

Baseline document for the drafting of the Position Paper on

**TOURISM DEVELOPMENT AT THE LOCAL LEVEL
IN THE SEE COUNTRIES**

Strategy for a sustainable approach

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TABLE OF CONTENTS

0. Executive Summary	pag. 4
1. Introduction – The relevance of tourism as a development option	pag. 6
1.1 International tourism flows and economy.....	pag. 6
1.2 Key challenges faced by tourist destinations	pag. 7
1.3 Policies to promote competitive and sustainable tourism	pag. 12
1.4 The role of municipalities in tourism development	pag. 13
1.4.1 Tourism as a “resource-based industry with a strong local focus.....	pag. 13
1.4.2 Dangers and risks for the local governments. The need for planning	pag. 14
1.4.3 Community-oriented tourism planning.....	pag. 15
1.4.4 Marketing and finance at a local level.....	pag. 17
2. Tourism in the countries involved in SEENET program	pag. 18
2.1 Context and key indicators	pag. 18
2.2 Albania.....	pag. 22
2.3 Bosnia and Herzegovina.....	pag. 23
2.4 Croatia	pag. 24
2.5 Macedonia	pag. 25
2.6 Montenegro.....	pag. 27
2.7 Serbia	pag. 28
3. Sustainable tourism	pag. 30
3.1 Basic principles.....	pag. 30
3.2 Definition and elements of sustainable tourism.....	pag. 31
3.2.1 Economic Benefits. Tourism as a means to promote economic growth and prosperity	pag. 32
3.2.2 Social Benefits. Tourism as a means of reinforcing community wellbeing and cultural richness	pag. 34
3.2.3 Environmental Benefits. Tourism as a means to promote environmental protection and enhancement.....	pag. 35
3.2.4 Mutual understanding and peace	pag. 36
3.3 Areas for sustainable development at tourism destinations.....	pag. 37

4. Guidelines for the implementation of sustainable tourism strategies at the municipality level	pag. 43
4.1 The need for performance management.....	pag. 43
4.2 The choice of sustainability indicators.....	pag. 45
4.2.1 The WTO Baseline issues and indicators of sustainable tourism	pag. 45
4.2.2 Dysfunctional behaviour effects of performance measurement	pag. 47
4.3 The use of Balanced Scorecard and Strategy Map	pag. 48
5. Proposal for a plan for promotion of sustainable tourism at local level within the NALAS network	pag. 50
5.1 Improve strategic planning for sustainable tourism at the local level in SEE from NALAS plan	pag. 50
5.2 Capacity building for sustainable tourism planning at a local level	pag. 51
5.3 Observatory of Local Sustainable Tourism Planning within NALAS	pag. 51
6. Conclusions and recommendations	pag. 52

List of Abbreviations

References

0. EXECUTIVE SUMMARY

Several studies have recognized the potential for tourism to serve as an important vehicle not only for socio-economic development at a regional level, but also as a tool for integration, mutual understanding and peace among the people of South East Europe (SEE). This awareness relies upon the steady growth of tourism flows at international level, and on the diversification of tourism demand, which makes the attraction of niche and alternative tourism towards less known destinations an increasingly viable option for local development.

The common belief that tourism represents an area of significant economic potential for the future of the whole region must however face the threats that it can also bring to the local social and physical environment. If not managed well tourism can indeed destroy the precious resources that lie at the core of its success, thus resulting in declining short-lived destinations. These concepts have been largely incorporated in the framework of sustainable tourism and are well widespread, forming the basis of various practical tools, starting with the indicators developed by the World Tourism Organization [WTO, 2004], which are available for the use by local tourism development managers.

Nevertheless, for most destination wishing to join the global tourism market, tourism success cannot be taken for granted. This happens because tourism is not only a supply-side activity but essentially also a market driven one. The growth of the knowledge economy has put tourists and their needs at the centre of the supply chain, thus pressuring local tourism operators to provide them with well-designed services and an efficient and competent staff. A sustainable tourism policy would thus require to “balance” sustainability considerations with a broader understanding of visitor needs, while keeping an open eye on deficiencies in local tourism infrastructure and organization, as well as learning and training needs, in the realm of assuring financial returns to the plethora of SMEs that constitute the back-bone of the tourist industry.

In this scenario, local municipalities play a relevant role for tourism development, with responsibilities ranging -according to local institutional settings - from planning & regulating, to entrepreneurship and promotion. Central to this role is increasingly the notion of “meta-governance”, which includes partnership and steering of different stakeholders, so that to bring the amalgam of public, private and third-sector organizations in the pursuit of tourism policies and programs, while avoiding potential for conflicts. To reach this objective, municipalities usually need to innovate their managerial practice so that to introduce more efficient and comprehensive strategic tools, which would help them monitoring and addressing the most relevant issues, including financial and non-financial returns of tourism development.

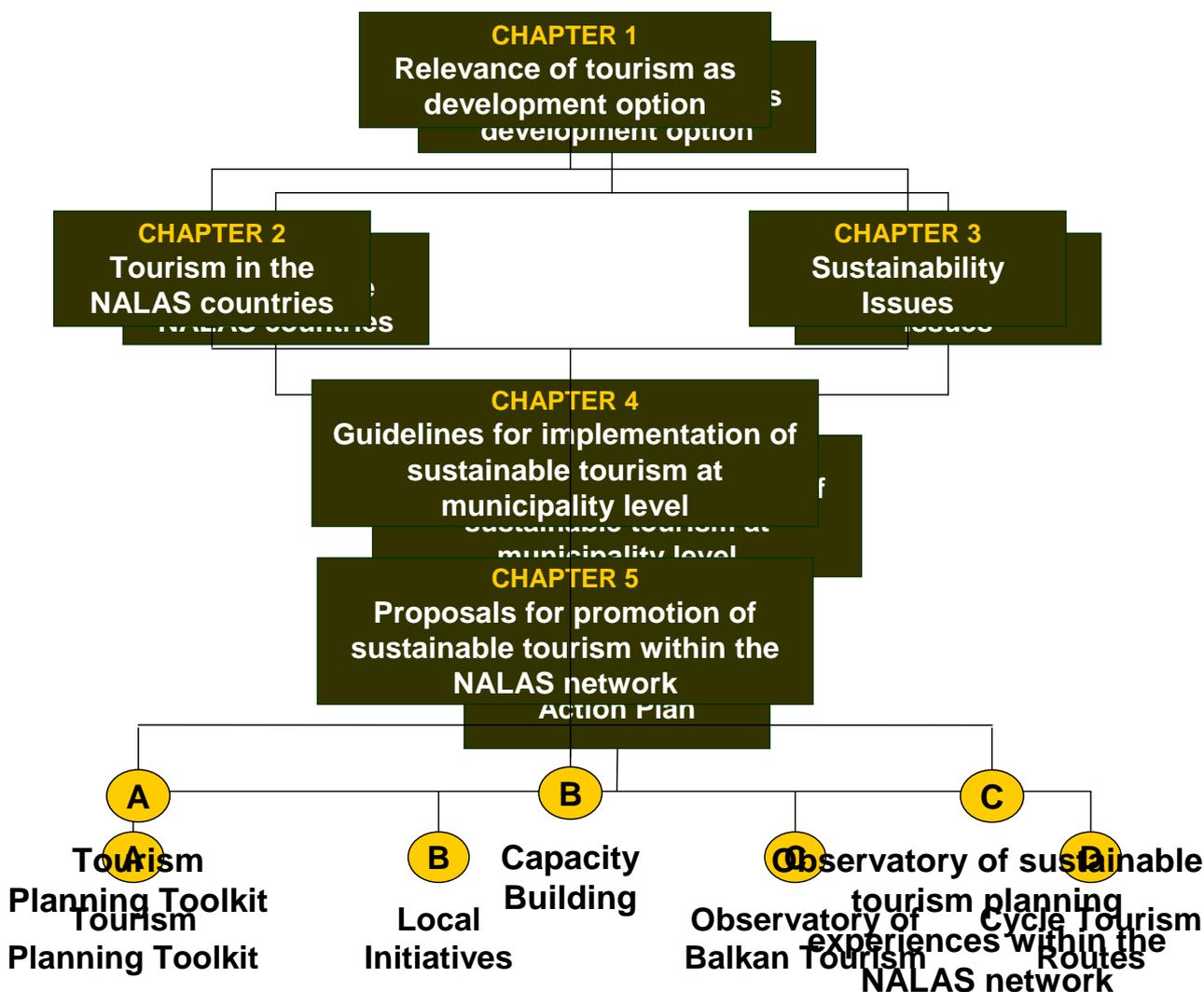
The compelling evidence of this need has brought to consider a focus for this Baseline Document which goes beyond the mere transposition of aggregate data around tourism in the SEE countries. Neither the implementation of ready-to-work sustainability frameworks, which are however considered, has been considered exhaustive. Rather it is proposed a more sounded approach, that reflects the ANCI vision for tourism governance, in which local development managers are invited to take into consideration the various critical aspects related to the implementation of a sustainable tourism policy.

The document is intended as a basis of the formulation of **Charter on Sustainable Tourism at Local Level** in SEE, but it also contains some concrete proposals for promoting sustainable tourism planning at local level within the NALAS network. Although Moldova and Turkey are not considered in the document, which considered countries involved in the SeeNet trans-local network, they must be considered as target countries for the Charter and descending actions.

These include the formulation and implementation of a **Tourism Planning Toolkit**, so that to help local municipalities in addressing sustainable tourism planning, along with the promotion of **Capacity Building** at the local level, so that to develop the potential and ability of local authorities and stakeholders in this sensitive and innovative field.

Finally, it is suggested for best experiences to be collected and classified into a NALAS **Observatory on Sustainable Tourism Planning** at the local level, so that to sustain the dissemination of good practice amongst the entire network of municipalities..

Table 1 – Contents of the document



1. INTRODUCTION - THE RELEVANCE OF TOURISM AS A DEVELOPMENT OPTION

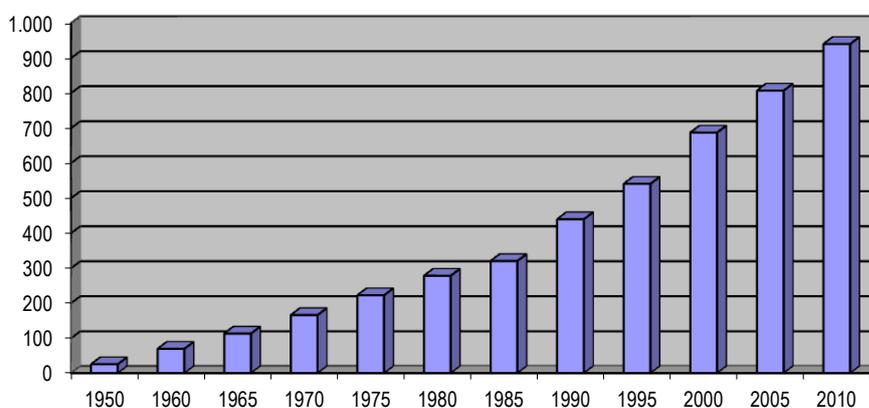
The following section focuses on the role of tourism as a development option for regional and local economies. Main figures according to international tourism flows are provided to support the thesis that the economy activity induced by tourism has grown substantially over past decades, determining a relevant impact especially on SMEs directly and indirectly related to tourism. Key challenges currently faced by tourist destinations are then illustrated, followed by an introduction about general policies which they have to put in place in order to support a sustainable tourism growth. Finally the scope of intervention for municipalities in tourism development is investigated, along with related changes brought by the shift towards a “meta-governance” role.

1.1. International tourism flows and economy

Since modern tourism began in the 1850s and, more intensively, over recent decades, international flows have been growing at a slightly faster pace than the world economy and this it is likely to continue in the long-term despite the recent recession.

According to the United Nations World Tourism Organization, over the past six decades tourism has experienced continued expansion and diversification becoming one of the largest and fastest growing economic sectors in the world. Many destinations have emerged alongside the traditional ones of Europe and North America. In spite of occasional shocks, international tourist arrivals have shown virtually uninterrupted growth: from 25 million in 1950, to 277 in 1980, to 435 in 1990, to 675 million in 2000 [WTO, 2006] and the current 940 million [UNWTO, 2011]. The World Tourism Organization also predicts that by 2030 international arrivals might reach nearly 1.8 billions, with the number increasing by an average 3.3% a year [UNWTO, 2001]

Figure 1 – International Tourist Arrivals, 1950-2010 (millions)



Source: WTO, 2006 and UNWTO, 2011

As growth has been particularly fast in the world's emerging regions, the share in international tourist arrivals received by emerging and developing countries has steadily risen, from 31% in 1990 to 47% in 2010 [UNWTO 2011b].

Although in the short term there is a great deal of stability in the aggregate travel patterns, due to a strong tourism inertia [Cooper and Hall, 2008], international arrivals in emerging economy destinations are expected to continue growing at double the pace (+4.4% year) of advanced ones (+2.2% a year). In absolute terms, the emerging economies will gain an average 30 million arrivals a year, compared to 14 million in the traditional destinations of the advanced economies of North America, Europe and Asia and the Pacific [UNWTO, 2011b].

Considering direct and indirect activities combined, the Travel and Tourism sector is now accounted for 9.2% of global GDP, 4.8% of world exports and 9.2% of world investment [World Economic Forum, 2011]. The sector is considered an important driver of growth and prosperity, and, particularly within developing countries, it can also play a role in poverty reduction, since it is very labour-intensive. In the OECD area, for example, the employment growth rate in the hotel and restaurant industry was 2.2% per year between 2000 and 2007, more than a percentage point ahead of the total employment growth rate and 0.6 percentage point above the one for service as a whole [OECD, 2010].

At the same time, the benefits of tourism are potentially widely spread. The tourism industry is indeed dominated by small and medium sized enterprises (SMEs) with small barriers to entry into the market, thus providing various development opportunities for lower and middle income countries, even for those with minimal financial and technical resources. Because of indirect and induced effects the economic and social impacts of tourism are also considerably bigger than apparent from the directly identifiable activity alone [Mathieson and Wall, 1982].

To appreciate the tourism's wider influence on the economy we must therefore take into account tourism's indirect activity and its contribution to the economy and employment, where the "*indirect*" activities are those which do not fall into categories of business which have a "face-to-face" contact with tourism clients, such as:

- industry suppliers (hotel catering, laundry services, food suppliers, wholesalers, accounting firms);
- government agencies, manufacture and construction of capital goods and exported goods utilised in tourism;
- supplied commodities (steel production, lumber, oil production, etc.).

At the same time, as expenditures permeate through the economy they will generate "*induced*" effects due to payments made by producers of tourist goods and services, and their employees, in the form of wages, salaries and rents.

1.2. Key challenges faced by tourist destinations

According to the OECD, over the past twenty years, tourism has been playing its part in economic globalisation, on the basis of three main factors [OECD, 2010]:

- the dynamism of the world economy, which has seen new economic powers emerge while industrial countries have continued to exhibit appreciable growth and with it, rising incomes;
- the development of new and cheaper means of transport;
- the intensive use of information and communication technologies (ICT) in tourism and their impact on value creation chains.

The image of tourism has also been transformed in at least three aspects:

- on the supply side, competition between destinations has become sharper;
- on the demand side, new international customers have emerged;
- on the demand side, people are making more trips but for shorter periods.

Despite the continuous growth of travel and tourism tourist destinations must therefore face a number of critical issues in order to keep their competitiveness high in the global arena. These include:

- globalisation and changing markets;
- economy-wide impact of tourism;
- climate change and sustainability;
- the knowledge economy;
- human resources;
- productivity and competitiveness.

a. Globalisation and changing markets

Tourism is both a significant player in the globalisation process and is strongly influenced by globalisation. Dramatic changes in the efficiency and cost of transport coupled with a growing global middle class with rising living standards - now estimated at more than 2 billion people [OECD, 2010] - have created a new dynamic in international tourism flows. Meanwhile, reduced barriers across borders and the liberalisation of transport have further encouraged travel.

Tourism markets are also changing sharply. Relevant growth in outbound tourism from new markets, especially China, the Russian Federation and India, is bringing changing patterns of travel flows and demand, requiring new marketing and servicing skills and appropriate product development. Simultaneously, in developed countries, changing values lifestyles and demographics are leading to profound social changes which are increasingly reflected in tourism demand.

The effects of these changes include the growing fragmentation of tourism markets and the emergence of niche tourism. In OECD economies, for example, holidays for singles, retired people and money-rich/time-poor short-break travellers are developing into major market segments in addition to the traditional annual family holiday. Other emerging niches include demand for adventure, active and higher involvement experiences, indulgent and luxury travel, a search for unique experiences and ask for authenticity. Customers are increasingly experimental, willing to try new products, foods and attractions, and are unwilling to give a second chance to destinations providing poor products or services.

Globalisation is likely to continue to encourage the growth of business travel too, with the increasing mobility of business and growth of global enterprises. Meetings, incentives, convention and exhibition travel will continue to be a high growth segment. Moreover, time-poor business travellers will seek to combine business and leisure trips.

b. Economy-wide impact of tourism

Tourism effects are widespread throughout the economy, creating vital forward and backward linkages with a variety of other sectors. Tourism has a multiplicity of stakeholders and governments have to address both horizontal issues (across agencies responsible for transport, infrastructure, regional development, immigration and customs, education and training and so on) and vertical issues (from the national level to provincial, regional and local levels of government) in the design and execution of tourism-related policies and programmes.

Spending by visitors goes directly to a wide range of enterprises located in the tourism destination which often do not identify themselves with the tourism industry at all, and may have little understanding of the extent to which their sales are generated from tourism demand. Furthermore, the structure of the industry is heavily weighted towards SMEs operating in highly competitive markets. Such firms typically have little capacity for long-term planning, research or strategic development, since they produce and sell only one component of the tourism product.

The complex web of stakeholders in the tourism industry thus creates a fragmented structure that governments can find hard to serve through general policy measures. While tourism remains an essentially private sector activity, some governments therefore accept that they have a substantial role in addressing market failures which emerge from tourism's fragmented SME-based structure. A "whole of government" approach for tourism policy making is therefore to be encouraged in order to extract maximum economic and social benefit from the tourism sector. In turn this has introduced a new imperative for the "governance" of tourism, that includes promotion of dialogue, co-operation and partnerships to steer the amalgam of public, private and third sector stakeholder organizations in the pursuit of tourism policies.

c. Climate change and sustainability

The issues of climate change and global warming have huge potential implications for travel and tourism. Tourism is indeed estimated to contribute up to 5.3% of global anthropogenic greenhouse gas emissions with transport accounting for about 75% of this. On the positive side, however, the growing awareness of the importance and potential of green jobs – the promotion through government policies of lower-carbon activities and the more efficient use of energy – offers tourism an opportunity to adapt its operating practices and to participate in the expansion of “green collar” jobs which are seen as a major growth opportunity for global employment in the years to come.

Changes in consumer behaviour in response to climate change, the impact of the adoption of voluntary or compulsory carbon offset schemes, possible modal shifts in transport use, and demand for environmentally responsible behaviour, present threats and challenges to tourism destinations and enterprises. Climate change and its implications therefore imply that the tourism industry has to become even more closely concerned with the broad environmental sustainability of its own actions. The environment that tourists wish to visit also plays a key role in determining the viability and attractiveness of tourism destinations.

The sustainability of a destination thus depends on the ability of the diverse range of stakeholders, across levels of government, business and local communities, to work together to implement suitable measurement and regulatory instruments for ensuring community and environment-friendly outcomes. Increasingly, governments are led to integrate social, environmental and economic objectives into the planning and development of appropriate tourism and environmental management strategies which address long-term perspectives. According to the OECD, this highlights the above cited critical importance of a “whole of government” approach to tourism policy, recognising not only wealth and economic growth objectives but also environmental, social and cultural considerations.

d. The knowledge economy

The spread of computer and Internet-led technologies has shifted the basis of competitive advantage from traditional resources to information, knowledge and human skills. In a knowledge economy, tourism destinations need to recognise and adapt to these changes in order to make the best use of information resources.

Internet technologies have empowered consumers providing them with broad access to information about travel and tourism products and the ability to bypass traditional intermediaries and to construct their own product packages. In an era of web 2.0 and social networking, the Internet is deeply changing the international tourism industry and its interactions with consumers. All categories of firms, large and small, from anywhere in the value chain, can now communicate directly with their customers. Also, whereas the consumer used to be outside the value chain, he/she is now at the heart of it, having a direct access to the supply-side. Consequently, it is now the consumer who “governs” the tourism value chain.

A key challenge now facing public and private actors in tourism is therefore to ensure that the quality of the information provided to the consumer is fully competitive with the

consumer's next best option. Actors who position themselves most effectively in the value chain will be those best able to benefit from the flow of information to and from the consumer, thereby enhancing their market position. Conversely, there is a further opportunity, where public policy interventions can make a useful contribution, related to the collection and dissemination of information about tourist demand to the tourism industry through the better use of research-based intelligence (on issues such as market trends, for example).

e. Human resources

Labour market issues are of fundamental importance for tourism development, in order to raise the industry's productivity, to equip tourism-sector workers to respond to the needs of the knowledge economy and to ensure that skills exist in areas such as sustainable tourism practice and in the increasingly important area of green practices within the industry.

Education and skills development is important for all tourism destination countries but they are especially relevant for developing countries. The "education challenge" is also deeply related to the wide predominance of SMEs in tourism service providers, which makes even more important the government's provision of training and skills improvement programmes which would be otherwise unavailable to these smaller businesses.

The emergence of new high growth markets involving changes in the cultural characteristics of existing visitor patterns present particular demands for the development of appropriate language and cultural skills too, as countries such as China and India take up a growing share of international tourism flows.

f. Productivity and competitiveness

Advances in the knowledge economy, coupled with the recent economic global downturn, have made price competition in the tourism sector even fiercer. In the face of the labour-intensive nature of tourism and the typically higher wage costs of richer countries, developing countries have been using low-cost personnel in order to make their tourist products winner on the mere ground of price-competition. On the other hand, the tourism product – as a "whole" - is also exposed to competition with high growth products and services which take more and more importance in households' discretionary spending and spare time, such as electronic devices and ICT services. In order to prevent the price competition becomes dominant, tackling productivity is increasingly becoming urgent within the tourism industry, also to allow better labour conditions and to design new attractive products, attract fresh investment and innovate.

To deal with these issues, both supply and demand-side policies are required, such as value-based pricing, encouraging entrepreneurship, developing efficient mechanisms for innovation, making better use of IT-based networks and ensuring that service quality remains high by making appropriate use of human resources management practices. The road to productivity would also include side-conditions, such as access to an educated

workforce, access to technology, managerial and business skills, stable and experienced political and bureaucratic leadership, well-established banking and financial institutions, marketing skills and experience, and generally effective infrastructure.

Meanwhile the growth of large operators represent a deep threat to SMEs which provide the bulk of tourism industry enterprises and which play an important role in smaller regional destinations. Innovative solutions for SMEs include networks with other enterprises, government agencies and industry associations and along value chains to increase business efficiency and improve communication, while also targeting the increasing fragmentation of demand referred to above, and the growth in demand for unique and specialised products and services.

1.3. Policies to promote competitive and sustainable tourism

In occasion of the High Level Meeting of the OECD Tourism Committee which took place in Riva del Garda, Italy on the 9-10 October 2008 the 27 OECD countries and 12 non-members approved the “Action Statement for Enhancing Competitiveness and Sustainability in Tourism”, which included recommendations to governments and other stakeholders about how to assist destinations and the tourism industry in improving their competitiveness in the world tourism market through policies and targeted programmes.

Policy recommendations are aimed at building a strong public sector management and a multi-actor system of governance that would support tourism. They include

- establishing a **comprehensive policy framework**;
- promoting a coherent policy framework through a “**whole of government**” approach;
- encouraging a culture of **co-operation among tourism actors**;
- implementing **evaluation and performance assessment of government policies and programmes** affecting tourism development.

They should accompanied by well-designed structural actions in areas that impinge on sustainable tourism, such as employment and education, small- and medium-sized enterprises (SMEs) and entrepreneurship, sustainable development, transport and infrastructure, local development, culture and creative industries, trade and investment and safety and security.

Targeted programmes would reflect the stage of development of a specific country’s tourism sector, although there are several common themes that would shape sustainable tourism, which include:

- **Investment in quality and skills**, through public investment aimed at raising the quality and productivity of tourism’s labour forces, along with actions designed to raise the quality of the products and services delivered via means such as quality assurance standards and awards for quality achievement.

- **Marketing and branding**, since a substantial focus on destination marketing and the development of a national or regional brand is essential to most tourism strategies.
- **Environmental sustainability for green growth**, so that to address the issue of climate change and to ensure the environmental sustainability of tourism while meeting the challenge of reducing tourism’s carbon emissions through a wide variety of schemes and programmes aimed at raising awareness of the importance of environmentally-responsible tourism.
- **Product development and innovation**, through programmes designed to renew and diversify the range of tourism products, services and facilities on offer so that to raise quality in order to remain competitive and to promote the industry’s sustainability.
- **Long-term strategic industry planning**, in order to reflect the appreciation on the part of government of the tourism’s key economic importance when developing national economic policies.
- **Culture of evaluation and capacity building**, including not only intelligence and analysis covering the tourism sector but a broader process by which the effectiveness of public investment are monitored and the effects of public investment programmes evaluated in order to ensure good value for money and to enable progressive modifications to public policy.
- **Co-operation and partnerships**, at various levels internationally, with neighbouring states, across government departments and between the public and private sectors, and vertically across the national, regional, provincial and local departments involved in tourism administration and organization.

1.4. The role of municipalities in tourism development

1.4.1. Tourism as “resource-based” industry with a strong local focus

Differently for other sectors, tourism is a resource-based industry whose “raison d’être” is to be consumed where it is produced. Destinations only exist by virtue of people that visit it and by making available at the local level an amalgam of resources which make up the “tourist experience”, that is the tourism product delivered by the destination and consumed by tourists:

- Resources in the form of physical and cultural attractions to induce people to visit.
- Resources in the form of facilities and services, including human resources, that enable them to stay at the destination.

- Resources in the form of infrastructure and services that makes the destination accessible as well as the various attractions, facilities and services within the destination.
- Information provision so that the consumer actually knows about the destination and its resources.

Since tourism does not only supports jobs in accommodation and related tourism services but also induces a market for goods and services in sectors as diverse as transport, retailing, construction, culture, food processing, fishing and agriculture it might be of great significance for socio-economic development at the local level.

According to the UNEP and WTO [2005], there are three important and unique aspects of the relationship between tourism and sustainable development:

- **Interaction:** The nature of tourism, as a service industry that is based on delivering an experience of new places, means that it involves a considerable amount of interaction, both direct and indirect, between visitors, host communities and their local environments.
- **Awareness.** Tourism makes people (visitors and hosts) become far more conscious of environmental issues and differences between nations and cultures. This can affect attitudes and concerns for sustainability issues not only while travelling but throughout people's lives.
- **Dependancy.** Much of tourism is based on visitors seeking to experience intact and clean environments, attractive natural areas, authentic historic and cultural traditions, and welcoming hosts with whom they have a good relationship. The industry depends on these attributes being in place.

This close and direct relationship creates a sensible situation, whereby tourism can be very positive for sustainable development. It indeed can:

- Provide a growing source of opportunities for enterprise development and employment creation as well as stimulating investment and support for local services, even in quite remote communities.
- Bring tangible economic value to natural and cultural resources. This can result in direct income from visitor spending for their conservation, and an increase in support for conservation from local communities.
- Be a force for inter-cultural understanding and peace.

1.4.2. Dangers and risks for the local governments. The need for planning

Because of its pervasiveness, tourism may also bring negative effects, along with more positive ones. It might:

- Exert considerable pressure on host communities and lead to dislocation of traditional societies.

- Compete for the use of scarce resources, notably land and water.
- Be a significant contributor to local pollution.
- Be a vulnerable and unstable source of income, as it is often very sensitive to actual or perceived changes to the environmental and social conditions of destination.
- Place direct pressure on fragile ecosystems causing degradation of the physical environment and disruption of wildlife.

Again, according to the UNEP and WTO [2005], the net result – of positive and potential negative impacts of tourism - is that all involved have a huge responsibility to recognize the importance of its sustainable development. Tourism has immense power to do good. Yet it can also be the vector for the very pressures that may destroy the assets on which it relies. Developed without concerns for sustainability, tourism can not only damage societies and the environment, it could also contain the seeds of its own destruction.

Planning for sustainable tourism at the local level is therefore a vital activity, as a means to providing a balanced mix between social, environmental and economic goals.

1.4.3. Community-oriented tourism planning

Since the positive and negative effects of tourism do affect mostly the local level, decisions about tourism development should be taken too at the lowest level of governance, encouraging local stakeholders affected by tourism to participate. It is thus particularly important to:

- Fully engage the local community in the development of tourism policies and plans. This should involve local government institutions and there should be a process of wider consultation and participation for the community and other stakeholders.
- Empower local communities to influence decisions on tourism development in their area, including the provision of the skills and knowledge that people need to participate effectively in decision making at the local level.

Because of its dependence on local circumstances, there is no fixed agreement as to what the best methods are or the role of the local municipalities should be. Several private and public actors and multi-government organizations are typically involved in the construction and delivery of the “tourism experience”, with marketing functions played by destination management organizations or regional tourism organizations while destination planning is commonly undertaken by a combination of urban and regional planning bodies.

This situation means that destination planning and development occurs in a complex set of institutional and public-private arrangements that include different organizations, including non-governmental ones.

With specific regard to the role of local governments, although it changes from country to country and through the various scale at which it occurs – different powers over different topics may be given to different levels of government – normally municipalities are

featured with relevant responsibilities. They may include one or more of the following roles [Cooper and Hall, 2008]:

- **Coordination**, which is essential both within and between different levels of government in order to avoid duplication of resources. It may be intended also a “facilitation” role in bringing various tourism stakeholders together for common goals.
- **Planning and Regulation**, which may include different scales as well as different forms. At a local level urban, rural, land use planning normally occur. Responsibilities may however include aspects of economic, social, environmental, promotion and marketing and labour force planning, according to the national and regional institutional and administrative framework.
- **Entrepreneur**, not only in the form of provision of basic infrastructure, such as roads and sewage, but also for managing attractions, such as natural parks and museums, or operating tourist ventures for example in transportation. Moreover, there might be a role of local government as entrepreneur in the provision of event and sport facilities as well as sponsoring urban redevelopment projects.
- **Stimulation**, with the provision of financial incentives or through dedicated local fiscal policies.
- **Promotion**, which has long been one of the main activities of government in tourism. This is justified by arguments that tourism promotion represents a “public good” given the high degree of fragmentation between the various elements of the tourism industry and the various economic and social benefits that are accrued to the local community. At a local level, tourist information is also normally provided by government.

There has also been a substantial transformation of the role of government in recent years. This is usually referred to as a move from government to *governance*. Central to this shift there has been a change in the relative role of public institutions. Rather than the implementation of government policies being undertaken by sole government, there is now a greater emphasis on partnership, with other government levels but also with organizations that operate on a commercial basis or non profit organizations. The role of government is thus interpreted so that to steer organizational networks and partnerships in a required direction.

This role is increasingly covered by the Destination Management Organizations (DMOS), which are partly or fully funded by local government, with a specific mission to try to bring together other public agencies, tourism producers and even destination communities in common cause with respect to destination marketing and/or development.

1.4.4. Marketing and finance at a local level

The concept of sustainability does include market competitiveness as well as financing concerns.

The sustainability of tourism development does depend on the capacity of attracting specific segments of the tourism market, those with a genuine interest in maintaining and preserving local values and customs.

Strategic marketing planning should therefore be pursued at a local level, bringing stakeholders together to share analysis, decide about smart goals and measurable objectives and share a clear implementation strategy, built on relevant indicators for sustainability on which stakeholders agrees as to their relevance and as to how results should be interpreted.

This public-private approach, based on clear goals, objectives and indicators would also help in the prioritization of investments by local municipalities, thus helping to solve the intrinsic paradoxes that features the tourism industry particularly with reference to the financing of tourism projects.

Tourism does indeed results in increased spending in a community and often in increased employment, which is enhanced by the “multiplier” effect. Although it therefore should be in the national interest to produce revenue in the form of taxes on profit, employee taxes, excise duties, and so on, this might not help the local authorities, where they have to provide for additional costs due to the provision of local collective tourist services. These include direct costs due to garbage collection, promotion, museum management and information provision, but also larger capital investments in infrastructure and super-structure, as far as tourism developments succeeds and physical sustainability issues usually arise.

The issue of finance is therefore central to sustainable tourism. Local municipalities should strive for enhancing fiscal federalism to sustain collective tourism services and investments, enforcing public-private partnership schemes and accessing to national and international funds, such as the EU structural funds. Such funds should also directed to sustain capacity building in the field of sustainability, including both private and public operators at the local level.

2. TOURISM IN THE COUNTRIES INVOLVED IN THE SEENET PROGRAM

The aim of this chapter is to introduce relevant figures about tourism in the SEE countries, so that to get a quick grasp of the scope and the comparative performance of the industry in the countries interested by our study. General data about tourism flows have been collected from the United Nation World Tourism Organization (UNWTO) reports, while the World Travel and Tourism Council (WTTC) has been the source for more focused data about the economy of travel and tourism – contribution to GDP and employment, visitor exports and investments related to tourism. The analysis highlights a dis-homogeneous situation, with some countries – such as Croatia, Montenegro and at a lesser degree Albania -- enjoying a more significant portion of tourism activity while other (Bosnia and Herzegovina, Macedonia and Serbia) still lagging far behind.

2.1. Context and key indicators

Previous studies, conducted by various international organization and institution, such as a recent one carried out by the School of International and Public Affairs of the Columbia University, have identified tourism as a possible area for social and economic development in the whole area, identifying also main opportunities and constraints.

With regard to the stage of tourism development and potentialities, it appears that SEE countries hold relevant differences but also interesting similarities. The tourism industry is indeed well established in countries such as Croatia and Montenegro, with the former accounting for almost 70% of international tourist arrivals in the whole area in 2009.

Table 1 – International Tourism Arrivals (thousands), 2005-2009

Nation	2005	2007	2009
Albania	46	57	1,775
Bosnia and Herzegovina	213	306	311
Croatia	8,467	9,307	9,335
Macedonia, FYR	197	230	259
Montenegro		984	1,044
Serbia	725	696	645
TOTAL	9,648	11,580	13,369

Source: United Nations World Tourism Organization

Once international arrivals are referred to national population, we still see that Croatia and Montenegro lead the table, with Bosnia and Herzegovina, Macedonia and Serbia lagging far behind.

Table 2 –International Tourism Density, 2009

Nation	Population	International Tourist arrivals	Ratio arrivatl/population
Albania	2,994,667 (*)	1,775,000	0,6
Bosnia and Herzegovina	3,852,000 (**)	311,000	0,1
Croatia	4,494,749 (**)	9,335,000	2,1
Macedonia, FYR	2,022,000 (***)	259,000	0,1
Montenegro	672,180	1,044,000	1,6
Serbia	10,147,398 (****)	645,000	0,1
TOTAL	24,182,994	13,369,000	0,6

Source: Wikipedia and author's elaboration

(*) in 2008, (**) in 2006, (***) in 2002, (****) in 2007

International tourism receipts reflect international arrivals, with Croatia as leading country.

Table 3 – International Tourism Receipts (US\$), 2005-2009

Nation	2005	2007	2009
Albania	861	1,372	1,816
Bosnia and Herzegovina	567	728	677
Croatia	7,463	9,254	8,898
Macedonia, FYR	84	185	218
Montenegro	n.a.	630	662
Serbia	201(*)	531	865
TOTAL	9,176	12,700	13,136

Source: United Nations World Tourism Organization

(*) Data includes Montenegro

However, if we look at individual international expenditure, we find a much higher ratio for countries such as Bosnia and Herzegovina, Serbia and Albania. This is probably due to the composition of tourism at official accommodation, with a prevalence of institutional and

business arrivals in these countries vs. holiday mass tourism in Croatia and especially Montenegro, which holds the lowest rate (634 US dollars per capita).

Table 4 – International Tourism Receipts per Visitor (US\$), 2009

Nation	Receipts [USmillion\$]	Arrivals [thousands]	Ratio Receipts/Arrival
Albania	1,816	1,775	1,023.1
Bosnia and Herzegovina	677	311	2,176.8
Croatia	8,898	9,335	953.2
Macedonia, FYR	218	259	841.7
Montenegro	662	1,044	634.1
Serbia	865	645	1,341.1
TOTAL	13,136	13,369	982,6

Source: Author's elaboration

(*) Data includes Montenegro

Data from “The Travel and Tourism Competitiveness” Report by the World Economic Forum confirm the relevance of the travel and tourism industry for countries such as Croatia and Montenegro, where it accounts for around 11-12% of GDP, and between 9.3 (in Montenegro) and 13% (in Croatia) of total employment.

Table 5 – Travel and Tourism Industry, 2010

Nation	GDP			Employment		
	US millions	% of total	2011-2020 annual growth (%, forecast)	1.000 jobs	% of total	2011-2020 annual growth (%, forecast)
Albania	841	6.8	4.9	69	5.5	1.8
Bosnia and Herzegovina	518	2.8	6.0	25	2.3	1.1
Croatia	6,917	11.8	5.6	149	13.0	1.9
Macedonia, FYR	146	1.5	5.8	9	1.5	2.0
Montenegro	535	10.8	8.6	16	9.3	5.4
Serbia	996	2.0	4.9	36	1.9	1.8

Source: World Economic Forum (2011), *The Travel and Tourism Competitiveness Report*

Figures become even bigger if we consider the broader economy associated to travel and tourism, as described by the Tourism Satellite Account, developed by the World Travel and Tourism Council (WTTC), which takes into account also capital investment, government spending and exports related to tourism. So calculated, the travel and tourism economy is reported to account around 20-25% of GDP in Croatia, Albania and Montenegro, with relevant figures also for employment.

Annual growth forecast for the 2011-2020 period are largely positive for all countries in the area. Therefore, the potential for growth in this sector in the short and medium term appears concrete. With proper policies in place, it might play an important role for further and stronger regional cohesion and integration throughout the area.

Table 6 – Travel and Tourism Economy, 2010

Nation	GDP			Employment		
	US millions	% of total	2011-2020 annual growth (% , forecast)	1.000 jobs	% of total	2011-2020 annual growth (% , forecast)
Albania	2,553	20.7	5.0	209	16.7	1.8
Bosnia and Herzegovina	1,855	10.2	6.1	91	8.3	1.3
Croatia	14,481	24.8	5.9	311	27.3	2.2
Macedonia, FYR	595	6.2	6.1	33	5.7	2.3
Montenegro	1,002	20.3	6.9	30	17.4	3.8
Serbia	3,663	7.4	5.4	128	6.7	2.2

Source: World Economic Forum (2011), *The Travel and Tourism Competitiveness Report*

Sound policies should however comply with the needs of both communities and SME operators, so that to meet social, cultural and environmental criteria of viability and acceptability, while also satisfying economic needs brought by SMEs. These are critical for the development of sustainable tourism since tourism products most heavily offered in the area - along with beach and sea activities on the Adriatic coast of Croatia, Albania and Montenegro - concern cultural and historical tourism, which in turn rely mostly upon small business owners and entrepreneurs.

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The following section offer a briefly picture of main figures related to the travel and tourism economy, as estimated by the WTTC, in each country of the area.

2.2. Albania

In 2011 out of a ranking of 181 countries Albania ranks 22th for the relative contribution of tourism to the national economy [WTTC, 2011].

a. *Travel and Tourism contribution to GDP*

The direct contribution of Travel & Tourism to GDP is expected to be ALL 99.8bn in 2011 (7.6% of GDP). This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. The direct contribution of travel & tourism to GDP is expected to grow by 5.5% per annum to ALL 169.9bn (8.5% of GDP) by 2021.

The total contribution of travel & tourism to GDP is expected to be ALL 344.2bn in 2011 (26.3% of GDP). It is forecast to rise by 5.4% per annum to ALL 582.7bn by 2021 (29.0% of GDP)

b. *Travel and Tourism contribution to employment*

Travel & Tourism is expected to generate 67,000 jobs directly in 2011 (6.8% of total employment). By 2021, it will account for 88,000 jobs directly, an increase of 21,000 (32,2%) over the next ten years.

The total contribution of travel and tourism to employment is expected to be 233,000 jobs in 2011 (23.9% of total employment). By 2021, Travel and Tourism is forecast to support 304,000 jobs (26.9% of total employment), an increase of 2.7% per annum over the period.

c. *Visitor exports*

Albania is expected to attract 2,580,000 international tourist (overnight visitor) arrivals in 2011, generating ALL 238.0bn in visitor exports (foreign visitor spending, including spending on transportation). By 2021, international tourist arrivals are forecast to total 3,272,000 – an increase of 2.4 per annum, generating expenditure of ALL 387.5bn.

d. *Investment*

Travel and tourism is expected to attract capital investment of ALL 22.8bn, rising by 5.7% per annum to ALL 39.7bn. Therefore travel and tourism share of total national investment will rise from 4.6% in 2011 to 5.1% in 2021.

Table 7 – Tourism in Albania. Key Indicators

Indicator	2011 (*)	% of total	2021 (**)	% of total	Average real growth p.a.
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					2011-2021 (%)
GDP – Direct Contribution (ALL bn)	99.8	7.6	169.9	8.5	5.5
GDP – Total Contribution (ALL bn)	344.2	26.3	582.7	29.0	5.4
Employment – Direct Contribution	67,000	6.8	88,000	7.8	2.8
Employment – Total Contribution	233,000	23.9	304,000	26.9	2.7
Visitor Exports (ALL bn)	238.0	51.7	387.5	47.3	5.0
Investments (ALL bn)	22.8	4.6	39.7	5.1	5.7

Source: World Travel and Tourism Council (2011), Travel and Tourism Economic Impact 2011 – Albania, in http://www.wttc.org/bin/pdf/original_pdf_file/albania.pdf

(*) forecast

(**) in constant price

2.3. Bosnia-and Herzegovina

In 2011 out of a ranking of 181 countries Bosnia and Herzegovina ranks 142th for the relative contribution of tourism to the national economy [Source: World Travel and Tourism Council, 2011].

a. *Travel and Tourism's contribution to GDP*

The direct contribution of travel & tourism to GDP is expected to be BAM 592.2mn in 2011 (2.3% of GDP). It is expected to grow by 5.7% per annum to BAM 1,029mn (2.4% of GDP) by 2021.

The total contribution of travel & tourism to GDP is expected to be BAM 2,151.6mn in 2011 (8.4% of GDP). It is forecast to rise by 5.7% per annum to BAM 3,757.5mn by 2021 (8.9% of GDP)

b. *Travel and Tourism contribution to employment*

Travel & Tourism is expected to generate 22,000 jobs directly in 2011 (2.1% of total employment). By 2021, it will account for 26,000 jobs directly, an increase of 4,000 (16.6%) over the next ten years.

The total contribution of travel and tourism to employment is expected to be 81,000 jobs in 2011 (7.6% of total employment). By 2021, travel and tourism is forecast to support 93,000 jobs (8.3% of total employment), an increase of 1.5% per annum over the period.

c. *Visitor exports*

Bosnia and Herzegovina is expected to attract 340,000 international tourist (overnight visitor) arrivals in 2011, generating BAM 1,136.6mn in visitor exports. By 2021, international tourist arrivals are forecast to total 496,000 – an increase of 3.8 per annum, generating expenditure of BAM 2,025.4mn.

d. *Investment*

Travel and tourism is expected to attract capital investment of BAM 222.0mn, rising by 5.0% per annum to BAM 360.5mn. Therefore travel and tourism share of total national investment will rise from 3.7% in 2011 to 3.9% in 2021.

Table 8 – Tourism in Bosnia and Herzegovina. Key Indicators

Indicator	2011 (*)	% of total	2021 (**)	% of total	Average real growth p.a. 2011-2021 (%)
GDP – Direct Contribution (MKD bn)	6.5	1.4	10.5	1.6	4.9
GDP – Total Contribution (MKD bn)	23.8	5.3	38.1	6.0	4.8
Employment – Direct Contribution	8.000	1.3	10.000	1.7	1.7
Employment – Total Contribution	30.000	4.8	35.000	5.4	1.6
Visitor Exports (MKD bn)	12.4	5.9	20.5	5.1	5.2
Investments (MKD bn)	2.5	2.3	4.7	2.8	6.4

Source: World Travel and Tourism Council (2011), Travel and Tourism Economic Impact 2011 – Albania, in http://www.wttc.org/bin/pdf/original_pdf_file/albania.pdf

(*) forecast

(**) in constant price

2.4. Croatia

In 2011 out of a ranking of 181 countries, Croatia ranks 21th for the relative contribution of tourism to the national economy [Source: World Travel and Tourism Council, 2011].

a. *Travel and Tourism's contribution to GDP*

The direct contribution of travel & tourism to GDP is expected to be HRK 34,395.2mn in 2011 (2.3% of GDP). It is expected to grow by 5.7% per annum to HRK 1,029mn (2.4% of GDP) by 2021.

The total contribution of travel & tourism to GDP is expected to be HRK 81,468.2mn in 2011 (27.6% of GDP). It is forecast to rise by 4.3% per annum to HRK 124,315.0mn by 2021 (30.7% of GDP)

b. Travel and Tourism contribution to employment

Travel & Tourism is expected to generate 140,000 jobs directly in 2011 (12.7% of total employment). By 2021, it will account for 155,000 jobs directly, an increase of 15,000 (10.4%) over the next ten years.

The total contribution of travel and tourism to employment is expected to be 326,000 jobs in 2011 (29.6% of total employment). By 2021, Travel and Tourism is forecast to support 365,000 jobs (30.4% of total employment), an increase of 1.1% per annum over the period.

c. Visitor exports

Croatia is expected to attract 9,181,000 international tourist (overnight visitor) arrivals in 2011, generating HRK 62,626.5mn in visitor exports. By 2021, international tourist arrivals are forecast to total 16,740,000 – an increase of 6.2 per annum, generating expenditure of HRK 98,100.2mn.

d. Investment

Travel and tourism is expected to attract capital investment of HRK 8,358.5mn, rising by 5.6% per annum to HRK 14,405.7mn. Therefore travel and tourism share of total national investment will rise from 10.8% in 2011 to 12.4% in 2021.

Table 9 – Tourism in Croatia. Key Indicators

Indicator	2011 (*)	% of total	2021 (**)	% of total	Average real growth p.a. 2011-2021 (%)
GDP – Direct Contribution (HRK nm)	34,395.2	11.6	52,740.2	13.0	4.4
GDP – Total Contribution (HRK nm)	81,468.2	27.6	124,315.0	30.7	4.3
Employment – Direct Contribution	140,000	12.7	155,000	12.9	1.0
Employment – Total Contribution	326,000	29.6	365,000	30.4	1.1
Visitor Exports (HRK nm)	62,626.5	44.1	98,100.2	40.7	4.6
Investments (HRK nm)	8,358.5	10.8	14,405.7	12.4	5.6

Source: World Travel and Tourism Council (2011), Travel and Tourism Economic Impact 2011 – Albania, in http://www.wttc.org/bin/pdf/original_pdf_file/albania.pdf

(*) forecast

(**) in constant price

2.5. Macedonia

In 2011 out of a ranking of 181 countries, Macedonia ranks 142th for the relative contribution of tourism to the national economy [Source: World Travel and Tourism Council, 2011].

a. *Travel and Tourism's contribution to GDP*

The direct contribution of travel & tourism to GDP is expected to be MKD 6.5bn in 2011 (1.4% of GDP). It is expected to grow by 4.9% per annum to MKD 10.5bn (1.6% of GDP) by 2021.

The total contribution of travel & tourism to GDP is expected to be MKD 23.8bn in 2011 (5.3% of GDP). It is forecast to rise by 4.8% per annum to MKD 38.1bn by 2021 (6.0% of GDP)

b. *Travel and Tourism contribution to employment*

Travel & Tourism is expected to generate 8,000 jobs directly in 2011 (1.3% of total employment). By 2021, it will account for 10,000 jobs directly, an increase of 2,000 (18.8%) over the next ten years.

The total contribution of travel and tourism to employment is expected to be 30,000 jobs in 2011 (4.8% of total employment). By 2021, Travel and Tourism is forecast to support 35,000 jobs (5.4% of total employment), an increase of 1.6% per annum over the period.

c. *Visitor exports*

Macedonia is expected to attract 311,000 international tourist (overnight visitor) arrivals in 2011, generating MKD 12.4bn in visitor exports. By 2021, international tourist arrivals are forecast to total 408,000 – an increase of 2.8 per annum, generating expenditure of MKD 20.5bn.

d. *Investment*

Travel and Tourism is expected to attract capital investment of MKD 2.5bn, rising by 6.4% per annum to MKD 4.7bn. Therefore travel and tourism share of total national investment will rise from 2.3% in 2011 to 2.8% in 2021.

Table 10 – Tourism in Macedonia. Key Indicators

Indicator	2011 (*)	% of total	2021 (**)	% of total	Average real growth p.a. 2011-2021 (%)
GDP – Direct Contribution (MKD bn)	6.5	1.4	10.5	1.6	4.9

GDP – Total Contribution (MKD bn)	23.8	5.3	38.1	6.0	4.8
Employment – Direct Contribution	8.000	1.3	10.000	1.5	1.7
Employment – Total Contribution	30.000	4.8	35.000	5.4	1.6
Visitor Exports (MKD bn)	12.4	5.9	20.5	5.1	5.2
Investments (MKD bn)	2.5	2.3	4.7	2.8	6.4

Source: World Travel and Tourism Council (2011), Travel and Tourism Economic Impact 2011 – Albania, in http://www.wttc.org/bin/pdf/original_pdf_file/albania.pdf

(*) forecast

(**) in constant price

2.6. Montenegro

In 2011 out of a ranking of 181 countries, Macedonia ranks 36th for the relative contribution of tourism to the national economy [Source: World Travel and Tourism Council, 2011]. Interestingly, it has considered to be the nation that has the strongest growth potential worldwide, with a 10.9% average net growth per annum expected through 2011 and 2021.

a. *Travel and Tourism's contribution to GDP*

The direct contribution of travel & tourism to GDP is expected to be EUR 278.3mn in 2011 (8.1% of GDP). It is expected to grow by 10.9% per annum to EUR 782.1mn (14.8% of GDP) by 2021.

The total contribution of travel & tourism to GDP is expected to be EUR 593.8mn in 2011 (17.2% of GDP). It is forecast to rise by 12.4% per annum to EUR 1,915.1mn by 2021 (36.3% of GDP)

b. *Travel and Tourism contribution to employment*

Travel & Tourism is expected to generate 12,000 jobs directly in 2011 (6.9% of total employment). By 2021, it will account for 25,000 jobs directly, an increase of 13,000 (115.4%) over the next ten years.

The total contribution of travel and tourism to employment is expected to be 26,000 jobs in 2011 (15.1% of total employment). By 2021, Travel and Tourism is forecast to support 62,000 jobs (33.2% of total employment), an increase of 9.4% per annum over the period.

c. *Visitor exports*

Montenegro is expected to attract 1,141,000 international tourist (overnight visitor) arrivals in 2011, generating EUR 633.8mn in visitor exports. By 2021, international tourist arrivals

are forecast to total 2,283,000 – an increase of 7.2 per annum, generating expenditure of EUR 1,588.8mn.

d. *Investment*

Travel and tourism is expected to attract capital investment of EUR 192.1mn, rising by 16.4% per annum to EUR 876.4mn. Therefore travel and tourism share of total national investment will rise from 33.4% in 2011 to 50.8% in 2021.

Table 11 – Tourism in Montenegro. Key Indicators

Indicator	2011 (*)	% of total	2021 (**)	% of total	Average real growth p.a. 2011-2021 (%)
GDP – Direct Contribution (EUR mn)	278.3	8.1	782.1	14.8	10.9
GDP – Total Contribution (EUR mn)	593.8	17.2	1,915.1	36.3	12.4
Employment – Direct Contribution	12.000	6.9	25.000	8.0	8.0
Employment – Total Contribution	26.000	15.1	62.000	33.2	9.4
Visitor Exports (EUR mn)	633.8	44.8	1,588.8	46.3	9.4
Investments (EUR mn)	192.1	33.4	876.4	50.8	16.4

Source: World Travel and Tourism Council (2011), Travel and Tourism Economic Impact 2011 – Albania, in http://www.wttc.org/bin/pdf/original_pdf_file/albania.pdf

(*) forecast

(**) in constant price

2.7. Serbia

In 2011 out of a ranking of 181 countries, Serbia ranks 98th for the relative contribution of tourism to the national economy [Source: World Travel and Tourism Council, 2011

a. *Travel and Tourism's contribution to GDP*

The direct contribution of travel & tourism to GDP is expected to be RSD 81.1bn in 2011 (2.3% of GDP). It is expected to grow by 4.4% per annum to RSD 124.4bn (2.2% of GDP) by 2021.

The total contribution of Travel & Tourism to GDP is expected to be RSD 287.7bn in 2011 (8.0% of GDP). It is forecast to rise by 4.3% per annum to RSD 439.2bn by 2021 (7.6% of GDP)

b. Travel and Tourism contribution to employment

Travel & Tourism is expected to generate 38,000 jobs directly in 2011 (2.1% of total employment). No increase is expected over the next ten years.

The total contribution of travel and tourism to employment is expected to be 135,000 jobs in 2011 (7.4% of total employment). By 2021, Travel and Tourism is forecast to support 133,000 jobs (7.2% of total employment), a decrease of 0.2% per annum over the period.

c. Visitor exports

Serbia is expected to attract 710,000 international tourist (overnight visitor) arrivals in 2011, generating RSD 134.7bn in visitor exports. By 2021, international tourist arrivals are forecast to total 1,148,000 – an increase of 4.9 per annum, generating expenditure of RSD 206.6bn.

d. Investment

Travel and tourism is expected to attract capital investment of RSD 19.7bn, rising by 3.4% per annum to RSD 27.7bn. Therefore travel and tourism share of total national investment will fall from 2.9% in 2011 to 2.4% in 2021.

Table 12 – Tourism in Serbia. Key Indicators

Indicator	2011 (*)	% of total	2021 (**)	% of total	Average real growth p.a. 2011-2021 (%)
GDP – Direct Contribution (RSD bn)	81.1	2.3	124.4	2.2	4.4
GDP – Total Contribution (RSD bn)	287.7	8.0	439.2	7.6	4.3
Employment – Direct Contribution	38.000	2.1	38.000	2.1	0.0
Employment – Total Contribution	135.000	7.4	133.000	7.2	-0.2
Visitor Exports (RSD bn)	134.7	12.3	206.6	10.1	4.4
Investments (RSD bn)	19.7	2.9	27.7	2.4	3.4

Source: World Travel and Tourism Council (2011), Travel and Tourism Economic Impact 2011 – Albania, in http://www.wttc.org/bin/pdf/original_pdf_file/albania.pdf

(*) forecast

(**) in constant price

3. SUSTAINABLE TOURISM

The following section presents the main concepts referring to “sustainable tourism”. After a brief introduction of the main principles, followed by the classical distinction between socio-cultural, economic and environmental impacts related to the tourism activity, positive and negative aspects of tourism development are briefly discussed, also emphasizing the role for mutual understanding and peace that tourism is able to cover in the controversial area of the Balkans. Finally, main policy areas of tourism sustainable development and management – as proposed by the World Tourism Organization – are illustrated.

3.1. Basic principles

The term “sustainable development” became widely used in relation to tourism following the publication of the “Brundtland Report” in 1987 [WECD, 1987], which extended the basic objectives that previously been expressed in the World Conservation Strategy [IUCN, UNEP and WWF, 1980].

Generally speaking, it refers to the fact that, in order to truly harness the power of tourism growth as a driver for local development, such growth in the present should not impede or detract from the ability of future generations to meet their own needs. Its primary objective is the provision of lasting and secure livelihoods that minimize resource depletion, environment degradation, cultural disruption and social instability. It thus include concerns of equity; the needs of economically marginal populations; and the idea of technological and social limitations on the ability of the environment to meet present and future needs [Cooper and Hall, 2008].

The evidence shows that in many developing as well as developed countries, insufficient attention is still paid to ensuring that unrestrained growth will not irreparably damage existing resources, nor lead to practises which are harmful to the destination’s image and therefore desirability, with resulting negative socio-economical impact in the longer term. A number of tourist destination around the world have indeed being suffering from strains put on water and food supplies, waste-handling facilities and the capacity of the local population to meet the standards of service promised to tourists. As a result, the “success” of tourism development in these locations have usually short-lived in its originally hoped form.

On the Adriatic Coast of the Balkan area it is well renowned the case of over-construction in Durres and Saranda, in Albania, which suffered particularly disastrous consequences from over-construction. Similarly, in the southwest Montenegro, the city of Budva that already accounted for approximately 50% of overnight stays registered in the country, have witnessed a strong increase in private lodgings and accommodations over the past two decades, which have not been maintained. As the construction of adequate infrastructure has not followed suit, water shortages and problems with the power supply system have been reported during the peak season, without reliable hope to improve the

situation in the short term [SIPA Columbia University, 2008].

A greater awareness of how environmental and cultural assets can be either underpinned or undermined by tourism activities, depending on how they are organised, have therefore become hugely influential in destination planning discourse as well as affecting tourism legislation and the notion that sustainable tourism development can lead to economic and social benefits is now well widespread among international actors and theorists.

However the transformation of principles of sustainable development into successful planning interventions have been extremely difficult, due essentially to constraints which include [Cooper and Hall, 2008]:

- The **time scale**, in which sustainable approaches operate, which is greater than usual planning and policy timelines.
- The **spatial scale**, since many aspects, such as climate change and economic globalization are multi-jurisdictional and require international cooperation.
- The **integrative** scale, as sustainability brings together socio-cultural, environmental and economic planning methods, which require careful management and new sets of planning skills and institutional arrangements.

Planning strategies should therefore put emphasis on aspects such as:

- **Coordination and cooperation**, in order to “steer” the action of separate institutional actors and to improve firm and destination collaboration towards common goal.
- **Raising consumer and producer awareness**, following the trend towards “conscious consumption” while educating “producers” to make their products more sustainable.
- **Strategic planning**, with the development of clear goals and measurable objectives, evaluation and monitoring, and a clear implementation strategy, through the identification of relevant indicators for sustainability which are measurable, meet objectives and on which stakeholders agree as to their relevance and as to how results should be interpreted.
- **Increased regulation**, including increased charging, new taxation regimes, licenses and permits where voluntary procedures to promote sustainability have failed.

3.2. Definition and elements of sustainable tourism

The expression “Sustainable Tourism” is guided by the principles set out in the *Rio Declaration on Environment and Development* and the recommendations contained in the so-called “Agenda 21” which, were adopted by more than 178 Governments¹. A working

¹ The United Nation Conference on Environment and Development (UNCED) was held in Rio de Janeiro,

definition was later provided by the United Nations Environment Programme (UNEP) and the World Tourism Organization (WTO) including three crucial components: optimal use of environmental resources, respect for social and cultural rights and heritage, and ensuring long term economic benefits for host communities

Sustainable tourism was therefore defined as “...not a discrete or special form of tourism. Rather, all forms of tourism should strive to be more sustainable. Making tourism sustainable is not just about controlling and managing the negative impacts of the industry. Tourism is in a very special position to benefit local communities, economically and socially, and to raise awareness and support for conservation of the environment” [UNEP and WTO, 2005]

Sustainable Tourism needs to meet social, cultural, environmental and economic criteria of viability and acceptability. It has a long-term perspective, relating to both present and future generations, and is described as being

- ethically and socially just and culturally appropriate,
- environmentally/ecologically sustainable;
- economically profitable and feasible.

These aspects of sustainability are closely interrelated, and need to be considered and addressed in an integrative manner.

In the long term, sustainable tourism depends on:

- the successful balancing and careful utilisation of available means (natural, cultural and financial);
- continual dedication of effort to the conservation and renewal of natural resources;
- recognition of the needs of the involved populations and consideration as to how they may participate in the economic benefits generated by spending on tourism.

3.2.1. Economic Benefits. Tourism as a means to promote economic growth and prosperity

There is large agreement that sustainable tourism development can lead to economic benefits, particularly for unskilled workers, including those living in middle income countries such as those in the Western Balkans. Indeed, one of the most important aspects of international tourism is the fact that, unlike most goods and service exports, the customer typically comes directly to the supplies. Since “exporting” becomes possible anywhere from in a country, just where tourism takes place, including remote and rural areas, this accrue chances for tourism’s employment to women and lower skilled workers as well as business opportunities for local SMEs [Hancock, 2008].

Brazil, 3 to 14 June 1992. See <http://www.un.org/esa/sustdev/documents/agenda21/index.htm> and <http://www.un.org/esa/sustdev/documents/agenda21/english/agenda21toc.htm> for access to the complete document

Moreover, the tourism sector is a “visitor economy” fuelled by several contributions [Mathieson and Wall, 1984]:

- the direct contributions of visitors, related to the services provided to cater to their immediate needs (accommodation, transportation, food and beverage, ancillary services, etc.);
- the indirect contribution related to the many individuals and operators who supply goods and services along the extended chain that funnels into the tourism sector;
- the induced contribution, since the income derived from the tourism sector (either directly or indirectly) is spent into the local economy.

This economic structure is fully appreciated by the International Labor Organization (ILO) when it writes, “*In the hotel segment of the industry, globally there is an average of one employee for each hotel room. Further, there are three workers indirectly dependent on each person working in hotels, such as travel agency staff, guides, taxi and bus drivers, food and beverage suppliers, laundry workers, textile workers, gardeners, shop staff for souvenirs and others, as well as airport employees*” [Bolwell and Weinz, 2008]. It has also been recognized that while hotel accommodations generally account for a large share of tourist spending, the proportion of money spent on restaurants, shopping and local transportation that reach poor families can be up to 50% when adequate labour laws are in place [Overseas Development Institute, 2008].

Considering the varying degrees to which direct and indirect segments of the tourism sector can positively affect the economic development of the host community, the UNWTO launched the “Sustainable Tourism – Eliminating Poverty” (STEP) program at the World Summit on Sustainable Tourism held in Johannesburg in 2002. Overseen by an umbrella organization, the STEP Foundation, the program stresses the importance of setting a legal framework that secures the right of workers in the visitor economy to reap the rewards of their work.

Such a framework should consist not only of labour laws, but also financial policies which provide small and medium enterprises with access to credit, and an efficient bureaucratic process for new business registrations. Related policies should therefore be guided by a number of “mechanisms” such as the employment of local labour, ensuring proper use of revenues and taxes, and investments in capital projects to improve livelihoods [UNWTO, 2007].

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With particular reference to the area of SEE countries, it has been noticed that a major limitation to tourism industry development are **leakages**; that is, profits from industry growth that “leak” out of the communities which are meant to provide the basis of such growth. This occurs because of the presence of outside tour operators, outside investors and asset owners and the use of non local labour. The presence of international investors is indeed particularly high in the Adriatic coasts of Montenegro and Albania while there is a pervasive market presence of international tour operators in Macedonia [SIPA – Columbia University, 2008].

A further limitation to the economic impact is related to the **seasonality** of traditional tourism (that is “sun and sand” tourism) towards the area. This is increasingly convincing national governments, such as in the case of Montenegro, of the need to promote year-round tourism development as a top priority, which reminds to the promotion of nature and eco-tourism as well as cultural and historical heritage tourism products.

3.2.2. Social Benefits. Tourism as a means of reinforcing community wellbeing and cultural richness

The social dimensions of tourism make it a quite distinct type of economic transaction for several reasons. On the part of the visitor, the high level of interaction with other people may result in an increased understanding of other cultures and an appreciation for the history and conditions of the host location. For the host, tourism brings about social development essentially in three ways:

- First, where cultural tourism is involved, the deliver of an authentic experience to travellers promotes investment in the local history and culture. Preservation of tradition for the sake of the visitor can thus bring about investments in museums and architectural preservation, as well as funding for local festivals, all of which may be enjoyed and appreciated by the local population as well.
- Secondly, communities can benefit from tourism of any kind, not simply “cultural tourism”, thanks to the infrastructure developed for the sake of tourism – such as improvement of road conditions, proper waste removal and disposal, increases in commercial vendors, and so on – which can be utilized by the local population to a certain degree. Moreover, tax revenues generated by the tourism sector, if properly allocated, can be utilized for local social services such as health, education and transport.
- Third, economic benefits can be easily transferred to otherwise disadvantaged societal groups, such as unskilled and women. According to the International Labour Organization (ILO), women already accounts for 60-70% of the tourism sector labour force [ILO, 2008].

Potential negative impacts must also be monitored carefully. They might include:

- The influence on traditional ways of life, since within relatively short periods, the meeting of different cultures triggers changes. Some members of host communities may assess them positively – for instance in terms of more rapid modernization in undeveloped regions and additional economic activity – but they can also lead to the erosion of cultural identity and traditional value systems thus disorienting the populations that was intended to benefit.
- The development of tourism-related service-sector occupations may displace activities from the primary sector (agriculture, fishing and cattle farming) or cottage-industries with resulting disruption of basic food production capacity if this happens on a large scale.

- The acquisition of the local service SMEs, which are usually the “backbone” of the industry, by organisations and entrepreneurs located beyond the region’s borders which are usually more familiar with the foreign markets and possess the means to handle them efficiently. These difficulties can be exacerbated in the case of season-dependent tourism which does not offer continuous activity to those who have come to rely on it for economic sustenance.

Other reported impacts include human trafficking and sex tourism; the exploitation of local populations by land-owners and tourism site developers; exacerbated tensions along ethnic, religious, sex, and class lines [United Nations Department of Public Information, 2005]. A legal and policy framework that explicitly aims to guide tourism profits to local communities, and particularly marginalized populations in such communities, can help preventing some negative impacts. For examples the lack of standardized classes for tour guides as well as an absence of proper licensing makes the development of the quality mark very difficult for Albanian tour guides.

3.2.3. Environmental Benefits. Tourism as a means to promote environmental protection and enhancement

The environment, whether it is natural or man-made, is the most fundamental ingredient of the tourism product. However, as soon as tourism activity takes place, it is inevitably changed or modified either to facilitate tourism or during the tourism process. The impacts can be positive or negative. It is not possible to develop tourism without incurring environmental impacts, but it is possible, with correct planning, to manage tourism development in order to minimize the negative impacts while encouraging the positive ones [Cooper et al., 1993].

From one side, tourism can be an important instrument of nature conservation. Indeed income from tourism can help finance protected areas and to safeguard ecologically sensitive regions against more environmentally damaging alternative uses, while nature-based tourism can contribute to promoting the environmental education of both tourists and the local population.

On the other side, increased numbers of visitors can lead to various negative impacts which include [UNEP and WTO, 2005]:

- The damage of physical integrity of the destination. This can be due to the building of tourism facilities, such as accommodation, and a wide range of associated infrastructure, such as airports, roads and marinas. It may also be related to the actions of tourists, because of the over-use of sites, damage to sensitive marine structures, environmental degradation caused by dropping of litter and wildful damage.
- The damage of biological diversity, since all ecosystems, whether coastal zones, mountains, or inland waters have their own special sensitivities, which need to be considered when planning for tourism activities.

- The use of scarce and non-renewables resources in the development and operation of tourism facilities and services. For example, the land requirements of tourism development can be significant, invasive (hotel/sporting facilities/beaches/parking lots) and upsetting to delicate natural balances.
- Increased pollution, related to traffic (air, rail, public and private road transport); consumption of public utilities (including waste-handling); higher wear and tear on and consumption of natural resources; need for public and private service facilities and infrastructure.

It has been noticed that, due to local resources, SEE countries seem to fit quite well pre-conditions to attract tourist particularly sensitive to environmental conditions in their travel destinations. Negative impacts should therefore be addressed carefully, through a variety of tools, including:

- legal and administrative frameworks to regulate new development projects and existing operations in order to minimize physical degradation while promoting resource efficiency, waste and pollution control;
- visitor management measures to reduce pressure on more sensitive sites;
- raising visitor awareness of biodiversity and of the need of changing consumption pattern;
- promoting the use of sustainable transport;
- promoting the development and management of ecotourism, that is "responsible travel to natural areas that conserves the environment and improves the well being of local people" [The International Ecotourism Society, 1990].

With regards to the last point, it is important to state that ecotourism goes one step beyond environmental preservation, actively seeking to enhance the environmental quality of tourist sites through education, financial contributions to conservation, and empowering local populations whose lives are intertwined with their environmental surroundings. The relevance for the area comes from the consideration that, along with nature tourism, it is growing at much faster rates than the tourism sector taken as a whole, perhaps as much as three times as fast as the overall global tourism economy [Honey, 2008].

3.2.4. Mutual understanding and peace

With regard to the area of the SEE countries, the European Council has stressed the importance of regional integration and cooperation, in order to promote reconciliation after decades of conflict. This makes us consider a further relevant impact that the implementation of integrated tourism policies can bring to the whole area, which regard the role of tourism as "an ambassador and vehicle for international understanding and peace".

This role has been widely recognized by international bodies such as the United Nations. In 1980, the World Tourism Organization Conference in Manila declared that "world

tourism can be a vital force for world peace" [WTO, 1980]. Later, the Conference "Tourism – A Vital Force for Peace", held at Vancouver in 1988, approved the "Columbia Charter", which recognized the role and importance of the development of world peace through tourism [International Institution for Peace through Tourism, 1988].

The Declaration challenged the industry with a concept of tourism that emphasized the social, cultural, economic, educational, and political values of tourism. It emphasized the very existence of tourism depends on peace. Beyond its economic significance, tourism was recognized potentially as the most important vehicle for promoting understanding, trust, and goodwill among peoples of the world. Since then many world leaders and statesmen have also recognized this benefit and attribute to tourism. For example Pope John Paul II stated that "*The encounters engendered among people through travel are not only a condition for the realization of peace but a positive contribution towards peace*".

Particularly, three levels of international relations that are generated by world tourism can be identified [Matthews, 1978]:

- Firstly, at non governmental-level, private citizens of different nations come into contact and experience cultures different from their own.
- Secondly, there is a public level of international relations which relates to government-to-government dealings on matters essential to the industry, for example, agreements on air transport, immigration and custom procedures and double taxation treaties.
- Finally, there is a corporate sector – government level of international relations where tourism is found in the interaction of national government with foreign private investment, such as airlines, hotel and tour operators.

3.3. Areas for sustainable development at tourist destinations

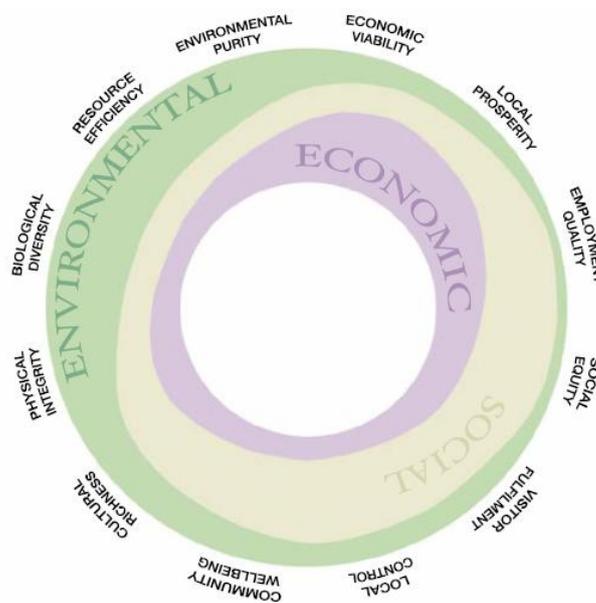
In 2005 the World Tourism Organization (UNWTO) together with the United Nations Environment Program (UNEP) published the guide for policy makers "Making tourism more sustainable", which is applicable worldwide [UNEP and WTO, 2005]. It encompasses an "agenda" for sustainable tourism which establish twelve aims for sustainable tourism, according to its economic, social and environmental impacts.

Aims include:

- a. Economic Viability
- b. Local Prosperity
- c. Employment Quality
- d. Social Equity
- e. Visitor Fulfillment
- f. Local Control

- g. Community Wellbeing
- h. Cultural Richness
- i. Physical Integrity
- j. Biological Diversity
- k. Resource Efficiency
- l. Environmental Purity

Figure 2 – Aims for Sustainable Tourism



Source: World Tourism Organization (2004), *Making Tourism More Sustainable*, Madrid: WTO

The fulfilment of these aims should permit to reach a sustainable tourism development, thus reaching objectives introduced in the above discussion:

- ensuring viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation;
- respecting the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance;
- making optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural resources and biodiversity.

The following table summarize specific aims and related policy areas.

Table 13 – Aims and policy areas for sustainable tourism development at a local level

Aim	Content	Policy areas
Economic Viability	To ensure the viability and competitiveness of the tourist destination and its enterprises, so that they are able to continue to prosper and deliver benefit in the long term	<ul style="list-style-type: none"> a. Understanding the market through on-going market research <u>b.</u> Delivering visitor satisfaction paying attention to the quality of every component of the visitor experience, obtaining regular feedbacks from visitors b-c. Monitoring good trading conditions, promoting public-private partnerships and involving all stakeholders in the strategy and branding process c-d. Maintaining and projecting an attractive destination through delivering a positive and consistent image, implementing safety and security policies and maintaining an attractive environment d-e. Delivering business support, but avoiding a culture of dependence on financial assistance
Local Prosperity	To maximize the contribution of tourism to the local economic prosperity, included the proportion of visitor spending that is retained locally, ensuring that a tourism is well integrated within the economy and is developed alongside other sectors, although avoiding over-dependency on tourism	<ul style="list-style-type: none"> a. Reducing leakages, supporting locally owned businesses (without penalizing advantages that external businesses may bring in term of investment, skills, employment generation), ensuring that a fair proportion of total travel expenditure is received locally and encouraging employment of local labour b. Strengthening links between businesses encouraging and facilitating local sourcing of supplies, encouraging clusters and networking of businesses and encouraging the needs of multiple occupations, including tourism, which can fit well with the seasonal nature of tourism c. Influencing levels of visitors spending, attracting higher spending markets, increasing the length of visitors' stay and the availability of spending opportunities and visitors' awareness of them, and promoting the purchasing of local products
Employment Quality	To strengthen the number and quality of local jobs created and supported by tourism, including the level of pay, conditions of service and availability to all without discrimination by gender, race, disability or in other ways	<ul style="list-style-type: none"> a. Increasing employment opportunities and the proportion of year round, full time jobs, giving high priority to the creation of jobs that are stable, permanent and full time, and provide fair salaries and benefits <u>b.</u> Encouraging enterprises to provide skills training programme and career advancement b-c. Being concerned about the well-being of workers who lose their jobs promoting social security

		support
Social Equity	To seek a widespread and fair distribution of economic and social benefits from tourism throughout the recipient community, including improving opportunities, income and services available to the poor	<ul style="list-style-type: none"> a. Developing income earning opportunities for disadvantaged people, through encouraging specific employment practices, engaging disadvantaged people more directly in the supply of goods and services and supporting the development of enterprises by disadvantaged people, b. Utilising income from tourism to support social programmes, through taxation raised at the local level on tourist or tourist enterprises or voluntary giving and sponsorship by tourists or by tourism enterprises, including help in kind
Visitor Fulfilment	To provide a safe, satisfying and fulfilling experience for visitors, available to all without discrimination by gender, race, disability or in other ways	<ul style="list-style-type: none"> a. Improving access for all, ensuring that tourism facilities and infrastructure area accessible and usable by people with disabilities b. Maintaining a duty of care to visitors, being concerned for their safety and security, and ensuring accuracy of marketing and information c. Monitoring and addressing visitor satisfaction and the quality of experience, maintaining a regular survey of visitors to destinations and encouraging enterprises to obtain feedback from their guests
Local control	To engage and empower local communities in planning and decision making about the management and future development of tourism in their area, in consultation with other stakeholders	<ul style="list-style-type: none"> a. Ensuring appropriate engagement and empowerment of local communities b. Improving the conditions for effective local decision taking, providing the skills and knowledge that people need to participate effectively in decision making at the local level c. Addressing the specific position of traditional communities with respect to local control
Community Wellbeing	To maintain and strengthen the quality of life in local communities, including social structures and access to resources, amenities and life support systems, avoiding any form of social or environmental degradation or exploitation	<ul style="list-style-type: none"> a. Getting the balance right in the volume, timing and location of visits b. Reducing congestion caused by the volume of visitors and/or their vehicles through managing demand and reducing seasonality by marketing and pricing techniques, improving traffic management and addressing specific types of activity that may bring large influxes of visitors at certain times (such as cruise arrivals) c. Careful planning and management of tourism enterprises and infrastructure, planning the scale, design and siting of new development; planning the development of infrastructure to meet the combined needs of visitors and the community; maximizing the availability of open space and other amenity areas to be accessible for use by residents and visitors

		<ul style="list-style-type: none"> d. Promoting mutual use of facilities and services by residents and tourists e. Influencing the behaviour of tourists towards local communities through information provided before and during the visit, and regulating certain aspects of visitor behaviour
Cultural Richness	To respect and enhance the historic heritage, authentic culture, traditions and distinctiveness of host communities	<ul style="list-style-type: none"> a. Ensuring effective management and conservation of cultural and historic heritage sites, through conserving historic and cultural heritage features, implementing effective visitor management, avoiding intrusive collateral activities, securing more money from visitors for conservation and seeking ways to benefits communities that live close to heritage sites b. Working with communities on the sensitive presentation and promotion of culture and traditions
Physical Integrity	To maintain and enhance the quality of landscapes, both urban and rural, and avoid physical and visual degradation of the environment	<ul style="list-style-type: none"> a. Ensuring the new tourism development is appropriate to local environmental conditions, paying attention to the scale and density of new development and the extent of urbanization; to the respect to physical landform, vegetation and the coherence of existing urban structures b. Minimizing the physical impact of the construction and operation of tourism facilities, through visitor management measures to reduce pressures and deflect activities to more robust sites; educational activity to change behaviour: development of code of conduct c. Maintaining high quality rural and urban landscapes as a tourism resource, also through the extension and strengthen of protected areas and how they relate to tourism
Biological Diversity	To support the conservation of natural areas, habitats and wildlife, and minimize damage to them	<ul style="list-style-type: none"> a. Extending the coverage of terrestrial and marine protected areas b. Promoting the development and management of ecotourism c. Using tourism to encourage landholders to practice sustainable land management d. Minimizing damage to natural heritage from tourism, through the raise of awareness by education and interpretation, and appropriate visitor management e. Raising visitor awareness of biodiversity through appropriate information pre-arrival, visitor centres (where appropriate) containing interpretative facilities, interpretative events, educational activities amongst local people, good quality

		<p>guiding, where possible involving local people</p> <p>f. Raising support for conservation from visitors and enterprises</p>
Resource Efficiency	To minimize the use of scarce and non-renewable resources in the development and operation of tourism facilities and services	<p>a. Taking account of resource supply in the planning of tourism development, and viceversa (availability of land, water, energy and other resources)</p> <p>b. Minimising water consumption by the tourism sector</p> <p>c. Minimising consumption of energy from non-renewable resources</p> <p>d. Ensuring the efficient use of land and raw materials in tourism development</p> <p>e. Promoting a “reduce, reuse, recycle” mentality, supporting the purchasing of supplies from sustainable sources and minimizing unnecessary packaging</p>
Environmental Purity	To minimize the pollution of air, water and land and the generation of waste by tourism enterprises and visitors	<p>a. Promoting the use of more sustainable transport</p> <p>b. Reducing the use of environmentally damaging chemicals</p> <p>c. Avoiding the discharge of sewage to marine and river environments</p> <p>d. Minimising waste and disposing it with care</p> <p>e. Controlling the development of new tourism facilities so that to influence the location of new development, design and material used, the construction process</p>

Source: UNEP and World Tourism Organization (2005), *op. cit.*

4. GUIDELINES FOR THE IMPLEMENTATION OF SUSTAINABLE TOURISM STRATEGIES AT THE MUNICIPALITY LEVEL

After having illustrated main trends and challenges of the international tourism markets and the current situation in the Balkan area, the following section is committed to present a methodological approach that might suit the needs of tourism development at the municipality level, which represent the main target of the Position Paper. The section is introduced by a review of key concepts of performance management and the relationship between inputs, outputs and outcome, which should lead a sound development policy. This is instrumental to the critical issue of the choice of sustainable indicators that should steer the development strategy. As a practical tool the use of “Balanced Scorecard” and “Strategy Maps” are suggested, so that to avoid the risk of a overloading of indicators, which might paradoxically endanger a correct development process.

4.1. The need for performance management

In public finance tradition, shifting expenditures toward “growth enhancing” areas and becoming more efficient in the use of fiscal revenues have been traditionally considered key avenues for supporting growth. This included all public expenditure providing public goods and addressing market failures and externalities, such as the case of sustainability policies and programs. Nevertheless, a direct positive link between public investment and growth has been concretely found only in some cases and there is a widespread agreement that only well-targeted public expenditure are likely to be growth enhancing [Gerson, 1998].

Meanwhile in the 1990s the spread of “New Public Management” (NPM) has started to shift the attention of policy makers towards expenditure techniques such as “performance budgeting”, that is a form of budgeting that relates funds allocated to measurable results [Robinson, 2007]. This has increasingly led to the adoption of “performance management” as a management tool in various area of government [OECD, 1997].

Performance management can be divided into three distinct elements that are linked to each other both conceptually and practically: selecting *indicators*, setting *targets*, and taking *actions* to influence scores on the indicators and the extent of target achievement [Boyne, 2010]. However, the focus of performance measurement and management has changed through time in according to what constitutes “government performance” and “measurable results”. Since the on-going economic crises is putting increasing pressure on governments in order to increase the effectiveness and efficiency of public policies, performance measurements are shifting from focusing on inputs and efficiency towards measurement of “outcome” indicators.

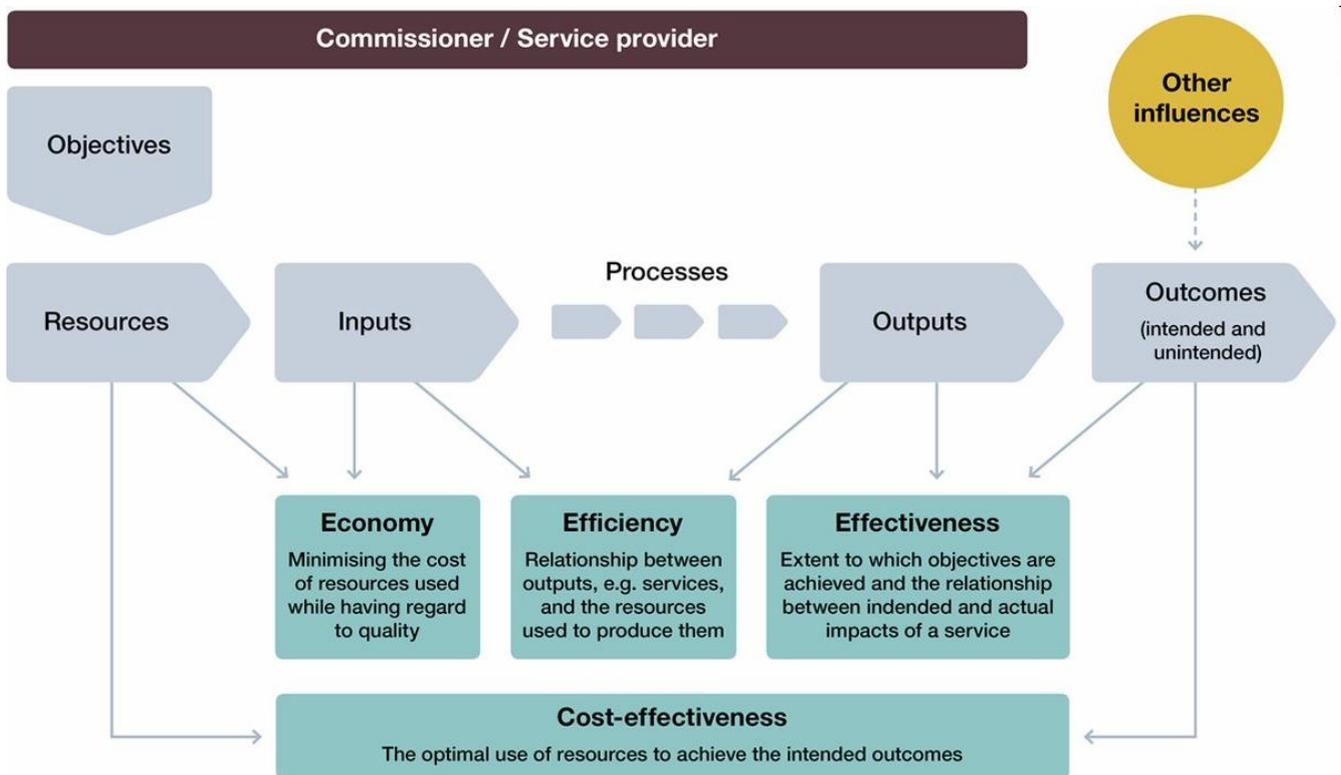
A comprehensive performance management system should therefore distinguish between [UK Comptroller and Auditor General, 2001]:

- **Objectives:** quantitative and qualitative specification of the services to be delivered by the administration unit (output goals) and the outcomes to be achieved through these services (outcome-goals)
- **Input** (with what?): the resources (personnel, financial, etc.) necessary to deliver the services/performance of an administration unit
- **Production/Process** (how?): activities within public administration to deliver the required outputs/performance
- **Output** (what?): products and services delivered by an administrative unit, to achieve the program goals
- **Outcome (to what end?):** impact of the administrations' outputs on a specific target group

Central dimension of performance measurement/assessment would include:

- **Effectiveness:** Assessing/Judging goal achievement by comparing program goals (outcome goals) with achieved outcomes
- **Efficiency:** Assessing/Judging productivity by measuring the relationship between inputs/costs and outputs/products (Input/Output)
- **Economy:** Assessing cost control by comparing planned and actual resources

Figure 3 – Relationship between Inputs, Outputs and Outcomes



Contributes to the measurement of...

Source: UK Comptroller and Auditor General (2001)

The figure illustrates the so-called 3-E-Concept – as internationally established conceptual framework for public management. “Other influences” would encompass environmental factors such as socio-economic background, economic development or the effect of other policies [European Commission, 2008]

4.2. The choice of sustainability indicators

4.2.1. The WTO baseline issues and indicators of sustainable tourism

With specific reference to the issue of sustainability, the World Tourism Organization has been studying the definition and use of indicators for at least ten years, resulting in the publication of a comprehensive guide [WTO, 2004], stating that indicators in this area can be used to show:

- The current state of the industry (e.g. occupancy rates, tourist satisfaction)
- Stresses on the system (e.g. water shortages, crime levels)
- The impact of tourism (e.g. changes in income levels in communities, rate of deforestation)
- Management effort (e.g. funding of cleanups of coastal contamination)
- The effect of management actions (e.g. changed pollution levels, number of returning tourists)

As successively confirmed jointly by the UNEP and WTO [2005], indicators should provide early warning of when a policy change or new action is needed, as well as a basis for strategic-long term planning. They should be defined at an early stage of the process of formulating a tourism strategy for the destination and used for:

- Baseline assessment of conditions and needs
- Setting of targets for policies and actions
- Assessment of actions
- Evaluation, review and modification of policies

The WTO initially selected over 40 major sustainability issues, ranging from the management of natural resources (waste, water, energy, etc.), to development control, satisfaction of tourists and host communities, preservation of cultural heritage, seasonality, economic leakages, or climate change, to mention just a few. Each issue is related to a number of possible indicators, thus generating hundreds of indicator options among which destinations should choose the ones that would best fit their specific needs and tourism policies. Selection of indicators should be a matter of local determination so that to be built

into the process of consultation and participation, in order to help the stakeholders to focus their mind on tangible sustainable issues and priorities.

Although exhaustive, in most cases the list is likely to be cumbersome, thus the WTO has suggested to refer, almost initially, to a shorter 29 “baseline indicators”, which correspond to the 12 baseline issues of sustainable tourism illustrated in the previous chapter. They are reported in the table.

Table 14 – Baseline issues and indicators of sustainable tourism

Baseline Issue	Suggested Baseline Indicator(s)
Local Satisfaction with Tourism	<ul style="list-style-type: none"> – Local satisfaction level with tourism (questionnaire)
Effects of Tourism on Communities	<ul style="list-style-type: none"> – Ratio of tourists to locals (average and peak period/days) – % who believe that tourism has helped bring new services or infrastructure (questionnaire-based) – Number and capacity of social services available to the community (% attributable to tourism)
Sustaining Tourist Satisfaction	<ul style="list-style-type: none"> – Level of satisfaction by visitors (questionnaire-based) – Perception of value for money (questionnaire-based) – Percentage of return visitors
Tourism Seasonality	<ul style="list-style-type: none"> – Tourist arrivals by month or quarter (distribution throughout the year) – Occupancy rates for licensed (official) accommodation by month (peak periods relative to low season) and % of all occupancy in peak quarter or month – % of business establishments open all year – Number and % of tourist industry jobs which are permanent or full-year (compared to temporary jobs)
Economic Benefits of Tourism	<ul style="list-style-type: none"> – Number of local people (and ratio of men to women) employed in tourism (also ratio of tourism employment to total employment) – Revenues generated by tourism as % of total revenues generated in the community
Energy Management	<ul style="list-style-type: none"> – Per capita consumption of energy from all sources (overall, and by tourist sector, per person day) – Percentage of businesses participating in energy conservation programmes or applying energy saving policy and techniques – % of energy consumption from renewable resources (at destinations, establishments)
Water Availability and Consumption	<ul style="list-style-type: none"> – Water use (total volume consumed and litres per tourist) – Water saving (% reduced, recaptured or recycled) per day)
Drinking Water Quality	<ul style="list-style-type: none"> – Percentage of tourism establishments with water treated to international potable standards – Frequency of water-borne diseases: number/percentage of visitors reporting water-borne illnesses during their stay
Sewage Treatment (Wastewater Management)	<ul style="list-style-type: none"> – Percentage of sewage from site receiving treatment (to primary, secondary, tertiary levels) – Percentage of tourism establishments (or accommodation) on treatment system(s)
Solid Waste Management	<ul style="list-style-type: none"> – Waste volume produced by the destination (tonnes) (by month)

(Garbage)	<ul style="list-style-type: none"> – Volume of waste recycled (m3)/ Total volume of waste (m3) (specify by different types) – Quantity of waste strewn in public areas (garbage counts)
Development Control	<ul style="list-style-type: none"> – Existence of a land use or development planning process, including tourism – % of area subject to control (density, design, etc.)
Controlling Use Intensity	<ul style="list-style-type: none"> – Total number of tourist arrivals (mean, monthly, peak, periods) – Number of tourists per square metre of the site (e.g. periods) at beaches, attractions), per square kilometre of the destination, mean number/peak period average

Source: World Tourism Organization (2004), *op. cit.*

Other initiatives have been also promoted by international and non-governmental organizations. For example, thanks to the EU-Life programme, the VISIT Initiative “Tourism eco-labelling in Europe – Moving the market towards sustainability” was launched in 2004 [Eceat and Ecotrans, 2004].

4.2.2. Dysfunctional behaviour effects of performance management

The selection of indicators of sustainable development, among the large set of possibilities made available by the WTO, represents a much critical issue. Firstly, they should agree to the so-called “SMART criteria, that is, to be Specific, Measurable, Achievable, Relevant and Time phased ” [Doran, 1981]. Since “SMART” criteria were initially set for traditional private organizations, in the socio-economic development field other criteria have been gradually proposed, such as the- “SPICED” indicators, that is [Roche, 2002]:

- Subjective, thus considering that informants may have a special position or experience that gives them unique insights. What may be seen by others as “anecdotal” becomes critical data because of the source’s value
- Participatory, since indicators should be developed together with those best placed to assess them, involving local staff and other stakeholders
- Interpreted and communicable, since locally defined indicators may not mean much to other stakeholders, so they often need to be explained
- Cross-checked and compared, through comparing different indicators and progress, and by using different informants, methods, and researchers
- Empowering, so that the process of setting and assessing indicators become empowering in itself allowing groups and individuals to reflect critically on their changing situation
- Diverse and disaggregated, in order to seek out different indicators from a range of groups, especially men and women, assessing differences over time

Sustainable tourism relies heavily on the selection of key performance indicators, which are the variables that explain how close we are to stated objectives. This is not easy task at all. A first warning comes from the School of International Affairs of the Columbia

University when it states, related to the area of Western Balkans...” *mere guidelines and recommendations cannot advance the tourism industry unless a region applies these findings and then monitor and evaluates them on a regular basis*” [SIPA-Columbia University, 2009].

More technically, the problem is that a number of dysfunctional behaviour effects have been reported from the use of performance indicators. These include [Van Dooren et al., 2010] **distorsions** related to:

- performance information, due to over and under-representation, the co-called “Mandelbrot disease” due to new observatories, mushrooming of indicator sets since the number of indicators may be risk-inflating, “pollution” as indicators are intended differently, manipulation of data, misrepresentation and misinterpretation;
- output, related to problems in measure fixation, myopia towards short-term goal, sub-optimization, “cherry picking”, complacency and organizational paralysis

Therefore a guideline should therefore include not to choose indicators for their own sake, but because they strictly adhere to most critical issues.

Moreover, it should be take into account that tourism planning is not just a technical exercise, that can be limited to “sustainability” experts, but it is a strategic process, which must bring all stakeholders together, with their goals and objectives. Choices of indicators should therefore reflect the final results we expect to obtain by strategic planning [UNDP, 2009]. When this is done, acceptance of intervention and change management is usually far greater that with a non strategic, only technique approach [Cooper and Hall, 2008]. This in turn bring us to the possible adoption of a comprehensive instrument such as the “Balanced Scorecard”.

4.3. The use of Balanced Scorecard and Strategy Map

As we have seen, the sustainability approach has contributed to go beyond mere economic-metrics in tourism planning, including a range of social and environmental issues. When planning for tourism we should however avoid to make a reversal mistake, remembering that sound management practices should be tourist-centric, aligning the destination development strategy with business processes along key tourist chains, while understanding that human resources are paramount to success.

All these aspects have been synthesized in the management framework known as the “**Balanced Scorecard**” (**BSC**). This method was firstly developed by Kaplan and Norton [1992], to help commercial companies to link their strategy with measuring performance, with the clear objective of “balancing” the mere financial perspective. It consisted of a presentation of a mixture of financial and non-financial measures, each compared to a 'target' value within a single concise report. The report was not meant to be a replacement for traditional financial or operational reports but a succinct summary to capture the most relevant information.

Although initially introduced in the private sector the BSC approach is now widespread in the public sector around the world, also in city management, such as in the case of the City of Charlotte, North Carolina [Schumacher, 2011]. BSC application to the field of sustainable tourism management are increasingly reported too [see, for example, Vila M., Costa G. and Rovira X, 2010]. Indeed it allows destination managers to look at their “product” from different perspectives, based on strategic objectives. It can therefore be conveniently adapted in order to serve the needs of sustainable tourism planning.

The best way to implement it is by focusing on the cause-and-effect relationship of strategic objectives, thus building a “*Strategy Map*” consisting of selecting measures according to a set of "strategic objectives" plotted on a "strategic linkage model".

For our purposes, the balanced scorecard might conveniently represent the perspective of a variety of key stakeholders:

- Customer → “*Tourists*”
- Internal Processes → Key actions on the “*Tourism supply chain*” – made up of attractions, accommodation supporting facilities, transportation, and infrastructure [Pearce, 1989], in order to cater to the key targets of tourists
- Financial → Key impacts on “*Community, Environment, Industry*”
- *Learning and Training*, extended to public and private operators involved in the tourism delivery process

Each perspective will bring a range of strategic objectives. For each objective there should be at least one performance indicator, which must be reported regularly to the top management of the Destination Management Organization (DMO).

5. PROPOSAL FOR A PLAN FOR PROMOTION OF SUSTAINABLE TOURISM AT LOCAL LEVEL WITHIN THE NALAS NETWORK

This final section illustrates a possible action plan” for the promotion of the practice of sustainable tourism planning among municipalities. Taking into account what is currently under implementation through other NGO development programs, four main actions are suggested. The first refers to a thorough designing of a ready-to-use toolkit for sustainable tourism planning at a municipal level. The second involves the implementation of the toolkit to pilot municipality projects possibly in each SEE country. The third action assumes a broader aim and suggests that SEE countries might promote and steer a comprehensive, transnational observatory for tourism in the Balkan area, which might produce a rational basis for tourism policies. The fourth and final action relates to the development of a sustainable eco-tourism product – cycle tourism – that along with addressing a growing international demand might allow to connect local tourist sites to main international routes already under planning by the European Commission.

5.1. Improve strategic planning for sustainable tourism at the local level in SEE from NALAS plan

Objective

The action is aimed at enabling local governments to take a comprehensive and sustainable approach to tourism planning and management. It considers the implementation of pilot projects at a local level and the access to EU funds to partly sustain their financing

Actions

- Formulation of a tourism planning toolkit consisting of practical toolboxes, referred to each stage of the development process (situation analysis, strategic planning, implementation, performance evaluation and measurement).
- Implementation in SEE through pilot projects to be implemented in local destination facing relevant current and prospective sustainability issues
- Access to funds provided by the EU Cohesion and Cooperation Policy

Expected results

- Provision of a *practical toolkit for sustainable tourism development*, to be transferred by SEE countries to its municipality network
- Adoption of sustainable tourism planning and policies in selected municipalities

5.2. Capacity building for sustainable tourism planning at a local level

Objective

Developing the potential and ability of local authorities and stakeholders in sustainable tourism planning, by increasing their understanding, knowledge, confidence and skills

Actions

- Formulation and diffusion of advisory manuals based on the tourism planning toolkit
- Deliver of capacity building activities through:
 - running training course and workshops aimed at developing basic capacity and technical competences amongst local institutions and stakeholders
 - dissemination of good practice
 - establishing municipalities networks

Expected results

- Institutional strengthening with regard to sustainable tourism planning
- Development of networks and learning areas linking public, private and NGO stakeholders at a local level workin together to improve their individual performance and the quality and sustainability of tourism in the area

5.3. Observatory of Local Sustainable Tourism Planning within NALAS

Objective

Starting up of an Observatory of Local Sustainable Tourism Planning Experiences in SEE so that to promote and sustain the dissemination of good pratice and twinning and networking amongst municipalities

Actions

Implementation of the Observatory through the collection of good practices in SEE using the NALAS network and their dissemination through the capacity building activities described above

Expected results

- Starting up of the Observatory
- Formulation of proposals for exchanging and dissemination of good practice

6. CONCLUSIONS AND RECCOMENDATIONS

The document has highlighted some of the main issues that SEE countries face in order to promote the growth of the tourism economy. Current and foreseeable trends in the tourism international industry, coupled with available tourist resources in SEE countries, might determine a vast array of opportunities to local and regional authorities that would follow the path towards tourism development, provided that they comply with the constraints imposed by sustainability.

In this scenario local municipalities, thanks to the relevant role they play in several sectors of tourism management and governance, are of predominant significance. It is up to them to directly govern some of key functions such as planning and regulating; acting as entrepreneur in the provision of basic infrastructure and transportation; managing of attractions; provisioning of events. In the meanwhile they might steer private actions while coordinating other government levels in fields such as tourism promotion and stimulation.

In order to be effective, this magnitude of competences put an ask for strategic orientation towards specific initiatives. In turn this would request the broad issue of sustainability to be focused on more compelling actions, whilst being balanced with other strategic objectives, such as the satisfaction of visitor needs, the managing of tourism infrastructure and organization, learning and training of local workforce and operators and so on.

Although intended to support the formulation of the Charter on Sustainable Tourism at Local level in SEE, the document does also contains a set of concrete proposals for promoting sustainable tourism planning at local level within the NALAS network.

They include the formulation and implementation of a *Tourism Planning Toolkit*, consisting of practical toolboxes which might help local municipalities at each stage of the development process, to be implemented through pilot projects also supported by access to EU financial incentives.

It is suggested this action to be accompanied by the promotion of *capacity building* at the local level, in order to developing the potential and ability of local authorities and stakeholders in sustainable tourism planning.

Finally, best experiences might be conveniently collected and classified into a NALAS *Observatory on Sustainable Tourism Planning* at the local level, so that to promote and and sustain the dissemination of good practice and twinning and networking amongst municipalities. .

LIST OF ABBREVIATIONS

ANCI: Associazione Nazionale Comuni Italiani

BSC: Balanced Scorecard

DMO: Destination Management Organization

GDP: Gross Domestic Product

IIPT: International Institution for Peace through Tourism

ILO: International Labour Organization

NPM: New Public Management

OECD: Organization for Economic Cooperation and Development

SEE: South East Europe

SIPA: School of International and Public Affairs

SMEs: Small and Medium Sized Enterprises

STEP: Sustainable Tourism – Eliminating Poverty

TSA: Tourism Satellite Account

UNCED: United Nation Conference on Environment and Development

UNWTO: United Nations World Tourism Organization

WECD: World Commission on Environment and Development

WEF: World Economic Forum

WTO: World Tourism Organization

WTTC: World Travel and Tourism Council

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