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ANALYSIS OF THE CURRENT SITUATION IN THE TOURISM SECTOR IN KOSOVO



APRIL 2018

EMPOWER Private Sector Activity

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LIST OF ACRONYMS

ATM	Arabian Travel Market	NTA	National Tourism Agency
CAGR	Compound Annual Growth Rate	NTO	National Tourism Organization
CBC	Cross Border Cooperation	O&M	Operation and Maintenance
COTTM	China Outbound Travel and Tourism Market	PPP	Public Private Partnerships
DMO	Destination Marketing Organization	PPSE	Promoting Private Sector Employment
DNP	Destination Nature Paris	PR	Public Relations
EMITT	East Mediterranean International Tourism and Travel	QR	Quarter 1, 2, 3, 4
ETC	European Travel Commission	SAR	Search and Rescue
EU	European Union	SME	Small and Medium Enterprises
GDP	Gross Domestic Product	SWOT	Strengths, Weaknesses, Opportunities and Threats
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	TA	Travel Agent
HOTREC	Hotels, Restaurants, Cafes – classification system	TAIEX	Technical Assistance and Information Exchange
HR	Human Resources	TIC	Tourism Information Center
ICT	Information and Communication Technology	TO	Tour Operator
IPA	Instrument for Pre-Accession	UNDP	United Nations Development Programme
ITB	Internationale Tourismus Börse	UNECE	UN Economic Commission for Europe
KAS	Kosovo Agency of Statistics	UNESCO	UN Educational, Scientific and Cultural Organization
KATA	Kosovo Alternative Tourism Association	UNWTO	UN World Tourism Organization
KIESA	Kosovo Investment and Enterprise Support Agency	USAID	United States Agency for International Development
KTC	Kosovo Tourism Council	VAT	Value Added Tax
MAFRD	Ministry of Agriculture Forestry and Rural Development	VC	Visitors Centre
MCYS	Ministry of Culture, Youth and Sport	VFR	Visiting Friends and Relatives
MESP	Ministry of Environment and Spatial Planning	WTM	World Travel Market
MEST	Ministry of Education, Science and Technology	WTTC	World Travel and Tourism Council
MICE	Meetings, Incentives, Conferences and Events	YOY	Year on Year
MLGA	Ministry of Local Government and Administration		
MTI	Ministry of Trade and Industry		
NGO	Non-Government Organization		

Executive Summary

This report provides a thorough analysis and an evaluation of the current situation in the Kosovo tourism sector.

Methods of analysis include review of statistical data, consultations with local and international tourism stakeholders, research on environmental issues related to tourism, and current level of tourism education and awareness. It also includes additional analysis and provides solutions from the best practices in the industry, highlighting the need for some of the vital missing components that are crucial to a successful tourism performance. Furthermore, numerous previous expert reports on tourism in Kosovo have been consulted with the aim of having a clearer understanding of the situation.

The result of this analysis shows that some of the most urgent issues holding back the industry are found to be those that are fundamental in constituting a sustainable and viable tourism, such as: tourism legislation; national strategy, level of financial support and organizational structure of tourism in government institutions; infrastructure; environment; statistics and databases; etc. In addition, other important findings and recommendations are given in the end of this report, such as: marketing; cross-sector cooperation; quality standards; education & awareness; etc.

The findings from this report show that the overall situation of the tourism sector in Kosovo is not positive in terms of its management and planning from the government institutions, when considering the growing trend of the interest shown by tourists for the western Balkans region, including Kosovo.

It is recommended that the main tourism stakeholders (i.e. government institutions, associations, private sector, etc.) mobilize together in order to accelerate the process of the much-needed reforms that should take place in the industry. As stressed in this report, the sheer amount and complexity of the reforms that need to be undertaken does not allow for further prolongations of the due developments that will determine the future success of the tourism sector in Kosovo and its competitiveness in the region.

Introduction

The need for urgent intervention in the field of tourism in Kosovo has led to the engagement and mobilization of main stakeholders to focus on finding solutions for solving numerous issues that the industry has been facing for an extended period of time. As a result, Kosovo Tourism Council has been established recently as an advisory body to coordinate the activities of the institutions for the purpose of developing sustainable tourism policies that would change and improve the current ailing state of the sector.

This report focuses on analyzing the current state of the tourism sector in Kosovo. Its main aim and expected outcomes are the presentation of findings from the analysis of the present available data (secondary data) on tourism including previous expert reports of the same nature. Moreover,

primary data has been collected and researched in order to give a broader and clearer picture of the state of the tourism industry in Kosovo today, and to provide advice, suggestions and recommendations on how to create basic infrastructure and set up proper policies for further tourism development.

With tourism in many countries contributing a large share to Gross Domestic Product (GDP), it's no wonder the industry has become a priority for governments and businesses as one of the most reliable sectors to invest in and develop. The ever-growing importance of tourism and its effects on economy, job creation and local community development, has led to a more serious approach from different countries worldwide to develop sustainable policies and adapt best practices from the sector.

According to World Travel and Tourism Council (WTTC) 2017¹, travel and tourism in 2016 generated around \$ 7.6 trillion or more than 10% of the global GDP, creating more than 290 million jobs (1 in 10 jobs in the global economy). It accounted for 6.6% of total global exports and around 30% of total global service exports. The travel and tourism growth trend (more than 3%) outpaced that of the global economy (2.5%) and is recorded having the strongest growth compared to the financial and business services, manufacturing, public services, retail and distribution and transport.

Kosovo however, considering its strategic geographical position in the Western Balkans, where the market is ripe, has not yet taken advantage of the tourism growth trends, which has resulted in tourists generally bypassing Kosovo and therefore spending less money and nights in the country. In this regard, a thorough examination and identification of the contributing factors that have led to this situation was needed and will hopefully serve as an important step towards improvements and positive developments in the industry.

During the preparation of this report, different tourism stakeholders (public and private) have been consulted and separate meetings were held to gather important information about the past and present developments in the tourism sector.

Definition of tourism and its characteristics

Tourism today is one the most important and dynamic sectors of the world economy and is considered to be a complex and varied phenomenon. It is complex as it involves the carrying out of a large number of activities (e.g. from water, railway, road and air passenger transport services to hotels, restaurants, souvenir shops, banks and retail) that are organized and coordinated with each other. It is important to understand that by mistaking the definition of a tourist means to make mistakes in our mission and therefore incorrectly set up tourism policies.

¹ Travel and Tourism World Economic Impact (2017)

There is a tight relation between our mission and the definition of a tourist and/or tourism. In fact, only by knowing and defining exactly what the tourists are and what tourism represents, will then make it possible to better understand the economic impact of this phenomenon and more precisely distinguish expenditures and turnover, and as a result, draft policies that will enable the sector to thrive in a sustainable manner.

Among the scholars of tourism there is no clear consensus on definitions, however it has been generally noted that there are three basic elements or dimensions that always fall within the definition of a tourist, and which are: motivation, space and time.

The three basic types of tourism are: domestic (residents traveling only within their country), inbound (nonresidents travelling to a given country) and outbound tourism (residents traveling in another country).

It is important to note that activities constitute tourism only when customers are tourists. In this context, the study of motivational factors such as social and psychological influences, and comprehensive research and analysis on consumer behavior are widely used today in the field of tourism to better determine and target potential markets.

Current legislation in the tourism sector in Kosovo

Legislation in the tourism industry, as in all other sectors, is a fundamental pillar that serves to regulate and monitor the organization and operation of all areas that are related to tourism activities. Over the years, due to the increased complexity and competition in the industry, various reforms and updates in tourism legislation have taken place in countries with tourism potential in order to create a healthy and sustainable tourism environment, thus generating economic prosperity for their communities. Without proper legislation and adherence to the rule of law, the tourism sector cannot be organized, function or have any positive economic impact for the community.

Tourism sector is wide and complex, and Kosovo's existing law and regulations on tourism are not sufficient and tailored to tackle such complexity. Due to the current specific engagement of main tourism stakeholders (institutions) in Kosovo to work and develop new tourism legislation, this report does not provide any additional analysis or recommendations for possible legal interventions in tourism sector.

In the draft concept document² of year 2018, prepared by Ministry of Trade and Industry (MTI), TAIEX and consulted with Line Ministries and private stakeholders in Kosovo, the main areas of legal interventions which are presented in the table 3.1 are identified, with suggestions that the Law on Tourism should consist of and regulate the following:

² Draft concept document in the field of tourism – MTI, TAIEX, Kosovo (2018)

Table 3.1: Identification of legal interventions in the Kosovo Tourism Law

Areas of Legal Interventions	• Tourism development (strategy, investment) • Business organizations and structures • Operations (incentives, subsidies, crisis interventions) • Spatial definitions (zoning, location, place) • Organizations (state, regional, local, public private) • Business standards (licenses, certificates) • Quality development (classifications, standards, labels) • Human Resource (HR) development (education, skills) • Sustainability (eco standards, renewable energy, waste) • Internationalization • Marketing, promotion, image building
Tourism Organization	• NTA – National Tourism Agency • NTO – National Tourism Organization • KTC – Kosovo Tourism Council • Tourism business associations/Tourist federation • Municipalities – with department for economy/tourism • DMO – Destination marketing organization • TIC – Tourism information center
Business Sector Coverage	• Accommodations • Food & Beverage • Health and Spa centers, Aqua parks • Skiing centers • Tourism recreation and sports centers • Congress and conference capacities • Nature and other theme parks • Rural tourism • Events and festivals • TO&TA • Tourism guides • Tourism equipment for rent
Business Conditions	• Classification of tourism accommodation (mandatory) • Tourism service quality and eco labels (voluntary) • TO and TA licenses (mandatory) • Certification tourist guides • Protection of tourists in package – European Union (EU) Directive
Financial Resources	• State budget (regular financing) • State budget (funding from certain tax revenues, e.g. casino taxes) • Accommodation tax • Revenues from concessions • Project based resources from donor organizations • Contribution of tourism private sector for special activities (for tourism marketing & promotion)

Source: MTI (2018)

As shown in the table above, the overall legal infrastructure in the Kosovo tourism sector still doesn't cover some of the main and important areas that are related to the strategic planning, performance, further development and sustainability of the tourism industry. The tourism legal infrastructure in Kosovo needs a complete revamp through an exhaustive, thorough, fundamental, visionary and well-planned approach, with a significant overhaul of the current tourism legal framework which has long been overdue.

Level of government support for the tourism sector

Tourism in Kosovo is managed and supervised by the Ministry of Trade and Industry, represented by a Division in the Department of Industry. The current administrative level of tourism in Kosovo is underrepresented under this ministry, compared to the responsibilities and importance that tourism sector has for the development and contribution to the country's economy. Kosovo, in contrast with the other neighboring countries, has not yet established a Tourism Department, Ministry of Tourism nor a National Tourism Organization. In all of the other regional countries, tourism is represented by a Ministry and NTA/NTO.

With regard to the government financial support for tourism, the budget lines show that over the years tourism sector is poorly covered or not mentioned at all. The government budget allocation for the MTI (responsible for tourism) is very small, considering it has to cover many other areas and sectors within the ministry portfolio. The entire annual budget is spent through the main lines of the ministry, such as: capital expenditures; goods and services; subsidies and transfers; wages and salaries; and utilities. Tourism sector is not mentioned specifically in the lines where the budget is spread.

Table 4.1: Government budget allocation to Ministry of Trade and Industry during 2012 - 2017

Kosovo Government budget allocation to "MTI" in (000) Euro	YEAR					
	2012	2013	2014	2015	2016	2017
	4,188	5,346	4,876	4,730	4,557	7,966

Source: GAP Institute, Kosovo (2018)

According to the data available, Kosovo government spends less than 0.3 % of the annual budget for the whole Ministry of Trade and Industry, where tourism is represented by a Division, and their budget dedicated to tourism sector is the lowest in the region. The Division of Tourism (under MTI) and Kosovo Investment and Enterprise Support Agency (KIESA - an agency that promotes and supports investments, exports, tourism, small and medium enterprises (SMEs), and special

economic zones, also under MTI) have a very low financial support (less than €100,000 annually) for the development and promotion of this sector.³

Table 4.2: Allocated budget covering whole spectrum of tourism in Kosovo

The total allocated budget for the whole spectrum of tourism in Kosovo (in Euro)							
Year:	2010	2011	2012	2013	2014	2015	2016
Amount:	60.000	70.000	70.000	40.000	30.000	30.000	30.000

Source: Tourism Kosovo Quantitative Assessment – Competitiveness in South East Europe (A Policy Outlook), 2018

All other regional countries spend at least 1.3 - 1.5% and up to over 4% of their country yearly budget (i.e. Albania over 3.5%, Macedonia over 1.5 %, Montenegro over 2.5 %). The government dedicated budget covers the overall MTI expenditures, without a specific allocation for the tourism development projects and strategies. On the other hand, all other regional countries' tourism dedicated budget is spent on specific tourism development projects and in the promotion of tourism at the international level.

According to Democracy for Development Institute (D4D) 2017, Croatia is ranked 1st in the region with regard to spending for the tourism sector, followed by Albania and Serbia (figure 4.1).

Figure 4.1: The budget for the tourism sector in Kosovo and the region



Source: Democracy for Development (2017)

³ Development of Tourism through Effective Policies and Legislation - D4D Institute (2017)

Cross-sector cooperation - impact of other institutions in the tourism industry performance

The current responsible bodies for governing tourism sector in Kosovo are the Tourism Division (MTI) and Tourism Council (Government of Kosovo, MTI). Tourism sector in Kosovo, in absence of an NTO/NTA or a specific department responsible for tourism development, is not represented properly when it comes to tourism strategic decision making, responsibility, accountability, and creating the conditions for sustainable tourism development. Even though the Tourism Council has been recently established by the government of Kosovo, with the recommendation of the MTI, both the Division and the Council are facing many problems regarding tourism development.

Throughout an extended period after the war in Kosovo, the tourism sector specifically, has received very little attention from the government, forcing the industry to survive mainly from the private sector, with nearly no cooperation and contribution from the tourism related institutions and with no national long-term strategy for sustainable development of the sector.

So far, the responsibility and accountability have not been properly regulated and assigned by the government related institutions for the tourism sector. This is mainly because no national strategy has been developed yet and each sector has been working separately in regard to tourism development (sectors such as: environment, spatial planning, waste management, cultural heritage, infrastructure, economic development, etc.).

In general, the role of other sectors/ministries (Ministries of Lines) in the field of tourism is much needed and is substantial. One of the main concerns of tourism stakeholders in Kosovo is the lack of involvement from relevant institutions (line Ministries such as: MCYS, MEST, MLGA, MAFRD, MESP, MIE, etc.) to invest in and improve the sector by cooperating together to develop a national strategy on tourism, therefore raise awareness among each other about the importance of the industry for the economic growth and job creation. Also, the tourism private sector, associations and the relevant institutions have not cooperated enough in the past to harmonize work in order to produce satisfactory outcomes for tourism and the communities involved. In the last years, studies and reports that have been funded mainly by international organizations in Kosovo, have emphasized the critical situation of the tourism sector in general and interventions that need to be made.

Selectively, for the purpose of this report, a meeting with Ministry of Agriculture, Forestry and Rural Development (MAFRD) representatives was held with the aim of gathering information about the specific role of this Ministry for the tourism sector in the past and find out about the present and future plans that they have to support the sector. It was found that the MAFRD through the Agency for Agricultural Development (AAD) has started a grants program for business development in rural areas, where among other sectors, tourism is also covered and supported. The grants program has started in 2014 and is planned to continue until 2020. Under this call for grants⁴, more attention

⁴ http://www.azhb-ks.net/repository/docs/2016_03_02_140646_Thirrja_Masa_302_E_fundit_ENG.pdf

has been given to the sector for rural tourism development and promotion, with the maximum amount per grant reaching € 50,000, whereas for other agriculture covered sectors the amount can reach € 30,000.

Statistics and tourism

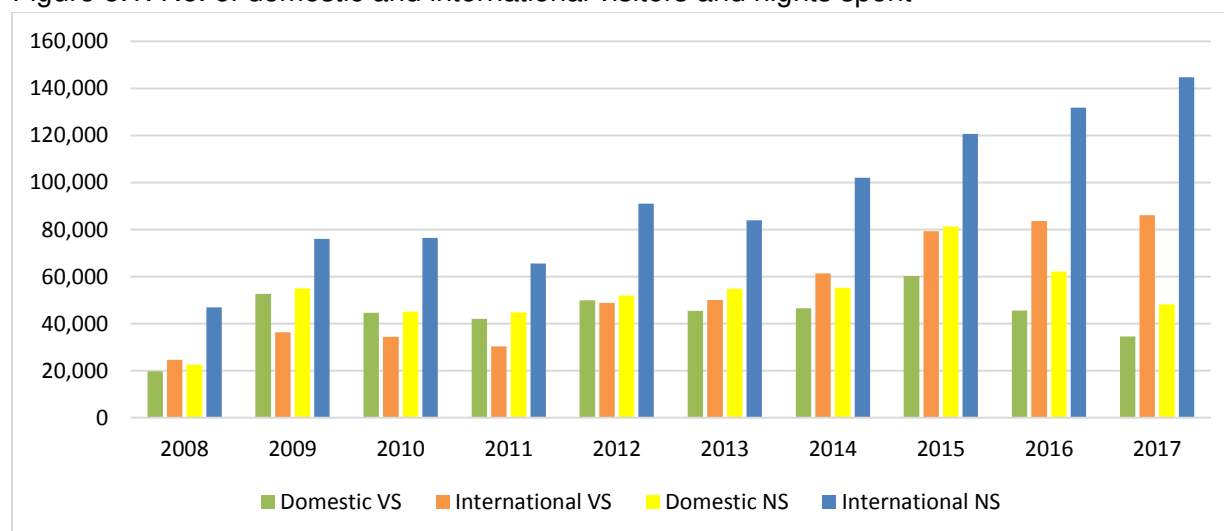
According to United Nations World Tourism Organization (UNWTO) 2015, statistics in tourism are the most important tools to analyze the situation and trends and are at the forefront of reporting and awareness of the growing importance of the sector. Tourism statistics support the evaluation and provide feedback to tourism stakeholders on the feasibility of their programs and projects. Thus, strategic decisions are easier to make when statistical data are available and current.

A basic challenge for the tourism development in Kosovo is the lack of statistical data for the sector; therefore, the collection of such data is not easy and many other data sources are needed in order to fulfill the gap and create an approximate figure of the tourism statistics.

Currently, there are no tourism comprehensive statistical data available in Kosovo with regard to its economic impact on the national GDP. Tourism specific statistical data are not collected or mentioned in the reports from the Kosovo Agency for Statistics, and the only contribution of Kosovo Agency of Statistics (KAS) to the tourism sector is the reporting of the Hotel statistical data only.

In the following, there is a comprehensive presentation of the available data from KAS and Kosovo Border Police, that have been put together to display the current situation mainly in terms of visitor/tourist arrivals, nights spent, accommodation capacities and their utilization, and market shares by regions.

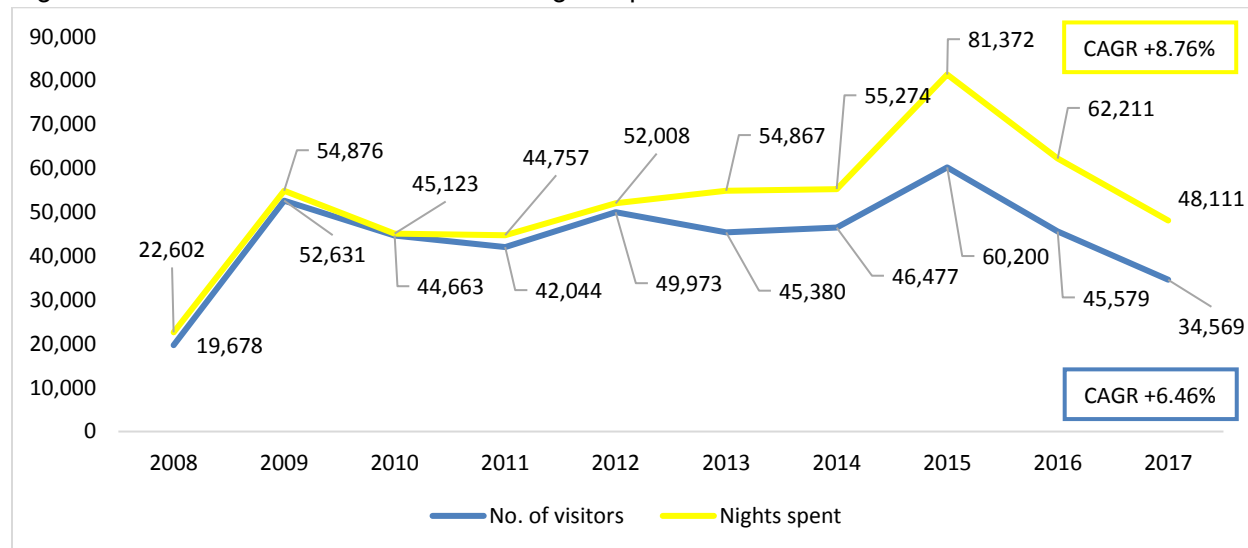
Figure 5.1: No. of domestic and international visitors and nights spent



Source: Own work (adapted from KAS, 2018)

[Fig. 5.1] The number of domestic visitors and their nights spent has fluctuated between increasing and decreasing till 2014, and in 2015 it reached the maximum number for the time period given. From 2015 - 2017 there is a considerable decline in domestic market, more than 24% year on year (YOY). On the other hand, international visitors have increased in number during the whole period with the highest increase from 2015 – 2017, and the nights spent have also increased almost during the whole period, around 13% YOY.

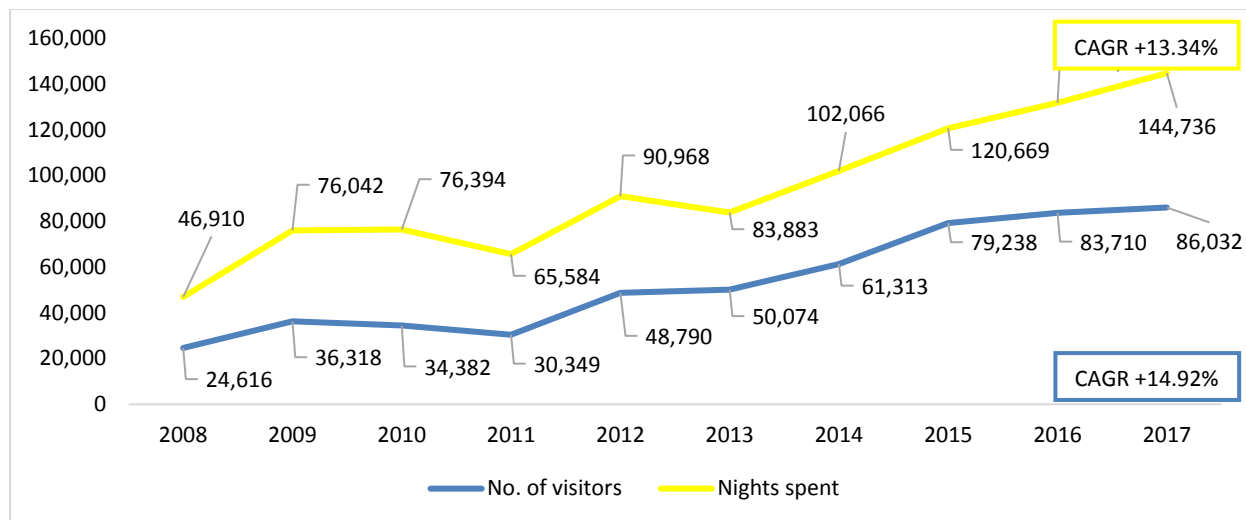
Figure 5.2: No. of domestic visitors and nights spent



Source: Own work (adapted from KAS, 2018)

[Fig. 5.2] This graph shows the total number of domestic visitors and nights spent for the past 9 years. Domestic visitor's numbers and nights spent are not consistent over the years as seen in the chart, with a huge decline recorded in 2017. Further analysis is required to explain and identify the factors that contributed to the decline.

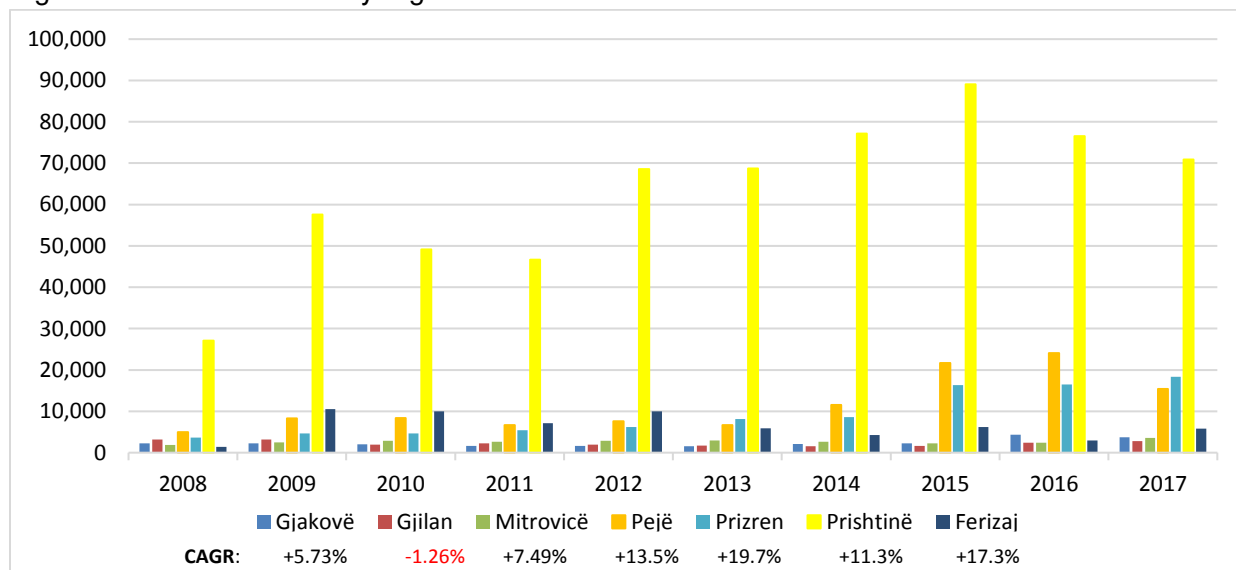
Figure 5.3: No. of international visitors and nights spent



Source: Own work (adapted from KAS, 2018)

[Fig. 5.3] The number of international visitors and nights spent during the given period in the chart shows a consistent growth over the years achieving the highest numbers (86k visitors and 144k nights spent) in 2017.

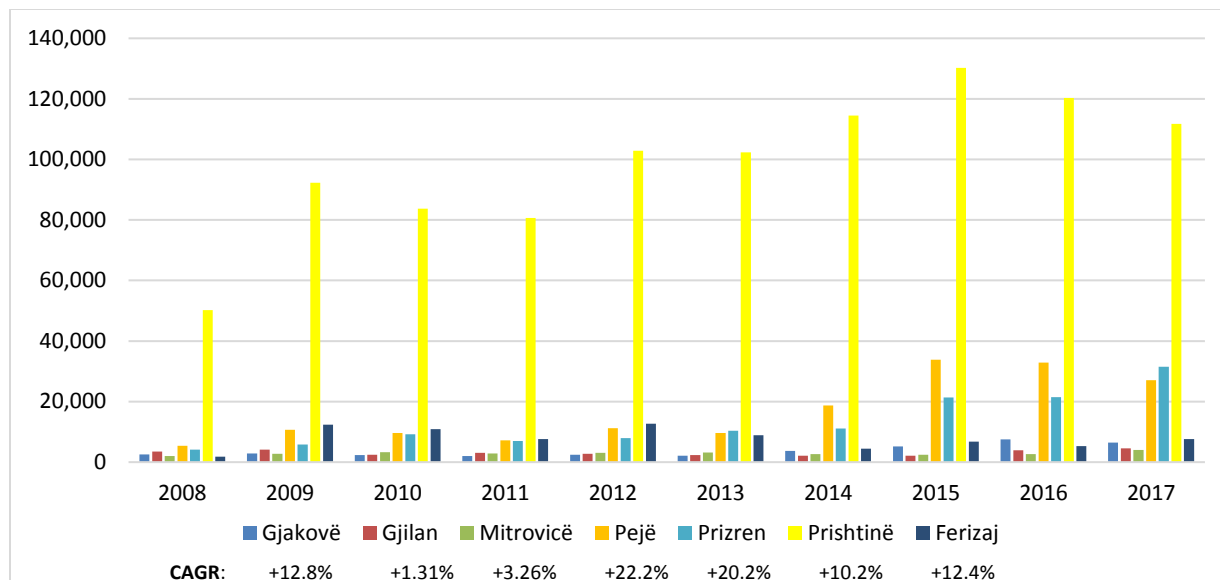
Figure 5.4: No. of visitors by region



Source: Own work (adapted from KAS, 2018)

[Fig. 5.4] As seen in the figure, Prishtina region has the majority of market share by reaching its peak in 2015 with over 89,000 visitors per year, followed by Peja and Prizren. Prizren and Ferizaj has the highest compound annual growth rate, whereas Gijlan has negative Compound Annual Growth Rate (CAGR).

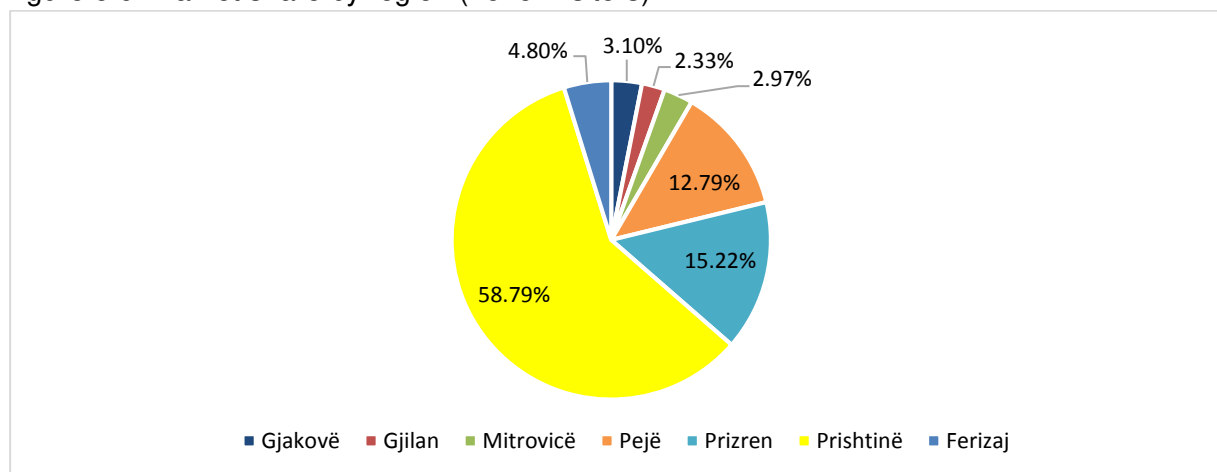
Figure 5.5: No. of nights spent by region



Source: Own work (adapted from KAS, 2018)

[Fig. 5.5] In terms of nights spent by region, Prishtina has the largest market share during the whole period, again followed by Peja and Prizren with a considerable increase recorded during 2014 – 2015.

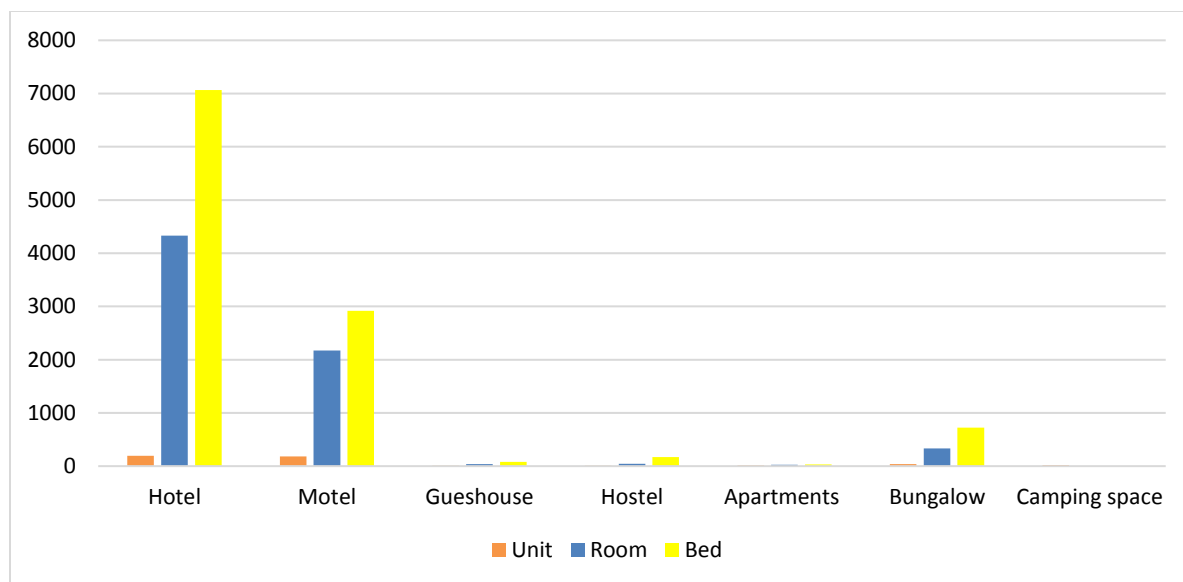
Figure 5.6: Market share by region (no. of visitors)



Source: Own work (adapted from KAS, 2018)

[Fig. 5.6] The market share for the given year 2017, is dominated by Prishtina with nearly 60%, and similar to the previous years is again followed by the city of Prizren (15%) and Peja (13%). The rest of the region has only 12% of market share which is quite low compared to the top three; therefore, we need to look on how to increase the market share for the rest of the region, in order to have a more equal distribution of visitors.

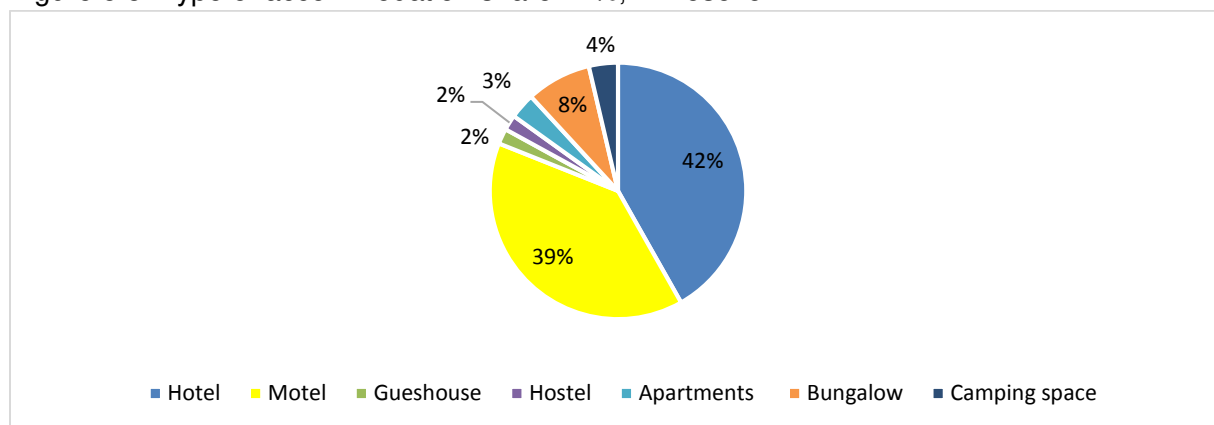
Figure 5.7: Accommodation capacities in Kosovo



Source: Own work (adapted from KAS, 2016)

[Fig. 5.7] In terms of accommodation capacities in 2016, there are around 200 active hotels with more than 4,300 rooms and around 7,000 beds, followed by around 182 motels with over 2,150 rooms and around 2,900 beds.

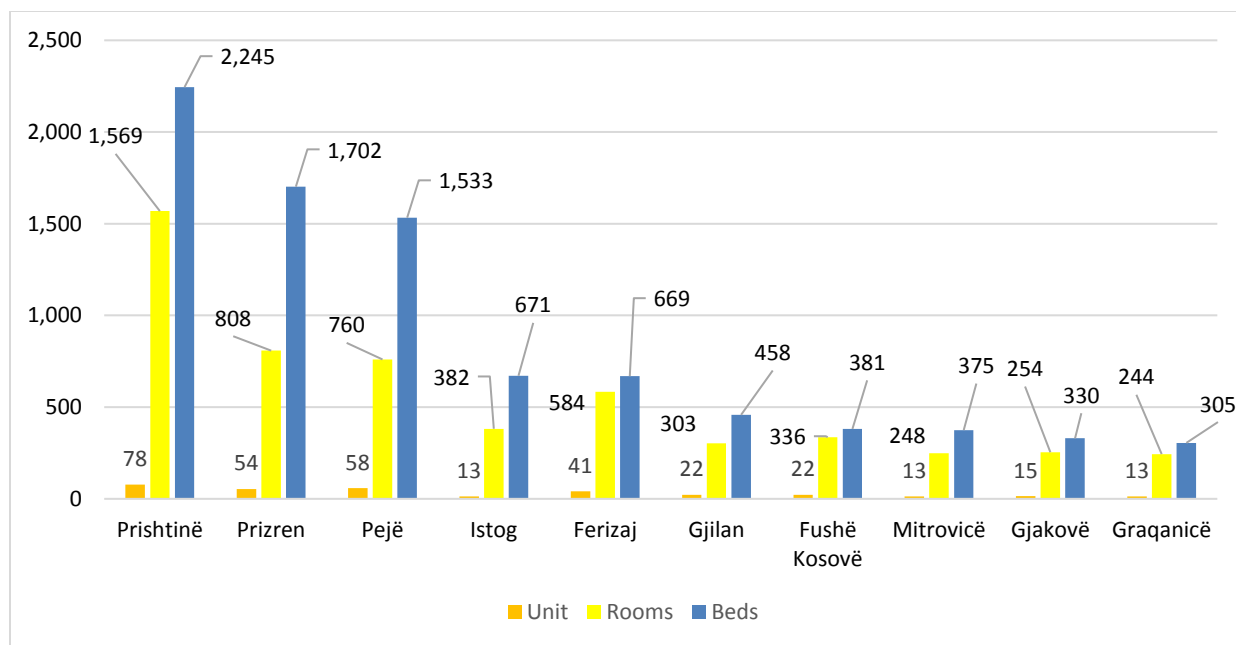
Figure 5.8: Type of accommodation share in %, in Kosovo



Source: Own work (adapted from KAS, 2016)

[Fig 5.8] The majority of accommodations types are hotels with 42%, followed by motels 39% and the rest 19%.

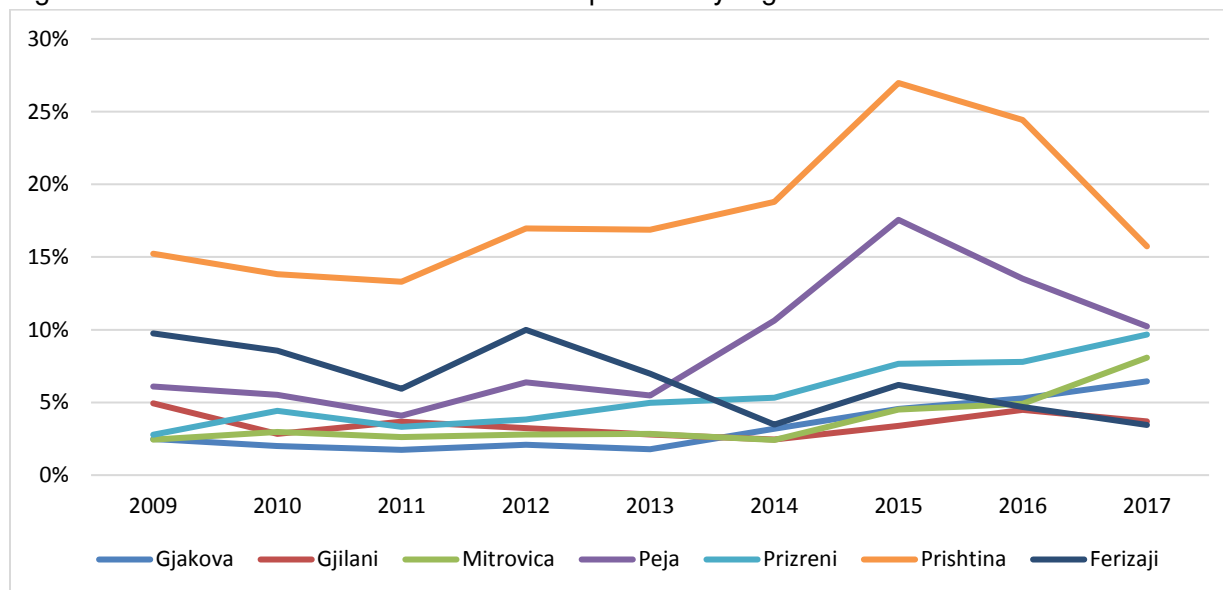
Figure 5.9: Cities with higher number of accommodation capacities



Source: Own work (adapted from KAS, 2016)

[Fig. 5.9] When it comes to accommodation capacities, Prishtina leads in terms of units, rooms and beds capacity, followed by Prizren and Peja.

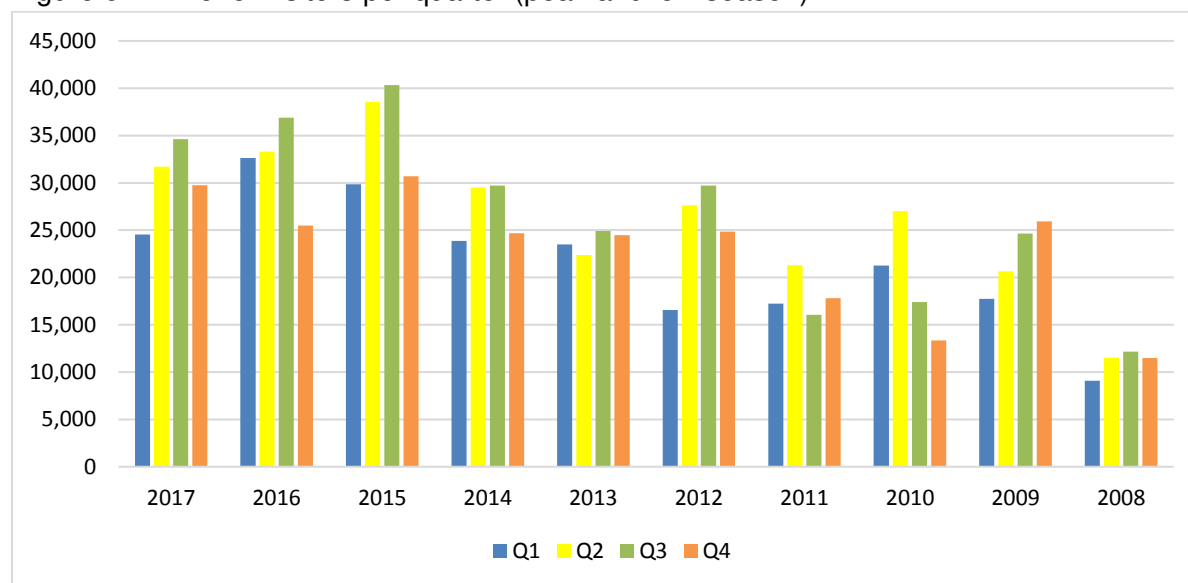
Figure 5.10: Utilization of accommodation capacities by region in %



Source: Own work (adapted from KAS, 2018)

[Fig. 5.10] The chart above shows that Kosovo has a good supply of hotels, motels etc., however the occupancy rates are very low. If we look at the capital city Prishtina, the occupancy rate for 2017 was around 16%. The hotel occupancy rates seem to be very low in general, and this could be due to unreliable data, thus not reflecting the real picture of the occupancy rates.

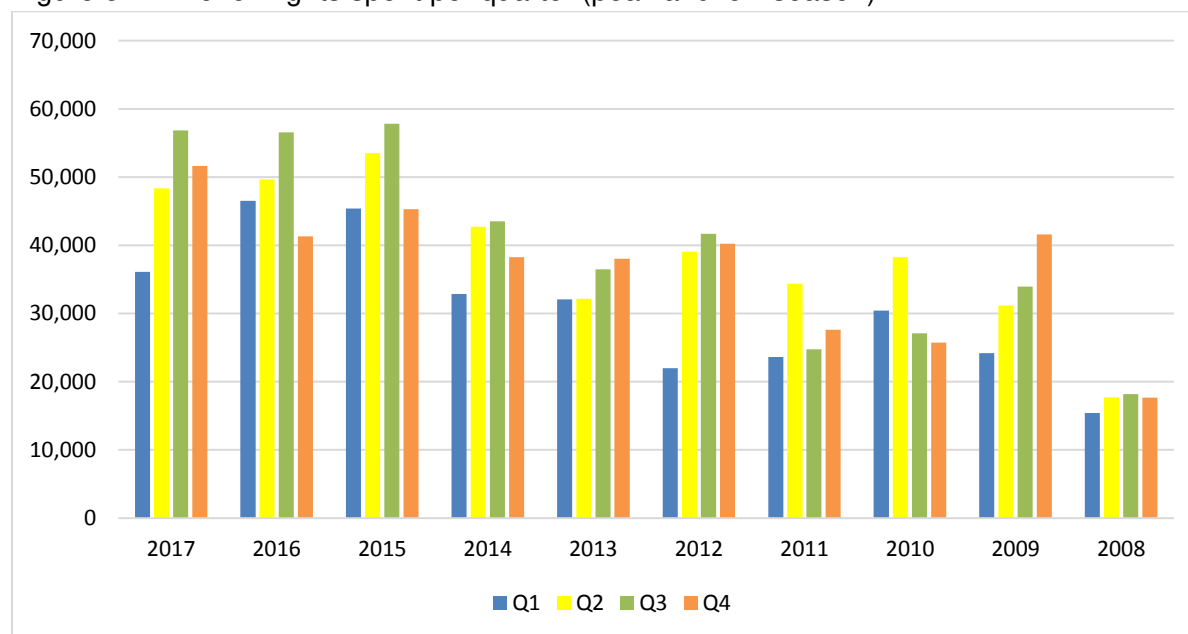
Figure 5.11: No. of visitors per quarter (peak and low season)



Source: Own work (adapted from KAS, 2018)

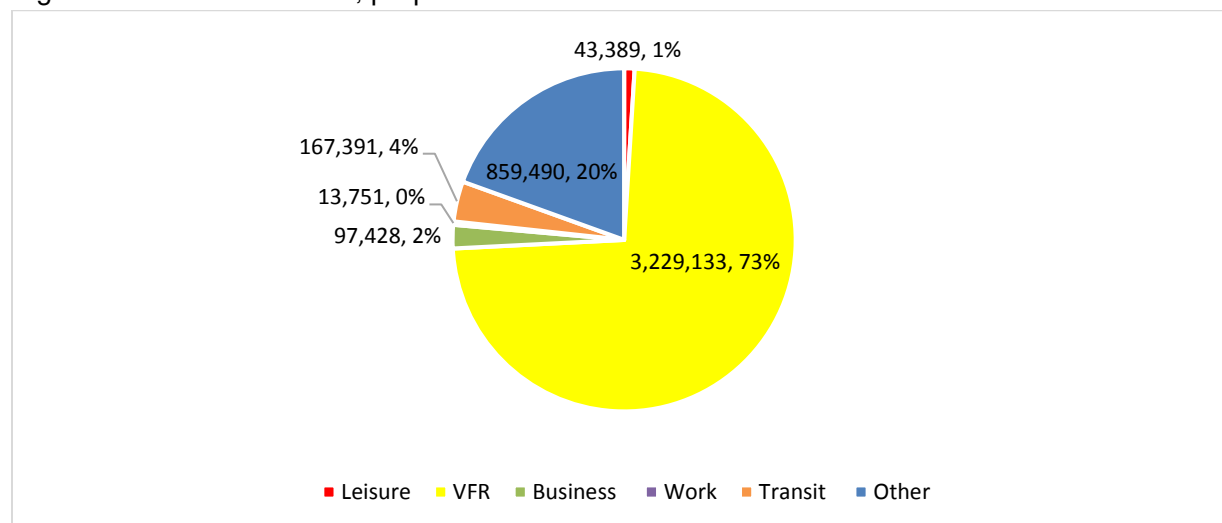
[Fig. 5.11; 5.12] The peak season throughout the given period for both number of visitors and nights spent, is in Q3 and Q2, therefore further strategies should be considered in order to better utilize tourism capacities for these quarters.

Figure 5.12: No. of nights spent per quarter (peak and low season)



Source: Own work (adapted from KAS, 2018)

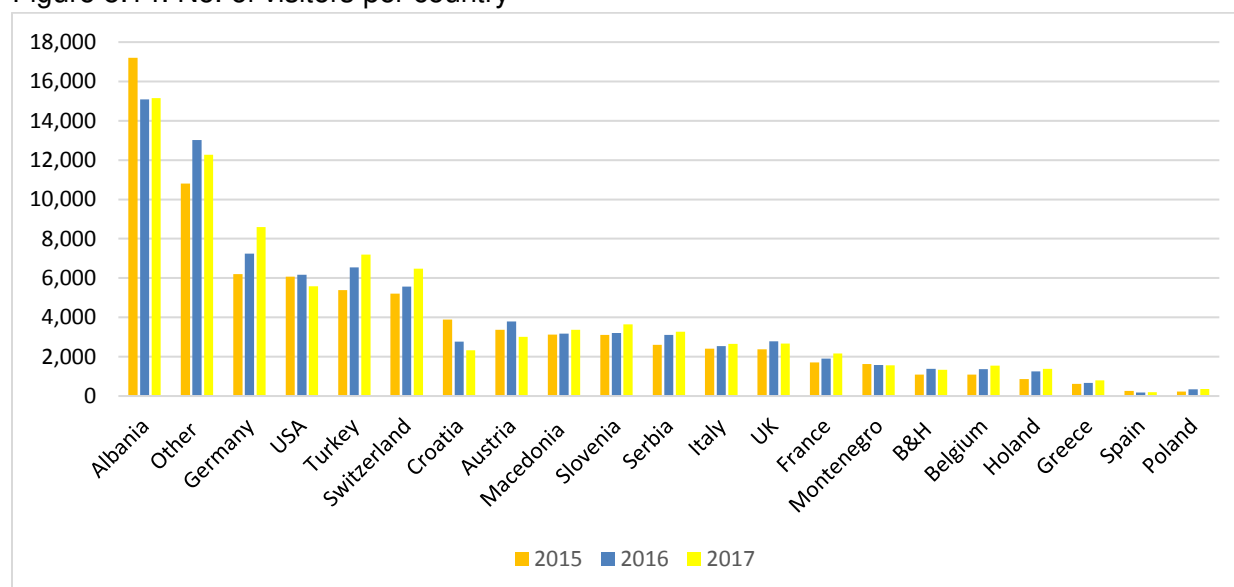
Figure 5.13: No. of visitors, purpose of travel



Source: Own work (adapted from Kosovo Police Border, 2018)

[Fig. 5.13] This figure shows the purpose of travel for visitors arriving in Kosovo, and the majority of them are visiting friends and relatives (VFR) 73%. This data is sourced from the Border Police Control, as the only available data source on arrivals.

Figure 5.14: No. of visitors per country



Source: Own work (adapted from KAS, 2018)

[Fig. 5.14] This figure indicates that Albania remains at the top with the highest number of incoming visitors to Kosovo for the last three years, followed by “Other”, Germany, USA, Turkey and Switzerland. A concern deriving from the graph is that the “Other” category has a large share of visitors (39,000 for the last three years) but no available data exists to show place of origin.

Kosovo’s membership in international tourism and statistics related organizations

Another important issue for the tourism development in Kosovo is its membership in different international organizations which are directly involved in tourism, or indirectly contribute to tourism data collection and comparison. The current situation of tourism sector in Kosovo regarding cooperation and data exchange with international tourism organizations is very unsatisfactory, as Kosovo is not listed nor included in different statistical tourism reports for country and regional comparison, tourism trends, etc.

Memberships and cooperation with organizations of this nature are very helpful and recommended when preparing national tourism strategies, and are considered a crucial tool in measuring the level of progress in achieving tourism related targets set by the country. Furthermore, the lack of proper local, regional and national data for tourism sector in Kosovo presents a significant challenge and makes it hard for policy makers to develop strategies and set targets for the sector.

When compared to Kosovo, regional countries such as Albania, Macedonia, Montenegro, etc., already are full members or candidates for membership in different international tourism organizations. As observed in different tourism related reports, these countries make use of and consult closely the international tourism organizations’ reports and findings as valuable sources for developing tourism strategies.

In the following table, there is a list of international organizations that are related to tourism data collection and comparison.

Table 5.1: International organizations contributing to tourism data collection, analysis and measurement

Main international organizations for tourism and statistics	
UN World Tourism Organization (UNWTO)	“A UN agency responsible for the promotion of responsible, sustainable and universally accessible tourism. It generates market knowledge, promotes competitive and sustainable tourism policies and instruments, and fosters tourism education and training.”
World Travel and Tourism Council (WTTC)	“WTTC works to raise awareness of Travel & Tourism as one of the world’s largest sectors. WTTC advocates partnership between the public and private sectors, delivering results that match the needs of economies, local and regional authorities, and local communities, with those of business.”
Eurostat	“Provides the EU with statistics at European level that enable comparisons between countries and regions.”
Travel and Tourism Competitive Index (World Economic Forum)	“This index is a measurement of the factors that make it attractive to develop business in the travel and tourism industry of individual countries, rather than a measure of

	country attractiveness as a tourist destination.”
European Travel Commission (ETC)	“It is a non-profit organization responsible for the promotion of Europe as a tourist destination in third markets.”
UN Economic Commission for Europe (UNECE)	“It aims to promote pan-European economic integration and facilitates greater economic integration and cooperation among its member countries.”
UN Educational, Scientific and Cultural Organization (UNESCO)	“Is responsible for coordinating international cooperation in education, science, culture and communication. It strengthens the ties between nations and societies, and mobilizes the wider public.”
UN Statistics Division (UNSTATS)	“Is committed to the advancement of the global statistical system. UNSTATS aim is to compile and disseminate global statistical information, develop standards and norms for statistical activities, and support countries' efforts to strengthen their national statistical systems.”

Source: From organizations mentioned in the table (2018)

Current state of environment in Kosovo, issues and its importance in tourism

To this day, the task of preservation of the environment and nature in Kosovo has presented a great challenge for the institutions in terms of regulating the sector and prohibiting its degradation and misuse of natural resources. After the war in Kosovo, the environment and nature were the sectors that have suffered the most, mainly because of the lack of governmental regulations and law enforcement in practice. Consequently, the tourism sector which is closely and deeply related to the environment and nature has felt the direct impact of such a prolonged negligence. Along with nature degradation, river exploitation, deforestation, etc., the waste mismanagement and pollution have contributed even more to this issue.

The exploitation of natural resources, according to Ministry of Environment and Spatial Planning (MESp), is one of the main concerns when it comes to the environmental degradation, where forms of utilization are mostly related to the use of water, inerts and minerals, followed by the use of rock and other minerals through separations.

Environment is one of the most strategic tourism assets and a key to sustainable growth for the tourism sector. Strategic environmental assets are the distinct and beautiful landscapes, clean rivers, good water quality, historical monuments, buildings, biodiversity, etc.⁵

Rivers and waste management as major concerns specifically related to tourism

Rivers - Another important form of environmental degradation with a huge impact on the quality of the environment and tourism is the exploitation of river beds and the use of inerts/gravel. The uncontrolled use of these resources has led to the damage of river beds, ecosystems, and the occurrence of floods. According to Kosovo Environment Protection Agency (KEPA) under MESP report of 2016, the condition of rivers continues to worsen due to activities of sand exploiters. The table below shows the most impacted rivers which still continue to degrade.

Table 6.1: The area of degraded rivers in Kosovo

River	Area in ha
Drini i Bardhë	1011.75
Ibri	4.5
Morava e Binçit	4.79
Lumbardhi i Pejës	134.5
Ereniku	19.48
Desivojca	18.95
Total	1219.23

Source: MESP (KEPA), 2017

Waste - As mentioned in the MESP 2016 report, the sanitary landfills in Kosovo are a major concern due to bad management, lack of law enforcement and investments. Waste water leakages and inappropriate waste coverings are only a couple of issues related to bad waste management. Despite the growing trend of waste disposal in sanitary landfills and the increased amount of the disposed waste per capita, a proper waste management is still not in place. The report also notices a disturbing figure of 1062 illegal landfills that have been found in 16 municipalities around Kosovo. The following table indicates the number of illegal landfills in relevant municipalities.

Table 6.2: Number of illegal landfills in Kosovo

No.	Municipality	No. of illegal landfills
1	Drenas	137
2	Graçanica	32
3	Obiliq	55
4	Ferizaj	61
5	Istog	82
6	Klina	57
7	Fushë Kosova	43
8	Kaçanik	35
9	Lipjan	105
10	Podujeva	41

⁵ Tourism and the Environment - Fáilte Ireland's Environmental Action Plan (2007)

11	Skenderaj	71
12	Mitrovica	41
13	Prishtina	95
14	Vushtrri	57
15	Peja	123
16	Shtime	27
Total		1062

Source: MESP (KEPA), 2017

The overall situation of rivers and waste management in the territory of Kosovo is still worrisome and a matter of great concern, considering both are specifically and closely linked to the country's environmental image when it comes to tourism and its promotion.

Without considering nature and environment as strategic tourism resources and fully protect and regulate them, the tourism sector will continue to suffer by losing its attractiveness and leaving a bad impression on tourists who visit Kosovo.

EU Directives on environment and the level of approximation of Kosovo's legislation

As a country aiming to join the EU in the future, Kosovo is working in many areas with the EU office, and one of the main fields of work is to strengthen the country's legislative framework and harmonize legislation with EU Directives and regulations.⁶ In this context, harmonization of the environmental legislation with the EU Directives was one of the main concerns and area of work for the relevant institutions. Below, there is a summary of EU Directives on environment, and the level of Kosovo's legislation transposition expressed in percentage, a process monitored by the European Commission. The table shows the collective average percentage of transposition for each scope of the EU Directives on environment.

Table 6.3: The level of transposition of EU Directives on environment in the Kosovo legislation

Scope of EU Directive	No. of EU Directives in the transposition process by Kosovo legislation	Level of transposition in Kosovo's legislation, in %
Horizontal legislation	7	82 %
Air quality	6	59 %
Waste management	9	73 %
Water quality	9	29 %
Nature protection	3	93 %
Industrial pollution control	3	40 %
Chemicals	3	77 %
Noises	1	74%

Source: Adapted from "State of the Environment in Kosovo" – MESP Annual Report (2016)

⁶ State on the Environment in Kosovo – MESP Annual Report (2016)

The table indicates that approximation of Kosovo's environmental legislation with EU Directives on environment is heading in the right direction in some of the scopes (i.e. horizontal legislation, nature protection, chemicals, noises, and waste management to some extent), with more work to be done on other scopes, especially on the water quality, industrial pollution control and air quality. However, successful harmonization of Kosovo's legislation with EU Directives is only the first important step towards environment and nature protection. Therefore, a strict monitoring and enforcement of laws and regulations is also needed in practice.

Concerns and findings from tourism stakeholders and international organizations

The main tourism stakeholders in Kosovo, including international organizations, have been consulted during the preparation of this report, with the aim of giving a broader picture of the real situation of the tourism sector in Kosovo. Separate meetings have been held with various stakeholders and selected topics have been discussed in order to get a better understanding of the multiple issues that currently hinder the progress of the industry.

Table 7.1: Concerns and recommendations from the main tourism stakeholders in Kosovo

Stakeholder/Organization	Concerns and Recommendations
Associations: ⁷	• Have a better cooperation between tourism stakeholders and institutions (e.g. Tourism Division, Kosovo Investment and Enterprise Support Agency KIESA, Associations, operators, etc.); • Create conditions to accommodate large tourist groups; • Develop a proper marketing strategy; • Make hotel rates more competitive; • Increase public awareness about the sector; • Improve the country image (bad image after the war); • Revise the existing legislation and develop a new Law on Tourism; • Develop education and update curriculums on tourism; • Support the private sector for a better promotion through

⁷ Consultations with associations: Kosovo Tourism Association (KATA); KCC member (2018)

	investments in fairs, brochures, etc.; • Develop a strategy for rural tourism development;
Tour Operators:⁸	• Invest in and improve basic infrastructure: waste management, water supply, electric power supply, road infrastructure, sewer, etc.; • Include tour operators specifically for the development of tourism policies; • Reduce airport tax; • Increase the level of knowledge of foreign languages for the potential employees as tour guides; • Promote Kosovo as a destination not only through fairs/trade shows, but also through the media (digital and print media/international media). • Facilitate the process of securing mountain track passes from Macedonian border police; • Invest more in the tourism sector in general; • Develop legislative incentives for stimulating the tourism private sector; • Remove Value Added Tax (VAT) charge for tourists who book from abroad to visit Kosovo and the region; • Subsidize flights and travels for international tourists; • Promote tourism and Kosovo products in the embassies abroad; • Create joint offers/products for Kosovo, Albania and Montenegro; • Review the current visa regime/restrictions for China, Middle East and the rest of Asia (electronic visa); • Create conditions for a sustainable tourism development concentrated on a direct profit for communities and citizens; • Subsidize sustainable tourism products and guesthouses; • Prioritize tourism at the highest government level, implement policies and enforce rules in practice; • Decrease the informality level in the sector of guesthouses/hostels, touristic destinations/attractions and restaurants; • Reduce the VAT charge for tourism related services; • Develop rules and regulations for tour guides; • Strengthen the representation from appropriate tourism associations and increase their participation in tourism policies development; • Strengthen the relationship with major donors (Swiss-Contact/PPSE; USAID/Empower, UNPD, GIZ, etc) whose contribution and investments in tourism development/promotion and capacity building, are significant

⁸ Consultations with TOs: AirTour; BN Adventure; AltaVia; Fibula; Outdoor Kosova (2018)

	to the sector; • Establish the NTO as soon as possible and have a concrete action plan for tourism development and promotion; • Develop a website specifically to promote Kosovo tourism; • Participation in fairs/trade-shows to be planned one year in advance, giving more time to prepare slogan, videos, logo, etc. (all participants should be able to communicate in English). • Proposed fairs to attend: Internationale Tourismus Börse (ITB) - Berlin, World Travel Market (WTM) - London, Destination Nature Paris (DNP) - Paris, Albexpo - Tirana, East Mediterranean International Tourism & Travel Exhibition (EMIT) - Istanbul, Arabian Travel Market (ATM) - Dubai, different fairs in eastern European Union; • Increase number of tour guides, create a tour guide database, and develop a licensing system; • Establish better communication between tour operators and associations; • Fam trips – to be organized in advance; 2-3 operators should work together when hosting large fam-trips; • Environment protection is a big concern and should be addressed by the highest level of government;
International Organizations/donors⁹	• Operation and maintenance (O&M) of the projects funded by EU Office and other donors should be highly considered by the local governments, in order that projects funded by EU and other donors can remain sustainable and become success stories after their implementation (examples of O&M mismanagement: Junik – Tourist info center; Istog – walking and cycling paths and tourist info center; Novobërde – fortress revitalization, etc.); • Address environment protection and waste management; • Urgent creation of an NTO and a tourism promotion website; • Through better promotion campaigns, reverse the trend of Kosovo Diaspora spending more in neighboring countries; • Promote regional cooperation through different tourism projects and cross-border initiatives; • Provide governmental support to tourism associations; • Target KFOR troops who served in Kosovo; • Develop a national tourism strategy;

⁹ Consultations with: EU Office; USAID; GIZ; Swiss Contact/PPSE (2018)

Kosovo Tourism Council	• Adventure tourism including cultural, outdoor and physical activities should be emphasized as a potential contributor for the sector; • Provide training for 'Search and Rescue' teams in case of emergencies, with a focus on mountain tourism. • Have a better promotion of cultural heritage along with other tourism activities; • Develop tourism market segmentation;
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Source: From meetings and interviews held with the tourism stakeholders in Kosovo

Role of the National Tourism Organization (NTO)

The basic and primary role of an NTO is the promotion of a country as a tourist destination and increasing tourist/visitor arrivals.¹⁰ Its critical functions are tourism marketing and development alongside planning, visitor servicing, research, coordination and lobbying.¹¹

The NTOs main tasks and responsibilities include and are not limited to:¹²

- research of the relevant current and emerging markets and develop market intelligence;
- forecast demand;
- identify markets and segments with the best potential;
- establish promotional priorities;
- project the appropriate destination image to the targeted markets;
- provide destination information to interested parties;

¹⁰ The Role of a National Tourist Office in the World of Incentive Travel - Case, A. (2003)

¹¹ Tourist Organizations - Longman Group UK Ltd. Harlow, Essex Pearce, D. (1992)

¹² The past, present and future of DMOs – Example of NTOs - J. Borzyszkowski; M. Marczak (2011)

- provide advice on product development and improvement to a variety of tourism organizations;
- create cooperative marketing campaigns in collaboration with other tourism organizations;
- monitor tourist/visitor satisfaction.

Recently in Kosovo, there has been a gradual increase of efforts on behalf of government to formulate strategies for the development of the tourism sector. In the draft concept document¹³ of year 2018 (MTI, TAIEX), along many other identified interventions to be made in the tourism sector, establishment of an NTO was considered a priority.

According to an analysis report¹⁴ (PPSE, 2017) which was prepared to emphasize the needs and options to establish an NTO, the total yearly cost for the establishment and running of an NTO would be less than € 400,000, without the estimate of the employee and office costs. Activities included in the forecasted budget and work program are:

- production of promotional materials and tools;
- promotion focused on customers and on business;
- public relations (PR) and communication;
- organization and functioning of TIC (Tourism Information Centers), DMO (Destination Marketing Organizations), and representative offices abroad;
- tourism information database, market surveys, analysis and marketing strategy adoption/realization;

The necessary financial sources for the functioning of an NTO are the government budget, tourism business contribution and support based on projects from international organizations.

In the following table, there is a regional country comparison related to the tourism administration. Moreover, it shows that except for Kosovo, all regional countries have already established NTOs, have a ministry for tourism (except Macedonia) and have encouraged private sector inclusion.

Table 8.1: Regional country comparison with regard to tourism administration

Country	Ministry of Tourism	NTO	Private sector inclusion	Comprehensive strategy adapted
Kosovo	X	X	X	X
Albania	✓	✓	✓	X
Macedonia	X	✓	✓	X
Croatia	✓	✓	✓	✓
Serbia	✓	✓	✓	X

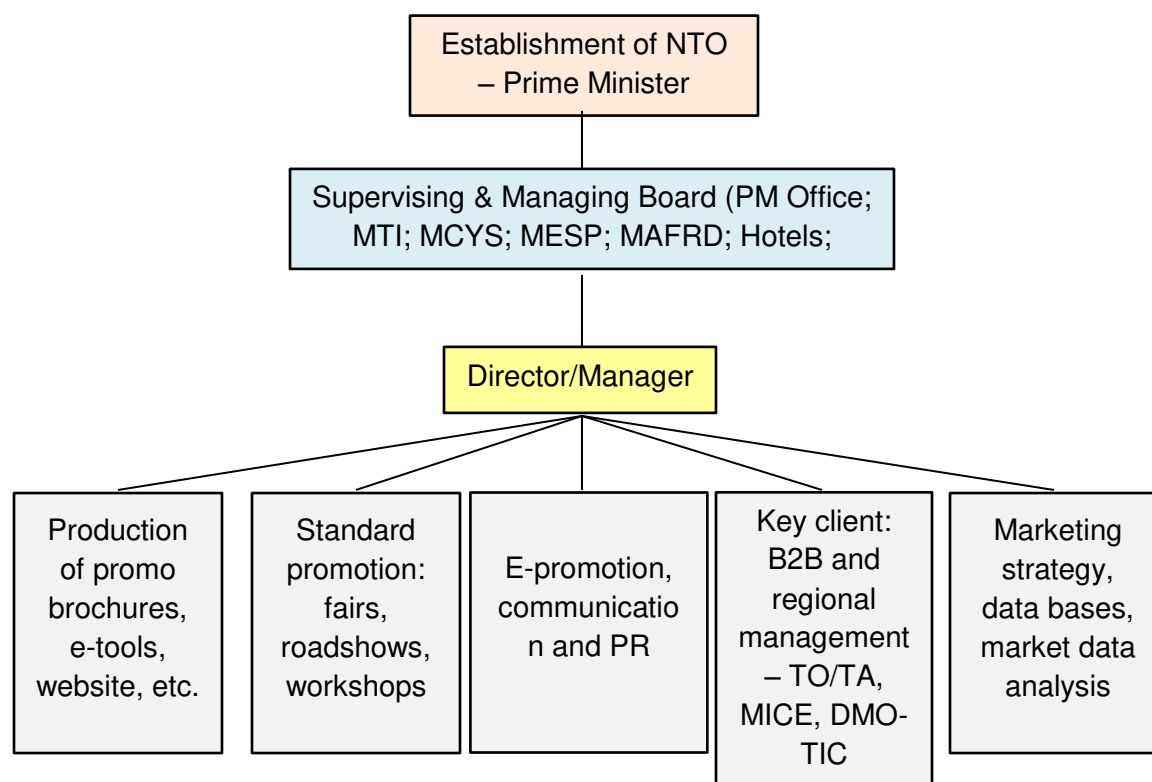
Source: Development of tourism through effective policies and promotion, D4D 2017

The figure below represents the recommended structure for the NTO establishment and its management levels.

¹³ Draft concept document in the field of tourism – MTI, TAIEX, Kosovo (2018)

¹⁴ Options and modalities for establishment of Kosovo Tourist Board - J. Sirse, PPSE (2017)

Figure 8.1: Organization and management structure of a proposed NTO



Source: “Options and modalities for establishment of Kosovo Tourist Board – NTO of Kosovo” _J. Sirse (PPSE)

As a result, establishing an NTO is considered to be an important step towards creation of a good basis for tourism development and promotion, with a responsible body serving as a main point of information for many tourism related activities.

Tourism market segmentation - benefits and effects in the tourism strategy development

Definition

As in many other industries, market segmentation in tourism is an important element and a strategic tool to develop, adapt and use on a national level. It enables the tourism sector to prioritize markets with more potential, harmonize demand and supply relationship and effectively and efficiently allocate resources for the tourism sector. Tourists are not all the same, they are heterogeneous and have different views when it comes to choosing their ideal vacation. Hence,

market segmentation accounts for heterogeneity among tourists, and groups them into market segments that are similar to each other and dissimilar to members of other segments.¹⁵

Segmentation benefits and requirements

Main benefits of market segmentation are:¹⁶

- the ability to specialize on the needs of a specific group and cater the same in the best possible way;
- building relationships with the most potential customers;
- competitive advantage;
- delivering focused product and service propositions;
- increasing revenues from targeted customers;
- determining whom not to chase for business;
- prioritization of resource allocation on the most worthwhile opportunities;
- establishing commitment and single-mindedness within the organization (one vision, one voice, harmonized messages).

Requirements/criteria for successful travel and tourism market segmentation:¹⁷

- Homogeneity - people within a segment should be similar to each other and segments should be as different from each other as possible;
- Measurable and Substantial - segments should be identified with a reasonable degree of accuracy, and be large enough in size to warrant separate attention;
- Accessible - an organization should be able to easily access the identified segments;
- Defensible - segments must require different marketing approaches, and must differ on those characteristics which are most relevant to the organization's services or products;
- Competitive - segments must be suited to the products or services offered by the organization;
- Compatible - segments need to be compatible with existing markets;
- Durable - there must be some stability, and the segments need to remain relevant over an extended period of time.

Generally used methods and techniques for tourism market segmentation

Population			
Demographic	Geographic	Psychographic	Behavioral

¹⁵ Market segmentation in tourism - Dolnicar, S, Woodside, AG and Martin, D (eds) (2008)

^{16, 17} Developing market segmentation in Tourism - Pesonen, J., University of Eastern Finland (2013)

- Age - Income - Work - Family - Education - Religion	- Climate - Urban - Rural - Mountain	- Tradition and habits - Lifestyle - Interests - Activities - Personality	- Preferences and habits - Intentions - Goods Inherited
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Source: Own research

Tourism market segmentation and potential resources in Kosovo

On a national level in Kosovo, aside from the tourism private sector which practices the method of market segmentation for their business interests (micro-marketing), there is still no evidence of any strategic document and/or analysis that includes tourism market segmentation as a marketing concept (macro-marketing). Involvement of government tourism institutions on preparing and delivering tourism marketing documents and strategies is necessary for the tourism private sector, entrepreneurs, policy makers and other stakeholders to have a broader perspective on where to invest, what products to develop, and better understand international markets and customer specific demands.

Tourism market segmentation is usually prepared by an NTA/NTO or any other relevant tourism government institution/department. However, in Kosovo there are many issues and obstacles when it comes to tourism data availability, therefore it is harder to provide specialized information for tourism and tourist segmentation. When it comes to the collection of tourism statistical data, the Kosovo Agency for Statistics covers and provides information from the hotel industry only, which is not sufficient in developing broader comprehensive market analysis.

In regard to the segmentation of tourism resources in Kosovo, the Tourism Division (MTI) has prepared a list of existing segments with a development potential in Kosovo, adapted in the following table 9.1.

Table 9.1: Tourism segments with potential in Kosovo

Existing segments with potential in Kosovo			
Types of tourism	Current	Potential	At the beginning phase
Transit	X		
Nature			X
Water springs		X	
Medical	X		
Winter	X		
Cultural - Historic			X
Rural		X	
Hunting & Fishing		X	
Alpine			X
Spelean		X	
Adventure			X
Scientific		X	

Source: MTI, Tourism Division 2018

Moreover, for the purpose of this report, a collection of further potential tourism resources is presented in the table 9.2, where there is a description of main tourism resources in Kosovo divided into primary and secondary, which should be carefully considered when segmenting tourism market for Kosovo. Market segmentation is an important marketing tool that is focused in harmonizing tourist demands with country tourism resources; so that the utilization of the country's existing resources can be effectively achieved.

Table 9.2: Tourism resources available in Kosovo

Main tourism resources in Kosovo					
Primary tourism resources:		Secondary tourism resources:		Niche tourism products:	
Nature:	Mountains; Adventure; Rural, Eco; Winter sports; Caves; Waterfalls, lakes, rivers;	Other tourism resources:	Medical tourism; Camping; Cycling; Agro-tourism; Excursions; Transit tourism; Wellness; Cross-border tourism;	Niche products:	Culinary; Wineries; Meetings, Incentives, Conferences & Events (MICE); Festivals; Events; Religious activities;
Urban:	Cities; Nightlife; Bars & Restaurants;				
Cultural heritage:	History; Religious; Monuments; Archeology; Architecture; Artifacts; Museums; Folklore; UNESCO sites;				

Source: Own research

Tourism demand and supply

Tourism is well suited in the supply chain, where the product, service or experience that is consumed is assembled and includes a wide range of suppliers.¹⁸ In order to match demand and supply in tourism, prior marketing analysis is needed with identified market segments. The tourism/tourist segments are diverse; therefore, there are different demands for different tourism products to be supplied.

The tourism demand and supply in Kosovo lacks in statistical data and analysis. Without proper tourism statistical data, it is very hard to know the level of use of touristic resources in Kosovo which makes the process of market segmentation more complex. As a consequence, the tourism products cannot be effectively developed and therefore will not meet the real product/service demand from tourists. Only by classifying tourists into segments and better understanding their behaviors and needs, we can then effectively match their demands with the supply of touristic products available, and also develop completely new products (where demand is high or tends to increase) which could add value to the tourism supply chain.

To some extent, the tourism private sector in Kosovo develops marketing analysis so they can achieve business targets and be competitive, but such data usually stays for private use only, are

¹⁸ Tourism demand and supply - T, Nelwamondo (2010)

not published and are not sufficient to understand and determine the overall demand and supply for tourism products and services at a national level. Again, the NTO's role in this aspect would be very valuable, because it is specifically designated to prepare, deliver and publish tourism strategic documents that would enable the sector to be better organized, managed, promoted and be more efficient and profitable.

A better utilization of the available tourism resources can be achieved after a proper study and analysis of the segments, and as a result matching demand with supply. Statistics in this context have an important role.

Basic approaches to gather tourism supply statistics are:

- statistics on the production/structure of enterprises, their activities (supply of accommodation and retail services), and
- statistics on the result of such activities.

The tourism supply components can be classified into four different elements (Gunn and Var, 2002):¹⁹

- Natural or environmental resources - that constitute the fundamental measure of supply (physiographic of the area, landforms, flora, fauna, water bodies, air quality and similar natural elements/phenomena);
- Built or man-made resources (infrastructure) – with elements such as water supply systems, sewage disposal systems, power lines, roads, communication networks, and other recreational and commercial facilities;
- Transportation – as a critical component of tourism supply (airplanes, trains, buses, etc.);
- Hospitality and cultural resources – that are integral to tourism offering.

Main tourist destinations and events in Kosovo

Having a country tourism database listing all the attractions, tourist destinations, events, etc., influences the decision-making process by making it easier for visitors to seek and familiarize with all tourism related destinations. It also aids the tour operators (TOs), travel agents (TAs) etc. in Kosovo to design the itineraries by having access to all the tourism related data around Kosovo.

Currently, there is no official database or website listing all the attractions, events and points of interest in Kosovo combined and put together. Limited material and poor designs of some of the existing sites are not enough to attract the interest of prospective visitors. It results in losing potential visitors that are searching for what to see and do in Kosovo. When doing a search on a city/town/village in Kosovo (e.g. Prishtina attractions), first results are from TripAdvisor, Lonely Planet etc., providing limited information about Kosovo's tourism resources and activities.

¹⁹ Tourism planning: Basics, Concepts, Cases - Gunn, C; Var, T (2002)

Table 10.1: Some of the main attractions around main cities in Kosovo

<i>Prishtina</i>	<i>Peja</i>	<i>Prizren</i>	<i>Gjakova</i>
<i>Ethnographic museum;</i> <i>Prishtina National Library;</i> <i>Mother Teresa Cathedral and square;</i> <i>The national art gallery of Kosovo;</i> <i>Germia Park;</i> <i>Mosques;</i> <i>Skangerbeg square;</i> <i>Ulpiana;</i> <i>National Museum;</i> <i>Gracanica Monastery;</i> <i>Gadime Cave;</i> <i>Sultan Murat Mausoleum;</i> <i>Batlava Lake;</i>	<i>Old Bazaar of Peja;</i> <i>Ethnological Museum;</i> <i>Via Ferrata;</i> <i>Accursed Mountains;</i> <i>Bajrakli Mosque;</i> <i>White Drin;</i> <i>White Drin Waterfall;</i> <i>Sleeping beauty cave;</i> <i>Rugova Canyon;</i> <i>Decani Monastery;</i> <i>Boga;</i> <i>Leqinat Lake;</i> <i>Haxhi Zeka Tower;</i> <i>Patriarchate of Peja;</i>	<i>Kalaja Fortress;</i> <i>The Sinan Pasha Mosque;</i> <i>Albanian League of Prizren museum;</i> <i>Sharr Mountains;</i> <i>National Park;</i> <i>Archaeological Museum;</i> <i>Bajrakli Mosque;</i> <i>Gazi Mehmet Pasha;</i> <i>Hamam;</i> <i>Church of Bogorodica Ljevisa;</i> <i>Filigree art;</i> <i>Church of Holy Saviour;</i> <i>Brezovica;</i> <i>Dragash;</i> <i>The Halveti's Tekke;</i>	<i>Grand Bazaar;</i> <i>Bridges (Terezi, Tabak, Taliq);</i> <i>Clock Tower;</i> <i>Ethnographic museum;</i> <i>The Grand Tekke;</i> <i>Hadum Mosque;</i> <i>Church of Shën Ndou;</i> <i>Çabrati hill;</i> <i>Terezi Bridge;</i> <i>Abdullah Pashe Dreni Tower;</i> <i>Radoniqi Lake;</i> <i>Shkugëza forest;</i> <i>Mirusha Waterfalls;</i>

Source: KIESA, TOs, Trip Advisor, Lonely Planet, etc.

Table 10.2: Some of the main events in Kosovo:

Event name	Place	Month
<i>Dokufest</i>	Prizren	August
<i>Anibar</i>	Pejë	August
<i>Green Fest</i>	Prishtinë	July
<i>High-Diving Competition, Ura e Fshenjtë</i>	Gjakovë	July
<i>Freedom Festival</i>	Prishtinë	June
<i>NGOM</i>	Prizren	June or July
<i>The International Festival of Young Musicians, DAM</i>	Prishtinë	March
<i>Përralla</i>	Gjakovë	May
<i>Meeting of Styles, Pristina</i>	Prishtinë	May
<i>Skena UP</i>	Prishtinë	November
<i>Prishtina Jazz Festival</i>	Prishtina	November
<i>Into the Park</i>	Pejë	October
<i>Gjakova Highland Marathon</i>	Gjakovë	October
<i>Hardh Fest</i>	Rahovec	September

Source: Tourism Sector Profile – KIESA (2014), and other.

Trending destinations in Kosovo

Among main destinations to visit in Kosovo, there are some points of interest that have gained international attention and popularity, that are getting support and investments. The “*Peaks of Balkans*” and “*Via Dinarica*” are just a couple of good examples mentioned in this report.

The “*Peaks of Balkans*” is a mountain hike with various trails along the borderlands of Albania, Kosovo and Montenegro, around 200 km long (taking around 10 days to visit the whole trails), which links some of South-East Europe’s most beautiful national parks with amazing landscapes (mountains, forests, waterfalls and meadows), and which has created economic opportunities and development for local communities. As a project, it has put the region on the map and created a powerful profile and image for the destination, increased visitors number in Peja and the region, and stimulated operation of guesthouses and mountain guides.²⁰ This project was developed and supported by GIZ in cooperation with municipalities, associations and Line Ministries, who provided advice to all relevant stakeholders.

“*Via Dinarica*” is another example of trending destinations and Kosovo is part of it. It is an extended trail passing through and linking Western Balkans countries from Slovenia to Albania, including Croatia, Bosnia, Montenegro, Kosovo, Serbia and Macedonia. This trail is around 2000 km long, and according to National Geographic it is becoming “one of the worlds trekking destinations”. The project for connecting Kosovo to the Via Dinarica and Western Balkans was supported by USAID Empower by investing around € 51,000 in assisting with the laying out, mapping and marking of the trail; providing technical assistance; developing promotional materials; and building the capacity of local tour operators to deliver adventure travel services. This project was inaugurated during the summer of year 2017.²¹

EU projects for Cross Border Cooperation (CBC) and their impact in local tourism development

The development of cross-border tourism has become popular in the last decades, especially when the EU introduced the interregional programs. The EU funds for Cross Border Cooperation (CBC) have increased during the time and a specific focus is given to tourism related projects. The municipalities (local governments) are seen to have the biggest influence when it comes to CBC funds use, especially due to their role and responsibilities in local tourism development, planning and strategies.

The characteristic terrain with mountains and forests along the borders with neighboring countries gives Kosovo municipalities a strategic opportunity to develop cross-border projects with a special focus in tourism development, therefore establishing links of economic, cultural and social interest with other regional countries.

The following table shows the EU allocation of funds for CBC program 2007 – 2020, and is adapted to indicate the funds allocated for Kosovo joint projects with neighboring countries.

Table 11.1: EU fund allocation for CBC projects

²⁰ A Shared Success – the Peaks of the Balkans Trails - GIZ (Sarajevo) (2014)

²¹ Connecting Kosovo to the Via Dinarica and Western Balkans - www.usaid.gov (2017)

EU CBC Program	Allocations 2007 – 2013 (Euro)	Allocations 2014 – 2020 (Euro)
Kosovo - Albania	4,800,000	8,400,000
Kosovo - Montenegro	4,800,000	8,400,000
Kosovo - Macedonia	3,600,000	8,400,000
Total	13,200,000	25,200,000

Source: Adapted from European Commission, Instrument for Pre-Accession (IPA) CBC Report, 2017²²

Main challenges/issues covered by CBC Program

According to Instrument for Pre-Accession (IPA) CBC 2017 report²³, there are 10 main issues and challenges identified that need to be addressed by the CBC program:

- Depopulation and de-realization;
- Inadequate infrastructure (transport, water, waste, business enabling);
- High unemployment, including long term and youth unemployment;
- Low agriculture/agri-food productivity;
- Weak business environment and business support systems;
- Weak education/labor and business linkages;
- Low awareness of environmental sustainability;
- Social marginalization of groups, youth, elderly, and ethnic minorities;
- Lack of business scale (micro-businesses), and access to business finance;
- Limited market (national/international) and marketing opportunities.

Eligible applicants

The eligible applicants for IPA CBC funded projects are: local authorities; local public utilities, regional authorities, national bodies, international organizations, universities and schools, non-government organizations (NGOs), sport associations and religious associations.

Under IPA 2014 – 2020, thematic priorities such as tourism, cultural & natural heritage and environment protection, are identified as priority sectors to be funded (in total they account for 63% of the total IPA CBC program funding). The rest of thematic covered by these funds are: employment, mobility, social inclusion (12%); technical assistance (10%); competitiveness, SMEs, trade and investment (8%); youth, education and skills (7%).

^{22, 23} Evaluation of IPA Cross Border Cooperation Programs 2007-2013 - Final Evaluation Report (2017)

Eligible and adjacent areas covered by IPA 2007 – 2013 CBC Program (joint projects with neighboring countries)

Table 11.2: Areas covered by the EU CBC projects for Kosovo

Country	Eligible area	Adjacent area
Kosovo with Albania	- South economic region (municipalities: Prizren, Suharekë, Dragash, Rahovec, Malishevë, Mamusha). - West economic region (municipalities: Peja, Klina, Istog, Gjakovë, Deçan, Junik).	North economic region (municipalities: Skënderaj, Vushtrri, Zubin Potok, Zveçan, Mitrovicë, Leposaviç).
Kosovo with Macedonia	- East economic region (municipalities: Gjilan, Kamenicë, Viti, Novo Bërde, Ferizaj, Kaçanik, Shtërpce, Hani i Elezit). - South economic region (municipalities: Prizren, Suharekë, Dragash, Rahovec, Malishevë, Mamushë).	
Kosovo with Montenegro	West economic region (municipalities: Pejë, Istog, Klinë, Junik, Deçan, Gjakovë)	

Source: Adapted from European Commission, IPA CBC Report, 2017²⁴

The level of use for IPA 2007 – 2013 CBC funds by Kosovo compared to other regional countries, which are included in the same program, is very low. The table shows the percentage of the contracted and disbursed amounts from the total allocated amount.

Table 11.3: The use of funds by Kosovo and regional countries, in percentage:

Program:	Contracted as % of allocated	Disbursed as % of contracted	Disbursed as % of allocated
CRO - BiH	100.0%	91%	91%
BiH - MNE	102.9%	83%	86%
CRO - MNE	103.3%	92%	95%
CRO - RS	95.6%	80%	77%
RS - MNE	95.4%	81%	77%
AL - MNE	89.2%	69%	61%
RS - BiH	77.5%	69%	53%
MNE - KS	81.9%	72%	59%
MK - KS	61.8%	80%	50%
MK - AL	55.6%	68%	38%
AL - KS	52.2%	32%	17%

Source: Adapted from European Commission, IPA CBC Report, 2017²⁵

²⁴ Evaluation of IPA Cross Border Cooperation Programs 2007-2013 - Final Report, EU (2017)

²⁵ Evaluation of IPA Cross Border Cooperation Programs 2007-2013 - Final Report, EU (2017)

Local governments/municipalities in Kosovo and Ministry of Local Government and Administration (MLGA) showed no serious engagement in preparing projects and/or facilitating interested parties in order to increase participation in CBC programs for generating economic value and jobs.

According to this table, Kosovo in relation to Albania, Macedonia and Montenegro for joint CBC programs has used an average of 40% of the total funds allocated, while other regional countries are in a much better position when it comes to utilization of such funds.

The total disbursed amount under IPA 2007 – 2013 CBC Program for the region was around €65.9 million out of €84.7 million allocated, where tourism projects accounted for €28.5 million disbursed out of €38.11 million allocated. As a percentage of total fund allocation under this Program, tourism sector accounted for 43%, with a total number of 58 projects. This percentage indicates the importance given to the tourism development by CBC funds for the cross-border regions.

Role of the international organizations for tourism in Kosovo

In addition to different donations and funding provided by international organizations in Kosovo, their specific contribution for the tourism sector development is also highly valuable and needed. According to MTI, international organizations have funded different tourism related projects in Kosovo, and the projects have covered tourism areas such as: tourism policy development; development of tourism brands and products; cross-border cooperation; HR development; rural tourism development; Information and Communication Technology (ICT) support in tourism; tourist destination area development; tourist package development; promotion projects; etc.

The main identified international organizations that have funded different projects for the tourism sector development are: EU Office, USAID, GIZ, Swiss Cooperation Office, UNDP, BMZ, Government of Finland, Czech Trust Fund, etc.

The cooperation with international donors for this sector should increase, with the aim of benefiting as much as possible from their expertise, know-how, and recommendations. Increasing the tourism stakeholder's (such as: tourism institutions, municipalities, associations, private sector, etc.) role in the development of proposals and projects for tourism in Kosovo is crucial in order to attract more funds and establish effective links between potential beneficiaries and donors.

The level of community awareness on tourism

Tourism sector in Kosovo hasn't been a government priority until recently which has surely reflected in the level of awareness of the people about the importance of tourism. The prevailing attitude about tourism has been that of limited immediate economic returns on investment compared to other industries, forgetting the ever-increasing dynamics of tourism industry growth and the jobs it provides. However, the constant economic positive trends in tourism have reshaped

the opinions of stakeholders about its contribution to the country's GDP and community development.

The role that the community factor will play in any planning and strategies in the future is of paramount importance. Sustainable development of tourism requires the mobilization of all layers of society and groups from children and young people to those of mature age through public awareness programs that aim to educate about the value of tourism for the society.

Also, emphasizing the benefits that tourism brings to the economic wellbeing of a nation will automatically translate into the raising of awareness of the community about the importance of the industry.

Tourism education in Kosovo

One of the greatest assets of the successful economies around the world, and the factor that sets countries apart from one another in terms of success, is definitely the level of an educated workforce. All sectors of the society, are built on it, depend from it, and as a consequence are directly affected by its quality.

The tourism sector, with continuous growth over the years is no exception to the need for quality education, and in fact the complexity of the industry in meeting human needs, stimulating economy and promoting culture makes it even more mandatory for the governments to invest in the intellectual capital. Tourism courses are included in the education system of Kosovo and are offered both in secondary vocational schools and colleges/universities. At the moment, there are two private colleges and two public universities that offer bachelor and master programs in tourism as shown in the following table.

Table 13.1: Kosovo institutions that offer Tourism subjects

Institution	Public/Private	Program	Location
College Pjeter Budi	Private	"Tourism and Hospitality Management" Level: Bachelor and Master	Prishtinë
College Dardania	Private	"Tourism Management" (Faculty of Economy) Level: Bachelor	Prishtinë
Haxhi Zeka University	Public	"Tourism Management" Level: Bachelor	Pejë
Ukshin Hoti	Public	"Cultural Heritage	Prizren

University		and Tourism”	
		Level: Master	

Source: MTI, 2017

The focus of the programs is limited to general tourism and hospitality management only, with various stakeholders considering the curriculum as outdated and insufficient to cover other additional educational areas,²⁶ such as: tourism research & development; destination management; international hotel management; global cultures & tourism; sustainable tourism; tourism policy & planning; strategic tourism management; etc.²⁷

Table 13.2: Tourism and training vocational secondary schools in Kosovo

Institution	Program	Location
“7 September”	Trade – Tourism • Restaurant assistant • Confectionery • Chef • Tourism Assistant	Prishtinë
“Ali Hadri”	Hospitality –Tourism • Tourism Assistant	Pejë
“Tafil Kasumaj”	Hospitality –Tourism • Hospitality Assistant	Deçan
“Hasan Prishtina”	Hospitality –Tourism • Hospitality Assistant	Mitrovicë
“Ymer Prizreni”	Hospitality –Tourism • Hospitality Assistant	Prizren

²⁶ HR Development in the Tourism and Hospitality Industry in Kosovo - Szivas, E (2016)

²⁷ Bachelor of International Hotel and Tourism Management – Queensland University, Australia (2018)

“Competence Center”	Economy, Tourism and Hospitality • Tour Guide • Assistant of Tourism Info. Points & Travel • Assistant for Organizing Events	Prizren
“Arbrëria”	Agriculture – Tourism • Chef	Gjilan
“A. Gllavica”	Hospitality –Tourism • Hotel Assistant	Lipjan
“K. Kusari”	Hospitality –Tourism • Hotel Assistant	Gjakovë
“L. Poradeci”	Hospitality –Tourism • Hotel Assistant	Kievë
“Competence Center”	Economy • Hospitality and Tourism Services	Malishevë

Source: MTI, 2017

Cultural heritage in Kosovo

Cultural heritage is of a great importance in the tourism industry and it is an essential factor to stimulate tourists. This branch of tourism is growing and it usually attracts high-yield tourists who spend more money and stay longer than other visitors. Tourists interested in culture and heritages are usually attracted by and visit historical and archeological sites and buildings, museums, parks, ethnic heritages, etc.

The current situation of this sector in Kosovo is promising where the government and different stakeholders are working together to preserve, promote and increase awareness about the importance of cultural heritage in tourism.

The Kosovo relevant institution Ministry of Culture, Youth and Sport (MCYS) has developed a national strategy for Cultural Heritage 2017 – 2027²⁸ that aims to enhance the system and mechanisms for the protection and preservation of cultural heritage in line with international standards. Main objectives of this document include:

1. Advancement of legal and institutional framework;
2. Integrated approach in the cultural heritage towards sustainable development;
3. Inclusion of cultural heritage into the development plans;
4. Promotion of cultural heritage;
5. Education, training and active participation in protection of cultural heritage.

Part of this strategy is the development and promotion of sustainable tourism in the areas and locations of cultural heritage; drafting of joint cultural tourism offers with neighboring countries; drafting of institutional policies for cultural heritage tourism; development of infrastructure to enable cultural tourism development, etc.

According to MCYS, there are currently 1567 assets of cultural heritage under temporary protection in the categories of: archeology, architecture, and spiritual heritage.²⁹

Road infrastructure, mapping and signage of tourist points and attractions

Despite the past and recent large investments done by the government for building highways that connect Kosovo with Albania, Serbia and now with Macedonia, the situation of road infrastructure within the country still remains a problem. Specifically, the road infrastructure connecting main cities in Kosovo (examples: Prishtina – Mitrovica; Prishtina – Gjiilan; Peja – Gjakova; Gjakova –

²⁸ http://www.mkrs-ks.org/repository/docs/eng_strategy_for_heritage.pdf

²⁹ http://www.mkrs-ks.org/repository/docs/Cultural_Heritage_List_for_Temporary_Protection_2017.pdf

Prizren, etc.) has been neglected for many years and has lacked continuous investments. Because of the importance of the road network (highways) with neighboring countries and while aiming to boost trade and tourism, most of the funds allocated for road infrastructure have gone to highway/motorway projects. However, the road connection between cities within Kosovo is of an equal importance when it comes to tourism. It links local tourism destinations and strengthens communities who provide tourism products and services.

Another issue is the road infrastructure that leads to touristic destinations. Specific engagement is needed with the intention of increasing awareness among institutions to invest more in rural and mountainous road infrastructure, thus enabling full access to tourist destinations.

Mapping of tourism destinations/attractions simplifies information gathering for specific tourist points, promotes them and makes the destinations easier to be found. By the inclusion of mapped destinations in various digital maps (such as: google maps; maps.me, etc.) and by making such destinations enough informative, clickable and transactional, the process of information dissemination for tourists is then made fully available, accessible, trustworthy and promotional.

In this regard, mapping of all tourism destinations and attractions, and road signage display have an important role and are considered a priority in tourism. After the process of identification and mapping of all touristic destinations and points in Kosovo, signage posting for tourist points is also very important. An effective national mapping and signage program can attract visitors, it provides direction and information, and links visitors to products and/or experiences within the country. Appropriate directions are needed to be able to locate attractions and points of interest easily.

Quality standards in tourism and hotel categorization system

According to UNWTO, quality standards for the products and services in the tourism industry are very important factors for the sector and they standardize accommodation, restaurants, tour guides, tour operators, and other tourism-related service providers. Moreover, quality in tourism is “the result of a process which implies the satisfaction of all the legitimate product and service needs, requirements and expectations of the consumer, at an acceptable price, in conformity with the underlying quality determinants such as safety and security, hygiene, accessibility, transparency, authenticity and harmony of the tourism activity concerned with its human and natural environment”, (UNWTO 2013).

A proper classification system of accommodation/hotels is an important tool for quality development in tourism. It allows customers to make informed decisions about the quality standard of an establishment they expect to visit and stay.

For decades, in the hotel tourism industry, the star rating system has been the generally accepted gold standard internationally for measuring the quality of the amenities and services in hotels.

The accommodation and development of accommodation rating system in Kosovo, are covered by the current Law on Tourism (2013) and Administrative Instructions (No. 19/2013); are based on a 5 Star scale and provided to tourism entities who apply on voluntary basis. A questionnaire is delivered to the entity, and after its completion it is then evaluated by a commission who is entitled to give the right to the entity to use the star insignias for the building and promotion materials, which is valid for 4 years and the application is free of charge.³⁰

Hotel classification system in Kosovo

In the past, a couple of reports^{31,32} have mentioned and dealt with the analysis of the accommodation classification system in Kosovo. In the following, main findings/concerns from these reports are assembled and include:

- Evaluation of hotel classification is done without prior announcement (no public announcement) and without separate evaluation of quality of services;
- Evaluation is not transparent and not enough promoted;
- There is no private entity awareness about the benefits of accommodation classification;
- Quality evaluation for hotel services does not include representatives from hotel associations;
- Classification system refers to and is mainly based on technical characteristics (like façade, type of doors, food and beverage, water, electricity parameters and is not really focused on the availability of services for visitors;
- The share of points for bedroom and bathroom is very small. Bedroom and bathroom services (and a good breakfast) are one the most important services for visitors;
- Unnecessary requirements/prerequisites for hotels to have night clubs, discotheques, spas, fitness room, conference halls in order to get higher grading.
- Qualifications and competences of commission members are questionable. Also, the current number of commission members when evaluating a hotel is high; there is no need for all five members to evaluate the same accommodation;
- Hotel classification is not mandatory;
- International standards on accommodation are not included or harmonized in Kosovo classification system (e.g. UNWTO, HOTREC, etc.)
- There is no local standard/guide (local specific characteristics such as architecture, interior design, culture promotion) to be followed that could preserve and contribute to the country's image.

The hotel classification system in Kosovo is very basic and it does not consider generally accepted international classification systems and guides, which if included in the Kosovo system for categorization, they could improve the tourist experience and the competition in the

³⁰ Support to division of tourism of MTI - Sirse, J (2015)

³¹ Review of MTI Hotel Classification Programme - MTI, USAID (2014)

³² Support to division of tourism of MTI - Sirse, J (2015)

accommodation sector. The current system lacks mandatory accommodation classification, therefore there is an informal competition still in place.

The necessary documents currently needed for hotel categorization, voluntary registration of the tourism entities and the list of categorized hotels in Kosovo, can be found under the MTI website, the Division of Tourism page.³³

Moreover, the level of awareness in the tourism private sector in Kosovo about hotel classification benefits is low, thus there is no special interest among private entities to voluntarily apply for categorization.

Common benefits for hotel categorization include, but are not limited to:³⁴

- Providing comparable information through easily communicable symbols and serving as justification for rates;
- Providing hotels with a benchmarking tool which in turn can help them to prioritize investments;
- Easing first-time consumer concerns (classification offers an indication of what is to be expected, thereby contributing to consumer confidence before, during and after stay);
- Providing a common framework for all intermediaries, such as TO & TA-s, to use in their purchasing processes and negotiations, preparation of catalogues and customization of packages;
- Providing a reference point for online guest review platforms;
- Serving as a marketing and promotion tool;

Visa policies for foreign visitors

According to UNWTO, visa policies and regime are among the most important factors affecting international tourism. Government role in this regard is crucial. When visa regime for different countries is in place, it affects tourists in different ways, such as: it possibly increases the travel cost, adds complexity to the travel process, it's time consuming and it can even influence tourists and travellers to change destination.

The EU tourism in the last decade has experienced a decline and has lost a part of its share in the global market in terms of arrivals due to the visa regime imposed on other countries.³⁵ According to EU Commission estimations (2012), a total of 6.6 million potential travellers have been lost mainly from six target markets, due to Schengen area visa regime which has been implemented in 2010. This report also indicates that around EUR 5.5 billion and 133 000 tourism related jobs are "lost" each year in the EU tourism market.

³³ <https://mti.rks-gov.net/page.aspx?id=1,36>

³⁴ UNWTO & Norwegian Accreditation - Hotel Classification Systems (2015)

³⁵ Improving the visa regimes of European Nations to grow tourism - ETC (2013)

Kosovo visa policies and regime towards other nations differ from country to country, because of different factors, mainly for political and safety reasons. There are currently 90 countries that require visa to enter Kosovo, including: India, People Republic of China, Russia, Indonesia and Thailand (which have a high tourism export potential), whereas for 105 other countries no visas are required.

Also, one of the main concerns for Tour Operators in Kosovo was the visa regime applied to some big potential markets, such as to: China, Russia, India, Indonesia, etc., including a part of Middle Eastern countries. For instance, in terms of tourism export, China is becoming one of the world leaders in outbound tourism, reaching 120 million outbound travelers in 2015 (an increase of 5 million travelers from 2014).

In the last years, a number of destinations in Central and South East Europe (including former Yugoslav countries) are being perceived as the generator for Europe's overall tourism growth. There are increased marketing and promotion activities from regional countries directed towards China. For example, the NTO of Serbia received the "Chinese Tourists Welcoming Award" for the category "Marketing destinations in the Chinese Market" at the China Outbound Travel and Tourism Market COTTM travel fair in Japan. During that occasion, an MoU was signed between Serbia and China with the aim of strengthening their cooperation. Among other provisions, the agreement defines visa liberalization procedures for Chinese group visits to Serbia (Serbia Travel, 2013).

The political situation of Kosovo in the international level is still fragile and therefore the government has reciprocally set up visa regimes for some specific countries. However, by doing so, the tourism sector will suffer the most, and as a consequence the tourism development will continue at a slower pace. The Kosovo government should consider and carefully evaluate the current visa policies, especially towards countries with big tourism export potential. The table below represents views of UNWTO and WTTC on visa facilitation opportunities.

Table 17.1: Visa facilitation opportunities identified by UNWTO and WTTC

Opportunity 1: Improve delivery of information
- Improve customer service and communication - Increase information sharing among (and within) governments - Leverage the internet to deliver information to customers
Opportunity 2: Facilitate the process to obtain visas
- Reduce documentation and interview requirements - Increase visa processing capacity - Leverage technology and other support measures to increase efficiency and speed of visa issuance and enhance security - Issue visas on arrival - Initiate visa waiver programs
Opportunity 3: Differentiate treatment to facilitate tourist travel
- Leverage visa free travel for holders of a visa issued by a third country

- Extend the validity and entry limits of visas - Extend visa facilitation for certain types of visitors - Visa facilitation for specified tourism areas
Opportunity 4: Institute e-Visa programs
Opportunity 5: Establish regional agreements

Source: UNWTO, WTTC

Tourist Information Centers (TIC)

Tourism information center or visitor information center is generally a place run by a state, local government, local tourism board or a private entity that serves as a central starting point and provides information to tourists or visitors about the local area they are visiting. The role of visitor's center is to promote the local products and services such as: accommodation, car hire, restaurants, bars, attractions, not only to suggest them but also to provide booking services and have an influence on extending the visitors length of stay and encourage them to return again. Visitor centers are usually run by local experts that are well trained, have a wealth of local knowledge, are committed to exceed expectations and create customer satisfaction.

Visitor center locations are very important, and they must be easily accessible and visible to a tourist. Generally, they are located in the city center, close to the main attractions, heritage buildings, airports, etc.

Visitors center must be well organized, well kept, with up to date brochures (local flyers, hotels, attractions, restaurant/bar, events calendar, entertainment etc.), local artwork, and a designated retail area selling postcards, local soft toys, artifacts, fridge magnets, T-shirts, etc. They should also work closely with local businesses to secure deals/promotions, so they can sell or suggest to clients. For example: if you go to "xyz" restaurant you will receive a free coffee or something similar.

Apart from providing precise and credible information to the visitors, doing promotion and data collection, the visitor centers (VC) of today, in search of financial sustainability are increasingly involved in generating revenue due to funding shortages they usually face. They can be easily overlooked from local governments, who due to financial pressures in budgeting prioritize other areas forgetting the returns and economic value that tourism can bring to communities.

Kosovo VC's are no exception to this phenomenon, with majority of them being closed or nonfunctional.

Currently, according to the division of tourism report document for VC's, there are eight visitor's centers, out of which only four are open to the public and the rest are closed.

Table 18.1: Current situation of Visitor Centers around Kosovo

Municipality	Functional / Non - Functional	Organization	Structure of employee	Budget	PPP	Location	Challenges
Prishtinë	No	-	-	-	-	-	-
Pejë	Yes	Very good	Very good	Very good - municipality budget	Public (Peja municipality)	Very good	Working hours
Junik	Yes	Average	Average	Not good	PPP	Average	Financing
Gjakovë	Yes	Good	Average	Average	PPP	Average	Financing
Prizren	Yes	Good	Not good	Not good	PPP	Good	Financing
Rahovec	No (currently closed, perhaps it will open)	Good	Sufficient	Sufficient	PPP	Good	Financing
Gjilan	No (2 offices closed)	Not good	Not good	Not good	PPP	Very good	Financing - organized by municipality
Novobërdë	No (closed)	Not good	Not good	Not good	PPP	Good	Financing - organized by municipality
Shtërpçë	No (closed 2 years ago)	Not good	Not good	Not good	PPP	Good	Financing - organized by municipality
Mitrovicë	No	-	-	-	-	-	-

Source: Report for encouraging the establishing of Visitor Centers, MTI 2017

Search and Rescue (SAR)

Kosovo is well served by a number of institutions such as Kosovo Security Force, Emergency Management Agency, local police and fire brigade teams etc., that perform different search and rescue operations around the country. The internationally common emergency telephone number 112 (alongside 192 for police, 193 for fire brigade and 194 for ambulance) has been in use in Kosovo since 2002, is free of charge and provides services 24/7.

With tourists increasingly choosing to visit and appreciate the beauty of Kosovo mountains, the need for quick response in case of emergencies has become more evident due to incidents that can arise from pursuing outdoor recreational activities.

Thus, in line with other developed countries in the region and EU, Kosovo needs to work towards establishing a national nonprofit volunteer organization made up of trained doctors, pilots, alpinists, mountaineers, rock climbers, divers, speleologists, dog handlers and other professionals specializing in mountain rescue services. Such organizations are regulated by law in a number of countries. Membership in the International Commission for Alpine Rescue (ICAR) would also provide an excellent platform for learning, training and cooperating with similar experienced organizations from around the world. Peja region is a good example of having started a small voluntary group consisting of 12 locals trained from Italian KFOR and who offer their time for search and rescue services.

Also, creating a database of local people that have an excellent knowledge of the mountainous areas and who could be contacted for help from authorities when needed is something that needs to be looked at. Sometimes, problems can arise if respondents to emergencies are not familiar with the tricky mountainous terrains or a rugged area they are attending and that's where the invaluable knowledge, experience and help of locals can come handy.

Accessible tourism

Accessible tourism is the creating of conditions to make it easy to all visitors/tourists in enjoying tourism experiences and having access to tourism products and services. According to European Commission (2015)³⁶, accessible tourism is enabled through basic adjustments of facilities, by providing accurate information and understanding the needs of people with disabilities. Moreover, the European Commission is showing its practical commitment for developing accessible tourism in the EU countries, through different calls for projects of this nature, mainly aiming to:

- increase the travel opportunities available for people with special access needs;
- promote social inclusion, and
- improve the skills of staff in the industry.

In the EU (2013) report, more than half of people with disabilities made around 170 million trips, and spent nearly the same number of nights during 2012 – 2013. The approximate estimation shows that the direct contribution to EU GDP would be +140 billion €, creating nearly 3.4 million jobs.³⁷ Also, the quality of information on accessible tourism is an important tourism component to be considered and understood, and is based on these 5 main elements identified and recommended by UNWTO (2016):³⁸

- Include information regarding accessibility of the infrastructures and services where possible or provide a reference where that information can be found;

³⁶ http://ec.europa.eu/growth/sectors/tourism/offer/accessible_en

³⁷ UNWTO European Conference on Accessible Tourism - A. Corra (2014)

³⁸ Recommendation on Accessible Information in Tourism - UNWTO (2016)

- When providing promotional material or information about services or procedures, provide a point of contact in order to enable the reader to obtain more information, including personalized messages;
- Make sure the information is consistent across all media and channels of communication;
- Train information managers in the specific techniques when procuring websites, ICTs and other related services with the requirement that technical staff have the adequate knowledge to deliver accessible services; and
- Make sure the content is up-to-date, given that out-of-date content will undermine the quality of the surrounding information and it may compromise the safety and comfort of visitors.

This tourism segment (accessible tourism) is still not studied or perceived as a potential resource of tourism development in Kosovo, and there is no existing tourism related document by the institutions or main tourism stakeholders that covers and recommends this form of tourism as an important tourism product/service. Some of the main benefits of the Accessible Tourism identified by the European Commission, are:

- diversification of tourism offer;
- increasing of tourism flows in low seasons;
- innovation, digital environment;
- quality and skills;
- sustainable competitiveness.

Information and Communication Technology (ICT) level and web presence in the tourism sector in Kosovo

Over 95% of travelers today use digital resources in the course of their travel. Digitalization is one of the key megatrends determining the future of the tourism sector and the competitiveness of the individual businesses vis-à-vis the constantly evolving customer behavior of the "smart tourists".³⁹

Today, in an ever changing and constantly evolving global digital climate, the successful Information and Communication Technology (ICT) integration in tourism industry is a key element to be considered by the country tourism relevant institutions and the private sector, with the aim of facilitating, promoting and increasing productivity and market share. It allows customer relations management and supply chain management to be combined into a single source that facilitates a variety of operations, such as: selection of the product, ordering/booking, fulfillment, payment, tracking and reporting, all enabled through a single tool.

³⁹ Digitalization and Innovation in Tourism" – European Commission (2014)

Kosovo's main institution responsible for the tourism sector – MTI, does not have any website which is specifically designed and designated to promote tourism, and provide all related data on tourism destinations, attractions, national parks, places of interest, culture, food, and many other important touristic information (e.g. maps with exact locations, transportation, security and safety information, environment, etc.). Generally, the level of ITC inclusion in Kosovo's tourism representative institutions is very low, making the tourism activities harder to perform and coordinate.

Currently, there is only one state source with very basic information (with little impact) on tourism - KIESA, whose responsibility is the promotion of investments in general with little focus on the tourism sector specifically.

In comparison to Kosovo, all neighboring countries, Albania, Macedonia and Montenegro, have a web presence exclusively dealing with tourism promotion and all tourism related information (www.albania.al; www.macedonia-timeless.com; www.montenegro.travel). The tourism private sector on the other hand has already established functional web-pages and/or apps dealing with and selling tourism products, where they also provide general information on Kosovo tourism products and places to visit. However, the importance of a national tourism web presence and the provision of tourism data are invaluable, and as a trusted source of information they are a must in the present digital era.

SWOT analysis for the current tourism situation in Kosovo

Strengths	Weaknesses
• Strong geographical position in the region and in Europe; • Great and unique landscapes (rivers, lakes, parks, mountains, waterfalls, etc.); • Rich in cultural heritage; • Special culinary services; • Multi lingual; • Hospitality; • Unexplored tourism destinations; • Friendly culture; • Good value for money; • Rich in history and historical sites; • Religious most tolerant country; • Easily accessible; • Good internet accessibility; • Already included in Western Balkan's tour packages; • Traditional events; Festivals; Nightlife; • New airport and highways; • Transit potential;	• Poor/average infrastructure (electricity, roads, water supply, sewer, touristic destination signage, etc) • No competitive law and regulations on tourism available; • Lack of government support for the tourism sector; • Lack of certified guides; • Poor waste management; • Lack of environment protection (especially for rivers, deforestation, and waste disposal); • No NTO/NTA established; • Lack of proper tourism related statistics; • No national tourism development strategy; • Lack of national tourism promotion website; • Mismanagement of visitor centers in different municipalities; • Visa regime (especially for countries with big tourism export potential); • High airfare costs;

• Current increasing of awareness by the government for the tourism sector; • Attractive places and great weather conditions; Seasonality; • The youngest population in Europe; • Safety and security; • Diverse rural areas; • Kosovo's small area (fast connection between cities and tourism destinations); • Rich in rivers; • Diaspora's strong market share in Kosovo's tourism; • Flexible and competitive taxation for businesses; • Appealing to different tourist groups with different interests (nature, cultural, culinary, etc.);	• No flight subsidies by the government; • Lack of international hotel brands; • VAT for tourists booking from abroad; • Poor digital and physical promotion (websites, fairs, trade shows); • Lack of joint offers with other regional countries; • Culture and heritage sites not being promoted; • Lack of support from municipalities for the tourism sector; • Lack of branding Kosovo as a tourist destination;
Opportunities	Threats
• Attractive because of post war era and a peaceful environment (specific for some groups of tourists); • Introducing low cost carriers; • Developing a national tourism strategy; • Participate in main fairs, tradeshow; • PR-media plan to transform Kosovo image • Creating NTO/NTA; • Host fam trips for main markets; • Flexible visa policies; • Introduce new markets and new products; • MICE business; • Develop a national tourism website; • Invest in and promote guesthouses in the rural areas to stimulate rural tourism; • UNESCO heritage protection and promotion; • Development of preserved national parks and other tourism assets; • Creation of joint tourism packages with regional countries; • Maximize the use of EU CBC funds to develop cross-border tourism; • Development of tourism brands; • Community capacity building; • Attract foreign investments in relation to tourism; • Promotion of Kosovo as an unexplored country; • Increase cooperation with international donors, maximize the use of funds and	• No national strategy on tourism; • Very low budget for the tourism sector; • Increased competition in the region (Western Balkans); • Lack of training in the hospitality industry; • Lack of products and service development; • Price competition in the region; • High airfare costs compared to some regional countries (ex. Macedonia); • No proper maintenance of local and regional roads; • Lack of mapping for tourism destinations/points; • No full coverage for tourist point signage; • No licensing and classification for tourism services and facilities; • Lack of interest and awareness to study tourism and hospitality courses; • Lack of available projects in the tourism sector from municipalities; • Low interest to use and utilize funds allocated from international organizations on tourism projects; • Poor coordination between line Ministries; • Fragile political situation, affecting Kosovo's image through media; • Lack of Public-Private Partnership (PPP) initiatives; • No strong representation by the associations; • Kosovo perceived as a transit destination in the region (low nights spent);

know-how transfer for the sector; • Create jobs through rural tourism; • Gain market share in the region; • Boost domestic tourism;	• Lack of interest by local community and suppliers; • Under developed infrastructure;
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Source: Own research and analysis, and based on current reports and data available from MTI, International Organizations, TOs, etc.

Strategic approaches for state institutions on developing sustainable tourism policies

Tourism as an important sector for the development of a country, deals with complex situations deriving from tourism activities. The complexity is present due to the involvement of many actors (line Ministries, different stakeholders and the private sector) in ensuring that the tourism industry and its activities are carried out within laws and regulations. A sustainable tourism policy framework involves all levels, from national to local; therefore, strategic approaches are needed to deal with complex situations.

The Kosovo tourism related institutions lack a national strategy on tourism. Recently, the main tourism stakeholders have been putting more effort to increase awareness at the central government level to develop new tourism laws, regulations and a national strategy.

The following table (GIZ, 2014) shows an example of the institutional strategic approaches on development and implementation of sustainable tourism policies.

Table 23.1: Strategic approaches for sustainable tourism

Strategic approaches for state institutions for development and implementation of sustainable tourism policies		
Strategic approaches	Instruments	Actors
LEGAL INSTRUMENTS		1. NATIONAL STATE ACTORS Government; Parliament; Political parties and committees; Ministries in the area of tourism (economy, environmental protection, regional planning, transport, health education, agriculture, social policy, consumer protection, foreign policy)
By imposing laws and requiring or prohibiting certain activities, the state can intervene directly to restrict discretionary powers of tourism actors and create legal framework to prevent or resolve conflict.	○ Tax law ○ Competition law ○ Environmental law ○ Nature protection law ○ Regional planning law ○ Labor law ○ Construction law ○ Transport law ○ Food/food hygiene law	
INTERVENTION, ENFORCEMENT AND IMPLEMENTATION INSTRUMENTS		
The use of these instruments to directly or indirectly control competitiveness and sustainability of tourism development.	○ Traffic control and restriction ○ Construction supervision ○ Regulatory measures (e.g. wastewater, waste, water)	

	○ Designation of protected areas ○ Road building ○ Energy supply ○ Drinking water supply ○ Telecommunication infrastructure ○ Work health and safety regulations, collective agreements, minimum wage regulation	2. REGIONAL STATE ACTORS Regional government and decision makers/decision making committees; Regional administration 3. LOCAL STATE ACTORS Local government and decision makers/decision making committees; Local administration 4. CIVIL SOCIETY ACTORS (NGO's and other local stakeholder group) ECPAT; Code of conduct for the protection of children from sexual exploitation in travel and tourism (TheCode), etc. 5. TOURISM ENTERPRISES AND TOURISM BUSINESS ASSOCIATIONS
ECONOMIC, FISCAL INSTRUMENTS		
By imposing or reducing taxes, levies, etc; using financial resources for specific purposes, so to influence supply and demand, support disadvantaged groups or regions, and invest in sustainable technology.	○ Taxes, levies, fees ○ Subsidies, grants ○ Credits, loans ○ Investments in public infrastructure relevant to tourism development ○ State funding (e.g. tourism, research projects)	
PLANNING AND EVALUATION INSTRUMENTS		
Enabling the state to control diverging land use claims, to define tourism development milestones and/or prevent negative effects of/on tourism.	○ Regional planning (land use plans) ○ Landscape planning (landscape plans) ○ Tourism planning (national tourism master plans) ○ Environmental impact assessment (EIA) ○ Human rights impact assessment (HRIA) ○ Eco audits	
COMMUNICATION INSTRUMENTS		
Ensures political participation of local populations, to coordinate planning processes and/or to raise awareness of relevant issues.	○ Open council meetings ○ Roundtables with interest groups ○ Steering and working groups ○ Public information for citizens/tourists ○ Public awareness campaigns	
VOLUNTARY INSTRUMENTS		
Enables the state to strengthen tourism actors' sense of commitment and responsibility, to inspire innovation, to identify potential trendsetters and/or to resolve conflict.	○ Commitments (code of conduct) ○ Voluntary agreements (e.g. on minimum standards) ○ Negotiated settlements ○ Quality labels ○ Contests	

Source: GIZ (2014)⁴⁰

Conclusion

Kosovo, being a new country, with little experience in tourism industry and many challenges in its further overall development of the sector, needs to quickly catch up with the rest of global tourism industry by constantly following, learning, adopting and implementing in practice the success formulas of other major players in the region, EU and abroad.

The overall current tourism situation in Kosovo is found to be in need of major and significant interventions, starting from upgrading and reorganizing the administrative structure, changing and improving the tourism legislation and its administrative instructions and by setting up proper policies to better serve the demands of the constantly evolving industry.

Moreover, besides immediate priority interventions in the tourism sector, there is a concern about a number of other additional important elements that are directly or indirectly linked to the performance of the industry. Statistics is a great example of such an element, and as found in this report, the current tourism statistical data are insufficient to provide the sector with various and comprehensive data that are usually sourced from relevant public and private institutions, organizations, private sector, etc.

Another important issue is the cross-sector (line Ministries) cooperation in Kosovo lacking proper coordination when it comes to harmonization of laws, regulations and activities that impact tourism industry. This is one of the results of not having an NTO/NTA which could facilitate the operation of the sector by providing expert advice and support for setting up plans and sustainable tourism policies, engaging in marketing and promotion of the country, and give an overall visionary direction for the sector development.

Also, in terms of sustainable tourism development and regional competition, Kosovo is not currently able to follow the development trends and stay competitive.

The recommendations below are based on the findings from this analysis, and from different reports and are prepared as a guide to be considered and followed by the Kosovo institutions and tourism stakeholders.

⁴⁰ Tourism Planning in Development Cooperation: A Handbook - BMZ / GIZ (2014)

Recommendations

These are the following recommendations related to Kosovo tourism sector:

1. ***Tourism organizational structure:***

- a) The Division of Tourism (MTI) should be upgraded and/or transferred into an independent Department of Tourism and be given more responsibilities towards tourism policy and strategy development and sector activity coordination;
- b) Establishing an NTO/NTA responsible for planning and developing marketing strategies and policies to better promote tourism; build the image and make Kosovo attractive in the international level; and also, for setting up policies and developing national tourism strategies;
- c) Establishing of regional or local DMO-s to support local and regional tourism promotion;

2. ***Tourism statistics and KAS:***

- a) The Kosovo Agency for Statistics (KAS) is recommended to collect more detailed data related to tourism activities, such as from: arrivals, visitors spending, visitor's centers, attractions, tourism employees, TO/TAs, etc., and not just from hotels as collected so far;
- b) The KAS should be using an international standardized system for tourism data collection;
- c) KAS should cooperate with and become a member of different international agencies for statistics and tourism (table 5.1);

3. ***Tourism Strategy***

Develop a national tourism strategy for a minimum period of four years and include all relevant institutions (line Ministries) to harmonize tasks deriving from such strategy;

4. ***Tourism Database***

Develop a database with all current and potential tourism resources and destinations in Kosovo, and create a list of priority resources, destinations and attractions to better segment the tourism market;

5. ***Environment:***

- a) Address the issues and concerns to the relevant institutions on environmental situation, with a special focus on waste management (reduce the number of illegal landfills) and river conservation (improve the area of degraded rivers and stop their further degradation);

- b) Increase green areas specifically in tourism destinations, and as a consequence reduce the cemented areas that are of no purpose at such destinations, resulting in leaving better impressions on visitors/tourists and creating a better image of the tourist destination/attraction;

6. *Information and Communication Technology Sector (ICT)*

Tourism information and communication technology infrastructure development is necessary with the aim to facilitate, promote and increase productivity of tourism activities and market share (e.g. development of a national tourism website as a referential point for all tourism activities in Kosovo, social media presence, etc.);

7. *Visa policies*

Review the current visa policies (facilitate procedures) towards countries with major tourism export potential (e.g. China, India, etc.), and in the case of China, create a potential agreement with the Albanian embassy in China to facilitate visa processing for tourists who want to visit Kosovo;

8. *Marketing*

Engage in tourism marketing analysis at a national level in order to better prioritize resource allocation and better understand international tourism markets (e.g. market segmentation, matching demand with supply, etc.);

9. *Cross-border Cooperation*

Advise relevant institutions (e.g. MLGA) and local governments/municipalities to engage in proposal and projects preparation, and emphasize the benefits deriving by utilizing cross-border funds allocated by the EU (currently there is a low demand and use of such funds by eligible applicants);

10. *Infrastructure*

Improve infrastructure, especially for road, water supply and sewage at tourism destinations and especially the infrastructure leading to tourism destinations;

11. *Awareness*

Increase the level of awareness for the importance of tourism industry through different public programs and campaigns;

12. *Tourism education*

Improve the education level in the tourism sector by a systematic review of the current curricula on tourism subjects at all levels, and by introducing substantial reforms in adopting current best practices and academic trends in this area;

13. *Mapping & Signage*

Create a proper and standardized tourist point/attraction mapping and signage program, in order to enable visitors/tourists to easily find the destinations and attractions;

14. *Cultural Heritage*

Invest in and promote culture heritage as an important segment for tourism attraction and development;

15. *Tourism Information Center (TIC)*

Provide advice and increase support for Tourism Information Centers (VCs) so they can become financially sustainable by cooperating with and generating income through booking commissions from hotels, tours, attractions, events, etc.

16. *Tourism Stakeholders*

Include and consult main tourism stakeholders in Kosovo when setting up tourism policies and regulations;

17. *Cross-sector cooperation*

Improve cooperation between line Ministries (MTI, MCYS, MEST, MLGA, MAFRD, MESP, MIE, etc.) in order to effectively and efficiently support the sector, thus better determine responsibilities and accountability;

18. *Government support*

Raise awareness at the central government level for the importance of the sector to the economy and job creation, and therefore increase the budget allocation for respective institutions dealing with tourism development and promotion;

19. *Associations*

Find a model (other than government direct support) to support and strengthen the role of tourism associations (e.g. increase awareness of the donors and tourism stakeholders for the important role of associations in the tourism sector development);

20. *Fiscal Policy – Value Added Tax (VAT)*

Review (and/or remove) VAT charge for tourists who book tourism products from abroad;

21. *Search and Rescue Task Team*

Establish an SAR national nonprofit volunteer organization made up of doctors, alpinists, mountaineers, rock climbers, divers, speleologists, dog handlers and other professionals

specializing in mountain rescue services. Peja region has already started a small voluntary group of local SARs trained by KFOR;

22. *Tradeshows/Fairs*

Increase international promotion of tourism through tradeshows, fairs, road-shows, etc. (participations in ITB, WTM, Destination Nature Paris (DNP), East Mediterranean International Tourism and Travel (EMITT), JAPAN Expo, ITB Asia, ATM, KOTFA, etc, are recommended). Moreover, participation in such events should be planned one year in advance;

23. *Meeting Incentive Conference and Events – (MICE)*

To be considered as an important instrument of the tourism industry because of its growing trend;

24. *Fam Trips*

Support educational trips which are highly recommended, where agents, product managers and media can become familiar with tourism products; also intensify B2B promotion and exchange;

25. *Diaspora Tourism*

When segmenting tourism market, Diaspora tourism should be included and considered as a great further potential for local/domestic tourism development. Because of the large number of people from Kosovo living abroad, and their cultural and traditional relationship with homeland, Kosovo diaspora should be targeted as an important tourism segment, thus more specific tourism products and services should be developed and adopted to cater their needs and interests;

26. *Accommodation*

Improving existing standards and developing new standards based on best practices (e.g. HOTREC/EUROSTAR) for classification and categorization of hotels and other accommodation facilities should be considered by the relevant institutions in order to improve the tourist experience and the competition in the accommodation sector;

27. *Registration and Licensing*

Regulate the sector by licensing and registration of tourism economic operators (e.g. TO and TA, Tour Guides, etc.);

28. *Regional/local cooperation*

Increase cooperation between local and regional tourism stakeholders (public, private and CSOs) to identify areas for development of joint tourism projects and products, and better understand the potential of each-other resources and markets.

29. *Quality standards*

Develop tourism quality standards for different products and services based on UNWTO recommendations;

30. *Accessible Tourism*

Increase awareness of the tourism stakeholders about the potential of “accessible tourism” segment and prepare guides on how to develop tourism products and services that are accessible to people with disabilities and the elderly. This segment of tourism has gained more attention in the last decade in Europe and many projects are funded in order to make European tourism market more accessible;

31. *Government subsidies*

Support and subsidize services and/or products that have a major potential for tourism development and a higher ROI (e.g. government of Macedonia programme subsidizing flights for inbound tourists);

32. *Tourism PPP-s*

Promote PPP-s for the tourism sector and increase awareness of the potential benefits for economic operators to enter in PPP-s;

33. *Awards*

Support a specific event related to tourism developments in Kosovo, and include all tourism stakeholders to identify the top tourism businesses/operators who promoted and successfully represented Kosovo’s tourism products and services nationally and internationally, and award them in different categories;

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Annex A:

The list of priority recommendations that can be considered and implemented during the next three years.

Recommendation: (area of intervention)	Description:
Government financial support	Substantially increase the budget allocation for tourism sector;
Tourism organizational structure in government institutions	Establish a higher representative level of tourism in the ministry, i.e. Department for Tourism;
Tourism national strategy	Together with relevant tourism institutions, develop a national strategy on tourism for a minimum period of 4 years;
Tourism database	Develop a comprehensive database with all current and potential tourism resources and destinations in Kosovo;
NTO	Establish an NTO in order to plan and develop marketing strategies and policies to better promote tourism;
Environment	Immediate action needed on behalf of relevant institutions to address the multiple environmental issues;
Cross-Border-Cooperation funds	A more serious approach and engagement of MLGA and Municipalities in attracting and making use of EU CBC allocated funds for the region;
Infrastructure	Improve infrastructure at least around tourist destinations/points and attractions;
Visa policies	Review (and/or remove) the current visa regime for countries with big tourism export potential (e.g. China, India, etc.)
Tourism statistics	Advise relevant institutions to collect more specific data related to tourism activities;
VAT	Review the VAT charge for tourism industry.

Annex B:

List of meetings and consultations held with tourism stakeholders in Kosovo, 2018.

No	Who	When	Where	Subject	Contact
1	Valbone Dushi, Skender Rama	12/02/2018	USAID/Empower office	ToR, Work plan	Valbone.Dushi@rks-gov.net skender.rama@empowerkosovo.org
2	KTC members	23/02/2018	USAID/Empower office	Work plan	Valbone.Dushi@rks-gov.net sali.shoshi@gmail.com virtymorina@gmail.com Sami.Sinani@rks-gov.net skender.rama@empowerkosovo.org Merita.Kolgeci@empowerkosovo.org
3	Tour Operator	02/03/2018	USAID/Empower office	Work Plan	balkan@albtoursd.al
4	PPSE – Swiss Contact	05/03/2018	PPSE Office	Work Plan	Lumturije.Geci@rks-gov.net dren.zatriqi@swisscontact.org malva.govori@swisscontact.org
5	GIZ	05/03/2018	GIZ Office	Work Plan	ekrem.hyseni@giz.de
6	Associations	06/03/2018	USAID/Empower office	Work Plan	shtak.kosovo@gmail.com sharrtravel@hotmail.com Lumturije.Geci@rks-gov.net
7	EU Office	12/03/2018	MTI Office	Work Plan	Miha.pezelj@eeas.europa.eu Dardan.sadriu@eeas.europa.eu
8	MAFRD	19/03/2018	MAFRD office	Work plan	Shqipe.Dema@rks-gov.net
9	MTI Office	23/03/2018	MTI office	Working progress	Valbone.Dushi@rks-gov.net

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