

Touristic Investments in Saranda Region

Author: **Rakela Thano**, Pedagogue, Faculty of Economy, Tirana University, Affiliate of Sarandë mrkelsr@yahoo.com

Development of tourism, in general presuppose completing of significant capital investment by the state and the private sector. Many times, it happens that investments done by the state and private sector for the touristic development, of a country, or of a region are not enough for the development of tourism. In such a situation, it helps foreign investments, which help touristic sector completing the touristic offer. Touristic investments are the second essential element of general expenditure after the touristic consume. The purpose of this research study is to analyze the development of investments (public and private ones) in Saranda Region comparing them with general investments done in Albania and needs for investments in this sector. The given data belong to: Municipality of Saranda, INSTAT, Annual book of Statistics, Ministry of Tourism and Bank of Albania. Making a comparative analyze, we reached the conclusions that, to have the development of tourism, we required not only private investments, but even public investments and a strong collaboration between private and public sector.

Keywords: *touristic infrastructure and superstructure, public investments, private investments*

JEL Classification: *L83, H54, J61*

Introduction

Economy of tourism in Albania after '90 has done a considerable effort for massive tourism in the whole country, applying projects to develop friendly spaces for the development of tourism, to prevent concentration of tourism in the same regions and the whole country. Ministry of Tourism has declared new objectives about Albanian tourism because tourism it may consist on sand, sea,

and sun, but it should be concentrated in all 4 seasons and all regions of the country.

Central government, as well as local government, has undertaken a new high policy to expend the tourism sector seeing tourism as a way for development, transformation and empowering of economy. Economic role of tourism is complex because tourism is an amalgam of such industries as are, transport, housing, food, drinks, service, entertainment and travel agencies. Tourism it offers many possibilities for the sustainable economic development in the country. The increasing number of visitors and the profile of nowadays traveler are looking for change and enriching the touristic product offered to country and the development of respective infrastructure. In world literature is treated the close relationship that exists between tourism and tourist Investments, private and public, Triantafyllopoulos(2006); Gezici, F. et al., (2006); Stan, R.E. et al., (2009); Andergassen, R. & Candela, G. (2010); Kort, M.P. et al., (2002); Manente, M. & Zanette, M. (2010).

Development of tourism in general presupposes the realization of significant capital Investments by the state and by the private sector. Public Investments are necessary for the execution of the objects of tourist infrastructure, while private initiative Investments are necessary for the execution of the objects of tourism superstructure. Therefore when it comes to tourism, it definitely means parallel investees activity in tourism. Ηγουμενακης, N., et al (1999).¹

Investment in the tourism sector is a mixing of public and private resources that create difficulties for the assessment of economic effects and designation of a suitable strategy. Investment of infrastructure is of a great importance. Knowledge about their attributes is the essential contribution and a better programming of touristic development. Creation of a touristic infrastructure network distinguishes the tourism product, improve the touristic image of the country and promote the process of touristic development. Improvement of infrastructure qualities and services in the tourism sector, diversification of the offered touristic product are the basic instructions in Albania. Diversification of touristic product has the main purpose the extension of touristic period and can be included among the main objectives of touristic policies. As the result of infrastructure created, specialist classified the tourism forms as of the primary importance based on the resources we

¹ Ηγουμενακης, N., Κραβαριτης, Κ., Αυτρας, Π., (1999) Εισαγωγή στον Τουρισμό Interbooks, Αθήνα (1999), botimi i dyte ('98, '99) pp240-244.

possess. In the first part, I do a theoretical description of touristic infrastructure as a component of touristic offer. In the second part, I introduce the importance of touristic investments for the development of tourism in Albania. The third and the fourth part is a case study of Saranda Region touristic investments divided into: private investments (foreign and domestic ones) and public investments into infrastructure of welcoming structures and completing structures compared with actual needs and touristic demand with needs and defined objectives in the long term strategic plan of country development. In the last section, I gave conclusions and recommendations how to do investments in the tourism field in, Saranda Region, in order to have a sustainable development of tourism and economy in this region.

The role of touristic infrastructure as a component of touristic component

Infrastructure is the third component of touristic offer, after the touristic resources and touristic accommodation where we base tourism policies. Touristic infrastructure not only enforce general existent infrastructure of the country, but also helps touristic development of different areas and helps in completing of touristic needs. Tourism is characterized by high costs of touristic infrastructure and superstructure.

Heytens J. (1974)² distinguish three main categories of touristic investments:

Investments from which there are no touristic incomes, where we can mention infrastructure planning etc.

Investments from which comes indirect touristic incomes, such are water supply, distribution of electricity power, vehicle roads, airports, touristic advertisements financed by hotel and flight companies etc.

Investments from which we get direct touristic incomes such are hotels, restaurants, pools, tennis fields, taxies entertainment centers etc.

These investments are financed by different investors who are collaborating to assess existent touristic resources. The two first categories belong to the state, despite the fact that, for the second category, there is collaboration between the state and private investors, meanwhile the third category it belongs exclusively to the private sector. The cost for any object of the infrastructure seems to be extremely high, and this fact create a total cost for the infrastructure objects that are impossible to be provided by national or regional economic budgets. The main problem of touristic infrastructure seems to be their seasonal escalation, combined with existent financial resources, in

2 Heytens J. - "Les effets du tourisme dans les pays en voie de developpement: implications economiques, financieres et sociales", C.E.T., Col. "Les Cahiers du Tourisme", C no 29.1974. pp7

a way to affect as little as possible the public expenses. The infrastructures analyze through the goods production and consumption and final services prism and distinguish two essential types of touristic infrastructure: Entertainment infrastructure that it facilitates the touristic activity in the leisure time. Infrastructure of macroeconomic nature, or general infrastructure, which aims to satisfy as many as possible consumers categories such is the transport, distribution of electricity power, drainage channels etc. Financing of the first element belong both to private and public sector. The capital expenses of the first infrastructure category can be classified as positive ones for the level used by domestic population. In many developed countries, entertainment object seems to have the entire focus on international tourism. Financing of the infrastructure belongs to the second category since it is extremely difficult to distinguish the general infrastructure from the touristic infrastructure of a country, provided by public sector through public taxes and public borrowings. Except the infrastructure, touristic sector is the link with investments done by the companies which produce goods and services consumed directly by the tourists, or supply the intermediate consumption.

According to Fabre P.(1979)³, the required investments for the touristic development of a country are of two categories:

- Investments done in businesses that sell goods and services consumed directly by the visitors
- Investments done in general infrastructure and public services.

The state contribution in touristic developments it distinguishes two main directions:

- Creation of a favoring investments atmosphere.
- The Favoring financing.

About the first direction, there are several accepted factors which are able to fulfill the requirements of the first direction, and which can be as following:

- Perspective for a complete development.
- Public announcements of touristic developing programs.
- The role of government and administrative support.
- Creation of infrastructure.

Economic efficiency of touristic accommodation depends on a high level from the initial structure of invested capitals. The nature of investments in the tourism sector brings a series of features⁴, listed as following:

- The incomes have a crucial role to the assessment of efficiency of

touristic accommodation.

3 Fabre P. "Tourisme international et projets touristiques dans les pays en developpement", Paris 1979. Pp 65

4 Heytens J.-"Les effets du tourisme dans les pays en voie de developpement: implications economiques, financieres et sociales", C.E.T., Col. "Les Cahiers du Tourisme", C no 29.1974.pp,9-10

- Prices of offered services have a crucial role for the income. It requires of fix and variable operative costs, in order to have attractive prices and as a consequence to have sufficient incomes during the entire year.

- Occupation, duration of staying, periods of holidays, and tourist expenses are the key elements for the defining of investments efficiency.

- Quality of the service seems to be the most crucial factor for the tourist attraction.

- Constructions can represent damages in a short period, especially for the countries under development, a fact that increase the maintaining costs. Also, the effort to preserve certain parameters, creates extra problems

- Demand for long term capitals is often difficult as the result of lacking trusted methods, which are necessary to define out economic efficacy of investments in tourism field.

- Tourism shows the competition effects and its clients seem sensitive towards the market changes (fashion, quality, price, etc.)

- These features have to do mainly with the housing sector of tourism, but affect the investments done in infrastructure recreation etc. and investments done in other economic sectors which are part of touristic production.

The Importance of tourism and touristic investments for Albania.

Erbes R.(1973)⁵ stresses the fact, in connection with tourism "It is a heavy⁶ industry", if we talk about investments because tourism does not represent real sector of the economy, but a set of activities subordinated by different sectors and branches (transport, construction, public objects etc). Development of tourism in general presupposes completing of crucial investments of capitals by the public and private sector.

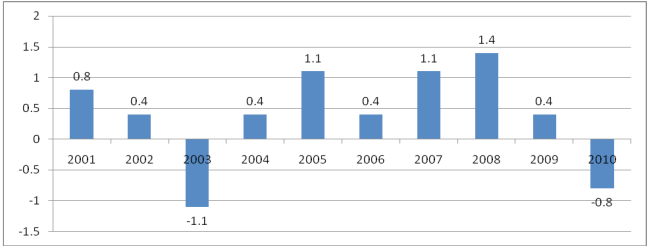
Many times, it happens that the investments done by the public and private sector that have in consideration the touristic development of a country or, of a region are insufficient for the tourism development. In such a situation, the focus is on foreign investments in order to reach the goals. The role of tourism in Albania development is crucial.

Direct contribution of tourism in GDP during the year 2011 in Albania it was 81.4 billion ALL, or 6.2% of GDP. The total contribution of tourism in GDP during 2011 in Albania it was 287.9 billion ALL, or 21.8 % of GDP. Capital

⁵ Erbes R.-"Le tourisme international et l' economie des pays en voie de developpement" Paris .1973. pp2

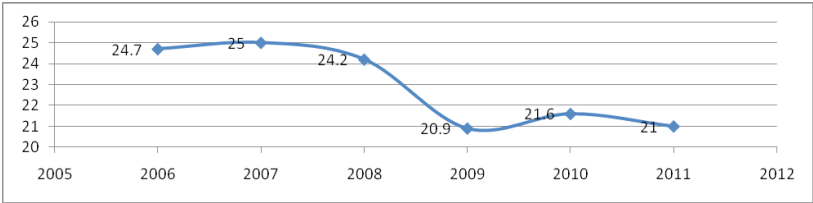
⁶ Durand H ,Guirand P ,Spindler J .- "Economie et politique du tourisme" Paris.1994. pp116-119

investments in the tourism sector, in Albania during 2011 have been 21.0 billion ALL. At Graph 1, I introduced contribution of trade sector, hotels and restaurants for the growing of GDP in Albania for the period 2001-2010.

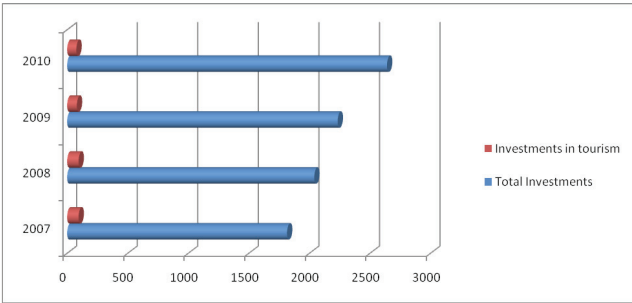


Graph 1: The contribution of tourism in the real growth of GDP in Albania
Source : INSTAT Albania

At graph 2, I introduced the capital investments done in the tourism field using the real prices of 2011 for the period 2006-2011 in billion ALL.



Graph 2: Capital investments in tourism in Albania
Source: Travel&Tourismm.Economic Impact 2012, Albania



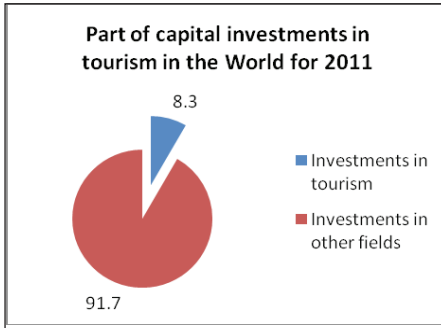
Graph 3: Total foreign investments and foreign investments in hotels and restaurants.

Source: Central Bank of Albania

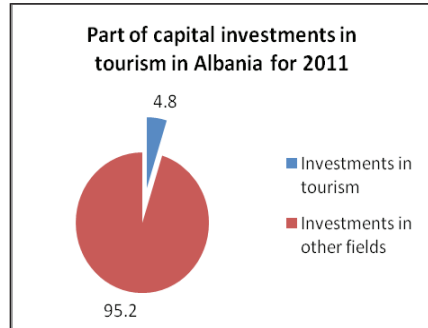
In 2011, capital investments done in the tourism field, in Albania 0.2 billion US\$, in Europe 187.3, billion US\$, and in the whole world 743 billion

US\$ Contribution of capital investments in tourism filed in Albania during 2011 it was 4.8% (graph 5) meanwhile the world average for the same period it was 8.3% (graph 4) while the long term prediction for the year 2022 for the contribution of capital investments in the tourism field in Albania will be 4.6% and the world average it will be 5.3%.

Graph 4:



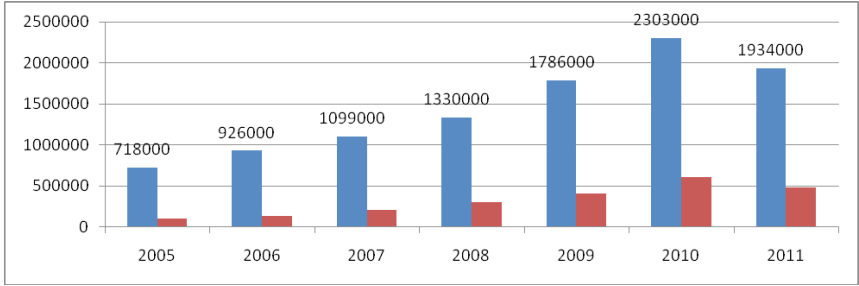
Graph 5:



Source: Travel&Tourismm.Economic Impact 2012, Albania

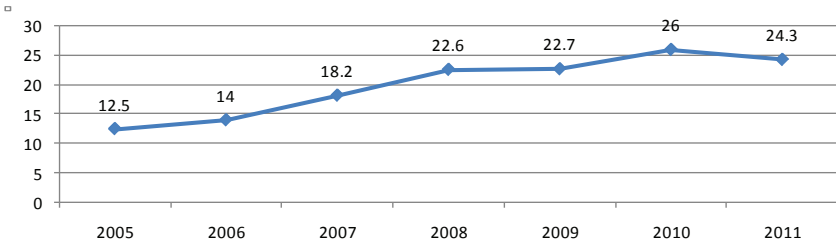
The role of tourism, effect of public investments in tourism , development of private investments in tourism sector of Saranda region.

Saranda region is in the southern part of Albania. Saranda it has natural resources and is at the same time the meeting point of many cultures and many religions. It possesses a rich archeological and cultural heritage. Saranda is a region with cultural assets and values of antiquity monuments. This region has the greatest number of cultural monuments in Albania and the greatest potentials and resources for the development of historical, natural and cultural tourism. Saranda Region possesses 116 natural assets and assets of cultural heritage. In Saranda region there is the ancient city of Butrint. Saranda is directly depended on tourism if we take in consideration the level of incomes gained from this sector. Tourists that visit Saranda are the main sources of incomes. Tourism industry is exclusively focusing on private sector. Number of tourists that have visited Albania during the period 2005-2011 consist in 20% of tourists who have visited. At Graph 6 is introducing the number of tourists who have visited Albania and number of tourists who have visited Saranda region for the period 2005-2011. At graph 7 is introducing the weight it has a number of tourists who visited Albania in the total number of visitors who visited Albania during the period 2005-2011.



Graph 6: Tourists who have visited the Saranda region and Albania.

Source: Ministry of Tourism, Youth, Culture and Sports, Albania



Graph 7: Weight emphasis tourists visited Saranda to tourists visited Albania.

Source: Ministry of Tourism, Youth, Culture and Sports, Albania

Analyzing the private investments in tourism sectors in Saranda region, it is visible that Saranda region hold the third place behind the Tirana and Durres Regions if we compare the number of accommodation unit of all regions of Albania. Accommodation units, of Saranda region, consist in 10.3% of the whole accommodation units in Albania, number of rooms consist in 9.6% of the total number of the hotel rooms in Albania and 10.4% of the total hotel beds, in Albania. Table 1 gives the weights that have hotels in Saranda region according to the number of rooms for 2011

Table 1: Hotels grouped according to rooms.

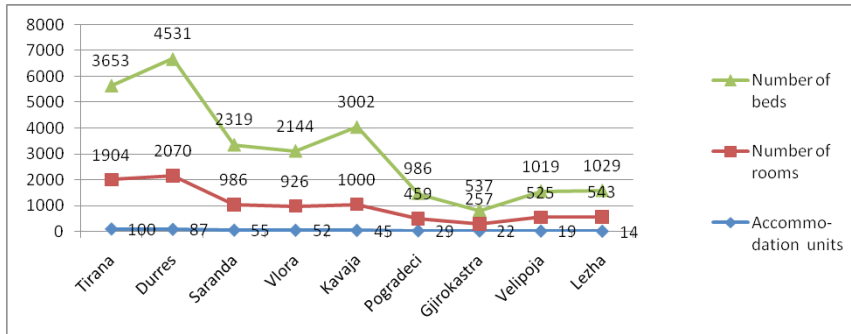
Number of hotel rooms	Percentage of the total number of hotels
Under 10 rooms	23.6%

11-20 rooms	51.1%
21-30 rooms	18.1%
31-40 rooms	1.8%
41-60 rooms	3.6%
Above 60 rooms	1.8%

Source: Ministry of Tourism, Youth, Culture and Sports, Albania

Based on the table's data, we notice that the average number of rooms for a certain hotel in Saranda is round 18 rooms.

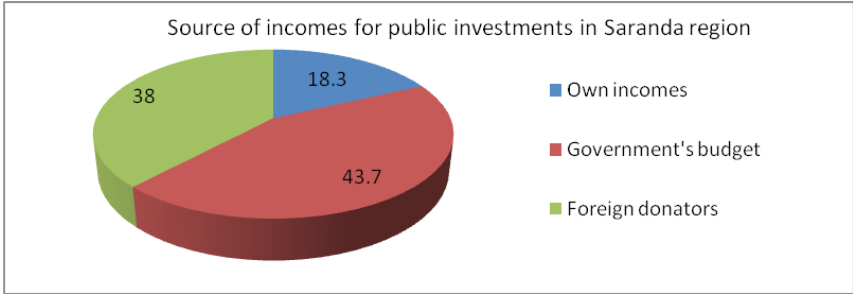
Graph 8 introduces the number of touristic accommodation units, number of rooms and number of beds for touristic use in Albania during 2011.



Graph 8: Source: Ministry of Tourism, Youth, Culture and Sports, Albania

In Saranda, the rapport of the number of inhabitants with the number of beds is 17.4 inhabitants per bed meanwhile the rapport of family number with the number of hotels is 220 families per hotel Tourism season in Saranda is characterizing by a short season that last up to 4-5 months When the touristic season is over all the hotels close their doors. Only 11.4% of the hotels continue to function all year long; meanwhile the rest close their activities and start to reactivate it at the beginning of the touristic season.

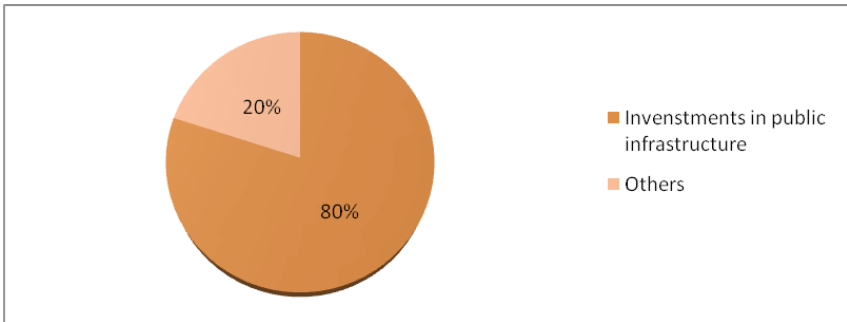
Saranda municipality has projected middle term and long term development of the region. Municipality of Saranda invests 40 % of his budget for the development of the area and public investments. Graph 9 introduces the source of incomes for public investments in Saranda region for the period 2001-2010.



Graph 9: Source of income for Public Investments

Source: Municipality of Saranda. Different indicators of local development for 2010

Most of the public investments belong to the budget of Albanian state.



Graph 10: Investments in public infrastructure occupy 80% of the total investments in the region of Saranda.

Source: Municipality of Saranda, 2010

The investments done by local government have helped the private sector of tourism with other policies. Hotels in Saranda region are paying 5 kind of taxes such are, tax of small business, tax of building, tax of boards, tax of sleeping, and tax of public. Local bodies have supported the hotel sector decreasing the building tax in 2005 with 30% of his total value; have decreased with 20% the tax of sleeping in 2005 and 25% in 2011. In Saranda region number of hotels, restaurants and coffee bars is increasing every day, but their weight they have in general number of such businesses in the region is decreasing.

The impact have the investments of urban and public infrastructure for the rehabilitation of road infrastructure, establishing and asphalt of public places and dwelling places, planting of trees, water supplying, lighting drainage

channels etc.

During the period, 2005-2010 a road of more than 35 km was opened, reconstructed and asphalted.

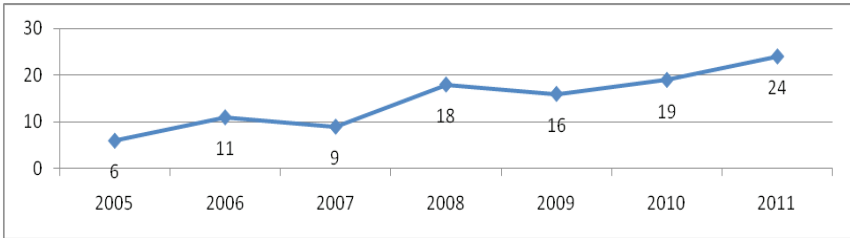
Some urban road of 132500 square m was asphalted.

There was improvement in the quality and space public lighting system. There are place 1070 new lights. In order to extend the green areas municipality planted 1700 decorative plants.

Development of tourism in Saranda region has given a prominent urge to the investments done for the construction of car roads in Saranda. The road of Coastline that connect Vlora with Saranda and passes through the coastline villages; the road Sarande – Butrint passes through Ksamil, a touristic area frequented by many visitors. The road Sarande - Qafe bote, a road that connect Saranda with Greece; these three roads are investments done by Albanian government in collaboration with World Bank and other foreign donors. Other investments, of government and other donors in infrastructure have to develop tourism in Saranda area through the following investments; cleaning, construction of sewage system, in a 12 km distance, far from the town of Saranda, it has a value of 5 million euro. It is an investment of World Bank and Albanian government. The port of goods was finished, an investment of Albanian government with a value of 3 million euro. Saranda is benefiting from the funds of World Bank from the program of Integrated Management and Cleaning of Coastline in a value of 20 million euro. Objective of this project is to help a sustainable development of the Albanian southern coastline improving the public environmental infrastructure and communal services improving architectural and cultural infrastructure. The project will support:

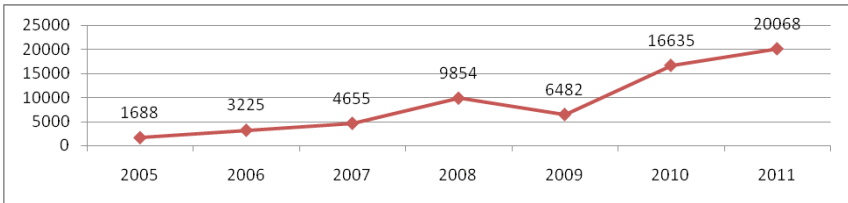
The construction of a damp site and a transferring station to improve the management of solid wastes at Saranda Municipality .Investments for the water supply of the Saranda town with a value of 2.5 million euro. Except the car road the tourist can reach Saranda even through the sea. Through the project of the World Bank with a value of 4.5 million Euros it will rehabilitate the road at the entrance of Saranda town, for the reconstruction of port objects in Saranda to make possible harboring of passenger cruise ships in the southern coastline. Saranda town is a frequented place by visitors who reach it's coastline by cruise ships, private yachts, and ferry boats of the line Sarande –Corfu. Every year the number of visitors is increasing with a quick pace bringing more incomes for the area. The project for the rehabilitation of port objects will increase the number of cruise ships that will visit the region. At graph 11, is introduced the

number of cruise ships processed in Saranda harbor during the period 2005-2011, while at graph 12, is introducing the number of visitors that reached the Saranda coast through the cruise ships during the same period of time.



Graph 11: Number of cruise ship processed

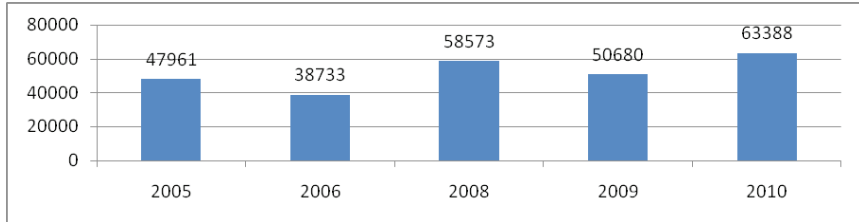
Source: Statistical Yearbook, Department of Statistics Saranda, 2011



Graph 12: The number of visitors coming with cruise ship

Source: Statistical Yearbook, Department of Statistics Saranda, 2011

In Saranda region the antient city of Butrint is situated, which is under the protection of UNESCO, and a place that attracts visitors from the whole world. In the project of World Bank, "Program for the integrated management and cleaning of coastline area" Butrint is including in the project for the management of self protected areas implemented on the pilot project for the sustainable management of National Park of Butrint This park affects the economy of the region for employment and income issues. The community of the region has benefited even from the reconstruction of the infrastructure. Graph13 introduces the number of visitors in this park during the period 2005-2010.

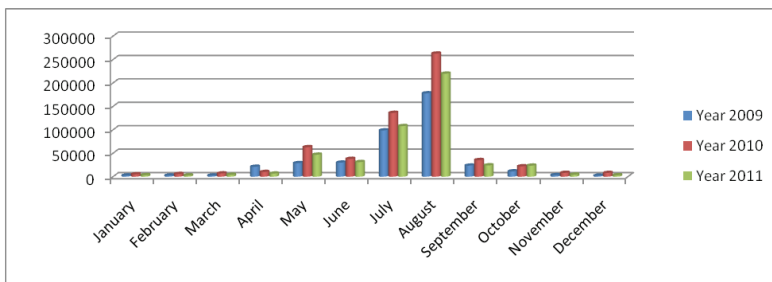


Graph 13: Numri of visitors to Butrint National Park
Source: Statistical Yearbook, Department of Statistics Saranda, 2011

Seasonal nature of touristic phenomena and the increase of the general consume of touristic services that are under the disposition during the period of visitors flux affect the touristic investments that are complete within the country in collaboration with following factors:

- Geographical position of the region.
- Position of touristic places.
- The situation of existent infrastructure

Graph 14 it introduces the number of tourists according to the period 2009-2011 in the region of Saranda. Here is clearly evident the seasonal character of the tourists that reach the climax in August.



Graph 14: Numri of tourists by month.
Source: Municipality of Saranda, 2011

Conclusions

During the last years, there is a progress in investments level done in Saranda region for the tourism sector, urged even from the strategy of tourism development that gave priority to investments of touristic areas. In

the framework of this plan, Saranda region has absorbed a considerable part of investments done in the country. This level of investments is not sufficient to have a developed tourism and competitive in international level.

It should be done more investments by the public sector in such fields as: Investments in infrastructure, road network improvements, creation of airport, improvement of water supply system and investments in processing and recycling of urban wastes, investments that should be done by the public sector.

It should be paid a lot of importance and priority to investments in facilitating structures, which can make possible extension of touristic season, making more rentable the investments in this sector.

Rapport of foreign private investments with domestic investments is extremely low. The state, in collaboration with the private sector, should urge and create a favorable atmosphere, for the foreign investments, which have possibilities to do greater capital investments than those done by the domestic investors.

The increasing demand to visit Saranda should find a reaction by touristic offer in this sector, which can be able to complete these demands from the quantity point of view and the qualitative point of view.

The shortness of tourism period has an extra demand during the period July- August and under the use of existent infrastructure during the rest of the year. It is recommending the extension of touristic infrastructure and reducing of seasonality through the adding of alternative forms of tourism.

The touristic demand by the Albanian pupils and students in the period May-June is high, and this gives a better possibility to spread the demand all over the year.

Natural and cultural heritage is a competitive advantage for the Saranda region, so as a touristic destination, when are building up new touristic objects should be taken in consideration the followings:

- a) To preserve balancing of dwelling place system and establishments of rural areas
- b) Preservation of the natural environment and protection of the cultural heritage

Touristic objects build up in the region are new ones, and as the result, investments for the improving of existent objects are in low levels.

Policies of regional development in Albania have helped in considerable number touristic projects that have brought the changes of regional touristic

infrastructure.

This is based on the fact that the amounts of the help, amount of general investments are at high levels and they affect the placement of the tourism industry model in Saranda region.

References

- [1] Agaraj,Xh.& Murati,M.(2009)Tourism an important sector of economy development.
- [2] Andergassen.R ,Candela.G . (2009), “Less Developed Countries, Tourism Investments and Local Economic Development”, September 17, 2009.
- [3] Andergassen.R ,Candela.G. (2010), “Development strategies for tourism destinations:tourism sophistication .vs.Resource investments “.
- [4] Bashkia Sarande: Tregues te ndryshem te zhvillimit vendore per vitin 2010,2011.
- [5] Candela.G ,Castellani.M , Mussoni.M. (2007),”Tourism investments under uncertainty;an economic analysis of “eco-monsters”, 2007.
- [6] Cornelissen.S , (2007), “Tourism impact, distribution anddevelopment: The spatial structure oftourism in the Western Cape provinceof South Africa”, 19 Jan 2007
- [7] Dacanay,C.J.&Rodolfo,L.C.M(2005)Challenges in health services trade:Philippine case.
- [8] Daskalopoulou.I, Petrou.A, and Skuras.D , (2002), “Financial Incentives and the Location of Tourism Facilities in Greece.42nd European Regional Science Association Congress ‘From Industry to AdvancedServices – Perspectives of European Metropolitan Regions’Dordmund, Germany, August 27th –31st, 2002
- [9] Delitheou V., Vinieratou M. and Touri M., (2010), “The contribution of public and private investments to the growth of conference tourism in Greece. Management research and practice”, Vol. 2 Issue 2 (2010) pp: 165-178
- [10] Durand H ,Guirand P ,Spindler J .(1994), “Economie et politique du tourisme”, Paris1994 .pp116-119.
- [11] Erbes R. (1973), “Le tourisme international et l’ economie des pays en voie de developpement”, Paris 1973.pp2
- [12] Fabre P. (1979), “Tourisme international et projets touristiques dans les pays en developpement”, Paris 1979. pp65
- [13] Gezici,F.,Gül,Y.A.,&Alkay,E.(2006) Analyzing Coastal Development Pattern of Tourism in Turkey

- [14] Heytens J. (1974), "Les effets du tourisme dans les pays en voie de développement: implications économiques, financières et sociales", C.E.T., Col. "Les Cahiers du Tourisme", C no 29.1974. pp7,9-10.
- [15] Kort.P ,Greiner.A , Feichtinger.G ,Haunschmied.J , Novak.A , Hartl.R , (2002), "Environmental effects of tourism industry investments:an inter-temporal trade-off".
- [16] Mara Manente.M ,Zanette.M , (2010), "Macroeconomic effects of a vat reduction in the italian hotels& restaurants industry", 2010.
- [17] Ozden,E.Seckin,E.&Kozaman,S.(2011) The Effects of Global Dynamics to Urban Hierarchy: Compromising Cities Instead of Competitive Cities
- [18] Stan,R.E.. Gabroveanu,E.& Radneantu,N.(2009) The connection identification between the net investments in hotels and restaurants and touristic accommodation capacity by using the anova method.
- [19] Travel&Tourismm.Economic Impact 2012.Albania
- [20] Triantafyllopoulos.N.(2006), "Public sector transparency and tourism real estate investments in Greece", Regional and Sectoral Economic Studies Vol-6-2 (2006).
- [21] VjetariStatistikor 2009,2010,2011.Drejtoria e StatistikesSarande
- [22] www.bankofalbania.org
- [23] www.instat.gov.al
- [24] www.mtrks.gov.al
- [25] www.wttc.org
- [26] Ηγουμενακης.N.,Κραβαριτης.Κ,Λυτρας.Π, (1999) Εισαγωγή στον Τουρισμό Interbooks, Αθήνα(1999), botimi i dyte('98, '99) pp240-244. Στελιος Βαρβαρεσος(2000) ΤΟΥΡΙΣΜΟΣ Οικονομικές προσεγγίσεις, Β εκδοση,εκδοσεις ΠΡΟΠΟΜΠΟΣ pp253-265.