tourism inspectorates to effectively monitor and control the categorisation of accommodation facilities.** An effectively designed quality assurance framework will motivate private stakeholders to register and categorise their accommodation. Mechanisms used for this purpose include awareness-raising campaigns, training, and advice for private stakeholders on how to improve accommodation quality and why it is important.
- **Further strengthen the tourism information system by monitoring and evaluating the quality of tourist information** and ensuring that online sources of information are user friendly. Providing accurate and comprehensive information about destinations is key for attracting tourists. The benchmarking of online tourist information with competitors in terms of attractiveness, time spent to find comprehensive information and response time for the provision of requested information to tourists is one of the mechanisms to improve the effectiveness of tourist information systems. Regular surveys can also be implemented among visitors to better understand what information they perceive as the most important and what they might miss in this regard.

Box 18.4. The tourism ambassador programme

Tourism ambassadors have frequently been used in temporary situations such as when a destination is hosting a large special event where an increase in visitor numbers is identified as a potential danger to the quality of the tourism experience. Tourism ambassadors are often specially trained volunteers or students on placement programmes who can be brought in and out of the workforce during spikes in tourist arrivals. They can also be employed on a more permanent basis, often through the creation of a specialist team within the police or a local authority. This is particularly effective when it is likely that tourists will be unfamiliar with the destination and/or suffer significant accessibility barriers due to language or culture.

In Korea and Thailand, where international tourist arrivals have risen dramatically over the last decade (in Korea by nearly 99% and in Thailand by 150% in the period 2010-2019), the decision was taken to create specialist tourist police. More locally, the Serbian and Chinese police forces have partnered to deploy Chinese police in Belgrade to support the growing numbers of Chinese tourists. Tourism ambassadors should be trained by the local destination management organisation or national tourist organisation and deployed in highly visible ways at key tourist border crossings during peak periods. They would work solely on one side of the border crossing and provide information and assistance to tourists. They should also be able to mediate in local languages in the case of disputes.

Source: (Kennell J., 2019^[14]), *Western Balkans Tourism Policy Assessment and Recommendations*, https://rcc.int/download/docs/Ref%201_Tourism%20Policy%20Assessment%20with%20Recommendations.pdf/fb7c2c820b58ee138933888458ea4096.pdf.

Availability of a qualified workforce (Sub-dimension 15.3)

Tourism is an important job creator, and the sector is highly dependent on quality human resources to develop and deliver a competitive tourism offering. However, finding and retaining the right calibre of staff remains a challenge in the sector, and is compounded in some economies by demographic trends and other influences that reduce the available talent pool. Tourism-related education and training are a principal area of government intervention in many economies to develop the required quantity and quality of skilled workers (OECD, 2020^[4]). Due to COVID-19, skills shortages in the tourism sector may be exacerbated as many jobs have been lost and workers are moving to different sectors (OECD, 2020^[10]). This means that there should be an even greater focus by governments to adopt policy measures to increase people's interest in studying and working in tourism.

This section assesses the existence and scope of human resource (HR) policy and action plans for tourism. It focuses on how efficiently the WB6 economies address skills gaps and training needs, and how the private sector is involved in the development of curricula and training programmes. Moreover, it assesses the overall capacity of schools to deliver high quality education and training, and the efficiency of the quality assurance and accreditation framework in terms of human and financial resources.

On average, the WB6 economies achieved a score of 1.8 for the availability of qualified workforce sub-dimension (Table 18.6), signifying that the availability of a qualified workforce could be improved considerably throughout the region. Although the WB6 economies have made moderate progress, especially in improving the VET framework in tourism, the higher education and skills supply framework still needs improvements. Montenegro has the highest average score (2.3) due to the high importance of tourism in the economy. Albania, Kosovo and North Macedonia have made significant progress regarding VET framework improvement, but no progress in the skills supply and higher education framework (Table 18.6).

Table 18.6. Scores for Sub-dimension 15.3: Availability of a qualified workforce

Sub-dimension	Qualitative indicator	ALB	BIH	KOS	MKD	MNE	SRB	WB6 average
Sub-dimension 15.3: Availability of a qualified workforce	Skills supply framework	2.0	0.5	1.5	1.5	2.0	1.0	1.4
	VET framework for tourism	2.0	2.0	2.5	1.5	2.5	3.0	2.3
	Higher education framework for tourism	1.5	1.5	1.5	2.0	2.5	2.0	1.8
Sub-dimension average score		1.8	1.3	1.8	1.7	2.3	2.0	1.8

Skills supply frameworks need improving to meet the needs of the tourism industry

All WB6 economies have established strategic goals in their tourism development strategies to improve HR development. However, these ambitions to ensure favourable conditions in the tourism labour market are not always reflected in clear policy measures, or in implementation. The strategies mostly only give recommendations for improving the attractiveness of tourism studies among students, and there are no concrete policy measures.

In Montenegro, the skills supply framework is defined in the Strategy for Human Resources Development in the Tourism Sector, which provides an assessment of skills gaps and training needs, and defines a list of policy measures for human resources development and governance structure. In the other WB6 economies an assessment of skills gaps and training needs is only planned.

The key challenge for all WB6 economies is to encourage more young people into formal tourism education. The regional project, Towards regionally-based occupational standards (TO REGOS), implemented by the Education Reform Initiative of South Eastern Europe within the Western Balkans Alliance for Work-based Learning, aims to develop common qualifications standards in tourism in the Western Balkans. This represents an opportunity to improve the skills supply framework in the region (ERI SEE, 2018^[19]).

This indicator is also relevant for the implementation of the Common Regional Market agenda, which includes a component on the development of common occupational standards for tourism (Box 18.5).

Box 18.5. Availability of a qualified workforce in the Common Regional Market

The regional industrial and innovation area of the CRM 2021-24 Action Plan includes a component on developing common occupational standards for tourism (Priority 8.8). The following key findings of the CO 2021 sub-dimension on availability of a qualified workforce, and in particular the skills supply indicator, can inform the implementation of actions under this component:

- All economies have established strategic goals for improving HR development in tourism development strategies. However, ambitions to strengthen overall HR policy frameworks are not always reflected in clear policy measures, nor in the implementation of these measures.
- In Montenegro, 34 occupational frameworks in the tourism sector have been updated and harmonised with market needs. In all other WB6 economies the assessment of skills gaps and training needs is only planned.

Most economies have made good progress in developing a VET tourism framework

In many economies, tourism-related education and training is a principal area of government intervention to ensure that there is the required quantity of skilled workers to deliver and maintain high-quality service standards. Policy making for the VET framework for tourism is undertaken through the quality assurance and accreditation of VET programmes. An agency for quality assurance and accreditation should be established, staffed and funded, and operate with political support. It should also have links to both the

public and the private sector to ensure that education and training programmes are in line with the current and, more importantly, future needs of the tourism industry (OECD, 2020^[4]).

Nearly all WB6 economies have a tourism VET framework in place (except for Bosnia and Herzegovina, although an overall state-level VET strategy is under development), and most have made sound progress since the last assessment. Albania, Kosovo, Montenegro, North Macedonia and Serbia have established quality assurance agencies that involve private sector stakeholders in the development of VET curricula, and practical training is mandatory within VET programmes. However, in general the monitoring and evaluation of the VET framework still needs improvement to enable it to better assess the efficiency of VET and the effectiveness of private-public co-operation in this area.¹⁵ This is particularly relevant for Bosnia and Herzegovina, which has made less progress in this regard. It still lacks a formal accreditation process for VET programmes and private sector stakeholders are not actively involved (especially in the FBiH).

The higher education framework for tourism still needs considerable improvement

Progress in the higher education framework for tourism has been rather limited since the last assessment. With the exception of Montenegro, where tourism is a high priority due to its contribution to overall economic performance, none of the other WB6 economies have a two-year higher education framework dedicated to tourism, although tourism studies are included in university higher education programmes.

The way forward for a qualified workforce

- **Develop a tourism-specific human resource policy to address key challenges to the availability and quality of the workforce.** This is crucial for the provision of high-quality tourist products and offers, which is the core vision of all WB6 economies. The strategy should include a comprehensive skills gap assessment that covers the consequences of COVID-19; a programme for strengthening the tourism educational system in close co-operation with tourism industry representatives; policy actions to increase the attractiveness of tourism studies and professions, especially among the young population; and policy actions to increase the attractiveness of tourism education for lecturers.
- **Strengthen VET and higher education frameworks further to develop the required quantity and quality of skilled workers.** The more active involvement of the tourism industry in updating and developing new curricula will ensure that newly developed education and training programmes meet the needs of the tourism industry now and in the future. Mandating the involvement of businesses in the quality assurance process for qualification development could be a first step. Introducing the regular monitoring and evaluation of the VET framework will provide an accurate and more reliable assessment of its efficiency and enable the prompt correction of weak areas.
- **Provide sufficient budgets for new technologies and modern equipment in educational institutions, and training for teachers to keep up with technological advances in tourism.** The tourism industry is one of the greatest users of modern ICT. Fast developments in this field demand constant re-learning for stakeholders to sustain their competitive position in the market. Training should therefore be provided for tourism sector stakeholders and for teachers. Schools also need the appropriate equipment to be able to deliver practical as well as theoretical knowledge and skills to students.
- **Strengthen regional co-operation in the VET and higher education frameworks for tourism.** The TO REGOS project is a good starting point for strengthening regional co-operation in HR development. The first occupational standard for hotel and restaurant technicians was developed in 2020 (ERI SEE, 2018^[19]). Developing new regional VET programmes and training in tourism could be the next step.

Sustainable and competitive tourism (Sub-dimension 15.4)

Sustainable tourism development considers current and future economic, social and environmental impacts, and addresses the needs of visitors, the industry, the environment and host communities (OECD, 2018^[20]). Sustainable tourism can also raise awareness of cultural and environmental values, help finance the protection and management of protected areas, and increase their economic value and importance. Governments are increasingly developing policies that seek to maximise the economic, environmental and social benefits that tourism can bring, while reducing the pressures that arise when growth in this area is unplanned and unmanaged. Policy measures to address these concerns have become a priority, and governments have made efforts to deal effectively with overcrowding at popular destinations; spread economic and other benefits to areas that attract fewer visitors; develop new products to expand the season; and encourage increased productivity, better resource use and more stable employment (OECD, 2020^[4]). The COVID-19 crisis is an opportunity to rethink tourism for the future. Governments need to consider the longer-term implications of the crisis, while capitalising on digitalisation, supporting the low carbon transition, and promoting the structural transformation needed to build a stronger, more sustainable and resilient tourism economy (OECD, 2021^[21]).

A coherent and consistent policy framework is needed to provide an enabling environment for sustainable tourism investment. This involves co-ordinating actions across different policy areas, including tourism, environment and innovation, and across different levels of government to encourage sustainable and responsible business practices and to attract private investors to invest in a sustainable manner. Private investment is essential to deliver sustainable and inclusive tourism growth (OECD, 2018^[20]).

This section assesses the existence and efficiency of sustainable tourism policy frameworks that influence both the development and the operation of the tourism sector to make it more sustainable.

Overall, Montenegro has managed to develop the most comprehensive framework for sustainable and competitive tourism development so far, having the highest average score in this sub-dimension (3.0), which is significantly above the other WB6 economies. The regional averages for natural and cultural enhancement framework, promotion of sustainable development and operations within the tourism sector, and tourism investment and innovation policy show similar levels of development (between 1.4 and 1.7), and indicate the need for further improvements. In particular, a tourism innovation framework should be a focus for economies in the future, as only Montenegro has made progress in this regard (Table 18.7).

Table 18.7. Scores for Sub-dimension 15.4: Sustainable and competitive tourism

Sub-dimension	Qualitative indicator	ALB	BIH	KOS	MKD	MNE	SRB	WB6 average
Sub-dimension 15.4: Sustainable and competitive tourism	Natural and cultural heritage enhancement framework	1.5	1.5	2.0	1.0	3.0	1.0	1.7
	Promotion of sustainable development and operations within the tourism sector	1.0	1.0	1.0	0.5	3.0	2.0	1.4
	Tourism investment and innovation policy framework	1.5	1.5	0.5	1.0	3.0	2.0	1.6
Sub-dimension average score		1.3	1.3	1.2	0.8	3.0	1.7	1.6

Natural and cultural enhancement frameworks need further development

Natural and cultural heritage is one of the key drivers of tourism development. Destinations that can offer travellers access to a unique experience through nature, local culture and history have (and will increase) a competitive advantage over other destinations post COVID-19. Tourism policies and strategies should underline the importance of natural and cultural heritage to tourism and contain specific sections relating to their conservation and sustainable use as a key tourism resource. There needs to be a close working

relationship between tourism ministries and those responsible for the environment, natural resources and culture to enhance natural and cultural heritage in tourism.

Although all WB6 economies have made efforts since the last assessment,¹⁶ comprehensive natural and cultural heritage enhancement frameworks in tourism are, except in Montenegro,¹⁷ mainly in the early stages of development and need improving. Natural and cultural heritage are included in economy-level tourism strategies (Kosovo's will be included soon) as a source for the development of nature-related and thematic cultural tourism products. The economies have also adopted culture development strategies (except in North Macedonia where the strategy is being developed) that include policy measures for the protection, management and enhancement of cultural heritage in tourism. The protection, management and enhancement of natural heritage in tourism is mainly included in biodiversity strategies and laws on protected areas (Table 18.3).

There is reportedly co-operation among responsible ministries to co-ordinate policy measures and activities in the field of natural and cultural heritage. However, the effectiveness of such co-operation can only be assessed in Montenegro and Serbia,¹⁸ as the other economies do not monitor or evaluate implemented policy measures and their impact on tourism development. Establishing effective inter-ministerial co-operation and introducing the regular monitoring and evaluation of implemented policy measures and actions in terms of their impact on tourism development would strengthen the enhancement of natural and cultural heritage in tourism in the region.

Comprehensive policy frameworks to promote sustainable tourism development need strengthening

WB6 economies need an appropriate policy framework to address sustainable tourism development. The sustainability of tourism development and operations can be addressed through regulations and be influenced by other instruments such as financial incentives, labelling, guidance and capacity building. Many governments around the world have made recent progress by taking steps to embed sustainability principles in tourism policies and related strategies. However, an ongoing challenge in many economies, including WB6 economies, is the implementation of these strategies to deliver on the agreed actions and aspirations (OECD, 2018^[20]).

In Montenegro and Serbia there are policy frameworks for the promotion of sustainable tourism and operations within the tourism sector, and both economies have made sound progress in promoting sustainable tourism development. The principles of sustainable tourism development are defined in their tourism development strategies, which include measures to support tourism stakeholders to develop sustainably.

In other WB6 economies, progress has been limited, although they are all planning to integrate sustainable tourism policies in their tourism development strategies. Through donor support, several projects and programmes have been launched to improve sustainable tourism development in the WB6 economies.¹⁹ These projects and programmes are a good opportunity for the economies to start developing comprehensive sustainable tourism development frameworks. To ensure the long-term impact of projects, WB6 governments should introduce appropriate policy measures and actions (financial and institutional) to ensure the sustainability and scale up of implemented project activities once funding ends.

Most economies have developed a tourism investment policy framework, but not an innovation framework

Public and private investment in tourism is essential to build a competitive and sustainable tourism sector, and new innovative tourism products are vital for sustaining the sector's competitiveness. Government measures to boost innovation in tourism can contribute in this regard. Reduced investments due to COVID-19 will require even more active policies to intensify and restore investments in the tourism sector,

and thus maintain the quality of the tourism offer and promote sustainable recovery and development (OECD, 2020^[10]).

Most WB6 economies are taking actions to stimulate investment in tourism. Montenegro and Serbia take the lead, although all other economies, except for Kosovo, have also made efforts to develop a tourism investment policy framework, with the promotion of investment in tourism part of their tourism strategies and several forms of incentive available for investors (e.g. grants, value-added tax reduction). Policy measures promoting investment in tourism are also explicitly reflected in policies for the promotion of trade and investment.²⁰ Kosovo does not yet have a tourism investment policy framework, although one is planned as part of its new Tourism Development Strategy.

Despite the clear indication that the promotion of investment and innovation in tourism is a priority for tourism development in the WB6 economies, the efficiency of implemented policy measures could not be assessed as there is no evidence of any monitoring or evaluation. Private sector stakeholders identified long and non-transparent procedures for obtaining building permits, a lack of knowledge among investors of tourism infrastructure, and inadequate spatial planning, which indicate that implemented investments are not in line with sustainable development principles.²¹ These issues should be addressed to ensure successful and sustainable tourism in the region.

Tourism innovation frameworks are not yet in place in the WB6 economies. Montenegro is the only economy in the region that has explicitly committed to promoting innovation in tourism with the inclusion of tourism in its Smart Specialisation Strategy (Table 18.3), adopted in 2019. This is unsurprising given the high importance of tourism in the economy. In other economies, where tourism is not yet recognised as high-priority sector, other ways of facilitating innovation in tourism should be considered and established.

The findings of this assessment are also relevant for the WB6 economies' implementation of the Common Regional Market Action Plan, which includes a component on sustainable and competitive tourism (Box 18.6).

Box 18.6. Towards sustainable and competitive tourism in the Common Regional Market

The regional industrial and innovation area of the CRM 2021-24 AP includes a component on sustainable tourism (Priority 8.8). The following key findings of the CO2021 sustainable and competitive tourism sub-dimension can inform the implementation of actions under this component:

- WB6 economies have mainly embedded sustainability principles in tourism policies and related culture development and biodiversity strategies. However, ongoing challenges include implementing these strategies, inter-ministerial co-operation, and the regular monitoring and evaluation of the impact of implemented policy measures and actions on tourism development.
- Montenegro has made the greatest progress in promoting sustainable tourism development, and Serbia has a policy framework for sustainable tourism and operations within the tourism sector in place. Capacity building is provided and promoted to tourism businesses in these economies, which enhances the sustainability of their projects and operations. Both economies have introduced internationally recognised eco-certificates (Eco Label and Blue Flag in Montenegro, and Green Key and Blue Flag in Serbia).
- All other economies are planning to integrate sustainable tourism policies in their tourism development strategies. Through donor support, several projects and programmes have been launched to improve sustainable tourism development in the WB6 economies.
- Tourism innovation policies, including actions for strengthening the digital capacity of the tourism industry, are only in place in Montenegro, where tourism is part of the Smart Specialisation Strategy.

- WB6 economies have established co-operation for the development of joint regional cultural and adventure tourism products through the RCC's Tourism Development and Promotion project, funded by the EU. In 2019, a common regional identity brand for cultural tourism and the Balkan monumental trail were developed. The regional co-ordination structure extended into Albania, Kosovo and Serbia for the Via Dinarica hiking mega trail (Box 18.3).

The way forward for sustainable and competitive tourism

- **Strengthen further the natural and cultural heritage enhancement framework in tourism.** This framework should focus on establishing effective inter-ministerial co-operation and introducing the regular monitoring and evaluation of how policy measures and actions impact tourism development. This is particularly valid for Albania, Bosnia and Herzegovina, Kosovo, and North Macedonia. North Macedonia should also accelerate the adoption of a culture development strategy.
- **Make the consideration of sustainability criteria mandatory for all tourism infrastructure investment.** This should be supported by public incentives and awareness raising and training for tourism sector stakeholders on how to develop their businesses sustainably. Using best practices from other economies, such as the Green Scheme of Slovenian Tourism (Box 18.7), would mean that WB6 economies do not need to start from scratch.
- **Promote and mainstream investment and financing for sustainable tourism development.** Build on key policy considerations defined in the OECD Tourism Trends and Policies 2018 report (OECD, 2018^[20]), which recommends promoting access to finance for sustainable tourism investment projects of all sizes. Direct public intervention includes grants and subsidised loans with environmental criteria to support tourism firms with sustainable project proposals in the start-up and early stages, as well as businesses willing to incorporate sustainable practices into their daily operations. Encourage the uptake of green financing instruments for tourism projects. Tailored support for small tourism businesses may be warranted where such intervention aids environmental and sustainability objectives. However, care should be taken to avoid crowding out the private sector. Indirect finance instruments (public credit guarantees) can be used to overcome the lack of collateral related to the production of service-based intangibles and to help the transition to greener processes. Consider promoting public-private partnerships to finance sustainable infrastructure investment and renovations. It may also be helpful to devise risk-sharing mechanisms to foster private sector participation in the financing of sustainable tourism development.
- **Strengthen regional co-operation further to support sustainable tourism growth.** This will be an effective way to address common challenges in all WB6 economies. The economies should build on the work undertaken through implemented regional projects, such as the RCC's Tourism Development and Promotion project (Box 18.3) that aims to develop joint regional cultural and adventure tourism products. To establish more structured regional co-operation in tourism development for areas of common interest, the example of the Nordic tourism co-operation plan could be followed (Box 18.8).

Box 18.7. Slovenia's green tourism scheme: A comprehensive model for promoting sustainable tourism

Slovenia's green tourism scheme is a good example of how tourism companies can be encouraged to develop sustainable business models. Launched in 2015 by the Slovenian Tourist Board (STO) and supported by the Ministry of Economic Development and Technology, it provides a comprehensive framework for sustainable development in tourism. The core of the scheme is a certification programme that provides guidelines for tourist destinations and companies (accommodation providers, travel agencies and tourist attractions) and tools for monitoring progress on sustainability. Destinations and companies meeting the criteria are given a green label ("green destination", "green accommodation", "green travel agency", "green park", "green tourist attraction") and marketing support from the STO under the umbrella brand Slovenia Green, which raises their profile and makes them more competitive on the global market. The certification scheme is based on the European tourism indicators system for sustainable destination management and the green destination standards (GDS), thus ensuring international comparability. It provides an awareness-raising and capacity building tool for tourism sector stakeholders.

The green tourism scheme is recognised worldwide as a unique comprehensive national scheme that promotes the development of quality and innovative tourism products with high added value.

Source: (Slovenian Tourist Board, 2021^[22]), *Green Scheme of Slovenian Tourism*, <https://www.slovenia.info/en/business/green-scheme-of-slovenian-tourism>.

Box 18.8. Structured regional co-operation through the Nordic Tourism Co-operation Plan

Denmark, Finland, Iceland, Norway and Sweden have a long tradition of co-operating in various fields under the auspices of the Nordic Council of Ministers. In recent years, tourism has been actively placed on the agenda, leading to the development of the Nordic Tourism Co-operation Plan 2019-23 within the framework of the Nordic Co-operation Programme for Business and Innovation Policy 2018-21. The plan is intended to strengthen Nordic tourism co-operation to support sustainable tourism growth in the region, in alignment with the 2030 United Nations' Sustainable Development Goals. It identifies strategic areas of collaboration and establishes structured co-operation between policy makers and organisations in the Nordic economies to develop and implement tourism-related policies and projects.

The plan sets out four main objectives:

- Increase the competitiveness of the tourism sector through better regulation, comparable data provision and dialogue with the tourism industry.
- Develop the Nordics as an innovative and smart destination by strengthening the digital capacity of small and medium-sized enterprises and destinations, promoting innovation, and developing smart destinations.
- Support sustainable development and growth with the development of a voluntary Nordic roadmap for sustainable tourism and through gathering best practices.
- Make the Nordics a more attractive and competitive destination by investigating market possibilities in long-haul markets and strengthening the Nordic branding.

Source: (OECD, 2020^[41]), *OECD Trends and Policies 2020*, <https://doi.org/10.1787/6b47b985-en>.

Tourism branding and marketing (Sub-dimension 15.5)

The development and promotion of an economy's brand image and range of products that meet the needs of the market are vital for the competitiveness of its tourism sector. The public sector has traditionally played a lead role in destination marketing and promotion activities, as the fragmented nature of the sector and the small size of many tourism businesses makes it difficult for individual businesses to be visible to, and attract visitors from, remote tourism markets. More recently, economies have been exploring different tourism marketing models that draw on new funding sources, partnership opportunities and governance arrangements, as well as developing digital strategies (OECD, 2017^[23]). Embracing digitalisation throughout the tourism ecosystem will help to drive the ability of business to build resilience in a post-COVID-19 era. This will include exploiting the opportunities digitalisation opens up for marketing, product and destination development, as well as investing in human capital and skills to retain and develop a skilled workforce. (OECD, 2021^[24])

This section assesses the existence and quality/competitiveness of tourism brand images and marketing strategies in the WB6 economies. It also assesses the extent and efficiency of the use of digital tools in tourism marketing and the capacity of tourist stakeholders to use such tools effectively.

On average, the WB6 economies achieved a score of 1.6 for the tourism branding and marketing sub-dimension, signifying that considerable improvements are needed to boost their visibility in the international market. Albania, Montenegro and Republika Srpska²² have established the most comprehensive tourism branding and marketing framework so far, with the other economies lagging behind. Albania leads the way in developing a digital tourism marketing framework with a score of 3.0, which is significantly above the other economies that are still in the early stages of development (Table 18.8).

Table 18.8. Scores for Sub-dimension 15.5: Tourism branding and marketing

Sub-dimension	Qualitative indicator	ALB	BIH	KOS	MKD	MNE	SRB	WB6 average
Sub-dimension 15.5: Tourism branding and marketing	Tourism branding and marketing strategy	2.5	0.5	0.5	1.5	4.0	2.0	1.8
	Digital tourism marketing framework	3.0	0.5	0.5	1.0	1.5	1.5	1.3
Sub-dimension average score		2.8	0.5	0.5	1.3	2.8	1.8	1.6

Despite significant progress, tourism marketing and branding remain a challenge

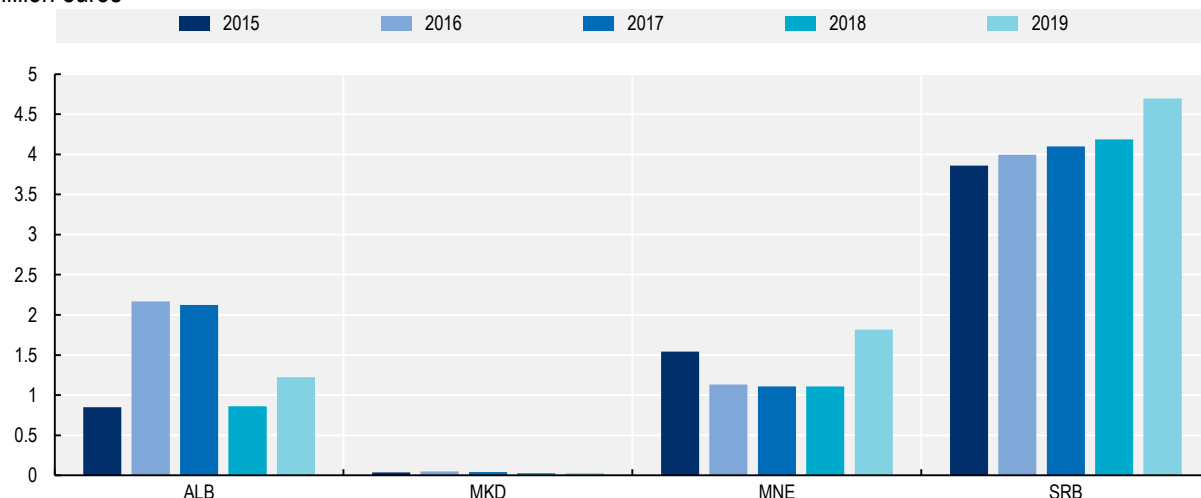
A well-developed marketing plan should be a key component of an economy's tourism strategy and should stem from the careful selection of target markets based on product strengths, current performance and global trends. A national tourism organisation (NTO) or equivalent body may be seen as the main vehicle for implementing a marketing plan. However, it is important that there is strong support and participation by private sector associations, individual businesses and other relevant tourism stakeholders. Encouraging co-operation and co-ordination among NTOs, state/provincial tourism organisations and destination management organisations is critical to the success of marketing tourism (UNWTO, 2013^[9]).

All WB6 economies have established a tourism branding and marketing framework. NTOs are established and responsible for tourism branding and marketing in all economies except Kosovo and Bosnia and Herzegovina, where tourism is under the jurisdiction of the entities.²³ Currently, Albania, Montenegro, North Macedonia and Republika Srpska have established a tourism brand identity. However, only Montenegro, Serbia and Republika Srpska have valid marketing strategies. In Albania, a new marketing strategy is under development. In North Macedonia, the Agency for Promotion and Support of Tourism works on the basis of an annual programme for tourism promotion adopted by the government. All of these economies have established co-operation with the private sector and with local tourist organisations. All NTOs reported having sufficient budget and staff to implement marketing activities. However, except for Montenegro and Serbia, which have increased the budget and/or number of employees, the budget for

tourism marketing has decreased since 2015, which could have a negative impact on tourism development in the future (Figure 18.8).

Figure 18.8. Budget for tourism marketing in WB6 economies (2016-19)

Million euros



Note: Data for Bosnia and Herzegovina and Kosovo are not available.

Source: Ministries responsible for tourism; CO 2021 Quantitative questionnaire.

StatLink  <https://doi.org/10.1787/888934255171>

Kosovo lacks a tourism branding and marketing framework. Marketing and promotion are formally established at the ministry level; however, marketing is implemented mainly by tourism stakeholders in an uncoordinated manner.²⁴

Albania, Montenegro and Serbia have significantly improved their ranking in the World Economic Forum's Travel and Tourism Competitiveness Index for the indicator measuring the effectiveness of marketing and branding to attract tourists (Table 18.9). However, the overall ranking shows that there is still significant room for improvement in tourism branding and marketing, starting with the accurate adoption of strategic marketing plans in the economies where they have not yet been adopted. The WB6 economies should also focus on establishing regular monitoring and evaluation of their brand image and marketing strategy framework (WEF, 2019^[25]).

Table 18.9. WB6 economies in the WEF Travel and Tourism Competitiveness Index (2017 and 2019)

Effectiveness of marketing and branding indicator

Economy	Ranking		
	2017	2019	Change
ALB	71	48	+23
BIH	114	118	-4
MKD	41	124	-83
MNE	53	34	+19
SRB	107	78	+29

Note: Data for Kosovo are not available.

Source: (WEF, 2019^[25]), *Travel and Tourism Competitiveness Index 2019*, <https://www.weforum.org/reports/the-travel-tourism-competitiveness-report-2019>.

Digital tourism marketing frameworks are in the early stages of development

Digitalisation has opened up new opportunities for tourism businesses to compete in global markets, bringing tourist offers directly to tourists' homes via the Internet. Governments play an important role in

creating the right framework conditions for the digital transformation of tourism business models and the wider tourism ecosystem. The right policy considerations can foster digital technology uptake and use by tourism SMEs (OECD, 2020^[4]).

Digital tourism marketing frameworks are in the early phase of development in all WB6 economies. In Montenegro, the first draft of the Digital Marketing Programme (2021-2023) is under preparation, and in Republika Srpska digital marketing is included in the entity's marketing strategy. The other WB6 economies have not yet established a digital marketing framework, although Albania, Serbia and the FBiH implemented some digital marketing activities in 2019.

The way forward for tourism branding and marketing

- **Accelerate the preparation (or adaptation for Montenegro, Serbia and Republika Srpska) of marketing strategies to meet new market circumstances and new trends in tourism demand post COVID-19.** All economies should ensure that marketing strategies include digital marketing and are adopted quickly with sufficient budgets for implementation (OECD, 2021^[24]). Marketing strategies should clearly define target markets and target groups of visitors for the main tourist products (as defined in tourism strategies), as well as the most effective marketing tools and channels to reach target audiences. Targeting the right audiences means that less budget is needed for marketing activities in a context of reduced government budgets for tourism marketing. Other options to ensure sufficient budget include reconsidering existing tourist taxes and fees, involving the private sector in financing marketing activities, and allocating gaming taxes to finance tourism marketing activities (OECD, 2017^[23]). Digital marketing can reach a much wider audience with the same budget, as described in the case of Portugal (Box 18.9).
- **Define (FBiH, Kosovo) or evaluate and revise (Albania, Montenegro, North Macedonia, Serbia) tourism brand and branding strategies** to ensure the brand sufficiently highlights their main advantages and differentiates destinations in a changing tourism market. COVID-19 has changed tourism demand tremendously, and there has been a move from mass tourism to individual tourist experiences, an emphasis on health and safety standards, and an orientation to domestic and neighbouring markets (OECD, 2020^[10]). Existing tourist products and target markets, and their adaptation to new tourist demands, therefore need to be rethought across the region. All WB6 economies should adapt their tourism brand and branding strategy to improve visibility in the new target markets and to increase or at least sustain their destinations' competitiveness.
- **Strengthen co-operation and skills for implementing marketing activities at all levels, from state to destination.** A well-resourced and co-ordinated programme of promotional activities among key tourism stakeholders increases efficiency and contributes to their effectiveness. Marketing strategies should therefore be prepared in co-operation with key private stakeholders and local tourist destinations, and there should be regular communication with these stakeholders and destinations on implemented and planned marketing activities. To ensure efficient and effective tourism marketing it will be important to build the capacity of staff in destinations and private stakeholders, especially MSMEs, to design and implement digital marketing campaigns.
- **Strengthen regional co-operation in tourism marketing to increase the visibility of the Western Balkans as a tourist destination in international markets.** The Western Balkans is an emerging tourist destination with a rich natural and cultural heritage. The development of a joint regional cultural and nature adventure tourist experience offers an opportunity to make the whole region attractive for tourists from neighbouring and regional economies, as well as for long-haul tourists. The WB6 economies should build on the joint regional cultural and nature adventure tourist products (Box 18.3) and establish a common marketing framework for launching joint tourist products in the market. A first step could be the establishment of a regional marketing working group with representatives of NTOs as members. A first marketing plan with identified target markets and target audiences for marketing the joint products should also be developed.

Box 18.9. Turismo de Portugal's 100% digital marketing strategy

Turismo de Portugal (the government tourism authority) is responsible for the international promotion of Portugal as a tourist destination. In 2011, its budget was cut by more than 30%, leading it to shift to a 100% digital approach to marketing to improve segmentation and targeting, reach and efficiency, measurement, and storytelling and engagement with consumers. The organisation believed that although this approach cost less than traditional marketing methods it would still deliver a similar return on investment.

A digital approach to marketing democratises access for the consumer and allows smaller markets and budgets to develop scale. In Turismo de Portugal's case, a digital marketing approach meant that it could scale-up impact despite a reduced budget. It created a strong social media presence on several social platforms, YouTube, Facebook, Instagram, Pinterest, Twitter and Weibo (in 12 different languages), to engage in social conversations.

One of the advantages of digital marketing is the ability to directly measure the return on investment. In 2015, investment in marketing in Portugal was about 50% lower than in 2011, but Turismo de Portugal still managed to achieve greater exposure of all Visit Portugal platforms. There has been a direct correlation between investment in digital platforms and an increase in reach and revenue. For instance, Facebook fans increased from 160 000 to over 1.2 million in 2015. In the first year of the strategy, visits to the Visit Portugal website increased 92.5%, almost doubling the number of daily visitors, and YouTube views more than doubled in the first year. Between 2011 and 2015, overnight stays increased by 24.1% and revenue by 39.5%.

Source: (OECD, 2017^[23]), *A review of the policy framework for tourism marketing and promotion*, <http://dx.doi.org/10.1787/096d0ace-en>.

Conclusion

WB6 economies have made some progress in enhancing the overall tourism policy framework by improving the governance structure and co-operation with the private sector. Progress has been made in accommodation capacity and the quality assurance framework, and in providing incentives for investment in accommodation and other tourist infrastructure. Progress has also been made in tourist information availability and tourism data collection. Montenegro and Albania have made the greatest progress, while the other economies still need to make considerable improvements in all sub-dimensions.

The COVID-19 crisis has had a severe negative impact on the tourism sector in all WB6 economies. A huge fall in tourist arrivals (nearly 60% on average) and overnight stays (54.7% on average) in 2020 reduced tourism revenue and exports, lessened the contribution of tourism to total GDP, and endangered many jobs in SMEs in all WB6 economies. The outlook for the tourism sector remains highly uncertain, and most tourism experts do not expect international tourism to return to pre-COVID levels before 2023 (UNWTO, 2021^[26]). Accordingly, the tourism sector needs significant and well-coordinated support to ensure survival in the short term and recovery in the medium term of businesses in the private sector. The EU support package for socio-economic recovery in the Western Balkans, which focuses on SMEs, start-ups and innovative companies in tourism, is an opportunity for all WB6 economies to ensure a successful recovery.

COVID-19 has revealed several gaps in tourism in the WB6 economies, and several challenges remain to improve the competitiveness of tourism in the region, such as the relatively inefficient tourism governance structure where few policy measures have been implemented and the lack of monitoring and evaluation systems to provide more relevant information for decision makers. Although inter-ministerial co-operation

is formally established, efforts are still needed to promote sustainable development and enhance natural and cultural heritage in tourism.

However, the crisis offers an opportunity for WB6 economies to re-think future tourism development, establish strong governance and partnerships with the private sector and destinations, prepare new tourism strategies adapted to the new market circumstances, and develop more sustainable and resilient tourism.

The region has a rich cultural and natural heritage, and great potential to become one of the most attractive tourist destinations in Europe. In this regard, the WB6 economies should continue to strengthen regional co-operation as they share common challenges (such as accessibility, availability of qualified workforce, quality of tourism offer) that could be addressed efficiently at the regional level. The establishment of more structured regional co-operation in tourism development through the creation of joint regional cultural and nature adventure tourist products (that show the uniqueness of the region in terms of culture and nature) and by developing a common regional tourism brand will make the Western Balkans attractive to international tourists, thus bringing benefits to each WB6 economy.

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Notes

¹ International receipts is a value of tourism receipts resulting from expenditures made by visitors from abroad and earned by a destination country from inbound tourism.

² This is a rough estimation based on available data for each WB6 economy.

³ The Central Asia region includes Azerbaijan, Kyrgyzstan, Kazakhstan, Tajikistan and Uzbekistan. Data for Turkmenistan are not available.

⁴ The Central and Eastern European Countries (CEEC) are Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia.

⁵ According to the World Bank Group's Western Balkan Outlook, in the baseline scenario Albania, Kosovo, and Montenegro experienced a 20-35% fall in tourism receipts in 2020, which subtracts significantly from their 2020 GDP growth (World Bank, 2020^[28])

⁶ The key challenges of each economy are presented in more detail in the economy profile reports.

⁷ In Bosnia and Herzegovina, tourism is under jurisdiction of the two entities: Republika Srpska (RS) and the Federation of Bosnia and Herzegovina (FBiH). Accordingly, the entities are responsible for the adoption of their own tourism strategies and the establishment of the governance structure and institutional set up, which differ in each entity. While the tourism governance framework in RS is similar to the most commonly established governance frameworks in other economies, the governance structure in the FBiH is much more complex, with tourism governance divided among the Federal Ministry of Environment and Tourism and the ministries of the cantons responsible for tourism, which have also adopted their own legislation and regulation. At the state level, the Tourism Working Group was established by the Ministry of Foreign Trade and Economic Relations to co-ordinate tourism activities among the entities and Brčko District (which officially belongs to both, but is governed by neither).

⁸ More information is provided in the economy profile reports.

⁹ The tourist cluster of Una Sana seems to be a good practice case of public-private co-operation at the destination level. The cluster was developed with the support of the Swedish Agency for International Development and Cooperation of Sida and implemented by the World Wildlife Fund. More information is available at <https://www.unasana.ba/en/turisticki-klaster-una/>. Another good example is the tourist cluster of Herzegovina, which is established as a public-private organisation for the promotion of tourism in Herzegovina. More information is available at: <http://www.tkh.ba/?lang=en>.

¹⁰ In the western region of Kosovo, a destination management organisation is established as an NGO. These organisations provide support to the development and promotion of sustainable tourism in the region through joint work with local authorities, businesses and public agencies, as well as strategic partnerships with relevant stakeholders.

¹¹ The Tourism Satellite Account is the second international standard on tourism statistics (Tourism Satellite Account: Recommended Methodological Framework 2008 –TSA:RMF 2008). It has been developed to present economic data relative to tourism within a framework of internal and external consistency with the rest of the statistical system through its link to the System of National Accounts. It is the basic reconciliation framework of tourism statistics. As a statistical tool for the economic accounting of tourism, the TSA can be seen as a set of 10 summary tables, each with their underlying data and representing a different aspect of the economic data relative to tourism: inbound, domestic tourism and outbound tourism expenditure, internal tourism expenditure, production accounts of tourism industries, gross value added (GVA) and GDP attributable to tourism demand, employment, investment, government consumption, and non-monetary indicators (UNWTO, 2021^[27]).

¹² Due to the significant decrease of tourist arrivals in 2020, destinations lost most of their main financial resources (tourist tax or similar financial contributions) for supporting tourism promotion, new tourism product development and investment in public tourist infrastructure. Accordingly, destinations need new financial resources and support to help their recovery after the pandemic.

¹³ For more information see <https://www.rcc.int/tourism>.

¹⁴ For more information about incentives see the economy profile reports.

¹⁵ For more information see Sub-dimension 7.3: Vocational education and training, in the Education policy chapter.

¹⁶ For more detailed information see the economy profiles.

¹⁷ Montenegro has developed a comprehensive natural and cultural enhancement framework for tourism under the Cultural Heritage Development Strategy for 2020-2025 and the National Strategy of Preservation and Sustainable Use of Cultural Heritage, both supported by UNESCO. The Ministry of Culture has also developed four long-term management plans for cultural heritage.

¹⁸ The Environment Report in the Republic of Serbia, prepared by the Environmental Protection Agency (Ministry of Environmental Protection) includes monitoring of the impacts of tourism on the environment. In Montenegro, the Administration for the Protection of Cultural Properties regularly monitors the state and value enhancement of cultural properties. Other mechanisms prescribed by the law, such as studies of the cultural heritage protection, management plans and heritage impact assessment have been adopted upon proposal of the administration body in charge of culture-related matters.

¹⁹ For more information see the economy profiles.

²⁰ For more information see the economy profiles.

²¹ This assessment is provided based on interviews with representatives of private sector associations in all WB6 economies. The challenges presented in this report were reported most often in all WB6 economies. It is therefore assumed that these are the common challenges for the whole region.

²² As the scores are provided at the economy level the progress of Republika Srpska is not visible; however, it influences the overall score for Bosnia and Herzegovina, which would be much lower otherwise.

²³ Republika Srpska has established the Tourism Organisation of Republika Srpska, which is responsible for tourism promotion and marketing and branding at the entity level. The FBiH has no tourist organisation at the entity level, instead tourism promotion and marketing are implemented by the tourist boards of cantons and destinations.

²⁴ Some tourism promotion is implemented by the Kosovo Investment and Enterprise Support Agency (KIESA), which organises participation in the most attractive international tourism events, such as ITB Berlin. However, this is not a comprehensive tourism and marketing framework.



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