

## STANDARD PROJECT FICHE

### *1. Basic Information*

**1.1. Desiree Number BG 0202.02**

Twinning code: BG02/IB-EN-01

**1.2. Title: Development of Bulgarian Eco-tourism**

**1.3. Sector Economic & Social Cohesion**

**1.4. Location Across all regions in Bulgaria**

### *2. Objectives*

**2.1. Overall objective:**

Wider objective

- Sustainable growth of the sector through improvement of the international market positions of the Bulgarian tourist industry

Closer objective

- Diversification of the tourist products;
- To expand the geographic spread of tourism and its seasonal distribution;
- Raise awareness on nature protection

**2.2. Project purpose:**

To improve the quality and variety of services in the eco-tourism for the purpose of prolonging the tourist season, entering new market segments and introduction of sustainable nature-oriented economic activities within the protected areas in Bulgaria.

**2.3. Accession Partnership and NPAA priority**

The project addresses the following priorities in the Accession Partnership and the National Programme for the Adoption of the Acquis:

Accession Partnership

- Maintain macro-economic stability and continue to promote economic growth and competitiveness through further market-based enterprise restructuring and promotion of private sector development.
- Develop and implement a market-oriented competitiveness strategy including sectoral strategies as appropriate.

NPAA

- Creation of suitable business conditions and improvement of infrastructure. (Chapter 21)
- Development of sustainable tourism by development of tourist infrastructure (Chapter 16)
- Development of sustainable tourism by upgrading the tourism product (Chapter 16)

**2.4. Contribution to National Development Plan**

The project directly contributes to the attainment of the tourism action plan contained in the Second Development Axis – Boosting Bulgarian Business Competitiveness, 2<sup>nd</sup> Programme Tourism. The priority sector strategy “Tourism” as a part of the National Development Plan aims to substantially improve and develop the tourist products through implementation of different types of tourism (including eco-tourism) and an increase of the quality of the tourism infrastructure.

The NDP’s tourism action plan comprises two sub-programmes, and the project proposed reflects some of the measures identified, namely:

### Sub-programme 1: Tourist Product Development

- Improving the existing and creating new infrastructure to allow the development of rural, ecological, adventure, and recreational tourism;
- Introducing quality standards for the accommodation and services;
- Promoting regions with specialised tourist products;
- Building a modern tourist infrastructure in the natural assets.

Similarly, the project adds to the attainment of the tourism objectives and measure provisions contained in the Fifth Development Axis – Attaining Balanced and Sustainable Regional Development, as well as in the Regional Operational Programme (Sub-programme 1, Boosting the Business Competitiveness – measure 1.2 Tourism).

The project also faces some criteria and measures within the 3<sup>rd</sup> Development Axis “Accelerating construction and upgrading basic infrastructure and the environment”, and namely Subprogramme 8: Nature conservation (4<sup>th</sup> Programme: The Environment):

- Priorities for attaining the strategic objectives are assessed under the general and the following criteria:
  - extent of threat to species or natural features
  - extent of effectiveness in safeguarding and maintaining biodiversity
- Priority measures which will be implemented to achieve this include:
  - extending the nature of measures on protected areas and strengthening them
  - creating a national ecological network with a view to enhancing the nature conservancy status of Bulgarian species, places of national and international significance, ecosystems, habitats and landscapes

### **3. Description**

#### **3.1. Background and justification:**

Tourism is seen as priority sector in the development of the Bulgarian economy. A recent survey<sup>1</sup> of the economic impact of tourism on the Bulgarian economy revealed that tourism currently accounts for some 8% of the total final production, 9,7% of the total gross output and generates some 8,8% of total employment (circa 285,000 jobs).

Consequently tourism sector growth could have a positive influence not only on the sector itself but also on the development of related industrial and service sectors, employment and the general economic situation in the regions. The main objective of the Bulgarian tourism sector is to achieve a sustainable growth of the sector through continuous improvement of the tourism ‘product’, infrastructure and through marketing the Bulgarian tourist industry to international markets.

This growth is to be achieved by the attraction of greater numbers of tourists, extending their average length of stay and increasing their average ‘spend per day’. This, consequently, requires actions to be undertaken that seek to:

- Diversify the range of tourist products and improve their quality;
- Expand the geographic spread of tourism and its seasonal distribution – most notably away from beach tourism in summer months and winter sport tourism in the winter months;
- Improve the qualifications and skills of the labour force in tourism;

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<sup>1</sup> Study on the Economic Impact of Tourism in Bulgaria – EU tourism development programme 1999

- Improve the image and the marketing of tourism within Bulgaria and abroad.

Given the dominance of summer and winter tourism it is recognised that, in order to achieve tourism growth, there is need to develop other sectors of the Bulgarian tourism sector, identified as a part of this tourism 'diversification' strategy. The aim is to strengthen Bulgaria's natural potential in the opportunities provided by other forms of tourism, most notably eco-tourism.

Eco-tourism, in its philosophy, focuses on local cultures, wilderness adventures, volunteering, personal growth and learning new ways to live. It is typically defined as travel to destinations where the flora, fauna, and cultural heritage are the primary attractions. Responsible eco-tourism includes programs that minimize the adverse effects of traditional tourism on the natural environment, and enhance the cultural integrity of local people.

Eco-tourism is considered the fastest growing market in the tourist industry<sup>2</sup>, according to the World Tourism Organization (WTO) with an annual growth rate of 5% worldwide and representing 6% of the world gross domestic product, 11.4% of all consumer spending. While there is no universal definition for eco-tourism, its general characteristics can be summarized as follows:

- All nature-based forms of tourism in which the main motivation of the tourists is the observation and appreciation of nature as well as the traditional cultures prevailing in natural areas.
- It contains educational and interpretation features.
- It is generally, but not exclusively organized for small groups by specialized and small locally owned businesses.
- It minimizes negative impacts upon the natural and socio-cultural environment.
- It supports the protection of natural areas by: generating economic benefits for host communities, organizations and authorities managing natural areas with conservation purposes; providing alternative employment and income opportunities for local communities; increase awareness towards the conservation of natural and cultural assets, both among locals and tourists.

Summarizing the above given definition formulated by the WTO, it could be defined that a successful eco-tourism projects must:

- effectively promote the preservation of entire local ecosystems, not just individual species, vistas or sites;
- be economically viable in order to attract financing and be sustainable;
- be well planned, financed, managed and marketed in order to meet the stringent environmental and recreational demands of a true eco-tourism development.

Bulgaria's nature avails exceptional capacities to diversification of the Bulgarian tourist product and new types of tourism. The network set up of 3 national and 9 natural parklands, 89 reserves and 2,243 natural landmarks preconditions various types of specialised tourism: cognitive and nature-science tourism, photo-safari, observing birds and plants, rock climbing, alpinism, spelaeology tourism, etc. The Pirin National Park and Srebarna Biosphere Reserve (lake) are included in the UNESCO list. Bulgaria has enormous natural and biological diversity, concentrated on small area within short travelling distances. All this is giving the chance for active and sustainable development of the eco-tourism, which activities have been expanding rapidly over the past decades worldwide and further growth is expected in the future. However, there are, as with Bulgarian tourism in

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<sup>2</sup> World Tourism Organisation, International Year of Eco-tourism 2002, Concept Paper

general, a number of deficiencies of those sector that need to be addressed. These weaknesses related mainly to the low quality level of local support infrastructure, i.e. the difficulty of access to those areas where ecological sites are found and the low quality of their environment infrastructure are of concern.

It is these deficiencies in the eco-tourism infrastructure that this project seeks to address so as to simultaneously:

- increase the Bulgaria's tourism-related revenues through eco-tourism;
- develop permanent and seasonally, direct and indirect employment opportunities;
- attract new target groups- especially from outside Bulgaria;
- develop products that will be permanently competitive internationally;
- develop complex service packages in eco-tourism;
- encourage investments in quality and select products and the provision of competitive investment opportunities in eco-tourism;
- extend the tourist season.

National partners consulted during the projects preparation were the Bulgarian Association of Travel Agencies (BATA), the Bulgarian Hotel and Restaurant Association (BHRA), Bulgarian Association for Alternative Tourism (BAAT), Bulgarian Association for Rural and Ecological Tourism (BARET) and the National Association of Municipalities. Partners consulted at the regional and the municipal level were the administration of the communities with a known interest in eco-tourism together with various regional and local tourism organisations.

These consultations resulted in the identification of a number of potential projects; these are included as an indicative listing at Annex 4.

### **3.2. Linked activities**

There have been a significant number of projects and initiatives seeking to develop the Bulgarian tourism sector, examples of these include:

- GTZ has funded a tourism project in framework of its project “Programme for promotion of economy and employment”. Which included consulting assistance to SMEs, marketing and tourism policy activities in Koprivshtiza, Kazanlak, Smolyan regions during 1999-2000 and in Veliko Turnovo region in 2001.
- Under Phare ESC 2001, there is provision for a project for the development of the Bulgarian Cultural Tourism;
- Under Phare ESC 2001, there is provision for a project for municipal roads scheme for improved access to sites of tourist interest in the NE and SC Planning Regions

The UNDP and USAID have also introduced and implemented a number of tourism projects across Bulgaria, including those of an environmental and ecological nature – especially in the development of bio-diversity.

### 3.3. Results

Grants will be provided to public and non-profit organisations for the development of eco-tourism sites and linked services. The following project results are to be achieved:

- Improvement of the tourist potential of Bulgaria - natural objects are adopted for tourism (incl. better conditions for sustainable use of the natural heritage), some 15 projects of average Euro 250,000 funded – a number of small projects of a like nature or within the same region could be combined to meet this amount;
- Quality improvement of tourist services in the ecological sector;
- An increase in rural and semi-urban area employment (permanent and seasonally, direct and indirect);
- Strengthening the capacity of the Ministry of Economy in implementing grant schemes in the field of tourism development.

Part of the project or the entire project will be implemented within the borders of a protected area – in or adjacent to Bulgaria's National Parks, see Annex 4. Therefore, the activities foreseen must be permissible for the type of protected area as per the Law for protected areas and the Law for protection of biological variety. The individual projects financed under the grant scheme should contribute to the achievement of objectives, listed in the development plans (NUTS II and the national plans), and demonstrates partnership between the public and the private sector. As applicants will be considered local municipalities, NGOs, and specialized public administrations at the park territories and protected areas. The ownership of the developed infrastructure is predominantly state and municipality owned (public ownership).

### 3.4. Activities

The activities within this project will be delivered through a grant component aiming to rehabilitate the specialised eco-tourism infrastructure, so as to improve the tourism and business attractiveness of these areas. It is envisaged that this grant infrastructure scheme will support projects concerning the rehabilitation and improvement of the local environmental tourism infrastructure (modernization, rehabilitation, consolidation works, etc.).

These investment projects are intended to improve the quality of environmental tourism infrastructure and to increase the potential of such tourist facilities through the construction, rehabilitation and preservation of associated buildings and/or infrastructure, national parks, public spaces and buildings, and any other complementary tourism sights. For example:

- Better infrastructure for tourist visits – lighting, stairs and other equipment, zones for information and business, sign posting, etc.;
- Implementation of systems for monitoring and security;
- Buildings, technical equipment, information systems in Tourism information centres;
- Building a modern tourism infrastructure - systems of walks and treks, zones for sport activities, etc within national and natural parks;
- 'Green' and 'theme' eco-paths;
- Implementation of new tourism products – mountain bike, photo safaris, bird watching, rock climbing and caving;

The direct beneficiaries of the scheme will be public authorities, public institutions and non-profit organisations (NGOs). Direct support to individual commercial enterprises, groups of commercial enterprises and state-owned enterprises **are not envisaged**.

*Projects for support will be selected according to the following criteria:*

- Ecological: observation and appreciation of nature; the project must have an informational, interpretational, training and educational element; the project must present the biological variety; the project must ensure a minimal negative influence on nature and social and cultural environment;
- Tourist: to ensure an intensive interaction of tourists with nature; to involve small tourist groups (5-10 people); small tourist companies must be available on the territory; projects in areas having other significant tourist attractions; the existence of sufficient accommodation facilities in the proposed area.
- Economic: the existence of a recent business plan/strategic plan and a marketing plan, which provides a justification for the proposed activity and shows the sustainability of the project; the impact on employment opportunities; generation of supplementary income sources for the local society; the level of local partnership, sustainability and local commitment to the preservation of public assets and infrastructures; the management / implementation capacities of the applicant.

*Selection of the proposals will be made based on the following documents to be submitted in each case:*

- The business and marketing plan of the applying organisation (Not older than 2 years).
- The planned budget of the activity proposed to be implemented.
- Evaluation of the effects of the development on eco-tourism both on the sub-regional and the regional level.
- Technical specification for infrastructure works and/or equipment to be purchased.
- Technical drawings for construction.
- Environmental Impact Assessment.
- Evidence provided on the availability of co-finance by the beneficiary

Draft project selection criteria and implementation scheme is given within Annex 5 to this project fiche.

The small-scale nature of the projects to be implemented will ensure that there is no potential of overlap with areas of tourism or environmental investment that may be eligible under SAPARD.

Priority will be given to projects, which demonstrate training opportunities for young and unemployed people from the area with a view to promoting the trainees' (re) insertion into the labour market.

The project foresees also an institutional component (TA contract) aiming at the strengthening the capacity of the Ministry of Economy (MoE) in implementing grant schemes in the field of tourism by providing assistance in the practical implementation of the current scheme. Specific objectives of this component are to:

- Advise and work closely with the PIU to implement internal administration systems consistent with EU Phare procedures (Practical Guide to Phare).
- Provide training, facilitation and advice, to MoE personnel within the PIU, to develop a comprehensive understanding of the Practical Guide to Phare procedures (as applicable to grant funded projects). Review and make recommendations for the PIU administration procedures and grant scheme documentation.
- Provide technical advisory inputs to the Programme Steering Committee relating to monitoring, control and selection processes.

To ensure that the projects selected are run in accordance with Phare rules and they meet the appropriate specifications for materials, construction and functionality, as well as the environmental regulations, the Ministry of Economy will organise a tender to 'recruit' an appropriate organisation to supervise the projects implementation.

### **3.5. Lessons learned assessment and results multiplication**

Given the number of tourism related projects developed and implemented in Bulgaria – despite these being of a non-investment nature, considerable lessons have been learnt in the design and implementation of tourism development initiatives. This project builds on these. It also builds on the work undertaken to develop the 'cultural / heritage tourism' under Phare 2001.

### **4. Institutional Framework**

Tendering, contracting and payments will be managed by the Central Finance and Contracting Unit (Ministry of Finance) for the IB component.

The Ministry of the Economy's responsibilities cover the conclusion of contracts under individual grants; payment authorisation and disbursement of grant aid, as well as formulation of guidelines, application forms and selection procedures, monitoring and evaluation of the scheme. These duties are to be carried out by the Project Implementation Directorate (PID) at the Ministry of Economy. Total number of staff at the PID is 20 people.

**A Programme Steering Committee** will be established, comprised of representatives of the Ministry of Economy (chair), Ministry of Environment and Water, Ministry of Agriculture and Forestry, Ministry of Regional Development and Public Works, the EC Delegation in Sofia. The Committee will advise the PID on important implementation issues such as: the adoption of the selection criteria; the continued relevance of the selection criteria for project applications; monitoring the progress of the implementation of the programme; commissioning external evaluations to check if the programme is achieving its objectives in an effective and efficient manner.

Project Evaluation Committee, the exact composition of which will be determined by the Steering Committee, assesses the projects. Nevertheless, it is envisaged that members include representatives from:

- Ministry of Economy - 3 representatives (incl. The Chairman)
- Ministry of Regional Development and Public Works - 1 representative
- Ministry of Environment and Waters– 1 representatives
- Ministry of Agriculture and Forestry – 1 representatives
- Tourism and/or Ecological related organizations – 2 representatives
- EC Delegation – 1 representative

The role of this committee will be to:

- Identify the most qualified projects to be funded;
- Define specific conditions that may be attached to the award of funding in respect of individual applications;
- In the event of rejecting a proposal, provide clear and concise reasons for rejection to the applicant (this can help applicants to revise their proposal or to submit better proposals in the future).

Key national partners amongst the Bulgarian government are the Ministry of Environment and Waters, Ministry of Agriculture and Forestry and the Ministry of Regional Development and Public

Works, as well as the other public institutions such as the Bulgarian Association of Travel Agencies (BATA), Bulgarian Association for Alternative Tourism (BAAT), Bulgarian Association for Rural and Ecological Tourism (BARET) and the National Association of Municipalities.

All activities will be carried out in accordance with the Municipality Ownership Act – Issue 44 gazetted 1996 and amended 34/06.04.2001 and / or The Act for State Ownership - State Gazette 92 Of 16<sup>th</sup> November 1951. Also, the carried on construction activities should be in compliance with the Law for protected areas, as well as the Council Directive 97/11/EC of 3 March 1997 on the assessment of the effects of certain public and private projects on the environment.

### 5. Detailed Budget

	<b>Phare Support</b>					
	Investment Support	Institution Building	<b>Total Phare (=I+IB)</b>	<b>National Co-financing*</b>	<b>IFI</b>	<b>TOTAL</b>
<b>Contract 1</b> Grant Scheme	<b>3,80</b> MEUR	<b>0,20</b> MEUR	<b>4,00</b> MEUR	<b>1.10</b> MEUR		<b>5.10</b> MEUR
<b>Contract 2</b> Supervision works				<b>0.20</b> MEUR		<b>0.20</b> MEUR
<b>Total</b>	<b>3,80</b> MEUR	<b>0,20</b> MEUR	<b>4.00</b> MEUR	<b>1,30</b> MEUR		<b>5,30</b> MEUR

\* Should the total cost of works proposed under the grant scheme exceed the estimate shown in the table above, the beneficiary institution will provide the necessary additional co-financing needed.

### 6. Implementation Arrangements

#### 6.1 Implementing Agency

The Implementing Agency of the Project is the Ministry of Regional Development and Public Works and in that capacity will issue and evaluate tenders, conclude contracts and authorize the disbursement of contractually related payments. The PIU at the Ministry of Economy will otherwise be responsible for the day-to-day co-ordination and implementation of the project activities. In this respect, the MoE will ensure that all activities to be provided will be undertaken in strict accordance with the agreed work plan and Practical Guide procedures.

Ministry of Economy

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#### 6.2 Implementing Structure

It is planned to operate the project through a PIU at the Ministry of Economy, in close consultation with the Ministry of Environment and Waters and Ministry of Agriculture and Forestry. The PIU will be assisted in its actions and activities through technical assistance provided under the Institutional Building component.



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The proposed project selection criteria and implementation scheme is attached at Annex 5.

### **6.3.Non-standard Aspects**

That a number of small projects – with a similar theme or location, maybe combined to ensure that the Phare minimum of Euro 50,000 and maximum Euro 300,000 is attained, for example the envisaged development of eco-paths.

### **6.4.Contracts**

The technical assistance aspects associated with institution building and management of the scheme are estimated at Euro 200,000 – a framework contract will be issued for this aspect.

The envisaged average grant size of projects is Euro 250,000; implying a total of some 15 contracts.

The project envisages also a separate works supervision contract for the whole grant scheme at Euro 200,000.

## ***7. Implementation Schedule***

### **7.1.Start of tendering/call for proposals**

Start Project Selection on the Grant Scheme: January 2003

Start Tender Procedure for “Supervisor”: March 2003

Start IB/TA for PIU Tender Procedure: January-February 2003

### **7.2.Start of project activity**

Grant Scheme Projects construction start-up: June 2003

Supervision Contract commencement: June 2003

IB/TA Project commencement: March 2003

### **7.3. Project Completion**

Expected date of last payment under last contract will be 30 November 2006. Allowing one extra year for disbursements is justified by the complex nature of the project, involving a grant scheme and works and in view of the time taken to implement other similar schemes in Bulgaria. Grant schemes are still fairly new to Bulgaria.

### **8. Equal Opportunity**

The project implementation procedures will ensure that the project brings benefits to men and women, and to ethnic groups in equal measure. Special attention will be paid to ensure that women and members of ethnic groups are included in the projects activities.

### **9. Environment**

The project will not be harmful to the environment. Given the focus of this project all grant schemes envisaged will require that a feasibility study and an environmental impact assessment (EIA) report to be successfully completed as part of the project selection procedure, showing that the proposed project activities will be in compliance with the respective Bulgarian Legislation as well as Council Directive 97/11/EC of 3 March 1997 on the assessment of the effects of certain public and private projects on the environment, i.e. the Bulgarian Authorities shall adopt all measures necessary to ensure that, before consent is given, projects likely to have significant effects on the environment by virtue, inter alia, of their nature, size or location are made subject to a requirement for development consent and an assessment with regard to their effects. Therefore a positive impact – ecological improvement, is expected.

The environmental impact assessment shall identify, describe and assess in an appropriate manner, in the light of each individual case the direct and indirect effects of a project on the following factors:

- human beings, fauna and flora;
- soil, water, air, climate and the landscape;
- material assets and the cultural heritage;
- the interaction between the factors mentioned in the first, second and third indents.`;

Further details on environmental protection and compliance with the respective Bulgarian and EU legislation will be provided with the special guidelines and application forms prior the start up of the grant scheme, as well as the detailed selection and evaluation criteria for individual grants.

### **10. Rates of return**

Rates of return can only be calculated for those individual projects approved under this project. The selection criteria will seek to select projects that provide significant rates of return based on economic benefits such as increased employment and income from tourism.

Individual grant projects will create considerable economic and social benefits – determinates in the project selection criteria. Therefore they will contribute to creation of a sound entrepreneurial environment and initiate economic growth across Bulgaria.

Public financed projects in principle will not bring profits to the investor. They are supported in order to be economically viable because they create benefits to the specific location, especially they will contribute to the safeguarding and to the creation of employment.

## **11. Investment criteria**

### **11.1. Economic Development and Catalytic effect:**

The expected economic development and catalytic effects of this project will include:

- A minimum of 10% increase in eco-tourism -related revenues;
- The development of permanent and seasonally, direct and indirect employment opportunities- an estimated 150 jobs created and/or safeguarded;
- The attraction of new tourism target groups - especially from outside Bulgaria;
- The development of products that will be permanently competitive internationally;
- The development of complex service packages in eco-tourism;
- The encouragement of investments in quality and select products and the provision of competitive investment opportunities in eco-tourism;
- An extension of the Bulgarian tourist season – outside of the coast summer and winter mountain tourism seasons.

The Phare contribution will promote the development of tourism sector in the selected areas and contribute to the restructuring of the tourism infrastructure, to SMEs and employment opportunities. Without the Phare support this development would take place much later but not such a comprehensive and complementary form as envisaged in this project.

### **11.2. Co-financing:**

The necessary co-financing for this project will be provided from the Bulgarian national budget, municipalities and the districts will also take part in the co-financing:

### **11.3. Additionality:**

No other finances will be displaced by this Phare intervention.

### **11.4. Project readiness and Size:**

Technical assistance will be provided, from *PPF 2000* to prepare detailed operational guidelines and selection criteria for the grant scheme, assist in the selection of the potential projects to be financed under the scheme, give TA on the preparation of individual tender packages for construction works, once selected.

### **11.5. Sustainability:**

The Ministry of Economy, and other Ministries together with the municipalities involved assure the sustainability – a precondition in project selection. Sustainability will depend upon the future capacity of the Bulgarian Government to finance such schemes without external aid donor support. It is considered unlikely that such a capacity will exist prior to 2006. The envisaged upgrading and development of infrastructure should be operational over the long term, however contracts will ensure that the direct beneficiaries will allocate sufficient funds to keep the infrastructure in good condition. – a legislative requirement of the Municipality Ownership Act 1996. A sustainable and safe operation of the eco-tourism sites and the surrounding tourism facilities will be secured through operational guidelines developed by the Ministry of Environment and Waters, Ministry of Economy and other appropriate organisations.

### **11.6. Compliance with state aids provisions:**

The project is in accord with item 92(3)a of the Treaty of Rome. All actions financed by Phare will be carried out in line with the Phare Practical Guide and comply with the state aid agreements.

### **11.7. Contribution to National Development Plan**

This project matches the tourism development objectives of the National Development Plan (see Second Development Axis: Programme Two). Addressing the second tourism priority of Ecological tourism – the first priority Cultural Tourism was addressed in Phare 2001 programme. The project addresses the measures identified of:

- Diversification of tourist product and improvement of its quality;
- Marketing and advertising to improve the information on tourism potential and products;
- Development of skills and qualifications of staff in tourism;
- Enhancing new tourist destinations.

Similarly, the project matches the objectives and measure provisions of the Fifth Development Axis – Attaining Balanced and Sustainable Regional Development.

### ***12. Conditionality and sequencing***

The project will start after the signing of the financial memorandum between Bulgaria and the European Union, which is foreseen by the end of 2002. The project will be subject to an inter ministerial Memorandum of Understanding between the Ministry of Economy and the Ministry of Environment and Waters, and the Ministry of Agriculture and Forestry, specifying their respective responsibilities for the project.

The completion of project selection criteria established as part of a PPF initiative prior to the commencement of the project.

Phare assistance will be conditional on the development of effective mechanisms for inter-Ministerial and agency co-operation.

# ANNEX 1

## PHARE LOG FRAME

LOGFRAME PLANNING MATRIX FOR Project	Programme name and number	
<b>Development of Bulgarian Eco-tourism</b>	Contracting period expires 30 November 2004	Disbursement period expires 30 November 2006
	Total budget :	Phare budget :
	<b>5.30 MEUR</b>	<b>4.00 MEUR</b>

Overall objective	Objectively verifiable indicators	Sources of Verification
<u>Wider objective</u> <ul style="list-style-type: none"> <li>Sustainable growth of the sector through improvement of the international market positions of the Bulgarian tourist industry</li> </ul> <u>Closer objective</u> <ul style="list-style-type: none"> <li>Diversification of the tourist products;</li> <li>To expand the geographic spread of tourism and its seasonal distribution;</li> </ul>	<ul style="list-style-type: none"> <li>Increased contribution of the tourist sector industry to the national GDP</li> <li>10% increase of incomes in the supported regions / districts / municipalities</li> </ul>	<ul style="list-style-type: none"> <li>National Statistics assessed by the NSI and the National Bank</li> <li>IMF Statistics</li> <li>EUROSTAT</li> </ul>

Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To improve the quality and variety of services in the eco-tourism and introduce sustainable nature-oriented economic activities within the protected areas in Bulgaria.	<ul style="list-style-type: none"> <li>10 % increase number of tourists visiting the respective tourist sites (Bulgarian and Foreign)</li> <li>Increased diversity (%) of economic activity in the area;</li> <li>Number of commercial contacts for local firms increased due to the eco-tourism activities.</li> <li>Number and percentage of the local population that uses the park/protected area increased;</li> <li>new market segments entered</li> </ul>	<ul style="list-style-type: none"> <li>National Statistical Institute/Regional Statistical Offices</li> <li>Annual Reports and Analyses provided by the various institutions in the sector (partners in the present project)</li> <li>Project Evaluation Reports</li> <li>Evidence from Tour Operators</li> </ul>	<ul style="list-style-type: none"> <li>Development trends in the EU tourist market</li> <li>Better conditions for tourist development (New Act on Tourism, other legislation)</li> <li>Effective cooperation with the tour-operators (Bulgarian and foreign)</li> <li>Partnership established between the private tourist business and the public institutions</li> </ul>

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> <li>Improvement of the tourist potential of Bulgaria - natural objects are adopted for tourism (incl. better conditions for sustainable use of the natural heritage), specialized infrastructure for eco-tourism is developed, tourism season prolonged</li> <li>Quality improvement of tourist services in the ecological sector;</li> <li>An increase in rural and semi-urban area employment (permanent and seasonally, direct and indirect);</li> <li>Strengthening the capacity of the MoE in implementing grant schemes in the field of tourism development.</li> </ul>	<ul style="list-style-type: none"> <li>15 projects launched and implemented at the average amount of Euro 250,000;</li> <li>Some 2% increase in the regional/district employment in the sector;</li> <li>Each eco-tourism site has an environmental management plan, which meets the international environmental standard ISO 14001</li> <li>An audit of ecological risk, environmental due diligence and environmental management has been undertaken by a recognized environmental professional and the recommendations have been implemented.</li> <li>Maintenance, Conservation and Appropriate Enhancement of Biological Diversity in Forest Ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>Information collected and provided regularly by the PIU reports, Steering Committee and EU authorities</li> <li>Regional and national statistics</li> <li>Additional reports on compliance with the environmental requirements – audit, supervision, evaluation.</li> <li>Annual Reports of the National Parks/Protected Areas Authorities</li> </ul>	<ul style="list-style-type: none"> <li>The private business is in compliance with the general priorities in the sector and the investments made by it are in compliance with the national policy for development of the tourism in Bulgaria</li> </ul>
Activities	Means		Assumptions
<p>The investment projects under the grant scheme are intended to improve the quality of environmental tourism infrastructure and to increase the potential of such tourist facilities through the construction, rehabilitation and preservation of associated buildings and/or infrastructure, national parks, public spaces and buildings, and any other complementary tourism sights. For example:</p> <ul style="list-style-type: none"> <li>Better infrastructure for tourist visits – lighting, stairs and other equipment, zones for information and business, sign posting, etc.;</li> <li>Implementation of systems for monitoring and security;</li> <li>Buildings, technical equipment, information systems in Tourism information centres;</li> <li>Building a modern tourism infrastructure - systems of walks and treks, zones for sport activities, etc within national and natural parks;</li> <li>‘Green’ and ‘theme’ eco-paths;</li> <li>Implementation of new tourism products – mountain bike, photo safaris, bird watching, rock climbing and caving;</li> </ul> <p>Implementation of comprehensive procedures for the effective management of the Eco-tourism Grant Scheme</p>	<ul style="list-style-type: none"> <li>Grant scheme (work contracts, supply of equipment)</li> <li>TA contract</li> <li>Supervision Contract</li> </ul>		<ul style="list-style-type: none"> <li>Co-ordination between the activities of the respective line-ministries in the implementation of the planned activities;</li> <li>Linked activities of other donors’ programmes in the field</li> <li>Activities of NGO’s in the tourist sector</li> </ul>



**ANNEX 3**  
**CONTRACTING AND DISBURSEMENT SCHEDULE BY QUARTER**

Project Title: Development of Bulgarian Ecotourism																	
Components	Cumulative contracting schedule by quarter in Euro m (provisional)																Total
	2003				2004				2005				2005				
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	
Grant Scheme Contract				4.9	4.9	4.9	4.9	4.9									4.9
TA to PIU	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2									0.2
Supervision Contract					0.2	0.2	0.2	0.2									0.2
Total contracting:	0.2	0.2	0.2	5.1	5.3	5.3	5.3	5.3									5.3
Components	Cumulative disbursement schedule by quarter in Euro m (provisional)																Total
	2003				2004				2005				2005				
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	
Grant Scheme Contract						0.3	0.7	1.2	1.7	2.3	2.9	3.5	4.1	4.5	4.7	4.9	4.9
TA to PIU		0.01	0.03	0.07	0.11	0.15	0.18	0.19	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Supervision Contract							0.02	0.04	0.06	0.08	0.1	0.12	0.14	0.16	0.18	0.2	0.2
Total disbursement:		0.01	0.03	0.07	0.11	0.18	0.9	1.43	1.96	2.58	3.2	3.82	4.44	4.86	5.08	5.3	5.3



## Annex 4

### List of potential eco-tourism projects

Below is a listing of indicative projects [given by the Bulgarian Association for Alternative Tourism (BAAT), Bulgarian Association for Rural and Ecological Tourism (BARET) and the National Association of Municipalities], which are currently in state of preparedness, from which applications are expected to be received for grant funding. These projects are located within, or are adjacent to Bulgaria's National Parks, namely; the Pirin National Park, Rila National Park, Vitosha National Park, Vrachansky Balkan National Park, Vrachansky Karst Nature Reserve, Central Balkan National Park, Sinite Kamani National Park, Shoumen Plateau National Park, Roussenski Lom National Park, Strandzha National Park and the Ropotamo Reserve.

No.	Project name	Municipality	Ownership	Total investment EURO
1	Sustainable development in Gorna Arda region under improvement the alternative forms of tourism	District Smolian	State	100 000
2	Tourist service and information centers development in Banite, Rakitovo, Dospat and Lacky municipalities	District Smolian, Rodopi association of municipalities	State	80 000
3	Eco paths and zones for recreation projects and constructions	District Smolian, Rodopi association of municipalities	State	55 000
4	New tourism services for Rodopi Mountain region	Rodopi association of municipalities	State	130 000
5	Eco-routes programme for South-West border of Bulgaria for development of eco tourism in Vlahina, Maleshevska, Ograzden, Slavianka and Belasitza Mountains	Pirin tourist forum	State	150 000
6	Pirin Mountain National Park	Pirin tourist forum	State	200 000
7	Development of cognitive tourism in protection territories project	Bulgarian – Switzerland programme	State	100 000
8	Development tourism in Devin region project	Business center Devin,	State	210 000
9	Development alternative tourism in village Trigrad project	Devin Municipality	State	150 000
10	Information services project for tourism in Rodopi Mountain	Rodopi association of municipalities	State	320 000
11	Public works in Devetashka Cave project	Lovetch Tourism Council	State	100 000
12	Rehabilitation works in tourism objects: Saeva dupka and Bezdanen Pchelin Caves	Iablanitza	State	150 000
13	Route “Karvavoto pismo”	Panagiuriste	State	60 000
14	Creation of eco paths network in East Rodopi Mountain region	Kardzaly	State	150 000
15	Sub-tropical center development in Ivailovgrad	Ivailovgrad	State	200 000
16	Chuprene eco path	Chuprene	State	65 000
17	Giurgich eco path	Ruzintzi	State	80 000
18	Berkovitza eco path	Berkovitza	State	70 000
19	Biala reka eco path	Varshetz	State	55 000
20	Vratza geo path	Vratsa	State	100 000

21	Gabrovnitza eco path	Svoge	State	60 000
22	Boevska eco path	Svoge	State	70 000
23	Liutibrod geo path	Mezdra	State	50 000
24	Ribarishka eco path	Teteven	State	50 000
25	Karlukovo eco path	Lukovit	State	60 000
26	Topla eco path	Troian	State	80 000
27	Vidimska eco path	Apritzi	State	60 000
28	Devetashka eco path	Lovech	State	50 000
29	Troana Cave in village Vishvograd	Pavlikeni	State	60 000
30	Veliko Tarnovo eco path	Veliko Tarnovo	State	60 000
31	Stata reka eco path	Antonovo	State	50 000
32	Goliamata reka eco path	Antonovo	State	75 000
33	Preslavska eco path	Preslav	State	90 000
34	Bilka eco path	Ruen	State	55 000
35	Lopushanska eco path	Dalgopol	State	65 000
36	Kamchiiska eco path	Dolen Chiflik	State	55 000
37	Pobity kamani geo path	Devnia	State	90 000
38	Dobruzsanska eco path	Kavarna	State	80 000
39	Demir baba teke – Sveshtarski mogily inherited path	Isperih	State	60 000
40	Medvenska eco path	Kotel	State	60 000
41	Slivenska eco path	Sliven	State	70 000
42	Strandja eco path – Malko Tarnovo – Tzarevo	Malko Tarnovo	State	100 000
43	Magliz eco path	Magliz	State	60 000
44	Tazanska eco path	Pavel bania	State	50 000
45	Kaloferska eco path	Karlovo	State	60 000
46	Strelchanska eco path	Strelcha	State	70 000
47	Sredna Gora Mountain non life museum	Panaguirishte	State	180 000
48	Studen kladenetz eco path – Stambolovo - Krumovgrad	Stambolovo	State	60 000
49	Tatulska eco path	Momchilgrad	State	70 000
50	Bely plast geo path	Kardzaly	State	55 000
51	Kardzaly geo path	Kardzaly	State	80 000
52	Trakiisky nishi inherted path	Kardzaly	State	75 000
53	Ustrenska geo path	Dzebel	State	80 000
54	Kushla eco path – Zlatograd - Kirkovo	Zlatograd and Kirkovo	State	70 000
55	Borovishka geo path – Ardino – Kardzaly	Ardino – Kardzaly	State	70 000
56	Balantash inherited path - Asenovgrad – Banite	Asenovgrad	State	55 000
57	Lackinska geo path	Lacky	State	50 000
58	Sushishka eco path – Lacky – Asenovgrad	Lacky	State	50 000
59	Zabardenska eco path	Chepelare	State	60 000
60	Kupenska eco path	Peshtera	State	55 000
61	Devinska eco path	Devin	State	60 000
62	Dormanova geo path	Bansko	State	80 000
63	Obidim – Kremen eco path	Bansko	State	70 000
64	Breznishka geo path	Gotze Delchev	State	70 000
65	Kaninska eco path	Garmen	State	50 000
66	Lilianovska eco path	Sandansky	State	70 000
67	Ilindenska goe path	Strumiany	State	60 000

68	Shegavska eco path	Kiustendil	State	60 000
69	Elenishka eco path	Kiustendil	State	50 000
70	Gorishka eco path	Sapareva bania	State	80 000
71	East Rodopi Mountain geo museum	Madzarovo	State	180 000
72	Chiprovtsy geo museum in Stara planina Mountain	Chiprovtsy	State	210 000
73	Rila Mountain geo path	Rila	State	70 000
74	Skakavitsa – Dzerman eco path	Sapareva bania	State	60 000
75	Davidkovska eco path	Ardino	State	55 000
76	Stara reka eco path	Zlataritsa	State	60 000
77	Belgradchik geo path	Belogradchik	State	90 000
78	South Rodopi Mountain eco path	Borino	State	70 000
79	Ivanovska inherited path	Ivanovo	State	100 000
80	Provadia zoo attractive complex	Provadia	State	300 000
81	Shankaia eco path	Batak	State	70 000
82	Bozia most geo path in village Liliatche	Vratza	State	50 000
83	Diushun dere eco path	Krumovgrad	State	60 000
	<b>Total</b>			<b>7 250 000</b>

Note:

The property is mainly “State” since the area is under the State Forestry Fund Land. At some of the places we have also a mixed property state/municipality.

## **Annex 5**

### **Draft Project Selection Criteria**

Whilst list of potential projects have been identified – at Annex 4, the Ministry of Economy is responsible for the formal announcement and publication of the project. The districts and municipalities will be informed directly, and also through the media.

Limited assistance in formulating the applications will be given to applicants through the Ministry of Economy – PIU or Directorate “National tourism policy”, and external experts financed by the PPF project.

The application procedure will be that districts/municipalities pass on endorsed applications to the PIU, who will submit them to independent experts for appraisal of the ecological impact, financial, and other qualities of projects. The experts will make recommendations as to whether or not the project should be funded. All projects will then be passed for final evaluation.

A Programme Steering Committee will be established. The Committee will advise the PIU on important implementation issues such as: the adoption of the selection criteria (proposal for the selection criteria see below); the continued relevance of the selection criteria for project applications; monitoring the progress of the implementation of the programme; commissioning external evaluations to check if the programme is achieving its objectives in an effective and efficient manner.

Project Evaluation Committee, the exact composition of which will be determined by the Steering Committee, assesses the projects. Nevertheless, it is envisaged that members include representatives from:

- Ministry of Economy - 3 representatives (incl. The Chairman)
- Ministry of Regional Development and Public Works - 1 representative
- Ministry of Environment and Waters– 1 representatives
- Ministry of Agriculture and Forestry – 1 representatives
- Tourism and/or Ecological related organizations – 2 representatives
- EU Delegation (non-voting).

The role of this committee will be to:

- Identify the most qualified projects to be funded;
- Define specific conditions that may be attached to the award of funding in respect of individual applications;
- In the event of rejecting a proposal, provide clear and concise reasons for rejection to the applicant (this can help applicants to revise their proposal or to submit better proposals in the future).

The following aspects will be taken into consideration for the selection:

There should be a weighting of the different aspects to take under consideration the importance of the aspects.

1. The following points should be fulfilled (exclusion criteria):

- The project proposal should be part of the regional development plans, district plans and communal plans or should fit in the framework of these plans
- The project should have, by time of commencement, received a positive feasibility report and environmental assessment report
- The project proposal fits in the National Development Plan especially in the parts concerning tourism development
- The ecological site should be owned by state or municipalities or an NGO

Preferences would be given to the projects elaborating a plan and proposing alternatives for partial investment of the income from tourist activities for future development and maintenance of the site or to the improvement of associated sites.

2. Preference is given to projects which best fulfil the following points - these points should be weighted (proposal: maximum total = 100 points).

1. Ecological Impact	Points = 30
<ul style="list-style-type: none"> <li>- Focuses on directly and personally experiencing nature;</li> <li>- Provides opportunities to experience nature in ways that lead to greater understanding, appreciation and enjoyment;</li> <li>- Represents best practice for environmentally sustainable tourism;</li> <li>- Positively contributes to the conservation of natural areas;</li> <li>- An informational, interpretational, training and educational element;</li> <li>- Present the biological variety;</li> <li>- Ensure a minimal negative influence on nature and social and cultural environment;</li> </ul>	
2. Tourist impact	Points = 30
<ul style="list-style-type: none"> <li>- Ensure an intensive interaction of tourists with nature;</li> <li>- Involve small tourist groups (5-10 people);</li> <li>- Small tourist companies must be available on the territory;</li> <li>- Projects in areas having other significant tourist attractions;</li> <li>- The existence of sufficient accommodation facilities in the proposed area;</li> <li>- Potential number of visitors attracted through creation of a marketable tourism product or potential number of extra visitors attracted through improvement of the attractiveness of an existing tourism product</li> <li>- Provides constructive ongoing contribution to local communities;</li> <li>- Is sensitive to and involves different cultures, especially indigenous cultures;</li> <li>- Consistently meets customer expectations;</li> <li>- Is marketed accurately and leads to realistic expectations.</li> </ul>	
3. General Social & Economic Impact	Points = 40
<ul style="list-style-type: none"> <li>- the existence of a recent business plan/strategic plan and a marketing plan, which provides a justification for the proposed activity and shows the sustainability of the project;</li> <li>- creation of jobs and new tourism businesses;</li> <li>- generation of supplementary income sources for the local society;</li> <li>- the project should demonstrate strong support through the local administration, private organisations, private tourism sector and the local population – local partnership principle;</li> <li>- sustainability and local commitment to the preservation of public assets and infrastructures;</li> <li>- the management / implementation capacities of the applicant;</li> <li>- projects complementary to other Phare ESC schemes;</li> <li>- projects willing to invest their own finance</li> </ul>	

The general rules of procedure of the Evaluation Committee are to be laid out in operational guidelines (to be drawn up under an associated PPF).

## **Annex 6**

### **Legislation**

The ownership and sustainability of the grant-aided projects envisaged under this project are subject to:

To the Law for Protected Areas regulates the different categories of protected areas, the function of the protected areas and the regime for their conservation, use, promulgation and administration.

#### *Categories*

The Law distinguishes the following categories of protected areas:

- Reservation
- National park
- Natural landmark
- Supported reservation
- Natural park
- Protected locality

#### *Ownership*

The national parks and the reservations are exclusive state property, whereas the other categories of protected areas can be property of the municipality or private property.

The state's and the municipalities' ownership (excluding the exclusive state property) of forests, lands and water areas which are part of the protected areas under the terms of this law, is public. The regulations of The Law for Protected Areas are relevant to all of the protected areas regardless of the ownership of the forests, lands and water areas in them.

The Act for Municipality Ownership – State Gazette 44 of 1996, with subsequent amendments / revisions, to that of State Gazette 34 of 6<sup>th</sup> April 2001.

The Act for State Ownership - State Gazette 92 Of 16<sup>th</sup> November 1951, with subsequent amendments to State Gazette 59 of 2000.

These two Acts also detail the requirements for the maintenance and 'sustainability' of equipment and infrastructure.

#### *Administration*

A specific regime for conservation and use has been established for each of the categories of protected areas. The administration of each category is organized according to an individual Administration plan. The owners and those using the forests, lands and water areas in the protected areas are obliged to follow the regulations of this law. The construction, maintenance and use of sites in the protected areas is taking place in correspondence with the regime for conservation and use and according to the Administration plan for the protected areas.

The Ministry of Environment and Water and its local authorities organizes and fulfills the administration of the protected areas, the assignment of tasks for maintenance and rehabilitation, controls the tourist activities and the conservancy of the protected areas, which are exclusive state property.

Specific National Park Directorates are established for the administration of the national parks. The national parks are self-dependent legal entities, financed by the state budget and are under the direct subjection of the Ministry of Environment and Water.

The Ministry of Agriculture and Forestry, as well as the physical persons, the legal entities or the municipalities – owners of forests, lands and water areas in the protected areas (excluding the exclusive state property) fulfill their managing and conservancy in conformity with the regulations of this law and other particular laws.

## **Annex 7**

### **REFERENCES**

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