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INTEGRATION OF SPA AND RURAL TOURISM – AFFIRMATION OF LEMEŠKA SPA IN A RURAL TOURIST ATTRACTION[1]

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ABSTRACT

Rural tourism is an insufficiently valorized resource in Serbia, although it is becoming a daily necessity of the people, as well as a segment that can significantly contribute to the development of the economic sector in the future of the country. The authors of the paper presented a research on the possibility of turning Lemeška Spa into an attraction that would affect rural tourism development. Lemeška Spa has not been in operation for many years, and since a feasibility study for its revitalization project has been made, the authors conducted a survey of the local population regarding the importance of the potential affirmation of the complex in the tourist market of spa tourism, as well as in the rural tourist attraction. Obtained data undoubtedly show support for the development and revitalization of spa tourism, which would trigger rural tourism of the area and environment.

KEY WORDS: integration, development, spa, rural tourism, Lemeška Spa

INTRODUCTION

Tourism is an escape from everyday life and habits, and especially if you look at the countryside, it is very attractive and suitable for tourist escapism from everyday life. Rural tourism is a tool to help develop the region (Aref et al., 2010). The concept of rural tourism is very often identified with recreational and leisure activities that are carried out. Rural areas in Serbia occupy about 85% of the territory, with about 44% of the total population (Petrović et al., 2017). However, despite the fact that

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this form of tourism product is underdeveloped, rural areas of Serbia are considered to represent significant tourism potential for tourism development, but also for many other economic sectors of the country. The bad economic and political situation in the region during the 1990s caused stagnation in rural positioning in the tourism market. When considering the rural area and development of Serbia, it can be pointed out that the tourist infrastructure is completely unsatisfactory and very outdated, and that the accommodation capacities are not adjusted, either qualitatively or quantitatively, to contemporary market needs. However, even the transport infrastructure is not at an adequate level, and it needs enormous measures for improvement.

Near the town of Sombor, in the Western Bačka District, is the Lemeška Spa. It belongs to the municipality of Svetozar Miletić, and was founded in 1885 and was widely visited according to the then. Lemeška Spa has a favorable tourist position, which is evidenced by the relation to the sources of tourist demand, represented by large cities, the relation to the more important routes of road and rail roads, as well as the relation to competitive tourist values in the region. Lemeška Spa belongs to the Western Bačka District, and belongs to the area of Svetozar Miletić. It is located at an altitude of 93 m, in the area of Bačka diluvial terrace (Gajić et al., 2017). The Spa was open to visitors from 1885 until 1979, when it was completely closed. From the spa there is a collapsed central building that once housed a restaurant, sleeping rooms, as well as the remains of two swimming pools. The first pool was built in the 1950s, while the second, which had otherwise never been licensed and never officially operational, was completed in the 1980s. The tub building and changing rooms no longer exist. The size of the area covers about 20 hectares and is state-owned and the beneficiary is the Local Community (Gajić et al., 2018).

The authors of the paper have tried to point out the great interaction of the two forms of tourism, in this case spa and rural in Serbia. The process of developing a project for the revitalization of Lemeška Spa has been initiated, which will contribute to the development of more forms of tourism products. The importance of research is reflected primarily in the contribution to larger scientific research, especially when it comes to marketing a tourism product through an integrated business system. Namely, the development of one form of tourism inevitably entails some other forms of movement.

LITERATURE REVIEW

Rural tourism is a topical issue in all world research. With regard to rural tourism in Serbia, it can be said that by the end of the 20th century, its development was rather out of sync with other sectors, and uncoordinated, with a very undifferentiated supply. In recent years, work has been planned on planning a better tourist offer in the villages. Serbia, have exceptional resource values as a basis for the development of rural tourism (Cvijanović et al., 2019). The development of tourism in rural areas contributes to the revitalization of abandoned communities, secures new jobs and returns young people (Dimitrovski et al., 2019). In addition, emphasis is placed on the conservation of natural resources as the primary objective of rural tourism development. A major player in the revitalization or restoration of small and dormant spatial environments, which creates economic, cultural conditions for better recovery is the rural tourism product. One of the goals of tourism in rural areas is to provide economic profit to the local population, or extra income, thereby improving the quality of life and stopping the abandonment of property and habitat, and eviction to urban areas (Andereck et al., 2000). Village revitalization can be achieved by developing tourism in these areas (Blažević et al., 2018). On the other hand, the need of the city's population for a recreational stay in a different, rural setting is increasingly being noticed.

The process of rural restructuring brings with it changes in the social and cultural perspective of the same communities (Luloff et al., 2012). When looking at the villages of the western states, we can see the changes that have significantly affected the cohesion and vitality of the rural communities, among them the influx of new and rich social structures, from urban areas that prefer vacation, relaxation in the countryside, a form of rural gentrification. Significant component of rural development can certainly be tourism in rural areas, because today there is a need for new tourism products and experiences, especially for the able-bodied and tourist-experienced tourism participants (Fleischer et. al, 2005). The main feature of modern tourism, which will dominate in the future, is the constant diversification and expansion of the demand structure towards rural tourism product. In order to develop tourism in villages, there is a need for this tourism product (Wang et al., 2000; Joshi et al., 2012). Demand factors are conditioned by the standard of living, which is related to the economic, social, political and other reasons of the state to promote tourism.

Regardless of the fact that tourism is recognized as a development segment of the economy, rural areas are still at an early stage of development, so it is necessary to plan strategically and enable the support of all structures in order to see a significant shift, with the maximum sustainable utilization of all resources on this space. The resource base is insufficiently valorized, and all available resources need to be activated by tourism in order to achieve faster and better economic and social development (Burns, 1996; Flisher et al., 2000).

Table 1. Key elements of rural tourism

Located in rural areas
Provides personalized contact
It permits participation in the activities, traditions and lifestyle of the rural population
Small scale settlements and buildings (rural)
It is a complex sample of rural environment, economy, history and localities
High share of tourism revenue that benefits the local community
It grows slowly, in keeping with the locals
Functionally rural: based on small entrepreneurship, outdoors and in direct contact with nature, based on heritage and traditional activities

Source: Zagreb County Gazette (2005). Rural Tourism Development in Zagreb County, No. 9, pp. 9

Rural tourism develops a very complicated network of rural economy, environment, history and tradition (Williams et al., 2001; Jing et al., 2017). In many European areas, rural tourism is experiencing enormous growth, thanks to the influence of many factors and trends, but also to the conditions in which it develops alongside other complementary branches of the economy (Hal et al., 2005; Gajić et al., 2019).

The Republic of Serbia has 5.06 million hectares of agricultural land, 71% of which is intensively used, and 29% is natural grassland. According to the same results of the 2012 census, there are 631,522 agricultural holdings in the Republic of Serbia. According to the 2011 census report, there were 2,914,990 million inhabitants in rural areas of Serbia (7,058,322 of the total population), while population density was 62 square km^2. In the period 2002-2011, the total population decreased by 4.15%, primarily as a result of negative natural growth and going abroad. During this period, the rural population decreased by 311,139 inhabitants (10.9%), and now constitutes 40.6% of the total population of Serbia (Agriculture and Rural Development Strategy RS 2014-2024).

Table 2. The number of overnights in rural tourism in the period 2005-2014 in the Republic of Serbia

Year	Number of nights spent in all tourist places of the Republic Serbia	Number of nights spent in other tourist places and other places (rural areas)	Share of realized number of nights of rural tourism in the total number of nights in all types of tourism in the Republic of Serbia (%)
2005	6,499,352	1,411,305	21.71 %
2006	6,592,622	1,354,027	20.54 %
2007	7,328,692	1,528,389	20.85 %
2008	7,334,106	1,636,509	22.31 %
2009	6,776,763	1,453,792	21.45 %
2010	6,413,515	1,437,714	22.42%
2011	6,644,738	1,383,947	20.83 %
2012	6,484,702	1,382,222	21.32 %
2013	6,567,460	1,356,633	20.66 %
2014	6,086,275	1,218,552	20.02 %
Total	60,641,950	12,944,538	21.34%

Source: www.gov.rs

RESEARCH METHODOLOGY

The first phase of the research included analysis of existing literature, documentation, and review of relevant data from the available Master Plan for Sustainable Rural Tourism, as well as all other relevant bibliographic sources that served as a basis for secondary research through comparative analysis. All survey data obtained were analyzed in SPSS software, version 23.00. The main sample of the survey is the local population of Svetozar Miletić municipality, with a total of 239 respondents. The starting hypothesis was: *The revitalization of Lemeska Spa makes it possible to achieve an integrated development of spa and rural tourism.*

RESULTS AND DISCUSSION

Categorical variables are represented by relative (%) frequencies. The central tendency of numerical features is represented by the arithmetic mean (m), and the scatter by standard deviation (sd). Since all variables were normally distributed, parametric statistics methods were used. One sample t - test was used to test the statistical significance of the arithmetic values. The significance level selected is 0.05. The results are presented in tables.

A total of 50.6% of men and 49.4% of women participated in the survey. Regarding the age structure, it is as follows: the most represented group is 18-30 years with a total of 28.9%, followed by the group of 31-45 years with a total of 41%. Over 46 years (group 46-60), 18.4% participated, and the group over 60 participated with 11.7%. In terms of cash income, the most represented category is participants with income of 200-400 euros (57.7%), followed by 400-600 euros in total 33.9%, and over 600 euros the least represented category with 8.4%. Considering the educational demographic structure, 14.6% of the research participants have only primary school, then 46.9% completed secondary school, 31.4% of faculties and 7.1% higher education MSc and PhD.

Table 3. Descriptive Item analysis (%)

	Yes	*No*	*Maybe*
Rural Tourism should be more represented in the development of municipalities	62.8	8.8	28.5
Society needs more involvement in the development of rural tourism	61.9	13.4	24.7
The government needs to support the development of rural tourism more	67.4	8.8	23.8
Long-term planning reduces the negative effects of rural tourism development	51.9	18.4	29.7
We are involved in the planning and development of rural tourism	22.2	45.6	31.2
Rural tourism is creating new jobs	46.0	15.1	38.9
Rural tourism attracts new investment	47.3	20.9	31.8
Rural tourism raises the standard	57.3	19.2	23.4
Rural tourism brings new infrastructure construction	24.7	51.5	23.8
Local population suffers from the development of rural tourism	19.7	62.8	17.6
The development of rural tourism increases noise and pollution	18.0	64.0	18.0
Rural tourism increases the cost of living	26.4	50.6	23.0
Rural tourism increases crime	25.5	57.7	16.7
Whether the development of spa tourism will increase rural development	60.3	35.1	4.6

Source: Author's research

The Table 3. gives an insight into the results of descriptive timeout analysis, namely relative frequency (%), arithmetic mean value (m) or average grade and standard deviation (sd). A three step scale was used in the study. The first item or the question of whether *rural tourism should be more represented in the development of the municipality* was estimated with an average score of m = 1.66 (sd = 0.893). Namely, 62.8% of the population that participated in the survey said that rural tourism should be more affirmed in the development of the municipality, while 8.8% were negative and 28.5% were undecided. The local population believes that society needs to be more involved in the development of tourism activities, as can be seen from the results of the relative frequency for this item: 61.9% gave a positive answer, 13.4% negative (m = 1.63; sd = 0.855).

The third point is that *The government should more support the development of rural tourism*, with an average score of m = 1.56 (sd = 0.852). It is noted that 67.4% gave affirmative answer, 8.8% negative and 23.8% undecided. The extent to which *Long-term planning reduces the negative effects of rural tourism development* is confirmed by the responses of the local population. About 51.9% of them claim to be correct, 18.4% deny (m = 1.78; sd = 0.877). However, the fact that the local population needs to be more involved in tourism development has not been confirmed in the survey. The average grade given by the survey participants was m = 2.10 (sd = 0.732). A total of 22.2% claim to be sufficiently involved in tourism development, while slightly more than 31.2% claim to the contrary. An industry that is not at an enviable level in Serbia, and in other countries contributes to the development and job creation, is tourism. The Item that confirms this was evaluated by the following values m = 1.93; sd = 0.921. A total of 46% endorsed the view that the development of rural tourism could affect job creation. Item *Rural tourism attracts new investments* received an average rating of m = 1.85 (sd = 0.878). The majority of the survey participants considered this fact to be correct (47.3% answered in the affirmative).

That the development of rural tourism brings new infrastructural construction is not in complete agreement with the opinion of the local population. About 24.7% answered yes and 51.5% answered negative (m = 1.99; sd = 0.698). However, local livelihoods suffer from the development of rural tourism, with an average of m = 1.98 (sd = 0.611). The locals are of the opinion that they do not suffer from the negative impact of rural tourism development. The largest percentage of the population claims that *The development of rural tourism does not contribute to the increase of noise and pollution* (64%). Also, *The development of rural tourism does not increase criminal in the municipality* (60.3%), but

therefore increases the cost of living (m = 1.97; sd = 0.703). The local population is of the opinion that the development of the Lemeška Spa can influence better rural tourism development as confirmed by the survey data (60.3% of the population answered yes; m = 1.44; sd = 0.583).

Table 4. Descriptive Item analysis (m=arithmetic mean, sd=standard deviation)

	m	Sd
Rural Tourism should be more represented in the development of municipalities	1.66	0.893
Society needs more involvement in the development of rural tourism	1.63	0.855
The government needs to support the development of rural tourism more	1.56	0.852
Long-term planning reduces the negative effects of rural tourism development	1.78	0.877
We are involved in the planning and development of rural tourism	2.10	0.732
Rural tourism is creating new jobs	1.93	0.921
Rural tourism attracts new investment	1.85	0.878
Rural tourism raises the standard	1.66	0.834
Rural tourism brings new infrastructure construction	1.99	0.698
Local population suffers from the development of rural tourism	1.98	0.611
The development of rural tourism increases noise and pollution	2.00	0.601
Rural tourism increases the cost of living	1.97	0.703
Rural tourism increases crime	1.91	0.645
Whether the development of spa tourism will increase rural development	1.44	0.583

Source: Author's research

The Table 5. shows the t - test of the statistical significance of the arithmetic means of the corresponding points. It can be observed that the item *Rural Tourism should be more represented in the development of municipalities*, it gets statistical significance ($p < 0.05$; df = 238; t = 28.679; L = 1.54, U = 1.77) with 95% confidence interval. The obtained arithmetic value of the item society needs to be more involved in the development of tourism proved to be statistically significant ($p < 0.05$; df = 238; t = 29.440; CI = 95% (L = 1.52; U = 1.74). Authorities need more support for tourism development is statistically significant ($p < 0.05$) with CI of 95% (L = 1.46; U = 1.67) and t values (t = 28.396, df = 238). Decreasing the negative effects of tourism development has the following t values: $p < 0.05$; CI = 95% (L = 1.67, U = 1.89), t = 31.330.

The value of the arithmetic mean of the item we included in the planning and development of rural tourism proved to be statistically significant ($p < 0.05$, df = 238; t = 44.349), with a 95% confidence interval (L = 2.01; U = 2.19). Item rural tourism creates new jobs has a statistically significant value of arithmetic mean ($p < 0.05$, df = 238, t = 32.385; L = 1.81; U = 2.05). The t value for the variable tourism attracts new investments is t = 32.507, and the variable rural tourism raises the standard t = 30.791 and the variable rural tourism brings new infrastructure construction t = 44-106, with a 95% confidence interval. Significantly, the value of the plot proved to be statistically significant and the local population suffers from the development of rural tourism ($p < 0.05$, t = 50.062, CI = 95% (L = 1.90, U = 2.06)).

Rural tourism development increases noise and pollution carries the following t values: $p < 0.05$; t = 51.436; L = 1.92, U = 2.08. Also, rural tourism increases the cost of living and rural tourism increases crime have a significant arithmetic mean with a 95% confidence interval ($p < 0.05$). The key question to which the hypothesis applies is whether the development of spa tourism will increase the development of rural tourism, bearing the following values of the t test: t = 38.256, L = 1.37, U = 1.52, and it proved to be statistically significant of arithmetic mean of a given object. The hypothesis that *The revitalization of Lemeška Spa, makes it possible to achieve an integrated development of spa and rural tourism* is confirmed.

Table 5. T- test of the statistical significance of arithmetic mean scores					
Items	t	df	Sig. (2-tailed)	95% Confidence Interval of the Difference (CI)	
				Lower (L)	Upper (U)
Rural Tourism should be more represented in the development of municipalities	28.679	238	.000	1.54	1.77
Society needs more involvement in the development of rural tourism	29.440	238	.000	1.52	1.74
The government needs to support the development of ruralism more	28.396	238	.000	1.46	1.67
Long-term planning reduces the negative effects of rural tourism development	31.330	238	.000	1.67	1.89
We are involved in the planning and development of rural tourism	44.349	238	.000	2.01	2.19
Rural tourism is creating new jobs	32.385	238	.000	1.81	2.05
Rural tourism attracts new investment	32.507	238	.000	1.73	1.96
Rural tourism raises the standard	30.791	238	.000	1.55	1.77
Rural tourism brings new infrastructure construction	44.106	238	.000	1.90	2.08
Local population suffers from the development of rural tourism	50.062	238	.000	1.90	2.06
The development of rural tourism increases noise and pollution	51.436	238	.000	1.92	2.08
Rural tourism increases the cost of living	43.225	238	.000	1.88	2.06
Rural tourism increases crime	45.798	238	.000	1.83	1.99
Whether the development of spa tourism will increase rural development	38.256	238	.000	1.37	1.52

Source: Author's research

CONCLUSION

Rural tourism product is an important component of the revitalization of rural areas. It is of key interest for further development that an action plan and strategic measures should be implemented to activate all the resource values that are a prerequisite for tourism development. Then, to establish cooperation at local, national and international level, because tourism is generally an insufficiently organized activity, whose development does not follow the opportunities and values at its disposal (Bramwelll et al., 1994). Applying a multidisciplinary approach, with a predefined development plan and direction, as well as an adequate national development program, would greatly contribute to a better placement on the tourism market. The formation of an authentic tourism product, as a future brand, will make rural areas recognizable in the regional and world markets. All the resources that are the basis and driver of tourism development must undergo adequate valorisation and, with the affirmation of the support of the local population, can achieve significant results in the fight against competition and achieve long-term stable business in the market (Long et al., 2011). The theme of rural tourism is very attractive and topical, as evidenced by the number of foreign and domestic authors who have dealt with it. Tourists expect a completely natural environment, and a visible blend of experience and return to nature, culture and getting to know the residents in typically rural areas. According to the OECD (Organization for Economic Cooperation and Development), rural areas are those where the population density is below 150 inhabitants per km^2, while according to the European Union criterion, 100 inhabitants per km^2 is taken as the threshold. There is no strictly defined concept of rural tourism, but it is known to refer to areas dominated by the natural environment, rural environment, small settlements and villages, hamlets, isolated farms, where agriculture is the main development branch (Mason et al., 2000).

Rural development includes the activity and coordination of the whole system, all relevant economic and economic sectors as well as all social activities in the rural area. Some authors point out in their presentations that rural development is positioned above agrarian development by its size and complexity, since apart from the domain of agriculture it implies the development of the non-

agricultural sector, regardless of the fact that the agricultural sector is more dominant. In all rural development activities, emphasis is placed on interest in the environment, protected areas, sustainable tourism development. The key role of rural tourism is to preserve identity, heritage, tradition, in an adequate way, that creatively uses rural heritage, presenting it to visitors, through emphasizing the true value and importance of conservation. On the other hand, visitors to rural areas need to be offered a rural tourism product, with authentic, original and thorough experiences. Lemeška Spa will become a recognizable unique balneological destination, with very unique natural healing resources, with improved business standards and quality of services, traditional and cultural values, unique infrastructure that respects the principles of sustainability and ecology in the function of health and will be a recognizable brand of the Autonomous Province of Vojvodina. With the establishment of business zones, the Spa and Svetozar Miletić will gain capacities that can provide significant tourist and economic activity and thus become one of the most attractive locations for the realization of investment projects, which will be based on available resources, investment potentials and a new proactive approach in creating a competitive and prestigious business environment. Choosing a location to build a tourist infrastructure and supporting content is crucial. All resource bases must be included in the site analysis as well as in the construction of tourist infrastructure. When analyzing the location of the center, it is necessary to analyze the location from the macro and micro aspects (Fotiadis, 2011).

The authors of the paper presented a part of the research related to the possibilities of revitalization of Lemeška Spa and, by activating spa tourism, to make Spa the main attractor for the development of rural tourism in the municipality and the surrounding area. The survey was conducted on a total sample of 239 respondents in the municipality of Svetozar Miletić. Respondents had the opportunity to state how much and to what extent tourism is desirable for the overall development of the municipality. In addition, the local population expressed their view of the extent to which the revitalization of Lemeška Spa and spa tourism will influence the better development of rural tourism in the area and the surrounding area. The obtained data undoubtedly confirm the hypothesis that it is possible to achieve integrated development of two forms of tourism product. In this case it is spa and rural tourism. The analyzed data highlight the importance of tourism development for the municipality and the surrounding area, and the negative impacts are negated. Given that the local population is one of the main initiators of tourism development in a particular destination, this research can be of significance and contribute to broader thematic research on a given issue.

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THE RISKS OF THE 2020s – THEIR IMPACTS AND MANAGEMENT

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ABSTRACT

We live in turbulent times. The fact is that we live in a world characterized by the ubiquity of risk. This paper aims to emphasize the importance of the risks we have faced already but will undoubtedly determine the decade of the 2020s, to name them, analyze their impacts on the economy and insurance industry, and suggest proven methods of their management. In the paper, we deal with catastrophe losses, climate changes, pandemics, cyber risks, and geopolitics, and economic risks. To achieve the stated aim of this paper, we analyze their impacts, their probabilities of occurrence, and the intensity of their realizations. We will also analyze their impact on insurance, the role of risk management in general, and insurance as a method of risk management.

KEY WORDS: risk, risk management, insurance, economy.

INTRODUCTION

There are different definitions of risk. Older views of risk generally treat risk as something exclusively negative. Risk is defined as the chance that something bad will happen, which is why it should be avoided (Keith, 2003). Risk is a condition in which there is a possibility of an adverse deviation from the desired outcome we expect or hope for (Vaughan & Vaughan, 2008). Some definitions distinguish between risk and chance. Risk is defined as the possibility that an event will occur and will negatively affect the achievement of goals. At the same time, chance represents the possibility that an event will occur and will positively affect the achievement of set goals (COSO, 2004). Recent risk definitions include both positive and negative aspects, i.e., possible outcomes of risk realization. According to the International Risk Management Standard ISO 31000, the risk is defined as the impact of uncertainty on goals. We believe that the most acceptable definition of risk is determined by the glossary and instructions for application in the International Organization for Standardization, according to which risk is a combination of the probability of an event and its consequences (ISO / IEC, 2002).

The world around us is characterized by the ubiquity of risk (Njegomir, 2011). It is an indisputable fact that a person neither knows nor understands and especially does not control all events in the world around him. The word "risk" has become ubiquitous in the vocabulary of modern man. It is associated with the functioning of the entire community, in the form of terrorism, economic crises, food security or climate change, with the daily lives of individuals, in matters such as individual health, personal pensions, preservation of assets or value of investments, as well as with the business of economic entities, i.e., as a cause and consequence of the implementation of activities such as corporate governance, strategy or business continuity. The paper aims to point out the key challenges or risks for the economy and insurance that will characterize 2020 and this decade, as well as ways to manage these risks. In order to achieve the set goal, we will first point out the key risks that the economy and especially the insurance industry will face. Then we will point out the most important of them and ways of managing them, including geopolitical tensions and insurance of political risks, economic risks, climate change, technological change, and pandemics.

MOST IMPORTANT RISKS FOR THIS DECADE

The latest World Economic Forum Risk Report (WEFRR, 2020) emphasizes not only a good knowledge of the risks that potentially endanger everyone and the business of all companies, especially insurance

and reinsurance, but also adequate, holistic management of them in order to ensure business sustainability.

The Global Risk Report of the World Economic Forum (WEFRR, 2020) classifies risks into five categories: economic, environmental, geopolitical, social, and technological. Environmental and technological risks are the most critical risks to pay attention to in 2020, according to the probability of achieving: 1) Extreme weather conditions, 2) Lack of success in protection against global warming, 3) Natural disasters, 4) Loss of biodiversity, 5) Human factors caused by environmental disasters, 6) Fraud or data theft, 7) Cyberattacks, 8) Water crises, 9) Failure of global governance, 10) Oversupplied assets.

According to the intensity or strength of implementation, the risks for 2020 are classified into 1) Lack of success in protection against global warming, 2) Weapons of mass destruction, 3) Loss of biodiversity, 4) Extreme weather conditions, 5) Water crises, 6) Breakdown of information infrastructure, 7) Natural disasters, 8) Cyberattacks, 9) Human factors caused by environmental disasters, 10) Infectious diseases. Below we point out the most significant risks that will characterize the decade and how to manage them.

GEOPOLITICAL TURBULENCE AND POLITICAL RISK INSURANCE

At the geopolitical level, the relations between China and the United States will have a dominant influence and other relations such as China - Europe, Russia - Europe, Russia - the United States. As can be seen on the example of the coronavirus, the world has become a real global village, and the influences of various geopolitical relations and thus risks can have farreaching repercussions on further economic development, but also political relations.

Private insurance companies offer risk management of political risks. Among the first to offer political risk insurance was Lloyd's of London. Lloyd's provides coverage for common political risks, including wars. Export credit insurance can also be provided through Lloyd's. Numerous other insurance companies provide policy risk insurance such as ACE Underwriting Agencies Limited, AEGIS Insurance Services, Inc., Amlin Underwriting Ltd., Zurich Insurance, Chubb, Atradius, and others.

The critical difference between the public and private sectors in providing insurance for political risks is in their approach to valuing this risk, which arises from the different goals for which institutions provide insurance for these risks. While the goals of public institutions may include supporting government goals, friendly governments, or the need to support economic development in individual countries, the sole goal of private insurers is to make a profit. Elements that private insurers take into account when accepting political risks into insurance coverage include geographical area, level of demand (usually increasing before elections, changes in local policies, estimated chances of conflict, etc.) as well as the extent of coverage already in place for a given country, the number of funds exposed to risk, the company's experience, the amount of deductibles and own participation in the damage by the insured, the quality of risk management and political risk assessment in a particular country. Therefore, private insurance of political risks is usually more expensive and with a shorter coverage period (usually up to one or three years) but more flexible, with a wider scope of coverage that can be provided for business activities of companies in countries for which public institutions do not provide coverage.

Effective management of political risks requires the simultaneous application of both control and financing of risks, insuring political risks, either by public or private institutions, having a special place. International political relations and risks will affect the operations of insurance companies in two aspects - one will relate to increased risk and a potential increase in losses of insurance companies that insure political risks and the inability to monitor the global insurer, and the other aspect will relate to even weaker investment opportunities.

ECONOMIC RISKS

Closely related to political risks are economic risks, i.e., risks arising from economic trends, and insurers can be doubly and politically affected, the reduction of income from the primary insurance business and the disapproval of investment income, as shown by the global financial crisis. The global economy is also showing signs of turbulence. The International Monetary Fund (WEO, 2020) reduced its gross domestic product (GDP) growth projections to 3% (before the outbreak of the pandemic), the lowest growth projection since the 2008 and 2009 economic crises. At the same time, the projected growth is primarily a consequence of the improvement of economic performance in the developing countries of South America, the Middle East and developing countries in Europe that are conducting macroeconomic efforts. The critical geopolitical and economic turbulence stems from the USA and China relations, which will prevent significant growth even in 2021. Tensions between the United States and China could cost the world economy over 700 billion dollars lost in 2020, which is almost identical to the loss of GDP of the entire European Union due to the economic crisis manifested in 2008 and 2009. Namely, in times of economic crises, trade can be the only instrument to stimulate growth, and in the current conditions, trade is an instrument of rivalry. The World Trade Organization (WTO, 2020) projected a slowdown in international trade to 1.2% in 2019, which is a significant drop from the growth of trade by 3% in 2018.

CLIMATE CHANGE AND INSURANCE LIMITS

Climate change in the form of global warming is visible, tangible, and measurable and represents one of the most significant risks facing the world (Njegomir, 2018). Adverse events caused by climate change are continuously increasing, not only in areas that have always been exposed to the risks of natural forces caused by catastrophic events, such as the United States or Japan but also in other parts of the world, especially in Europe. Early analyzes showed that the enormous heat waves, which in part prevented the rapid reduction of fire damage in Europe, would be halved if there was no human effect on global warming.

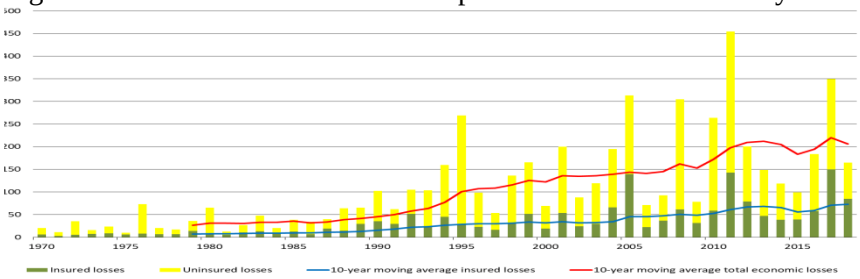
As explained above, the top 10 risks by the probability of realization and the top 10 risks by the intensity of consequences, as many as five leading risks by the probability of realization and five leading risks by the intensity of consequences are related to climate change. In addition to the dominance of these risks for 2020, climate-related risks have, for the first time in the history of the World Economic Forum's Global Risk Report (WEFRR, 2020), taking the top five long-term risks in terms of probability of realization. These are extreme weather conditions, lack of success in protection against global warming, the realization of natural disasters, loss of biological diversity, and water problems.

At the end of 2019, the Secretary-General of the United Nations, Antonio Guterres, warned that the "point of no return," in terms of climate change, was "insight and striking right at us." (NBC, 2020) Achieving climate change requires multilateral cooperation with the involvement of all stakeholders. However, the United Nations Conference on Climate Change held in Madrid in 2019 showed inequality of understanding and disinterest in the implementation of global action in reducing emissions of gases that cause global warming. States are adapting to the most dramatic effects of climate change, including the melting of the Arctic ice. Adaptation is not aimed at preventing future environmental degradation, but at exploiting geostrategic advantages. The risks that insurance companies accept into insurance coverage should ideally not be catastrophic. However, the occurrence of catastrophic damages is also possible in conditions when risks that do not have the potential for catastrophic damages are accepted in the insurance.

Insurance and reinsurance companies are most affected by climate change and natural disasters, such as hurricanes, floods, earthquakes, tsunamis, etc. More and more profound negative consequences are happening and producing more and more often, both for the insurance market and the entire national and global economy. The concentration of people, buildings, factories, and infrastructure per unit of land combined with the increase in population, value of material goods, technological development, and the process of globalization, which the world has reached today, leads to economically harmful

events of the same intensity cause more significant property damage than ever before. According to OECD estimates, a recurrence of the 1923 earthquake in Tokyo would cause damage of up to $ 3,000 billion (OECD, 2003). Graph 1 presents the growing impact of the magnitude of material damage of catastrophic events caused by the action of natural forces on the insurance market in the period from 1970 to 2019.

Figure 1: Material losses from catastrophic events for the economy and the insurance market



Source: Lucia Bevere, et al.: Natural catastrophes and man-made disasters in 2018: "secondary" perils on the frontline, Sigma no. 2, 2019, Zurich.

The realization of catastrophic events violates almost all standard conditions of risk insurance. Minimizing the impact of risk in the event of negative correlations between risks is possible because some risks can be neutralized by reducing exposure to other risks. However, catastrophic risks are characterized by the so-called accumulation of risks from several branches of insurance, where the risks are positively correlated with each other, and often cover broad geographical areas, which limits the application of risk limitation through its diversification (Daniels, Kettl & Kunreuther, 2006). The realization of more and more catastrophic damages with increasingly intense consequences has led to the problem of managing a large number of claims, but above all, to the problem of the limited capacity of traditional reinsurance and retrocessions. A typical response of insurance companies to catastrophic events, especially those that cause the need to re-determine their estimates of the probability of occurrence and intensity of possible consequences, is to limit the supply of insurance protection and increase the prices of limited coverage available. In these cases, it is necessary to involve the broader community in covering the possible negative consequences of catastrophic risks.

TECHNOLOGICAL CHANGES

The entire economic and social development so far has been characterized by a specific type of technology. Recent technological changes, primarily information and communication, and biotechnology and nanotechnology, are gradually transform the economy and society, creating new types of jobs. They make it possible to provide solutions to critical sociological challenges such as health care, the environment, security, mobility, and employment. However, in addition to creating new ways of managing old as well as new risks, new technologies create new risks and thus opportunities but also challenges for insurance companies.

In the domain of technological changes, cyber risk stands out as a critical risk, but also other risks related to cyberattacks, such as reputational risk. Cyber attacks and related risks are significant in terms of the probability of realization and the intensity of harmful consequences. In addition to the risks and benefits in the direct use of information technology, they also provide development opportunities to insurers. Insurance products related to information technologies, which are also present in our area, represent computer insurance. However, interruptions in the functioning of information systems caused by software errors, viruses, and other conditions are usually excluded. More recently, to take advantage of business development opportunities, insurance companies have also begun to offer policies to cover the risks associated with information technology. Although the conditions of insurance vary, this type of insurance can provide insurance coverage for both direct and damage caused to third parties, or coverage for damages that previously could not be covered.

Digitization offers numerous opportunities, which is why it is in the focus of both insurance and reinsurance companies. The application of new technologies in risk management or sales, the emergence of technology insurance, "big data" in insurance, "Internet of things," telematics devices, drones, and blockchain technology contributes to improving the work of almost every aspect of insurance and reinsurance companies and other companies. However, digitalization also causes many challenges and new risks, primarily cyber risks, which require coordinated solutions.

PANDEMIC RISK - COVID 19

The word pandemic etymologically derives from the Greek word pandemos, which means "applies to all people" and is derived from the words pan- "all" and demos "people, people." According to the World Health Organization (WHO), a pandemic represents the worldwide spread of a new disease (WHO, 2020a). Hippocrates first described the flu in 412 BC, and the first case was documented in 1173. In the period from 1580, 31 cases of influenza pandemics were recorded, three in the twentieth century - the Spanish flu of 1918-1919, Asian flu 1957-1958, and the Hong Kong flu 1968-1969 (WHO, 2020b). Historical data indicate that pandemics occur every 30 to 50 years. Therefore, their occurrence in some future period is inevitable, with a fair degree of 3% probability, which further imposes the need to investigate this risk.

On March 11, 2020, the World Health Organization declared a global pandemic of the COVID-19 virus, which made the global impact of this virus official. At the time of the pandemic declaration, the COVID-19 virus had spread to over 110 countries and territories around the world and over 118,000 people, with the potential to spread the virus. During the pandemic declaration, the director of the World Health Organization (WHO) pointed out that it was not just a health crisis but emphasized that the pandemic would affect every sector.

The first indicator of the impact of the coronavirus on economic activity was the impact on the Dow Jones industrial average, which fell by 9.99% in just one day, March 12. This index has had the most significant drop since "Black Monday" in 1987 when it fell by 22%. The Standard & Poor's index fell 9.5%, the most significant drop since 1987, and the Nasdaq composite index fell 9.4%. The International Monetary Fund (IMF) corrected their projections of the global economic growth. Instead of growht, IMF (2020) in April projected a global decline of 3%. In China, thanks to the coronavirus, reduced economic growth can be expected to be 5.6% in 2020.

The impact of the pandemic on insurers and reinsurers must be viewed from two perspectives. On the one hand, insurers and reinsurers as employers are exposed to a flu pandemic risk like all other economic entities. Also, the impact on insurers will be in the field of risk acceptance and risk management accepted by the insured. At present, it is still not possible to speak with precision about the pandemic's potential effects on insurance companies. Key types of insurance that can be affected by the coronavirus include downtime insurance, health, and life insurance and, to some extent, travel cancellation insurance, concert and other event cancellation insurance, supply chain insurance, wedding insurance that cannot be held as and travel health insurance. In essence, the most significant amounts of damages for insurance companies can be after the resumption of work, but also health insurance and life insurance. Also, investment returns will be endangered by the fall of stock exchange indices and the fall of reference interest rates to historical minimums. Although there is currently no adequate data on the possible impact of coronavirus on insurance companies, it is necessary to adequately and timely preparation for the possible consequences and ways to overcome the acute problems caused by this virus. Besides, future pandemics must be considered in the plans and in that context, risk, and capital management planned (Njegomir, 2018) in order to ensure business continuity and survival of insurance and reinsurance companies.

CONCLUSIONS

The world is exposed to a vast number of risks, among which geopolitical, economic, climate, information-technological risks dominate, and thanks to the manifestation of Covid-19, the risks of pandemics. These risks in the form of geopolitical tensions, economic tensions, and the possibility of re-entering the financial crisis, climate change and related risks such as catastrophic damage, food problems, water problems, as well as problems related to hacker attacks are risks that will surely be crucial in a decade which we entered.

Global geopolitical and economic stability and development, addressing climate change and realizing the benefits while minimizing the adverse effects of new technologies, primarily digitalization and artificial intelligence, will depend on the possibility of international cooperation and adequate risk management at the level of insurance companies. It is crucial for insurance companies to know the trends so that in an adequate, proactive way, they can react promptly and adjust premiums so that benefits are paid to everyone without compromising trust in the insurance institution or damaging the reputation of insurers.

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THE IMPORTANCE OF INNOVATIONS FOR THE SUSTAINABLE DEVELOPMENT OF TOURISM

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ABSTRACT

Tourism industry has been facing numerous challenges recently, which are completely new and unknown to theory and practice. The latest world economic and migrant crisis has additionally raised initiatives and considerations towards discovering new and sustainable sources of growth. It seems that it has been reached a consensus on the issue that future development of all economic sectors and branches, including tourism, must be based on innovation-induced productivity growth. Taking into account that innovations are extremely important for sustainable development, they must be supported both by the state and the economy. The global goals of sustainable development offer new possibilities for tourism development, and, recently, tourism has also been recognized as a significant driver of the total economic development. Sustainable tourism takes into consideration its ongoing and future economic, social and ecological impacts fully, acknowledging the requirements of visitors, environment, industry and host communities.

KEYWORDS: innovations, sustainable development, tourism.

INTRODUCTION

The importance of innovations, in service sector(and tourism), has been underrated for a long time, that it has almost been completely excluded from the statefocus of many countries. The innovative research in tourism is a relatively new phenomenon and the "innovative gap" is more than present. There still hasn't been recognized some reliable knowledge on how the innovative processes occur within tourism enterprises?

Taking into account that tourism is one of the fastest-growing branches in economies all over the world, one can conclude that innovations in this area are specific for its uniqueness and they differ from those in other service sectors. Throughout history, tourism was observed as a phenomenon characterized by many innovations. The development of service economy and the boom in software industry in the 80s, change the impression about innovations, which include non-material products, and there was, also, recognized a measurable innovative potential in the service sector.

It's difficult to recognize the distinctive character of innovations, since they are often related. Innovations in one field (sector), often lead to innovations in another field. There are a few categories of innovations, e.g. product innovations, process innovations, organizational innovations and market innovations. Innovations in tourism also recognize distribution and institutional innovations, which directly aim towards their specific nature in tourism.

The main focus in research of innovations in tourism should be on the volume and effects of the innovative activities. The researches on this topic are rare and difficult to measure. Innovation in tourism is more than an idea or invention; it incorporates - implementation.

The goal of this paper is not to come up with a quantitative evidence of innovative activities' impact on sustainable growth and tourism development. However, this paper's goal, above all, is to emphasize the

significance that innovations have on tourism development in the conditions of globalization, as well as on total economic development and, finally, the improvement of the standard of living. To be precise, the goal of this paper is to emphasize:

- the importance of tourism in modern economic development, both in developed and developing countries;
- the relationship among innovations, tourism and sustainable development in the conditions of global changes;
- the importance that knowledge, i.e. research and development have on innovations, which have been conveyed in tourism *ad hoc* (it's a fact that innovations in this branch have been slowly introduced so far);
- the necessity of strategic planning for tourism (and innovations in tourism) in global framework and economic policy that will rely on that strategy;
- the fact that tourism has a direct influence on the realization of almost all goals of sustainable development.

In order for tourism to positively affect the sustainable development of a national economy, it must rely itself on the principles of sustainability, and innovations must be a crucial factor that will initiate a new development.

First of all, this paper will underline the importance that innovations have in the fastest-growing sector, and then the characteristics of "specific" innovations. In addition, there will be mentioned some global challenges that affect the process of transition of tourism towards sustainable tourism. Finally, the authors made an attempt to emphasize the importance of innovations in reaching goals of sustainable development of tourism.

IMPORTANCE AND CHARACTERISTICS OF INNOVATIONS IN TOURISM

The latest economic crisis from 2008is a warning and a reminder of the necessity to discover new and sustainable sources of growth, in order to achieve a full recovery. The future growth must stem from the productivity caused by innovations, i.e. innovations represent a key for the increase of productivity. Innovations can accelerate the recovery and bring the countries back to the path of sustainable and green growth and innovation policies should have a crucial role in exiting the crisis (OECD, 2010, p. 2).

Innovation covers a broad spectrum of activities, such as: R&D, organizational changes, training, testing, marketing and design. Oslo Manual defines innovation as the implementation of a new or significantly improved product (commodityor service) and process; new marketing method or organizational method in business practice, organization of workplace or external relations. Key components of the concept of innovation include the role of knowledge as a basis for innovation, novelty and utility, and value creation or preservation as the presumed goal of innovation (OECD, 2018, p. 20).There is a difference between discovery andinnovation: innovation must be applied, i.e. put into use and available for others to use it.Innovations are – compared to inventions – brought to the stage of implementation and commercialization (A. M. Hjalager, 1994, p. 197–224).Innovation refers to the process of bringing any new, problem solving idea into use (C. M. Hall & Williams, 2008, p. 5).

An innovation is a new or improved product or process (or combination thereof) that differs significantly from the unit's previous products or processes and that has been made available to potential users (product) or brought into use by the unit (process) (OECD, 2018, p. 22).Innovation activities include all developmental, financial and commercial activities undertaken by a firm that are intended to result in an innovation for the firm.A business innovation is a new or improved product or business process (or combination thereof) that differs significantly from the firm's previous products or business processes and that has been introduced on the market or brought into use by the firm.A business process innovationis a new or improved business process for one or more business functions that differs significantly from the firm's previous business processes and that has been brought into use by the firm.

Innovations are crucial in sustainability and competitiveness of destinations. For example, successful revitalization strategies imply innovations (Cooper,2016, p. 185). Tourism is a sector in which innovations are very slowly introduced and new ideas are not easily accepted.Tourism is, basically, a service industry and it is profoundly focused on the efficiency of exchange of knowledge and information among different organizations that must cooperate in order to achieve a complex product (Baggio, Cooper, 2010, p.1).

In 21st century, it is important that tourist destinations innovate, in order to remain competitive. Knowledge management is an efficient tool in tourism innovations.Adventure tourism, wellness tourism, cultural tourism, etc. are in fact innovations (new products) in tourism.

Research and sources of knowledge for innovations are important issues to be considered in the research of innovations in tourism and innovations in general. The researchers are numerous – enterprises, as well as other institutions, such as: universities, institutes and other research organizations. The quality and volume of innovations depends on the intensity of cooperation among enterprises, universities and research centers and that intensity is not high in tourist enterprises, since they rarely possess their own R&D departments. In tourism innovating occurs *ad hoc,* since research processes are not greatly planned as in industry. Incorporating tourist enterprises in business chains and networks is an important hypothesis for knowledge transfer and innovation encouragement.

On the one hand, knowledge management still has not been taken seriously in tourism, but on the other hand, tourism clusters have been considered intensively from the perspective of the localized knowledge. In order to spread and exploit knowledge, there must be established institutionalstructures. If we observe research based knowledge, we can notice that academic research in tourism, but also in all other service sectors, is insignificant. In tourism, a low level of knowledge of personnel is particularly evident, as well as their relatively intensive fluctuation.This is the reason why establishing a scientific community is a huge challenge. Innovation is deducted from knowledge-based activities which include practical application of the existing or new information and knowledge. R&D is a set of activities which generates innovations, i.e. creates the knowledge about innovations.

Speaking of innovations, we must make a distinction between innovations and creativity. Creativity is a production of new ideas, approaches, discoveries, while innovation represents the use of new and creative ideas and discoveries (Decelle, 2004, p. 2). Both people and organizations can be the creators, even if they are not innovators. Innovation imposes discontinuity, i.e. what Schumpeter calls "creative destruction". This is the reason that risk is considered a central element for an innovator.

GLOBAL CHALLENGES AND KEY ISSUES IN TRANSITION PROCESS TOWARDS SUSTAINABLE TOURISM

The globalization of tourism leads to the considerable changes of the tradition and culture of receptive countries. The most significant factors that could affect the future development of tourism can be divided in a few categories: political, economic, social, health, climate, market, technological, infrastructure-related factors (European Commission, 2006, p. 8).For that reason, it is necessary to have a strategic plan for tourism development and be determined and consistent in organizing all its forms, in order to remain persistent in one's own personal, original, specific, local and national pursuit, instead of the common and universal (Stanković, 2001, p. 9).

It doesn't rarely happen that researches identify mass tourism as globalization, which is not its definition nor is such kind of simplification and identification of the most complex process of the present time with the most dynamic branch of economics possible (Marjanović, Đorđević,2018, p. 3). Modern economic flows conditioned by the process of globalization, as well as the flows in tourism, direct towards numerous challenges that every tourist destination would have to face in the future. These challenges imply lower rates of growth, a great number of competitors, more demanding consumers,improvement of human resourcesand introduction of new technologies (Marjanović,

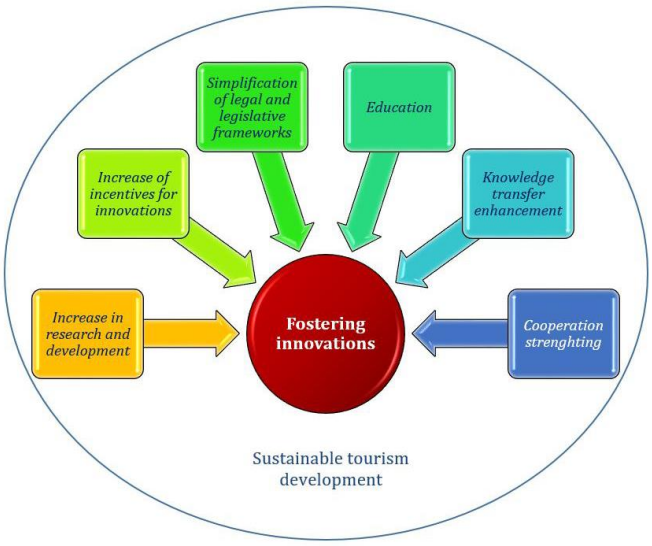
Đorđević, 2016, p. 236). The tourist of the future will be a mixture of business, authentic, cultural and sensual/adventurous tourist (Marjanović, Đorđević, Mladenović, 2012, p. 1249).

Despite many positive aspects of tourism development in global terms, there are also some negative aspects as well: tourism is beginning to have an increasing impact on climate changes, local pollution of land and water, irrational use of non-renewable and precious resources, negative influence on biodiversity in "sensitive" areas, negative influence on cultural heritage locations and local community, as well as on inadequate and poor working conditions and low salaries. All these negative aspects direct towards a demand for a quality strategic plan for the development of this branch.

Transition process towards sustainable tourism requires innovations in technological and institutional terms. The experience has approved that the efforts of innovations in tourism should not be passed on to national organizations (such as ministries, boards, departments) witch often deal with budget restrictions. Local actors should, in fact, participate in the development of new and innovative tourism products that will render value both to tourists and the local community.Today travelers want diverse and unique experiences, giving entrepreneurs the opportunity to create distinctive value propositions that will not only attract visitors, but will also help transform their local economy (World Economic Forum, 2017, p. 61).

Digital revolution has enabled a broad access to internet, while the social media, as well as innovative online travel tools, have considerably eased the regional and global influence of the local product. All these new channels can be engaged without any significant financial resources. All one needs is creativity, talent and imagination.Industry 4.0aims at revolutionizing tourist experience creation, as well as tourism business and destination management practices through the introduction of new technologies and high-inter-connectivity. It takes advantage of smart technology in creating, managing, and delivering intelligent tourist services/experiences and is characterized by intensive information sharing and value co-creation (InterregAdrion - FostInno, 2018, p. 53). There must be developed some new competencies in tourism – in institutions, companies and workforce.

One must consider some basic assumptions in order to create improved personalized experience and these are infrastructure and the level of service.To remain competitive, the industry must complement its high-touch approach with high-tech applications.



Picture 1:Strategic goals in the function of fostering innovations in sustainable tourism
Source: "Strategy for fostering innovation in sustainable tourism for the Adriatic-Ionian region", InterregAdrion - FostInno, Perfectus, 2018, p. 95.

All goals of sustainable tourism can be divided in a few different categories: 1. Economic sustainability, 2. Local prosperity, 3. Quality of employment, 4.Empowering of social capacities, 5. Visitor fulfilment (in all respects), 6. Local participation in planning and managing future development of tourism in local community, 7.Community wellbeing, 8.Visibility of cultural wealth, 9.Physical integrity, 10.Bio-diversity, 11.Resource efficiency, 12.Environmental protection.

Taking into account the afore-mentioned goals of sustainable tourism, UNWTO identified 5 key issues strongly connected to them.These issues cover all important thematic fields that could be solved through future projects (UNWTO, 2013, p. 21).

1. Tourism policy and management. This issue means to recognize tourism in sustainable development policies and to implement clear tourism strategies which include the principles of sustainability. In this issue, a special attention should be paid to tourism management institutions, mechanisms for engaging the stakeholders in public, private and NGO sector. This is how one creates a proper institutional base for managing tourism policy, so it should enable accomplishing goals of sustainable tourism.

2. Economic performances, investments and competitiveness. This issue deals with business and investment environment in which tourism as a branch operates. In this branch, a special attention could be paid to trade liberalization and its possible effects on local economic community. This issue could also deal with market access, the quality of tourism products and the resilience of tourism branch

3. Employment, decent workplaces and human capital. The key aspect of tourism's contribution to sustainable development is its role as a generator of new workplaces. In that respect, this issue should focus on planning of human resources, workplaces, training and building human capacities.

4. Lowering poverty and social inclusion. This issue has a focus on tourism's contribution in lowering poverty. Here, it represents an important strategic approach to tourism as a mechanism for lowering poverty, through providing an entire range of work positions and different jobs. Everyone can participate in its implementation, without any discrimination.

5. Sustainability of natural and cultural environment.This pillar should create some very important policies for the protection of natural and cultural base, through adequate tourism management in sensitive regions. This issue could pay a special interest to adaptation of tourism to global tourism changes, as well as creation and evaluation of mechanisms for improvement of tourism development sustainability.

Taking into account that millennial goals of development were set in terms of its sustainability, tourism is one of rare branches that can contribute to the implementationof each of these goals, both directly and indirectly.In order for this to happen, tourism also must be based on the principles of sustainability.

TOURISM, INNOVATIONS AND GOALS OF SUSTAINABLE DEVELOPMENT

With almost 1.4 billion tourists per year, this branch has a great impact on community, environment and economy. Tourism participates with 10,4% in creating global GDP, while 1 of 10 workplaces is positioned exactly in this sector. Tourism, also, participates with approximately 7% in the total world export (WTTC, 2019, p. 1).

Private sector plays a key role in tourism, so it must recognize that SDG(sustainable development goals) offer proper business opportunities. While sustainable business operations may encourage competitiveness and increase profit. If this sector is well-managed, it can generate quality jobs and long-term growth; it can lower poverty and provide an incentive for environmental protection. This is how developing and transition countries are encouraged to tend towards more resistible and inclusive economies.

As one of the fastest growing economic sectors in the world, tourism is increasingly recognized as a significant factor in creating business and wealth, economic growth, environmental protection and poverty reduction(UNWTO, Madrid, 2017, p. 8).The increasing number of tourists, however, causes a lot of pressure in different respect: gas emission, resource management, impact on local community and cultural heritage Therefore, the use of positive contribution of tourism to sustainable development and the mitigation of harmful effects must rest upon a strong partnership and a deliberate and well-planned action of all tourism stakeholders.

The sustainable development goals offer new opportunities for tourism.Tourism's role in achieving 17 Sustainable Development Goals (SDGs) can be significantly strengthened whensustainable development becomes a shared responsibilityand moves to the core of decision-making within the tourismsector (UNWTO, Madrid, 2017, p. 8). Tourism is most frequently mentioned in relation to goals 8, 12 i 17:'Decent Work and Economic Growth', 'Responsible Consumption and Production' and 'Partnerships for theGoals', respectively.Tourism has a direct and multiple effects on other sectors. Challenges, such as unsustainable consumption and production, poor waste and resource management mostly affect goals 11, 12 i 14:'Sustainable Cities and Communities', 'Responsible Production and Consumption' and 'Life below Water',respectively.In addition, some external threats affect the potential of tourism to encourage sustainable development: global economic instability, natural disasters, climate changes, the loss of bio-diversity, as well as regional and international safety. These threats mostly have influence on goals 8, 11, 13, 15 i 16: 'Decent Work and Economic Growth', 'Sustainable Cities andCommunities', 'Climate Action', 'Life on Land' and 'Peace,Justice and Strong Institutions', respectively. The best use of multiple effect of tourism is possible only through integrated policies.

Competitiveness is a key initiator of business, in order to achieve sustainability. In this respect, we acknowledge that the influence of innovations is crucial since it takes competitiveness to the highest-innovative phase. The improvement of tourism enterprises' performances depends on expanding knowledge and measuring the impact of knowledge and innovations on growth. Despite the key role of private sector in tourism as a branch, the state must take an active role in creating a favorable ambience for investment of private sector.

Sustainability contains within itself a principle of permanent survival of a natural resource, and development implies a concept of structural changes which, at the very least, refers to human resources.

Hence, sustainable development can be defined as a relationship between dynamic economic systems created by human and dynamic ecosystems which change slowly and must be in eco balance. Sustainable development is a development that will, on the one hand, satisfy the demands of today's generation, and on the other, it will not compromise the demands of future generations.

Sustainable tourism is assigned to complete the following tasks:

- optimizing the use of natural resources which are the key element of tourism development.
- respectingthe socio-cultural authenticity of host communities.
- providing sustainable long-term business (dealings) by creating socio-economic benefits that will be fairly distributed to all stakeholders.
- participating of all stakeholders in the creation and implementation of sustainable tourism development strategy.
- providing a high level of tourists' satisfaction by increasing their conscience about the importance of sustainability.

CONCLUSION

Nowadays, tourism affects economic development in almost all parts of the word. It is very rare that there exist such countries in the world that don't develop this branch of economy. It's a proven fact that tourism is the most developed exactly in the developed countries, but there have been noticed positive changes in tourism development of undeveloped parts of the world.

Innovations are crucial for the increase of living standard and they can affect individuals, institutions, entire economic sectors and national economies in different ways. Also, they positively affect tourism development, by increasing its productivity and competitiveness. Economic policy can directly or indirectly contribute in establishing directions for the innovations in tourism, and also in shaping the distribution of their effects. It's clear, however, that well-conceived innovation policies in tourism are necessary, in order to increase productivity and lower costs in this branch –the most effective policies are collaborative and networking policies.

Considering the fact that tourism is a sector that considerably influences sustainable development, it is necessary to create proper strategies of innovations in tourism, in order to increase its competitiveness and use the positive effects that tourism could have on economic development as a whole.

The main strategic goals that should be achieved by the strategy of fostering innovations in tourism are the following:

- popularization and advocacyof innovations in tourism,
- simplification and improvement of legislative acts related to innovations in tourism,
- permanent education of stakeholders about innovations, sustainable tourism, the importance of following innovation trends and reporting on innovations,
- promotion of changes in high education curricula and introduction of courses related to innovations in tourism,
- development and support of cooperation and networking among stakeholders,
- development of research activities related to innovations and tourism.

Tourism is referenced in three of the Global Goals: SDG 4 for 'Life Below Water'; SDG 8 for 'Decent Work and Employment' and SDG 12 for 'Responsible Consumption and Production'. The sector also has a direct impact on efforts to achieve other Goals, such as eradicating poverty, advancing gender equality and protecting the environment. The role of private sector andthe access to financing are the most important factors for building a sustainable sector of tourism encouraged by innovations.Adjusting business policies and investment to SDG is necessary,so that this sector could contribute the best possible way to sustainable development.

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POSSIBILITIES FOR IMPROVING THE TOURISM OFFER OF VRNJAČKA BANJA, SERBIA

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ABSTRACT

Vrnjačka Banja is the most visited spa destination in Serbia, which has been developing tourism for over 150 years. Traditionally, this destination offers health tourism, sports, and recreational tourism, as well as event tourism. In accordance with the requirements of the tourism market, it is necessary to constantly improve the tourism offer in order to create a destination's competitive advantage. The aim of this paper is to analyze the tourism offer of Vrnjačka Banja and the possibilities for its improvement. A survey method was used to investigate tourists' views on the quality of Vrnjačka Banja's tourism offer. The study shows that the respondents are generally satisfied with the quality of the tourism offer, but that there are possibilities for its improvement in the form of innovative tourism products.

KEY WORDS: tourism offer, innovations, improvements, Vrnjačka Banja.

INTRODUCTION

The progressive development of tourism has contributed to the importance of the role of this economic activity in the world economy[2], and itbecame of the main sources of foreign income and employment generator for many countries [8].Despite the world economic and financial crises, the future of tourism is determined to be successful with more travelers, hotel development, emerging destinations, leisure, and recreation centers[16]. Tourism is characterized by constant market changes, especially changes in the tourists' preferences and needs.In order to reach a tourism destination's competitiveness, it is necessary to monitor these changes and adapt the offer to market needs. Tourists' are becoming more demanding and it is no longer sufficient for them to have a clean room and food and beverage service in the destination, but rather a full range of diverse services, such as wellness and spa,recreational activities, etc. The changes in tourist behavior emphasize the importance of innovative services and products, according to specific tourist profiles and the actual motives[5].

Considering the fact that a competitive tourism destination needs constant improvements according to tourism trends, the aim of the paper is to analyze the tourism offer of Vrnjačka Banja and the possibilities for its improvement. The first question that arises is would the development of innovative tourism products contributes to the increase in the number of tourists, i.e. improve the competitiveness of Vrnjačka Banja, and the second - what kind of tourism products that would be. According to this, two hypotheses are set:

- H1: Innovative tourism products would increasethe competitiveness of Vrnjačka Banja.
- H2: More outdoor and indoor swimming pools with thermal mineral water and attractive water facilitieswould particularly affect the competitiveness of Vrnjačka Banja.

Innovation and new service development are important strategic features to assure growth and sustainable wealth for every industry, but in particular for those industries where markets are saturated and clients choose products and services from all over the world, such as is the case in tourism[7]. Like

other service sectors, the tourism industry is often viewed as less innovative than more manufacturing-oriented and technology-oriented industries[4]. To change this and to improve tourism offer of destinations there are certain steps that need to be taken[17]:

- Improve the internal dynamics of innovation: pushing firms to adopt a proactive attitude towards innovation;
- Improve the efficiency of the national system of innovation (improve the training of operators, staff, develop the role of public and private agents, stimulate research);
- Improve incentive systems for operators and employees;
- Maintain the coherence of the tourism industry and its linkage with society as a whole.

TOURIST OFFER OF VRNJAČKA BANJA

Vrnjačka Banja extends through the valley of the river West Morava, the northern slopes of mountain Goč, and it is nearby the southern slopes of the Gledić mountain, Kopaonik, Željin, and Stolovi. According to the Census 2011, there were 27.527 inhabitants [9]. It is located on the road between Kraljevo and Kruševac, but also close to Kragujevac and Čačak, and 200km south from Belgrade. It has been known for its healing resources since ancient times. There are seven mineral water springs in Vrnjačka Banja: Topla Voda, (36.5°C), Snežnik (17°C), Slatina (14°C), Jezero (27°C), Borjak, Vrnjačko Vrelo, and Beli Izvor. Besides this, Vrnjačka Banja is characterized by great natural resources, like climate, flora, fauna, which is the basis for tourism development. In the central part of Vrnjačka Banja, there is a park which represents a significant example of garden art in Serbia. This park has a significant role in the tourism development of Vrnjačka Banja because, it is an ideal place forrelaxation in an environment that is peaceful, surrounded by natural values and favorable climatic conditions [1]. Around 300 meters away from this park is the Japanese Garden, which covers an area of about 3,000 m^2. It was opened in 2011 with the aim of representing the culture of Japan, traditional culture, and horticulture [15].

On the territory of Vrnjačka Banja municipality, there are protected cultural and historical objects, entities, and localities, such as [6]:

Belimarković castle, the cultural value of great significance for the Republic of Serbia;
spatial cultural-historical unit of great importance hill Čajka with 49 objects;
100 of individually protected facilities;
archeological sites from the prehistoric period, Roman period, Middle Ages to Ottomans dominions (about 30 sites).

Table 1:*Tourists arrivals and overnights stays in Vrnjačka Banja, for the period from 2015 to 2019*

Year	Tourists arrivals			Overnights stays		
	Total	Domestic tourists	Foreign tourists	Total	Domestic tourists	Foreign tourists
2015	175,153	146,208	28,945	562,862	481,150	81,712
2016	202,820	163,997	38,823	677,690	573,394	104,296
2017	213,194	176,202	36,992	701,622	603,279	98,343
2018	247,709	200,343	47,366	818,045	695,171	122,874
2019	283,491	230,887	52,604	907,892	774,206	133,686

Source: *[10, 11, 12, 13, 14]*.

Besides this, there are several manifestations from which the most visited ones are *Carnival of Vrnjci* and *LoveFest*, which are organized during summer. It offers a variety of accommodation options, such as hotels, resorts, apartments, villas, as well as private accommodation. Vrnjačka Banja has a variety of sports-recreational, culture and entertainment,wellnessand spa offers. In that sense, tourists may take activities such as: walking in the parks, cycling, wellness relaxation, swimming in the pools, etc.

However, although diverse, the offer of Vrnjačka Banja is modest compared to the tourism offer of well-known international spas [3].

Vrnjačka Banja is one of the most visited tourism destination and the most visited spa destination in Serbia [14]. In the last five years,there was a noticeable increase in the number of tourist arrivals and overnight stays (Table 1).

METHODOLOGY

The purpose of the research is to collect data about attitudes of tourists who have visited Vrnjačka Banja, towards the quality of the tourist offer, as well as to determine which innovative tourism products would especially contribute to the greater competitiveness of this spa in the tourist market, i.e. to attract more tourists.

For data collection, a survey method was used. Questionnaires were distributed in the form of a Google questionnaire in August 2019. The questionnaire is divided into two parts. The first part consists of the questions related to the socio-demographic characteristics of respondents. The second part consists of 4 closed-ended questions related to the tourism offer of Vrnjačka Banja and the possibility for its improvement. Respondents could answer the questions by choosing one answer or by the rating given options on 5 point Likert scale.

RESULTS AND DISCUSSION

Of 100 respondents who participated in the survey, 52%are female and 48% are male. Regarding the age structure of the respondents, the largest number of respondents belongs to the age group of 20 to 30 years, 56% of the total number of respondents, and to the age group 31 to 40 years, 37% of the total number of respondents. According to the level of education, the majority of respondents high school graduates50%(Table 2).

Table 2: *Socio-demographic characteristics of respondents*

		Percent
Gender	Male	48%
	Female	52%
Age	20-30	56%
	31-40	37%
	51-60	5%
	60+	2%
Level of education	High school graduate	50%
	Bachelor's degree	39%
	Master degree	8%
	Doctoral degree	3%

Source: *Authors, based on research*

As a reason for visiting Vrnjačka Banja largest number of respondents (38%) chose the *escape/relaxation* and the *fun and entertainment*option (20%). For *wellness and spa* 18% of the respondents visited Vrnjačka Banja, while only 6% for *treatment and rehabilitation*, 4% for *business* reasons, and even 14% for some *other reason* (Table 3).

By using the Likert scale respondents rated overall tourism offer and individual tourism products of Vrnjačka Banja on a scale of 1 to 5, (1=very poor quality, 5=excellent quality). The respondents were asked to rate the quality of the overall tourism offer of Vrnjačka Banja and the following elements of it: *accommodation,natural beauty and natural resources, culture and entertainment, traditional treatment with natural healing factors, wellness andspa, sports and recreation,* and*business tourism*.

Table 3: *Reason for visiting Vrnjačka Banja*

		Percent
What was the reason for your visit to Vrnjačka Banja?	Treatment and rehabilitation	6%
	Escape/relaxation	38%
	Fun and entertainment	20%
	Wellness and spa	18%
	Business	4%
	Other reason	14%

Source: *Authors, based on research*

The average rating of the overall quality tourism offer of Vrnjačka Banja is 3.78. When it comes to elements of tourism offer, the *natural beauty, and natural resources* received the highest average rating (4.55). In second place with an average rating of 4.42 is *accommodation*, as an important element of the tourism offer. The lowest average rating received *business tourism* (3.43) (Table 4).

Table 4: *Quality of tourism offer of Vrnjačka Banja*

	Mean
Overall quality of tourism offer	3.78
Accommodation	4.42
Natural beauty and natural resources	4.55
Culture and entertainment	4.12
Traditional treatment with natural healing factors	3.80
Wellness and spa	3.75
Sports and recreation	4.25
Business tourism	3.43

Source: *Authors, based on research*

Even 95% of the respondents agree that innovative tourism products would contribute to the increase in the number of tourists in Vrnjačka Banja, which confirms the H1 - *Innovative tourism products would increase the competitiveness of Vrnjačka Banja.*On the question *Which innovative tourism products would be particularly interesting forincreasing the competitiveness of Vrnjačka Banja* the majority of respondents (41%) opted for *more outdoor and indoor swimming pools with thermal mineral water and attractive water facilities*, while21% of respondents opted forricher *wellness and spa tourism offer* (Table 5).Considering these answers, H2 - *More outdoor and indoor swimming pools with thermal mineral water and attractive water facilities would particularly affect the competitiveness of Vrnjačka Banja* is confirmed.

Table 5: *Possible innovation of tourism offer*

	Percent
Richer wellness and spa offer	21%
Richer cultural offer	10%
Richer offer of sports and recreation	16%
More outdoor and indoor swimming pools with thermal mineral water and attractive water facilities	41%
Nature activites	12%

Source: *Authors, based on research*

CONCLUSION

It can be concluded that, although it is the leading spa tourism destination in Serbia, there are possibilities for improving the tourism offer of Vrnjačka Banja and increasing its competitiveness. The natural resources of this spa are the key resources for its leading position in the tourist market of Serbia and represent great potential for improving its competitiveness on the international market.

For the successful future tourism development of Vrnjačka Banja, innovative tourism products may be developed. Innovations should be focused onbuilding more outdoor and indoor swimming pools with thermal mineral water and attractive water facilities, improving wellness and spa offer, sports and recreational offer, organizing various activities in nature (such as horse riding, adventure park, walking tours, mushroom picking accompanied by local guides, etc.), as well as enhancing cultural offer.

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ECONOMIC, SOCIAL, ENVIRONMENTAL AND CULTURAL IMPACTS OF TOURISM

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ABSTRACT

Tourism represents the phenomenon of the 21st century whose development is constantly growing, dynamic and effective. Since Vrnjačka Banja is the second largest tourist destination in our country and primarily bases its development on tourist resources that are a natural attraction, the subject of this publication is to represent how the impacts of tourism are reflected in this destination. The aim and purpose of this research were pragmatic - to find and describe most significant and the most influential effects which are reflected in Vrnjačka Banja. The Collected material was used for the overall analysis of problems and issues related to this topic. The paper concluded that the private and public tourism sectors must cooperate, engaging the wider local community reduce the negative impacts of tourism and increase the positive ones.

KEY WORDS: *tourism, economic impacts, social impacts, environmental impacts, cultural impacts.*

INTRODUCTION

"Tourism is a set of relationships and phenomena arising from the traveling and staying visitors to a place if that residence does not establish permanent residence and if no such economic activity is associated with such a stay." (Čavlek & et al., 2011: 29).

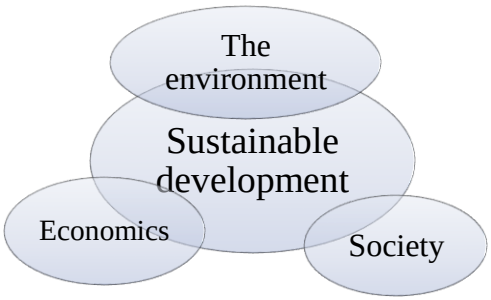
The most important factors that influence intensive development of tourism like income and quantity of free time, then urbanization and industrialization, are the first-hand result of the fast development of the economy (Bošković, 2009) How often and with how much of economic performance tourists will visit certain recourses, it is directly related to their quality and level of activity. Under the attraction is considered to be the specificity of a particular tourist destination, which is in connection with the place and the motive for carrying out the tourist activity (Weaver, 2006). Most authors in the professional literature dealing with the complex problem of tourism agree that touristic attractions have a key role in the tourism system. (Mill & Morison, 2002; Pavlovic, 2017

METHODOLOGY

Following the chosen problem, ie. the subject of the research and the defined goal of the research, qualitative methods were applied in this paper. In the theoretical considerations of the subject of research, the following were used as separate methods: analytical-synthetic, inductive-deductive, the method of abstraction and generalization, as well as the method of comparison. For this paper were used data from available professional literature, scientific and professional papers, the Internet and other sources.

SUSTAINABLE TOURISM DEVELOPMENT

The concept of sustainable tourism development began to be mentioned in researches during the 1990s. Syntagmatic expression *sustainable tourism*, is actually, referred on tourism that is founded on goals and principals of sustainable development. (Bošković, 2009) Under sustainable is considered every shape of tourism that is effectively contributing to the well-being of society and improving the environment, economic prosperity and nurturing of cultural wealth and identity of one location where tourism is represented. (Jovičić, 2000)



Picture 1. Elements of sustainable development

Source: author, according to http://www.odrzivezajednice.org/2011/06/01/sta-je-odrzivost/ (04/08/2020)

The basic thought of sustainable tourism development is properly launching economic development that is by any means not harmful to the local environment and is socially acceptable. Therefore, there is a global growth of the number of governments that are recognizing the importance and meaning of sustainable tourism principles into their tourism development strategies. Thus, control use of certain natural recourses is achieved, respect the socio-cultural authenticity of local communities, and economic profit is also insured. Gaining insight into the negative sides of tourism which are reflected in a bad influence on the ecological and socio-cultural environment brought us to organizing activity for sustaining sustainable tourism. (Hrabovski Tomić, Milicević, 2012)

THE IMPACTS OF TOURISM

All tourism influences on the destination can be defined into next groups: (Roe et al., 1997: 19) ecological, socio-cultural and economic. They occur as a consequence of the actions of tourists, but also building and the way of functioning different facilities and services on that destination. (Hrabovski Tomić, Milićević, 2012) It's very ungrateful to generally assess influences that comes from tourism, since they are expended in all directions, in its scope and structure. According to a time estimate, they can be divided into short-term and long-term. Also, authors of professional literature are dividing them on direct/indirect, then, local, national or global, and the most general division is on positive or negative. (Hunter & Green, 1995)

Some of these basic difficulties for the prognosis of tourism influence on the specific destination are including next facts (Briassoulis, 1991):

- Tourism is representing a huge number of different related activity which is a directly disabled assessment of influences for individual activity.

- When visiting a destination, tourists often engage in the same activities as the domicile population, which makes it impossible to differentiate between each other.
- Changes in the ecological plan are taking place on their own, which cannot help quantifying the modifications that happened as a direct influence from tourism.
- Tourism often poses indirect and accumulated influences that are difficult to recognize and assess. The range of tourism effects on one location oscillates with aspects of the touristic activity.

The development of tourism not only degrades biodiversity due to the construction of new accommodation units, traffic, electricity, utility, water and housing infrastructure, but it can also visually endanger the natural environment. (Hrabovski Tomić, Milićević, 2012: 757).

It must be kept in mind that the impact of tourism on its development does not always have a negative outcome. Since developmental changes are certain on most of the touristic destinations, then tourism and the changes brings with it are much less harmful than other activities. Especially, if tourism development is strategically controlled and based on the postulates of sustainable development. A significantly increased number of tourists in a short period visiting a particular locality can also lead to a progressive disappearance of authenticity in local customs and habits, such as the demand for privacy for cultural activities that are based on community and are not an example of public engagement for a wide audience.

In areas known for their important cultural heritage is setting different challenges in front of creators of strategic development of that area: while on one side it can lead to the devastation of cultural heritage, on the other side is the key for economic growth and building capacity in the community.

Tourism development is followed by community development with the conservation of natural recourses there are a guaranteed social and economic benefits to these communities. For this, they can use the following guidelines: (Vujović et al., 2012: 73)

- Guidelines based on positive economic influences:
- Creating an assessment of the economic influence on tourism development;
- Maximal increase of local economic use trough connections;
- Involving the local community and benefiting from tourism revenue;
- Assisting in the development of marketing of local products and services;
- Promoting fair business and achieving good prices.
- Social guidelines:
- Engaging local communities in planning and decision-making;
- Assessment of social influents of tourist activity;
- Respecting social and cultural differences;
- Usefulness for a host culture.
- Guidelines for the conservation of the environment and natural recourses:
- Reducing the negative impacts on the environment in tourism development;
- Sustainable use of recourses;
- Maximal conservation of biodiversity.

A particular locality where tourism is developed inevitably undergoes certain changes in the ecological, economic and socio-cultural area. Whether these changes will be negative or positive depends solely on the strategic management of the destination. Some of the changes are noticeable very fast, while others are indirect and often are in conjunction with several other local factors. (Hrabovski, Milićević, 2012). It is clear that the benefits of tourism to the local population are manifold (especially from an economic point of view), but there may be some side effects and unfavorable effects created because of high tourist traffic on one destination. Negative effects are most likely viewed in the growth of the black market, the emergence of the new types of opiates in the area, misuse of gambling games – hence, the rise of crime rates. From the socio-cultural aspect, there may also be negative phenomena in the domain of accepting some of the habits that are characteristic of tourists from the local population, that are not in sync with existing habits, ethical principles inherent in a particular community.

ANALISES OF TOURIST INFLUENCE ON VRNJAČKA BANJA

Vrnjačka Banja is the biggest and most famous spa resort in our state and its located in second place by tourist visitation. (RSZ, 2019) It is located in Central Serbia, at the bottom of Goč mountain, in the west Morava valley, at an average altitude of 230 m (Hrabovski, Milićević, 2012; Dimitrovski et al., 2019) Due to its characteristic configuration of the terrain and lush vegetation, it has characteristics of temperate continental climate, altered by local conditions. (Dimitrovski et al., 2019) To develop tourism in Vrnjačka Banja, the "Association for the transport of foreigners Goč" was founded, as far back as 1924. (Borović-Dimić, 2005)

Table 2. Position of Vrnjačka Banja in Raška District - 2018

Vrnjačka Banja	Surface area, km^2	Number of populated parts	The Local population, state 30.06.2018.	
			In total	on $1km^2$
	239	14	26141	109

Source: author, according to RSZ, 2019.

In 1985., a record turnover of tourists in Vrnjačka Banja was recorded, since then the place became significant as a tourist destination, at that time there were 186.173 visitors and 1.642.097 nights. This fact, in addition to the favorable economic and political situation in the country at that moment and the appearance of a slight increase in living standards, was influenced by the increased construction of accommodation units and the increase of interesting content, such as cultural, sports and other events. (Hrabovski Tomić, Milićević, 2012: 763)

In recent times, especially in the middle of the last decade, in Vrnjačka Banja cultural and artistic content was increased in content and the attractive touristic offer was increased. Offer is reflected in the organization of concerts, festivals, carnivals, which brought Vrnjačka Banja closer to the younger generation of tourists who wants to visit it, not just because of health tourism. The mentioned efforts of the Tourist organization of Vrnjačka Banja have had a significant impact on tourist traffic, in 2007. there were 162.542 of tourists recorded, which brought it close to record from the 1985 year. (Hrabovski Tomić, Milićević, 2012: 763)

Table 3. Tourist arrivals and stays in Vrnjačka Banja (month February)

Region Vrnjačka Banja	Overnight stay of tourists			Arrival of tourists		
	In total	domestic	foreign	In total	domestic	foreign
2020.	31975	28346	3629	11403	9923	1480
2019.	22094	20064	2030	6766	6061	705
2018.	18657	16662	1995	6296	5672	624

Source: author, according to RSZ, 2018, 2019, 2020.

According to RSZ records arrivals and overnight stays of tourists on this destination are in a significant increase in the past 3 years. As the records from Table 3 shows the difference in the number of overnight

stay tourist in February 2018. and February 2019. is 3437 tourists, while that number in February of the current year is increasing compared to the previous one for 9881 overnight stays. Tourist arrival in February of the current year is increased compared to the same month 2 years ago (5 107 tourists more). It is noticeable that there is a much larger number of domestic tourists over foreign, which is a tendency that follows Vrnjačka Banja from her first days. As mentioned, the offer of Vrnjačka Banja is much behind compared to other spa centers in the region and therefore is not attractive enough for foreign tourists. It is necessary to pay more attention to tourist attractions in Vrnjačka Banja which would attract the target groups, like older people, that are interested in health tourism, also renovation of the content is needed like more transparent offer of wellness treatments, better organization of different events, etc. to satisfy other groups of tourists. As Banja is rich with natural recourses that can be better used for health tourism, it is possible to steer the touristic offer in that direction, since this branch of tourism is one of the fastest-growing in the world.

Therefore, from the attached data we can conclude that there is the intensive and progressive growth of tourists that are visiting Vrnjačka Banja (Chart 1).

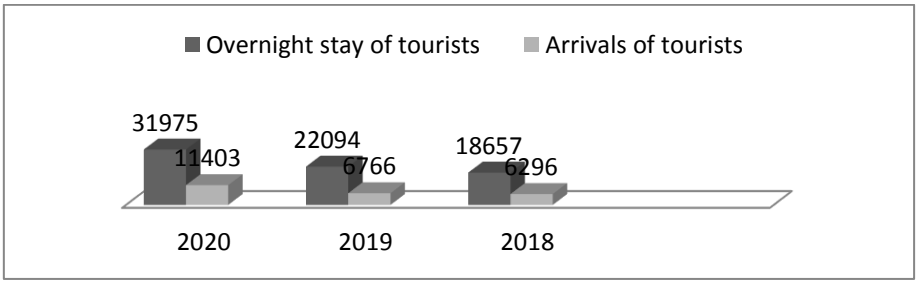


Chart 1. Display of growth tendency of total arrival and overnight stays of tourists in the period from 2018 - 2020.

Source: author, according to RSZ, 2018, 2019, 2020.

As the number of tourists and their stay in Vrnjačka Banja is growing, it comes to an increase of tourist influence on this destination from all aspects: economic, social, cultural and ecological.

Economic influence

The discovery of mineral resources in the mid-19th century certainly enabled Vrnjačka Banja to develop as it had before. From that moment on, the significant investment potential is emerging in this place, and the state and private investors have been investing in its development for decades. As a result, more job openings are emerging for the locals and there is a growth in living standards. The economic benefits of tourism for the local community have grown from year by year. Also, the development of higher education institutions has significantly contributed to the young people coming to Banja to study, work and live. (Dimitrovski et al., 2019)

Socio-cultural influence

What is immediately noticeable is that during summer manifestations in Banja, which are held on the "Summer stage" or along the pedestrian zone, an increased level of noise exists, from different musical programs that are following those events. Thus, loud music until late night hours can be annoying for the local population and tourists that have come to Banja for heal and recreational tourism.

It is especially important to pay more attention to the aforementioned created cultural heritage of Vrnjačka Banja to preserve it from oblivion, underestimating and even devastating and transfer that heritage to younger generations. Care of cultural heritage at the same time has one goal- to help Banja so that it can bring back and save its status, reputation and meaning in the European system of spa resorts. (Hrabovski Tomić, Milićević, 2012) The cultural wealth of Banja can be integrated into a unique product of the Banja and attract foreign tourists interested in exploring the authentic experiences of one locality.

Ecological influence

Vrnjačka Banja is considered a preserved ecological area. Rich natural resources have created unique preconditions for the expansive growth and development of tourism, especially health, sports, recreational, cultural, manifestation, excursion, etc. (Hrabovski Tomić, Milićević, 2012) However, with the future development of tourism and the increasing number of visitors, this place faces the relevant assurance of its elementary values, which have a significant impact on the economy of the place, but also for the local population, who need a healthy natural environment. That includes protections: water (especially mineral recourses), air quality, land, biodiversity, etc. The protection of mineral recourses and healing waters is based on constant and strict quality control. Also, as all area of the Banje has large natural recourse in the form of green areas, woods, parks, long trees, they have to be protected for their positive effects on the climate and health of the population on territory in general. Especially attention should be paid to the conservation and protection of rare plant species. (Hrabovski Tomić, Milićević, 2012)

CONCLUSION

We consider that the only effective way for reducing negative influences of tourism with an increase of positive effects on Vrnjačka Banja and in general is strictly respecting the principals of sustainable development. For this to happen in Banja, it is necessary to connect the private and public sectors of tourism and cooperate, with the arrangement of the wither local community. On the other hand, it is important to implement modern information and communication technologies in the tourism business, to form and strengthen the management system of the spa's unique tourist products. Commercialization of cultural heritage and natural recourses will have an important role in the promotion of Banja, as well as in the actualization of economic benefits, with particular regard to the postulates of sustainable development.it is the development of the authenticity of the Banja that will contribute to the attractiveness of the destination itself. Through the monitoring and efficient development of sustainable tourism, Banja creates a positive atmosphere and effects on all tourism entities, especially for the local population in terms of the environmental, socio-cultural and economic impacts of tourism.

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TOURISM ACTIVITIES IN THE DEPOPULATED RURAL AREAS: ASSESSMENT OF SELECTED VILLAGES INNORTH MACEDONIA

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ABSTRACT

The main focus of the study is the analysis of the depopulated rural areasin order to identify potential for undertaking tourism activities.For this purpose, several villages from all regions of North Macedonia are selected, particularly those which are facing with the problem of continuous depopulation. The study found that the sampled locationshave a well-preserved natural rural environment, traditional ambiance, local organic food and gastronomic cuisine, and offer unique experience with no pollution and stress.Hence, they may start introducing tourism activities in the line of attracting tourists and visitors. As such, developing rural tourism may be identified as an alternation for boosting rural economy.

KEY WORDS: Rural areas; Tourism;Depopulation; Rural development.

INTRODUCTION

Global changes in economic and social life have caused great modification and enormous transformation in the concept of the functioning of small rural communities. This has resulted inlow production, declined agricultural income, high unemployment rates, mass migrations, rural abandonment of young,productive and vital population,unbalanced demographic pattern (Gallent et al., 2008; Khaleel & Ngah, 2013). Also, in many rural areas, small villages have been heavily influenced by adverse demographic and socioeconomic changes, increasing social and cultural divergence, affecting local values and lifestyles (Theodoropoulou&Kaldis, 2008; Khaleel &Ngah, 2013).All this destroyes the vitality of the villages and rural communities. Therefore, over the years, tourism is considered a way out of providing additional financial contribution to rural households and recovery of rural economy.

Rural tourism has become very popular in the international tourism market, especially for small and less developed rural destinations.Rural areas are often identified as places of local beauty and places for relaxation and escape from overcrowded cities and places where rural tourism is often practiced.So, rural areas that have local beauties, such as: historic sites, natural beauty and clean air (Fredericks, 1993; Dong et al., 2013),distinctive specifics (Bogdanov & Jankovic, 2013; Mahdavi et al., 2013), traditional values and cultural experience (Hardy, 1998; Miller, 1989; Pesonsen & Tuohino, 2015),museums, monuments and historical landmarks (Pedford, 1996; Turnock, 1999; Weiler& Hall, 1992). As such, rural areas are places for relaxation and escape from the crowded and stressfulurbanlife (Urry, 2002),where mental balance and peacefulness is found (Mak et al., 2009). At the same time, they are places where employment, vitality and sustainability are promoted as important concepts (Hall et al., 2003; Kneafsey, 2000; Ploeg, 2008).

Rural areas in North Macedonia, especially small depopulated villages, are considered extremely vulnerable to social and economic problems. This paper discusses the possibilities of introducing tourism as an alternative to sustain rural economies in several selected villages, given that their rural livelihoods have capabilities, resources (material and social resources), and activities needed to provide basic livelihoods in rural communities. So, rural tourism can be encouraged for such rural areas in North Macedonia.

The paper is structured in several parts. After the introduction, next section presents the research methodology and the main results. This is followed by the discussion and general conclusion. The paper adds to the current literature on rural areas in North Macedonia, in addition to some previous findings (Dimitrov & Petrevska, 2012, 2019; Dimitrov et al., 2019a, 2019b, 2020; Petrevska & Dimitrov, 2013; Petrevska et al., 2019;Petrevska & Terzić, 2020).

METHODOLOGY AND RESULTS

The study assessedthe main environmental and general characteristics of selected villages in North Macedonia.Based on a qualitative research method, mainly through literature review and a field work, a rapid assessment of selected rural areas was performed. Data were collected during September 2018 and November 2019.The following main criteria were applied for sampling the locations:
- To be a depopulated, economically depressed and small village in terms of number of residents;
- To have attractions in the rural environment;
- To offer accommodation or at least in the near vicinity;
- To have potential for activities in traditional way with direct contact with the nature.

The sample consisted of 14 villages belonging to six municipalities from six statistical planning regions in North Macedonia (Figure 1).



Source: Dimitrov & Petrevska (2019: 46)

Figure1. Sampled rural tourism destinations in North Macedonia (No.1: B's,Varovište; No.2: Konsko, Sermenin, Huma; No.3: Velmevci, GolemoIlino,Železnec; No.4: Janče, Tresonče,Gari; and No.5: Nežilovo, Oreše,Papradište)

Due to the territorial dispersion, the sampled villages were grouped (2-3 villages), thus creating five potential destinations for rural tourism. Table 1 presents summarized tourism motives in terms of natural, anthropogenic and communicative-receptive factors of selected rural destinations.

Table 1.Tourism motives in selected rural destinations in North Macedonia

Destination 1: Northeast planning region (Municipality of Kirva Palanka)				
No	Settlement	MOTIVES		
		Natural	Anthropogenic	Communicative - Receptive
1	B's	1,210 m a.s.l. MountainOsogovo	1 church, old houses,2 archeological sites, livestock, 25residents	Asphalt road, water supply
2	Varovište	800-1,160 m a.s.l. MountainOsogovo	2 churches, 1 monastery,old houses, livestock,35residents	Asphalt road, water supply
Total: Small villages, mountainous area, 3 churches, 1 monastery (St. Joachim Osogovski), 2 archaeological sites, 2 monuments, old houses that can be adapted for rural tourism, few new weekend houses.				
Destination 2: Southeast planning region (Municipality of Gevgelia)				
	Settlement	MOTIVES		
		Natural	Anthropogenic	Communicative - Receptive
1	Konsko	790 m.a.s.l., Kožuf Mountain (2,172 м.), Konska River,mineral healing water, spring, artificial lake under construction, endemic flora	2 churches,old houses, memorial plaques, village fountain, agriculture, skiing, mountaineering, mountaineering, paragliding, hunting, 2 residents	Asphalt road, plumbing, water supply, tourist site, "Smrdlivavoda" (850 m), Mountain Lodge, Ski Center Kožuf, 1,550-1,700 m), cottages, apartments, restaurant
2	Sermenin	540 m a.s.l. foothills of Kozuf mountain, waterfall, SermeninskaReka, small artificial lake,fountain, springs	1 church, 1 monastery, old houses and new cottages, memorial fountain, agriculture, 2 manifestations, 10residents	Asphalt road, water supply, plumbing, ethno-restaurant
3	Huma	850 m a.s.l. foot of Kožuf Mountain, old volcano	1 church, new houses and weekend houses, monument from the New Liberation War (NLW) manifestation,2 residents	Asphalt road, water supply, plumbing
Total: Small villages,mountainous and hilly area,4 churches, 1 monastery (St. Prophet Elijah), 2 monuments, old houses that can be adapted for rural tourism, also new weekend houses, tourist site "Smrdliva Voda", mountain lodge, Ski center "Kožuf"				
Destination 3: Pelagonia planning region (Municipality of Demir Hisar)				
	Settlement	MOTIVES		
		Natural	Anthropogenic	Communicative - Receptive

1	Velmevci	950 m a.s.l. Ilinska Mountain, caves	4 churches, old houses, several memorials from Ilinden and NLW, historical place, agriculture, 7 residents	Asphalt road, water supply, weekend houses
2	GolemoIlino	980 m a.s.l. Ilinska Mountain, mineral spring, Ilinska River	2 churches, 1 monastery, old houses, monuments from Ilinden and NLW, agriculture, 15 residents	Asphalt road, water supply, weekend houses, small flow hydropower plant
3	Železnec	720 ma.s.l., sources ofCrnaReka, narrow valley, caves	1 churches, typicalold houses, ancient archeological site,memorial from the Ilinden ant the NLW, 18 inhabitants	Asphalt road, water supply, weekend houses
Total: Small villages,mountainous area and valleys, 7 churches, 1 monastery (St. Prophet Elijah), 5 monuments, old houses that can be adapted for rural tourism, and few new weekend houses.				
Destination 4: Southwest planning region (Municipality of Debar) and Polog planning region (Municipality of Mavrovo-Rostuša)				
	Settlement	MOTIVES		
		Natural	Anthropogenic	Communicative - Receptive
1	Janče	760 m a.s.l. River Radika, Lower Radika, Mountain Stogovo	2 churches, 1 mosque, old houses, 3 archeological sites, NLW memorial, 50 residents	Good traffic Connection, water supply, several restaurants and accommodation
2	Tresonče	1,314 m a.s.l. Bistra Mountain Mala Reka, Alilica Cave	4 churches, old houses, 3 archeological sites, memorial fountain, agriculture, traditionalarchitecture, 3residents	Narrow asphalt road, water supply,tourist signposts through the village, horse riding, mountain biking
3	Gari	1,485 m a.s.l. Mount Stogovo Garska Reka,	3 churches, old houses, agriculture, traditional architecture, old village hydropower plant, village fountain with a memorial plaque from the NLW, 5 residents	Narrow asphalt road, water supply, one restaurant and accommodation
Total: Small villages, mountain area, 9 churches, 1 monastery(St. John Bigorski), 1 mosque, 6archeological sites, 2 monuments, old traditional houses that can be adapted for				

rural tourism, weekend houses, a motel, a hotel and a restaurant, hiking and mountain bikingin National Park Mavrovo.				
Destination 5: Vardar planning region (Municipality of Časka)				
	Settlement	MOTIVES		
		Natural	Anthropogenic	Communicative - Receptive
1	Nežilovo	680 m a.s.l. MountainJakupica, RiverBabunaandothersmallerrivers, villagefountain, hiking, Nežilovski Steni, peak Solunska Glava	1 church, 1 monastery, old houses, 1 archeological site, 2 memorial plaques, village fountain, limestone in the village, fishpond,30 residents	Asphalt road, water supply, fishpond with a restaurant, accommodation
2	Oreše	760 m a.s.l. Mountain Babuna, River Oreška, village fountain	2 churches, 1 monastery, old houses, a memorial fountain from the NLW, 40residents	Asphalt road, near the railway Skopje – Bitola, water supply
3	Papradište	950-1,000 m a.s.l. Dautica Mountain, Babuna River	1 church, 1 monastery, old houses, memorial plaque, 2 mountain cottages, stockbreeders, migrant workers, 15 residents	Asphalt road, water supply, bicycle trails
Total: Small villages, mountain areas, 9 churches, 1 chapel, 3 monasteries(Oreški - St. Geopge; Nežilovski- St. Petka of Rome; Papradiški - St. Prophet Elijah), 1 monument, old traditional houses that can be adapted for rural tourism, few weekend houses, fishpond and a motel with restaurant.				

Source: Authors' field research

DISCUSSION

From the field research, it was found that the selected rural areashave a complexity of rural natural environment, traditional cultural values and have an opportunity to offer various activities that can be further developed as tourism products. They have a wide range of activities and practicesthat can be profiled for tourists and travelers, thus contributing to local economic development.

Namely, it was found that selected villages have basic elements for initiating, introducing and boostingsmall scale rural tourism development. All possess natural and anthropogenic motives that may act as strong tourismattractors. Almost all have opportunities for transformingthe traditional houses into tourism accommodation facilities. Locals can offer certain groceries and provide personalized contact, thus enabling activities in authentic and traditional way.

The field research revealed that sampled rural destinations can identify and offer visitors specific rural activity packages, like: walking,hiking, horse and donkeyriding, sightseeing local natural sites (spring, river, waterfall, lake, cave, etc.), pick forest fruits, mushrooms and herbs, visit religious buildings (churches, monasteries, monuments),enabling the "life practising technique" (toinvolve visitors in the process of gardening, cattle breeding, participation in local traditional celebrations, religious holidays and cultural events), experiencing active holiday through a nature therapy, etc. Furthermore, whentourism is supported, residents may offervisitors fresh food (meat, eggs, honey, vegetable, fruit), dairy products, local home-made drinks (wine, brandy), local specialties, etc. This may cause several

positive impulses to the local economy and encourage new forms of business activity among the residents.
On the other side, the research revealed that selected rural areas arefacing some general weaknesses which may have serious negative impacts on their development, such as: a constant decline in the population size, unfavorable age structure, small and old households, unfavorable educational structure, lethargy, lack of awareness, lack of finances, neglect of traditions, degradation of the natural and anthropogenic environment, fear of a new way of thinking and acting, etc.
In addition, it was found that not only to these selected villages, but generally to all small and depressed villages in North Macedonia,one must give serious incentives to: improve the infrastructure, renovate and adapt the traditional houses and other accommodation facilities, improvethe electricity empowering system,reanimate the private sector, revive neglected and forgotten traditional professions, educate, train and raise awareness among residents about the positive effects of developing rural tourism,support financially the returners, etc.

CONCLUSION

Based on the first-hand experience supported with a literature review, a rapid assessment of selected rural areas in North Macedonia was made. The research revealed that the initiative for developing rural tourism depends on:
- Public policies directed towards specific investments tailored to the needs of a particular region;
- Increasing tourist accommodation capacity and occupancy rate; and
- Increasing revenuesfromruraltourismas a prerequisitefortourismdevelopmentin theregion.

Finally, the study concludes that small and depressed villages are not expected to be able to attract tourists and travelers on their own, but they must be seen as an additional supply of an already well-known attractive resource base (tourist centers, attractions and destinations). This implies the need to establish and maintain a strong connection between the small village and the near-by main attraction, which will contribute to the development of less developed and some of the underdeveloped regions in North Macedonia.

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NATURAL RESOURCES AND RURAL TOURISM:EVALUATION OF SELECTED AREAS FROM NORTH MACEDONIA AND SERBIA

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ABSTRACT

This paper examines the roles of natural resources in the development of rural tourism products, and in particularly address the need for well-balanced use of local natural resources and exsisting cultural values in rural areas of North Macedonia and Serbia. As the rural tourism concept is overlapping with other tourism forms, being closely interlinked with nature and eco-tourism, adventure and recreation tourism, cultural tourism, sustainable tourism, responsible tourism, etc., it opens the question of general role of natural resources in the expansion of rural tourism niche. The aim of the investigation is to provide the perspective on the possibilities for symbiosis between nature protection and rural tourism development. The environmental aspect is outlined, while in addition, economic, cultural, infrastructural and social aspects are also discussed and evaluation of rural capital of selected areas is conducted in order to indicate the general role of nature based resources in tourism development process.

KEY WORDS: natural resources, rural tourism, environment, North Macedonia, Serbia

INTRODUCTION

Demographic, social, and economic changes have influenced the need for reconsideration of the role of natural resources in many rural regions, with a shift from extractive, commodity values and instead placing a greater emphasis on amenity values as sources of population and economic growth in rural areas (Hammer, 2008). Natural amenity-rich communities take advantage of their natural endowments as latent primary factor inputs for tourism/recreation and overall economic and community development (Hammer, 2008; Schaeffer,& Dissart, 2018). In most developed societies there has been a change in fundamental values and reorientation to nature, due to *nostalgia for real or imagined past lifestyles and landscapes, and environmentalism* (Williams, & Hall, 2000:10), which eventually contributed to rural tourism growth. Therefore, together with a continuous trend of seeking of the untouched natural environment (extraordinary preserved nature as an get away from crowded urban space) and traditional values (experiencing different cultures and travel to the past in search for origins), peripheral but attractive rural areas became places of intensive tourist visitation. Natural resources are the base on which rural development rely upon, while such amenities have always represented attractive resource for tourism sector, recent statistics report rapid growth in nature-based tourism and rural tourism, especially within European scope, but also worldwide trend (Fredman and Tyrvainen, 2010).

Within rural areas in particular, natural environment provides the valuable resources for the establishment of tourism business, that can serve as free resources of economic value for rural tourism development (Jaafar et al., 2013). Regardless whether the tourism activity is dependent, enhanced or just contextualized through natural environments (Fredman, Wall-Reinius & Grunden, 2012), these dimensions play an important role in creation of rural tourism products and establishment of small scale tourism enterprises in rural areas (Irvine and Anderson, 2004). The growth of tourism markets in rural regions allow diversification of activities in the rural economy, and may also stimulate support for the preservation of natural landscapes (Canoves, Villarino, Priestly and Blanco, 2004). Specific “quality of

rural environment" that makes certain rural areas suitable for a living and vacation, refered as "amenities" is related to favorable climate, biodiversity, topography, water resources, forests, protected nature, recreational facilities, infrastructure and cultural/historical heritage (Josipović, 2018). Tourism, especially in developing countries, depends on the richness of natural and cultural capital, and is considered a sustainable source of revenue for rural communities (Jaafar, Kayat, Tangit, & Firdous, 2013), which is also the case for North Macedonia and Serbia. Beside, rich natural amenities, the attractive aspect of rural areas for tourism development is also based on the existing offer of various recreation and cultural activities that may occur within rural space reflected in the McGranahan's (2011) concept of "outdoor amenities", providing the possibility of engaging in various recreation activities in rural areas (Josipović, 2018). The greater quality of natural amenities increase attractivness of rural areas bring the economic growth, increased tourist demand, but also increased pressure on natural environment. The article is based on the extensive research on rural tourism development in sparsely populated areas of North Macedonia and Serbia, focused to the environmental aspect of the tourism development process in rural areas, representing an addition to previous work (Dimitrov & Petrevska, 2012; Dimtrov, Terzić,and Petreska 2020, Petrevska & Dimitrov, 2013; Terzić at al., 2019).

PROTECTED NATURE AND RURAL TOURISM IN NORTH MACEDONIA AND SERBIA

The Republic of Macedonia covers an area of 25,713 km^2 with about 40% of its territory being described as forest land, 51% is agricultural land. According to the spatial planning of the Republic of Macedonia for the period 2002-2020, the network under protected area includes 74 objects with an area of 187,770 ha, representing 7.3% of total area of the Republic of Macedonia (Mihajlov, Trajkova, Zlatkovski and Hristova, 2011) with a plan to increase on 11.6% (Official gazette of The Republic of Macedonia, 39/04). In 2018, the National Strategy for Nature Protection (2017-2027) and the National Strategy for Biological Diversity (2018-2023). The protection system includes 86 areas, occupying a turnover of 230,083 hectares or about 8.9% of the territory of the RNM, most (67 areas) belong to natural monuments, followed by the nature parks (12 areas), then 3 national parks, 2 strict nature reserves, 1 protected area and 1 multi-purpose area (National Strategy for Nature Protection, Action Plan, 2017-2027, Ministry of Environment and Physical Planning, 2018).

Considering the development of nature-based and related rural tourism (such as eco-tourism) among prosperous areas rich in natural amenities are destinations such as Ohrid Lake, Markovi Kuli, Cave Slatinski Izvor (World Heritage Sites), Prespa Lake, Dojran Lake (Ramsar Wetland Areas), but also national parks Mavrovo, Pelister and Galicica and Tikvesh (Strict Nature Reserve), while tourism activities may also be developed within the areas surrounding natural monuments such as Ezerani, Dojransko Ezero, Klisura Demir Kapija, Orlovo Brdo, Matka Canyon, Smolarski vodopad, Markovi Kuli and some other high quality natural resources: Bogoslovets, Alshar, Bansko—Monositovo, Belchyshko Blato and Sharr Planina. The development of rural tourism in these sensitive areas is foreseen as a prosperous tourist activity with relatively low impact to the natural environment. The importance of tourism for rural development is identified in the Republic of Macedonia, and therefore the main attention is put not only on rural development (Law on Agriculture and Rural development, 2012) but also on rural tourism development (National Strategy for rural tourism, 2012-2017) (Nestorska, Marinoski, Risteski, 2016; Dimitrov, Petrevska, 2012). Possesion of unique and well-preserved natural resources, large number of traditional rural households and supplementary potentials, imposes great future challenges towards rural tourism development, support ed with the fact of noting around thirty rural tourism development zones, twenty rural tourist centers and over two-hundred rural tourism settlements in North Macedonia (Dimitrov, Petrevska, 2012). In the Republic of North Macedonia there are examples where local governments are designated for protected area management. These are: Municipality of Resen, managing the Nature Park - Ezerani and the Natural Monument of Lake Prespa; Municipality of Dojran with the Dojran Lake; Municipality of Kratovo with the Ploce Litotelmi and Kuklica; Novo Selo manages the area of Smolare Waterfall; Vevcani municipality of Vevchanski Izvori; Prilep's authorities are responsable for Lokvi Golemo Konjare, while Makedonski Brod manages the Cave Slatinski Izvor, etc. (National Strategy for Nature Protection with Action Plan (2017-2027). For almost all these places, plans for selective type of tourism were made and information tourist boards established, pedestrian paths and resting areas marked. The best examples of practicing

rural tourism in conjunction with nature are the villages of Vevcani, Mavrovo, Lesnovo, Brajcino, Zrnovci, Smolare, etc.

Republic of Serbia covers an area of 77,474 km^2, with 85% of Serbia's territory is defined as being rural, with about 29% of Serbia being covered by forests, with about 44-55% of its population living in rural areas (Erdelji, Gaigć, Jovičić and Medić, 2013). Currently, based on the applied measures of institutional nature protection, the total area of protected nature covers 677,950 ha, a 7.66% of state territory. Under protection is 469 protected areas: 5 national parks, 18 nature parks, 21 outstanding natural landscapes, 69 nature reserves, 6 protected habitats, 314 monuments of nature, 36 sites of cultural and historical importance. In addition, there are 1783 strictly protected wild species and 860 protected wild species of plants, animals and fungi (Institute for nature conservation of Serbia, 2020). Considering the categories of protected natural areas in Serbia, nature parks Stara planina, Golija, Zlatibor and Radan take the largest part of the total protected area, followed by national parks Đerdap, Tara, Kopaonik, Šar planina and Fruška Gora (Dragišić, 2018). These preserved areas of exceptional natural beauty are also recognized as areas of great potential for rural tourism development based on the Strategy of rural tourism development in Serbia (2012). Among natural factors with greatest rural tourism development potentials we outline biosphere reserve Golija (UNESCO MAB), Nature park Stara planina, National park Šar-planina, Nature reserve Gornje Podunavlje, Special reserve Delibato, Vlasina Lake, Valjevo Mts., Nature reserve Uvac, Swamp areas on the Ramsar List (Obedska bara, Ludaško Jezero, Stari Begej-Carska bara, Zasavica, Vlasina, Peštersko polje), Prokletije - Mokra Gora, Kučaj Mts and Beljanica in Eastern Serbia, etc. (Strategy of rural tourism development in Serbia, 2012). There are examples of successful rural tourism development within protected national parks and reserves, but there is an indication that rural tourism development in Serbia is centralized, with highest concentration of rural tourism destination in the western and central parts of the country, especially in Zlatibor district, around Valjevo, Gornji Milanovac and Kosjerić. Sustainable rural tourism development is expected to take the main role in the protection and preservation of natural environment in Serbia, while integrated sustainable management of protected nature parks may become the mechanism for support and increase of awareness and capacities of local rural communities towards practicing rural tourism that currently have marginal role (Beronja, Owen, Petrović and Petrović, 2012).

METHODOLOGY

In order to asses the general role of natural capital in the process of rural tourism development process, the evaluation of selected rural areas in North Macedonia and Serbia, based on the model of rural capital evaluation proposed by Bogdanov and Janković (2013) was applied. The model includes the extended list of indicators assessing issues of Human capital and entrepreneurial potential; Economic capital – the extent and quality of resources and sources of income; Cultural capital; Natural capital (environmental capital) and Social capital (community organizational capacities) (Dimitrov, Terzić, Petrevska, 2020). Based on the field-research (2018 and 2019) examination of total 51 villages in North Macedonia and 50 villages in Serbia with a focus on underdeveloped small villages settled in attractive natural setting, having certain tourism development potentials. With a scope to outline the role of natural (environmental) capital in the total rural territorial capital of selected rural areas we applied regional approach. The evaluation was based on the selected villages in each region: Severoistočen planski region, Jugoistočen planski region, Pelagoniski planski region, Pološki and Jugozapaden planski region and Vardarski planski region in North Macedonia, and within Republic of Serbia in Vojvodina region, Šumadija and West Serbia region, South and East Serbia, and Belgrade region (which was excluded from further examination as predominantly urban region with limited number of natural resources).

RESULTS

The extensive field research enabled us to analyze all aspects of rural capital in the defined regions in North Macedonia and Serbia. Also, with a focus on the high quality natural landscape, present in all defined areas, allowed us the possibility to recognize diverse tourist activities and development paths in selected rural areas. Most attractive natural amenities are found to be located in predominantly mountainous areas, while all selected villages were settled within exceptional ambiance and posses

certain authenticity and distinctiveness. Here, natural and cultural resources, in terms of the general role in tourism development are interlinked and occur in certain symbiosis. Still, as these rural areas are economically oriented to simple agriculture and cattle breeding, rather low diversification levels are present, while tourist activities are gradually introduced quite recently. Such areas are offering a variety of recreational activities in preserved natural environment, while additionally possessing a variety of cultural resources (monasteries, monuments, traditional architecture, local traditions, events, festivities) which are considered an added value. Development of rural tourism products in both countries are seen as a strategic goal on national and regional levels, while tourism is seen as activity with a potential for starting of the diversification process in rural areas and a base for its economic and developmental prosperity in the future.

Based on the evaluation of the tourism attractive factors in Serbia, based on FAS methodology (total 23 relevant factors) in the Strategy of rural tourism development in Serbia (2012) natural factors were outlined as a factor of greatest importance, with average score (3.6), significantly higher compared to score related to human resources (2.5) and capital investments potential (2.2), which indicates the greatest role of the nature-based attractions in the development process of rural tourism in Serbia. Similar results were found in the case of some regions in North Macedonia (Nestoroska, Marinoski, & Risteski, 2016). Such results are in line with our findings, as the results we received by application of method of rural territorial capital evaluation presented in the Table 1 also indicate the greatest possible influence of natural capital to the development perspectives of rural areas.

Source: Author's Calculations

Figure 1. Evaluation of rural territorial capital of North Macedonia and Serbia (regional level)

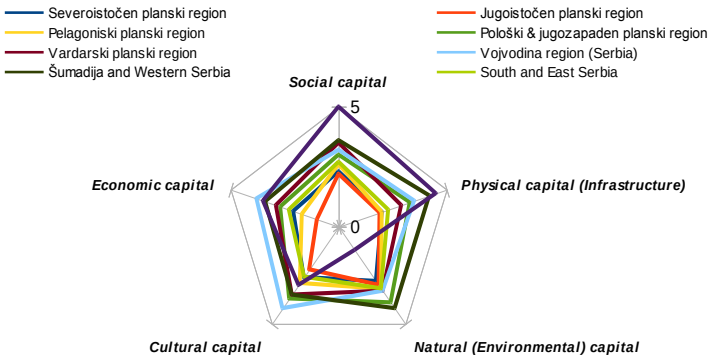


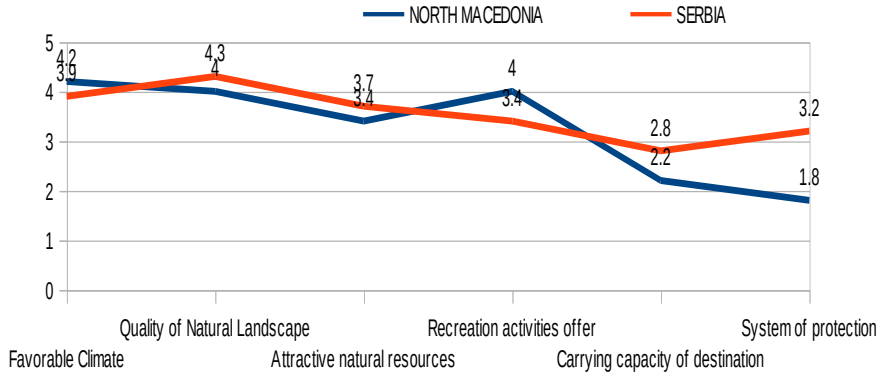
Figure 1. shows different distributions of strategic capital in various regions in North Macedonia and Serbia, indicating that different approaches need to be defined in the process of rural development in these regions. Both countries have similar average scores in terms of rural territorial capital considering defined factors, having in mind that in the focus of the study were rural areas that are recently introducing tourism activities. Also, great similarities in the development process were noticed, as the governmental support is considered greatest precondition of rural tourism development in such rural areas (predominantly mountainous areas). However, the greatest potentials are seen in high quality natural (environmental) capital, in both countries, with slightly greater average score evidenced in Serbia (3.6) compared to North Macedonia (3.3), where the basis of rural development is seen in a specific mix of natural and cultural capital.

Table 1. Rural territorial capital of underdeveloped rural areas in North Macedonia and Serbia

RURAL TERRITORIAL CAPITAL	NORTH MACEDONIA	SERBIA*
Social capital	3.5	3.2
Economic capital	2.9	3.2
Cultural capital	3.5	3.4
Natural (Environmental) capital	**3.3**	**3.6**
Physical capital (Infrastructure)	2.9	3.3
AVERAGE	3.22	3.28
* Belgrade region excluded as predominantly urban area with extreme population density.		

Source: Author's Calculations

The research confirmed that strategic strengths in underdeveloped rural areas may be seen in favorable geographical position and natural resources, and as well in richness of cultural and social capital, while lacking in economic capital, infrastructure and governmental support. Furthermore, we may note the following general weaknesses affecting most of the peripheral rural areas in these countries: decrease in rural population; emigration, unfavorable age structure; small and old households; unfavorable educational structure; lethargy; lack of awareness; unemployment, lack of finance; small diversification levels, low entrepreneurship levels among local populations, environmental pollution, low investment levels, lack in tourism facilities and infrastructure, undeveloped tourist products oriented to domestic short-vacations, etc. However, regional aspects needs to be considered in the development process, due to great differences in terms of existing rural capital. Therefore, all sampled regions and villages seem to be heavily dependent on natural and cultural resources, while their development is strongly dependent to the existing physical capacities and human resources (Dimitrov et al., 2020).



Source: Author's Calculations

Figure 2. Indicators of Natural (Environmental) Capital

Based on the data presented in Figure 2, we may conclude that considering the natural (environmental) capital as the main resource on which rural tourism development depends on is based on favorable climate and high quality of natural landscape and existing variety of attractive natural resources in both countries, while the greatest potential threat is foreseen in the lack of adequate protection system and low carrying capacities of rural destinations in these areas. However, the rural tourism development process in North Macedonia and Serbia is in its initial phase, characterized with relatively low demand levels and traditionally oriented towards domestic market (with share over 90% of all overnight stays in rural areas). Therefore, introducing the integrative sustainable rural development approach may provide adequate solutions and prevent defined threats lying in the uncontrolled tourism development process.

CONCLUSION

The preserved natural environment, rich landscape, the possibility for outdoor recreation, slower and calmer lifestyles, lower expenses, cultural closeness and other factors are recognized as favorable aspects of rural areas, which are the qualities highly valued by specific tourist segments. However, areas that possess natural resources of high values, tend to lack in infrastructural and human based capacities, therefore the rural development in such areas is on the starting point. Factors of rural amenities are consisted of three types of resources: natural amenities (favorable climate, preserved natural environment, topography, water and wood resources and biodiversity), built resources (offer of tourist and recreational activities, availability of public services, transport and communal infrastructure, accommodation facilities, etc), and cultural historical amenities (cultural heritage, tradition and festivals), which have the great role in rural economic development and growth (Josipović, 2018).

Current situation in North Macedonia and Serbia indicates that, rural tourism founds itself in its initial stage of development, while highly dependent on governmental support, especially in peripheral mountainous regions. As already outlined in Dimitrov and Petrovska (2012), further development in

rural tourism in North Macedonia na Serbia depends on: public policies directed towards specific investments which is tailored according to the needs of specific region; efforts to increase tourist accommodation capacity and occupancy rate, significant efforts to increase rural tourism income for local communities as a precondition for regions' tourism development and continuous governmental support. Further, it is not enough simply to have excellent natural surroundings, firm catering resources and steady accommodation capacities in attractive rural areas if continuous institutional support is missing, which is the main precondition in sustainable rural tourism development in both countries. Considering that the basis of rural tourism development potentials are represented in exceptional natural environment and high concentration of valuable natural resources, with greatest potentials foreseen for the villages located within the high quality authentic ambiance, mostly within protected natural parks, the strict policies and monitoring procedures need to be applied in the tourism development process, preventing negative environmental and social impacts.

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COVID-19 IMPACT ON CAPITAL MARKETS IN EUROPEAN UNION AND CHINA

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ABSTRACT

Disappearance of classic face-to-face way of financial product distribution is one of the side effects of current epidemic situation. With digitalization, and especially with younger generation, and changing people´s habits, financial companies have been, step by step, implementing modern distribution practices in their business models. Nonetheless, nobody has forecasted the massive and instant need for this as it was brought by the impact of COVID-19.

With quarantine measures, peoples´ cautiousness, companies´ prudent measures, and other actions, business models had to be adjusted. In European Union and Asia, specific age group of people were already using digital distribution of financial services. However, it was more relevant for easy-to-understand and less-complex financial products for which there was immediate demand. On the other hand, there was only limited use of digital distribution in complex financial products. For financial market players, and sustainability of their business model, it is vitally important to continue offering wide range of their services and products. On the other hand it is important to adhere to all the regulatory framework rules when providing the investments services.

All in all, regulated financial entities had to be operationally ready and prepared to address the escalating and evolving risks from the COVID-19 pandemic including conducting stress testing, reviewing continuity plans, enhancing security protocol and providing the services using distant methods, while at the same time, complying with the regulatory burden. They also needed to quickly address on the demand of digital sale, which was coming from both clients´ and distributors´ side. The aim of the authors is to elaborate the measures that were taken on the side of regulators (ESMA, EBSR) seeking the stability of the capital markets and showing some specific examples how COVID-19 pandemic affected the markets in European Union and China.

KEY WORDS: digitalization, distribution, fintech, insurtech, covid19, capital markets

SYSTEMIC RISK ASSOCIATED WITH THE PANDEMIC

The occurrence of the COVID-19 (coronavirus) epidemic and the enforcement of reactive and protective actions represent a massive rock thrown into the relatively quiet waters of European economies[2]. As adopted by most of the member states of the European Union, the measures of debt moratoria, public guarantee schemes or other forms of subsidies try to prevent the households and the entrepreneurs from going bankrupt, or vice versa from the vast negative economic effects of the pandemic. Businesses of the entrepreneurs within European Union operate within the integrated and

[2] See FERNANDES, N.: Economic Effects of Coronavirus Outbreak (COVID-19) on the World Economy, 2020, research paper Fernandes, Nuno, Economic Effects of Coronavirus Outbreak (COVID-19) on the World Economy (March 22, 2020). Available at SSRN: https://ssrn.com/abstract=3557504

dynamic business world not only in the European Union but also within the world and global economy. Such interconnection of these worlds creates radical uncertainty and systemic risk for the overall global and business environments[3].

As for the risks in the area of the capital markets in the European Union, European Securities and Markets Authority (ESMA) came with its risk evaluation as is resulting from the COVID-19 pandemic and how it impacts the capital markets[4]. COVID-19 pandemic led to the huge equity market corrections that are purported by a rapid degradation in the perspective of retail clients, entrepreneurs and of the economy.

Bond markets (corporate and state bonds) including the investment funds show signs of stress. The corporate bond sector has been impacted by the weak economic outlook due to the coronavirus pandemic. Even though there are signs of occasional market rebounds, we find that from the future perspective such long period of risk to institutional and retail investors of further market corrections represents another burden for the market. Whether will such risk be transformed into more serious consequences shall in the opinion of ESMA depend on the economic impact of the pandemic, and on the occurrence of additional external events in an already fragile global environment. The authors agree with such evaluation of the risk factors. Within the European Union, except for the securities markets, infrastructures and asset management we can also talk about the risks within the liquidity and market risks. One can except the rise in operational, credit, contagion and consumer risks. [5]

EUROPEAN ACTIONS IN RESPECT OF PANDEMIC

As the authors see it, the effectiveness of the operational and protective actions of the EU member states in terms of preserving the financial stability will largely depend on their directness, speed and last but not least, on the volume of the financial aid connected with such actions. European Board of Systemic Risk warns that such aid needs to be carefully monitored at the national level so that adjustments can be made in good time, using the flexibility that is provided by the Union's temporary State aid framework to support the economy in the context of the COVID-19 outbreak. As for the existence of the common European Union market and the interconnection of the European economies, the operational steps taken into action by one members state might have significant effect on the economy of other member states, such effect being even positive or negative. This fact should be taken into account when assessing the EU financial stability implications of the measures taken by national authorities to protect the real economy in response to the COVID-19 pandemic[6]. National and EU authorities in this respect took measures to support the liquidity and solvency of the entrepreneurs and to protect the income of the consumers during the COVID-19 pandemic[7]. European Board of Systemic Risk calls for the interchangeability of the experiences and the early identification of cross-border and cross-sectoral issues. As for the fact that in the future the coordinated view of the approaches to phasing-out the measures will be appropriate. European Board of Systemic Risk recommends the national macroprudential authorities to monitor and assess the financial stability implications of COVID-19 related measures taken by their member states to protect the real economy, such as debt moratoria, and public guarantee schemes and other measures of a fiscal nature.

[3] https://blogs.lse.ac.uk/usappblog/2020/05/02/the-covid-19-pandemic-shines-a-spotlight-on-the-systemic-risk-to-global-business/

[4] https://www.esma.europa.eu/press-news/esma-news/esma-updates-its-risk-assessment-in-light-covid-19-pandemic

[5] https://www.esma.europa.eu/press-news/esma-news/esma-updates-its-risk-assessment-in-light-covid-19-pandemic

[6] https://www.esrb.europa.eu/pub/pdf/recommendations/esrb.recommendation200608_on_monitoring_financial_implications_of_fiscal_support_measures_in_response_to_the_COVID-19_pandemic_3~c745d54b59.en.pdf

[7] A dialogue between macroprudential authorities and fiscal authorities is of utmost importance to assess the implications for financial stability, including cross-border and cross-sector aspects

COVID-19 pandemic brought market volatility and an increase in market, credit and liquidity risks. In these times ESMA notified that some of the European Union member states are noticing the increase of the activities of the retail investors, namely the fact that the number of investment accounts opened by retail clients are increasing and also the fact the amount of trades of the retail clients is increasing. The question is how to safeguards the protection of the retail investors per se, mostly during these highly uncertain and unprecedented market circumstances. As ESMA sees it, the conduct obligations under MIFID II shall be adhered to. ESMA believes that investment firms should have greater duties when providing investment or ancillary services to investors, especially when they are new or have limited investment knowledge or experience, who decide to invest during these times of intensified market volatility[8].

During the times of uncertainty, the most relevant and applicable obligation of the investment firms under MIFID II is entailed in the article 24 of the directive 2014/65/EU of the European parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MIFID II Directive). When providing investment services an investment firm act honestly, fairly and professionally in accordance with the best interests of its clients and comply with the principles set out in articles 24 and 25 of MIFID II Directive[9]. In order to enhance the regulatory framework applicable to the provision of services irrespective of the categories of clients concerned, it is appropriate to make it clear that principles to act honestly, fairly and professionally and the obligation to be fair, clear and not misleading shall apply to the relationship with any clients. Moreover, ESMA emphasised that the principles related to the rules of product governance, information disclosure, suitability and appropriateness requirements shall be adhered to. Investments firms shall double focus on adequate product governance arrangements to ensure that financial instruments will only be offered when in the interest of the client or potential client. Investment firms must determine the target market and associated distribution strategy for the financial instruments that they manufacture or intend to offer. This target market assessment should be done in an appropriate and proportionate manner, taking into account the nature of the financial instrument and the investment service provided. ESMA stresses that especially for more complicated financial instruments, the target market should be identified with more detail. In determining the distribution strategy, the investment firms should take into account the more limited level of investor protection afforded by the appropriateness test than by the suitability test required when providing investment advice and portfolio management to clients. Investment firms shall also present all the necessary and true information to clients or potential clients. All information provided to clients shall be fair, clear and not misleading[10]. Investment firms must provide information on the financial instruments in which their clients or potential clients can invest. This information must include an appropriate description of the nature and risks of financial instruments to enable the client to take investment decisions on an informed basis. The description shall also explain whether the financial instrument is intended for retail or professional clients, taking account of the identified target market[11]. Finally, ESMA reminds firms of the suitability and appropriateness requirements[12]. When providing investment advice or portfolio management, firms shall obtain the necessary information regarding the client's or potential client's knowledge and experience, his financial situation including his ability to bear losses, and his investment objectives including his risk tolerance to assess whether the financial instrument or service is suitable for the client.

[8] https://www.esma.europa.eu/sites/default/files/library/esma35-43-2391_esma_statement_on_covid-19_retail_investor_activity.pdf

[9] BUSCH, D., FERRARINI, G.: Regulation of the EU Financial Markets MIFID II and MIFIR, Oxford University Press, New York, 2016, page 590, ISBN: 978-0-19-876767-1

[10] Article 24(3) and (4) of MiFID II

[11] https://www.esma.europa.eu/sites/default/files/library/esma35-43-2391_esma_statement_on_covid-19_retail_investor_activity.pdf

[12] For the suitability assessment, see Article 25(2) of MiFID II and Article 54 of Commission Delegated Regulation (EU) 2017/565 (MiFID II Delegated Regulation), and the ESMA Guidelines on certain aspects of the MiFID II suitability requirements (Ref: ESMA35-43-869). For the appropriateness assessment, see Article 25(3) of MiFID II and Articles 55 and 56 of the MiFID II Delegated Regulation

In it stressed out that investment firms should pay attention to the possible ramifications of the COVID-19 crisis for the client's personal situation and the risk profile of his financial instruments to ensure that these financial instruments are suitable for him. Supervisory engagement is also made with investment funds that have significant exposures to corporate debt and real estate, which are less liquid asset categories[13]. In this context, ESMA welcomes also the public communication of European Board of Systemic Risk on the importance of the timely and effective use of liquidity management tools by investment funds with exposures to less liquid assets[14].

CHANGES AND RESULTS OF THE COVID-19 PANDEMIC IN EU AND CHINA

The current COVID-19 pandemic and the financial crisis resulting from such situation brings the Europe and the whole world into the position of recession. No one can surely stipulate the outcome of the crisis and the macroeconomic features of the economy. While monetary and fiscal policy actions taken or underway, uncertainty over the economic impact of COVID-19 is expected to translate into further volatile financial market conditions[15].

There comes the question how can the risks be mitigated and what can be done differently after the COVID-19 pandemic. One of the examples of cutting the costs of the entrepreneurs and also the government is the experience with home and remote working utilising technology. Savings are then made in the area of lease and energy. The assumption here is that effective organisational performance depends on efficient interconnectivity and coordination. Also, the word of digitalization plays very important role in this area.

As can be seen in Asia, not only the entrepreneurs but also the governments re-examined the processes. Digital solutions in areas such as government services, education, the media, communication systems, and the economy have allowed some form of continuity in day to day life during lockdown. Current situation forcing the people communicate through various technologies, having to access files and documents remotely and citizens needing to carry out essential services online showed how the governments are ready for such digitalized era. Digital communication is key to maximising interactions with the Government to provide authenticated, accurate, and up-to-date information to people on Covid-19 and other public issues. On the other hand, "home office" showed also some problems in respect of security, staying connected, relevant infrastructure and the staff able to use the technology to carry out their roles. Some governments also asked for the feedback and input to help improve the government processes hoping to enhance the services online[16].

Taken from another viewpoint, digitalization also means new means of entrepreneurial activity. As seen in another country of China[17], even before COVID-19 pandemic breakout, the digital economy has been playing an increasingly significant role as a new driver for China's economic growth and social transformation. For instance, using the OECD framework of digitalisation, China's digital economy accounts for approximately 6% of GDP in 2017[18]. China's development of the digital economy has been mainly driven by the integration with financial and entertainment sectors as well as e-commerce. As a result, the service sector is the most digitalised, with ICT contributing to 33% of the service sector's value-added in 2017. Behind the positive number of digital economy related services, new digital services and business served as new enablers and new growth boosts in the COVID-19 stricken economic and social life. Online education also stepped into significant role of doing things

[13] MOLONEY, N.: EU securities and financial markets regulation. Oxford: Oxford University Press, 2014, 3rd edition, page 320, ISBN 978-0-19-966434-4.

[14] https://www.esma.europa.eu/sites/default/files/library/esma70-156-3070_statement_access_etds.pdf

[15] For further potential impact of the financial crisis on the markets see COMANA, M., PREVITALI, D., BELLARDINI, L. : The MiFID II Framework. How the New Standards Are Reshaping the Investment Indurstry. Springer, Cham – Switzerland, 2019, page 7, ISBN 978-3-030-12503-5

[16] https://www.opengovasia.com/covid-19-pandemic-has-spurred-government-digitalisation/

[17] https://sweden-science-innovation.blog/beijing/covid-19-and-digital-transformation-what-do-we-see-now-and-what-will-we-see-soon/

[18] Deeper research of impacts on Chinese ecomony available at: ESTRADA,M., PARK, D., LEE, M.: The Evaluation of the Final Impact of Wuhan COVID-19 on Trade, Tourism, Transport, and Electricity Consumption of China, 2020 available at SSRN: https://ssrn.com/abstract=3551093

differently and saving some cots related to operation of the universities. When looking at the bright side of the COVID-19 darkness, the enormous suffering, constraints and challenges imposed on society and people's life have also spurred an enormous spirit and effort for survival, for innovation and for development. In this on-going journey, many companies have learned and developed relevant strategies and have become more aware of the need for digital skills and digital competitiveness for digital upgrading[19].

CONCLUSION

To sum up, we can see some that the coronavirus pandemic has urged the member states to pursue with the effective operational and protective actions in terms of preserving the financial stability. Such measures are necessary to be made in good time, using the flexibility that is provided by the Union's temporary State aid framework to support the economy in the context of the COVID-19 outbreak.
From the market point of view, the investment firms should pay attention to the possible ramifications of the COVID-19 crisis for the client's personal situation and the risk profile of his financial instruments to ensure that these financial instruments are suitable for him. By doing so, the financial stability of this sector would be urged and preserved.
Hopefully, the coronavirus pandemic will also have at least some positive effects/impacts on the capital markets, in the light of bursting digitalization, conducting business in distant manners and last but not least shortage of the expenses due to home office policies. On the other hand, no one can really tell the consequences and their impact on the capital market as a whole.

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5. MOLONEY, N.: EU securities and financial markets regulation. Oxford: Oxford University Press, 2014, 3rd edition, ISBN 978-0-19-966434-4.

[19] https://sweden-science-innovation.blog/beijing/covid-19-and-digital-transformation-what-do-we-see-now-and-what-will-we-see-soon/

LINKING BANKS AND INSURANCE COMPANIES – A NEW TREND IN THE MACEDONIAN BANKING SECTOR

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ABSTRACT

Cooperation between banks and insurance companies is a contemporary trend in many banks in developed and developing countries and has recently been increasingly implemented in our country. Insurance slowly but surely becomes one of the most attractive options for expanding the banking business. The borrower, banks as intermediaries and insurance companies also benefit from this method of connection. Also, insurance is used by banks to manage risks. Out of 15 banks in the Macedonian banking sector, 7 banks have received permission from the Supervision Agency and the NBRM to perform insurance representation activities.
The purpose of this paper is to put emphasize on bancassurance as a new modern trend in many countries, to analyze which banks follow this trend and which products they offer in cooperation with insurance companies. Also, it is made a comparative analysis of the application of this method in individual countries.

KEY WORDS: banks, insurance companies, bancassurance

INTRODUCTION

The term "bancassurance" for the first is appeared in France. As a model has been operating in Europe since 1980 and indicates the simple distribution of insurance products by bank branches, with the bank fully using its customer base as potential customers for some type of insurance. (N. Genetay, P. Molyneux., 2016; Suresh P., 2011)
Bancassurance is a modern channel for distribution of insurance products, and in our country, although at the beginning, still has great potential. Banks can be an important channel for insurance in the country. The model of bancassurance has benefits for the banks and insurance companies, but also for the citizens, because in that way they will be able to get life or non-life insurance more easily. Thus, the offer of integrated financial services that are characteristic of financial institutions capable of providing all types of financial services "under one roof" has become a reality. (Stijn, C., 2002).

THE BANCASSURANCE MODEL

Bancassurance can be found in several models of cooperation but generally, can be classified into a simpler and more complex model of bancassurance. The simplest model is when the bank offers the

existing products of the insurance company. In addition, within its marketing strategy, the bank can offer insurance products in addition to its services with certain benefits (eg.: property insurance with mortgage loans, travel insurance with credit cards, etc.) The advantage of this model is that the activities can to start very quickly and without significant capital investments, while disadvantage can be the inflexibility that arises from the already defined offer in both entities.
A more complex form of bancassurance is the model when the bank in cooperation with the insurance company forms a product that as an integral part has a certain type of insurance coverage (eg: a loan supplemented with risk life insurance). Given the long-term character of mortgage loans, this form of bancassurance is more difficult to manage in the long term because the two entities have different life and development cycles.
The challenge for both models is the different corporate culture of the two entities. This can be overcome with the model of full integration, i.e. the establishment of an insurance company by the bank, but that is a large and complex business decision due to the significant investment and the overall procedure.

APPLICATION OF THE BANCASSURANCE MODEL BY MACEDONIAN BANKS

In our country, the application of bancassurance become topical when the legal solutions allowed the banks to expand on the insurance market. With the adoption of the Law on Amending the Law on Insurance Supervision in 2007, the Macedonian legislation regulated the bancassurance. From a legal aspect, in the context of the Law, bancassurance is recognized as performing insurance representation activities. For that, the bank should receive a permission to perform insurance representation activities by the National Bank of the Republic of Macedonia on the basis of prior consent of the Insurance Supervision Agency. The banks have used and still use the opportunity to sell insurance as a supplement or connection to the product or service they offer and before the emergence of this regulated form. For example: - Property insurance policy, when the bank's client is a user of a mortgage loan for which he has pledged real or movable property for the benefit of the bank (insurance of an apartment/house or car insurance). Travel insurance policy, when the bank's customer is a user of a debit/credit card with which he has paid for the trip or uses it when traveling abroad.

The role of sales intermediation is having an increasing impact on the insurance sector. According to the Annual Report on the situation and movements of the Insurance Market in 2018, 48.74% (2017: 50.62%) of the realized GWP were realized through direct sales by the insurance companies, while 51.26% (2017: 49.38%) are realized through indirect intermediation channels (Table 1).

Table 1. Participation of the banks in the structure of the channels for policies sale according to the realized GWP (thousand denars)

	2018	%	2017	%	2016	%
Direct sales	4.838.893	48,74%	4.551.392	50,62%	3.985.000	45,69%
Insurance brokerage companies	2.745.963	26,66%	2.380.037	26,47%	2.228.717	25,55%
Insurance agents	1.053.116	10,61%	991.211	11,02%	1.471.514	16,87%
Insurance companies	858.660	8,65%	829.413	9,22%	864.212	9,91%

Banks	371.757	3,74%	193.260	2,15%	131.253	1,50%
Tourist agencies	34.198	0,34%	34.674	0,39%	34.473	0,40%
Other distribution channels	15.937	0,16%	5.019	0,06%	194	0,00%
Auto dealers	0.041	0,09%	7.071	0,08%	6.081	0,07%
Total	9.927.565	100,00%	8.992.077	100,00%	8.721.444	100,00%

Source: Annual report of the insurance market in 2018, p. 26, July, 2019

According to the latest published Analysis of the insurance market for 3Q, 2019, total 16 insurance companies are actively working on the insurance market, of which 11 companies perform non-life insurance activities, while 5 life insurance. According to the data in this analysis, there are 6 commercial banks as insurance representatives (3Q2018: 5). But as a result of giving permission to sell insurance products for one bank in 2019 and one bank in 2020, total seven banks have permission to offer insurance product through their network of branches (Table 2).

Table 2. List of Macedonian banks that offer life and non-life insurance policies

Bank - insurance representative	**NBRM permission**	**Represented insurance company**
Ohridska Banka AD, Skopje	**10.2012**	AD for insurance GRAWE Skopje
NLB Banka AD, Skopje	**05.2015**	Sava insurance a.d. Skopje
		CROATIA INSURANCE AD - Life Insurance Company, Skopje
Sparkasse Bank Macedonia AD, Skopje	**07.2015**	WINNER LIFE – Vienna Insurance Group Skopje
		WINNER LIFE Insurance Group Skopje
HALK BANKA AD Skopje	**02.2018**	Insurance company HALKINSURANCE AD, Skopje
		CROATIA INSURANCE AD - Life Insurance Company, Skopje
Stopanska Banka AD Skopje	**07.2018**	CROATIA INSURANCE AD - Non-life insurance company Skopje
		Life Insurance Company UNIQA LIFE AD, Skopje
Komercijalna Banka AD Skopje	**04.2019**	Stock Company for Insurance and Reinsurance MACEDONIA Skopje-Vienna Insurance group
		TRIGLAV INSURANCE AD, Skopje
Universal Investment Bank AD Skopje	**01.2020**	CROATIA INSURANCE AD - Life Insurance Company, Skopje

Source: Register of banks that have received a license to perform insurance representation activities, 11.2.2020

According to the NBRM Financial Stability Report for 2018, cooperation between banks and companies for written premiums charged through banks, have a small share of the total premiums of insurance companies in 2018. The number of insured banks' claims is small.
However, within the traditional life insurance, the representation in the insurance by several banks contributes to the growth of this type of insurance. That is mostly used as a loan security and is mainly sold through banks as insurance represenativies. In recent years, bancassurance has gradually increased (from 1% share in the value of the amount of sold GWP in 2014 to 17.9% in 2018, and compared to 2017 growth is 6 percentage points).
According to the Analysis of the insurance market for 3Q, 2019, in the structure of sales channels in non-life insurance, the largest share is occupied by direct sales with 53.31%, and banks have a share of only 1.19%. In contrast, in the structure of sales channels in life insurance, the largest share is occupied by insurance brokerage companies with 41.03%, followed by banks with a share of 24.4%.

Table 3. Gross written premiums (by insurance companies)

000 MKD

Insurance company	Ohridska Banka	NLB Banka	Sparkasse Banka	Halk Banka	Stopanska Banka	Komercijalna Banka	Total
Total Non-Life	**0**	**28.740**	**0**	**528**	**31.876**	**9.041**	**70.185**
Macedonia	0	0	0	0	0	9.032	**9.032**
Triglav	0	0	0	0	0	9	**9**
Sava	0	28.740	0	0	0	0	**28.740**
Uniqa	0	0	0	0	0	0	**0**
Halk	0	0	0	528	0	0	**528**
Croatia Non-life	0	0	0	0	31.876	0	**31.876**
Osiguritelna polisa	0	0	0	0	0	0	**0**
Total - Life	**41.268**	**146.562**	**4.626**	**73.149**	**14.051**	**0**	**279.656**
Croatia Life	0	146.562	0	73.149	0	0	**219.711**
Grawe	41.268	0	0	0	0	0	**41.268**
Winner Life	0	0	4.626	0	0	0	**4.626**
Uniqa Life	0	0	0	0	14.051	0	**14.051**
Total	**41.268**	**175.302**	**4.626**	**73.677**	**45.927**	**9.041**	**349.841**

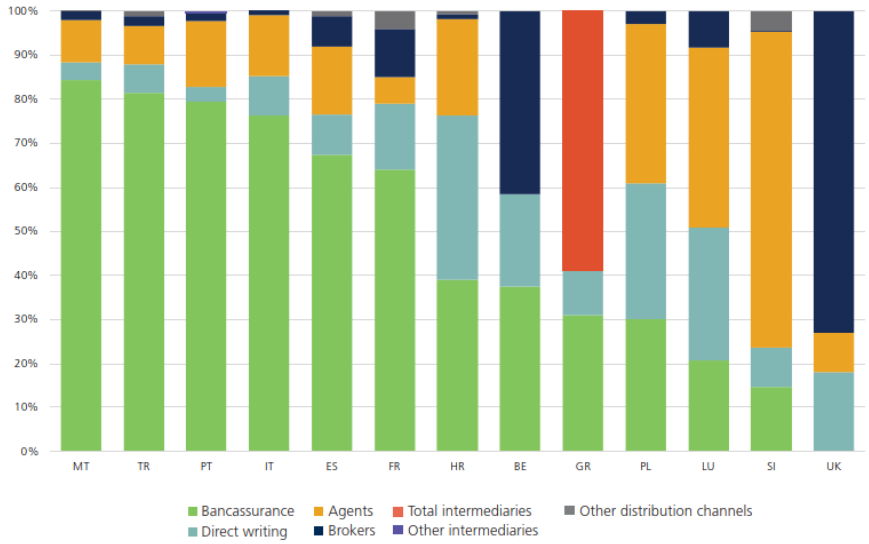
Source: Report on the content and scope of work of the insurance companies for the period 01.01 - 30.09.2019

COMPARATIVE ANALYSIS OF THE APPLICATION OF THE BANCASSURANCE MODEL IN INDIVIDUAL COUNTRIES

The examples of other countries show the potential of the bancassurance model for the two industries - banking and insurance. Bancassurance has a different level of development around the world and reasons for this is primarily due to the impact of regulation, as well as a number of cultural, social and demographic factors. But despite the heterogeneity, in recent years the importance of bancassurance has been increasing in developed and developing countries with lower insurance penetration and limited distribution channels.

Bancassurance is the main distribution channel of life insurance in some European countries with a share of more than 80% in Malta and Turkey, more than 70% in Portugal and Italy and more than 60% in Spain and France (Graph 1).

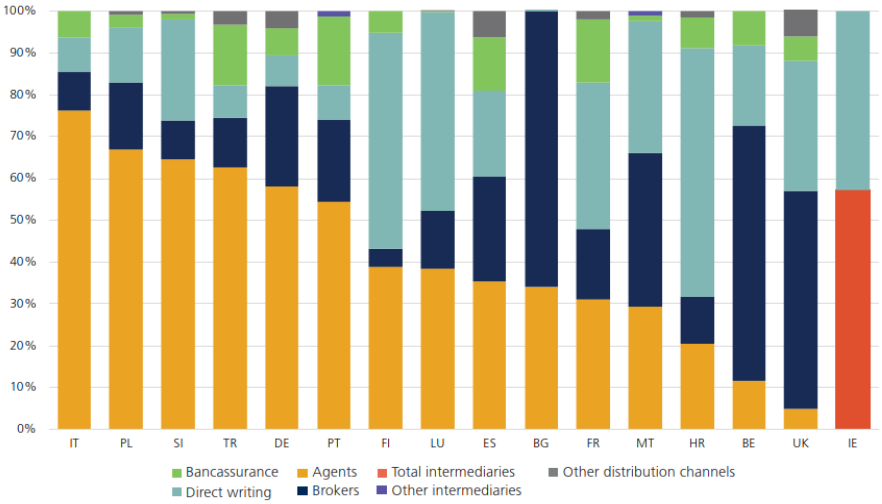
Graph 1. Distributed life insurance channels in certain European countries (% of GWP) – 2017



Source: European Insurance – Key Facts, September 2019

In contrast to life insurance, bancassurance in Europe has a lower share in the non-life insurance segment, i.e. it comes after agents, brokers and direct sales, but in recent years there is a positive trend because non-life products become more attractive and easier to distribute (Graph 2).

Graph 2. Distributed channels of non-life insurance in certain European countries (% of GWP) - 2017



Source: European Insurance – Key Facts, September 2019

BANCASSURANCE AND RISK MANAGEMENT

Insurance is part of a country's financial system and is a complementary activity to banking in many countries around the world. Intense competition between banks has increased administrative costs, amid declining interest rate margins. This has limited the profit margin for traditional banking services, which forced the need to find new services. The banks had to find a way to increase profitability and productivity, due to significant changes in customer preferences. Cooperation between banks and

insurance companies reduces business risk and banks achieve a higher price advantage by selling insurance products than insurance companies. (Saunders and Walter,1994; Hughes et al.,1999).
Bancassurance as a service primarily provides credit risk management to the insured. The banks in cooperation with insurance companies offer loans with additional protection. The insurance company will settle the outstanding principal of the loan, if occurs an adverse event. These are the offer of consumer loan plus insurance, housing loan plus insurance, credit and debit cards plus insurance, allowed overdraft plus insurance, etc. This means that are offered "risk free" products, such as a product that combines consumer loan and life insurance in a particular market offering. These are products that provide additional protection through the life insurance of the borrower and that offer greater security in the repayment of the loan. These products provide more benefits. The borrower does not worry that someone else would be burdened with his credit obligations if occurs an adverse event. For the insurance companies, these products mean increased supply, increased distribution and sales network, increased customer portfolio, risk diversification and better financial results. For banks, this is not only an opportunity for higher revenues, but also an opportunity to more easily manage credit risk, because instead of allocating reservations for non-repayment of the loan, the borrower does that by paying the insurance premium.

CONCLUSION

The potential for the implementation of the bancassurance model in our country is almost unlimited, and there are many reasons for that. The process of reducing the number of banks begins with the introduction of new financial companies, which should be a kind of competition of smaller banks, and thus the banks would start thinking about mergers or full sales. Another important point is the development of insurance companies and the number of products they offer. If we take into account the constant (limited) number of potential customers, then it would be in the interest of insurance companies potentially to increase the base. Insurance companies base their investment decision on the possibility of agreeing with one of the banks to use their branches to sell insurance policies. In this regard, it is the incentive that can be given to banks in form of relief in terms of capital adequacy if they have non-life insurance policies that would cover not only the basic risk of housing loans, such as fire, but also the risk of natural disasters, such as earthquakes, etc. The whole activity is in joint sale of complementary products for the final consumer - the client. Given these facts, it can be concluded that the potential for bancassurance in our country is realistic, but should be followed the example of implementation of bancassurance in highly developed countries, as well as some countries in the region. All insurance companies and banks should consider to introducing this way of selling in their operations. But this requires serious investment, as in information technology, telecommunications and professional staff in both industries. There is a professional staff in our country, who, regardless of whether they work in a bank or an insurance company, can easily cope with the challenge of bancassurance. Therefore, it is expected that there will be new investors in the field of insurance in the future. It requires more information and general education of the clients of the banks and the insurance companies for the offer of their services. Also, it requires to increase the insurance culture, for which the banks and the insurance companies should make greater efforts, in order the bancassurance to approach to international trends.

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PRACTICE AND PROSPECTS OF LOCAL ECONOMIC DEVELOPMENT

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ABSTRACT

Local economic development issues are increasingly important to communities. With budget decentralization and local government reform, they have been given more resources and more authority to manage them, and now have to take the issue of their further development, identify opportunities and areas of focus, as they provide citizens with adequate services, jobs, social assistance, wellbeing and good roads possible for economically developed, capable communities. The article clarifies the essence of the state policy of development of territorial communities, defines the basic approaches to its implementation, substantiates the necessity of streamlining relevant tasks between different levels of public administration and improvement of specific mechanisms, which in the conditions of decentralization will provide communities with more rights regarding economic development of territories, will improve the quality of public services provision. It is determined that local economic development will be facilitated; ensuring the completeness of the state budget delegation of powers delegated by the state, the implementation of which is vested in local self-government bodies; maintaining existing sources of replenishment of local budgets and preventing the removal of stable sources of revenue; increasing the investment component of local budgets, in particular by increasing the number and quality of sources of revenues to the development budget; reduction of the share of intergovernmental transfers in local budget revenues while increasing own resources.

KEY WORDS: state policy, regional policy, local self-government, local budgets, territorial community, economic development

PRACTICE AND PROSPECTS OF LOCAL ECONOMIC DEVELOPMENT

The development of a social, legal, democratic state in the conditions of decentralization and administrative reform in Ukraine leads to the development of an institution of local self-government, the primary subject of which is the territorial community. Effective local development management is linked to understanding global trends and applying global economic patterns to community development. The 21st century is recognized as an era of territorial development, agglomerations, and formation of new "growth points." If anything has been a constant over the last ten years, it is a fundamental and irreversible change that has taken place in how economies operate at national, regional and local levels. These changes indicate that the challenge of ensuring positive local growth and development is becoming increasingly complex. Local authorities seeking to improve the well-being of their communities today clearly understand that, in order to succeed, their efforts must be more thoughtful, ambitious and innovative. To achieve this, one must not only have a deeper understanding of the dynamics of local economic development, but also have the necessary skills and experience to ensure that their communities are more competitive in the world of new conditions and realities.

LITERATURE REVIEW

The research of local economic development was made by T. Baranovskaya (T. Baranovskaya , 2015), K. Donchenko (K. Donchenko, 2018), V. Negoda (V. Negoda, 2017), and others.

Among the well-known representatives of the world scientific opinion, the contributions to the study of local economic development were made by such scholars as: George Edward (Ted) Treller (George Edward (Ted) Treller, 2014) John P. Kretzman (John P. Kretzman, 2006), Edward Blakely (Edward Blakely, 2013) etc.

In view of this, decentralization was seen as the panacea to grassroots economic development, but it also failed to yield the needed result due to local governance units' (LGUs) excessive concentration on political, social and administrative development to the detriment of economic decentralization. These failures gave currency to the adoption of local economic development LED) which is seen as a partnership between the government, local government units and other partners to utilize the available resources of a locality to create new employment opportunities, generate income, provide infrastructure and poverty reduction.

The purpose of the study is to substantiate theoretical provisions and to develop practical recommendations on the prospects for local economic development.

DISCUSSIONS

Regional policy is becoming a significant tool for regulating the socio-economic development of the country, which provides for development of regions and economic growth of the territory by creating favorable conditions for the development of all regions, as well as territorial communities, taking into account their natural, historical, ecological, economic, geographical, demographic and other characteristics, their ethnic and cultural identity.

The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for everybody. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation (Nehoda V. A., 2017).

Local Economic Development (LED) is an activity of businesses, local governments and other stakeholders aimed at maximizing community economic resources. The LED enhances the well-being, job opportunities and quality of citizen's life.

LED refers to the process in which the local government, or some agency, authority or organization on behalf of the local government, engages to enhance a community's capacity to effect economic progress in both a quantitative and qualitative manner.

Local economic development is not possible without community action. It is related to actions, programs and projects that enable the community to increase its competitiveness and improve its economy.

The success of implementing local development policy is highly dependent on the level of authority available to local authorities, as well as the system of balance and distribution of powers between state, regional and local levels of government. It is known that high parameters of citizens quality of life and levels of economies development of the most developed countries of the world are caused, in particular, by a relatively high level of decentralization and deconcentration, a considerable amount of powers and corresponding resources for their realization, transferred (delegated) by states to "regional" and "local" management levels.

Local economic development can be characterized by the following features in Fig. 1

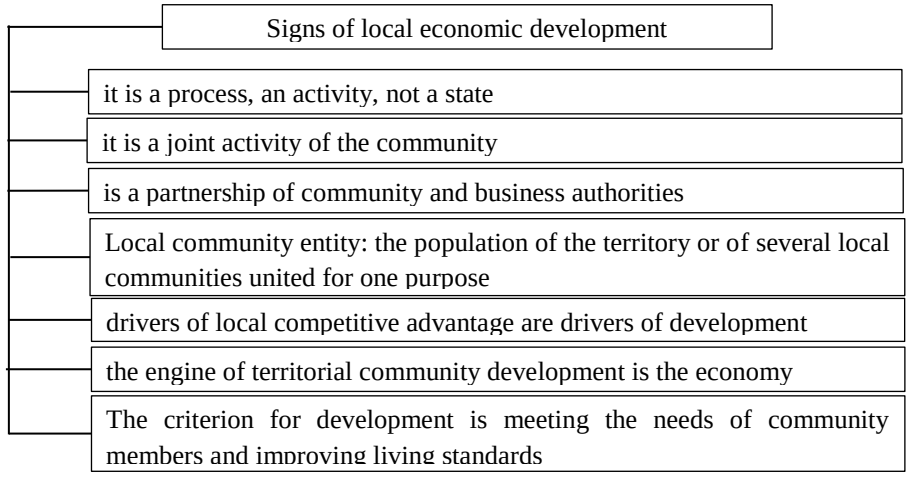


Fig. 1. Signs of local economic development (E. Dzhordzh, 2014; Petrova K. 2018)

It is worth noting that the existing system of organization local budgets in Ukraine do not provide for the creation of bodies local government economic incentives for the development of appropriate territories and regions, growth of their tax capacity and provision efficient use of budget resources.

According to economists, it is decentralization that will ensure effective use of resource and management potentials of regions and administrative-territorial units at the local level in context changes in state regional policy, which is to shift the emphasis from ensuring the proportional development of the regions for preferential financing sustainable, innovation-active territories that can become locomotives growth and recovery of the country's economy from the crisis (Lunina I.O.,2019).

Financial decentralization provides for the following areas of reform:

- decentralization of income, which is to secure local budgets of own revenues sufficient for the implementation of local authorities self-government of the functions assigned to them;
- decentralization of expenditures, which provides for the provision of bodies local government financial resources to perform functions;
- procedural independence, which consists in the law of the authorities local government for independent formation and approval, and c further implementation of budgets, reporting and implementation effective control (Kul′chyts′kyy M. I., 2018).

It can be argued that the long-term requirements of local economic development include that:

- relies on strategic planning;
- tries to cover all the resources of the local community and effectively use them;
- aimed at including the existing potential in the activity territorial community, translating it into resources that operate on meeting the needs of citizens.

In other words, economic development management must be aimed at increasing the internal resources of each community, ie inclusion of endogenous potential in new, more modern activities

Local economic development practices in developed countries have highlighted the best practices for organizing, developing, managing and implementing policy planning for local development strategies, programs and projects. This experience is important in many aspects and widely used. It has

transformed itself into a practice of application and responds to today's realities and challenges of the global economy.
The main key principles to consider when planning community development and implementing any local economic development initiative are presented in Fig. 2.

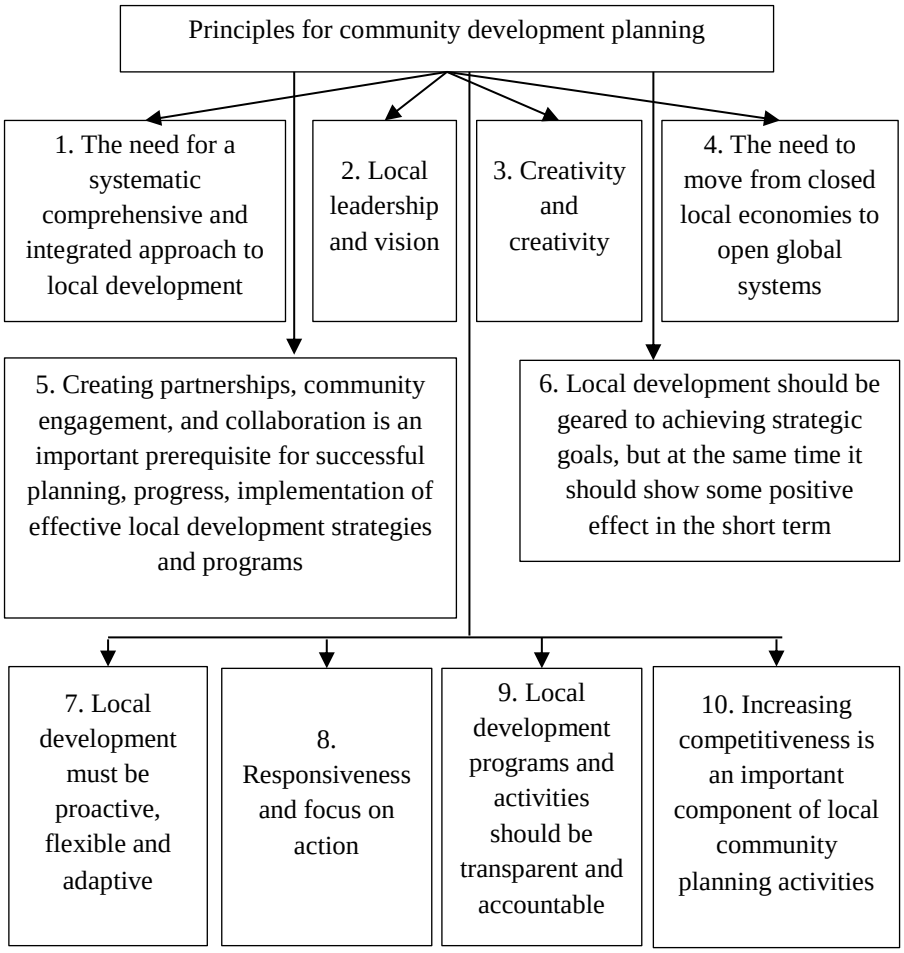


Fig. 2. Principles to consider when planning community development and implementing any local economic development initiative*

* Developed by the author

Local economic development in Ukraine, as in the developed world, should become a direct competence of territorial communities. The experience of America and Europe (Canada, USA, Germany, Czech Republic, Poland) shows that those communities that successfully develop their own internal capacity are successful. They improve those internal conditions and create those factors of competitive advantage that help attract more productive investments, develop business, retain existing businesses and support job creation. And all for the sake of it economic development and improving the quality of people`s life.

There is no single strategy or program for successful economic development, since different communities are different: geographic characteristics, social composition, economic resources, effectiveness of local government action.

Currently, local budget revenues are crucial to ensuring the financial foundation of local government. They play an important role in socio-economic development of the territory, since local budgets provide funding for educational institutions, culture, public health, media, and various youth programs,

expenditures on settlement. Therefore, local budgets are the key to effective work of local self-government bodies.
Achieving a successful LED in today's global economy requires local communities to modernize their transportation and communications networks, other infrastructure, and develop human capital.

Nowadays, the key factor in financing the MED is the establishment of new forms of interaction between local authorities and private sector. The private sector is important for financing the MED for the following reasons:

- offers more financial resources than potential investors, faster and more productive;
- provides for the financing of the MED the capital that would otherwise be inaccessible;
- allows to rebuild the local investment market and solve the problem of scarcity of resources for LEDs;
- provides more financial and professional discipline in the implementation of local development policy and various initiatives in this field.

Local government authorities may also be able to involve credit sources in order to finance the LED debt on terms of maturity, payment and repayment.

Not only LED credit sources have many potential benefits. They are also accompanied by significant risks associated with increased debt load.

Grants are a separate source of funding for the LED. These are resources provided to finance the needs of the LEDs in the form of international technical assistance, charitable contributions and donations.

Quite often, local authorities raise funds from several sources to finance large-scale economic projects. For example, the city government may use budget resources and credit to equip a special industrial zone to subsequently receive additional investment in the city's economy.

In the Ukrainian practice of financing LED, the most common are budgetary mechanisms, first of all rent and sale of communal property. Instead, investment and credit mechanisms are rarely used by local authorities, primarily because of the unfavorable investment climate at both the state and local levels, the legal constraints imposed by current legislation and the low creditworthiness of most Ukrainian cities (Baranovska, T. M. and Ostapenko, O. H., 2015).

Along with the central governments, local development agencies, development banks and special regional funds play an important role in financing the LED in many countries of the world. Most of these institutions work to develop special financial instruments that are intermediate between central government transfers and private lending.

According to the sources of raising funds, the financing mechanisms of the LED are divided into budgetary, investment, credit, and grant funds.

Budgetary mechanisms of income support: taxes and fees, sale of communal property, rent of communal property.

Investment mechanisms for providing revenues are corporatization of utility companies, compensation for influence. Credit mechanisms for providing income are bond loans, non-bonded loans. Grant revenue mechanisms are international technical assistance, projects of sector budget support programs.

CONCLUSIONS AND FUTURE STUDY

Unfortunately, the current state of local budgets does not seem to be the best, which hinders the implementation of the complex tasks assigned to local authorities: the scantiness of their own revenue

sources, almost complete dependence on the state budget, the lack of transparency of budgetary relations in providing financial assistance from the center, the lack of incentives for additional assistance. revenues and economic spending of budget funds.

The problem of stabilizing the revenue sources of the state and local budgets remains acute. The main source of formation of the latter should be their own income, not income from the center. But local authorities do not have real independent local budgets due to the lack of an adequate revenue base. The system of formation of local budgets "from above" is characterized by the lack of incentives for local authorities to operate in the development of their own tax base, which depends on the economic development of a region, its social and industrial infrastructure.

It will contribute to the economic development of territorial communities:

- ensuring the fullness of the state budget delegation of powers delegated by the state, the implementation of which is vested in local self-government bodies;
- maintaining existing sources of replenishment of local budgets and preventing the removal of stable sources of revenue;
- increasing the investment component of local budgets, in particular by increasing the number and quality of sources of revenues to the development budget;
- reducing the share of intergovernmental transfers in local budget revenues while increasing their own resources.

Current requirements for the process of local economic management and development implies that it:

- relies on strategic planning;
- tries to reach all resources of the territorial community effectively use them effectively;
- aimed at incorporating existing potential into the activity of territorial community, translating it into resources that operate on meeting the needs of citizens.

In other words, economic development management must be aimed at increasing the internal resources of each community, that is inclusion of endogenous potential in new, more modern activities.

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NUTRITION AND HEALTH STATUS OF GERIATRIC CENTER USERS, CHALLENGE FOR THE CATERING

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ABSTRACT

The World NUTRITION DAY was founded in 2006 by the Netherlands Society for Clinical Nutrition and Metabolism, and the last organizer in 2019 was Medical University Vienna. During the first 4 years alone, the day was celebrated in 30 different languages in 40 countries including Serbia (Subotica), and on a sample of 74903 patients and users of geriatric services. The aim is to raise awareness, reduce the barrier, increase knowledge of proper nutrition. The survey method and measurements provide a one-day cross-section on the nutritional and health status of users of geriatric institutions. Nutrition Day is a worldwide science program. Scientific results, applied worldwide, should contribute to the fight against malnutrition and improved health care. It could be a sign-service restaurant sector, which, in cooperation with experts from nutritionists, offered his services to private and public geriatric centers, to implement the program goals of improving the quality of life.

KEY WORDS: Geriatric Center users, Nutritional Satus, Nutrition Day, The hospitality sector

INTRODUCTION

The importance of a healthy diet aimed at avoiding overweight and obesity is well known to society and politics. However, the problem of malnutrition or malnutrition is often not considered a priority issue in public health and at the political level.Although malnutrition was first raised in 1974, little has been done to address it. Modern knowledge has shown that we are increasingly facing malnutrition in older people. Malnutrition is most prevalent in about 20 million patients in healthcare settings and users of geriatric centers. Currently, about 1/3 of patients are malnourished in hospitals. Malnutrition leads to an increased risk of infection, adversely affects the healing of patients' wounds, may increase complications (1,2,3) and result in prolonged hospitalization, reduced quality of life and death. Malnutrition and complications cost EU governments up to € 170 billion a year (4,5,6).

Nutrition has been emphasized in recent decades as a major risk factor for the emergence of all chronic mass non-communicable diseases, most of which die, and at the same time, as the most important factor for quality and life extension. Malnutrition is gaining increasing scientific attention and is now considered a true geriatric syndrome, especially in the institutionalized elderly population characterized by multifactorial causality identified by symptoms and accompanied by fragility, disability and poor outcome. This indicates an urgent need for intervention in this area.

But despite the fact that this population is available for effective interventions, prevention and treatment, malnutrition does not currently receive adequate attention. Recognizing the problem, the Council of Europe in 2003 issued a resolution on malnutrition and food care in settings of acute and long-term care. The resolution was signed by 18 European countries, reflecting increased awareness of the problem of malnutrition and its consequences. The practical implementation of the resolution, however, fell short of the required standards, both in health and geriatric centers (7-10).

From there, on February 22, 2007, 8 Austrian and 30 German GC Centers, with a total of 79 units and 2137 users (84 +/- 9 years, 79% of women) participated in pilot testing tailored to GC voluntarily using standardized questionnaires. Actual food intake at lunchtime is documented for each user. The testing was part of the Nutrition Days (ND) project developed and launched by Michael Hiesmair and Karin Schindler of the University Hospital in Vienna in collaboration with the "representative council" of the European Society for Clinical Nutrition and Metabolism (ESPEN). The initiative began with acute care evaluations in 2006 at individual departments of health centers. The program was first performed in a hospital in 2006, later nursing homes (NHs) expressed interest in conducting a similar study.

From 2005 to 2010, Nutrishn Day joined 40 countries, was implemented in 30 languages in 2441 facilities and included 74,903 patients and users of geriatric services. (F1) By 2019, that number has grown in 69 countries with 30 different languages, 8,000 facilities and more than 273,000 patients and users (11-17).

The College of Professional Studies for the Education of educators, trainers, nutritionists dietitians and nurses from Subotica, Serbia, 2017 first joined this World Day, and for the second time in November 2019. The action was conducted among the users of the geriatric center in Subotica. Realized by the students under the supervision of their teachers.

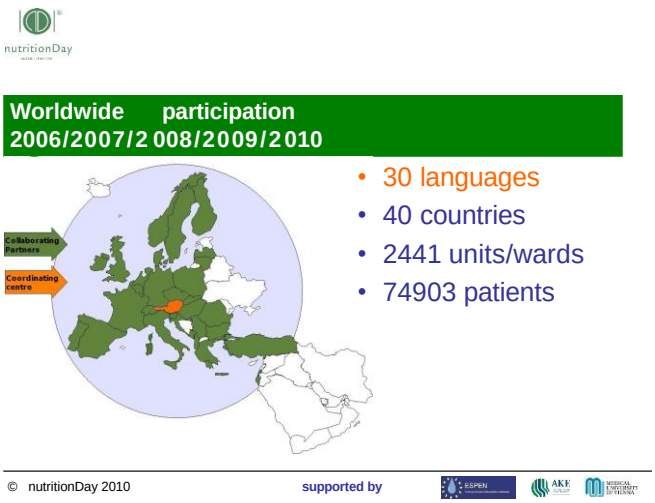


Figure 1. World Nutritional Day 2010 participating countries

Source:https://www.nutritionday.org/cms/upload/pdf/6_about_nutritionDay/6.1.example_reports/unit_report_example_presentation.pdf

THE GOAL

The World Nutrition Day project aims to assess the malnutrition associated with the disease through cross-examination, conducted annually in one day in all participating countries. The overriding goal of the project is to convey the message of resolution to everyday practice.

The goal of World Nutrition Day is also to raise awareness, reduce the barrier between patients and users of GC and the environment, increase knowledge about proper nutrition, compare national achievements with international reference bases.

METHOD

The implementation of project activities involves a one-day cross-section of the situation in the institution, obtaining information from employees and users through a survey conducted by our under the control of their mentor, lecturer. Questionnaires are standard and customized for nursing homes. The questions relate to individual nutrition and nutritional status. The weight and body composition wos measured on in-body equipment. Blood pressure, and determines the blood sugar level are measured too. Participants don't linger for long, so they don't bother. Surveys are completed by students. It takes place in the same day in all participating countries in the world.

To this end, the nutrition project primarily utilizes a bottom-up approach by directly addressing institutions and actively involving facility staff in the assessment. Data are collected in a practical and feasible manner to facilitate the participation of each institution. This customized data collection method provides access to a large number of participants and produces valuable results in health care policy. As such, the nutrition project was never considered primarily an academic endeavor but a project focused on advancing practical approaches, increased awareness and changing attitudes.

The study design follows all the principles of general nutrition design explained online at vvv.nutritiondai.org. In short, the design is based on a one-day cross-sectional review with a six-month follow-up conducted by local caregivers without external support and conducted with the help of four questionnaires. Participation is always open to al Data processing is carried out at the coordination center in Vienna and if any information was unclear or illogical, the appropriate institution was contacted l establishments that have registered with the center's website and requested an anonymous unit code (17).

RESULTS AND DISCUSSION

The concept of World Nutritional Day was approved by the Ethics Committee of the University of Vienna Medical School. No personal information, such as first name, surname or date of birth, is transferred to the central coordination center or stored in the database.

Nutritional status was evaluated based on BMI using established geriatric criteria recommended by ESPEN (European Society for Clinical Nutrition & Metabolism) (14) with BMI <20 kg / m2 defined as malnutrition. A BMI between 20 and 21.9 kg / m2 was further added as a risk range for malnutrition (15). Another criterion for malnutrition is weight loss of over 6 kg in the previous 12 months (retrospectively) or 6 months (prospectively) as relevant weight loss (7,17.18).

The questionnaire provides information on the specific care and nutritional status of the patient and / or the beneficiary of the GC as well as the structure of the institution, institution compared to national and international institutions. Data can be used to plan for development and structural change, as well as to carry out further actions.

The report contains the following information: facility capacity, nutritional standards, age structure of users, prevalence of cognitive and functional impairments of users, nutritional deficiencies.

Statistically processed results are transmitted to the institution after 6 months, with participants having access not only to their national data but also to international data of all Nutrition Day participants. In this way, one can look at one's own status, but the institution can also compare with the situation in old age centers around the world, with each project participant individually. When the data arrives, they

talk about the situation 6 months ago and prospectively about the expected timeline at the time the data is released (17.) (F2)

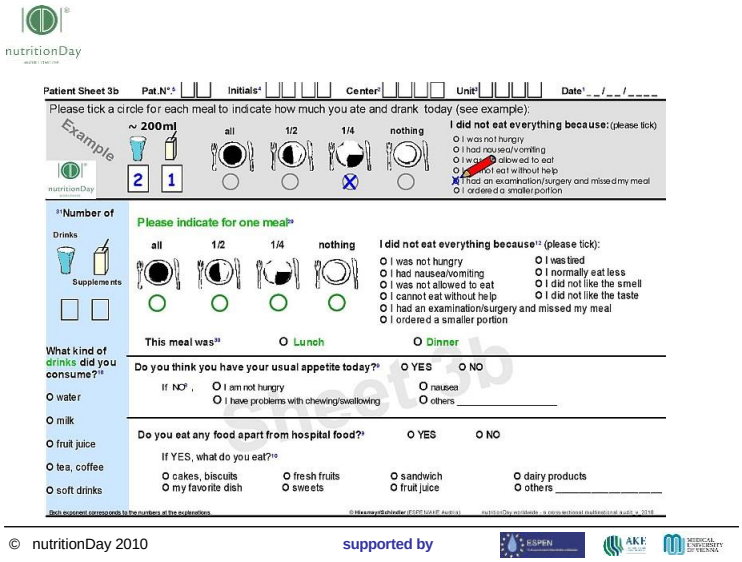


Figure 2. Questionnaire for geriatric center users

Source:https://www.nutritionday.org/cms/upload/pdf/6_about_nutritionDay/6.1.example_reports/unit_report_example_presentation.pdf

Individual reports also contain information on the professional staff, nutrition of dietetians. The goal is for each institution to have at least one person responsible for nutrition. Recent results indicate that 61% of participants meet this criterion. The goal is also to measure the body weight of each GC user at least once a month, and not only on admission, which is performed by 71% of participants. The questionnaire can also assess what percentage of users receive nutritional interventions relative to need. The results also serve as a basis for discussion for further steps towards improving nutrition (17).

What else is the information obtained for?

So, this is a presentation of the state of the participating institution, which should be discussed between employers and management. The expert team should decide what measures should be taken, and management how the measures will be implemented and whether cooperation with external partners is needed, perhaps catering services that will supplement the staffing deficit and facilitate structural and hygienic requirements. Given the users' health pathology, GCs cannot honor standards for preparing the individual meals necessary to correct the nutritional status of the individual vulnerable elderly (17). (F3)

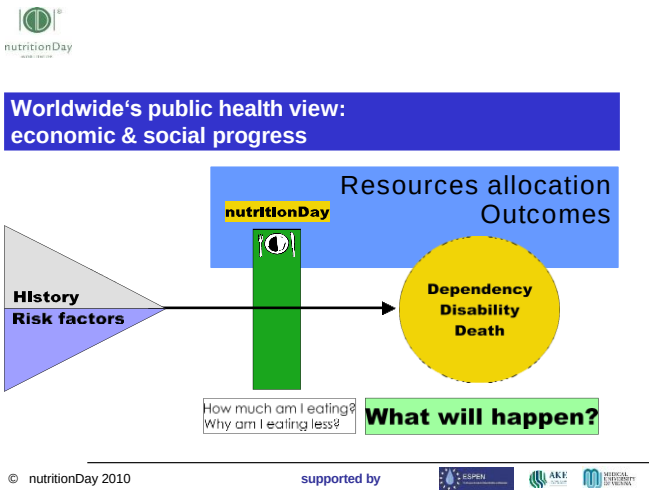


Figure 3. Social and economic progress from a public health perspective

Source:https://www.nutritionday.org/cms/upload/pdf/6_about_nutritionDay/6.1.example_reports/unit_report_example_presentation.pdf

CONCLUSION

Proper nutrition must become part of the care of patients, especially nursing home users, to reduce malnutrition and improve nutritional outcomes.

Nutrition structures, processes and screenings must therefore be implemented at the institutional level to effectively monitor and reduce malnutrition.

The fight against malnutrition should not only be of great importance to healthcare professionals, but also to decision makers.

This is why agreements and actions at the political and management levels are necessary.

World Nutrition Day has the goal and ability to provide valid nutrition information in a timely manner at the lowest possible cost. It is a very important and first step in the fight to reduce malnutrition.

Nutrition Day establishes a world map showing the nutritional status and prevalence of malnutrition among hospital patients and GC residents and appropriate nutritional infrastructure between institutions around the world.

World Nutrition Day Provides a scientific and factual database that is necessary for informed decision-making at the political and management levels, and perhaps for appropriate public health action. Because this program has the ability to directly measure what is happening in a hospitalized, institutionalized population, it is useful for both measuring intervention needs and directly measuring the effects of interventions (19).

Malnutrition screening for geriatric center users should be introduced as a mandatory part of geriatric status assessment, which would be the first significant step towards higher health and social awareness. Local practical solution should be implemented in all elderly centers with the aim of improving their daily diet. It is important to note that reasonable nutrition management is not possible without qualified

staff in the proper numbers and implementation of applicable hygiene and sanitary standards. The time has come to pay attention to nutrition in the social care system of the elderly. Not only will this improve the nutritional status and outcome of the individual, but it will also have economic benefits for the institution, the health system and the economy.

It may be a good time to include well-organized catering, which covers all staffing, sanitation and hygiene requirements, in order to get started with geriatric center users in addressing malnutrition.

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CULTURAL HERITAGE AND ITS IMPACT ON TOURISM INDUSTRY IN KOSOVO

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Abstract

Kosovo with its values of cultural heritage is and remains a very attractive and open place for all. Kosovo's cultural and material heritage was created between ancient civilizations, and after the New Age, which inherits a rich cultural heritage and is part of the world's cultural heritage. Kosovo's material heritage has value and quality, is well known abroad, and is very attractive to visitors who want to see masterpieces of culture and art, to get acquainted with the evidence of prehistoric, classical, Illyrian period, etc.
This paper will present a narrow opus of Kosovo's rich cultural heritage, its diversity and development over the centuries and its impact on tourism. The paper is divided into chapters that have a logical sequence and serve to achieve the main goal set for this paper.
Key words: cultural heritage, tourism, economic development,

1. The treatment and organization of cultural heritage and cultural institutions in Kosovo

In Kosovo, cultural heritage is defined and protected primarily by the Law on Cultural Heritage[20] and the Law on Spatial Planning[21], as well as other acts. Even in the country's constitution, cultural heritage has a special place.
The Republic of Kosovo inherited the administrative history of preserving cultural monuments from the former SFRY, passing through UNMIK (United Nations Mission in Kosovo) after 1999, until 2008, when it declared an independent state and this administration of cultural aspects and potentials.
Currently, Kosovo's cultural heritage is being handled by institutions such as the Ministry of Culture, Youth and Sports and its subordinates, institutes and at the local level, using various projects and initiatives. The Kosovo Council for Cultural Heritage (KCCH) is another special institution that has additional responsibilities that contribute to the treatment and maintenance of the country's cultural potential.

1.1. Classification of cultural heritage in Kosovo

Based on the Constitution of the Republic of Kosovo and systematized by law and other acts, cultural heritage is divided into five categories:
1. Archaeological heritage
2. Architectural heritage
3. Movable inheritance

[20] Law on Cultural Heritage (Law No. 02 / L-88), October 2006.
[21] Law on Spatial Planning (Law 2003/14), 03.07.2003c

4. Intangible / spiritual heritage
5. Cultural landscapes
These five categories belong to two groups of inheritance: material and immaterial. Material heritage includes: archeological, architectural and cultural landscapes, while intangible heritage includes: movable and spiritual heritage. Depending on their potential expressed through quantity and quality and according to the treatment that people do, each of these categories can be more or less touristy.

2. The material heritage of Kosovo in function of the development of tourism

The state, with its professional and administrative mechanisms, protects the potentials of cultural heritage by taking several steps, such as: identifying, documenting, evaluating and selecting potentials that deserve more than most.
These data are collected in a census from which the Ministry of Youth, Culture and Sports (MMCS) selects the potential for declaring permanent protection. These proposals are listed in the Provisional Protection List, a list sent to KCCH, an institution that, after examining the list, continues to publish them in the Official Gazette and in the MMCS, to include and create the Permanent National List of Cultural heritage of the Republic of Kosovo.
With this fact, attention to these potentials increases. From this list then appear some potentials (properties), which for various reasons, as stated earlier: historical, architectural, cultural, artistic, scientific, from their position, etc., have a greater value, reflect the impact tourist attractions and to become visited tourist centers.
The Government of the Republic of Kosovo, through MKMS and other institutions, has created the above-mentioned list of temporary protection, which is repeated from year to year until it was finalized in October 2012, but still remains a list of temporary protection. There is still a little work to be done for this list with permanent protection, but often in Kosovo, power and time seem to have lost their meaning. The reasons for not finalizing this list and the subsequent unavailability are in the field of ping-pong, and it is difficult to say exactly where the problem is.
One fact is very important and well known, the government and legislative institutions of Kosovo have never understood and did not want to understand that issues of cultural heritage are multidimensional and very significant. Since its inception, MKMS has never been able to meet the number of its members who are legally required to have the professional and formal capacity to make the right decisions. While there are hundreds of other examples on the ground, there are hundreds of cases of lack of institutional care in the country.

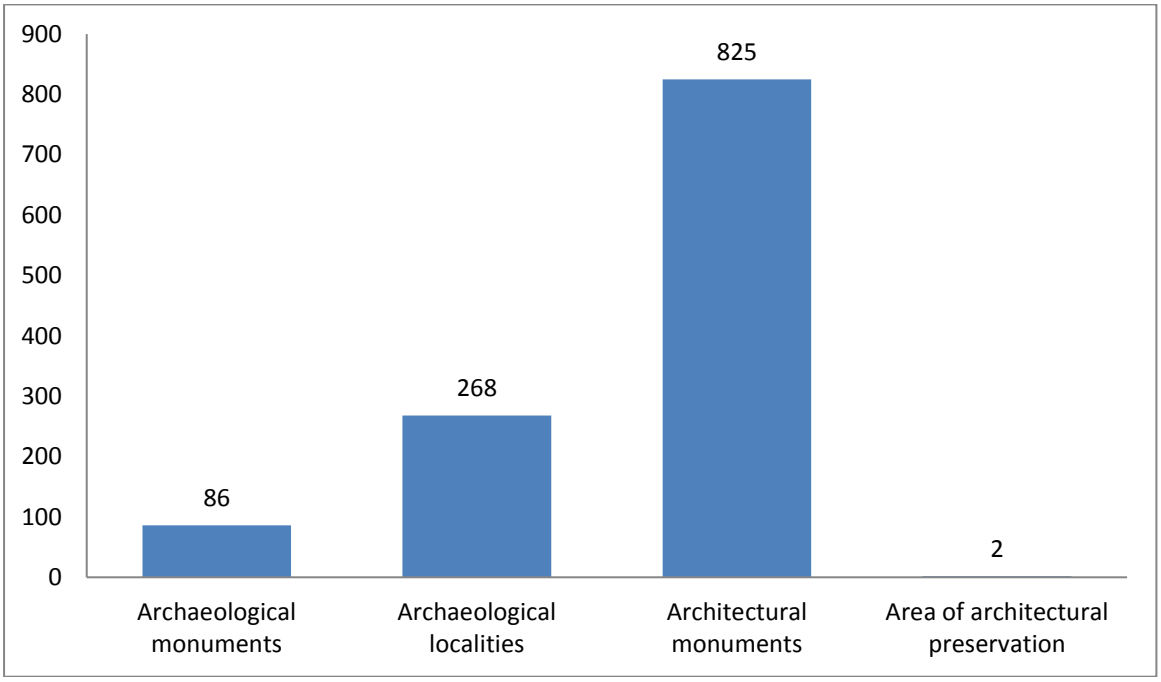
2.1. Contents of the List of Cultural Heritage for Temporary Protection

The list of cultural heritage for temporary protection (LCHFTP) is an official document that needs to be improved. Referring to this document, Kosovo officially has 1181 cultural heritage sites that are temporarily protected. These facilities have been identified for protection and care in accordance with international legal guidelines.

Table 1. Absolute and relative share of cultural heritage by category

Category	Archaeological heritage		Architectural heritage		
Subcategory	Monument	Archaeological locality	Monument	Area of architectural preservation	Total
No.	86	268	825	2	1181
Relative values	7	23	70	0	100

The table and the accompanying chart clearly state that the vast majority, or 70% of the cultural heritage fund, are architectural monuments.
It is unfortunate that only two of the five legal categories of cultural heritage are listed in the Cultural Heritage List. There is no object, work or locality of the movable heritage, the spiritual heritage and the cultural landscapes.



Graph 1. Participation of the cultural heritage by categories and subcategories in the List of Cultural Heritage

It can be said that various objects from the movable heritage are handed over to the appropriate museums in Kosovo, and that would mean some protection. But if we do not have any work or site of spiritual heritage, or do not have a cultural landscape, protected by this category, this is incomprehensible and unfortunately justifies the above discovery of lack of fair and objective interest of the central and local government of Kosovo.

2.2. Tourist potentials from cultural heritage

The territory of today's Kosovo has an ancient history of civilization that is evidenced by archeological sites, fortifications, cities, sacred and profane monuments, monuments and natural landscapes that enable the development of cultural tourism.
Among the most important potentials for the development of cultural tourism in Kosovo today are calculated: fortified settlements, archeological sites, old civic bazaars, sacred and profane monuments, caves, waterfalls, mountains, natural landscapes, etc. Although Kosovo includes a small territory, there are monuments with rich treasures that have special values of cultural and historical heritage. Also this region is rich in values of spiritual, material and natural heritage that reflect traces of ancient civilization from tradition, culture and way of life from the early Neolithic period to today's creativity.
The key points through which Kosovo should create its cultural and tourist offer are:
- Museum of Kosovo: The Museum of Kosovo was established in 1949, while the building with Austro-Hungarian architecture where it is located, dates from 1885/86. The museum aims to preserve, protect and present Kosovo's Cultural Heritage. The Museum of Kosovo includes a collection of more than 50,000 exhibits of various profiles; from the pavilion of archeology, technology, history, nature, ethno-culture, folklore, heritage, etc.

- Ethnological Museum: The Ethnological Museum is an integral part of the Museum of Kosovo. This museum was opened on July 27, 2006, respectively to the public in September 2006. During the 1990s, this complex was used as a nature museum. This ethnological complex is a pearl of Kosovo's cultural heritage. It consists of four buildings of the eighteenth and nineteenth centuries, and has inside the extremely interesting ethnological exhibition, which shows the life in Kosovo in terms of ethnology during the century. XV-XX.
- Ulpiana Archaeological Site: Ulpiana is a rare cultural heritage site. A Roman city founded in the early 2nd century by Emperor Trajan. Archaeological excavations have provided traces of pre-Roman life, but not enough to say that Ulpiana is an Illyrian city. Ulpiana is a continuation of an Illyrian settlement. The city is located near today's city of Lipjan in Kosovo
- Novobërdë Castle: Novobërdë is believed to be the oldest city in Kosovo and is located about 35 km from Prishtina. Its castle is one of the oldest in the region and dates back to the 13th century, from Byzantine times.
- Prizren Castle: It is a cultural heritage monument in Prizren, and is considered the symbol of the city, ie an important element in the cultural identity of Kosovo. The castle has its beginnings in the first period of civilization of this region, in prehistory, with a continuous development in the Byzantine, Serbian and Ottoman period etc.

2.3. A number of obstacles to underdevelopment

Lack of infrastructure, politicization of cultural heritage, poor promotion and insufficient awareness of the population about the role of cultural monuments in the economic development of the country, has influenced the cultural tourism in Kosovo to lag behind other countries in the region. Kosovo has great tourist potential but unfortunately not well promoted and enough in front of local and foreign visitors, and all this is done only by not paying attention to this great wealth that it has. Kosovo's cultural and historical heritage, with a gradual and well-planned development, could lead to a change in the role of tourism in the country's economy. The use of cultural monuments enables the attraction of visitors and the increase of their expenses in the tourist regions and this would directly affect the support of small cultural and local businesses for the local residents who provide tourist services. So far, there is no strategy to develop this tourism sector to generate economic development and employment opportunities to the extent of the opportunities offered by this sector.
This whole situation reflects the need of increasing the activity in promoting the values of Kosovo's cultural and historical heritage and increasing the tourist capacity in institutions and cultural monuments to expect a larger number. of visitors.
In Kosovo so far there has been no project to raise awareness of the broad masses of the population about the role of cultural heritage sites and monuments in the development of the economy and tourism.

3. Cultural landscapes

3.1. Notion of cultural landscapes, other landscapes and their development over time

Landscape means a geographical area that from one and / or more points of view represents the landscape (it is the environment itself), which is the result of a natural, cultural or combined past. The characteristics of the landscape reflect the evolution of the area in question. This is especially true when the landscape changes according to the initial natural state.
Various forms and types of landscapes are known so far. We are talking about this because the landscapes of natural origin were known long before the cultural landscapes. Otto Schluter, a German geographer (1872-1959), is a major contributor and person who has achieved remarkable success because he first coined the term "cultural landscape" - Landshafen (extension)[22]

[22] James, P.E. & Martin, G., All Possible Worlds: A History of Geographical Ideas, Page 177, John Wiley & Sons, New York 1981

He was a pioneer in this field known for his approach, promoting ideas he claims in 1908 by linking the landscape as an integral part of geography and moving geography as a field or matter that has not been treated by other disciplines. According to him, landscapes had two forms: original landscapes (landscapes that were not brought under the great influence of human change) and cultural landscapes (landscapes created by human activity - human culture). Based on this, the task of geography was to monitor these changes in these two groups of landscapes.
Schli Ster's ideas were further advanced by Karl Ortwin Sauer (1889-1975), a professor of human geography in the United States who is familiar with the classical concept of cultural landscapes: "The cultural landscape is modeled by natural landscapes through a cultural group. "Culture is an agent, the natural area is the environment, and the cultural landscape is the result."[23]

3.2. Legislation, cultural landscapes and potentials in Kosovo

In Kosovo, although a newly formed state, there are problems with the basic ones. However, cultural landscapes have managed to be included in the Law on Cultural Heritage as a separate legal category, along with other categories.[24]
Article 8 of the Law on Inheritance discusses landscapes, as well as Article 12 of the Law on Spatial Planning. The first indicates that landscapes are separate areas and are regulated or declared as such in accordance with Article 12 of the Spatial Planning Law. The second shows how much specific areas need to be regulated and what their institutions and responsibilities are.
Are there any cultural landscapes in Kosovo? "Of course". These potential landscapes are, but do not have an address, so for tourist use this is non-existent. Two separate areas are that of the Historic Center in Prizren and the settlement of Hoka e Madhe (village) in the municipality of Rahovec / Orahovac, inhabited by residents of Kosovo Serbs. These two properties are not landscapes, as they are included in the subcategory "Architectural Preservation Areas", which means that they fall into the category of Architectural Heritage.
Their distribution has a kind of uniformity, largely dependent on the relief. Most of the settlements are concentrated in the fields and valleys of Kosovo's rivers. These settlements scattered throughout the country have specific and distinctive features from place to place. Each of these specific places or groups has its own characteristics that were not created in one day. It takes centuries and centuries to create values expressed through different attributes. These values are the embodiment of human activity over time, related to environmental impacts and the natural opportunities provided by the area. The different appearance (vision) that is reflected in the settlements in Kosovo is a synthesis of the interaction between man and nature through the centuries. In addition, there are other factors, such as entanglement with the environment and the impact of the presence of foreigners (over the decades and centuries), in various forms, affecting the creation of certain landscapes. The import of behavior, work, action, construction, techniques, etc. are special because they have their own eclectic authenticity that makes them very unique and different from the countries of origin.
The regions of Kosovo that have their own specifics, in which locations can be found that in the future can be declared cultural landscapes by the responsible institutions, are:
- Kosovo plain, settlements (towns and villages) that are not affected by major religious and other environmental pressures, mainly spatially north-south. Settlements from the south of Ferizaj to Mitrovica to the north.
- Zone of Llap and Shala-Boletini, settlements and sites with changes from the southern part to the deeper, northern areas affected by the climatic conditions and the presence of more hilly and mountainous area. The influence that is expressed in various landscapes with an emphasis on the culture of building and developing life in general is present.
- Golaku (Galapi), covers settlements and environments with cultural character under the influence of the hilly-mountainous terrain to a large extent, as well as other social, cultural, ecological, historical and other factors.

[23] Carl Ortwin Sauer, The Morphology of Landscape, University of California, Puplications in Geography, бр 22, f. 19-53, Kaliforni,1925
[24] KKTK, Raporti vjetor për vitin 2012, f. 16, Prishtinë, Janar 2013.

- Drenica, a region in central Kosovo with lowland, hilly and mountainous terrain. The assumed landscapes on these sides must have characteristics that would be symbiotic to the physical-geographical influences, as noted above. These conditions are also reflected in the lack of sufficient land and poor quality land, then at a distance from urban centers, historical influences and other influences of social and economic nature. These and, of course, other factors influence the creation of specific sites that may be declared special areas in the future;
- The Dukagjini region, a region in western Kosovo that has its own peculiarities. Until recently, the type of construction was a direct reflection of the physical-geographical conditions and the socio-economic and political-historical circumstances that the population in this area went through. The Dukagjini towers are typical of Kosovo and beyond. They are a reflection of the culture created by the inhabitants as a result of the need for the survival of their country.
- Opoja and Shari, the provinces located in the southern parts of Kosovo have their own characteristics. Partly hilly and more mountainous terrain with a relatively small fund of suitable areas has led to the creation of typical settlements in this area. Here you will find settlements with houses and other ancillary buildings, highly concentrated and in some cases scattered settlements, without lack of necessary space. The type of construction, architecture and other visual attributes are influenced not only by the impact on the environment, but also by the presence of a diverse range of nationalities that coexist in these areas for decades and centuries. The impact of this survival and coexistence is reflected in behavior, lifestyle, expression and speech, family ceremony and other traditions.

4. Non material cultural heritage

This is the category in Kosovo that is the most neglected and in the worst condition. Indeed, this should be quite the opposite. The potential that the people of Kosovo have with them is ancient and millennial. Its variability has evolved over generations with changing circumstances and influential factors. The intangible heritage, as stated earlier, has not been preserved and restored in the legal and professional sense of the word, but in this sense it is little protected in Kosovo. The law exists (Law on Cultural Heritage, No. 02 / L-88), it provides for protection, but has not become what was needed: restoration and conservation.

4.1. Spiritual cultural heritage

This is a category in which tourism finds its place better than in some other categories. The possibility of using the potential offered by the country in this category depends a lot on the level of socio-economic development, but not only that. There is no possibility to use these ethno-social resources without exposing them, because there is no possibility of exposure without access to the preservation of this ethno-social resource.
Traditions, customs, language, holidays, rituals, dances, music, songs, craftsmen (crafts or handicrafts) are usually presented as potentially inherent in spiritual heritage. Thus, these expressions are defined and specified in the Kosovo legal framework and international conventions. People knew and preserved the traditions of the ancients, and nurtured new behaviors intertwined with the old. These types of potentials must be smelled where they are proven, invented, valued and selected, declared protected at various levels and ultimately proposed as world heritage values if other member states of the world agree with that.
The warm welcome of the foreign guest is one of the features that guests especially express in front of the citizens of Kosovo. This is a typical Albanian tradition. The traditions of the Albanian people are also presented through marriage ceremonies, which are interesting and are still preserved to some extent in some peripheral areas of the country. It is interesting that, as with other types of traditions, the

variability of docks, especially in marriage, has significant nuances between the small ethnographic areas in Kosovo. The marriage in the Gora and Opoja districts (southern corner of Kosovo) is special.. Clothing with its non-verbal symbolism, which reflects one of the most sensitive segments of folklore, is important in the field of tourism and in general for the study of human geography. These values inherited from generations nowadays show motives that do not appear everywhere. They have oriental paths in certain areas that contribute to their influence and thus influence the tourist orientations and circulations in their direction.

Conclusions

Kosovo's institutions have proven political and professional negligence and managerial immaturity even towards UNESCO by mistreating them or neglecting the cultural heritage inherited by generations. Aspects of proper treatment of monuments, objects and other forms of cultural potential are very important for tourism.

Due to lack of responsibility towards citizens and total lack of knowledge and professionalism of MPs in some electorate terms, has caused that object of cultural heritage remain only on paper, without the prospect of being on the list for permanent protection in the near future.

Mosques are the most famous monuments in Kosovo. 92% of them are architectural heritage, while 8% are archaeological heritage. Churches with the number 142 follow and consist of 75% archeological heritage, while 25% are architectural heritage.

One problem with cultural heritage management is how to preserve and maintain it. Restoration of monuments is one way to prolong their lives. In post-war Kosovo, there has been constant criticism of the way how these monuments have been restored, both archaeological and architectural sites. In terms of time they have been delayed, causing even more damage to cultural property. While the repairs are accompanied by a lack of proper expertise, defects such as improper materials and inappropriate age, architecture, design, color, etc. have also emerged.

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