
CHALLENGES OF RECOVERY IN THE TOURISM SECTOR AFTER COVID-19

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Abstract: The pandemic (COVID-19) is, first of all, a crisis that is affecting the lives of citizens and has caused a global economic crisis around the world, also in our country in Kosovo. COVID-19 has very tangible impacts on the economy and especially on the tourism sector, which is vital for many people, and businesses in the country. Tourism is one of the fastest growing economic sectors and is an important driver of economic growth and development. Until the world is facing an unprecedented global health, social and economic emergency with the COVID-19 pandemic, travel is impossible and tourism is among the most affected sectors, and our country Kosovo is facing an unfavorable economic situation without tourist which has affected almost all sectors of the economy, where among the sectors most affected by this situation is considered to be that of gastronomy and tourism. Our country should pay special attention to the recovery of this sector because most of the businesses are gastronomy and tourism. The government of the country should have this sector as a priority in stimulating the economic and financial recovery.

Keywords: Covid-19 Pandemic, Tourism, gastronomy, recovery etc.

1. INTRODUCTION

As a result of the coronavirus pandemic and the closure of businesses, a large number of Kosovo citizens suddenly lost their jobs. This has led to a significant increase in the number of citizens registered as unemployed at employment offices. In April 2020 alone, the Employment Agency together with its 34 local offices registered a total of 32,377 new jobseekers. This has meant that the number of registered jobseekers in the period from January to April 2020 move to 37.392. Nearly half of them (16,820) are women. Given the very high rate of economic inactivity of women and other barriers to employment, the unemployment rate among women may increase even more. To help businesses and citizens financially affected by the pandemic, on March 30, 2020, the Government of Kosovo approved the Emergency Fiscal Package worth about 179 million euros. Four days later, the Ministry of Finance and Transfers also approved the Operational Plan for the Fiscal Emergency Package, which contained procedures and criteria for benefiting from 15 measures aimed at helping some categories of society directly affected by the pandemic. Among the target categories, which are also the main focus of this study, are persons who have remained unemployed as a result of the ban on business activities by order of the Ministry of Economy dated March 23, 2020. In addition to monthly assistance in the amount of 130 euros for three months for citizens who lost their jobs due to the pandemic (measure 8) and monthly assistance in the amount of 130 euros for three months for unemployed citizens with severe social conditions (measure 15)), The Emergency Fiscal Package also provides financial support for companies whose activity has decreased during the pandemic, covering the monthly salary costs of their employees in the amount of 170 euros for two months (measure 3.a) together with coverage of pension contributions for those salaries (measure 3.c). This state aid has spurred a large number of applications. The number of enterprises that have applied for compensation of 170 euros for their employees is 37 thousand, while the total number of employees included in this measure is 133 thousand. But, the verification commissions have found numerous shortcomings in these applications, which resulted in only about 41 thousand beneficiary employees in April. On the other hand, measure 14 of the emergency package, which provides financial support of 130 euros for two months for those companies that in times of pandemic register workers with one-year employment contracts, has caused the number of new employees in the private sector to increase by almost 15 thousand people (Ndikimi i pandemisë COVID-19 në tregun e punës, Insituti Gap, Qershor 2020). Since the appearance of the first cases of COVID-19 infection in Kosovo on March 13, 2020, the number of infected has been constantly increasing. According to the National Institute of Public Health (NIPH), (Institutit Kombëtar i Shëndetësisë Publike. 28. Maj 2020. Burimi: <https://bit.ly/2zCT6w7>). The Government of Kosovo has taken strict measures to restrict the movement of individuals and operate businesses in order to reduce the number of infected. On March 23, 2020, the Ministry of Economy, Employment, Trade, Industry, Entrepreneurship and Strategic Investments (MEPTINIS)

decided to ban a large number of economic activities (Lista e të gjitha veprimtarive të ndaluara nga MEPTINIS me 23.03.2020. Burimi: <https://bit.ly/2X212Bw>). Among the most affected types of businesses since the beginning of the pandemic were gastronomy, large markets and hospitality. Permitted businesses and services, such as markets, bakeries and pharmacies, were also required to adhere to strict hygiene measures during operation (“Udhëzues për bizneset për masat që duhen të ndërmerren për parandalimin e koronavirusit,” MEPTINIS, 15 Mars, 2020. Burimi: <https://bit.ly/3dkZDKr>). But restricting the movement of citizens and closing down businesses resulted in a slowdown in the economy. Even so, the labor and employment market in Kosovo is characterized by a high unemployment rate (25.7%), a low employment rate (30.1%), a very high employment rate of the population who are of working age but who are not economically active (59.5%), with a high youth unemployment rate (49%), a very low female employment rate (14%) as well as long-term unemployment where 62% of the registered unemployed are long-term unemployed (over 12 months), (“Anketa e Fuqisë Punëtore 2019.” Agjencia e Statistikave të Kosovës. 2019. Burimi: <https://bit.ly/2Z0FVzQ>).

2. THE IMPACT OF THE PANDEMIC ON THE LABOR MARKET

However, the data show that the spread of the pandemic in Kosovo, coupled with the restriction of movement and the closure of many business activities, had an immediate impact on unemployment in the country. Even the data of the Tax Administration of Kosovo (TAK) show major changes before and after the pandemic (Sqarim: për shkak se Ministria e Financave dhe Transeferëve e ka zgjidhur deklarinimin e tatimeve deri në fund të prillit 2020, numri i saktë i punëtorëve në këto industri nuk mund të dihet tani <https://bit.ly/3erSUPl>). For example, the industry that employs the most workers in Kosovo - that of wholesale and retail - marked a drastic decline in workers.

Table 1. Jobseekers registered January-April 2020 by municipalities

Komuna	Mashkuj	Femra	Totali
Fushë Kosovë	90	82	172
Glllogoc	502	385	887
Graçanic	365	242	607
Lipjan	1254	1157	2411
Novoberd	75	81	156
Obiliq	295	269	564
Podujeve	711	755	1466
Prishtine	1368	1143	2511
Dragash	550	367	917
Malishev	596	226	822
Mamushe	17	1	18
Suharek	978	676	1654
Prizeren	1228	1202	2430
Istog	315	217	532
Kline	112	65	177
Peje	861	841	1702
Decan	199	106	305
Gjakove	1891	1423	3314
Junik	37	15	52
Rahovec	449	164	613
Leposaviq	194	258	452
Mitrovic	1136	1059	2195
Skenderaj	837	869	1706
Vushtrri	490	506	996

Zubin Potok	352	360	712
Zveqan	230	250	480
Ferizaj	1304	817	2121
Hani Elezit	181	75	256
Kacanik	406	121	527
Shterpc	46	31	77
Shtime	354	226	580
Gjilan	1016	846	1862
Kamenice	295	150	445
Klllokot	127	121	248
Partesh	71	79	150
Ranilug	131	134	265
Viti	660	369	1029
Mitrovica V.	808	873	1681
Totali	20531	16561	37092

Source: Employment Agency of the Republic of Kosovo 2020

Most jobseekers are in basic occupations, including cleaners or assistants, agricultural workers, miners, gastronomy, transport, or road service assistants (20,982) and employees. craft (4,982), while the least is in the professions of the armed forces (11) and managers (202) (Ndarja e profesioneve, ILO. 2020 Burimi: <https://bit.ly/36zNSxv>). Based on estimates made by GBB, revenues are projected to fall to 11% due to the slowdown in economic activity and measures to defer tax returns. In addition, the GBB noted that the fiscal deficit is estimated to reach 6.3% of GDP, despite the decline in capital expenditures to 43.5%, driven 6 by both the decline in revenues and the government incentive package, which is estimated to be will cost about 2.8% of GDP (GBB, Ndikimi Ekonomik dhe Social i COVID-19, Politikat Fiskale, Pranverë, 2020, marrë nga <http://documents.worldbank.org/curated/en/117501591288273884/pdf/The-Economic-and-Social-Impact-of-COVID-19-Fiscal-Policy.pdf>). Moreover, based on a survey conducted by AmCham along with other business organizations, 10% of large enterprises stated that they have reduced their workforce by 30%. Reductions in the number of employees were mostly micro and small enterprises, where 8.5% of micro enterprises have reduced 30-50% of their workforce, while 13.9% have reduced over 50% of the workforce (Oda Amerikane, Oda Ekonomike e Kosovës, Oda Ekonomike Gjermano-Kosovare, Klubi i Prodhuesve të Kosovës, Ndikimi i COVID-19 në Ndërmarrjen në Kosovë, Prill, 2020, marrë nga <https://www.amchamksv.org/wpcontent/uploads/2020/04/Study-on-the-impact-of-COVID-19-on-Kosovo-Businesses.pdf>). What is more important is that in Kosovo the climate is very favourable for tourists because four seasons are adjusted in accordance with official calendar and in rare cases the climate happens to be different, for instance, the winter season is snowy each year (Kuqi, B. (2018). Theoretical approach concerning the development of sustainable tourism as tourist destination in Kosovo, Peja, Kosovo, <https://doi.org/10.30892/gtg.22218-305>). Recently, other exhibits have started to be collected in the region of Kosovo, because as we know, there are minerals in other regions in Kosovo (B.Millaku, E.Elezaj and B.Kuqi BEAUTIFUL CRYSTALS AS VALUES FOR THE DEVELOPMENT OF TOURISM IN KOSOVO (2020. <https://doi.org/10.5593/sgem2020/1.1/s01.004>).

Table 2. Number of visitors and net stays (local and foreign), by regions for Q4 periods of years 2018-2020

Nr.	Regjioni	TM 4 2018		TM 4 2019		TM 4 2020	
		Vizitor	Netë	Vizitor	Netë	Vizitor	Netë
1	Gjakova	4431	6910	1760	2877	571	1053
2	Gilani	2885	3561	2425	2921	710	1038
3	Mitrovica	3413	3548	4715	4864	5055	5122
4	Peja	20594	36866	14305	30981	14402	30776

5	Prizereni	10447	13155	11743	15216	9308	10914
6	Prishtina	27734	52254	30834	54568	20689	38438
7	Ferizaj	2945	5185	1712	2782	1151	1775
	Totali	72449	121479	67494	114209	51886	89116

Source: Kosovo Agency of Statistics.March 2021

Figure 1. Visitors by visits to cities in Kosovo



Source: Kosovo Agency of Statistics.March 2021

In Q4 2020 the number of visitors (local and foreign) is 51 885 of which 43.33% are local and 56.67% are external, while the number of net stays is 89 116 of them 41.35% from locals and 58.65% of foreigners. From table 8 it can be seen, that in TM 4 2020, the largest number of visitors and their net-stays has the region of Prishtina with 20 689 visitors and 38 438 Net-position

3. DISCUSSIONS FOR ECONOMIC RECOVERY

Economic recovery after the end of the coronavirus-caused pandemic will be a challenge for Kosovo, given the damage done locally and globally, say economic experts. Most businesses in Kosovo, in almost all sectors, have reported large amounts of financial losses and reduced production capacity, from measures taken by the government on March 13 to prevent a pandemic. So far, there are no exact figures of economic losses, but according to the Ministry of Finance and Transfers, it is estimated that 6 million euros per day Kosovo loses due to the coronavirus pandemic (Ministrisë së Financave dhe Transfereve,2020 <https://mf.rks-gov.net/>).The President of the Kosovo Chamber of Commerce, in a conversation with Radio Free Europe, says that the economic recovery will be difficult, but that an adequate strategy is needed from the competent authorities. The President says that dealing with the pandemic is a new situation for Kosovo, so urgent action is needed in order to help businesses towards recovery, hence overall economic development(Sfida e rimëkëmbjes ekonomike pas pandemisë,Lajme,Radio Evropa e lire 2020).“Every sector is affected, we have a high dependence on remittances and remittances will be affected. Exports will also be affected, as little as we have will be affected. And normally this later brings us general problems in the balance of payments, with an opportunity to deepen the deficit in the balance of payments ”, says the president of KCC. Tourism activities are also likely to be among the last to restart, and on a phased basis. Even when these businesses do open, it will be under new operating procedures in the absence of a vaccine. The pandemic is also likely to have an impact on tourist behaviour, impacting the resumption and recover of domestic and international tourism(B.Kuqi & P. Hasanj KNOWLEDGE – International Journal, Vol.42.1, IMPACT OF COVID-19 ON THE TOURISM SECTOR IN KOSOVO 2020,p.50. <https://ikm.mk/ojs/index.php/KIJ/article/view/4508>). During the process of drafting a tourism development policy and plan, it is crucial to bear in mind various forms to develop

tourism that suits the tourist country or region (B.Kuqi,E.Elezaj and P.Hasanaj Development of Alternative Tourism in Kosovo – Peja Region (2020). <https://doi.org/10.2478/bjreecm-2020-0007>).

4. CONCLUSIONS

The incoming government should have a special program for economic recovery, because, in addition to the impact on public health and the lives of citizens, COVID-19 will cause an economic shock, negatively affecting production, employment, income and exports, and this only as a first wave. We will feel the full impact in the second half of 2020, when the multiplier effects appear, through declining investments and remittances. Economic recovery measures will be based on a general analysis of the economic impact of COVID-19. These measures will be summarized within the "Program for Economic Recovery after the COVID-19 Pandemic", which program will mobilize over 1 billion euros during 2020 and 2021 that will enter the economy. The Fund for Economic Recovery after the COVID-19 pandemic will be established, where funds will be raised for economic and social support purposes to overcome the consequences of the pandemic. Therefore, immediate measures will be taken. to normalize the operation of businesses as soon as possible, but respecting health guidelines to prevent the spread of the virus. Economic recovery in the second half of this year and in 2021. These measures will mobilize all sources of financing for businesses. We will work with banks to ensure that long-term state funding for businesses flows mainly through banks. Thus, this pandemic should be seen as an opportunity for major qualitative changes in the economic structure of Kosovo, with the potential for long-term qualitative growth. By channeling funds into the economy where it is needed and where the effect is maximum, they will create a new momentum for rapid economic development, placing Kosovo's economy on a higher trajectory of long-term growth and development, with higher and higher quality employment.

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