Summary Project Fiche

1 Basic Information

1.1 CRIS Number: BG2003/004-937.02.02

1.2 Title: Institution Building of the Executive Agency for National Tourism Promotion and Information

1.3 Sector: Internal Market and Economic Criteria

1.4 Location: Bulgaria

2 Objectives

2.1 Overall Objective(s):

- To facilitate the effective implementation of the Tourism Act by the introduction and development of a new institutional body – the Executive Agency for National Tourism Promotion and Information.

- To introduce and develop a new pilot marketing strategy which to diversify and promote new modern and of higher quality types of services, to enlarge some markets and develop new ones.

2.2 Project purpose:

Support for the Institutional Building of the Executive Agency for National Tourism Promotion and Information as per the Tourism Act, which to define and implement procedures for achieving and developing a comprehensive national marketing strategy and to create the prerequisites for the implementation of tourism projects, which lead to a geographical and seasonal spread of tourism in Bulgaria.

2.3 Accession Partnership (AP) 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 in tourism sector through further market-based enterprise restructuring and promotion of private sector development;
- Improvement of the business environment and stimulate domestic and inward internal investments in particular through development and implementation of a market-orientated competition and promotion strategy and a sector strategy for tourism;
- Strengthen administrative capacity in key ministries, particularly at the central level, to design strategies and to implement and evaluate projects for regional development and economic and social cohesion, financed by EC and national funds;
National Programme for the Adoption of the Acquis

- To develop the tourism as priority sector of the national economy and effective instrument for social-economy growth;
- To create an increase in the average GDP contribution from tourism sector;
- To increase relative share of the national export as part of the international tourism industry;
- To increase sector’s contribution to the balance of payment;
- To increase the export of tourist services through improving the competitiveness of the tourist product.

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 - “Development of the Competitiveness of the Bulgarian Economy”, 2nd Programme “Tourism”. The priority sector “Tourism” as part of the National Economic Development Plan aims to increase the export of tourist services through attracting extended number of foreign tourists and growth in the average stay and expenditure in the country.

Measures included in the NDP, which the project faces, are:
- Diversification of the tourist product and improvement of its quality;
- Marketing and promotion to improve the information about tourism potential and products;
- Development of skills and qualifications of the people employed in tourism;
- Enhancing new tourist destinations.

3 Description

3.1 Background and justification:

The tourism industry in Bulgaria has already got traditions, comparatively good fixed assets and demonstrates good economic indices during the last years, no matter the recent negative global tendencies in this field. Its presence in the national economy is substantial with total income from international tourism activities for the year 2001 of $1,201.0 mln. The contribution for the GDP is 12 – 13%. According to preliminary data the revenue from tourism for 2002 is going to be more than 1,315 billion USD and its contribution to the GDP will reach 14%.

In 1996 the total number of tourists in Bulgaria was 2,191,911 while in 2002 it reached 2,992,590 (excluding children without personal passports).

Having been seen as a priority sector in the development of the Bulgarian economy, tourism has already got “popularity” in the society and among business circles in the country. Tendencies of good entrepreneurship awareness and diversification towards tourist services appear in all the regions of the country. These tendencies are in line with the programmes of the Government for development of underdeveloped, rural and cross-border areas. Nature, cultural and other pre-conditions for different types of tourist travels are available in almost every part of the country.

No matter the above-mentioned good tendencies, the incoming tourists’ flow that forms the positive economic effect, still remains in its bigger part directed to several well-known seaside and mountain resorts plus some big cities. Bulgarian tourist industry needs to diversify and promote new modern and of higher quality types of services, enlarge some markets and develop new ones overseas.

To achieve this goal, new legislation and new approach is needed in order the state to help the tourist companies and the tour operators (97% of them are private owned and above 90% are SMEs).
Bulgarian Government has already developed the new Tourism Act and the Parliament adopted it. The regulations for its implementation are in force. A new Executive Agency for National Tourism Advertisement and Information (hereinafter called “the Agency”) is created as provided in Art. 9 (1) of the Tourism Act. On 26.11.2002 the Council of Ministers adopted a Decree for The Statute of Regulations of the Agency and the Agency is effective 1st January 2003.

According the Statute of Regulations the Agency has enclosed the following main activities:

- Implementation of the national advertising programme, adopted by the National Tourism Board;
- Organisation and coordination of the national presentation of Bulgaria overseas as an attractive tourist destination;
- Coordination and assistance the activities of the offices of trade and economic affairs, of Bulgarian cultural institutions, missions and societies overseas with regard to promote Bulgaria’s cultural and historical heritage and natural riches as a potential tourism destination;
- Establishment and maintenance of a nationwide online system of tourism information;
- Conduction of the methodological governance and coordination policy related to the activity of the regional and local tourism information centres.

The Agency is structured as specialized and general administration. Its organisational structure comprises three directorates: “Financial, Economic, Administrative and Legal Activity”, “Marketing and Advertising” and “National Tourism Information Centre” Directorates. Having being based on the previous administrative body, the new Agency shall not act as a start-up enterprise and shall continue the activities connected to the national marketing and advertisement, using the existing information and expert capacity.

According to the national legislation the Agency is a secondary grantee of budgetary allocations. Its support (salaries, overhead expenses) is ensured by the state through the budget of the Ministry of Economy. For 2003 an additional budget of 6 mln BGL (around 3 MEUR) from the state budget is envisaged for Agency’s activities. Around 1.5 mln BGL (0.8 MEUR) are expected to be received from license and categorizing fees. The funds will be spent according the National Programme for Promotion for 2003, which is expected to be adopted by the National Tourism Council in February.

According to the new world tendencies and with the increase of holiday-time for the population in the European countries, the foreign tourist flow shall increase, diversify, and make turn to smaller groups or individual travels. Neither a private company has enough capacity to look for new markets and to advertise abroad, especially on overseas markets. A national tourism information network is needed to support the tourist companies for providing services to the foreign tourist flow. Such a network was created under the Phare Project in 1997 together with the Tourist Information Centre. This database will serve as a basis for the new information/reservation system. Data for the network is collected and processed by the Agency, which also provide information on all kinds of tourism services available in Bulgaria.

Up to the present, the budget needed for national tourism marketing and advertisement had been being accumulated from the collected license fees and national subsidiary, which can be used only for the implementation of the National Promotion Programme. According to the Government’s programme for improvement of the business environment and stimulation of the entrepreneurship, substantial number of the previously collected license fees had been removed in the new Tourism Act – licenses for hoteliers are no longer necessary and permanent tour operators’ licenses implemented. The VAT for tourist packages sold abroad had been reduced to 7% beginning 2002. It means that commencing year 2003 the amount from license taxes and VAT for tourist activities will substantially decrease. Additional financing will be needed to support the institutional building of the Agency.
3.2 Linked activities:
There have been a significant number of projects and initiatives seeking to develop the Bulgarian tourism sector amongst these are:

- The experience of the Twinning project BG 0002.01“Strengthening the capacity of the Ministry of Economy”, Work Package 3 – development of policies in the field of export promotion, investment environment, SME development - with twinning partner Germany, is going to be used.
- Under Phare 1997 the national tourism information network and Tourist Information Centre were created.
- Under Phare ESC 2001, a project BG0102.03 for the development of the Bulgarian Cultural Tourism and a project BG0102.04 for municipal roads scheme for improved access to sites of tourist interest in the NE and SC Planning Regions are financed;
- Under Phare ESC 2002 there is a provision for a project for the development of the ecotourism in Bulgaria;
- 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 the Koprivshtiza, Kazanlak, Smolyan regions during 1999-2000 and in the Veliko Turnovo region in 2001.

3.3 Results:
1. Institutional Building of the Executive Agency for National Tourism Promotion and Information - provided:
   - The Agency fully prepared to act as a coordinator of the national presentation of Bulgaria.
   - A pilot model of marketing strategy for a specialized tourist product developed, which to serve as a basis for further development of a general national strategy
   - Agency’s personnel at central level prepared and trained for the effective running of the institution in the marketing field.

2. Provision of assistance in designing, setting-up and operation of an Integrated system for the Tourist Information for the Agency assuring the fulfilment of its activities as per Tourism Act - provided:
   - Information system for national tourism data collection and processing for the needs of the Agency as per the new Tourism Act, in place; standards for unification of the services in Tourist Information Centers developed;

3.4 Activities:

1. Institutional Building of the Executive Agency for National Tourism Promotion and Information

1.1 Defining the operation of functional connections – in and out of the Agency – with state administration, tourist organisations, Tourist Information Centres (TIC), clients, etc.;
1.2 Elaboration of rules, procedures and formats for business planning/budgeting;
1.3 Preparation of a concept for a set of paid services and how they to be offered;
1.4 Preparation of a concept for supporting the Offices for Trade and Economic Affairs to Bulgarian Embassies in for promotion of the Bulgarian tourism and creating mechanisms for ensuring feedback from those activities;
1.5 Development of a pilot model of marketing strategy for specialized tourist product;

1.5.1 Preparation and adoption of guidelines for:
   • Development of marketing strategies on local, regional and national level. Definition of the aspects to be watched and the procedures to create a national framework and to establish a bottom up procedure;
   • Definition of market research results as a basis for decisions making.

1.5.2 Assistance to the staff of the Agency in survey and identification of the existing demands and interest of the customers for specialized tourist products;

1.5.3 Assistance to the staff of the Agency in selection of one specialized tourist product–spa, cultural itineraries, wine tours, Danube cruises, national parks, etc., and development of a pilot model of marketing strategy for it;

1.5.4 Development of marketing tools for presentation, offering and distribution of the tourist product on domestic and international market;

1.6 Provision of training to the personnel from the Agency at central level in order to put them in a position to run their institution in an effective way; the training programme will be developed in co-operation with the consultant;

1.7 Support to the Agency in organisation of preliminary marketing and promotion activities, publicity and PR campaigns.

2. Provision of assistance in designing, setting-up and operation of an Integrated system for the Tourist Information for the Agency assuring the fulfilment of its activities as per Tourism Act.

2.1 Creation of a concept for data collection, processing and monitoring of tourism information;

2.2 Assistance and revision of IT equipment needs analysis for effective operation of the Agency in terms of specific hardware and software, regarding collection and processing data for national tourism information;

2.3 Preparation of Technical specifications; purchasing of equipment and specific software, installation and training of the Agency’s staff, necessary for the fulfilling of its activities under the Tourism Act;

2.4 Development of an information system for the Agency as a computer network;

2.5 Creation of a concept to link the Tourist Information System used by the Agency with other related systems in the country and/or abroad;

2.6 Introduction of unified standards for services in the Tourist Information Centres (TIC) included in the system.

3.5 Lessons learned:
The project builds on the number of tourism related projects in Bulgaria during the last years (development of cultural and ecotourism as well as improving access road to tourist sites) – considerable lessons have been learnt in the design, implementation and promotion of tourism initiatives. This project was also built on the conclusions and recommendations of the twinning project for strengthening the capacity of the Ministry of Economy. The recommendations for strengthening the capacity of the Bulgarian administration and the creation of conditions for a competitive market economy in the field of tourism industry are amongst the result multiplication and assessment of lessons learned.

4 Institutional Framework
The beneficiary of the project is the Executive Agency for National Tourism Promotion and Information.

The Central Finance and Contracting Unit (CFCU), Ministry of Finance, will act as Implementing Agency for the project. The National Authorising Officer (NAO) will nominate the Programme Authorising Officer (PAO) for the project.
The Ministry of Economy will appoint a Senior Project Officer (SPO).

The SPO will be responsible for management and co-ordination of the project and will assume the overall responsibility for the timely, smooth and efficient technical implementation of the project. He/She is the official contact person who will intermediate between the project beneficiary and the Implementing Agency and other bodies involved in project implementation - European Commission Delegation (ECD) and the Contractor.

A Project Implementation Unit (PIU) will support the SPO, which unit will be in charge of fulfilment of various tasks during the project implementation. The PIU will be situated in the MoE and will include representatives from:
- The Executive Agency for National Tourism Promotion and Information – “Marketing and Advertisement” Directorate and “National Tourism Information Centre” Directorate;
- Coordination and Management of Programmes and Projects Directorate, MoE;
- National Tourism Policy Directorate, MoE;
- International Tourism Policy Directorate, MoE.

Project Steering Committee will be established in order to coordinate, monitor and assist project implementation activities. The Deputy Minister of Economy will chair the Steering Committee and its members will be selected in consultation with the EC Delegation. The Committee will be established before the selection of the Contractor and will meet regularly during project implementation.

The Beneficiary will provide the Contract partner with the appropriate facilities to deliver the project results including open access to the Agency’s senior management.

5 Detailed Budget

<table>
<thead>
<tr>
<th></th>
<th>Phare</th>
<th>Support</th>
<th>Total Phare (=I+IB)</th>
<th>National Co-financing*</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract 1 – IB</td>
<td>--</td>
<td>1.1MEUR</td>
<td>1.1 MEUR</td>
<td>0.35MEUR</td>
<td>1.45MEUR</td>
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<tr>
<td>Contract 2 - Supply</td>
<td>0.10 MEUR</td>
<td>--</td>
<td>0.10 MEUR</td>
<td>0.05 MEUR</td>
<td>0.15 MEUR**</td>
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<tr>
<td>Total</td>
<td>0.10 MEUR</td>
<td>1.1MEUR</td>
<td>1.2 MEUR</td>
<td>0.4 MEUR</td>
<td>1.6 MEUR</td>
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</tbody>
</table>

*The amount for National Co-financing will be provided from National budget through the National Fund.
** Should the total cost of the supply contract exceed the estimate shown in the table above, the beneficiary institution will provide the necessary additional co-financing.

6 Implementation Arrangements

6.1 Implementing Agency

The Implementing Agency will be the Central Finance and Contracting Unit (CFCU), which will take the tendering and contracting matters in close consultation with the Executive Agency for National Tourism Promotion and Information. The National Authorising Officer (NAO) will nominate the Programme Authorising Officer (PAO) for the project.
The CFCU as Implementing Agency will have the following responsibilities:

- allocation of funds to the contractor;
- verification all contract documentation and payment authorization;
- overall monitoring and evaluation of the project.

### 6.2 Twinning

N/A

### 6.3 Non-standard aspects

The rules and procedures of the Practical Guide to Phare, ISPA and SAPARD will be followed.

### 6.4 Contracts

There will be two separate contracts. The Technical Assistance (IB component) will be provided through an International Restricted Tender, budgeted at 1.45 MEUR. This budget will cover the costs for support provided by the EU experts, training of staff, study tours, surveys and expert assistance. The second contract will cover the supply, installation and supervision of the equipment through an Open Local Tender (up to 0.15 MEUR).

### 7 Implementation Schedule

#### 7.1 Start of tendering

The selection of the Contractor is expected to start in the first half of 2004.

#### 7.2 Start of project activities

- Area of activity 1 - first quarter of 2005;
- Area of activity 2 – second quarter of 2005;

#### 7.3 Project completion

Fourth quarter of 2006.

### 8 Equal Opportunity

The project implementation procedures will ensure that the project benefits to men and women, and to ethnic groups in equal measures.

### 9 Environment

The project will not be harmful to the environment. Environmental Impact reports will be undertaken as required by the Practical Guide and the Bulgarian law.

### 10 Rates of return

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 of this project will include:

• Enhancing the competitiveness of the Bulgarian tourism sector;
• Sustainable growth in the tourism sector;
• Broader tourist image of Bulgaria – outside of the coast summer and winter mountains holidays; the development of tourist products for new target groups that products will be internationally competitive.

The expected catalytic effect of the project will find expression in the strengthening the administrative capacity of the Executive Agency for National Tourism Promotion and Information and enhancing the development of the tourism sector as a priority sector of the national economy. The PHARE support accelerates the preparation of Bulgaria towards EU accession, thus adding up to the government's own efforts to create administrative structures for sound and efficient management and control of pre-accession aid, as well as future management of the EU Structural Funds.

11.2 Co-financing:
The necessary co-financing for this project shall be made available from National budget through the National Fund.

11.3 Additionality:
No other financiers shall be displaced by this Phare intervention.

11.4 Project readiness and size:
Project will start after preparation of the Terms of Reference and selection of the Contractor, as well as preparation of a strategy, time chart, tender dossiers and ToRs for Supply Contract by responsible project units. Overall methodology for project implementation, operational monitoring and evaluation will also be prepared. All documents will be put in operation after approval by the ECD.
The Contractor will prepare technical specifications for the equipment in line with the needs of the project. Contracting Authority will conduct tendering of the equipment.

11.5 Sustainability:
The Ministry of Economy will assure the sustainability – a precondition in project selection. Sustainability will be assured by the effective running of the Agency, guaranteed by the Tourism Act and its budget. For the first year of its existence the Agency will be on a state subsidiary and the following years the budget will be based on state- and self-financing. The main part of the Agency’s personnel will be the experienced staff from the existing Directorate for Tourism Communication and Advertisement at the MoE, which shall contribute to its effectiveness.

11.6 Compliance with state aids provisions
The project is in accordance with Article 92(3)(a) of the Treaty of Rome and the Tourism Act of Bulgaria (effective October 1st 2002). All actions financed by Phare will be carried out in line with the rules and procedures or Phare, ISPA and SAPARD Practical Guide and comply with the state aid agreements.
11.7 Contribution to NDP and/or Structural Funds Development Plan/SPD

This project matches the tourism development objectives of the National Development Plan (see Second Development Axis: Programme Two). The project addresses the measures identified as:

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

The Project will support the sub-programmes “Tourist product development” and “Improving the quality of the Bulgarian tourist product” from the Programme “Tourism” of Operational Programme “Development of the Competitiveness of the Bulgarian Economy” under EU Structural Funds.

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 2003.

The following conditions apply throughout the project:

- The Ministry of Economy will establish and make fully operational at the beginning of 2003 the Executive Agency for National Tourism Promotion and Information that to take over its responsibilities as per the Tourism Act.
- Suitable building and equipment will be assured and an appropriate permanent staff will be appointed.

**ANNEXES TO PROJECT FICHE**

1. Logical framework matrix.
2. Detailed implementation chart.
3. Contracting and disbursement schedule by quarter for full duration of the programme.
4. List of relevant Laws and Regulations.
5. Subjects of the tourism policy and their connections with the Executive Agency for National Tourism Promotion and Information
6. The Unified Tourism Information System
7. Administrative capacity
8. Needs assessment
## Annex 1 - Phare log frame

<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR PROJECT</th>
<th>Programme name and number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institution Building of the Bulgarian Agency for National Tourism Promotion and Information</td>
<td>Contracting period expires 2005</td>
</tr>
<tr>
<td></td>
<td>Total budget: 1.6 MEUR</td>
</tr>
</tbody>
</table>

### Overall objective
- To facilitate the effective implementation of the Tourism Act by the introduction and development of a new institutional body – the Executive Agency for National Tourism Promotion and Information.
- To introduce and develop a new pilot marketing strategy which to diversify and promote new modern and of higher quality types of services, to enlarge some markets and develop new ones.

### Project purpose
- Support for the IB of the Executive Agency for National Tourism Promotion and Information as per the Tourism Act, which to define and implement procedures for achieving and developing a comprehensive national marketing strategy and to create the prerequisites for the implementation of tourism projects, which lead to a geographical and seasonal spread of tourism in Bulgaria;

### Results
- 1. Institutional Building of the Executive Agency for National Tourism Promotion and Information - provided:
  - The Agency fully prepared to act as a coordinator of the national presentation of Bulgaria.
  - A pilot model of marketing strategy for a specialized tourist product developed, which to serve as a basis for further development of a general national strategy
  - Agency’s personnel at central level prepared and trained for the effective running of the institution in the marketing field.

### Objectively verifiable indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased contribution of the tourist sector industry to the GDP;</td>
<td>National Statistics, assessed by the NSI;</td>
</tr>
<tr>
<td>10% increase in the annual incomes from tourism;</td>
<td>IMF statistics</td>
</tr>
<tr>
<td>10% increase in the number of visitors per year</td>
<td>EUROSTAT</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of commercial contacts for tourist companies due to the activity of the Agency;</td>
<td>Information collected and provided regularly by the TIC reports;</td>
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<tr>
<td></td>
<td>Regional and national statistics;</td>
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</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in percentage of the average cost of a stay per person</td>
<td>National Statistics Institute</td>
</tr>
<tr>
<td>Number of companies having used the TICs for promotion;</td>
<td>Annual reports and Analyses provided by the various institutions in the sector;</td>
</tr>
<tr>
<td>Number of employment created or safeguarded (permanent and seasonal, men and women, ethnics)</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnership established between the private tourist business and the public institutions;</td>
</tr>
<tr>
<td>Development trends in the world tourist market;</td>
</tr>
<tr>
<td>Effective cooperation with the tour operators (Bulgarian and foreign);</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Assumptions</th>
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</thead>
<tbody>
<tr>
<td>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 tourism in Bulgaria;</td>
</tr>
<tr>
<td>Effective implementation of the project</td>
</tr>
</tbody>
</table>
2. Provision of assistance in designing, setting-up and operation of an Integrated system for the Tourist Information for the Agency assuring the fulfillment of its activities as per Tourism Act - provided
   - Information system for national tourism data collection and processing for the needs of the Agency as per the new Tourism Act, in place; standards for unification of the services in Tourist Information Centers developed;

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
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<tbody>
<tr>
<td>1. <strong>Institutional Building of the Executive Agency for National Tourism Promotion and Information</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Defining the operation of functional connections – in and out of the Agency – with state administration, tourist organisations, Tourist Information Centres (TIC), clients, etc.;</td>
<td>TA,</td>
<td>TA Partner successfully contracted;</td>
</tr>
<tr>
<td>1.2 Elaboration of rules, procedures and formats for business planning/budgeting;</td>
<td>Supplies</td>
<td>The Project Steering Committee established;</td>
</tr>
<tr>
<td>1.3 Preparation of a concept for a set of paid services and how they to be offered;</td>
<td></td>
<td>Co-ordination between the activities of the respective line-ministries in the implementation of the planned activities;</td>
</tr>
<tr>
<td>1.4 Preparation of a concept for supporting the Offices for Trade and Economic Affairs to Bulgarian Embassies in for promotion of the Bulgarian tourism and creating mechanisms for ensuring feedback from those activities;</td>
<td></td>
<td>Linked activities of other donors’ programmes in the field;</td>
</tr>
<tr>
<td>1.5 Development of a pilot model of marketing strategy for specialized tourist product;</td>
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<td></td>
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<tr>
<td>1.5.1 Preparation and adoption of guidelines for:</td>
<td></td>
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<tr>
<td>• Development of marketing strategies on local, regional and national level. Definition of the aspects to be watched and the procedures to create a national framework and to establish a bottom up procedure;</td>
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<tr>
<td>• Definition of market research results as a basis for decisions making.</td>
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<td>1.5.2 Assistance to the staff of the Agency in survey and identification of the existing demands and interest of the customers for specialized tourist products;</td>
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<tr>
<td>1.5.3 Assistance to the staff of the Agency in selection of one specialized tourist product– spa, cultural itineraries, wine tours, Danube cruises, national parks, etc., and development of a pilot model of marketing strategy for it;</td>
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<tr>
<td>1.5.4 Development of marketing tools for presentation, offering and distribution of the tourist product on domestic and international market;</td>
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<tr>
<td>1.6 Provision of training to the personnel from the Agency at central level in order to put them in a position to run their institution in an effective way;</td>
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<tr>
<td>1.7 Support to the Agency in organisation of preliminary marketing and promotion activities, publicity and PR campaigns.</td>
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</tbody>
</table>

2. **Provision of assistance in designing, setting-up and operation of an Integrated system for the Tourist Information for the Agency assuring the fulfilment of its activities as per Tourism Act.**
   2.1 Creation of a concept for data collection, processing and monitoring of tourism information;
   2.2 Assistance and revision of IT equipment needs analysis for effective operation of the Agency in terms of specific hardware and software, regarding collection and processing data for national tourism information;
2.3 Preparation of Technical specifications; purchasing of equipment and specific software, installation and training of the Agency’s staff, necessary for the fulfilling of its activities under the Tourism Act;
2.4 Development of an information system for the Agency as a computer network;
2.5 Creation of a concept to link the Tourist Information System used by the Agency with other related systems in the country and/or abroad;
2.6 Introduction of unified standards for services in the Tourist Information Centres (TIC) included in the system.

Preconditions
- The Executive Agency for national Tourism Promotion and Information established and fully operational at the beginning of 2003.
**Annex 2 - Implementation Chart**

**Project: Institution Building of the Bulgarian Agency for National Tourism Promotion and Information**

<table>
<thead>
<tr>
<th>Activities</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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<tbody>
<tr>
<td>PIU operational</td>
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<tr>
<td>PSC operational</td>
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<tr>
<td>Selection of Contractor / Tendering</td>
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<td>Contracting – Contract 1</td>
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<tr>
<td>Development of strategy for area of activity 1</td>
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<tr>
<td>Implementation of the strategy for area of activity 1</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply Tendering – area of activity 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracting for supplies – area of activity 2 – Contract 2</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Supply delivery / Implementation, supervision – area of activity 2</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>End of the project</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Annex 3  
Contracting and Disbursement Schedule by Quarter

Project Title: Institution Building of the Bulgarian Agency for National Tourism Promotion and Information

<table>
<thead>
<tr>
<th>Components</th>
<th>Cumulative contracting and disbursement schedule by quarter in MEUR (provisional)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003 Q1 Q2 Q3 Q4</td>
<td>2004 Q1 Q2 Q3 Q4</td>
</tr>
<tr>
<td>Contract 1 - (TA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract 2 - Supply</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disbursement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total contracting: 1.60
Annex 4

List of relevant Laws and Regulations

1. Tourism Act - Promulgated in the *Official Gazette* No. 56 of June 7, 2002 by Presidential Decree No. 170 dated June 4, 2002 (effective October 1, 2002);


5. Civil servant Act – published State Gazette No 67/27.07.1999, effective one month after 27 July 1999 with the exception of Art. 68 (effective 01.01.2000); National Assembly’s Decree No235/1999.
Annex 5

Subjects of the tourism policy and their connections with the Executive Agency for National Tourism Promotion and Information

The Tourism Act defines the following tourism policy subjects in the tourism management structure:

**The Minister of Economy** shall conduct the state tourism policy and, to this end, shall
1. elaborate a strategy and a short-term programme for tourism development;
2. coordinate the operation of the ministries and central-government departments;
3. establish a Central Commission of Experts on Licensing and Rating, with the participation of representatives of the nationally represented tourist associations;
4. license the practice of tour operators and travel agencies upon a proposal by the Central Commission of Experts on Licensing and Rating;
5. categorize tourism establishments upon a proposal by the Central Commission of Experts on Licensing and Rating in the cases prescribed by the law;
6. organise and coordinate quality management and control in tourism;
7. organise the establishment and backup of a national tourism register;
8. organise and coordinate the implementation of the national tourism promotion policy and assist the tourist associations in advertising the tourist product on the international and domestic market;
9. chair the National Tourism Board and endorse an annual programme for national advertising as adopted thereby;
10. establish, maintain and update the integral tourist information system;
11. control the operation of the Commission on Trade and Consumer Protection and of the Executive Agency for National Tourism Promotion and Information;
12. support the construction and maintenance of tourism-related infrastructure and information and booking systems;
13. support the attraction of foreign investments and the implementation of projects for tourism development on national, regional and local level;
14. carry out international cooperation and represent the Bulgarian state in international tourism organisations;
15. coordinate the creation of an integrated system for training and qualification of tourism personnel jointly with the Minister of Education and Science, the Minister of Culture and the Minister of Labour and Social Policy;
16. determine the centers and sites for supply and consumption of hydrotherapeutic and other health services jointly with the Minister of Health.

The National Tourism Council shall be established as a state-public advisory and coordinating body with the Minister of Economy. The National Tourism Council will be chaired by the Minister of Economy or an officer thereby empowered. The members of the National Tourism Council will include representatives of the State, tourist associations, associations of carriers by air, land and water, nationally represented associations of consumers, and the National Association of Municipalities in the Republic of Bulgaria.

The National Tourism Council shall perform the following functions:
1. present to the Minister of Economy an annual programme for spending of the resources allocated for tourism development by state financial assistance bodies;
2. elaborate and adopt a programme for national tourism advertising and present it to the Minister of Economy for endorsement;
3. coordinate the implementation of national tourism advertising;
4. adopt the annual report of the Executive Director of the Executive Agency for National Tourism Promotion and Information on implementation of the programme for national advertising and present the said report to the Minister of Economy for approval;
5. discuss and present to the Minister of Economy elaborated concepts and programmes for tourism development in Bulgaria;
6. give opinions on draft statutory instruments and initiate motions to amend, supplement or repeal such instruments;
7. discuss matters related to the construction and maintenance of the tourism infrastructure and the attraction of foreign investment in the tourism sector;
8. discuss the readiness of Bulgarian air carriers to perform their charter programmes;
9. discuss the preparation for the tourism seasons and the results thereof;
10. discuss the results of the performance of authorities entrusted with the exercise of control in tourism and tourism-related activities, and provide recommendations aimed to improve the control authorities’ performance;
11. consider questions and provide recommendations aimed to improve the protection of tourism service consumers.

The Executive Agency for National Tourism Promotion and Information shall be established with the Minister of Economy, to perform the following tasks:
1. implement the programme for national advertising;
2. provide methodological guidance and coordination for the operation of the regional and local tourism information centers;
3. build and maintain a national electronic system of tourism information;
4. coordinate the operations of Bulgarian cultural institutes, missions and associations abroad for promotion of the Bulgarian cultural and historical heritage;

(2) The Executive Agency for National Tourism Promotion and Information shall be a public-financed legal entity with a head office in Sofia;
(3) The operation, structure, organisation of work and membership of the Agency shall be determined by Statute of Regulation, adopted by the Council of Ministers upon motion by the Minister of Economy.
Control over compliance with this Act and with the statutory instruments issued in pursuance thereof shall be exercised by the Minister of Economy through the Commission on Trade and Consumer Protection and the mayors of the municipalities.

The Regional Governor shall conduct the state policy in tourism within the territory of the administrative region thereof and, to this end, shall:

1. organise, jointly with the tourism associations, the development of a strategy and programmes for tourism development, and coordinate the implementation of the said strategy and programmes; the said strategy and programmes are part of the regional administration plan for functional development and are based on the national priorities for tourism development, as well as on the local and regional tourism resources and needs;

2. coordinate, jointly with mayors of the administrative region and other governors of the functional region, the implementation of the National Programme for Tourism Development;

(2) The regional administration council for functional development under the Regional Development Act shall assist the Regional Governor in the implementation of the functions under this Act.

The municipality mayor shall perform the following functions:

1. prepare a programme for tourism development in the municipality, jointly with the tourism associations and other non-profit organisations involved in tourism development;

2. establish an advisory board on tourism-related matters, which to comprise representatives of the local administration, the tourism associations, other non-profit organisations involved in the tourism development, local business associations and consumers;

3. form a municipal commission of experts on rating of tourism establishments, with half of the members of the said commission representing the tourism associations operating within the territory of the municipality (if any);

4. rate the tourism establishments covered under Article 52 (1) herein on a motion by the municipal commission of experts on rating;

5. create and keep a register of the establishments thereby rated within the territory of the municipality;

6. certify the registers of accommodated tourists kept by the persons engaged in hoteliership as a tourism activity within the territory of the municipality;

7. assist in the advertising of the municipality’s tourism product;

8. organise information services for tourists, inter alia, through establishment of tourism information centers or bureaus;

9. assist in the maintenance and conservation of the natural, cultural and historical sites within the territory of the municipality;

10. exercise control over compliance with this Act and with the statutory instruments for the application thereof;

11. assist the state bodies in the conduction of the tourism policy and the exercise of control over the quality of the tourism product within the territory of the municipality.

Tourism associations may be established in the Republic of Bulgaria, which shall be registered as non-profit organisations. They shall be established along territorial and professional lines and may be of the following types:

1. national, regional and local associations;

2. sectoral and branch associations.

The tourism associations shall perform the following functions:

1. represent and protect the interests of their members in dealings with the relevant bodies of central and local administration and of local self-government;
2. participate in the elaboration of strategies and programmes for tourism development on a national scale, within the territory of the functional region and of the municipality, and assist in the implementation of the strategies and programmes;

3. assist in the advertising of the tourism product;

4. assist in the establishment and operation of tourism information centers or bureaus;

5. participate in the rating of tourism establishments;

6. participate in the licensing of persons to perform tourism activities;

7. assist in the continuing vocational training of tourism personnel;

8. share in the control over compliance with the statutory instruments in the field of tourism;

9. regulate the professional ethics in tourism and the non-admission of unfair competition between and in respect of the members of the said associations, and report any committed violations of legislation to the competent authorities.

Any tourism association, which has been registered as a non-profit organisation for pursuit of public benefit activities, shall expend the property thereof on tourism development and assertion. The tourism associations shall submit to the Ministry of Economy the registration documents legitimating them in this capacity according to the requirements for being entered in the National Tourism Register.

The described legislative framework involves connections of various types between the Agency and the other tourism entities:

- **The Ministry of Economy**
  - The Agency is subordinated to the Minister of Economy. The necessary expenditure for salaries, overheads, equipment, etc. is provided from the Ministry’s budget;
  - The strategic planning with regard to the long-term national marketing is implemented in the Ministry, with the Agency accumulating information and working out guidelines for the marketing development in the short run (up to 2-3 years), and preparing and implementing the annual national promotion programme;
  - The Agency uses the National Tourism Register kept within the Ministry as well as any statistical information relevant to the tourism sector in Bulgaria, and provides, in its turn, information related to the overseas markets;
  - To establish the necessary contacts and perform its functions related to the marketing and advertising of Bulgaria, the Agency uses the Commercial Counsellors’ offices within the Embassies of the Republic of Bulgaria abroad, which are subordinated to the Minister.

- **The National Tourism Council (NTC)**
  - The national advertising/promotion programme developed by the Agency is to be approved by the NTC prior to being signed by the Minister of Economy. The Agency also reports on the implementation thereof before the NTC;
  - NTC is to give a standpoint on the submitted applications for the position of Executive Director of the Agency;
  - Along NTC, it is possible to establish working groups which to conduct research and develop work or to prepare solutions to certain problems, in the field of marketing and advertising inclusively.

- **The branch and product tourism associations**
  The branch and product tourism bodies are connected with the Agency in two ways:
  - through their participation in the NTC;
  - directly, when staging and organizing the joint implementation of specific marketing and advertising events, such like participation in tourism exchanges, travels for tour operators or journalists, development of advertising materials, etc.
• The municipal authorities, local and regional tourism organisations and the tourism information centers
The above bodies are connected with the Agency mainly in the field of:
- exchange of tourism-related information;
- advertising – the Agency provides the opportunity to promote and advertise regional/local tourism products.

• Others
According to its functions, the Agency also maintains numerous connections outside the above structure:
- with Bulgarian and foreign PR agencies, advertising agencies, media, tour operators, etc.;
- with other administration bodies in Bulgaria;
- with individual tourism companies;
- with individual clients/customers/tourists.
Annex 6

The Unified Tourism Information System

The Unified Tourism Information System (UTIS) should be viewed in two perspectives: as a computer system and as a network of Tourism Information Centers (TICs).

1. UTIS as a computer system

Currently, the system has its own software, which incorporates three information modules: tourism companies, tourism facilities (hotels and restaurants) and tourism events. The system operates on three levels:

- **Local level** – maintained by local TICs, which provide information about the relevant territory (a municipality or a group of municipalities);
- **National level** – the information provided by all local partners is stored in a national database, which is maintained by the National Tourism Information and Advertising Centre within the Ministry of Economy;
- **Internet access** – UTIS enables to keep constant connection with Internet, which is implemented through its own server. The address of the own web page is: www.mtt.govrn.bg/smartinfo. The page is maintained in both Bulgarian and English and provides summarized information from the above database.

The system has been designed to serve three types of users:

- **Administrators** – this is the status of the employees/assistants engaged in the overall maintenance of the UTIS, which enables them to have an access to all information available;
- **Professionals** – this category comprises employees/assistants from local TICs. They are only authorized to construct the respective local database and process the information therein.
- **Clients (members and guests)** – this is the status of the ordinary users (tourists) who may use abstracts (summarized information) for the whole database.

Considering the new Tourism Law, changes are necessary in the scope and structure of the information maintained in the database. According to the Tourism Law, UTIS should consists of:

- **National Tourism Register** – contains information about the licensed tour operators and tour agents; the persons engaged in hoteliership and restaurateurship; the categorizedlodgings, accommodation facilities, catering establishments and places of entertainment, and the persons conducting hotelier and restaurateur activity therein; the tourism associations; the tourism information centers or bureaus. The register is maintained in the Ministry of Economy. Each municipality shall maintain a register of the facilities categorised on its territory\(^1\), and shall periodically provide information from this register to the Ministry of Economy, which (information) to be entered in the National Tourism Register;

- **Tourism-related statistical data**, in compliance with the requirements of the statistical office of the European Union – EUROSTAT, and the World Tourism Organisation (WTO). The

\(^1\) According to their type and category, the lodgings, accommodation facilities, catering establishments and places of entertainments shall be categorized (=attributed a category) by the Ministry of Economy or the respective municipal authority.
Ministry of Economy collects these data through the assistance of the National Statistical Institute, the Border Police, etc.

- Other information – information related to tourism attractions, cultural events, etc. This kind of information has not been defined under the Tourism Law, but it is needed to make the information provided by the Register complete. These data can be collected by tourism organisations, municipalities, information centers or other bodies, and shall be submitted to the Agency.

The information maintained in the National Register shall be public, i.e. accessible for free to every individual willing to use it. The possible types of users are:
- Administrative bodies: the Ministry of Economy, regional and municipal administrations, others;
- The tourism sector: tourism organisations, tour operators, educational institutions;
- Individual clients;
- Others.

2. UTIS as a network of Tourism Information Centers

Currently, 25 Tourism Information Centers (TICs) are operating in the country. In most cases, the local tourism organisations and the municipal authorities jointly support them. The TICs are not directly subordinated to the Ministry or the Agency. Their inclusion into the UTIS should happen voluntarily, when certain requirements (minimum standards) are met. This is necessary with regard to both the valid, comprehensive and up-to-date character of the information – i.e., the quality of service, - and the creation of good image of UTIS as a whole. The minimum standards should cover all aspects of the establishment and activity of a TIC: legal status, financing, access, facilities and equipment, design, office hours, staff, information and service provided, interaction with administration bodies, tourism organisations and companies, customer care, etc. As a result, a customer should be confident in the variety and quality of services available in a TIC.

Emphasis in the TIC activity is mainly put on:
- Marketing and promotion – the range of related activities shall include: preparation and dissemination of advertising materials, participation in national tourism exchanges, promotions of new tourism products, etc.;
- Information service for tourists – the TICs are called to supply free information about the tourism facilities, companies and events, as well as about the respective municipality and region as a whole;
- Analysis of tourism demand – more and more TICs are also used as instruments in research work related to the demand in the tourism sector (in conducted surveys, etc.);
- Database maintenance – implementation of local/regional tourism databases designated as both tourism policy instruments and means of advertising (through their Internet-access).

3. Minimum information gathered and provided by TICs members of UTIS (example model)

<table>
<thead>
<tr>
<th>Type of information</th>
<th>Suitable information and advertising materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>• About the territory and place</td>
<td>- Physical map of the municipality/region - Periodical weather references</td>
</tr>
<tr>
<td>1. Geographic size, relief, climate, water</td>
<td>- Map/s/ of the place - References on the population, economy, culture, etc.</td>
</tr>
<tr>
<td>2. Places, resorts, recreational zones</td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Type of information</th>
<th>Suitable information and advertising materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Transport to and from the place, to and from the major attractions</td>
<td>- Timetables, prices, booking phones</td>
</tr>
<tr>
<td>• Natural resources</td>
<td>- Map of national parks and protected areas</td>
</tr>
<tr>
<td>4. National parks and reserves</td>
<td>- Advertising materials; - Open hours; - Booking phones;</td>
</tr>
<tr>
<td>5. Natural phenomena, rock formations, caves, etc.</td>
<td>- Advertising materials; - Transport accessibility; - Open hours, regulation, admission fees; - Booking phones;</td>
</tr>
<tr>
<td>6. Waters, water reservoirs</td>
<td>- Advertising materials; - Guarded beaches; - Additional services; - Fishing possibilities – allowed species, seasons, fees, etc.</td>
</tr>
<tr>
<td>7. Vegetal and animal life</td>
<td>- Advertising materials; - Rare and protected species; - Watching, camera-hunting, hunting and fishing possibilities: terms, seasons prices, etc.; - Special routes; - Expert guides list;</td>
</tr>
<tr>
<td>8. Walking, mount biking and skiing routes</td>
<td>- Route maps; - Advertising materials; - Tracks and respective marking; - Mountain Watch and Life-Saving Service – quarters, phones numbers; - List of guides and rescuers; - Up-to-date weather information;</td>
</tr>
<tr>
<td>9. Mountain sports</td>
<td>- Maps of: ski tracks, installations, rock climbing facilities, etc.; - Advertising materials; - Transport accessibility; - Equipment for rent; - Specialized clubs, instructors; - Up-to-date weather information;</td>
</tr>
<tr>
<td>10. Beach strip</td>
<td>- Map displaying the beach location; - Advertising materials; - Transport accessibility; - Open hours, regulation, admission fees; - Additional services; - Specialized clubs, instructors; - Life Guard Service – quarters, phone numbers.</td>
</tr>
<tr>
<td>• Anthropogenic resources</td>
<td></td>
</tr>
<tr>
<td>11. Museums, cultural monuments</td>
<td>- Advertising materials; - Accessibility; museum workers contacts; - Open hours, regulation, admission fees; - Valuable exhibits, event programmes, guest shows; - Expert guides list; - Others</td>
</tr>
<tr>
<td>12. Religious monuments and facilities</td>
<td>- Advertising materials; - Accessibility, admission regulations; - Church holidays, festal services; - Religious holidays: dates, rituals, possibilities to participate;</td>
</tr>
<tr>
<td>Type of information</td>
<td>Suitable information and advertising materials</td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>- Attractions;</td>
</tr>
<tr>
<td></td>
<td>- Specialized guides list;</td>
</tr>
<tr>
<td>13. Architectural monuments</td>
<td>- Advertising materials;</td>
</tr>
<tr>
<td></td>
<td>- Accessibility, admission regulations;</td>
</tr>
<tr>
<td></td>
<td>- Specialized guides list;</td>
</tr>
<tr>
<td></td>
<td>- Accessibility; museum workers contacts;</td>
</tr>
<tr>
<td></td>
<td>- Open hours, admission fees, regulations;</td>
</tr>
<tr>
<td></td>
<td>- Valuable exhibits, event programmes;</td>
</tr>
<tr>
<td></td>
<td>- Attractions, catering and accommodation facilities;</td>
</tr>
<tr>
<td></td>
<td>- Expert guides list;</td>
</tr>
<tr>
<td></td>
<td>- Others</td>
</tr>
<tr>
<td>15. Festivals, local holidays; cultural, sports and other events</td>
<td>- Information according to SmartInfo contents;</td>
</tr>
<tr>
<td></td>
<td>- Advertising materials;</td>
</tr>
<tr>
<td></td>
<td>- Programmes; dates and venues; organisers;</td>
</tr>
<tr>
<td></td>
<td>- possibilities to participate; prices, etc.</td>
</tr>
<tr>
<td>16. Business tourism</td>
<td>- Venues: location, capacity, services, prices</td>
</tr>
<tr>
<td></td>
<td>- Events: organisers, prices, etc.</td>
</tr>
<tr>
<td>• Accommodation and catering facilities</td>
<td>- Information according to SmartInfo contents;</td>
</tr>
<tr>
<td>• Tour operators, tour agents</td>
<td>- Information according to SmartInfo contents;</td>
</tr>
<tr>
<td>• Attractions</td>
<td>- Information according to SmartInfo contents;</td>
</tr>
<tr>
<td>• Information about the region</td>
<td>- Information, according to above items, about the major facilities and events</td>
</tr>
<tr>
<td>• Information about the country</td>
<td>- Information, according to above items, about the major facilities and event of national and international importance;</td>
</tr>
<tr>
<td></td>
<td>- List of TICs included in the UTIS</td>
</tr>
<tr>
<td></td>
<td>- UTIS advertising materials;</td>
</tr>
<tr>
<td>Information about the organisation/s/ in charge of support and maintenance</td>
<td>- Activity;</td>
</tr>
<tr>
<td></td>
<td>- Members and membership conditions;</td>
</tr>
<tr>
<td></td>
<td>- Current events;</td>
</tr>
<tr>
<td>• Others</td>
<td>- Others.</td>
</tr>
</tbody>
</table>

The above information is free. This should be clearly indicated in cases when other terms have been agreed upon with the service and information provider.
Annex 7

ADMINISTRATIVE CAPACITY FOR IMPLEMENTATION OF PHARE PROJECT PROPOSAL “Institutional Building for the Executive Agency for National Tourism Promotion and Information”

The Ministry of Economy was established in December 1999 as a result of the merger of the Ministry of Industry and the Ministry of Trade and Tourism. The responsibilities of the Ministry of Economy include sector and regional industrial policy, foreign economic and trade policy, tourism and certain registration and licensing activities, enterprise restructuring and privatisation.

Actively from 15.10.2001 within the Ministry of Economy was established Project Implementation Directorate (PID), responsible for implementation of projects and programmes, financed by the European Union. The PIUs of PHARE projects are part of Project Implementation Directorate. On September 19, 2002 a new Organisational Statute of the Ministry of Economy was adopted. The Project Implementation Directorate was enlarged and renamed to “Coordination and Management of Programmes and Projects” Directorate (CMPP).

The Coordination and Management of Programmes and Projects Directorate at the Ministry of Economy comprises of 25 full-time employees. The personnel of the Directorate are divided into two departments – “Programming, monitoring and Japanese Technical Assistance” and “Analysis and Implementation of Programmes and Projects”.

The “Programming, monitoring and Japanese Technical Assistance” Department comprises of ten full-time staff who are involved in the following activities:
- planning and programming of projects’ finance resources from pre-accession funds of the European Union, which are in the competence of the Ministry of Economy;
- preparation and actualisation of the National Economic Development Plan of the Republic of Bulgaria for the respective programming period;
- organisation and technical support for the activities of the Economic Development Sector Subcommittee for monitoring of PHARE Programme implementation;
- coordination of programming activities and absorption of the Japanese technical assistance to the Republic of Bulgaria;
- organisation and coordination of activities in the area of monitoring and evaluation of results and impacts;
- coordination of activities concerning management of donor programmes, led by the Ministry of Economy;
- other activities as per the Statute of the MoE;

The “Analysis and Implementation of Programmes and Projects” Department counts twelve persons who are responsible for:
- organisation, coordination and management of programme implementation financed by the EU that are in the scope of the Ministry of Economy;
- coordination of the participation of the Ministry of Economy in EU programmes, including horizontal long-term programmes of the European Commission;
- preparation of position papers on programme documents and financial agreements;
- other activities as per the Statute of the MoE;
The directorate interacts with respective structures within the Ministry of Economy as well as with other ministries and organisations and with administrative structures of the European Commission and countries outside the EU on issues in the scope of its activities.

The implementation structure of the project “Institutional Building for the Executive Agency for National Tourism Promotion and Information” will consist of:

**Senior Project Officer** – shall be appointed by the Ministry of Economy.

**Project Steering Committee** - chaired by the Deputy Minister; its members will be selected in consultation with the EC Delegation in Bulgaria.

**Project Implementation Unit** – because of the developed administrative capacity and experience in Phare Projects implementation within the Ministry of Economy, the PIU will be situated in the Ministry of Economy and will include representatives from:
- the Executive Agency for National Tourism Promotion and Information;
- National Tourism Policy Directorate, MoE;
- International Tourism Policy Directorate, MoE;
- Coordination and Management of Programmes and Projects Directorate, MoE.

The Executive Agency for National Tourism Promotion and Information shall be based on the previous administrative body - Directorate for Tourism Communication and Advertisement at the Ministry of Economy and its personnel shall be extended up to 26 full-time experts as per the Statute of the Agency. It shall continue the activities connected to the national marketing and advertisement, using the existing information and expert capacity.

The National Tourism Policy Directorate at the Ministry of Economy consists of 10 full-time experts.

The International Tourism Policy Directorate at the Ministry of Economy counts 10 full-time experts’ staff.
Annex 8

NEEDS ASSESSMENT

Bulgarian tourism sector has already two major preconditions for its sustainable development – historical and nature resources for different types of tourist travels and considerable material base for accommodation and catering providing. To create preferred and demanded tourist products an improvement of quality and good marketing is necessary.

No other sector of the industry in Bulgaria but tourism was the first one to be fully privatized (97% private owned). Big part of the tangible assets has been renovated and the infrastructure in the big resorts improved. Entrepreneurship awareness in this field exists in every region of the country and almost every district. Conditions for different types of tourism – traditional, eco-, culture, mineral spa, folklore, rural, entertainment etc, could be found on the whole territory of Bulgaria.

For the travel and tourism industry times are changing. Together with the changes in the global tendencies and following the restructuring of the Bulgarian economy, the new legislation (Tourism Act effective October 1st 2002) came just in time to foster the development of this sector and to help the private companies in their efforts to expand activities, to improve the services' quality and to face the new tendencies – deviation from mass tourism towards individual, specialised, “last minute” choice of direction travels.

To answer the new demands, Bulgaria needs a new image and good advertisement abroad because the major part of the income from tourism comes from incoming tourists. The population of the country is not such a big market for internal tourism and together with the still low income of the local citizens the internal tourism takes a small part of the whole input to the GDP (12-13% in 2001) from tourism.

All this requires a new approach in marketing strategies and advertisement skills. The bigger part of the tourist companies are SMEs - above 90%. Affordable marketing tools are needed. Very few private tourist companies have their own marketing bodies or advertisement skills and facilities. Help from the state and the government institutions are needed.

The previously existing Directorate for Tourism Communication and Advertisement at the Ministry of Economy had good enough capacity to realize some national tourist marketing and advertisement, but its capacity was far not enough to implement modern know how and IT technologies in the national advertisement and to help a whole industry to restructure and to spread out the international markets for Bulgarian tourist products. That made necessary to create a new Agency for National Tourism Promotion and Information (hereinafter called Agency) as per art. 9 (1) of the new Tourism Act.

Based on the experience and expert capacity of the previous directorate, the new Agency has to implement two major groups of activities:

1. Connected to marketing and advertisement:
   a) to realize annual programmes for national marketing, marketing research on national level and advertisement,
   b) to administer income from complex information and marketing services, expert assessments, consultations, training in the field of tourism,
c) to organise production and spread of printed editions – periodicals, bulletins, brochures, maps, multimedia and other types of advertisement materials
d) to manage participation into international programmes and projects

2. Connected to creation of a **better business environment** for the tourist companies and the satellite industries through:
   a) further development of the activities of the already existing Centre for Tourist Information and Advertisement,
   b) creation of a national information network and data basis,
   c) creation of a new electronic reservation system and Internet sales/promotion services for the small and medium companies,
   d) creation of tourist information bureaus or representatives abroad where possible.
   e) exploration of new far-destinations, overseas markets,
   f) coordination of the activities of the regional and local tourist information centers.

The first year of existing of the new Agency (2003) will give time to extend the personnel of the previous Directorate to the number of 26 as per the **Statute** of the Agency, organised in three Directorates:

- Finance, administration, juridical activities,
- Marketing,
- National Tourist Information Centre.

Having been based on the previous administrative body, the new Agency shall not act as a start-up enterprise and shall continue the activities connected to the national marketing and advertisement, using the existing information and expert capacity. With the new information and reservation system, the Agency shall serve the sector as a “nation-wide cluster body”. With the implementation of a Phare project in 1997, the existing Tourist Information Centre was established. A data basis was created under the same project. It will be up-graded and will be the basis for the new national information/reservation system.

However, much bigger **budget** will be necessary to cover the expenses for the personnel and especially for the needs of a modern hardware equipment and up-to-date software. Without it would not be possible to create a national information and reservation network. Without such a network created with state help, the bigger part of the tourist companies managing accommodation and catering shall stay isolated and could not provide services to the foreign tourist flow.

Up to the present, the budget needed for national tourism marketing and advertisement had been being accumulated from the collected license fees. According to the Government’s programme for improvement of the business environment and stimulation of the entrepreneurship, substantial number of the previously collected license fees had been removed in the new Tourism Act – licenses for hoteliers are no longer necessary and permanent tour operators’ licenses implemented. The VAT for tourist packages sold abroad had been reduced to 7% beginning 2002. It means that commencing year 2003 the amount from license taxes and VAT for tourist activities will substantially decrease.

After having had organised and started the activities in its new capacity, in the year 2004 the need of additional financial support to the Agency will be crucial in order to cover expenses for quality improvement and new activities providing. The conditions described here above created the necessity to apply for Phare Programme 2003 with the proposal for institutional building project under the title ‘**Institution Building of the Executive Agency for National Tourism Promotion and Information**’.