



MONTENEGRO  
MINISTRY OF SCIENCE

# **SUSTAINABLE AND HEALTH TOURISM**

Results of Entrepreneurial Discovery Process

Prepared by: S3 team with Marjana Majerič and Aleš Pevc from TPLJ as experts

Date: initially created on 8 June 2018, revised in July, August and September 2018



## VISION

Montenegro as an internationally recognized destination of sustainable and health tourism with a year-long and diversified tourist offer based on the principles of sustainability, equity, competitiveness, innovation and authenticity.

## SECTORAL GOALS

- Positioning Montenegro as a high-quality tourist destination on the international level;
- Protection and promotion of natural resources in line with the commitments promoted by the ecological state of Montenegro;
- Development of scientific-research centres, business models and entrepreneurship for achieving year-round diversified and health-tourism offer;
- Development of new and improvement of existing accommodation and medical capacities that will increase the quality of tourism and healthcare offer;
- Development of holistic and spa & wellness capacities by investing in health and tourism infrastructure and promotion;
- Raising the level of health-tourism offer by introducing innovative technologies, services and products in the field of health tourism that will be part of the overall tourist offer as a final product;
- Raising the level of services and promoting sustainable tourism (active, rural, cultural, religious, etc.).

|   |
|---|
| Development of new and improvement of existing tourist and medical capacities |
|---|

|  |
|--|
| Introduction of innovative technologies in the field of sustainable and health tourism |
|--|

## 2022 GOALS

- Increase in tourist turnover by an average annual growth rate of 5% per year;
- Growth and development of health tourism measured through the growth of tourist turnover at an average rate of 5% per year;
- Increase in the total consumption of tourists in the sphere of health tourism, at an average rate of 5% per year;
- At least two pilot projects in the field of health tourism with a view to strengthening competitiveness through capacity building (space, staff, equipment).

## FOCAL AREAS AND TECHNOLOGIES

**Identified focal areas and technologies that have great potential:**



- Nautical tourism;
- Congress (“MICE”) tourism;
- Rural / agricultural / gastronomic tourism;
- Forest and mountain tourism;
- Religious tourism;
- Cultural and creative tourism;
- Active / adventure tourism (hiking, cycling, rafting, etc.);
- Sport and recreation tourism;
- Speleological tourism;
- The use of advanced technologies in oncology (hadron therapy for the treatment of malignant diseases and biomedical research of heavy ions and protons) and the role of Montenegro in the regional project of establishing the Institute for Sustainable Technologies in South East Europe (SEEIIST);
- Innovative and standard therapeutic and rehabilitation programmes: patients with chronic non-communicable diseases, patients after orthopaedic interventions, neurological patients, athletes, children, treatment and rehabilitation of psychoactive substance addicts, multidisciplinary diagnostics, treatment and rehabilitation of children with autism; products and services of balneotherapy, thalassotherapy, heliotherapy, salt therapy, psamotherapy (sand) aerotherapy and mineral water therapy;
- Preventive programmes: screening of cardiorespiratory diseases and personalized programmes for hypertension, infarction and stroke prevention (HISPA); anti-stress and weight loss programmes, detox programme, beauty programme;
- Palliative care programme and supportive care and rehabilitation of cancer patients and patients with other conditions that significantly reduce the quality and duration of life; programmes for spending the remaining part of life in safe healthcare conditions (“end-of-life care” conditions);
- Production and development of pharmacotherapy using comparative advantages of Montenegro (medicinal and aromatic herbs, medicinal mud, living world from the sea).
- Nutritionism: investment in technologies for the production of medicinal herbs and food products that contribute to health improvement, which, in addition to basic nutritional values, include additional nutraceuticals (natural healthy products, food supplements, functional and fortified foods) and gastronomy (focus is on local identity, food, medicinal factors and knowledge in their application);
- Specific medical services: services in the field of dentistry, ophthalmology, aesthetic surgery, in vitro fertilization programme, biobank formation, haemodialysis programme, etc.

## **EMPIRICAL FOUNDATIONS AND COMPETITIVE ADVANTAGE OF MONTENEGRO**

From year to year, tourism increasingly justifies the role of the strategic economic branch, especially given the fact that its total share in GDP is continuously growing (23.6% in 2017 according to the World Travel and Tourism Council), which applies to other indicators as well – the number of tourists, overnight stays and the revenues from this sector. In 2017, the tourism sector, directly and indirectly, generated over 19% of the total employment. Successful development of tourism has a multiplier effect on other economic sectors – agriculture, construction, trade, transport and other activities. Compared to 2010, revenues and the number of overnight stays increased by 50%. In the period from 2013 to 2017, tourism revenues increased by 44.1%. According to the estimates of the



World Travel and Tourism Council, as for the next ten-year period, growth of the total contribution of tourism to GDP is expected at a rate of 3.9% annually.

Improvement of the level of competitiveness on the international tourism market is achieved through the originality / specificity and quality of specific segments of the offer. The characteristics of Montenegro, reflected in a favourable geographical position, i.e. proximity to major European centres, large natural and cultural diversity concentrated in a relatively small area, and the possibility to visit the majority of attractive locations in one day, create the conditions for the tourism product of Montenegro to be attractive for a large number of emitting tourism markets from which people travel all year round.

Tourism is an important instrument of regional cooperation and a strong catalyst for the European integration process. Regional integration in tourism represents the future of development and competitiveness of this branch of economy and is a prerequisite for prosperity and potential in the development of innovative and sustainable tourism, with a focus on diversifying tourism products and solving the issue of seasonality. As for the prospects for the development of tourism in the Western Balkans, the World Tourism Organization (UNWTO) foresees the continuation of a favourable development tendency in the next 10 years. Long-term programmes of economic stabilization of the countries of the region have given tourism a prominent role in the overall social and economic development.

The attractiveness of Montenegro is reflected in the fact that the area of only 190km of air distance between the two furthest points of our country accommodates the Mediterranean and Continental climate, 40 lakes including the largest lake in the Balkans, 2883 plant species (25% of the European flora at 0.14% of the territory of Europe), five national parks, one rainforest, a river with the deepest canyon in Europe, and the only fjord in the Mediterranean. This means that tourists can enjoy a unique experience through a combination of diverse factors such as climate, relief, flora and fauna, which, due to their attractiveness and healing properties, represent a strong encouragement for tourist trips. The beneficial effects of the sea climate at all seasons, staying at an altitude exceeding 500-1000 meters above sea level, along with favourable, soothing effects on convalescents and people with neuroses, anaemia, respiratory diseases, and allergies, point to the need to optimally use the healing properties of the natural environment in Montenegro (UNESCO).

Montenegro is known as an area rich in religious and cultural-historical sites (Ostrog, Our Lady of Philermos, the hand of John the Baptist, Husein-paša Boljanić's Quran, monasteries and churches, mosques, cathedrals, Roman and Illyrian period monuments, heritage of four Montenegrin dynasties, Njegoš's mausoleum, Kotor as a UNESCO' World Heritage Site, Budva, Risan, Herceg Novi, 40 cultural sites on the Skadar Lake, Svač near Ulcinj).

Health tourism can certainly be a potentially leading product in the tourist offer of Montenegro, considering the criteria of attractiveness and competitiveness as well as comparative advantages. Comparative advantages include qualified staff and good reputation of health services, competitive prices, proximity to large emitting markets, natural beauty and favourable climate, country safety and a long tradition in tourism. Of particular importance is the fact that the Montenegrin health system advanced for 9 positions in 2017 based on the report of the Euro Health Consumer Index and is ranked as 25<sup>th</sup> in Europe. The prices of health services in Montenegro are very low compared to the countries of Western Europe and some Balkan countries. It is important to point out that the Health Insurance Fund of Montenegro has concluded contracts on the provision of health services with 23 European countries.

Health tourism as a form of tourism of special importance is experiencing great expansion and is one of the fastest growing segments of the world's tourist offer. The global medical tourism market will grow at an annual rate of 19% in the next five years. Tourism and health are the main pillars of commitment to sustainable development, and cooperation between the tourism and health sectors in Montenegro makes it possible to achieve a synergistic effect in order to improve health tourism and



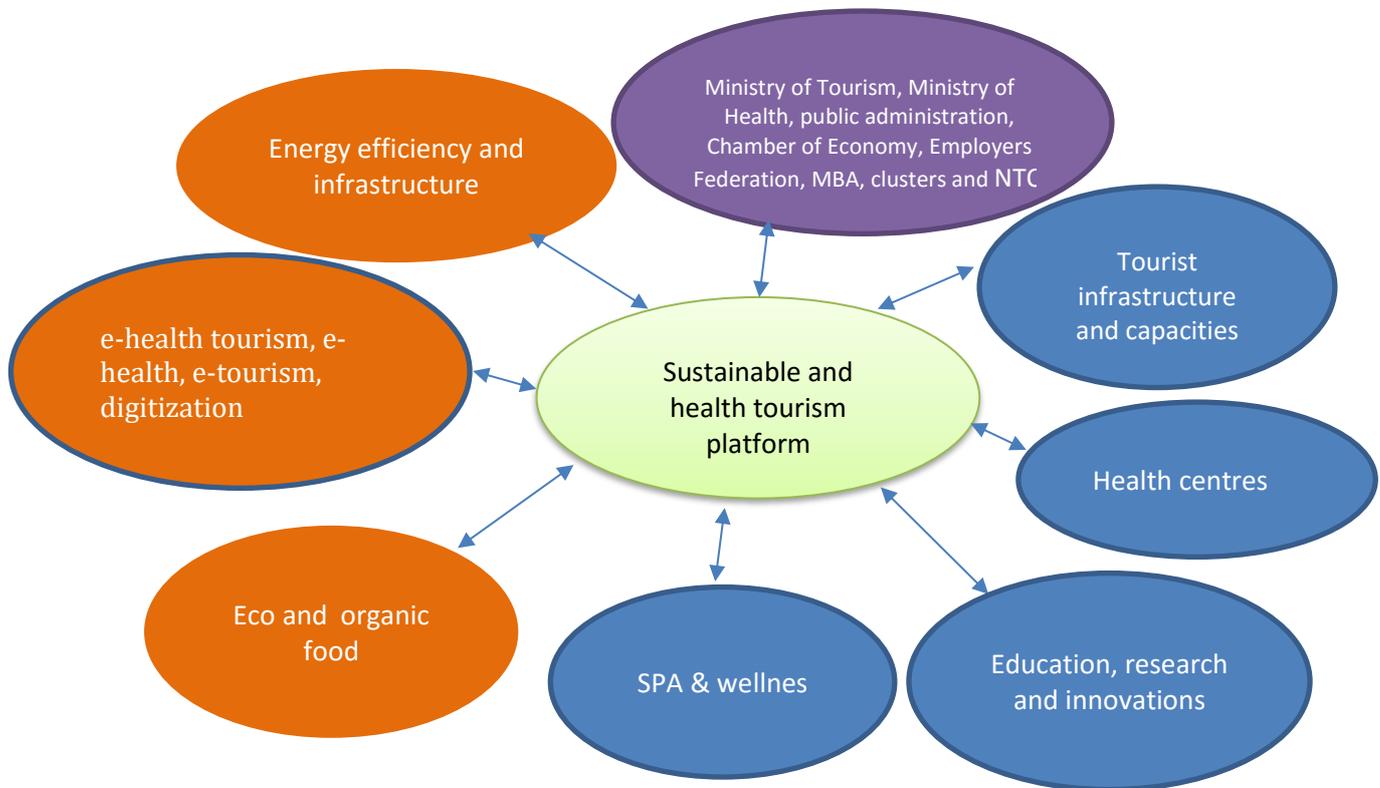
the all-year-round tourist season. With its geographical position, abundance of natural wealth, rich cultural heritage and diverse offer in the segment of rehabilitation, prevention, dentistry and aesthetic surgery, Montenegro has all the conditions to become a recognizable destination for health tourism.

## SYNERGISTIC EFFECTS IN RELATION TO OTHER PRIORITY SECTORS

|   | <b>Examples of synergy with sustainable and health tourism</b>  |
|---|---|
| <b>New materials and sustainable technologies</b>   | <ul style="list-style-type: none"> <li>• Construction of new and revitalization of existing tourist and health facilities</li> <li>• Construction of new and revitalization of existing roads</li> <li>• New walking and cycling trails</li> </ul>  |
| <b>Renewable energy sources</b>                     | <ul style="list-style-type: none"> <li>• Energy efficiency</li> <li>• Hybrid energy systems</li> <li>• Solar energy</li> <li>• Charging stations for electric vehicles</li> </ul>   |
| <b>Sustainable agriculture and food value chain</b> | <ul style="list-style-type: none"> <li>• Organic food production, production of food and products based on honey and medicinal herbs</li> <li>• Strengthening rural and health tourism with the offer of local food and traditional specialties</li> <li>• Agritourism, oenological and gastronomic tourism</li> <li>• Production and sale of medicinal herbs, essential oils, cosmetics, spa and other products</li> </ul> |
| <b>ICT</b>  | <ul style="list-style-type: none"> <li>• E-tourism</li> <li>• E-visitor</li> <li>• E-health</li> <li>• Health tourism applications</li> <li>• VR / AR virtual reality</li> <li>• Health information systems (digitization)</li> <li>• Telemedicine</li> <li>• e-Montenegro model for high tourism – relying on ICT</li> </ul>   |



## PROPOSED SUSTAINABLE AND HEALTH TOURISM PLATFORM



The Ministry of Sustainable Development and Tourism, Ministry of Science, Ministry of Health and other relevant public institutions, with the support of the Chamber of Economy of Montenegro (through organization of clusters), Montenegrin Employers Federation, MBA and civil society organizations, are crucial for the creation and implementation of a sectoral strategy that enables the achievement of the set development goals and diversification of the tourist and health offer. National Tourism Organisation of Montenegro is in charge of promoting tourism at the national level, while local tourist organizations promote tourism at the local level.

## SWOT ANALYSIS

### STRENGTHS

- Natural beauty – five national parks and four nature parks.
- Country's safety (NATO membership).
- Diverse tourist offers in a small geographical area.
- Religious tourism.
- Cultural and historical tourism.
- Favourable climate parameters (number of sunny days in the south, number of windy days in the south, number of snow days in the north, etc.).
- Availability and diversity of natural resources for all types of tourism related to nature (health, agricultural, adventure, sports and recreation, etc.).
- Natural factors: sea peloid (mud), mineral water, medicinal and aromatic herbs.
- Proximity of Montenegro in relation to potential users of health tourism services.



- Preserved environment and an abundance of natural factors.
- Competitive prices.

#### WEAKNESSES

- Poor air connectivity as well as the general accessibility of the tourist destination.
- Winter season is underutilized.
- Lack of high category hotels in the mountain region.
- Inadequate municipal waste management.
- Insufficient professional staff to support the tourist offer.
- Inadequate statistics and a lack of satellite accounts for the fields of health and tourism.
- High seasonality.
- Insufficiently diversified tourist offer.
- Partly outdated existing healthcare equipment and technologies.
- Functional and aesthetic disadvantages of therapeutic spaces, buildings and their surroundings.
- Non-compliance of the laws in the field of health and tourism.
- Functional and aesthetic disadvantages of diagnostic, therapeutic and rehabilitation spaces, facilities and their surroundings.
- Insufficient developed systematic national promotion of health tourism.
- Lack of accreditation and certification of health institutions providing health tourism services.
- Lack of market orientation of health institutions.

#### OPPORTUNITIES

- Potential for year-round and seasonal offers of all forms of tourism.
- The proximity of the emitting European market as well as the possibility of positioning in the markets of China, North America and the Middle East.
- Tourist and health valorisation of protected natural areas.
- Existing capacities in the field of rehabilitation medicine, in vitro fertilisation, dentistry, ophthalmology, aesthetic surgery, oncology and haemodialysis programme.
- Human resources and good reputation in providing health services.
- Aging population and growth in incidence and prevalence of chronic non-communicable diseases.
- Development of road infrastructure.
- Introduction of quality standards in health tourism.
- Increasing need for innovative rehabilitation and preventive programmes.
- Use of advanced technologies in oncology (hadron therapy) and the role of Montenegro in the Regional project for the establishment of the Institute for Sustainable Technologies in South East Europe (SEEIST).
- Growth in demand for health tourism services.
- Insufficient capacity utilization in health facilities.
- Possibility of greater use of tourist capacities.
- Increased awareness of the need to invest in one's own health.
- Increased need for innovative therapeutic and rehabilitation and prevention programmes in the context of the extension of health insurance to preventive services in the EU.
- Growth in demand for medical tourism services in the fields of dentistry, ophthalmology, plastic surgery, gynaecology (in vitro fertilization).



- Potential for opening new jobs and companies in this field.

#### THREATS

- Competition at the regional and global level.
- The rapid development of medical technologies that impose the need for continued high investment.
- Insufficiently rapid development of the offer and lack of capacity in areas dependent on seasonal effect.
- The growing level of user expectations.
- Climate factors (fires and floods).

#### SECTOR SUPPORT POLICIES

- Focus on finished highly sophisticated products and targeted Master Plan – an integrated package of services in health tourism.
- Curriculum reform for health and tourism – interdisciplinary studies in the field of health tourism.
- Curriculum reform for health and social work – interdisciplinary studies for the treatment of addicts (psychological treatment, special pedagogues, medical staff, social workers, therapeutic work – musicology, animals, etc.), palliative care, “End-of-Life care”, etc.
- Improvement of legislation – insurance, standardization and accreditation.
- Development of a resource centre (standardization, education, investment, etc.).
- Preparing for the free flow of patients in the EU.
- Waste management policy improvement.
- Financing for the preparation and implementation of innovative ideas in the sector.
- Improvement of the legislation that will recognize the place and role of health tourism in the Montenegrin system (the development of a health tourism development strategy is underway).
- Preparation of standardization, certification and insurance in the field of health tourism.
- Transparency and education of all employees in health tourism about basic information (e.g. cultural sites, tourist-emergency outpatient clinics, insurance, etc.), as well as the development of a health tourism platform with all the information in one place.
- Raising the level of knowledge about the importance of health (smoking, sugar, fatty foods, zero physical activity, etc.).
- Accreditation and standardization of healthcare institutions in accordance with the principles of good clinical practice and international quality standards in this area (national and international), which includes the establishment of the Department for Accreditation of Health Institutions at the Ministry of Health with the adoption of relevant legal acts (Rulebook on accreditation procedure, etc.).
- Monitoring the quality of services and products within this priority area.
- Cluster association and linking of related Montenegrin health-tourist institutions or their segments dealing with medical rehabilitation.
- Securing initial capital under favourable conditions through investment development funds and banks and creating legal conditions for private-public partnership.
- Adoption of tax incentives for healthcare institutions and pharmaceutical companies that create added value in the field of health tourism.



- Support to the Regional Project for the Establishment of an Institute for Sustainable Technologies in South East Europe as a project of special importance for the state of Montenegro.
- Connecting with international health tourism facilitators.
- Statistical monitoring of the effects of health tourism.
- Establishing an eco-system for strengthening support to entrepreneurship and innovative solutions in health tourism.

## EDP ACTORS

### COMPANIES

“Simo Milošević” Institute, “Meljine” General Hospital, hotels and resorts, tourist agencies, private healthcare institutions, pharmaceutical companies, ICT companies, Tehnopolis

### BUSINESS ASSOCIATIONS

Chamber of Economy of Montenegro, Montenegrin Employers Federation, MBA, Chamber of Physicians of Montenegro, Pharmaceutical Chamber of Montenegro, Chamber of Dentists of Montenegro, Chamber of Physiotherapists

### PUBLIC INSTITUTIONS

Ministry of Health, Ministry of Science, Ministry of Sustainable Development and Tourism, Ministry of Education, Ministry of Agriculture and Rural Development, Ministry of Sports, National Tourism Organisation of Montenegro, local tourism organisations of Montenegro, JP Morsko dobro (Coastal Zone Management Authority), JP National Parks, JP Ski Resorts of Montenegro, Public Health Institute of Montenegro, Institute for Standardisation of Montenegro, Clinical Centre of Montenegro, Montenegrin Agency for Medicines and Medical Devices, General Hospital “Danilo I” Cetinje; Public Institution for Accommodation, Rehabilitation and Resocialization of Psychoactive Substance Addicts Podgorica; Centre for Autism, Development Disorders and Child Psychiatry “Ognjen Rakočević”; Public Pharmaceutical Institution Montefarm, Investment and Development Fund, Secretariat for Development Projects.

### SCIENTIFIC AND EDUCATIONAL INSTITUTIONS

Montenegrin Academy of Sciences and Arts,  
University of Montenegro,  
Adriatic University,  
University of Donja Gorica  
University of Mediteran

### CIVIL SECTOR

Montenegro Tourism Association, Montenegrin Foreign Investors’ Council



## INDICATORS

| <b>Indicator</b>  | <b>2018</b>     | <b>2022</b> |
|---|-----------------|-------------|
| Direct share of tourism in GDP  | 7.6% (2017)     | 10%         |
| Total share of tourism in GDP   | 23.6% (2017)    | 25%         |
| Number of beds in medical establishments  | 1500            | 1700        |
| Number of beds in hotels and similar facilities in tourism  | 41000<br>(2018) | 42000       |
| Share of overnight stays in medical establishments in relation to the total number of overnight stays | 1.8%            | 3%          |
| Share of arrivals in medical establishments in relation to the total number of arrivals               | 0.9%            | 1.5%        |