

Economic Impact of DokuFest

For the period of 2011-2014

February 2011

Executive Summary

DokuFest is one of the most successful and most famous festivals in the world of documentaries and short feature films. This festival, which usually takes place in the last week of July, in the city of Prizren, is attended by numerous artists from various countries of the world. DokuFest's impact on country's cultural life is an aspect which is already appreciated by many subject matter experts.

But what has not been assessed so far was the impact that DokuFest has on the economy of Kosovo in general, and that of the Municipality of Prizren in particular. Therefore, this analysis by the Institute for Advanced Studies - GAP examines precisely this: the economic impact of DokuFest. The analysis is based on official data provided by festival organizers and it reveals that not only does DokuFest have a great impact on cultural life but it also has a huge and versatile impact on country's economy. Direct beneficiaries of the DokuFest festival are local businesses in the city of Prizren, such as: coffee-bars, restaurants, vendors, hotels, landlords, etc., but also businesses on the national level, such as airlines, banks or telecommunication companies.

If based on the number of visitors from the last festival, the impact of DokuFest 2011 in Gross Domestic Product (GDP) reaches an annual amount of over 3.1 million euros, and if we estimate consumer spending, the annual impact reaches 3.8 million euros. It turns out that in the next four year period, DokuFest's impact on the country's GDP will be at least 17.5 million euros, and if we calculate consumer spending too, then this amount reaches 21.9 million euros.

This study concludes that DokuFest has a much greater impact on country's economy than the budget that it operates with, therefore the municipalities and the Government of Kosovo should create conditions for the functioning of such organizations that have the potential of turning small investments into big gains for local economy.

Methodology

Due to the high informality that exists in Kosovo, it is difficult to make accurate assessment of the economic impact and cash flow in a certain period of time. Aware of this fact, DokuFest organizers have compiled a questionnaire which was completed by 800 respondents – participants in various activities organized by DokuFest. The number of visitors in the tenth edition of DokuFest, which took place from 23 through 31 July 2011, was over 10,000. This is based on the number of tickets sold for film screenings shown in 7 cinemas throughout the city. Sample of respondents from 800 visitors is 1/11 of total DokuFest visitors, which is regarded as a comprehensive and accepted sample. The survey was conducted with resident and nonresident visitors of Prizren city. The research lasted for 10 days, same as the DokuFest festival itself.

Specific data were sought through the survey about each respondent, such as the amount spent on food and beverage, accommodation, transportation and other costs.

Briefly on DokuFest

Festival of Documentary and Short Feature Film - DokuFest is the biggest film event in Kosovo, which is held every year in the city of Prizren. Established in 2002 as a small festival organized by a group of friends and film lovers, DokuFest has managed to transform itself in one of the biggest cultural events in the region and among the best 25 festivals for documentary films in the world.¹ DokuFest is known for its atmosphere and the enthusiasm that it brings to the city of Prizren, the international visitors and about 150 volunteers working during the festival. The festival is also followed by a number of activities such as workshops, DokuPhoto exhibitions, DokuKids festival for children, festival camping and music concerts DokuNights.

10th jubilee edition of DokuFest was the biggest organized so far. 230 films from 55 countries worldwide were shown in 7 different cinemas in the city. Prizren hosted more than 300 international guests, including well known personalities. A record number of visitors attended film shows, workshops, panels and concerts.

Besides organizing the festival, for 5 consecutive years DokuFest is implementing other projects within the year. Through the "School and Documentary Film - Promotion of democratic values of human rights through documentary film", it is intended to use documentary films as educational tools to raise the awareness of Kosovar students in understanding the issue of human rights. Through a project supported by the European Commission, 'Human Rights Film Factory– stories from the margins of Kosovo ', DokuFest enables young filmmakers from Balkans to produce their documentary films addressing the topic of human rights in Kosovo.

¹ <http://edendale.typepad.com/weblog/2009/12/the-top-25-film-festivals-for-documentaries-2nd-edition-22-dokufest-kosovo.html>

In the last decade, DokuFest has come to be a successful ambassador in promoting the culture of Kosovo both in the region and internationally.

Assumptions of DokuFest's Economic Impact Model

Findings of GAP model on DokuFest's economic impact are the following:

1. From the overall number of visitors in the 10th jubilee edition of DokuFest, 50% of visitors were from Prizren, 50% from outside Prizren, of whom 25% were international.
2. The amount spent per visitor was extracted from the survey data. Prizren visitors are spending on average of 80 euros per person (32.370 Euro in total per 400 respondents), while the costs of non-Prizren visitors reach an amount of 191 euros per person (76. 484 Euro in total per 400 respondents). For non-Prizren visitors and internationals it is assumed to be spending about 25% more than the others.
3. The model presents two sets of designs, that of direct expense including all consumption and economic impact that eliminates the import component.
4. From the total amount of expenses, model assumes that the import proportion is only 20% since it is considered that the expenses are mainly oriented towards services, which are local in nature.
5. So, the model foresees that the growth of spending in Prizren, driven by the festival has an impact beyond that of direct spending during the festival, given that the festival creates additional income for households in Prizren. In this context a simple multiplier is assumed of x 1.9, which means that the economic impact during the 3 years of the amount spent is 90% higher than the direct spending.
6. The model predicts a 4 year period regarding the event, including its economic impact in 2 additional years, multiplier effect.
7. The model provides two scenarios, the basic one with a total of 10,000 visitors and optimistic one with a total of 15,000 visitors.
8. The model predicts an increase in the number of visitors each year, respectively 20%, 25% and 30% for 3 subsequent years. It should be noted that the costs per person remain the same (which is not realistic because they at least grow with inflation), but for the sake of simplicity of the model, potential growth of expenses per visitor is also included in the increase of the number of visitors, which in turn can be a bit exaggerated.

Impact on Gross Domestic Product (GDP)

			Scenario I	Scenario II		Scenario I	Scenario II		Scenario I	Scenario II		Scenario I	Scenario II		Scenario I	Scenario II	Scenario I	Scenario II
Number of visitors			10,000	15,000		10,000	15,000		12,000	18,000		15,000	22,500		19,500	29,250		
						Year I			Year II			Year III			Year IV		Total of 4 years – Direct impact	
Residence of visitors	Proportion	Expenses in Euro				EURO	EURO	Increase	EURO	EURO	Increase	EURO	EURO	Increase	EURO	EURO	EURO	EURO
Prizren	50%	80.9	404,625	606,938		323,700	485,550	20%	388,440	582,660	25%	485,550	728,325	30%	631,215	946,823	1,828,905	2,743,358
Outside Prizren	25%	143.4	358,519	537,778		286,815	430,223	20%	344,178	516,267	25%	430,223	645,334	30%	559,289	838,934	1,620,505	2,430,757
International	25%	239.0	597,531	896,297		478,025	717,038	20%	573,630	860,445	25%	717,038	1,075,556	30%	932,149	1,398,223	2,700,841	4,051,262
Total expenses in Prizren / Kosovo			1,360,675	2,041,013	Direct impact on the economy (GDP) in the mid-term period	1,088,540	1,632,810		1,306,248	1,959,372		1,632,810	2,449,215		2,122,653	3,183,980	6,150,251	9,225,377
																	Total economic impact (Consumption) in the next 6* years	
Multiplier of the cash flow in the mid-term period (3 years)				1.9	2,068,226	3,102,339		2,481,871	3,722,807		3,102,339	4,653,509		4,033,041	6,049,561	11,685,477	17,528,215	

Impact on consumer expenses

			Scenario I	Scenario II		Scenario I	Scenario II		Scenario I	Scenario II		Scenario I	Scenario II		Scenario I	Scenario II	Scenario I	Scenario II
Number of visitors			10,000	15,000		10,000	15,000		12,000	18,000		15,000	22,500		19,500	29,250		
						Year I			Year II			Year III			Year IV		Total for 4 years – Direct impact	
Origin of visitors	Proportion	Amount spent in Euro				EURO	EURO	Increase	EURO	EURO	Increase	EURO	EURO	Increase	EURO	EURO	EURO	EURO
Prizren	50%	80.9	404,625	606,938		404,625	606,938	20%	485,550	728,325	25%	606,938	910,406	30%	789,019	1,183,528	2,286,131	3,429,197
Outside Prizren	25%	143.4	358,519	537,778		358,519	537,778	20%	430,223	645,334	25%	537,778	806,667	30%	699,112	1,048,667	2,025,631	3,038,446
International	25%	239.0	597,531	896,297		597,531	896,297	20%	717,038	1,075,556	25%	896,297	1,344,445	30%	1,165,186	1,747,779	3,376,052	5,064,077
Total expenses in Prizren / Kosovo			1,360,675	2,041,013	Direct impact on the economy (GDP) in the mid-term period	1,360,675	2,041,013		1,632,810	2,449,215		2,041,013	3,061,519		2,653,316	3,979,974	7,687,814	11,531,721
																	Total economic impact (Consumption) in the next 6* years	
Multiplier of the cash flow in the midterm period (3 years)				1.9	2,585,283	3,877,924		3,102,339	4,653,509		3,877,924	5,816,886		5,041,301	7,561,951	14,606,846	21,910,269	

Conclusion

DokuFest is the biggest cultural event organized in Kosovo. For ten consecutively years, this festival has attracted local and international filmmakers who presented their film creations. Along with film-makers, a large number of visitors visit Prizren during the festival. In the 2011 edition, over 10,000 visitors gathered in Prizren, whereby over 230 films were shown. This analysis proves that beside a cultural character, DokuFest impacts also positively on the economic aspect. DokuFest economic beneficiaries are primarily Prizren cafe-bars, restaurants, hostels and local hotels, travel agencies, banking institutions and airlines at the national level. DokuFest also affects positively country's GDP with 3.1 to 3.8 million euros. DokuFest local visitors spend during the festival an average of 80 euros per person, whilst non-Prizren visitors, which constitute 50% of the total number of visitors, spend on average of 181 euros per person. The economic impact of DokuFest is expected to be even higher in the coming years, because gradual increase in the number of visitors is expected to happen in the three coming years for 20, 25 and 30%. This means that besides its cultural character, DokuFest is also expected to increase its economic impact in the period of 2012-2014.



Institute for Advanced Studies GAP is a think-tank founded in October 2007 in Kosovo. The main purpose of GAP is to attract professionals to create an environment of professional development and research, which is found in similar institutions in western countries. It also provides an opportunity for Kosovars to research, develop and implement projects with the purpose of advancing Kosovar society. Priority for this Institute is to mobilize professionals in addressing the economic, political and social challenges of the country. The main goals of GAP are to bridge the gap between the government and the citizens, and to bridge the gap between the problems and solutions.