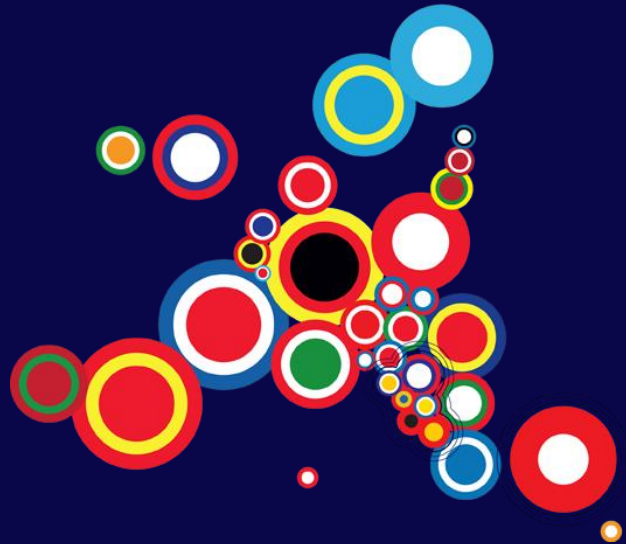




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

MULTI-COUNTRY

TRIPLE-P TOURISM IN SEE: PROMOTION, POLICY, AND PILOTS



Action summary

Along with the endorsement of the South East Europe (SEE) 2020 Strategy in 2013, the SEE economies have prioritized tourism (along with food and beverage processing) as one of the key economic sectors for regional cooperation. SEE Tourism Expert Group (TEG), working under the auspices of the Regional Cooperation Council (RCC) Secretariat, has identified the main issues in sector development, and put forward a set of activities related to development and promotion of joint regional tourism products for international travellers, mitigation of main sector barriers through targeted policy interventions, and implementation of small-scale pilot projects so as to create an adequate local infrastructure for development of regional tourist products. Successful implementation of these activities is anticipated to result in increased revenues, exports and creation of new jobs in the SEE's tourism sector, ultimately contributing to a positive regional tourist brand and growth and competitiveness of the region's economies.

Action Identification			
Action Programme Title	IPA II Annual Multi-Country Action Programme 2017		
Action Title	Triple-P Tourism in SEE: Promotion, Policy, and Pilots		
Action ID	IPA 2017/039-402.15/MC/Tourism		
Sector Information			
IPA II Sector	9. Regional and territorial cooperation		
DAC Sector	33210 - Tourism policy and administrative management		
Budget			
Total cost	EUR 5 260 000		
EU contribution	EUR 5 000 000		
Budget line(s)	22.020401 – Multi-country programmes, regional integration and territorial cooperation		
Management and Implementation			
Management mode	Direct management		
<i>Direct management</i> European Commission	Unit D.5. - Western Balkans Regional Cooperation and Programmes		
Implementation responsibilities	Unit D.5. - Western Balkans Regional Cooperation and Programmes		
Location			
Zone benefiting from the action	Western Balkans (Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo*, Montenegro, Serbia)		
Specific implementation area(s)	N/A		
Timeline			
Final date for contracting including the conclusion of delegation agreements	31 December 2018		
Final date for operational implementation	31 December 2021		
Policy objectives / Markers (DAC form)			
General policy objective	Not targeted	Significant objective	Main objective
Participation development/good governance	X	<input type="checkbox"/>	<input type="checkbox"/>
Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo Declaration of Independence

Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
RIO Convention markers	Not targeted	Significant objective	Main objective
Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

Tourism is a sector of considerable importance for the South East European (SEE) economies, with significant potential for regional cooperation. It has emerged as contributor to approximately 6% both to the region's employment and GDP (indirect contribution to GDP and employment is 15% and 14% respectively) and adds almost a quarter to the overall region's exports, demonstrating the significance of the sector for overall economic growth. Tourism is also the largest contributor to services exports from SEE, accounting for the largest share of services exports in SEE, with USD 13.5bn (UN WTO). The sector exports vary in different parts of the region, as the economies on the Adriatic coastline hold a larger share of exports than of the landlocked SEE economies (i.e. 49% of exports in Albania, 37% in Croatia¹ and 45% in Montenegro). In the landlocked economies, tourism accounted for a smaller share of exports with, for example, 5% of services exports in the former Yugoslav Republic of Macedonia and 7% of services exports in Serbia, leading to the main need for developing and consolidating the particular, underutilized, sector niches common for all economies that could lead to fair share of export distribution across SEE.

Along with the endorsement of the SEE 2020 Strategy in 2013, the SEE economies have agreed to prioritize tourism (along with food and beverage processing) as one of the key sectors, that should be addressed through regional action so as to support the increase of employment, revenues and exports. Furthermore, the SEE economies have recognized tourism as a sector that can contribute horizontally to the overall economic development and competitiveness of the region, with anticipated positive spill-over effects to trade and investment, mobility, human capital development, cultural and historical heritage, SME growth, sustainable development and governance. Moreover, unlike most other industries concentrated around largest regional centres, tourism is capable to generate growth and employment in remote, rural and underdeveloped sub-regions, often underserved by both public and private sectors. Finally, tourism development can have a substantial positive spill-over effect on other priority sectors and can better promote the region to international audiences, alleviate negative associations and help further integrate SEE into the European and global economy.

Despite its importance, tourism sector still faces a number of challenges that hinder its growth and true potential. Over the last two years, the SEE Tourism Expert Group (TEG), operating under the auspices of the Regional Cooperation Council (RCC) Secretariat, has gathered the SEE ministries in charge of tourism, "national tourism boards", business representatives, and regional partner-organizations such as Organisation for Economic Cooperation and Development (OECD), Central European Free Trade Agreement (CEFTA), South East European Centre for Entrepreneurial Learning (SEECE), European Training Foundation (ETF), Network of Associations of Local Authorities of South East Europe (NALAS), USAID, and others, in order to analyse the most challenging factors to the growth of tourism in the SEE region, and work out the means of addressing them. A detailed analysis of the tourism sector in SEE performed by TEG prioritized the main issues in sector development, such as fragmentation across value chains, lack of regional offer/marketing/branding in market niches with potential, such as adventure routes and historical/cultural routes of the SEE, partially underdeveloped (tourism) infrastructure, burdensome administrative procedures pertaining to visas and border-crossings, inadequate level of tourism-related administrative services, and skills gaps, as the factors that hinder sector competitiveness most.

As a result, the SEE TEG has agreed to focus its future work on: creating a joint offer/brand to foster regional integration in the tourism sector and its joint global promotion; diversifying tourism offer of the region (i.e. combining adventure routes with historical/cultural routes of the SEE); alleviating skills gaps and skills mismatches in the tourism industry; easing of administrative procedures and improving the level of services related to tourism (local administrations, health, search and rescue, insurance, etc.). These

¹ Croatia, being an EU-member, will not receive funds from the action. However, taking part in the SEE 2020 Strategy implementation and being a permanent participant to the SEE Tourism Expert Group, Croatia will remain as a partner to the rest of the region in support of its tourism-related activities.

recommendations were endorsed by the South East Europe Investment Committee Ministerial Meeting held in Becici on December 9, 2015.

Since tourism is an area which cuts across many other areas like environment, infrastructure, employment, cultural heritage, etc., there is a number of Ministries in each IPA II beneficiary which shall be involved in the policy development and implementation phases. In addition, the Ministries of Finance shall also be involved along with the relevant line ministries to make sure that policy objectives are duly budgeted. Moreover, depending on the relevant IPA II beneficiary also the Prime Ministers Offices/General Secretariats shall be involved to ensure that the new policy objectives are integrated in the programmes of work of the Governments.

Finally, according to SIGMA assessments, the policy development and coordination process are problematic in most of the relevant IPA II beneficiaries. Inter-ministerial and public consultations on new policy proposals are not always conducted properly, fiscal and socio-economic impact assessments are absent or poor and often policy proposals are not linked to the budget and therefore they are not implementable. Hence, the action shall pay extra attention to these aspects.

OUTLINE OF IPA II ASSISTANCE

The action aims to support SEE's tourism sector growth by developing and promoting internationally joint regional tourism offer for international travellers, whilst addressing the main barriers and challenges to sector development through targeted policy interventions, and assist implementation of pilot projects across the SEE economies that will work in support of the regional tourism products. These efforts and activities will be framed within the context of the SEE 2020 strategy and the Economic Reform Programmes (ERPs), and will strive to address the main needs detected both on the regional and IPA II beneficiary levels, such as:

- i. Need to improve the quality of tourism offer in order to realize its employment and growth generation potential.
- ii. Need to consolidate the fragmented tourism offer and promotion to attract overseas and other visitors to lengthen tourist stays and increase tourism proceeds.
- iii. Need for diversification of tourism products and sustainable management of tourist destinations in the region.
- iv. Need to strengthen the existing capacities to ensure alignment with the environmental *acquis*, both at political and technical levels.
- v. Need for increasing work opportunities in tourism (particularly for youth).
- vi. Need for structured policy reforms related to tourism, supported through best practice sharing and developed in accordance with the better regulation approach.
- vii. Need to address immediate gaps at tourism localities in order to develop tourist products.

RELEVANCE WITH THE IPA II MULTI-COUNTRY STRATEGY PAPER AND OTHER KEY REFERENCES

Multi-Country Strategy Paper

The action will address one of the main objectives of the **IPA II Multi-country Indicative Strategy Paper 2014-2020**² (hereafter referred to as Strategy Paper) of strengthening the economic and job creation potential of the region. Both the Regional structures and networks and the Territorial cooperation components of the Strategy Paper note the importance of tourism industry as one of the major contributors to region's growth and competitiveness, whilst assessing good neighbourly relations as the overall objective for territorial cooperation through the number of cross-border-cooperation programmes foreseen in encouraging tourism and cultural and natural heritage.

The action will also address some of the needs identified in the **Enlargement Strategy** in relation to the economic development and competitiveness, particularly regarding the low levels of investment and high

² C(2014) 4293, 30.06.2014.

levels of unemployment. The topic of economic governance and competitiveness has been set as a general priority, with some reflections on the needs for investment in tourism industry as essential to boost economic growth (i.e. in the case of Montenegro) and gathering of statistical data for the sector so as to monitor progress being made.

Regional tourism development is a key component of the **SEE 2020 Strategy**, as this was one of the two sectors prioritized for regional action to implement the Strategy. The action is a direct result of the work performed by the RCC's TEG operating under the SEE 2020 framework, and its proposal for addressing the needs and barriers to sector development identified up to date.

The action is also designed to address some of the strategic goals in the tourism sector at IPA II beneficiaries' level, as illustrated in the economies' **Economic Reform Programmes (ERPs)**. In Albania, for instance, tourism has been selected as a strategic sector that can achieve sustainable long-term growth and employment, with a particular emphasis focused on tourism standardization. In Bosnia and Herzegovina, both entities (Federation and Republic Srpska) have recognized the importance of tourism sector and stressed the need for work on services improvement and increase of employment in this sector (particularly targeting youth employment), and provision of innovative and heterogeneous products. In case of Kosovo, regional sectoral dialogue is recognized as one of the key components for the strengthening industrial base. Montenegro has developed a specific tourism strategy until 2020, while its ERP stresses tourism as one of the key sectors for growth, with a particular reference on its ability to spawn entrepreneurial activity (SMEs), generate employment and alleviate regionally unbalanced development. Other Western Balkans economies prioritize tourism development within their strategic frameworks as well. Serbia considers tourism as a sector that can be better utilized through investing in tourist infrastructure and supra-structure in tourist destinations, promotion projects, education and training with a focus on underdeveloped regions. The former Yugoslav Republic of Macedonia prioritized assistance in exploiting the full potential of historical, natural and cultural heritage through the methodology developed for management of destinations, enhancing provision of services and enrichment of the tourist offer, and has also developed a national programme in 2014 for improving local and regional competitiveness, encompassing tourism activities, assisted through IPA II.

EU Strategy for the Danube Region (EUSDR) and the **EU Strategy for the Adriatic-Ionian Region (EUSAIR)** both note the importance of tourism development. The EUSDR promotes tourism development along the Danube River under EUSDR Priority Area 03: "To promote culture and tourism, people to people contacts", and the EUSAIR's Pillar 4 focuses on Sustainable Tourism. Action will seek synergies with both macro-regional strategies to align efforts where possible, and avoid overlapping.

Finally, the action intends to create partnerships with other donors and implementing agencies working on similar activities in the region. For instance, the **USAID initiative for Regional Economic Growth** will align with the action to seek synergies in the areas of improving service delivery in the tourism sector, creating diverse regional products that can be marketed on a regional platform and generating increased international awareness and demand **UNDP** is currently working on the promotion and development of the Via Dinarica trail and the action would seek partnership on this specific segment of work. Swiss-funded MarketMakers project in Bosnia and Herzegovina is (currently) also focusing on tourism development (in rural areas and) and is one of the potential partners for the action.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

The programme represents a partial follow-up to two previously EU-funded projects, the Support to the SEEIC, which was initially tasked (2012-2013) with designing and adoption of the SEE 2020 Strategy and the OECD-implemented Next Generation Competitiveness Initiative Project (2014-2015), focusing among other issues, on supporting tourism development in SEE. Upon successful finalization of the EU's financial assistance, SEEIC has been institutionalized within the RCC's structures as a standing regional body in charge of competitiveness and SEE 2020 Regional Dimension Coordinator for the pillars of Integrated Growth and Sustainable Growth. TEG is a technical body of the SEEIC, established in 2014 in cooperation with the OECD Next Generation Competitiveness Initiative Project, which has over the course of the past two years provided analytical support to TEG.

One of the lessons of previous assistance programme is to ensure strong political support by the regional structures and all participating economies, including representation at the TEG on an adequate level with a clear mandate. Furthermore, participation of the private sector has been viewed as crucial in designing of activities proposed under the action, as this was also envisioned in its future implementation. The public-private sector dialogue and representation of the private sector in regional platforms is of utmost importance also for the policy reform, and their further participation will be pursued under this action, both through existing participants to TEG, but also by aligning efforts with other regional stakeholders, such as the regional network of chambers of commerce (“Chambers Investment Forum”).

Likewise, success of these type of actions depend on strong coordination and information exchange. Hence, it will be essential for the programme implementers to liaise closely with the respective relevant Ministries, EU Delegations, other donors and international organisations so as to build upon and complement each other activities and thereby avoid duplications. In particular the action could risk overlapping with the national IPA 2014 Local and Regional Competitiveness Programme for the former Yugoslav Republic of Macedonia implemented by the World Bank, concerning policy capacity building and pilot projects. A strong demarcation and coherence can only be obtained if the EU Delegation and its partners receive timely up to date information on the implementation. Furthermore, under the National IPA 2016 programme for the former Yugoslav Republic of Macedonia, an EUR 21 million project for tourism will be developed.

Finally, a general lesson learnt, applying to all sectors, is that policy development needs be evidence-based, costed and subject to appropriate internal and external stakeholder consultations at the right time of the policy-making process. This is a key in ensuring implementation and enforcement of adopted policies.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	
To contribute to economic growth in South East Europe	<ul style="list-style-type: none"> • Tourism (direct and indirect) contribution to GDP, per cent • Tourism receipts (per cent share of total exports) • Tourism employment (in numbers and per cent of overall employment) • 	<ul style="list-style-type: none"> • SEE Ministries and other authorities in charge of tourism (i.e. "National Tourism Boards" and Agencies) reports and studies • SEE Statistical Bureaus databases • International data sources and analyses (UNWTO, EUROSTAT) • OECD Competitiveness Outlook framework • SEE 2020 Strategy Monitoring Framework 	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
To increase employment and sustainability of SEE economies through regional tourism development	<ul style="list-style-type: none"> • Number of regional tourist products/offers • Number of individual/local routes integrated into regional tourist routes • Visitors (overnights), number to regional tourist routes and as % of overall tourist visits • Spending of visitors on regional tourism routes • Number/percentage of tourism enterprises/establishments under the action/along the regional tourist routes • Direct tourism employment on regional tourism routes as percentage of total employment in the destination • 	<ul style="list-style-type: none"> • SEE Ministries and other authorities in charge of tourism (i.e. "National Tourism Boards" and Agencies) reports and studies • SEE Statistical Bureaus databases • International data sources and analyses (UNWTO, EURSTAT) • OECD Competitiveness Outlook framework • SEE 2020 Strategy Monitoring Framework 	Tourism operators will be involved in and committed to the action and provide the necessary data for statistical purposes allowing to aggregate the contributions of the regional touristic offerings.
RESULTS/OUTPUTS	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
Result / Output 1 Specific industry report with increased updated knowledge on the	<ul style="list-style-type: none"> • Degree to which a Report presenting the value chain identifying the potential for use 	<ul style="list-style-type: none"> • RCC's TEG report 	The WB has touristic assets with a potential as regional

state of affairs of regional tourism value chain	as regional offer/brand is available		offer/brand
<p>Result / Output 2 Joint regional tourism offers for international travellers prepared and promoted internationally,</p>	<ul style="list-style-type: none"> • Regional tourist routes/products developed or development launched, number • Number of tourism fairs and other related events presentations, international and regional • Number of organized visits to regional tourism routes under the action and overall • Number of regional and international tour operators promoting the regional tourism routes • Tragets of branding and marketing plan for regional tourism routes • Placements in international media, target markets (number); value of placements based on corresponding advertising cost (EUR) 	<ul style="list-style-type: none"> • RCC's Tourism Expert Group (TEG) reports • SEE Ministries and other authorities in charge of tourism (i.e. "National Tourism Boards" and Agencies) reports and studies • SEE Statistical Bureaus databases • International data sources and analyses (UNWTO, EURSTAT) • Social networks tourism related reports and analyses • OECD Competitiveness Outlook framework (quantitative) • SEE 2020 Strategy Monitoring Framework (quantitative) 	<p>Operators are involved and committed to the action and willing to present the regional offers at different occasions, events, jointly.</p>
<p>Result / Output 3 Barriers to regional tourism development addressed</p>	<ul style="list-style-type: none"> • Reform proposals number • Number of regional agreements in various policy areas (in place addressing barriers to regional tourism development and cooperation • Number of initiatives (public-public, public-private) launched through the initiative, number 	<ul style="list-style-type: none"> • RCC Secretariat as the Action implementer through its Tourism Expert Group (TEG) reports • Strategies, reports, and decisions of SEE Ministries and other authorities in charge of tourism and, where necessary, regional and international agreements • International data sources and analysed (UNWTO, EURSTAT) • OECD Competitiveness Outlook framework (qualitative) • SEE 2020 Strategy Monitoring Framework (qualitative) • Regional Network of Chambers of Commerce reports and findings (for PPPs) • Network of local municipalities data inputs (for PPPs) 	<p>Operators are involved and committed to the action and willing to present the regional offers at different occasions, events, jointly.</p>

<p>Result / Output 4: Pilot projects supporting regional tourism products implemented as a support to local economic development</p>	<ul style="list-style-type: none"> • Additional funding mobilized and co-invested by action participants, in EUR • Degree to which pilot public-private partnerships in implementation promoting regional tourism routes on micro-localities are generated • Degree to which a local initiatives for innovative tourism start-ups and travel incubators is launched • Degree to which a local authorities incorporate tourism in local development plans, resulting in a reinforced implementation of local strategies 	<ul style="list-style-type: none"> • RCC Secretariat as the action implementer reports and analyses 	
<p>Result / Output 5 A joint regional touristic offer/brand and its joint global promotion; diversifying tourism offer of the region created</p>	<ul style="list-style-type: none"> • Degree to which a Joint offer/brand is created • Quality (nature and scope) of Cooperation initiatives (public-public, public-private) launched through the initiative 	<ul style="list-style-type: none"> • Promotion material 	<p>Promotional material will be created to promote joint offer/brand</p>

DESCRIPTION OF ACTIVITIES

Area 1: Product Development and Promotion

Within the framework of the action a regional value chain in tourism industry would be compiled as a basis to develop joint products for the international tourism market, and promote it globally, upon analysis and selection of international target markets and development of appropriate branding/marketing/PR strategies for the products. Joint regional products will entail routes through and visits to several destinations in the region (with the criteria “3+” economies in each product), and will be built upon existing regional initiatives where possible. The products will be diversified from the conventional tourist products (i.e. coastal, ski, and city tourism), with a priority focus on adventure and cultural tourism - i.e. combining region’s adventure trails (hiking, biking, skiing, fly-fishing, kayaking, rafting, caving, etc.) with cultural tourism and the richness of the region’s cultural heritage. In this respect, the region will rely and build upon or scale up the promotion for the trails/routes physically available and/or in development (i.e. in case of adventure routes “Via Dinarica” trails, and similar) while in the areas of cultural routes, it will utilise the base of the SEE’s cultural heritage sites developed under the “Ljubljana Process” and the RCC’s Task Force on Culture and Society. This value chain will represent the first regional product brand of a kind and will involve representatives of government, private and civil sector, including the relevant local/regional and international stakeholders (organizations, tour operators, media, etc.) in the overall process. The civil society, including economic operators, will be properly consulted and involved in the development of the new tourism products to ensure that the various interests are taken into consideration.

In execution of Activity 1, the action will particularly:

- 1.1: Identify and assess regional tourism products: regional tourist itineraries/routes in priority market niches and with special attention given to: cultural/historical, adventure, and eno/gastro, rural/agriculture tourism, based on participation of 3+ economies in each route and through cooperation of public and business sector (particularly SMEs), as well as local communities and civil society
- 1.2: Analyse and select international target-markets for potential customer-base
- 1.3: Develop and execute appropriate branding, promotion and marketing action plans for tourism products developed
- 1.4: Support promotion of specific regional products through an array of PR and outreach activities (international publications, specialized tourism fairs and related events, specialized outreach events for potential customers, FAM trips for distinguished int’l travel journalists, bloggers, opinion makers, etc.)

Area 2: Policy development

This component of the action will be focusing entirely on addressing policy-level constraints in developing and rolling-out the regional tourism products and establishing an online platform to use for promotion as well as to serve as the community of practice between the involved stakeholders.

While different products will have different constraints, there are several shared challenges in terms of policy development identified also by the TEG in the previous period. These include skills gaps and skills mismatches in the tourism sector; lacking support services for the tourism industry such as information, health, and security; protected area management and development of destination management organisation; visa issues, border crossings and others. This component of work will use the TEG platform and the involvement of both public and private sector to prioritize the main policy constraints and roll-out appropriate solutions, whether these pertain to education of workforce in tourism industry, (where development/facilitation of the cooperation platform could be executed between national/regional/international providers of educational services in tourism, in order to create a capacity building portfolio of services to be offered across the region to companies, SMEs and individuals), border crossing or visa issues (with the possibility of defining -bilateral or trilateral -

tourist zones, where tourists engaged in winter, water and other sports activities such as hiking, cycling, rafting, skiing, sport fisheries, etc. would be able to cross the border with special touristic permits outside the official border crossing points), or capacity development at the local level to provide tourism support services. The aim will be to define some of these details in special bilateral or multilateral agreements between neighbouring economies. The new policy proposals will be developed in an inclusive manner. To this aim: 1) internal consultations between the relevant ministries will be conducted to settle possible administrative disputes and avoid conflicting strategic objectives; likewise, consultations with the civil society, including economic operators will be held to ensure that all relevant interests are taken into consideration. In addition, formulation of new policy proposals will include an estimation of the implementation costs and an analysis of impacts on the society. This approach will contribute to credibility and relevance of the new policy proposal, thus facilitating their actual implementation.

The development of the regional tourism online platform will take the interoperability standards of the involved IPA beneficiaries into consideration.

In execution of activity 2, the action will focus its efforts on:

2.1: Analysing, identifying and prioritizing common issues and challenges hindering regional tourism development, promotion and cooperation, building on the previous work of TEG (i.e. skills gaps, sustainable tourism development with special focus on protected area management and development of destination management organisation, visa issues, border crossings, improvement of tourism-related services such as information, health, security, etc.)

2.2: Developing regional proposals for addressing common regional obstacles to tourism development and promotion (i.e. tailor-made educational, training and certification programs/modules, formal and non-formal learning tools for public/private sector representatives to address the skills gap barriers, annual high level conferences)

2.3: Support to initiate regional agreements to resolve obstacles to regional tourism development and promotion (including the possible creation of a regional Network of protected tourist destinations)

2.4: Developing regional tourism online platform (serving both the purpose of promotion, and internal community of practice among the involved stakeholders)

Area 3: Pilot Projects

In order to achieve best possible results in promotion of the joint regional tourist products, it has been determined of substantial importance to improve the tourism infrastructure and activities on the local level throughout the region, namely on the localities along the routes that will be a part of the joint regional products. Local governments, small businesses and NGOs have an important role in contributing to the growth of tourism sector, and therefore need to increase their capacity in order to provide the services that would fit the needs of the tourism industry. The types of services could include information points on localities, local infrastructure network and utilities, health, security, etc. This area of intervention will engage the local community (local governments, small business and civil sector) along the routes of the joint regional tourist products and support them in capacity building in tourism destination management. In cases where specific local community is unable to develop the sufficient capacity, support will be given to multiple local governments clustering into destination management organizations.

While areas 1 and 2 will be focused on development and promotion of regional tourist products and improvement of the policies pertaining to SEE's tourism, respectively, Area 3 will create preconditions and enabling environment for tourist product development and mitigating sector challenges on micro-localities. Namely, it will directly support small-scale projects in the local community(ies) on the tourist routes through the region, aiming to improve tourist infrastructure and

services, ensure growth of tourist operations both within public and private sector, and ultimately create new jobs and income generation opportunities in target localities.

Key beneficiaries of the assistance under this activity will be local authorities, local and regional tourism development agencies civil sector, NGOs, small businesses, and tourism clusters in selected areas. The financial assistance to beneficiaries will be provided based on open and competitive selection processes and selection criteria.

From the viewpoint of the action's internal coherence, this activity will, through particular approach through tourism, further reinforce implementation of local strategies from the viewpoint of economic development and competitiveness, and will also be directly inter-connected with Areas 1 and 2.

In execution of Area 3, the action will focus its efforts on:

- 3.1: Implementing direct interventions on the ground to address specific and immediate gaps in tourism products identified (i.e. awareness-raising, capacity-building for sustainable destination management, tourism certification systems, small-scale tourism infrastructure development etc.)
- 3.2: Initiating and fostering pilot public-private partnerships in implementation and promotion of regional tourism routes on micro-localities
- 3.3: Supporting local initiatives for innovative tourism start-ups and travel incubators
- 3.4: Assisting select local authorities in including tourism in local development plans

RISKS

Main risks to the successful implementation of the action are:

- Lack of Political will and commitment among the stakeholders of the action to implement regional agreements at IPA II beneficiary level,
- Inappropriate representation and mandate on regional platforms by the participants, both from the government and private sector,
- Inefficient coordination between different levels, including regional, central and local;
- Lack of cooperation and reconciliation of priorities between the public and private sector, preventing balanced input and influence and enabling public or private sector 'capture',
- Unavailability of sub-national data and statistics for monitoring of the activities.

The risks and preconditions will be mitigated with appropriate measures and actions, such as utilizing and, where needed, improving communication channels and working relations between the involved stakeholders, namely through the RCC's TEG on the technical level (implementation of activities), and the SEE Investment Committee on the strategic level (political will of the involved ministries and other relevant authorities of the Beneficiaries). Provided that the RCC's regional platforms convene (each) twice per annum, regular meetings will be utilized for overall consultations, and direct consultations with involved stakeholders will be undertaken, where deemed necessary throughout the process of implementation. Monitoring of the implementation of the action will be conducted through the channels of the RCC's Tourism Expert Group, while relying on data sources in the Beneficiaries, as well as other related monitoring and analysis processes (i.e. SEE 2020 monitoring, OECD Competitiveness Outlook, and others).

Broad involvement of the national and local stakeholders (public, private and NGOs) in the implementation of the Area 3 related activities: Pilot Projects in particular will be crucial in ensuring the sufficient buy in of the stakeholders. The action will also define the needs for co-financing of specific interventions by the local/national authorities and the private sector to ensure commitment to the action objectives.

CONDITIONS FOR IMPLEMENTATION

Main condition for the timely and successful implementation of the action is the full commitment by the involved stakeholders to implement the concrete activities and policy reforms agreed on the regional level.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

The activities envisaged will be implemented by the RCC and its TEG, which has been established and functional since 2014 (upon the endorsement of the SEE 2020 Strategy in 2013), and has performed extensive work in cooperation with other regional and international partners on detecting and prioritizing the main barriers, challenges and potentials for this sector development, encompassed by this action.

TEG is comprised out of SEE's authorities in charge of tourism (ministries and "national tourism boards"), private sector representatives (tour operators), and regional and international partners (European Commission, OECD, USAID, ETF, and others). TEG forwards its recommendations to the SEE Investment Committee (SEEIC). SEEIC is the RCC's structure composed of Deputy Ministers responsible for economy and the SEE 2020 Regional Dimension Coordinator for the areas of Integrated Growth (Investments) and Sustainable Growth (Competitiveness) pillars, and the main implementer of the SEE 2020 Competitiveness Flagship. All of the decisions of the SEEIC (based on proposals provided by TEG) are subject to endorsement of the SEEIC Ministerial forum, meeting on an annual basis and comprised of SEE Ministers of Economy. The Ministerial forum provides the political endorsement and commitment of the SEE economies for the implementation of proposed activities, measures, and policies.

The action's outcomes will be subject to the review and analysis of the RCC's TEG, who will act as the coordinating body of the action, verify and approve the results of the action, and guide its implementation.

IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING

The action will be implemented under direct management following the award of a direct grant to the Regional Cooperation Council Secretariat for an indicative amount of EUR 5 million. The maximum rate of EU co-financing is 95% of the eligible cost of the grant. The action envisions mobilizing additional funding from the public sources/private sector dedicated to tourism development.

The action will be implemented by the RCC Secretariat. RCC's Senior Expert on Competitiveness will provide guidance and ensure full integration and streamlining of action into RCC's work.

The RCC's Tourism Expert Group will serve as the coordinating body of the action and political commitments, when needed, will be sought through the annual Ministerial meetings.

The Steering Committee of the action will be composed of the representatives of the European Commission/DG NEAR, together with the responsible person from the RCC (Senior Expert on Competitiveness). The Steering Committee will have at least two meetings per year.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

Regular monitoring of the action will be performed by the RCC through its monitoring system based on the agreed indicators and using action milestones. Data collection and analysis will be performed by the action team utilizing also RCC's monitoring resources (SEE Development Scoreboard, Balkan Barometer). RCC will provide a Monitoring Expert to develop the monitoring plan for the action in cooperation with the European Commission/DG NEAR.

Reporting will be done through quarterly status reports providing a short and concise overview on key achievements and operational issues and annual narrative reports providing a more comprehensive overview of action implementation.

The European Commission may carry out a mid-term, a final or an ex-post evaluation for this action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the DG NEAR Guidelines on linking planning/programming, monitoring and evaluation. In addition, the action might be subject to external monitoring in line with the European Commission rules and procedures.

INDICATOR MEASUREMENT

Indicator	Baseline 2015	Target 2020	Source of information
Overall objective/impact indicators:			
<ul style="list-style-type: none"> Tourism (direct and indirect) share in GDP, per cent <ul style="list-style-type: none"> <i>direct</i> 5,6 % <i>indirect</i> 14,7 % 		6 % 16 %	<ul style="list-style-type: none"> SEE Ministries and other authorities in charge of tourism (i.e. "National Tourism Boards" and Agencies) SEE Statistical Bureaus International data sources (UNWTO, EURSTAT) OECD Competitiveness Outlook framework SEE 2020 Strategy Monitoring Framework
<ul style="list-style-type: none"> Tourism (direct and indirect) share in total employment, per cent: <ul style="list-style-type: none"> <i>direct</i> 5,4 % <i>indirect</i> 14 % 		6% 16 %	
<ul style="list-style-type: none"> Tourism receipts (per cent share of total exports) 	24,1 %	25 %	
Indicators for measuring Result 1:			
<ul style="list-style-type: none"> Regional tourist routes/products developed, number 	0	3	<ul style="list-style-type: none"> RCC's Tourism Expert Group (TEG) SEE Ministries and other authorities in charge of tourism (i.e. "National Tourism Boards" and Agencies) SEE Statistical Bureaus International data sources (UNWTO, EURSTAT) OECD Competitiveness Outlook framework (quantitative) SEE 2020 Strategy Monitoring Framework (quantitative)
<ul style="list-style-type: none"> Visitors (overnights), number 	100,744	110,000	
<ul style="list-style-type: none"> Placements in international media, target markets (number); value of placements based on corresponding advertising cost (EUR) 	0	10 annual placements	
Indicators for measuring Result 2:			
<ul style="list-style-type: none"> Reform proposals developed in accordance with the better regulation approach (central and local level) and implemented, number 	0	10	<ul style="list-style-type: none"> RCC Secretariat as the Action implementer through its Tourism Expert Group (TEG) SEE Ministries and other authorities in charge of tourism and, where necessary, international agreements International data sources (UNWTO, EURSTAT) OECD Competitiveness Outlook framework (qualitative) SEE 2020 Strategy Monitoring Framework
<ul style="list-style-type: none"> Regional agreements in various policy areas (flexibility on form of agreements based on regional consensus – i.e. could be SEEIC Ministerial Declaration, etc.), number 	0	6	

			(qualitative) <ul style="list-style-type: none"> Regional Network of Chambers of Commerce (for PPPs) Network of local municipalities (for PPPs)
Indicators for measuring Result 3:			
<ul style="list-style-type: none"> Pilot projects implemented, number 	0	30	<ul style="list-style-type: none"> RCC Secretariat as the action implementor
<ul style="list-style-type: none"> Additional funding mobilized and co-invested by action participants, in EUR 	0	10% of the action total value	

5. CROSS-CUTTING ISSUES

GENDER MAINSTREAMING

Tourism is an industry with highly possible direct impact on women's employment and development of women-owned business, particularly in SME and services sector. As most of the economies of the region have developed women entrepreneurship platforms (as a result of one of the previously RCC-led project), this action will aim to integrate opportunities for both female and male representatives, by taking into account this dimension when supporting the development of the SEE tourism:

- Promotion of inclusiveness, dialogue and feedback mechanisms for women entrepreneurs and their participation in the development and promotion of tourism product;
- Targeted outreach and/or training for women in addressing the skills gap in tourism industry;
- Monitoring of gender-related development outcomes/impacts where data available.

EQUAL OPPORTUNITIES

- The action will not discriminate in any activity it may involve with any person regardless of gender, race, colour, religion, national origin, sexual orientation, physical or mental disability, or age.
- Efforts should be made to make sure that there is an appropriate balance between female and male representatives of the stakeholders involved in the action.

MINORITIES AND VULNERABLE GROUPS

- The action will not discriminate in any activity it may involve with any person for the reasons of originating from minorities and vulnerable groups.

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)

- The civil society will have an active engagement in the implementation of the action through consultative process and structured dialogue, as well as through targeted investor aftercare and grievance management activities.

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

- SEE economies share a number of transboundary and common issues (pollution, weak SEA, etc.), that require coordinated and regional approach. In certain areas (forest protection, EU Habitant Directive), a lack of co-operation exists and thus a need to raise awareness, including to improve coordination amongst the various competent enforcement authorities. Relevant activities within this action will also seek to complement the work carried out under ECRAN (Environment and Climate Regional Accession Network) and to open regional cooperation in new areas of particular interest to the EU (including contribution to the achievement of EU's external environmental objectives). The proposed action will build on the achievements of the ECRAN and RENA (Regional Environmental Network for Accession), but will largely focus on building the capacity and providing expertise in the areas that have not been so far addressed through regional cooperation programmes.

- Inter-ministerial and public consultations will be conducted for the development of policy proposals. This will contribute to ensure that economic and environmental objectives are equally taken into consideration and harmonised each other.

6. SUSTAINABILITY

The official decision of the SEE Ministers of Economies to integrate and institutionalize SEE Investment Committee and its expert working groups, including TEG, within the permanent RCC Structures, provides solid grounds for the work of the TEG at least until the end of the decade, in terms of SEE 2020 implementation.

Furthermore, given that the RCC Secretariat is an intergovernmental body, an “operational arm” of the SEE Cooperation Process (SEECF), and the decisions taken by the RCC Secretariat have the political backing of its participants, sustainability of the Action is additionally secured by the SEECF.

In addition, given the positive dynamics among SEE partners in the area of tourism, as well as the nature of the sector and potentials for constant expansion, there is strong likelihood that the SEE region will continue to implement activities pertaining to tourism development even beyond the life of the action.

Finally, the approach advocated in the better regulation guidelines will contribute to ensure that all competing interests are taken into consideration, that administrative disputes between ministries are settled before the adoption of policy proposals, that the costs of implementation are calculated and sufficient resources are allocated.

7. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the action. The implementation of the communication activities shall be funded from the amounts allocated to the action.

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the European Commission (DG NEAR) will have to be followed.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process, as well as the benefits of the action for the general public.. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions and will promote transparency and accountability on the use of funds.

Furthermore, the communication and visibility of the action may be additionally supported by the RCC Secretariat's PR Unit, in case(s) of existing alignment with the RCC PR Strategy.