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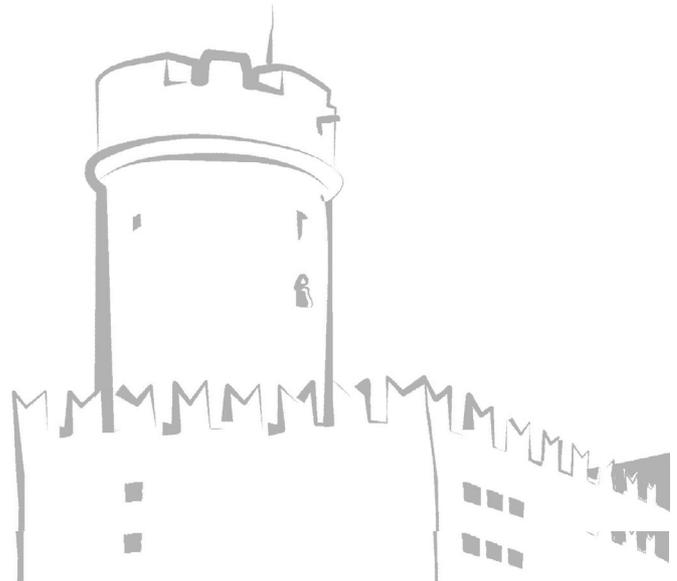
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Local Economic and Employment
Development Programme

**Fostering SME and Entrepreneurship Development in the Tourism Sector
in Bulgaria – An active review**
Sofia, Bulgaria 18-22 June 2007

DISCUSSION REPORT

15 October 2007



This local review on the Fostering SME and Entrepreneurship Development in Bulgaria would not have been possible without the contributions provided by USAID, Bulgaria. The authors are also grateful to the local authorities at regional and municipal levels for their interest in the review and their engagement in the organisation of the study visit and the regional workshop. The latter would not have been possible without the time and commitment of all interview partners and workshop participants, as well as the organisational support provided by World Learning, Bulgaria.

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Authors' note

This document on “Fostering SME and Entrepreneurship Development in the Tourism Sector in Bulgaria” is the result of an active review on tourism policies in Bulgaria. The report has been prepared by the OECD LEED Trento Centre under the supervision of Alain Dupeyras, head of the Tourism programme, and Alessandra Proto, policy analyst at the LEED Trento Centre for Local Development¹, and with the contribution of the following external experts:

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¹ The OECD LEED Trento Centre for Local Development, established in 2003, conducts policy analysis and facilitates the exchange of information and capacity building activities to promote entrepreneurship, local governance and social cohesion, with a special focus on Central, East and South East European Countries.

Introduction

This document provides the full review panel report on “Fostering SME and Entrepreneurship Development in the Tourism Sector in Bulgaria” and is the result of an active review of alternative tourism policies design and delivery in Bulgaria, with a special focus on the two regions of Stara Planina and Bansko. The report is based on information gained during an international review panel visit undertaken during 18-22 June 2007, as well as comparisons with international experiences and best practices.

The report identifies key strengths and weaknesses of policy design and delivery in support of the development of “alternative tourism”, and provides a set of policy recommendations.

Being competitive at international level is an important concern for the travel and tourism industry which operates in a global market place. The improvement of competitiveness in tourism relies on a complex mix of internal and external factors. The active review undertaken for this report aimed to upgrade the capacity of local and regional policy makers and practitioners to support tourism development in their areas and to enhance the competitiveness of (small) tourism enterprises, by addressing the necessity to improve the quality of the tourism offer and products. In addition, it focused on fostering tourism diversification and entrepreneurship through the development of rural and agro-tourism, as an alternative to the recent development of mass tourism in some regions of the country.

The review provided the opportunity for policy makers at national and sub-national levels in Bulgaria to debate and work with international experts in refining the SME and tourism policy design and delivery.

Issues explored include:

- Policies for fostering SMEs & entrepreneurship development in support of alternative tourism, by focusing on the strengths and weaknesses of current approaches to alternative tourism development; entrepreneurial learning/skills and business support mechanisms; added value of the tourism offer; and a comparison with international good practice.
- Policies for enhancing alternative tourism development, by focusing on the strengths and weaknesses of current approaches to alternative tourism development, on opportunities and threats of development of alternative tourism possibilities (agri-tourism, rural-tourism, etc.), and on the comparison with international good practice.
- Key policy challenges and needs in support of alternative tourism development in the next 10 years, by focusing on the strengths and weaknesses of current approaches to alternative tourism development; on the link of competitiveness, new product development, quality and the overall destination offering; and on the comparison with international good practice.

For each of these themes, the report aims to:

- Identify general tourism policy issues and international good practices.
- Assess the current policy approach in Bulgaria (strengths, weaknesses and examples of good practice in the country).
- Provide policy recommendations to address weaknesses and build on strengths.

During the review mission two regions were visited:

- Stara Planina
- Bansko

Working method

This review was carried out through peer review by an international panel comprised of OECD, USAID Bulgaria and tourism and SME development experts from OECD countries (Australia, France, Greece, Italy and UK). The experts are listed in the Authors' note.

Assessments have been based upon collection and use of local policy documents and reports, on qualitative information obtained from local interviews and through comparison with practices and evaluations from other countries. Emphasis is placed on examining the main strengths and weaknesses of the entire policy framework and identifying options for adjusting strategy and delivery mechanisms. The report provides examples of programmes and initiatives in other countries that illustrate a variety of approaches that could be taken to implement the recommendations.

Both the description of strengths and weaknesses, and the list of recommendations are not meant to provide an exhaustive picture of the local scenario, leading to concrete and immediate policy actions. The aim of this report is to provide policy-makers and practitioners who deal with tourism related issues in Bulgaria with an external perspective and an overview of different approaches from OECD member countries to the policy design and delivery in support of the development of "alternative tourism", SMEs, economic development and job creation. This approach based on international exchanges is also an opportunity for building and enhancing capacities.

General information to the tourism sector in Bulgaria

The aim of this introduction is to provide an overview of the current situation, challenges and policy initiatives planned, or recently started by the Bulgarian government, in the field of tourism. It draws on a variety of research reports and policy reviews, which are listed at the end of the chapter.

Tourist attractions

Steeped in history and with a diverse physical landscape, the potential for tourism in Bulgaria is vast. Bulgaria has enjoyed a substantial growth in income from international tourism over the past decade, but despite its diversity, the mainstream beach/resort tourism and snow sports remain the major draw. There are also opportunities to develop cultural, historical, spa and ecotourism in the country. Despite the wealth of tourism assets such as mineral springs, beautiful scenery and archaeological sites, these sector remain underdeveloped. The country has yet to make the most of these latter tourism assets, which could lead to much-needed diversification of the industry and a wider spread of tourism receipts throughout the country. (Mintel, 2007)

Summarising, the main tourist attractions of Bulgaria can be grouped as follow:

- Black Sea resorts: 380 kilometres of coastline, with beaches, mineral water springs, blue flag-winning resorts, holiday villages and campsites.
- Snow sports: in winter, Borovets, Bansko, Pamporovo and Aleko are the main resorts for snow sports but also function year-round. Many of these winter resorts are undergoing renovation and development (in particular in the area of Bansko) and new ski tourism centres are being established.
- Spas: Bulgaria is increasingly becoming known as a spa destination and is proving to be popular year-round. It has round 600 natural mineral springs, but the majority of spas are underdeveloped and have poor facilities.
- Historical tourism: it is underdeveloped in Bulgaria but presents an area of great potential given its colourful historical pas, being home to many ancient civilisations.
- Other tourism assets: many new types of tourism are beginning to grow in popularity. Hiking, climbing and cycling tourism are experiencing strong growth in popularity among foreign visitors. Other attractions for the outdoor enthusiast include Bulgaria's three national parks, ten natural parks, 90 reserves, 429 reservation areas and 350 natural landmarks. (Mintel, 2007)

Economic conditions of tourism development at national level

Tourism in Bulgaria is a large and a fast growing sector, and an important driver of national economic growth over the last decade. In 2005, tourism contributed 4.5% of GDP directly and 3.9%

of employment (111 000 jobs). Moreover, the indirect effects were 15.9 % of GDP and 13.6% of employment (400 000 jobs). (OPRD, 2007)

Tourism contribution in Bulgaria is slightly above the average for EU-25 (direct contribution of 3.8% to GDP and 4.1% of employment; and an indirect contribution of 10.1% of GDP and 11.5% of employment) and significantly higher than for Central and Eastern Europe (direct contribution of 2% to GDP and 1.7% to employment; and an indirect contribution of 9.1% to GDP and 7.4% to employment).

After 1999, and especially after 2000, most of the tourism indicators have improved significantly and in many years featured a 2-digit annual growth rates:

- The bed-capacity of accommodation facilities increased by 22% and reached 242 thousand beds with an average annual growth rate of 3.1% for 1998-2005. As a result of the privatisation process almost all accommodation is private and the structure of the tourist sector has become strongly fragmented and dominated by small and medium-sized enterprises.
- The number of tourist arrivals (transit not included) has grown by more than 80% and reached 4.8 millions by 2005 with annual growth rates after 2000 of between 4.5 and 17.9%. The growth of visitors for the purpose of recreation reached 4.1 millions (twice more than in 1998-99). Reflecting both the increased demand and standard of accommodation, the revenues from international tourism as well as the net revenues (less the expenditures for travel of Bulgarians abroad) have increased more than 2.2 times with an average annual growth rate of 18% reaching €1 955 millions and €914 millions respectively. In this way, tourism is accounted for 14% of exports and 56% of the export of services in 2005. The positive balance of tourism has had an impact on reducing the huge deficit of the balance of payments; by as much as 26% in 2005 (and in previous years by as much as 50%).
- Despite the significant growth of inbound tourism, domestic tourism is growing significantly slower. This is due to the fact of continuing decline of domestic tourism: nights spent by Bulgarians decreased by 16% compared with 1998 (5.5 Mio.). The reasons should be sought both in the suppressed demand and the increasing outbound travel: 4.2 millions trips abroad were carried out in 2005 (63% growth compared to 1998), 30% of which (1.2 millions) – for the purpose of recreation. The main destinations for holiday travels in 2005 were Turkey (39%), Serbia and Montenegro (17%) and Greece (9%) (OPRD, 2007).

Table 1. Main indicators of tourism development in Bulgaria

	1998	1999	2000	2001	2002	2003	2004	2005	Growth 1998-2005
International visitors, '000*	5 240	5 056	4 922	5 104	5 563	6 241	6 982	7 282	39.0%
<i>annual growth, %</i>	-30.5%	-3.5%	-2.7%	3.7%	9.0%	12.2%	11.9%	4.3%	
International tourists ¹ , '000*	2 667	2 491	2 785	3 186	3 433	4 048	4 630	4 837	81.4%
<i>annual growth, %</i>	-10.5%	-6.6%	11.8%	14.4%	7.8%	17.9%	14.4%	4.5%	
Total nights spent in accommodation facilities ² , '000*	11 762	10 127	10 494	11 210	11 827	13 762	15 315	17 124	45.6%
<i>annual growth, %</i>	0.1%	-13.9%	3.6%	6.8%	5.5%	16.4%	11.3%	11.8%	
Nights spent by foreigners	5 197	4 382	5 170	6 190	7 055	9 142	10 304	11 624	123.7%
<i>annual growth, %</i>	-5.1%	-15.7%	18.0%	19.7%	14.0%	29.6%	12.7%	12.8%	
Nights spent by Bulgarians	6 565	5 745	5 324	5 020	4 772	4 620	5 011	5 500	-16.2%
<i>annual growth, %</i>	4.6%	-12.5%	-7.3%	-5.7%	-4.9%	-3.2%	8.5%	9.8%	
Number of beds in accommodation facilities ² , '000*	199	187	190	173	178	186	213	242	21.7%
<i>annual growth, %</i>	3.8%	-6.3%	1.6%	-8.6%	2.6%	4.9%	14.3%	13.8%	
Bed-occupancy rate ³ , %*	28.8%	26.3%	25.9%	27.1%	28.5%	32.4%	33.7%	35.4%	22.9%
Average length of stay of international tourists ¹	1.9	1.8	1.9	1.9	2.1	2.3	2.2	2.4	23.3%
Net revenues from international tourism, Mio Euro**	406	385	582	491	430	589	714	914	125.3%
<i>annual growth, %</i>	-36.2%	-5.2%	51.1%	-15.5%	-12.5%	37.0%	21.3%	28.1%	
GDP in tourism (direct), Mio Euro***	456.8	404.3	549.2	554.6	605.7	729.4	862.7	968.9	112.1%
<i>annual growth, %</i>	72.9%	-11.5%	35.8%	1.0%	9.2%	20.4%	18.3%	12.3%	
% of the national GDP	4.0%	3.3%	4.0%	3.6%	3.7%	4.1%	4.4%	4.5%	
Employment in tourism (direct), '000***	75.8	61.2	65.5	66.2	65.4	99.8	110.5	114.2	50.6%
<i>annual growth, %</i>	59.6%	-19.3%	7.0%	1.1%	-1.2%	52.5%	10.7%	3.3%	
% of the national employment	3.4%	2.9%	3.4%	3.1%	3.1%	3.5%	3.8%	3.9%	
Capital investment in tourism (public & private), Mio Euro***	165.7	274.3	300.6	400.3	405.0	454.8	554.0	683.7	312.6%
<i>annual growth, %</i>	6.1%	65.6%	9.6%	33.2%	1.2%	12.3%	21.8%	23.4%	
% of total investment	11.1%	14.9%	13.9%	14.4%	13.4%	13.2%	13.6%	14.9%	

1 less the transit visitors; 2 incl. rest homes; 3 rest homes not included. * National Statistical Institute data; ** Bulgarian National Bank data; *** World Travel and Tourism Council data (data for 2000-05 are estimates).

Source: OPRD 2007-13 (2007); on-line document, downloadable at www.mrb.government.bg/docs/doc_619.doc.

Institutional and local actors involved in tourism development

Ministry of Economy and Energy

The Ministry of Economy and Energy has the responsibility to implement the state policy in the field of tourism and to co-ordinate the activities of the ministries and other institutions towards its implementation. The major priorities of its activities are the inter-state relations in the field of tourism, the regulatory provision for tourist activities, national marketing and advertising, assisting the activities of the regional, local and branch tourist organisations, ICT procurement, marketing research, analyses and forecasts for the tourist market, development of the tourist product and training the staff employed in tourism. The Bulgarian Tourism Authority was the government agency responsible for

tourism promotion. The Tourism Act² changed its status to a State Agency within the responsibility of the Council of Ministers.

National Tourist Board

The National Tourist Board functions as a consultative body under the authority of the Minister of the Economy and Energy. It aims to assist in the implementation of a national tourism policy in tourism. The members of the National Board are representatives of the tourism-related ministries and institutions, local, regional and branch tourist organisations and the Bulgarian airline companies:

- **State administration bodies:** Ministry of the Economy and Energy, Ministry of Foreign Affairs, Ministry of the Interior, Ministry of the Environment and Water, Ministry of Culture, Ministry of Agriculture and Forests, Ministry of Education and Science, Ministry of Regional Development and Public Works, Ministry of Transport and Communications, Ministry of Finance;
- **National Association of Municipalities in the Republic of Bulgaria:** the Tourism Act envisages that municipal administrations have the status of the basic institutions for the development of tourism on a local level;
- **Bulgarian Air-Line Companies:** the Balkan Air-Line Company;
- **Branch Tourist Organisations:** Bulgarian Association of Tourist Agencies, Bulgarian Hotel and Restaurant Association, Bulgarian Tourist Chamber; Bulgarian Association for Alternative Tourism; Bulgarian Association for Rural and Ecological Tourism;
- **Local and Regional Tourist Organisations:** (e.g. Pirin Tourism Forum, Bourgas Regional Tourist Association, Stara Planina Regional Association, Varna Tourist Chamber; Tourism Board - Smolyan, Tourism Board - Veliko Turnovo, Tourism Board - Kazanlak, Tourism Board - Plovdiv) these are non-profit organisations uniting companies and organisations of the respective levels interested in the development of tourism. As of January 2000 this country had 53 local and 4 regional organisations functioning, which maintain 24 tourist information centres.

Strengths of Bulgarian tourism sector

Due to its natural and historical diversity within a relatively limited space, Bulgaria has considerable potential for tourism development. (OPRD, 2007) The growth figures provided above demonstrate that some of this potential is already being realised.

Much of current tourist activity is represented not only by the Black Sea coast and the mountains, but also by the nine sites included in the UNESCO World Heritage List. There are seven cultural and two natural heritage sites, more than 600 mineral springs, thousands of local cultural and traditional attractions, and more than 5% of the national territory in protected area status (including 3 national and 11 natural parks). (OPRD, 2007)

The relative proximity of Bulgaria to the major markets in Europe is also a factor that provides some competitive advantage, as does the competitive price level (reasonable value for money). In

² Enacted in 2002, but entered into effect only in April 2005.

recent years, there has been a degree of upgrading of existing tourist facilities and the building of new accommodation. Nevertheless, there remains a relatively low degree of development of areas that are potentially attractive for tourism, especially in rural areas. The warmth of the local population and of the authorities to tourism and tourists, as well as the relatively long history of international tourism development (since the end of the 1950s) is also seen by many as an important potential strength. (OPRD, 2007)

Tourism is perceived by many officials at different levels as one of the main tools to support regional and local development. Indeed, it is considered a priority area within the National Regional Development Strategy (for the period 2007-13), in all regional development plans and district development strategies, as well as in most municipal development plans. Advocates of tourism development draw attention to the fact that municipalities with developed tourism tend to have stronger economies than those with little or no tourism. (OPRD, 2007)

Weaknesses of Bulgarian tourism sector

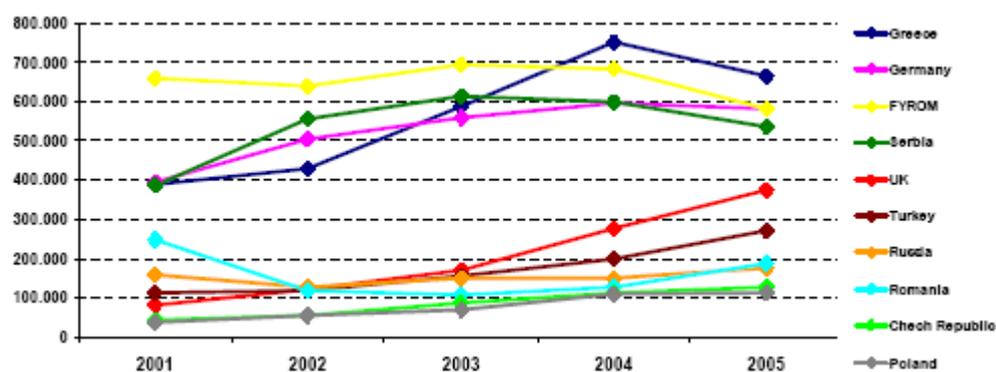
Although tourism in Bulgaria has grown over the past decade, it has declined if comparison is made with the volume of tourist visits at the end of the 1980s (the number of nights spent is 3 times lower). Moreover, Bulgaria's tourism market share in global and European terms remains insignificant. Tourism development in Bulgaria suffers from serious interrelated structural weaknesses and obstacles:

- The product mix is dominated by mass tourism and package tours mainly for seaside and skiing tourism resulting in low value added for the Bulgarian tourism industry, missed market opportunities as well as strong environmental pressure on traditional resorts where carrying capacity is either exhausted or in most cases overexploited.
- Bulgarian tourism is dependant on a limited number of markets. The share of the three leading foreign markets in terms of nights spent (Germany, UK, Russia) has decreased recently (from more than 70% at the end of 1990s to 59% in 2005).
- Seasonality of tourism demand is the highest within EU-27 which has significant implications not only for occupancy rates and revenues to the tourism industry, but also for the employment and skills development of employees (many businesses struggle to attract and keep skilled staff).
- The occupancy rate for accommodation is low but has increased of late (35% in 2005). The average length of stay of international tourists (2.4 days), the average revenue from each international tourist (€268) and their average daily spend (€167) have also increased. The growth of these indicators is, however, significantly slower than the respective growth of the number of international tourists and nights spent, indicating the ineffectiveness of the recent development. (OPRD, 2007)
- The transport infrastructure in the country has been in a poor condition for many years but is currently undergoing major investment as a result of the EU accession (e.g. development of the Sofia Airport, thanks to a loan from the EIB³; road policy due to ISPA⁴; railways

³ European Investment Bank, www.eib.org.

refurbishment and modernisation project is currently underway). (Mintel, 2007) Despite of such efforts, the growth of tourism in Bulgaria is somewhat limited by the lack of international air agreements, preventing the low-cost sector from flourishing, and by the serious infrastructure issue of a quarter of the roads in poor condition. (Mintel, 2007)

Fig.1. International tourist arrivals to Bulgaria by country of origin (2001-05)



Source: BSTA Statistic, 2005; downloadable at www.tourism.government.bg/files/politics//file_67_bg.pdf

Relevant tourism development policy documents

All current relevant tourism policy documents, including the National Tourism Development Strategy⁵, envisage the development of sustainable tourism as one of the national priorities, as well as the product and market diversification and improvement of destinations marketing. OPRD (Operational Programme for Regional Development) is broadly in line with the “geographical segmentation” proposed in the report on the Tourism Strategy.⁶

The National Strategic Reference Framework – Programming period 2007-13 -⁷ emphasises the rich and diverse natural and cultural heritage, recognises tourism’s contribution to national growth, interprets tourism as one of the main elements of the local development potential and one of the engines of regional and local development and calls for strengthening the regional dimension of product diversification, emphasising on its role for economic diversification especially in rural areas. (OPRD, 2007)

⁴ ISPA – Instrument for Structural Policies for Pre-Accession, launched in 2000, ISPA is one of the three financial instruments (with Phare and Sapard) to assist the candidate countries in the preparation for accession to EU.

⁵ This document is at a stage of preparation at the moment of finalising of OPRD by the Bulgarian State Tourism Agency.

⁶ Strategic framework for Tourism Planning and Development in Bulgaria and Main Directions of Strategy for the Development of the Bulgarian Tourism for 2006-09, (2006); elaborated and edited by the Bulgarian State Tourism Agency.

⁷ The draft NSRF was elaborated and edited by the Management of EU Funds Directorate in the Ministry of Finance and the Agency for Economic Analysis and Forecasting in December 2005, then it was discussed by the Council of Ministers in August 2006 and subsequently agreed on 21 December 2006.

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Fostering SMEs and entrepreneurship development in support of alternative tourism in Bulgaria

by Rhodri Thomas

Introduction

There can be little doubt that small and medium-sized enterprises (SMEs) play an important part in destination competitiveness. Although large firms have a significant influence on the nature of what is supplied to particular markets, for example tour operators in relation to mass tourism, the most significant units of supply in most locations are SMEs and, often, micro enterprises⁸. It is inconceivable that a visitor to Bulgaria will not encounter such enterprises regularly, probably in the form of a taxi, a shop, a restaurant, a tour or accommodation. The quality of the tourist experience is, therefore, influenced heavily by the quality of the encounter with such businesses. This creates an inter-dependence between tourism SMEs. If this is recognised (and often it is not), it can be harnessed to encourage a degree of co-operative behaviour which reflects the shared interest in successful destination development.

Tourism SMEs are also significant for their economic development potential. This may apply in several ways. First, a flourishing visitor economy – or circumstances where entrepreneurs sense that visitors will be attracted to an area - creates opportunities for new enterprise creation. In the context of alternative tourism, this is important because in some, perhaps notably rural, localities there is little prospect of alternative forms of investment. Though individually such businesses employ few people, collectively the employment generated by businesses reliant on visitor spend can be highly significant. Further, the development of independent businesses can mean that much of the revenue generated by visitors stays in the locality.

Tourism SMEs can also be a source of innovation and help shape destination development. There are celebrated cases internationally where small businesses have created an identity for a destination that has subsequently been harnessed by local municipalities. For example, the Hay-on-Wye book festival in the UK (Johns and Mattsson, 2005) and the ‘UFO town’ in New Mexico (Paradis, 2002). In these and other instances, the distinctive approach or form of the local tourism product was initiated by tourism SMEs. Subsequent development was supported by partnership working between the private and public sector. As Thomas (2007) has recently argued, however, these positive instances of collaboration are not inevitable and engaging SMEs in policy development of this kind can be problematic. Some of the key issues to be addressed are discussed later in this chapter.

⁸ Micro enterprises employ fewer than ten people, small enterprises between 10 and 49, medium enterprises employ more than 50 but fewer than 250.

General impression: strengths and weaknesses of current policy and business approaches in Bulgaria

Strengths

The fact that so many actors with an interest in tourism and the visitor economy made themselves available during the five-day OECD study visit suggests a concern to work together to achieve effective tourism policy co-ordination. Indeed, among some stakeholders - though certainly not all - there is an eagerness to develop a coherent approach and an enthusiasm to learn from practice elsewhere. Such attitudes need to be more commonly held if Bulgaria is to develop its 'alternative tourism' offer effectively and sustainably.

There is an emerging sense of 'entrepreneurship' in the widest sense of the word. This is evident in some parts of the private sector but also among several NGOs and state agencies. A recognition of the need to be creative, innovative, respond positively to opportunities and to work together exists in some quarters. However, it needs to become common practice.

If the serious challenges identified by this study can be addressed, Bulgaria has significant potential for alternative tourism development. Membership of the European Union, a rich variety of cultural offerings, landscapes and urban settings offers the prospect of a variety of tourist offers that could shift the emphasis away from the mass tourism of the Black Sea coast.

Expertise in (aspects of) how to foster entrepreneurship and SME development in support of alternative tourism exists in pockets but is not sufficiently widespread or harnessed effectively at the moment. The prospects for effective intervention will be improved significantly if knowledge from those with expertise can be channelled to a wider audience.

Weaknesses

Bulgaria has not been able to invest significantly in programmes that support entrepreneurship and SME development and may not be in a position to do so for some time. The EU is now an obvious source of funding. That EU 'regions' do not seem to feature as important administrative boundaries in the areas visited as part of this study will, however, limit the possibilities of receiving such support. This issue will need to be addressed if the potential revenue from the EU to support regional development (including SME support relating to tourism) is to be maximised.

An area of potentially greater concern for this study is that current governance arrangements in Bulgaria relating to tourism and those relating to entrepreneurship and SME development do not seem to be connected *at any level*, even though at state level the agencies even share the same building. In the light of what has been outlined in the opening paragraphs of this report, such a situation is unsatisfactory for two reasons. First, it means that SMEs are not considered by the State Tourist Authority (STA) beyond fairly meaningless and mechanistic 'consultation' exercises. As a consequence, the STA is not, on the one hand, able to 'tap into' the creativity and innovation of tourism SMEs or, on the other, to identify through dialogue what the business development needs of a range of sub-sectors in contrasting locations (notably rural and urban) might be. This represents a significant constraint on effective tourism SME development.

Finding effective means of addressing the skills needs of the sector do not feature as an important aspect of the work of agencies developing tourism. Indeed, there is little (or mixed) evidence that they see this as a problem, or at least a problem that they can tackle. Yet, there are in some cases severe skill shortages that range from the basic customer care type to more advanced technical skills, as well

as skills and knowledge relating specifically to business support. Such lack of skills could constrain a range of entrepreneurial initiatives that may emerge in the tourism sector.

General infrastructure weaknesses in some parts of Bulgaria will hinder the development of alternative tourism. At an SME level, however, perhaps one of the most critical is the lack of access to broadband internet and the use of the internet for marketing and booking purposes. Independent travellers from Western Europe (and increasingly elsewhere in Eastern Europe) will expect to be able to gather information about the tourist offer and the availability of accommodation (often at relatively short notice and for a short stay) quickly and easily from the internet. When enterprises can offer such provision, they are at a significant competitive advantage.

Although there is the suggestion that access to finance limits entrepreneurial activity in the tourism sector, this study found insufficient evidence on this matter to be conclusive. This should not be taken to imply that access to finance is not a problem, but merely that further investigation than was possible during this project is required.

The incidence of corruption as a factor that hinders business development was frequently reported and the research team also identified that informal economic activity is endemic. These factors distort the impact of public policy and will, ultimately, hinder the development of a flourishing, internationally competitive and sustainable alternative tourism sector.

Examples of good practices in Bulgaria

As is indicated below, there are two instances of good practice relating to SME development that have come to light during this study: ‘Authentic Bulgaria’, and the ‘Bulgarian Association of Regional Development Agencies and Business Centres’.

Authentic Bulgaria

‘Authentic Bulgaria’ provides an example of a development project that has the potential to build entrepreneurial skills and, simultaneously, provide a suitable market response to the (latent) demand for alternative tourism products. Authentic Bulgaria is a network of quality certified independent hotels, guest houses and bed and breakfasts throughout Bulgaria. The initiative is funded by USAID (United States Agency for International Development) and currently has some eighty fully assessed members. Assessment for the allocation of a quality mark (bronze, silver or gold, with the possibility of also being awarded a rose for distinction) is based on seven criteria that include amenities, customer service, cultural aspects and business skills. Though there is scope for development, the network also offers a degree of business support/ skills development for owner-managers.

In addition to having a booklet that lists all the accommodation sites with outline details, there is also a well organised web site (www.authenticbulgaria.org) that lists all members and provides links to their web sites. Booking is not available on-line but email addresses are provided for enquiry and booking purposes. The organisation of this network, the quality of provision and the web presence make this an excellent vehicle for addressing demand side (generating visitors) and supply side developments (such as skills and matter relating to business competitiveness).

Bulgarian Association of Regional Development Agency (BARDA)

The Bulgarian Association of Regional Development Agencies and Business Centres (BARDA) provides an example of a programme that is not centrally concerned with developing tourism SMEs (though they are not excluded) but illustrates an approach that might be transferred effectively to the

sector. In effect BARDA is an attempt to deal with the lack of tradition of business support for SMEs. Its mission is to improve ‘the economic environment in Bulgaria through improved entrepreneurial initiative and employment at the regional level’ (BARDA, 2007). In pursuance of this, it has secured funding from the European Union for a variety of projects to strengthen entrepreneurship in Bulgaria. These include the following:

- EU Phare projects: ‘Regional Development Agencies (RDAs) as a tool for enhancing small and medium sized enterprises (SMEs) development within the enlarged internal market’, ‘Capacity building for the accelerated growth of the SME sector in Bulgaria’ and ‘Investing in business incubators in declined industrial areas’; and
- Interreg III: ‘Improving access of SMEs from rural regions to the knowledge and information society’.

To some extent, the actual projects supported are less important than the ‘way of thinking’ that BARDA encapsulates. When engaged in discussion and throughout their documentation, it is evident that BARDA appreciate the need for partnership working, regional and sub-regional (municipality) economic development strategies and they have a wider understanding and engagement with other European Union priorities such as those relating to social inclusion, gender, technology and the environment.

Policy recommendations

In the light of the above and a review of tourism SME research, policy recommendations will be divided into six broad areas as follows:

- The business environment;
- Responding to a diverse sector;
- Strengthening business practices;
- Promoting partnership;
- Reviewing the curriculum; and
- Learning from the EU experience elsewhere.

The business environment

The business environment clearly sets the context within which tourism SMEs are able to flourish or are prevented from doing so. The term ‘business environment’ used in this context is wide-ranging and incorporates the fiscal and regulatory framework that businesses face (including opportunities for and restrictions upon informal economic activity), incidences of corruption, the availability of capital for investment, the availability of skilled labour, and particular kinds of infrastructure issues such as internet access. Clearly, a very detailed consideration of most of these issues went beyond the scope of this study. However, it must be noted that they represent a fundamental consideration for those seeking to foster entrepreneurship and SME development in Bulgaria.

Policy recommendation:

On-going review and dialogue with key stakeholders about creating a business environment that is transparent, understandable to enterprises and enabling of entrepreneurship.

Responding to a diverse sector

If SMEs are to be supported effectively, it is important to recognise their diversity and, critically, the implications of this variety. SMEs vary in many ways, notably the resources they have at their disposal, their motivations and the extent they are tied to particular places. 'Resources' should be conceptualised broadly to include factors such as financial resources, knowledge resources, relational resources (or networks). Each of these will influence the ability of the owner of an enterprise not only to react effectively to particular market opportunities but to be able to identify them in the first place and, as will be discussed below, help influence tourism development locally. The motivations of enterprises will vary from those who are driven by the possibility of growth and expansion to those that are keen to create financial security but little beyond that. It is important for local policy-makers to recognise this diversity; by understanding and responding to motivations, it is more probable that measures to support and encourage entrepreneurship will be targeted appropriately. The entrepreneur's sense of place is also potentially relevant here. If entrepreneurs are 'tied' to particular locations (i.e. if they see their future bound up with the prosperity – or otherwise – of an area) they are more likely to wish to participate in initiatives (or even help shape initiatives) that they feel will deliver such success.

Policy recommendation:

Recognise the diversity of SMEs and seek to understand more about the characteristics of local businesses. Use such knowledge to encourage participation in local business initiatives. A particular feature should be to encourage various businesses to see themselves as part of a local 'tourism sector'. Supporting the creation of tourism business networks would be useful in this context.

Strengthening business practices

Small businesses may enhance business performance by adopting particular business practices but in many cases they will need to have opportunities to learn. Developing a policy to enable such learning opportunities is complex and certainly requires an understanding of how owners and managers of SMEs learn. The research literature shows that: learning takes place informally as well formally; participation in formal tourism training schemes is low in Europe; learning is often based on experience and problem solving; the personal skills deficiencies of owner-managers are not necessarily recognised by themselves; social and professional networks represent an important source of learning; knowledge of and engagement with economic development agencies is limited. This appeared to be as true in Bulgaria as elsewhere in the European Union. Policy measures that recognise these factors are required if SMEs are to participate.

Policy recommendation:

Devise flexible support mechanisms that relate to the world of the entrepreneur rather than mass produced training courses which will not be seen as relevant to their world and development needs.

Promoting partnership

Partnership working is vital if there is to be effective co-ordination between the various actors with an interest in the development of alternative tourism in Bulgaria. In other international contexts,

partnerships have come to represent an important dimension of tourism policy in the fields of marketing and place promotion, training and competitiveness, and sustainability. The principles of effective partnership working have been established by detailed research over the past decade. Some of these principles are as follows: recognition of inter-dependence; a convenor is required that is seen to have legitimacy, expertise, and authority; a shared vision is developed where there is a sense of individual and collective benefits; a shared perception that decisions arrived at will be implemented. It is well documented that SMEs in tourism – and particularly very small enterprises – face obstacles to participation that include lack of time and understanding of the policy-making processes and their relevance to them (Thomas, 2007).

Policy recommendation:

Develop municipal partnership working that incorporates SMEs. A pre-requisite to effective implementation will be capability and capacity building for the various actors that will be involved`.

Training, the curriculum and the skills agenda

The availability of skills is potentially an important constraint on development. A clear assessment of the strategic skills needs in tourism is required. At a municipal or regional level this should involve attempting to map supply of skills with demand and fill gaps accordingly. The curriculum could also be extended to include entrepreneurship and start-up training at a variety of levels. There is a sense that some of the curriculum followed at specialist colleges is rather dated by European standards.

Policy recommendation:

Review the curriculum of specialist colleges to make sure that it meets the needs of contemporary tourism businesses. In addition, undertake a skills mapping exercise and develop means for delivering relevant skills to the labour market.

Learning from the EU experience elsewhere

Other EU member states now have considerable experience of fostering entrepreneurship and supporting SME development. Moreover, many municipalities in socially or economically deprived areas of most established member states have also developed expertise in accessing European Union resources to support tourism SME programmes (usually as part of a wider social/regional development agenda). Some organisations in Bulgaria have also secured such EU finding (BARDA, 2007) but far more could be achieved.

Policy recommendation:

- a. Review current practice of business support options available by finding out more about practice elsewhere.
- b. Identify municipalities in other countries with experience of how to secure EU finance for support projects, and learn from them.

International learning models in OECD countries

The Institute for Enterprise, Leeds Metropolitan University, United Kingdom

Description of the approach

The Institute for Enterprise at Leeds Metropolitan University, United Kingdom, is a national centre for excellence in enterprise teaching and learning (CETL). The Institute works with a range of regional partners and across all university departments to pioneer cultural change, whereby enterprise is seen as relevant to all university students. 'Enterprise' is defined broadly as an 'employability skill' (i.e. one that will be relevant to anyone in the workplace) as well as those seeking to start-up or work in SMEs.

To achieve its goals, the Institute brings together the following stakeholders regionally: local SMEs, policy-makers, professions that relate to business (notably law, accounting, and banking), the National Council for Graduate Entrepreneurship, Small Business Service, the regional development agency, regional colleges and universities, and NGOs with an interest in its work.

Though working across all sectors, the Institute provides support for sector specific activities. Two contrasting examples that relate to tourism entrepreneurship and SME development are as follows:

- A regional symposium that will bring together key actors with a view to enhancing the regional benefits to SMEs of hosting major and minor events and festivals in the region: <http://www.leedsmet.ac.uk/lisif/events/beyond/index.htm>
- A project to support start-up and business development for tourism events businesses. Funded as part of an EU project, the activities include a business ideas competition (prize of approximately €10 000 to develop the idea), business incubators and business support for local tourism and events businesses: <http://www.leedsmet.ac.uk/international/the/E98B5C0DA17143BFAA68B3D95B23E56B.htm>

Rationale for the policy intervention

The rationale for the Institute is that the student population, especially at a higher level, offers significant entrepreneurial potential. In many instances, however, such potential remains latent. The creation of opportunities to encourage development of ideas, making connections with those who are able to nurture new entrepreneurs and to help create supportive networks is intended to convert the latent potential into new business formation and subsequent growth.

Why the approach is relevant to Bulgaria

One of the challenges facing Bulgaria is its lack of tradition of entrepreneurship. The education sector at all levels can play a part in changing attitudes by enabling greater understanding of the key dimensions of entrepreneurship and empowering people to start businesses. This is most appropriately undertaken at a higher level initially because students will be nearer to entering the labour market and are more likely to have the intellectual maturity required. This model could work effectively even in rural contexts but would require the creation of a carefully considered outreach strategy.

Reasons for the success or failure of the approach

The approach is successful because it utilises the skills of highly capable, creative and adaptable staff, the Institute values strong regional networks that are embedded in its approach, and has access to sufficient financial resources to develop and promote various projects. If one of these were not present, the Institute would have far less of an impact than at present.

The obstacles faced in implementation and the quality of the response taken

The Institute faced numerous challenges when attempting to develop this idea. Perhaps surprisingly, these were not from agencies that were invited to join the network (probably because they could see a role for their organisation in the Institute's mission and felt they would benefit from participation). The main challenge was to overcome the potentially negative attitudes of those that were 'gatekeepers' to students and their curriculum i.e. those members of staff that were reluctant to incorporate an element of fostering entrepreneurship into the experience of the students that they were responsible for. This was overcome by a mixture of providing events that were additional to the curriculum and funding 'pioneers' in various departments that sought to show how entrepreneurship might be included in the work of departments.

Considerations for successful adoption in Bulgaria

There are several key success factors that would need to be addressed if this idea were developed in some regions of Bulgaria. These include appropriate training for the personnel who would be leading the initiative (probably drawing on international experience), the development of strong networks that would bring the potential entrepreneurs together with professionals (banks and other agencies that will influence the success of the new businesses), and the creation of an on-going dialogue between new start-up businesses and the Institute. The approach will not work without sufficient financial as well human resources.

Contact details and website for further information

Contact: Alison Price, Director

Web-site: <http://www.lmu.ac.uk/enterprise/html/about.htm>

E-mail: enterprise@leedsmet.ac.uk

European Tourism Learning Areas

Description of the approach

Tourism learning areas aim to strengthen the performance of various tourism stakeholders – especially but not exclusively SMEs - via the creation of networks of learning. Tourism learning areas should be seen as local co-operation platforms for learning and qualification of tourism professionals where informal (networked) learning opportunities are seen as important as more formal approaches.

The core idea is that by encouraging innovative practices via continuous learning among employers, tourism learning areas will upgrade the skills of those working in the tourism industry, create a sectoral identity which reflects common interests, and ultimately boost competitiveness.

An essential feature of learning areas is the participation of all local stakeholders. This involves dialogue between business support agencies, training institutions, tourism industry representatives and public authorities. It is widely recognised that regional public policy-makers play a key leadership role, particularly by encouraging learning centres to foster innovative and entrepreneurial potential.

There are various ways of structuring tourism learning areas depending upon the preferences of local stakeholders. The development of a web-based system for creating a learning presence would be recommended. Such a web site would be interactive (e.g. message boards, discussion forums), contain details of events (e.g. training programmes) and specific initiatives (e.g. schemes to encourage networking or mentoring) and the contact details of members.

Rationale for the policy intervention

Traditionally, tourism SMEs do not engage in formal learning, offer few training opportunities to their staff and do not engage easily with public agencies. The rationale for setting up a learning area is that issues such as quality, ICT, skills, marketing and customer focus, and other business practices are placed firmly on the agenda of SMEs by encouraging reflection on good practice. One of the key aspects of learning areas is that they make training (learning) more accessible to SMEs by seeking to build provision in partnership with them and around their 'world' rather than in the 'world of the trainers'. One of the key benefits is that this is more likely to yield a higher rate of participation than traditional approaches to developing skills and encouraging learning.

Why the approach is relevant to Bulgaria

The approach is relevant to Bulgaria because it provides a framework for developing co-operative, market-responsive skills and learning provision that does not exist at present. It is sufficiently adaptable to accommodate local differences yet has a coherence that will be replicable in the Bulgarian context.

Reasons for the success or failure of the approach

The approach requires strong partnership arrangements, a sense of moving forward for all key partners, and resources to develop key features of the learning area. A 'champion' will also probably be a prerequisite to success. This implies a degree of capability building with potential champions prior to trying to establish a learning area.

The obstacles faced in implementation and the quality of the response taken

There are numerous potential obstacles, ranging from lack of resources to a lack of commitment. In practice, existing resources can be used in different ways if there is sufficient buy-in to the idea of establishing a learning area. Since a fundamental aspect of the concept is one which is comprehensive (incorporating stakeholders that do not always engage comfortably with each other), the biggest obstacle is that of gaining widespread (genuine) support for the project.

Considerations for successful adoption in Bulgaria

Experience suggests that the idea of a learning area will not be readily understood by all potential participants immediately. It is recommended, therefore, that a small core group is established at the beginning and that a champion (probably from the public sector) takes a lead in developing the initiative. A significant challenge will be to explain and justify ('sell') the concept and illustrate by use

of good practice from elsewhere in Europe. The ‘knowledge network’ can then be developed incrementally alongside a web presence.

Contact details and website for further information

A European Union handbook which contains details of how to set up a learning area and provides some case studies can be found by following the link:

Web-site: http://ec.europa.eu/enterprise/services/tourism/studies_and_publications.htm

Hawke’s Bay Wine Country Tourism Association, New Zealand

Description of the approach

In response to a proliferation of small ineffective brands, Hawke’s Bay Wine Country Tourism Association was established as a membership association to create a strong market presence for the region. Emerging from Hawke’s Bay Food and Wine Tourism Group, as it grew it merged with the Hawke’s Bay Tourism Association. Though apparently built around wine tourism, the brand now encompasses art deco, food, wine and relaxing lifestyles. The membership is drawn from any business that sees itself part of the tourism sector or sees the importance of tourism to the regional economy.

The association is primarily concerned with marketing, and enables SMEs to benefit from being part of a larger brand presence. It undertakes a range of promotional activities that range from exposure on television to events that attract visitors, with more mundane activities such as promotional leaflets in between. A significant proportion of its work involves participating in trade fairs where, depending on the particular event, the destination is promoted directly to potential consumers or to tour operators.

In addition to the marketing, the association is keen to enhance the competitiveness of tourism businesses within its area. Consequently, it organises business development programmes to help professionalise smaller operations. There are courses, workshops and one-to-one coaching opportunities that deal with effective business planning and management of resources – including human resources – with the intention of generating growth. It is emphasised that provision is designed and delivered in accessible ways that suit the local SME community. These activities are generally free to association members.

The association also seeks to lobby on behalf of the tourism sector. It is actively involved, therefore, in commenting directly to policy-makers about the consequences of measures that might be introduced and what they consider to be appropriate means of supporting tourism development.

Rationale for the policy intervention

The rationale for the approach rests in the perceived fragmentation of the brand and the need to enhance the competitiveness of SMEs within the region. Public sector support ensures that the association of entrepreneurs is able to develop its capability and capacity in a manner that might otherwise have taken longer to occur or, indeed, may not have developed as effectively.

Why the approach is relevant to Bulgaria

This approach is considered particularly relevant to Bulgaria because if alternative tourism is to flourish, it must be developed and presented in ways that can be readily understood by consumers. In this case, it is wine (obviously because it is a wine growing area) but the theme will reflect local resources/ attractions. This might be the wildlife, walking, sport, wine, crafts or any manner of things that can be determined locally. The approach is also valuable because it will provide opportunities for business learning which, given the relative novelty of the free market in Bulgaria, will help compensate for a lack of entrepreneurial tradition.

Reasons for the success or failure of the approach

The approach requires foresight and local leadership. In Hawke's Bay this emerged from one or two key individuals. If local business leader do not emerge, the approach is unlikely to succeed. In reality, it is likely that they will emerge in some places and not in others. Public policy to support the establishment of such associations would enhance the chances of successful development. Another factor that will influence success or failure is the coherence of the unifying brand. Although Hawke's Bay has become much more than a wine region, the centrality of wine to the brand proposition was very clear. If messages are ambiguous or unrealistic, consumers will probably be confused or not persuaded, and membership will not flourish.

The obstacles faced in implementation and the quality of the response taken

Hawke's Bay Wine Growers Tourism Association grew out of dissatisfaction with how the area was branded and promoted. Yet, there was a tradition of public and private sector organisation and collaboration to address the challenges of managing the various dimensions of tourism effectively. This served them well and enabled the development of current arrangements.

Considerations for successful adoption in Bulgaria

Such a tradition does not exist in Bulgaria. Indeed, there is often suspicion concerning the motives of different (potential) partners. This will need to be overcome at the appropriate level (probably regional or, at least, municipal) if initiatives such as this are to succeed. Funding to start the process of association formation will be essential and joint funding (and working) with the public sector thereafter. Encouraging private sector leadership – a key feature of this approach – will probably also require something of a cultural shift amongst local or regional policy-makers.

Contact details and website for further information

Further details of the activities of Hawke's Bay Wine Country Tourism Association can be found at:

Web-site: http://www.hawkesbaynz.com/wine_country/index.htm

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Alternative tourism in Bulgaria: diversification and sustainability

by Nicholas Vagionis

Introduction

Sustainability is nowadays one of the *sine-qua-non* targets as regards the development of a region. Development paying respect to the natural environmental potential on the one hand, and also development showing the appropriate consideration of the local social structures and resources on the other, is considered sustainable.

If the economic development of a country is to be based to some extent on tourism, diversification of the tourist product via alternative forms of tourism is a very appropriate strategy. Alternative forms to the mass-tourism industry are considered by many researchers and organisations (WTO, 1992; WWF-UK, 1992; Komilis, 1993; Lindberg and Enriquez, 1994; Middleton and Hawkins, 1998; Scheyens, 1999) as able to support local communities, in an environmentally and socially sustainable way, along the following lines:

- *Non-massive tourism*: When offering an alternative (non-massive) tourism product, a much higher percentage of value added can be locally produced and spread: local ownership of capital, local production of consumables and local offer of labour. A unique area-specific tourist product can be sculpted, which in turn can be better marketed with “product - branding” strategies.
- *Environmentally sustainable tourism*: Tourism is of course adapted to the local natural resources, everywhere. Mass-tourism has in so many cases led to exploitation of social and natural resources. Alternative tourism as a principle employs the sensible use of local natural resources, which should also be considered as economic resources. Thus, the heritage of the local communities is protected for the present time and for the generations to follow.
- *Better integration to social structure*: Social structure includes community and economy. Alternative types of tourism in most of the cases are better adapted to the local social resources, like local knowledge, skills, arts, traditions and production base. Local products are marketed and consumed, local skills valued and used, while local traditions are followed and/or revived. In such a harmonic co-operation a better development potential can be more secure not only for the present but for the future.

General impression: strengths and weaknesses of current policy and business approaches in Bulgaria

Strengths

The points that follow highlight the strong points of the country as regards the potential for development of a diversified and sustainable tourist product.

Economy and tourism

Bulgaria is a country which can be considered as finishing the “transition period” to the free market economy. It is now part of as a member of the European Union it has access to the support structures and funds of the EU. Bulgaria has the additional advantage of history, and relatively good (or preferential) relations with the countries of the former Soviet Union.

Geography, location, environment

Bulgaria is located close to central European tourism markets, but also has the potential to benefit from the proximity to the Black Sea and the upcoming markets of the East. It should be noted, however, that apart from the seaside resorts, Bulgaria has a rich mountainous environment which to a large extent is intact. This includes many natural water springs, monasteries and other cultural monuments, forests and national parks. These comprise a good initial capital for developing sustainable tourism in the inland. It should be also noted that there are at least 3-4 developed ski resorts that are already receiving considerable amounts of tourism.

People and society

There is a strong social and cultural resource base in Bulgaria which is very important to tourism. The study visit and the interviews with the local actors revealed that the country has people that are eager to improve their competitiveness. There are people with the skills to formulate a rich tourism product. There are also enough people willing to become entrepreneurs in the tourism sector. There are more than enough people that would be willing to relocate within the country, for a (better) job in tourism. These (skills, mobility of labour and entrepreneurial spirit) are some of the basic preconditions, within a neo-classical economic development model, for a region ready to boom.

Levels of government

Central government has declared tourism to be a priority activity. At regional level attitudes vary. Government tiers are preparing Tourism Development Plans within the 6 planning regions of the country and some 12/19 proposed tourism regions. There are also some rather active regional tourism development agencies, some less active, and more or less all with limited or no finance. At local level (264 municipalities) there is a more solid organisational structure, with some tourism development potential due to certain availability of resources due to taxation. The existence of these tiers is a strength, but it also needs specific policy principles and measures to lead to an effective sustainable tourist product.

Infrastructures: hard and soft

Physical infrastructure in Bulgaria, which is a basic precondition for the development of tourism, is entering a phase of positive reconstruction. One strength is that the entry of the country to the European Union probably means that some finance through the European Regional Development Fund and other instruments can be expected. General hard infrastructure (transportation, sewage, etc) is vital also for tourism. “Soft” infrastructure, such as the development of tourist information networks and the development of human capital may not yet have expanded but they have started to develop.

Weaknesses

The points that follow highlight the shortcomings of the country as regards the potential for development of a diversified and sustainable tourist product.

Infrastructures

Given the strengths above, it cannot be disregarded that there is still considerable way to be covered in the field of modernising the physical (hard) infrastructure in tourist places; even more so in remote places where alternative tourism forms can be developed. This includes transportation networks (streets, etc) but also infrastructure for the protection of environment, e.g. waste disposal, sewage treatment and recycling.

As far as 'soft infrastructure' is concerned, there is only limited success as regards the entrepreneurial skills related to tourism and innovation. Such skills are still either absent in many cases and especially in the peripheral regions, or at low level, in any case.

Further, the "networking" and "e-access" to the consumers/tourists is under-developed in the country, at least as regards the existing tourist capacity. Things become even worse when it comes to the smaller/alternative enterprises in the distant villages, where the need for networking would be the most acute. Even the best examples of centrally located investments (hotels), in cases come short when it comes to interactive web-pages or advanced networking provision for the customers.

Government and tourism

It is encouraging that central government has prioritised tourism in the development procedure. What is a rather serious shortcoming, however, is that government has not yet developed a sturdy organisational structure to design and produce tourism development legislation and facilitate its implementation.

Further, there is little evidence that notions of diversification and sustainable development have penetrated the tiers of government. The plans that were shown by mayors within the study visit in most of the cases were about large hotels and mass-tourism (the active and enthusiastic mayor of Razlog⁹ is aspiring 30 000 new beds in his city). This form of mass-type planning with little reference (if any) to issues of diversification, environmental respect and sustainability is considered as a major weakness in the tourism development process in the country.

Resource management

There are some cases where resources may or may not have clear management. Besides there is evidence that finance for the maintenance of such elements, that can enrich a diversified tourist product, is rather limited. For example the national parks and other natural monuments may have potential for supporting related tourism activities that is not considered, or in any case not implemented, by the responsible bodies.

Levels of partnership

A major problem in the development process of tourism in Bulgaria is the poor level of partnership. This can be observed between the various agencies, associations, NGOs, private entrepreneurs. Evidence shows poor communication and understanding among themselves and of course with the municipal and/or central government. In cases there are conditions of rivalry over resources, or dispute on rights and contradiction of responsibilities.

⁹ Being home for about 25 000 inhabitants, Razlog (at an altitude of 812 m) is a developing small mountainous city near the more developed ski resort of Bansko.

State finance and support

There is evidence that the government is rather oriented towards mainstream mass tourism options. It also seems that the allocation of funds is rather centralised. The Ministry of Culture shows an active interest in tourism but lower tiers of state actors in tourism, such as the Bulgarian State Tourism Agency (BSTA) has no regional offices. At regional level, the National Association of Municipalities appears to generate ideas but very limited state financing, if any. Other relevant bodies, such as the Bulgarian Association of Regional Development Agencies (BARDA), the Bulgarian Association for Rural and Ecological Tourism (BARET) and some more of the kind, all have some more good ideas, do not have any state finance and seem to operate with very limited budgets.

Examples of good practices in Bulgaria

What has to be identified at this point is that although there are several shortcomings, the country is on a positive development path with regard to tourism and there are several cases of good practice.

Municipal governments

A main characteristic of developing tourism along sustainable ways, which can safely serve as evidence of good practice, is the involvement of some municipal governments.

For example, the municipal government of Gabrovo¹⁰ has produced a lot of printed material for the development of tourism in the region, as well as for the marketing of this product. They take part in several tourism trade shows to promote their local tourism. They have created a tourist information centre and co-financed the construction of eco-trails in the mountains. They created the innovative idea of “single ticket for all city monuments” and they declared that there is a permanent “budget” for the development of tourism in their municipal budget. The efforts of valorising the alternative forms of cultural tourism and eco-tourism in the city and the surrounding are prominent here.

If Gabrovo’s record is good, the city of Tryavna¹¹ has, perhaps, achieved even more. They have set tourism as their first development priority for the period 2007-13. They attend foreign tourism trade shows and they have set up an architectural committee to protect the local environment through control of architectural style and through a land-use plan. They not only sustain and support the local school of wood carving but expand to the utilisation of many other local skills. For example, they expand to iconography, painting, and restoration, in relation to the stock of religious monuments

¹⁰ Gabrovo has about 75 000 inhabitants, with rich industrial past (named Bulgaria’s Manchester), and also a renowned cultural centre. The city has the Racho Stoyanov Drama Theatre, the Puppet Theatre and the House of Humor and Satire that serves as a cultural institute together with a gallery for comic art. There is also a number of cinemas, museums and historic houses both in the town and around it, most notably the Etar Architectural-Ethnographic Complex, the Museum of Education at the Aprilov Gymnasium and the planetarium. Gabrovo is twinned with the Belgian town of Aalst and the town of Mogilev in Belarus.

¹¹ Tryavna is a small town situated in a river valley near Gabrovo. It is famous for its textile industry and typical National Revival architecture, featuring many cultural monuments, museums and expositions. The first documents of its existence date back to the 12th century. During Ottoman period, locals defended the pass and enjoyed privileges for this reason; the Turks never gained access to it. During the period of Bulgarian National Revival, the town was heavily involved in the development of crafts. Houses from this period feature their own architectural design. The ground floors housed craftsmen and traders. The upper floors featured wooden bow-windows, remarkable wood carved ceilings and roofs covered with well arranged rocks. Tryavna is twinned with the Swiss town of Brienz.

(churches, monasteries) and other historic buildings in the region. They promoted the tourist marketing of municipality with a film and with sponsorship by foreign companies (e.g. a Belgian beer). They also enrich their tourist product giving emphasis on pottery, “treatment tourism” and local folkloric festivals. It can be said that they apply a wide angle approach in developing their tourist product, while the relevant activities and initiatives are co-ordinated at municipal level and are devoted to sustaining the local traditions.

Stara Planina Regional Tourism Association

The Stara Planina Regional Tourism Association is a good example of an active body that covers the empty space between government and small tourist enterprises. Their main task is to facilitate the interaction between the entrepreneurs and the local governments of the region. They also take steps in the marketing of the regional tourist attractions. They promote the tourism of the region by maintaining an active web site as well as six local tourist information centres. Among other activities, they have run a programme for local entrepreneurs and another for innovation models in relation with historical heritage (Leonardo Programme). Finally for the last 10 years they organise an annual tourism trade show in a different town in the region, every year. Their finances are very limited and mainly come from fees paid by the local tourist enterprises.

Technical school for catering and tourism, Razlog

This school offers something that is really needed in the tourist development of the country: a network of decentralised professional training facilities. The population in the regions suffer severe lack of tourism-business skills. These include the knowledge of the basic hospitality rules, the competence in foreign languages, the economic management of a small tourism business, the knowledge of the techniques of a restaurant, issues on safety, issues on hygienic rules, etc. These are exactly what the school offers. The fact that the school is based in a small mountainous town, far from the capital, is good practice: It valorises local human resources providing local enterprises with skilled and qualitative labour in a sustainable manner. More schools of the type are needed in the various provinces. The school itinerary may need revision from time to time but this is common everywhere. What remains some legislative regulation in a way that the tourist enterprises will have to employ at least a minimum of qualified personnel.

Policy recommendations

Central government structure

A central governmental structure should be responsible for providing the strategy for the development of tourism. Investment in the desirable tourism sectors may be supported financially by the state, especially if they fit in the provisions of a relevant legislative support framework. This can define the desired types of tourism investments, may leave others at their own fate and of course may bar activities that do not fit to the development character of a region. A relevant central government structure for this could be, for instance, a Ministry of Tourism.

Co-ordination of the above, guidance and information to all lower levels of government, i.e. regional and municipal, but also to the private entrepreneurs by a governmental structure is also necessary. The BSTA could possibly cover this role by the development of branches which should be operating preferably in all regions.

It is recommended that, for the development of alternative tourism, a solid all-territories government structure should be developed. Alternative tourism enterprises are usually small and often

remote, with limited personnel and have more difficult access to the capital regional and local authorities, NGOs and private entrepreneurs of the alternative tourism sector, should be offered easy access to the policy and services, at the regional branches of the central governing structure

Hard infrastructures

The enhanced provision of hard infrastructure is highly recommended.. Better transportation and better power and pure water supply, together with waste disposal and sewage treatment will definitely have a positive impact to tourism. Especially as regards the development of alternative tourism, which targets the most remote regions of the country where the level of such provision is less than adequate, the potential results should probably be very positive, as the conditions are not yet appropriate for any tourism development.

Human capital

The development of human capital is a task where considerable effort has to be made. More specifically, in the alternative tourism sector, the first need is for specific professional specialisations that will help the adaptation of the local skills, culture and natural resources to the construction and the supply of the tourism product. Second, for the specific knowledge necessary for the promotion and the easier access to national and international markets targeted. Schools providing specialisations that will implement the diversification of the tourism product to alternative tourism activities are thus needed.

Information technology

The information technology networks need to be developed and also the local enterprises need to become networked. Networking of the remote areas, where the majority of the alternative tourism enterprises are/shall be established, has still some way to go. This needs good and steady telephone lines infrastructure and specific promotion and orientation of the tourism business at the local level to join. Some incentives may have to be offered by the policy makers for the first steps to be done, until business understand the potential of networking and make further steps of their own.

Specific alternative tourism products

The alternative tourism niche types identified below are fast developing. The diversified supply of alternative products, if seen as a whole system, offers considerably lower seasonality of the tourist business and turnover. More specifically, policy should focus on the following products and issues:

- “Activity oriented” products are one group of alternative tourism. These are targeted to young or middle aged customers with environmental conscience and relatively good physical condition or abilities. These can be rural tourism, ecotourism, sport and/or training tourism and health care or wellness tourism. They are often based on the use of natural resources like lakes, streams and rivers, mountain trails in National Parks, as well as the use of natural hot springs.

Recommendation: Licences should be issued to qualified “alternative” tour-operators for the use of such natural resources. Also, for the use of safety equipment and skill-qualified personnel and for co-operating with equally approved local partners. Regular auditing should also be a part of the policy implementation.

- “Cultural oriented” products are another group of alternative tourism products. These can be based on religious tourism, gastronomy and/or wine tourism, traditional music/festival

tourism. Local skills and specificities may sustain cultural visitors, like local iconography and painting, wood carving, pottery, local live music, etc. These products mainly target middle aged and mature types of culture oriented customers. These people usually seek quality and exclusiveness, as well as a good itinerary in their vacation.

Recommendation: Policy should make it possible for local entrepreneurs, e.g. handicraft, vineries, etc., to co-operate with the relevant “alternative” tour operators, or build-up their own hospitality and marketing capacity to sustain their business in the tourist circuit. Local government and tourism agencies should accommodate in their tourism development planning the above, in producing a diversified and sustainable tourist product.

- Policy for all year round tourism. Specific provisions should be *considered* for the smoothing of seasonality and a diversified tourist product represents an important part of any strategy. Thus, central and local government should aim to use their resources to do support alternative offers and to promote “low” season tourist activities.

Recommendation: The municipalities might consider organising local festivals at the margin or well out of the high tourist season. Further, conferences, social packages for elderly tourism, large business packages should all aim off-peak. The municipalities should organise local festivals at the margin or well out of the high tourist season. This will add new life at the region. Further on, conferences, social packages for elderly tourism, large business packages should all aim off-peak. The aim is to develop a 12 month operating tourist destination, with one or another activity each time leading the trend.

Licensing and auditing

While central government provides basic legislation, a network of interactive, licensing and auditing bodies should exist. Each of the above alternative types should be identified and licensed as such by some licensing/auditing authority. The latter can be either public, or a delegated private institution assigned with this task. (i.e. possibly the Bulgarian State Tourism Agency (BSTA) and more specifically its proposed regional branches).

International learning models in OECD countries

The following three cases were considered as more suitable to use as learning models: the first model is the presentation of the structure of authorities and policy for alternative tourism in Greece. The following two models are two examples of implementation. Model two is the description of one agency-partnership project and model three is reference to two private investments, under the specific alternative tourism legislation. Reference is made as analytically as it is legally possible. The relevance of the approaches to Bulgaria will always be kept in mind and referred to.

Administration of tourism and policy for alternative forms in Greece

Structure of administration

As a first learning model it was considered appropriate to present a brief analysis of the structure of authorities of tourism in Greece and the policy for alternative forms of tourism.

The main body of central administration of tourism, responsible for providing legislation and auditing the implementation and development of tourism in Greece is the “Ministry of Tourist

Development” (or Ministry of Tourism or «YIITAN»). The ministry was founded in 2004¹². Before, tourism was represented in the central government via the Ministry of Development and other ministries in older times. Practically, though, the governing body had been the Greek National Tourism Organisation (GNTO), but there was some confusion on the limits of its jurisdiction. Long discussions and change in government have taken place in the meantime.

The oldest body for the administration of tourism is the GNTO¹³ or «EOT». It is concerned with the implementation of the legislation, nationwide, or, in other words, the body that comes in contact with the investors, facilitating and auditing their efforts.

The structure of the Organisation is a model structure and is developed through many decades of operation. GNTO has apart from the central office in Athens, regional offices in all 13 regions. It also operates some 30 information desks in major tourist centres (airports, etc.) throughout Greece, as well as at least 25 offices in major cities all over the world.

Other institutions that are supervised by the Ministry of Tourism and support the administration of tourism, according to law 3270/04 (Government Gazette 187/A/11.10.2004), are:

- The Organisation of Tourism Education and Training (O.T.E.K.)¹⁴. This body constitutes the specialised state organisation which is responsible for the professional training of personnel in relevance to the tourism business. It operates under the Ministry of Tourism. OTEK consists of the Former Schools of Tourist Professions (2 advanced and 8 standard schools) and of the Schools of Tour Guides (6 schools nationwide);
- The Tourism Development Co.¹⁵ (formerly Hellenic Tourist Properties S.A.) was established in 2000 with the view to becoming the “managing arm” of Greece's Stated-owned Tourism Property. Tourism Development Co. is a leading Greek real-estate asset manager, acting in between the public and private sector in order to assure optimal property development, contributing thus to meeting tourism property goals. The state owned tourism property portfolio managed by Tourism Development Co. numbers over 350 assets scattered throughout Greece that cover a total area of about 70 mil. sq.m. and consists of business units - casinos, marinas, hotels, organised beaches, natural springs, camping, ski centre, golf course, etc. - and undeveloped sites;
- The Hellenic Chamber of Hotels¹⁶ operates as a Legal Entity of Public law since 1935 and is supervised by the Ministry of Tourism. It has as members by law all the hotels operating in Greece and it is managed by an Administrative Council of elected representatives of the

¹² The Ministry of Tourism is established by the presidential decree 122/2004, with the competence as defined in law 3270/04 (Government Gazette 187/A/11.10.2004). Minister of Tourism: Fanny Palli Petralia (former minister Dimitris Avramopoulos). Secretary General of Tourism: Maria Yianniri.

¹³ The GNTO (www.gnto.gr) was first established in 1927 and re-established in 1950 by Emergency Act 1565/50 (ratified by law 1624/51); since 1950, the GNTO constitutes the ruling state agency for the tourism sector. According to the latest law 3270/04 (Government Gazette 187/A/11.10.2004), GNTO consists of the Head Office located in Athens and the Regional Departments of Tourism (as of 01.01.2005).

¹⁴ Organisation of Tourism Education and Training: www.ste.edu.gr.

¹⁵ Tourism Development Co.: www.tourism-development.gr.

¹⁶ Hellenic Chamber of Hotels: www.grhotels.gr.

hotels all over the country and representatives of the State. The HCH is member of the Confederation of National Hotel and Restaurant Associations in the European Union (HOTREC). The main activities –among many - of the HCH are the study, the suggestion and the application of every measure which contributes to the development of the Greek hotel industry;

- The National Board of Tourism¹⁷ is a wider body, of advisory character, consisting of the minister, the chairman of GNTO and about 30 chairpersons of various associations and unions of the tourism business. It serves as a melting pot of the various interests and as an advisory body to the ministry.

Rationale for the policy intervention

Alternative tourism is defined as tourism, where the main attraction for tourists is the physical and cultural environment of the destination and it encompasses both passive cultural sightseeing and active sports activities, responsibly based on an area's social and natural resources (Bramwell and Lane, 1993; Harrison and Husbands, 1996; Komilis, 1993; Mieczkowski, 1995; Middleton and Hawkins, 1998; Scheyens, 1999).

The rationale of creating a policy intervention related to the promotion of alternative forms of tourism is that such specific types of investment are considered as socially and nationally desirable. These forms serve as a necessity for the diversification and sustainability of the tourist product and the regional economic development. Thus the policy describes the desirable and eligible forms that may have a strong financial incentive (50% subsidy), from national and EU funds.

The main legislation for development of alternative tourism activities in Greece is currently the following: The “Operational Programme Competitiveness” belongs to the Community Support Framework. The “Axis 5” of “O.P. Competitiveness” is concerned with Tourism and the “Measure 5.3” is concerned with alternative tourism. The Action 5.3.2 of the law targets in “Support of entrepreneurs investing in alternative forms of tourism”. Under this legislation the private investors are called to exhibit their interest, i.e. to proceed to applications of plans of investments.

The aim of the Action 5.3.2 is “to support enterprises that engage in alternative tourism activities, target specific market groups, exhibit the natural beauty of a region without destroying it and diversify the Greek tourist product”. The eligibility of enterprises is provided in the legislation. The same holds for the eligibility of types of investment. For example, the upper limit for buildings is 40% of the investment, while the one for immaterial actions is up to 20%. The last may include business plan studies, personnel training, marketing research, et al., but not common advertisement, leaflets, etc. At least 40% should be in equipment for alternative tourism (for example: boats, sails, horses, tents, uniforms, ropes, electronics, etc.). Furthermore, the upper level of the investment plan should not exceed the turnover of the company of the past three years.

The financing of the programme (i.e. of the eligible investments that will be finally admitted to it) is by 35% by the European Union, via the European Regional Development Fund (ERDF) and by 15% by the Greek State. The remaining 50% will be the private contribution.

¹⁷ National Board of Tourism: <http://www.gnto.gr/pages.php?pageID=887&langID=2>.

Why the approach is relevant to Bulgaria

The formation of a sound administrative structure is relevant and important for Bulgaria. One of the major shortcomings, which also came up from the field study, is the imperfect continuity in administration. There is an operational gap between central governments, regional authorities or associations, municipalities and local actors. The imperfections, or frictions, stem, in part, from the administrative structure.

The policy – as regards the legislation for the development of alternative tourism – is relevant to Bulgaria, to the extent that it will very soon be in a position to be eligible for financing of investments via the Structural Funds of the European Union. What may be the key to this is the construction and adaptation of the appropriate development legislation to the EU procedures and, of course, the administration of the whole issue.

Obstacles and response taken, reasons for the success or failure

It took the whole second half of the 20th century to realise that tourism was equally important as manufacturing, shipping and agriculture, which have their own ministries. The Ministry of Tourism, established in 2004, has been a solution to various frictions in the implementation of the national tourism policy.

The ministry (still) does not have regional nationwide offices and thus it is based on GNTO. GNTO is doing the demanding job of facilitating, auditing and licensing, because the ministry lacks the capacity and structure to do. Of course there is space for lower tier regional or local administrative bodies.

The emphasis on coastal tourism and the success of the “sun, sea and sand” package, led to the lack of motivation by the tourist industry to pursue alternative forms of tourism until very recently. Legislation providing incentives for alternative tourism arrived relatively **late in Greece**. There has been the European example and the pressures of scientists, researchers and the environment groups that played their role. More than 113 investments have been approved in two years under the “5.3.2” law, among a larger number of applications, which can be regarded as a success¹⁸.

Considerations for successful adoption in Bulgaria

Administration

It seems that if Bulgaria utilises the above experience and moves faster towards the creation of a solid tourism administrative structure, with regional branches. The implementation of a tourism development strategy can be seriously facilitated. In a more flexible way, the existence of selected regional entities can be utilised through appropriate affiliation and delegation of activities. The latter, if adopted, will have to be done within a precise organisational diagramme and a specific delegation schedule. It is not very easy as a rather express political will is needed.

Legislation for alternative tourism

On the legislative front, experience shows that the general development efforts are usually not enough to promote alternative tourism. The big money tends to cluster in mass-tourism developments that serve the market conditions of today and exploit the resources for immediate profits. Specific

¹⁸ See Legislation, Action 5.3.2 on www.gnto.gr.

legislation, aiming the spatial dispersion of the tourist supply and diversification of the tourist product, should be explicitly put forward. To this end a sturdy policy will have to be expressed, at first, to be followed by specific alternative tourism studies at regional levels, aiming to sustainability. Upon these studies the country will base the development plan which will be included into the proposal to the EU. After adoption of such actions within the forthcoming Community Support Framework (CSF), where Bulgaria will be a beneficiary, the efficiency of the planning will be tested in action.

Contact details and website for further information

Greek National Tourism Organisation – GNTO: www.gnto.gr
Hellenic Chamber of Hotels: www.grhotels.gr
Tourism Development Co.: www.tourism-development.gr
Organisation of Tourism Education and Training: www.ste.edu.gr

Regional Innovation for Peloponnesus (RIPE)

Description of the approach

The RIPE Project (Regional Innovation for Peloponnesus) is a program aiming to the import of innovation in the region of Peloponnesus and it is being implemented within the framework of the general European Program “Innovative Actions 2000-06”. Similar programmes are being implemented in entire Europe (roughly 133 programmes), within the above framework.

The Arcadia Chamber, (managing body), supported by the General Secretary of the region of Peloponnesus, submitted a proposal for this Programme, which was approved by the EU on 03/15/2002. The Project has duration of 24 months and its actions cover the entire region of Peloponnesus. The financial contribution of the EU amounts to 1 913 600 Euros, the national contribution to 478 000 Euros, while the private contribution is 173 000 Euros.

The steering committee of the programme consisted of representatives of the following bodies: the Regional Secretariat (state government); the Chambers of Commerce and Industry of 5 Prefectures; the University of Peloponnesus; a Regional Development Company named “Peloponnese” members of which are members of Local Authorities; the Project manager of RIPE Programme.

The programme consisted by five actions, of which the relevant for our case are the following:

- **Action 1:** 1.1 Regional Innovation Strategy and Action Plan; 1.2 Regional eco-tourism Support Centre; 1.3 Virtual Business Incubator Facility; and 1.4 Business Co-operation for Traditional Products Development.
- **Action 2:** 2.1 Information Society Services for Rural Areas; and 2.2. Regional Development Information Service.

Rationale for the policy intervention

The region of Peloponnesus is situated in the southern part of mainland Greece. It has a population of some 700 000 or about 6.5% of the country's population and 11.7% of the country's area. Around half of the population of the region lives in rural areas.. Half of the region's area is covered by mountainous highlands. It is among the least developed in Greece and in the EU. Per capita GDP was 80% of the country's average and 50% of the EU average while the gap between the region and Greece as well as the EU is growing.

The economy of the region is characterised by a dominant presence of the primary sector, which produces 30% of the region's GDP and employs over 40% of its working population. The services sector produces 46% of the region's GDP and the secondary sector contributes only 23% of the region's GDP. The region lies substantially behind the country in the educational level of its population. The region features significant and increasing intra-regional differentiation in its level of development.

With respect to public infrastructures the most important handicap of the region has been in the past the lack of a proper transport network. This has been now partly addressed. In the field of technology the region also lies behind the rest of the country. Its telecommunications services are among the worst in the country. Also the region lacks the kind of higher education institutions that exist in many other Greek regions. However position is improving in this latter respect.

Given the above weaknesses, the strengths of the region and its opportunities for development lie in its geographical position including its proximity to Athens, in its very rich natural environment resources and cultural-historical and archaeological heritage and in its specialisation in the production of high quality agricultural products. These strengths provide the conditions for a modern and export oriented primary sector in parallel with the development of alternative tourism (eco-tourism).

Why the approach is relevant to Bulgaria

The approach is relevant and suitable to Bulgaria because there is an entrepreneurial potential, which lacks guidance and also several agencies and associations that need to come into partnership, of which this project is a good example. Also poor infrastructure and low levels of networking are conditions similar to the ones described above.

Such a partnership model can offer three types of benefits the regions of Bulgaria, if applied. Firstly, it can support and promote enterprises that are activated in the various diversified alternative tourism sectors, in which one specific region has some advantages. Second, it can offer to one region the tools and the education on the new information technologies, so that it will no longer be isolated from development. Finally, it can deliver to the region a plan for getting financial support for innovative actions from the Community Support Framework for the next CSF.

Reasons for the success or failure of the approach

The main issue that may characterise the success or failure of the approach is the degree of fruitful partnership attained within the project.

The programme partnership, as we saw, included the key development institutions from the public and the private sector of the region, whose top political leadership makes up the steering committee of the programme. Overall, the partnerships were well balanced between the public and the

private sector and this was a success of the programme. The Chambers were instrumental in initiating the programme and focusing its strategy for innovation.

Nevertheless, there are important aspects where the project was weak. First, the region did not have a systematic strategy and action plan for innovation covering the whole spectrum of its socio-economic development. Second, the region did not possess the specialist resources and know-how available in several other Greek regions that are endowed with regional universities and a new economy business sector.

Finally, the introduction and promotion of innovation in the region had to face incompetence among some local actors, difficulty in implementing experimental or pilot actions and required an investment in evaluation and learning. Lastly, some actions did not fit into the regulatory framework of the CSF.

The obstacles faced in implementation and the quality of the response taken

The obstacles can be summarised examining the role each of the main players and control system had in playing and the difficulties in attaining the task. The implementation of the programme involved five different types of players and levels of respective control functions. In each case there were issues that had to be faced and solutions that have to be found.

The *independent auditor* was appointed by the steering committee and had to be selected.

The *program contractor*, and managing body – the Chamber of Arcadia often had to operate as an intermediary between executive partners and the paying body. A good co-operation had to be maintained at all times.

The *regional fund* effected all financial transactions according to the established rules and regulations concerning EU funded programmes. Knowledge and implementation of the proper transaction procedures was a heavy task.

The *executive partners* are the responsible for implementing the actions of the programme. Each executive partner is also responsible for his own budget, progress reports, and accounting information system. Problems always arise and response has to be smooth and effective.

Considerations for successful adoption in Bulgaria

The project described is one project, supported by the European Community, for rural development based on networking, alternative tourism and special primary sector production. The first and main precondition for a successful adoption of such a partnership is the efficient co-operation of the partners. Second, and also very important, is the compliance with community policies, as for example with the Community legislation on environment. Overall, the control system, including the following five layers: the independent auditor, the regional secretariat, the paying body, the managing body and the executive partner should co-operate flawlessly.

Contact details and website for further information

Regional Innovation for Peloponnesus:

Contact: Ms Anna Andrikopoulou (General administrator of the project)

Web-site: www.ripenet.gr

The Chamber of Arcadia is the managing chamber:

Contact: Mr Nicos Totsis (Chamber of Arcadia responsible)

Web-site: www.arcadianet.gr

E-mail: ripe@arcadianet.gr

Private investments in eco-tourism

Investments by the private firm “Lead” in the field of alternative tourism are to be described here.

Description of the approach

Lead S.A.

The company Lead Sustainable Development S.A. is the central core of the “Trekking Hellas” group of companies. Trekking is operating since 1987 and is the oldest and largest company practicing alternative tourism in Greece. Lead was born in 1997 and it mainly serves as the business management centre of the Trekking group. The group today consists of 12 companies with a permanent staff of 70 people all over Greece. Lead had a turnover of €2 055 661 in year 2005. Lead is aiming to corporate customers, inland customers and international ones. Also Lead proceeds in franchising of the trade mark “Trekking Hellas” to selected firms all over Greece. Lead has some 6 000 customers every year, has a database of 25 000 customers and has carried out over 120 corporate programmes.

Lead has good and developed international connection, having some 1 600 foreign customers and being the correspondent of the French sport organisation for the young UCPA and also being the Greek appointee of the British organisation “Outward Bound”.

At this moment Trekking Hellas has 11 camps, operating as autonomous enterprises, in Evrytania, Trikala, Grevena, Arkadia, Ioannina, Athens, Thessaloniki, Patra, Larissa, Lefkada, Kriti.

The company prepared a new investment proposal to the Action 5.3.2 consisting mostly of alternative tourism equipment and computer upgrades; no construction works are claimed. The company follows a continuous trend of investing in technical and mechanical equipment for alternative tourism as well as information technology. The aim is the improvement of the product offered within the competitive market of alternative tourism. The specific aims are the formulation of specific products for children and for corporate groups, the enlargement of capacity in rafting, the improvement of the safety and rescue equipment. Last but not least is the improvement of the company’s information capacity.

The investment proposal of Lead S.A. amounts to €199 828 to be completed within 15 months. The investment proposal was approved to an amount of €193 000 by the scrutinisers of the law. Thus the company will receive some €96 000 from national and community funds after the completion of the investment.

Rationale for the policy intervention

Europe has been at the heart of eco-tourism growth in recent years. Eco-tourism has proved very popular among the professional classes and higher educated segments of the population in many countries including the UK, the Netherlands, Germany, Scandinavia, and France in particular. Many European destinations which have not previously attracted many tourists, have managed successfully to attract eco-tourists offering a range of products that are based on their particular natural and cultural resources.

Greek regions are extremely well endowed in natural and cultural resources. These include a unique and picturesque countryside, attractive mountainous landscapes, a hundreds years' old tradition of folk arts, music, food, and life style and friendly, hospitable, local communities. These can become successful eco-tourism destinations because of its outstanding cultural and natural attractions.

The objective for promoting the above private investments in alternative tourism via financial incentives under special provisions of the law was applied aiming to strengthen in a sustainable way the local economies.

Why the approach is relevant to Bulgaria

The approach, in this case, can be summarised as the guidance and financial support by the state regarding the private eco-tourism firms. Such firms are invited to establish, to improve in quality and expand. Firms need experienced staff, proximity to visit-worthy natural resources, inter-networking and some capital. The approach is extremely relevant to Bulgaria.

Apart from the coastline, Bulgaria is mostly mountainous, and full of natural beauties and cultural resources. These are first class scenery for the establishment of new and the expansion of existing firms related to alternative forms of tourism.

Legislation providing financial incentives for private firms specifically in the alternative types of tourist product will work in effect as a catalyst. It will also guide and audit the investments regarding their establishment and operation.

The EU structural funds, in which Bulgaria is already eligible, are supporting alternative tourism actions. The private investments in alternative tourism have to find their way to these funds. This is also responsibility of the administration of tourism in the country.

Reasons for the success or failure of the approach

Lead S.A.

The company is a well organised company and already has experience with international clientele. Experience in marketing of the business pays off. Latest technology and safety are crucial. When numbers of clients increase, the possibility of an accident becomes more than a tiny statistic and relevant care should be taken as regards safety, rescue and insurance. The company applied successfully for state/EU support (Action 5.3.2) for an investment project on expanding its safety equipment. The accumulated experience, a considerable size, the nationwide spread and the approval and co-financing of the current investments give the firm good future prospects.

The obstacles faced in implementation and the quality of the response taken

Lead S.A.

Trained personnel: Lead S.A. finds it as a great challenge the creation and employment of good and qualified staff for its activities. As a response it supports various educational foundations offering seminars and training in the fields of alternative tourism. The graduates from such programmes may be hired as apprentices, trainees and later as permanent staff.

Feedback and innovation: A next serious concern of the company is the creation of new products and services. These may include activities and places. Each new proposal is first tested and approved. To find new ideas the company sustains a feedback with their clientele via questionnaires. These provide their evaluation and level of satisfaction for the services they received and provide ideas for improvements or totally new ideas for consideration. Usually there is a follow-up via a “many-thanks” mail or in cases of issues to be discussed, with a telephone conversation.

Marketing: The Company has specific web-sites for each type of activity. They consider these offer them wider exposure to the public and better marketing of their product. The cost of maintenance is always a small fraction of the positive effect. The sites of the firm that are currently available are:

- www.corporate-events.gr,
- www.outdoorsgreece.com,
- www.trekgreece.com,
- www.familyholidays.com,
- www.trekking.gr.

International network: The firm is in stable co-operation with tour agencies in many countries abroad, which make the company visible in the respective markets and (may) provide customers. Great Britain: World Challenge, Exodus, Explore Worldwide. France: UCPA, Terres d’Aventure, Club Aventure, Atalante, Explorator. USA and Canada: Mountain Travel Sobek, Rei, Cross Country International, Journeys International, Hidden Places, AAVE, World Expeditions. Japan: World Expeditions. Nepal: Alpine Travel. India: IndoAsia Tours.

Considerations for successful adoption in Bulgaria

Private eco-tourism firms like the ones described above could operate in the territory of Bulgaria very successfully. The natural resources and the skills are there, the capital, the organisation and the marketing are variables to receive some attention.

Specific provisions in the legislation for financial development or tourism development, providing financial incentives for firms in alternative types of tourism, is one debated but effective way to proceed (Eurogreen Network, 1995; Connor and Dovers, 2004). This model firm used successfully – as described – the 5.3.2 legislation.

The model firm presented above provides various technical and detailed aspects in its web-sites. A lot of information is given regarding the structure and operation of the firm, while further answers

could be possibly obtained with contact through the web-site from any Bulgarian existing or “to be” firms. Finally it should be noted that the firm created a version of its web-site in Chinese.

Contact details and website for further information

Lead S.A.:

Contacts: Michalis Tsoukias (Company President); Christos Lambris, Dimitris Andonopoulos, Alexandros Lamnidis (Board)

Web-site: www.outdoorsgreece.com; www.trekgreece.com;
www.familyholidays.com; www.trecking.gr; www.corporate-events.gr

E-mail: info@trekking.gr

Address: 7, Filellinon Str., 105 57 Athens - GREECE

Telephone number: Tel: +30.210.3310323, Fax: +30.210.3234548

Other similar alternative tourism companies:

Web-site: Eco-action: www.ecoaction.gr; www.alpinezone.gr;
www.rodiawetlands.gr; www.alpinclub.gr; www.mountains.gr;
www.archelon.gr

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Key policy challenges and needs in support of alternative tourism development in Bulgaria

by Chris Cooper

Introduction

Diversification away from high volume, low yield tourism is a priority for Bulgaria's tourism sector. This is articulated in the forthcoming Bulgarian tourism strategy with the aim of increasing the yield per tourist, reducing both temporal and geographical seasonality, reducing dependence on foreign tour operators and shifting the tourism sector towards a sustainable model. Tourism in Bulgaria is dominated by mass tourism at the Black Sea Coast and in selected mountain resorts. This form of tourism is potentially damaging to the environment and to local communities, as well as being highly seasonal. Diversification of Bulgaria's tourism will need support for expertise in the development of niche areas of tourism and for the small enterprises that can deliver these tourism products. Diversification delivers key benefits to the Bulgarian tourism sector, specifically:

- It is a natural complement to mass tourism and the two forms of tourism can develop in a symbiotic, rather than a conflicting, relationship. In effect this reflects the fact that the two forms of tourism can complement each other: mass tourism delivers a large market to Bulgaria which alternative tourism enterprises can then access, whilst for mass tourism the development of alternative tourism broadens Bulgaria's product base allowing further development of touring circuits and enhancing the competitiveness of Bulgaria in international markets;
- It will attract high yield tourists who will appreciate the environmental and cultural heritage resources of Bulgaria. The proximity of the European tourism generating market is an advantage here;
- It provides an opportunity to diversify away from the limited number of Bulgaria's key tourism markets;
- It will reduce the chronic seasonality experienced in the mass tourism resorts, and consequently will increase accommodation occupancy in the shoulder months and off-peak;
- It will reduce the intense geographical concentration of mass tourism at large Black Sea and mountain resorts. This will benefit the economy of rural regions by generating and capturing tourist spend and employment and stemming depopulation;
- It will diversify Bulgaria's tourism products to allow development of sectors such as culture, heritage, eco-tourism and food and wine tourism. It therefore encourages diversification away from the *identikit tourism developments* experienced at the Black Sea coast and in the Mountain resorts;

- It encourages increased quality of tourist products and support services to meet a discerning market demand;
- It will reduce dependence on foreign tour operators. Overdependence on tour operators means that destinations cannot determine their own market or prices, and most revenue leaks back to the tour operators' HQs in northern Europe;
- It will reduce the need for Bulgaria to compete on price. Currently Bulgaria is highly price competitive against other European destinations, but this will change in the future. Diversification into high quality products will insulate against price competition.

Diversification will also have broader benefits as it will dominantly be crafted and delivered by SMES. This will have the benefit of ensuring that the economic benefits of tourism flows (particularly spend and employment) are captured by the local community, entrepreneurship skills will be developed and regional areas of Bulgaria will become competitive in terms of tourism. Policy support for diversification must therefore be effective at the local level in terms of ensuring that municipalities and SMEs can access both expertise and funding. Effectively, diversification will depend upon tourism products that are delivered at the local level by SMEs, supported by financial incentives, delivered by a trained workforce and supported by co-operative arrangements between SMEs in particular destinations (networks and clusters).

Bulgarian tourism policy

Strengths of Bulgarian policy approaches

Bulgarian tourism policy has evolved considerably to accommodate the transition to a market economy since 1989 and will continue to do so as Bulgaria gets to grips with the demands of EU membership. Tourism is designated as a priority sector in Bulgaria and in most regional and municipality development plans. There are three strengths in the current policy approach.

Firstly, the organisational structure for tourism is in place at each level of government. At national level, the Bulgarian State Agency for Tourism (BSTA) is responsible for developing national tourism policy, legislation, marketing and regulating tourist enterprises. It reports directly to the main body of executive power, the Council of Ministers, it is funded by the Ministry of Economy and Energy and advised by the National Tourism Council. At the regional level there is the potential to bring together the public and the private sector and to act as intermediary between the national and the local levels. However, the regional tourism associations, regional economic councils and planning authorities who represent tourism are poorly organised, poorly funded, lack focus and have overlapping responsibilities. This is problematic for tourism as it means that these regional organisations are handicapped in their co-ordination role. As a result, it is at the regional level where the organisational structure for tourism is at its weakest. At the local level, municipalities have considerable tourism powers and autonomy, particularly in terms of planning, infrastructure, marketing, and the grading of accommodation. At international level, a key challenge will be the ability of the Bulgarian tourism sector to engage with EU legislation, funding support for tourism from the various structural funds available, and the spatial planning and governance systems demanded by the EU. Finally, there is a large number of tourist associations representing various private sector and other stakeholder interests, but who form an integral part of the policy environment of Bulgarian tourism.

Secondly, a tourism strategy is in the final stages of being drafted by the STA. This will provide the framework for more detailed action plans from 2006 to 2009. This strategy will be key to the

future development of Bulgarian tourism and in particular its diversification away from mass tourism. The advantage of the strategy is that is designed to be collaborative across all levels of government and key tourism stakeholders. The strategy will place targets on visitor numbers for key market segments, and the economic contribution of tourism. It aims to reduce the geographical concentration of tourism and seasonality, putting in place public private partnerships to deliver tourism products, establish a tourism market research programme and develop a strong Bulgarian presence on the Internet. In terms of diversification, the strategy has a useful approach, based upon the notion of using Sofia as a gateway, investing in key anchor attractions, or tourism hubs, in selected municipalities, linked to clusters of niche products around these anchors. These destinations will be linked by touring corridors both within and between the municipalities to deliver a coherent development of the destinations. The municipalities will be selected on the basis of either already being major tourism destinations, or destinations with significant potential. This will deliver both diversified tourism that will be supported by larger developments to give critical mass, and geographically dispersed tourism. It is intended that both EU structural funds and Bulgarian policy and financial instruments to encourage tourism development in priority areas will assist in the delivery of this strategy.

Thirdly, a legislative framework for tourism is in place comprised of:

- The Tourism Act (2002);
- The Ordinance of Licensing of Tourism Activities; and
- The Ordinance for Classification of Tourism Objects.

Together these three strengths deliver a structural, legislative and policy framework to take Bulgarian tourism forward over the next five years. However, as will be seen in the next section, there are a number of inherent weaknesses in the current structure and its operation.

Weaknesses of Bulgarian policy approaches

At first glance the structure and processes described above should allow Bulgarian tourism to function efficiently. However, Bulgarian tourism policy appears to be struggling to meet the demands that are being placed upon it by developments in the contemporary tourism sector. Not least, this is because the country has undergone a major transition towards a market economy following the political changes in 1989. In addition, the tourism sector itself has undergone major changes, not only in terms of the market and its expectations, but also in terms of how this market is reached and supplied, and of course issues of safety and security. Both technology and globalisation are major factors here and the Bulgarian sector has largely been sheltered from these forces. However, as the country has achieved its full membership to the EU and attempts to become competitive globally, it will need a policy framework that delivers a competitive, sustainable and diversified Bulgarian tourism sector. This should be a policy that has been derived through a transparent process of consultation, a disciplined market analysis and based upon partnership and communication with the tourism sector itself. Under the current structure, these elements of policy formation are in their early stages, partly due to the tradition of 'top down' policy formation in Bulgaria, and partly due to the lack of expertise in tourism policy formation that has been identified elsewhere in this report. In addition the policy should be multi-layered, addressing international, national regional and local issues. In particular it should be sharply focussed to ensure delivery of a diversified tourism product at the local level. This can only be achieved if tourism is closely articulated with other policy areas such as SMEs, transport and the environment. The policy should be one that facilitates a successful tourism sector, rather than the current style that seeks to regulate and control. If this is to be achieved, then current policy approaches have a number of serious weaknesses that will need to be addressed. These are in

terms of the structures and agencies in place to implement policy, and also the focus of the policy itself.

Taking structural issues first, there are four areas of concern:

- Firstly, whilst there are agencies in place to formulate and implement policy at national, regional (to a lesser extent), and the local level there is a serious lack of co-ordination, communication and co-operation across these agencies. It was clear from the field study interviews that co-ordination horizontally across government is weak, or even non-existent. This is particularly problematic for a sector such as tourism, which depends upon a number of factors to be in place to be competitive – infrastructure, environment, transport and labour are obvious examples. However, the team saw clear evidence for example, of lack of co-ordination between the BSTA and (i) the agency responsible for SMEs, and (ii) the Ministry of Culture where critical expertise lies in the conservation and presentation of Bulgaria's heritage. Equally of concern was the evidence that few municipalities co-operate together on tourism projects. This will be a problem in attracting EU funding in the future. In many countries, where tourism policy has matured, there are formal mechanisms for this co-ordination to take place nationally across the relevant agencies. In Australia for example, there is a parliamentary committee of MPS 'the friends of tourism' who regularly meet to ensure that co-ordination takes place across all relevant ministries. This is supported by a cross-departmental committee of civil servants from relevant ministries who meet to ensure co-ordination of tourism initiatives and policy.
- Secondly, there appears to be little co-ordination vertically through the system such that municipalities, the regions and the BSTA do not communicate or co-ordinate their actions effectively. This was clear in the interview with the BSTA when it was stated that the national tourism strategy would have little or no impact on the tourism development process at the municipality level. Critically for the future, the tourism sector will need to work within the EU NUTS spatial planning regions for Bulgaria (6 planning regions, 28 prefectures – oblast - and 256 municipalities). This will ensure that the tourism sector will be able to engage effectively with the EU and source funding. Whilst it may be that this overall lack of co-ordination is a historic legacy of communist rule, almost 20 years on from that regime, it is a concern that there appears to be such a strong level of mistrust and inability to communicate and share information.
- The lack of co-ordination may also be linked to the lack of expertise and capacity throughout the Bulgarian public sector that was often cited by interviewees in the field visits. This is an issue that also needs to be addressed. This lack of capacity is a concern in terms of policy implementation particularly at the local and regional levels.
- An additional structural concern is the fragmentation of the tourism sector itself. This has resulted in a failure to effectively lobby government in terms of the policy process. There is a plethora of NGOs representing personal, sectoral and other interests across the country, yet there is no co-ordination or co-operation amongst them, which significantly weakens the voice of tourism nationally.

The second area of concern lies in the focus of current tourism policy at all levels. Bulgarian tourism policy currently does not address the contemporary needs of the tourism sector in terms of the need for diversification, transparency and communication. The focus remains upon mass tourism and little attention is paid to diversification. On this point, the policy shows weakness in terms of:

- A policy making process that is neither collaborative nor in partnership with the sector. The current process is bureaucratic and top-down;
- Contemporary education, training and capacity building approaches to tourism are not evident;
- There is little understanding of the role of product development, including festivals and events which currently are under-utilised;
- There is little support for tourism entrepreneurship development, tourism SME clustering and the notion of learning destinations through facilitation and leadership from the public sector. It must be recognised that policy cannot create clusters but (i) can strengthen them and (ii) should be focussed closely on the municipal level.
- There is little understanding of role of technology in destination marketing and in fusing together stakeholders at the destination level;
- A disciplined and transparent approach to development and investment at the local level is lacking and policy has failed to address this;
- Mechanisms for inclusiveness and visioning amongst both destinations and within the sector itself are absent, as is recognition of the importance of coherent destination development;
- There is a failure to recognise the imperative of public sector-led market intelligence and research to underpin new developments, foster a market-led approach, and the marketing/branding of Bulgaria, as well as prioritising the domestic market; and
- Despite some ad hoc initiatives, there is a need for a more strategic development of cross border co-operation with key destinations such as Greece and Romania.

Whilst the proposed new strategy may begin to address these gaps, it seems also to have weaknesses in two key areas: (i) it is not based upon a disciplined analysis of the market for Bulgaria and the capacity of the sector to supply tourism services, partly due to the lack of data to support such an analysis, as recognised by the BSTA; and (ii) it does not deliver an overall vision for the future of tourism in Bulgaria. To be successful, this vision must be derived through a collaborative, inclusive and open manner and not delivered using a top down approach.

Examples of good practices in Bulgaria

Whilst the above section is critical of current public sector approaches in the Bulgarian tourism sector, the team also observed some examples of innovative good practice. These included the Hadji Velinov Han Guesthouse, the management approach of the Central Balkan National Park and the work of the National Association of Municipalities in the Republic of Bulgaria.

The Hadji Velinov Han Guesthouse, Fenerite

The Hadji Velinov Han Guesthouse is not only an example of current good practice in the Bulgarian tourism sector, but also points the way for how tourism enterprises and products should develop in the future. The enterprise is a family run accommodation unit that exemplifies good practice in the alternative tourism sector - it is small, based in a rural area, is focussed on quality and authenticity, and has overcome acute seasonality.

The guesthouse has been operating for 10 years and has 60 bedrooms. A double room costs 25 euros per night. The business depends upon domestic guests during the winter season, but does well in the international market in the summer, with 50% of visitors coming through tour operators.

The guesthouse is a model for the future development of Bulgarian tourism SMEs on the following parameters:

- *Authenticity* – the guesthouse occupies a complex of buildings that are authentic examples of Bulgarian rural domestic architecture. They have been sensitively converted to a guesthouse. The guesthouse uses home-grown, organic and locally-sourced produce in its food and beverage operation, ensuring that food is home cooked and of high quality, using regional recipes and ingredients. This contrasts with some local competitors who use supermarket produce in their food and beverage;
- *Local community engagement* – the guesthouse trains and uses local labour (partly in an attempt to stop locals migrating to the coast), uses local materials and crafts where possible in terms of furniture and fabrics and provides a base for the exploration and understanding of the local environment and culture;
- *Sustainability* – the guesthouse is run on sustainable principles, using local fuel, recycling and providing sustainable transport for its guests (such as cycle hire and horse riding);
- *Destination co-operation* – The entrepreneur who runs the guesthouse recognises the importance of co-operation both within the value chain and also at the destination. The guesthouse works closely with other SMEs in the area in terms of (1) joint promotion, and (2) managing capacity at busy times. The guesthouse also works with tour operators, co-operating to ensure that the destination benefits from their marketing power, particularly by accessing the excursion market from the coast for two night stays;
- *Competitive analysis* – In terms of the competitive environment, the entrepreneur is aware of the external competitive environment. New hotels are planned for the area and the entrepreneur is conscious that this will prove a challenge for the guesthouse. This will be firstly, in terms of the market, and aggressive pricing from competitors. In response, the guesthouse has joined the ‘Authentic Bulgaria Quality Mark’ in an attempt to build upon its strengths and to position itself away from cheaper and less authentic competitors. Secondly, as more hotels are built they will change the rural and undeveloped character of the area as well as exacerbate competition for resources such as water, sewerage and waste disposal.

The Hadji Velinov Han Guesthouse therefore provides a model example of good practice in the Bulgarian tourism sector, having developed a strong product based upon sustainable and authentic principles, demonstrated a co-operative spirit conscious of the needs of the destination as a whole, and yet whilst demonstrating a clear sense of sound business practice.

The Central Balkan National Park

National parks are a critical environmental resource for the diversification of tourism in Bulgaria. There are three national parks, and all land within the parks is state owned, with strict regulations as to activities and businesses that can operate within park boundaries. The Central Balkan National Park has implemented excellent management systems to ensure that tourism can flourish within the park, whilst at the same time natural beauty is conserved.

The Central Balkan National Park was established in 1991 with the aim of conserving both natural beauty and heritage for the local community. It is a category two park on the IUCN classification, comprising 716 square kilometres of mountainous land, spread across 9 municipalities and three planning regions. The World Conservation Union is the world's largest and most important conservation network. The Union's mission is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable (www.iucn.org).

The Park Directorate is a regional body of the national Ministry of Environment and Waters. The Directorate manages the park and is funded by the state budget and other environmental agencies as well as grants to support biodiversity. Funding is approved by the Ministry of the Environment and Waters. The goals of the Park Directorate are to:

- Conserve and maintain biological diversity;
- Provide opportunities for scientific research and educational activities;
- Provide opportunities to develop tourism; and
- Provide opportunities for livelihood and income generation to the local population.

These are potentially conflicting objectives and the Park Directorate works with the local population and the private sector to achieve a balance and deliver long-term conservation of the biodiversity of the park for future generations.

In terms of tourism, the Directorate is responsible for park infrastructure including interpretation and signing, as well as trails and their maintenance. There are 470 kilometres of managed, way-marked trails. It is also responsible for the safety and security of visitors and works with the mountain rescue service. The Bulgarian Tourism Union (BTU) has huts in the Park and there are a few private concessions operating bed and breakfast establishments, which were operating before the park was designated. The park supports a web site that acts a portal for all tourism activities. The portal cannot act as a tour operator for the park, although they recognise that this is needed. There are also educational facilities outside the park in Gabrovo, which act as extension services for the park with tourist information and educational facilities, although the educational element of the park's role is not as strong as in many parks internationally. Tourist activities in the park include:

- Hiking;
- Horse riding;
- Climbing;
- Mountain biking;
- Ice rock climbing;
- Naturalist tours;
- Paragliding; and
- Camping on private concessions.

The recreation and tourism activities in the park are managed through a number of initiatives:

- The Directorate has formed the Central Balkan-Kalofer Ecotourism Association to implement a small-scale eco tourism model in the park designed to engage local communities.
- The directorate has implemented a regional strategy for sustainable tourism at the community level involving all relevant stakeholders.
- The park's management plan (2001–10) operates on a series of zones, with 13 special entry points designated for access to the park and 9 important nature conservation reserves. The plan envisages that private concessions will operate tourism activities in the life of the plan. The park works with municipalities and the private sector to provide facilities on the edge of the park boundary – accommodation, food and beverage, and parking for example.
- The park has a visitor management strategy which monitors tourist numbers and nights spent in the mountain huts. The directorate also implements regular surveys of both visitors and residents. It estimates that around 50 000 tourists visit annually.

The Central Balkan National Park Directorate has an impressive management regime in place which recognises the importance of tourism in the park and carefully manages the resource to ensure that both tourism and nature conservation can co-exist.

National Association of Municipalities in the Republic of Bulgaria (NAMRB)

It is clear that the real power in terms of tourism lies at the municipality level in Bulgaria. Municipalities control development, have budgets for marketing and the power to raise a local tourist tax. One of the areas of weakness observed above is the lack of co-ordination across tourism agencies. The NAMRB is attempting to overcome this weakness by acting as a resource and co-ordination arm for Bulgarian municipalities.

NAMRB was established in 1996 to represent municipalities in Bulgaria. It aims to represent municipalities to the national government and the EU working both as a resource for municipalities and acting as a lobbyist. It promotes sustainable strong and accountable governance at the local level to protect the interests of municipalities. NAMRB has a general assembly of all municipalities as well as a smaller executive committee, which oversees the work of the organisation. There are 11 standing committees representing the various areas of expertise of the municipalities. Its work includes:

- Lobbying for a favourable legislative environment at the local level with the Council of Ministers and central government;
- Lobbying for financial decentralisation in Bulgaria to boost the resource base and capacity of municipalities to act;
- Working with municipalities to ensure that they can leverage from membership of the EU; and
- Establishment of a training centre to deliver strong and professional local government.

The powers of municipalities include tourism and the ability to raise a tourism tax, which can then be reinvested into the sector at the local level. In the major tourism destinations this can be a substantial tax base. The NAMRB has a sport, tourism and recreation sanding committee, which co-ordinates work in this area. This includes:

- Exchange of best practice such as say, in crisis management;
- Training;
- Lobbying of the STA;
- Advice to the STA on the Bulgarian Tourism Strategy;
- Support for tourism when applying for EU structural funds; and
- Creation of a positive investment climate for tourism, including advising and assisting potential investors.

NAMRB provides support at a critical spatial level of planning and management for tourism in Bulgaria. It also acts to integrate tourism with the other key planning areas such as infrastructure and the environment.

Policy recommendations

In terms of policy recommendations, if Bulgaria is to effectively diversify its tourism sector and to rise to the challenges of the contemporary global tourism market then the following areas should be addressed:

Structure and co-ordination:

- The administrative structure for tourism is largely in place in Bulgaria. However, it will be important to strengthen capability at the regional level and for the tourism sector to adopt the EU NUTS spatial planning system of 6 regions with a strong regional tourism agency in each region. These agencies should have marketing and economic development powers to facilitate and co-ordinate tourism in the regions, to aggressively attract inward investment using approaches such as tourism investment portfolios and demonstration projects, and co-ordinate bids for EU funding.
- Formal communication mechanisms should be put in place at national level to ensure that tourism receives attention in the key national agencies such as education, environment and transport. In many countries a co-ordinating tourism committee acts in this role.
- The forthcoming tourism strategy should contain a mechanism for vertical co-ordination between the municipalities, the regions and the national government, as a well as formal communication channels between the national government and the tourist associations.
- Clear responsibility should be established at each level of government for engagement with the EU mechanisms for funding.

A more contemporary policy focus and approach:

- Policy formation in Bulgaria should be more collaborative and inclusive and involve all key stakeholders in a transparent manner. Whilst there are some efforts to consult with the NARMB, the current approach to policy formation has not yet gone far enough in reducing the *top-down* mechanism. As a result it largely fails to engage stakeholders or guarantee their support.
- The policy focus should be more reflective of contemporary international good practice (in terms of transparency, inclusiveness, consultation and communication) and in particular for diversification, should encourage the development of SME clusters based on both products and destinations, learning destinations based upon co-operation and mutual benefit, and support for product development and innovation in tourism. This can be achieved through public funding for, and facilitation of, clusters and innovation.
- A more general policy focus that recognises the need for the Bulgarian tourism sector to meet international competitive standards. This would include support in the areas of education and training, technology, marketing and branding, market intelligence/research and transparent investment in tourism development at the local level.

Capacity building:

- None of the above recommendations will be effective without well-trained and capable human resources in both the private and the public sector. There is an urgent need for capacity building in both sectors for tourism.
- In the public sector there is a need for capacity building in (i) the basic understanding of how tourism works and the contemporary challenges faced by the sector, (ii) the basics of destination development and the role of and support needed by SMEs and entrepreneurs if they are to flourish, (iii) languages, and (iv) the workings of the EU and how to craft bids.
- In the private sector there is an urgent need for capacity building in (i) service delivery, (ii) technology, and (iii) languages.

International learning models

Australian regional internship programme

Description of the Approach

In Australia, non-metropolitan regional areas face difficult economic circumstances in attracting tourism and often do not have the requisite expertise to do so. In order to address this issue, the Australian Regional Internship Project was established as a joint initiative of the University of Queensland's School of Tourism (UQST) and a regional Australian community in the form of the Roma-Miles Tourism Development Unit (RMTDU). The objective was to promote collaboration and knowledge exchange between regional tourism operators and the higher education sector as a means of capacity building in the private sector. The approach is to place student interns into a rural community for a three-week period and rotate them among various industry members during that time. It offers selected students the opportunity to enhance their skills, expertise and experience in tourism and hospitality and apply the theoretical learning gained from their study in a professional context. It also

addresses industry skills shortages by exposing tourism students, who are nearing the end of their program, to professional development opportunities in regional destinations that currently face acute labour shortages. The project generated tremendous good will between the university and the local tourism authority and participating industry members and achieved a good transfer of knowledge and know how from the university to the local tourism community. As the Bulgarian tourism education sector matures, this model could be transferred to carefully selected destinations to provide much needed capacity and skills building for the private sector.

Rationale for policy intervention

Policy intervention was on the basis of funding from the local authority and the Queensland government. The rationale was two fold – firstly as a part of their support for the economic development of regional Australia, and secondly as part of the Queensland Tourism Strategy which stresses the importance of regional tourism and the need for the development of the tourism workforce.

Relevance to Bulgaria

This project has significant relevance to Bulgaria by transferring knowledge from academic institutions to the private sector in targeted destinations to assist in product development and awareness of the need to diversify tourism. As a result it is a cost effective means of capacity building for the private sector and will help to deliver international standards as recommended in this report.

Reasons for success/failure

The project was successful due to the commitment of the industry stakeholders in Roma Miles and their belief in the value of exchanging knowledge with the students. Also knowledge transfer occurred in both formal and informal settings demonstrating the importance of social networks as conduits for knowledge exchange.

Obstacles faced

The main obstacles faced were in funding the costs of students in Roma Miles, hence the need for policy intervention in the future to assist the project financially.

Consideration for successful adoption in Bulgaria

It is clear from the Australian operation of this project that the main considerations for success are clear commitments from the municipality and the relevant university and their ability to work in partnership. For successful adoption in Bulgaria, the following would be needed:

- Identification of a forward-looking university tourism programme with a willingness to be involved in partnership with a municipality.
- Identification of a municipality that recognises its capacity building needs amongst SMEs in the tourism sector and with a willingness to provide funding for ‘in kind’ support (transport, accommodation, training venue) for the university.
- A programme designed around both the specific needs of the municipality (needs identified by the SMEs themselves), and fitting under elements of Bulgarian tourism policy

(diversification, SME support) or EU policy (formation of learning networks and learning regions, or training initiatives).

- A project champion, either in the university or the municipality who would drive the logistics of the project and seek funding both from Bulgaria and the EU. The project also demands a close working relationship between the municipality and the university and may be based upon a previous partnership. Finally, it demands a clear understanding of effective knowledge transfer techniques.
- Realistically, this is a project which could be launched in the medium term – up to 2010.

A programme strongly focussed on the needs of the local tourism sector is also essential as is a well-structured and facilitated programme in the municipality. If successful, the project could become sufficiently developed to offer on a user-pays basis to various communities. This would also make the project self-funding on remove reliance on grants, etc.

Contact details

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Spanish destination networks for innovation

Description of the approach

Spain has been successful in initiating and maintaining innovative destination networks. In particular, Spanish policy has intervened to support informal learning networks based upon regional destinations. In this case, a key consideration is that Spanish public policies are in general designed to support the restructuring and diversification of traditional mass tourism destinations while sustaining the development of new products such as rural or cultural tourism. In this way, tourism planning in Spain sustains a tourism destination learning system focused on product innovation. Spain also has recognised the importance of tourism education, research, the value of support industries and pays strong institutional attention to tourism and the contributions it makes to the economy.

In addition to the destination focus, relationships with organisations outside of the local destination network are seen to provide greater differences in innovation benefits in Spain. Non-local relations with foreign distributors, mainly tour operators, are of varying strengths, whereas value chain relationships are typically strong. In these non-local relationships, innovations initially made outside tourism are further developed and adjusted to the needs of tourism enterprises through an interchange of specialist knowledge, ideas and needs.

This model shows that, contrary to the general assumptions of clustering, tourism firms possess loose local networks that mainly sustain dynamism and the transfer of general information, whereas stronger networks that sustain the transfer of ‘deeper’ specialist knowledge are a non-local network phenomenon. This combination of local and non-local networks has the potential to supply tourism firms with a combination of important network innovation benefits.

Rationale for policy intervention

In Spain, policy has been applied to enhancing the competitiveness of the tourism sector through diversification away from mass tourism. A significant arm of policy has been the support, funding and championing of informal networks of enterprises within mass tourism destinations.

Relevance to Bulgaria

Spain faced exactly the same problem as Bulgaria now faces - how to diversify away from mass tourism. Bulgaria can learn much from the Spanish approach and in particular the fostering of collaboration through destination-based informal networks of innovation that will help to create learning destinations and SME clusters as recommended in this report. It is also important to recognise the importance of the development of non-local network contacts for enterprises at the destinations as these contacts often provide the international quality benchmarking and required.

Reasons for success/failure

The majority of Spain's success in learning how to diversify away from mass tourism can be attributed to government efforts to establish (and support through legislation) innovation networks within the tourism sector. These networks are achieving significant innovation outcomes because the networks have been institutionalised and have nominated person/s to co-ordinate their efforts and continually drive them forward. Success can also be attributed to the way that the networks have been developed:

- Firstly, in terms of network composition, it was recognised that larger organisations are more innovative than SMEs. However, they have less flexibility to innovate than independent operators. Lifestyle SMEs are also less likely to innovate. Those most likely to innovate displayed an *entrepreneurial* character and were driven by business success.
- Secondly in terms of organisational culture, innovative organisations foster a culture of networking. Networks among independent organisations are strong determinants of innovation. They also display a more positive attitude to Information Technologies and are quicker to embrace it. They generally have a clear business plan, systems to measure customer satisfaction, and training plans for staff. Innovative organisations actively seek external knowledge.

Obstacles faced

The majority of obstacles faced relate to the need to break through the SME culture of not sharing information. Of course some SMEs, particularly the lifestyle entrepreneurs, are more reluctant to join networks and to demonstrate innovation and this was in issue in the Spanish networks.

Consideration for successful adoption in Bulgaria

Spain's success can be attributed to strong policy supporting a changing tourism industry, and has emphasised the importance of innovation in this process and, in so doing, has been able to procure entrepreneurship. This is a key lesson for Bulgaria, where such policy support is just beginning. If Bulgaria is to diversify its tourism sector and remain competitive, then innovation will be a key plank of this strategy and will need support. As shown in this section, the Spanish model has been successful in this regard and provides a useful model. In order for Bulgaria to successfully implement this type of model, funding for the development and management of destination-based tourism networks of SMEs

will be needed. A selection of pilot destinations should be identified to trial the networks. These destinations should be drawn from those identified in the Bulgarian tourism strategy as having already developed alternative tourism products and with the potential to grow further. Utilising both Bulgarian and EU funding for the development of innovation networks, a project officer should be employed to establish and develop the network, to identify network members (normally, SMEs, the municipality, and education providers), put in place SME training, and identify the needs of the SMEs and network activities. It will be important to establish an atmosphere of co-operation across the destination, to involve organisations outside of the destination to leverage external expertise and to ensure that network participants manage the network and its outcomes themselves.

Contact details and further information in:

Baidal, J.A.I. (2004), *Tourism planning in Spain – evolution and perspectives*, *Annals of Tourism Research*, 31(2), pp. 313–333.

Sundbo, J., Orfila-Sintes, F. and Sørensen, F. (2007), *The innovative behaviour of tourism firms-- Comparative studies of Denmark and Spain*, *Research Policy*, 36(1), pp. 88-106.

Switzerland and InnoTour

Description of the approach

Tourism is vital as a driving force behind growth and employment in Switzerland. The policy aim in Switzerland is to guarantee framework conditions that help the sector to develop in a positive manner. These framework conditions include promoting innovation. If Switzerland is to adapt to the new challenges of international competition through emerging markets (particularly in Asia) then it is necessary to procure the financial resources for research and development and for advising tourism companies. Supply needs to be modernised and demand stimulated by adopting an innovative approach. One example of a learning model supported by this policy is InnoTour.

To encourage innovation and co-operation in tourism, a Federal order creating a new instrument called InnoTour was voted in October 1997. The object is to modernise the structures of tourism supply by reducing bureaucracy to a minimum. Under the scheme, promoters of innovative tourism projects can apply for financial assistance from the State, though a number of conditions have to be met. These conditions are that the project has to:

- Be genuinely innovative;
- Be confined to the key areas of tourism supply;
- Abide by the principles of sustainable development;
- Help to improve the employment situation;
- Serve as a model that can be imitated;
- Be 50 per cent financed by the promoters themselves; and
- Be implemented by several companies jointly.

InnoTour gives priority to projects which yield economies of scale and synergies, help to resolve structural problems, have a positive impact on the frequency of visits and profits and which affect regions and branches that are highly dependent on tourism. An initial SF 18 million was made available to set up InnoTour, for the period 1997-2001. InnoTour provides financial support for training and further education, when appropriate, to strengthen weak links in the chain. This is helpful for example in cases where new products or processes to be successful require skills and know-how that are as yet unavailable. Particular emphasis is placed on helping new entrants in the tourism labour market from other sectors and the under-qualified. It also provides contributions for research and development on a selective basis, on condition that applicants agree to test the results in the market and to put them into practice whenever possible. InnoTour helps small businesses in the field of tourism to create a competitive climate of innovation. Since the year 2000, each year a Swiss tourism prize is awarded to the most successful innovations. These “Milestones” enhance the prestige of the winners and inspire others to enter the fray and attempt to outdo their rivals.

Rationale for policy intervention

The Swiss government clearly sees the fostering of innovation amongst tourism SMEs as a key plank of their revitalisation of Swiss tourism and has put in place legislative and financial instruments to set this in motion.

Relevance to Bulgaria

Innovation for SMEs and development of alternative tourism is critical for the future of tourism in Bulgaria and the policy approach adopted by Switzerland holds key lessons and relevance for Bulgaria. It is exactly this type of model that is needed to support diversification in a practical way at the local level. A key lesson is the way that the financial assistance for tourism has been developed to include certain conditions. Policy can use these conditions to shape tourism diversification and to ensure the quality of the projects and products that are supported. This will help to deliver international standards and an innovative sector as recommended in this report.

Reasons for success/failure

The key elements of success in this case are the appropriate application of financial instruments targeted at the tourism SME sector and the development of priorities to guide the application of the funding.

Obstacles faced

As with the second case outlined above, the key obstacle faced is the reluctance of SMEs to embrace concepts of innovation and the authority of legislators and planners. The lessons are the need for patience, and the application of training to familiarise SMEs with the approach.

Consideration for successful adoption in Bulgaria

Here, the major issue will be the development of policy and financial instruments that are sufficiently mature to recognise the importance of developing an innovation culture not only amongst SMEs in tourism at the local area, but that occur outside of the mass tourism destinations. This approach builds upon the Spanish example above because it delivers a sharply-pointed policy instrument to support innovative projects in tourism. It has the clear advantage of only permitting funding for projects that meet those specific criteria determined by the funding agency. For Bulgaria this allows identification of projects that not only innovate, but also tick such boxes as diversifying the

sector, reducing seasonality, have an element of training, factor in cultural tourism such as community initiatives or local food and wine, or encourage sustainable and ethical business practice. It would be relatively straightforward to establish such a funding scheme in Bulgaria, overseen by the State Agency for Tourism. The scheme could draw upon the operational knowledge of InnoTour but be closely tailored to the needs of Bulgaria. It would require clear guidelines for eligibility, transparent priorities both in terms of geographical regions and tourism products, and a monitoring system to ensure that funded projects meet their targets.

Contact details:

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Summary

The learning models that have been most successful have been in regions where government legislation has encouraged and institutionalised these networks, and where there is a clearly nominated leader/leading party that co-ordinates efforts and drives the innovation network forward. Equally, where financial assistance is provided for tourism development it is important that clear priorities for its use have been designed and are implemented. This provides a strong mechanism to direct future tourism development. If Bulgaria is to be successful in diversifying into alternative tourism products that are internationally competitive then the three models above have much to offer. The major challenge will be to engage and encourage local communities to embrace tourism without diluting their culture, and without commodification of tourism.

Conclusions

This review paper has sought to provide an external perspective on opportunities for the development of sustainable tourism policies in Bulgaria. It has made observations on the strengths and weaknesses of the current regional and local tourism environments and policy frameworks for the development of so-called alternative tourism; recommendations on how policy could further promote the diversification of tourism and entrepreneurship; and, provided examples of programmes and initiatives in other countries that illustrate the sorts of approaches that could be taken to implement the recommendations.

The impact of tourism on local communities is widely recognised as is its contribution to increasing the level of incomes and employment at the local level. Tourism has a special relationship, compared with other economic activities, with the environment and society. This is because of its unique dependency on quality environments, cultural distinctiveness and social interaction, security and well-being. On the one hand, if poorly planned or developed to excess, tourism can be a destroyer of these special qualities which are so central to sustainable development. On the other, it can be a driving force for their conservation and promotion – directly by raising awareness and income to support them, and indirectly by providing an economic justification for the provision of such support by others. Tourism can be a tool to aid or drive regeneration and economic development as well as enhancing the quality of life of visitors and host communities. Making tourism more sustainable will contribute significantly to the sustainability of European society¹⁹.

The review has highlighted how the diversification of the tourism sector is crucial for Bulgaria. Currently, 90% of tourism activity is focused on the Black Sea coast and in key mountain resorts, characterised by a high dependency to seasonality and a strong geographical concentration, with the result of a negative impact on both the environment and local communities.

Moreover, the report has shown how the need to stimulate, facilitate and enhance skills development, co-operation and an entrepreneurial environment related to the tourism sector is critical for Bulgaria's continued sustainable development.

Many promising signs exist for the continued sustainable growth of tourism in Bulgaria, evidenced by a high level of commitment, creativity and some instances of good practices. However, creating the appropriate environment in which a different type of tourism can occur, characterised by closer links and co-ordination between local governments and communities, and the business sector, requires a complex mix of policies which address a wide-range of interlinking economic, legal and social issues. It is important to recognise that there is no single policy which can produce the desired effects of promoting sustainable and diverse tourism as well as enhancing entrepreneurship and SME activity, but a cohort of instruments, which are readily available, need to be utilised in a co-ordinated manner. The review report therefore does not suggest any radical change. It nevertheless does identify some areas in which policy evolution would be helpful in the following three main areas:

¹⁹ Tourism Sustainability Group (2007), "Actions for More Sustainable European Tourism", Report 2007.

- Policies for fostering SMEs and entrepreneurship development in support of alternative tourism;
- Products and tools for a more sustainable alternative tourism sector;
- Key policy challenges and needs in support of alternative tourism development in the next 10 years.

These key issues, drawing from the experts' chapters, are discussed in turn below.

Fostering SMEs and entrepreneurship development in support of alternative tourism

The policy approach to developing entrepreneurship and SME in Bulgaria is characterised by a number of vital regional and local institutional initiatives and by the presence of motivated staff working for national, regional and local institutions, eager to develop a coherent tourism policy approach and enthusiastic to learn from international practices. The emerging sense of entrepreneurship that is characterising not only the private sector, but also several NGOs and state agencies, and the opportunities offered by the recent EU membership, are elements of strength for Bulgaria.

However, the current governance arrangements relating to tourism and to SME development are rather fragmented and disconnected. This is evidenced by a level of mutual indifference between the SME development agency and the BSTA. The business environment within which SMEs operate is also characterised by the presence of informal economy and instances of local corruption that hold back the ability of policy makers to engage effectively with the development of the sector. Furthermore, the study has also recognised an evident lack of skills that are not yet considered a priority to be tackled by the agencies developing tourism.

Under these conditions, it is therefore important for Bulgaria to engage in an open and continued dialogue with key stakeholders about creating a business environment which is transparent, understandable to enterprises and which enables entrepreneurial activity. Understanding the needs and opportunities of the tourism related SMEs being targeted is also important. Recognising the diversity of SMEs and seeking to understand more about the characteristics of local business is required. Such knowledge could be used to support participation in local business activities and to encourage various businesses to see themselves as part of a local "tourism sector". Supporting the creation of tourism business networks would be useful in this context and could also provide a valuable source for skills development. But the issue of skills should be tackled also from a more institutional point of view, by reviewing the curriculum of specialist colleges in order to adapt it to the needs of contemporary tourism businesses. The experience of other EU member states could also be better investigated. Indeed, it is another source of examples in fostering entrepreneurship and promoting the development of SMEs, in addition to the well developed expertise by some other states in accessing EU funds.

Examples from other countries of regional approaches for fostering SMEs and entrepreneurship development in support of alternative tourism include:

- The establishment within the university, of a national centre for excellence in enterprise teaching and learning that, in close relation with other regional partners and local stakeholders, such as local SMEs, policy-makers, the regional development agency, etc., could contribute to the development of a stronger entrepreneurial climate and culture and also provide useful connection for the establishment of new SMEs. (as in UK, with the Institute for Enterprise at Leeds Metropolitan University, UK);

- The organisation of a tourism learning area, which is the concept of a multi-stakeholder, inter-sectoral, problem-solving approach aimed at improving SMEs performance and human potential in the tourism sector at the tourist destination level. The main target groups are government departments, business associations and social partners that deal with tourism, education, employment, environment and information technology (as presented in the European handbook for the establishment of European tourism learning areas);
- The development of a membership based organisation that aims to promote and co-ordinate opportunities for economic growth and prosperity for the tourism industry in certain regions. The association should develop a brand around the main local resources or attractions and take primary responsibility in marketing the brand, enabling SMEs to benefit from being part of a larger brand presence. The association should also be concerned with the enhancement of the competitiveness of tourism business within the area, by organising business development programmes. (as in Hawke's Bay with the Hawke's Bay Wine Country Tourism Association, New Zealand).

In order to introduce these types of approaches in Bulgaria, the main challenge for policy-makers is to engage constructively with stakeholders so that they can develop frameworks that work effectively in the various Bulgarian regional contexts, by establishing partnerships and creating concrete learning opportunities.

Promote alternative tourism in Bulgaria

Nowadays, the diversification of the tourism sector is becoming an imperative for Bulgaria in order to avoid the current seasonal and geographic concentrations which are affecting, negatively, both the environment and the local communities. Bulgaria has a strategic position, located close to the central European tourism market and the new, upcoming East markets. The country has a huge unexploited variety of tourism opportunities both natural and cultural. The position of the Central Government, in considering tourism a priority activity for the economic and social development of the country, and its intention to divide it into specific tourism regions, is a positive sign of the potential to move towards more sustainable and diversified tourism. Moreover Bulgaria now, thanks to its recent accession to the EU, can benefit from EU funds to modernise, and further develop, its infrastructure.

However, much has still to be done in the development of hard infrastructure but also of soft infrastructure, such as entrepreneurial skills related to tourism and various forms of networks. Concerning the Government, a clear organisational structure for the development of tourism is still missing at local and regional levels, which impedes an open and transparent dialogue between central and local actors on local needs and locally tailored policies and programmes. Moreover, the concepts of sustainability and diverse tourism are not yet embedded in the different tiers of government and the tourism sector is suffering from an evident lack of partnership and co-ordination amongst various stakeholders and local and national authorities. Also, the limited availability of financial resources devoted to the enhancement of sustainable and diverse tourism is a serious constraint.

Under these conditions, it is important for Bulgaria to clearly identify a strong central governmental structure, responsible for providing a tourism development strategy and able to allocate the necessary resources. The BSTA, as the arms-length agency that works within the national policy context set by national government, should have a number of locally-based initiatives responsible for encouraging tourism innovation and growth at the local level. Improving the infrastructural conditions for tourism development (e.g. water supply, sewage, water treatment, electricity) in the less developed regions of Bulgaria should be strategically followed in order to foster, through a sustainable model of alternative tourism development, regional and local development.

Examples from other countries of local approaches for fostering diversification and sustainability in the tourism sector include:

- The implementation of a programme which aims to enhance provincial and local partnership and co-operation for fostering innovation and growth for SMEs. The programme can be divided into different activities all aimed at contributing to the broader economic and social growth of a region. Some specific actions can be focused on the development, as in the case of the Regional Innovation Programme for Peloponnesus, of a regional centre for ecotourism and on business co-operation for the development and the promotion of traditional products. (as in Peloponnesus with the RIPE Project - Regional Innovation for Peloponnesus, Greece);
- The availability of financial incentives offered to private investment for alternative tourism that should contribute to the economic and regional development of the country. Since tourism is no different from any business in relation to the drivers of investment, investment decisions could be improved if there is a more sophisticated understanding of the actual and potential market for tourism products and services. Local communities and government bodies need to be realistic when they assess their tourism potential and link this analysis to their broader economic and social development planning. (as in Greece with the Lead Sustainable Development S.A. company, Greece).

Support diversification: a priority for Bulgaria

The designation of tourism as a priority sector in Bulgaria is well documented in the National Regional Development Strategy and in regional development plans and district development strategies, as well as in most municipal development plans. Even with some gaps, particularly at the regional level, the organisational structure for tourism is in place at each level of government, as well as within the legislative framework. The preparation of a new tourism strategy, focusing on the future development of Bulgarian tourism and, in particular, on its diversification away from mass tourism, has the positive aspect of being designed in co-operation with all levels of government and key tourism stakeholders.

However, whilst these conditions are in place, the practice of administration and policy formation is still problematic for the development of a diversified tourism model. In institutional terms, the legacy of central planning remains in strong bureaucratic national central institutions. The development of regional and local institutions has been uneven, albeit with some notable successes. Policy co-ordination in tourism, both horizontally across government and vertically from EU to municipalities, is still very weak and is poorly connected to other policy areas such as SMEs, transport and the environment. The tourism sector in Bulgaria is rather fragmented. This is evidenced by the number of uncoordinated NGOs representing personal, sectoral and other interests across the country with the evident limit of not being able to have a strong tourism voice. In addition, there is a poor use of technology in destination marketing and contemporary education, training capacity building approaches to tourism are not evident. The lack of data, and of analysis, is an obstacle to strategic development, new product development and attracting investment.

Key activities are recommended in the areas of the structure of the tourism sector generally and the co-ordination of cross-sector actors, by strengthening capability at the regional level with strong regional tourism agencies and by including in the forthcoming tourism strategy a mechanism for vertical co-ordination and formal communication channels between national governments and tourist associations. There is a need for a more contemporary policy focus and approach, by reducing the top-down approach in policy design and developing more collaborative, inclusive and transparent attitudes. The policy focus should be upon encouraging the Bulgarian tourism sector to meet

international tourism standards in the field of education, technology, security, the environment, marketing, research and the investment climate. Well trained and capable human resources are fundamental to the implementation of these recommendations. Capacity building and training should therefore be further developed, both in the public and private sectors, in order to address the challenges faced by the tourism sector in many different areas, from destination development to languages and skills.

Examples from other countries of regional approaches for strengthening a modern policy framework in support of alternative tourism development in Bulgaria include:

- The creation of regional internship project as result of a partnership between a University and a Municipality. The aim should be to promote collaboration and knowledge exchange between regional tourism operators and the higher education sector as a means of capacity building in the private sector (as in Roma with the partnership between Roma-Miles Tourism Development Init and the University of Queensland's School of Tourism, Australia);
- The development of destination networks in order to enhance product innovation and foster collaboration. The networks should help to create learning destinations and SME clusters. In order to be successful the networks should be institutionalised and have nominated people to co-ordinate their efforts and continually drive them forward (as Spain successfully did in its process of enhancing the competitiveness of the tourism sector through diversification away from mass tourism);
- The development of a State programme to encourage innovation and co-operation. The State should provide financial assistance to promoters of innovative tourism projects, with the objective of modernising the structure of tourism supply by reducing bureaucracy to a minimum (as with Inno-tour, Switzerland).

In order to introduce these types of approaches in Bulgaria, a coherent and co-ordinated destination strategy should be put in place, and should be able to include and activate local communities in encouraging innovation in the sector and create the conditions needed to stimulate investment and boost competitiveness.

In conclusion, this review of SME and entrepreneurship development in the tourism sector in Bulgaria has highlighted, through the recommendations and examples from international best practices, a range of initiatives which are important not only to confront the challenges of developing the tourism sector through diversification away from mass tourism, but that will provide Bulgaria with the additional tools which are necessary not only to confront the processes of economic globalisation, but also to benefit from them. The tourism demand has become international and cross-border travel is on the increase. The consumer is international but the supplier of tourism remains local. Innovations in products and services, co-operation between public administrations (national and local) and various tourism stakeholders can play a critical role in making a locality more competitive.

Annex

Annex 1. Recommendations at a glance

The following table brings together a set of recommendations that are the result of a review conducted by the OECD team in Bulgaria. This aims to facilitate discussion around recommendations given to fostering alternative and sustainable tourism.

SMEs and entrepreneurship in alternative tourist development in support of alternative tourism	
<i>Ensure a transparent and favourable business environment</i>	Ensure and on-going review and dialogue with key stakeholders about creating a business environment that is transparent, understandable to enterprises and enabling of entrepreneurship. The term 'business environment' used in this context is wide-ranging and incorporates the fiscal and regulatory framework that businesses face (including opportunities for and restrictions upon informal economic activity), incidences of corruption, the availability of capital for investment, the availability of skilled labour, and particular kinds of infrastructure issues such as internet access.
<i>Focus on local businesses</i>	Recognise the diversity of SMEs and seek to understand more about the characteristics of local businesses. Use such knowledge to encourage participation in local business initiatives. A particular feature should be to encourage various businesses to see themselves as part of a local 'tourism sector'. Supporting the creation of tourism business networks would be useful in this context.
<i>Strengthen business practices</i>	Devise flexible support mechanisms that relate to the world of the entrepreneur rather than mass produced training courses which will not be seen as relevant to their world and development needs. Small businesses may enhance business performance by adopting particular business practices but in many cases they will need to have opportunities to learn.
<i>Promoting partnerships</i>	Develop municipal partnership working that incorporates SMEs. A pre-requisite to effective implementation will be capability and capacity building for the various actors that will be involved. Partnership working is vital if there is to be effective co-ordination between the various actors with an interest in the development of alternative tourism in Bulgaria. Some of the principles of effective partnership working are as follows: recognition of inter-dependence; a convener is required that is seen to have legitimacy, expertise, and authority; a shared vision is developed where there is a sense of individual and collective benefits; a shared perception that decisions arrived at will be implemented.
<i>Undertake a skills mapping exercise and develop means for delivering relevant skills</i>	Review the curriculum of specialist colleges to make sure that it meets the needs of contemporary tourism businesses. In addition, undertake a skills mapping exercise and develop means for delivering relevant skills to the labour market. The availability of skills is potentially an important constraint on development. A clear assessment of the strategic skills needs in tourism is required. At a municipal or regional level this should involve attempting to map supply of skills with demand and fill gaps accordingly. The curriculum could also be extended to include entrepreneurship and start-up training at a variety of levels. There is a sense that some of the curriculum followed at specialist colleges is rather dated by European standards.
<i>Review current practices of business support and learn from them</i>	Review current practice of business support options available by finding out more about practice elsewhere and identify municipalities in other countries with experience of how to secure EU finance for support projects, and learn from them.

Products and tools for a more sustainable alternative tourism sector

Develop infrastructure

The provision, or improvement, of better transportation and better power and pure water supply, together with waste disposal and sewage treatment will definitely have a positive impact to tourism. Especially as regards the development of alternative tourism, which targets the most remote regions of the country where the level of such provision is less than adequate, the potential results should probably be very positive, as the conditions are not yet appropriate for any tourism development.

Develop information technology networks

The information technology networks need to be developed and also the local enterprises need to become networked. Networking of the remote areas, where the majority of the alternative tourism enterprises are/shall be established, has still some way to go. This needs good and steady telephone lines infrastructure and specific promotion and orientation of the tourism business at the local level to join. Some incentives may have to be offered by the policy makers for the first steps to be done, until business understand the potential of networking and make further steps of their own.

Develop alternative tourism products

The “activity oriented” products (can be rural tourism, ecotourism, sport and/or training tourism and health care or wellness tourism) are often based on the use of natural resources like lakes, streams and rivers, mountain trails in National Parks, as well as the use of natural hot springs. Licences should be issued to qualified “alternative” tour-operators for the use of such natural resources. Also, for the use of safety equipment and skill-qualified personnel and for co-operating with equally approved local partners. Regular auditing should also be a part of the policy implementation.

For the development of the “cultural oriented” products (can be based on religious tourism, gastronomy and/or wine tourism, traditional music/festival tourism) policy should make it possible for local entrepreneurs, i.e. handicraft, vineries, etc., to co-operate with the relevant “alternative” tour operators, or build-up their own hospitality and marketing capacity to sustain their business in the tourist circuit. Local government and tourism agencies should accommodate in their tourism development planning the above, in producing a diversified and sustainable tourist product.

Develop policies to promote all year round tourism

Central and local government should aim, and use their resources to do so, in promoting the “low” season tourist activities. The municipalities could organise local festivals at the margin or well out of the high tourist season. This will add new life at the region. Further on, conferences, social packages for elderly tourism, large business packages should all aim off-peak. The aim is to develop a 12 month operating tourist destination, with one or another activity each time leading the trend.

Key policy challenges and needs in support of alternative tourism	
<i>Rethink the regional structure and enhance co-ordination</i>	It will be important to strengthen capability of the administrative structure for tourism at the regional level and for the tourism sector to adopt the EU NUTS spatial planning system of 6 regions with a strong regional tourism agency in each region. These agencies should have marketing and economic development powers to facilitate and co-ordinate tourism in the regions, to aggressively attract inward investment using approaches such as tourism investment portfolios and demonstration projects, and co-ordinate bids for EU funding.
<i>Develop appropriate structure and co-ordination</i>	Clearly identify a strong central governmental structure, responsible for providing a tourism development strategy and able to allocate the necessary resources. Formal communication mechanisms should be put in place at national level to ensure that tourism receives attention in the key national agencies such as education, environment and transport. In many countries a co-ordinating tourism committee acts in this role. The forthcoming tourism strategy should contain a mechanism for vertical co-ordination between the municipalities, the regions and the national government, as a well as formal communication channels between the national government and the tourist associations. Clear responsibility should be established at each level of government for engagement with the EU mechanisms for funding.
<i>Promote a more contemporary policy focus and approach to policy formation</i>	Policy formation in Bulgaria should be more collaborative and inclusive and involve all key stakeholders in a transparent manner and reducing the <i>top-down</i> mechanism. The policy focus should be more reflective of contemporary international good practice (in terms of transparency, inclusiveness, consultation and communication) and in particular for diversification, should encourage the development of SME clusters based on both products and destinations, learning destinations based upon co-operation and mutual benefit, and support for product development and innovation in tourism. This can be achieved through public funding for, and facilitation of, clusters and innovation. A more general policy focus that recognises the need for the Bulgarian tourism sector to meet international competitive standards. This would include support in the areas of education and training, technology, marketing and branding, market intelligence/research and transparent investment in tourism development at the local level.
<i>Foster capacity building</i>	There is an urgent need for capacity building in both sectors for tourism. In the public sector there is a need for capacity building in (i) the basic understanding of how tourism works and the contemporary challenges faced by the sector, (ii) the basics of destination development and the role of and support needed by SMEs and entrepreneurs if they are to flourish, (iii) languages, and (iv) the workings of the EU and how to craft bids. In the private sector there is an urgent need for capacity building in (i) service delivery, (ii) technology, and (iii) languages.

Annex 2. List of interview partners

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BARDA – Bulgarian Association of Regional Development Agency Dimitrina Todorova (Executive Manager) Triaditsa Str. 6 Web-site: www.barda.bg/default.asp	Tel: +359 2 983 03 42 Fax: +359 2 983 03 41 E-mail: barดา@barดา.info
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Gabrovo	
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Bojenci	
Hadji Velinov Han Guesthouse, Fenerite Slava Kalichkova (Hotel owner) Web-site: http://www.bg-guesthouse.com/	Tel: +359 52 631 744 E-mail: info@bg-guesthouse.com
Bansko	
Alliance for Promotion and Development of Tourism in the region of Bansko Lachezar Chakurov (Chairman) Tzar Simeon Str. 68 Web-site: http://www.bansko.bg/goto/alliance/eng/index.htm	Tel: +359 749 88 051 E-mail: alliance@bansko.bg
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Pirin National Park Bulgaria Str. 4 Web-site: http://www.pirin-np.com/English/pirin-np_E.htm	Tel: +359 07443/ 56 16 Fax: +359 07443 22 40 E-mail: pirin_np@mail.bg

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Annex 3. International review panel

Chris Cooper is Foundation Professor of Tourism Management and Head of the School of Tourism at The University of Queensland. He has an honours degree and PhD from University College London and before beginning an academic career worked in market planning for the tourism and retail sectors in the UK. Chris Cooper has authored a number of leading textbooks in tourism and worked closely with the United Nations World Tourism Organization in developing the status of tourism education on the international stage. He is co-editor of *Current Issues in Tourism*, author of many academic papers in tourism and has worked as a consultant and researcher in every region of the world.

Alain Dupeyras is the Head of the Tourism program within the Organisation for Economic Co-operation and Development (OECD). In this role, he provides the strategic direction and manages, with the support of governments, the work of the OECD Tourism Committee. The Tourism Committee examines the efficiency of member countries' Tourism policies and analyses the main factors of tourism growth and competitiveness, and their implications for policy. The Tourism Committee is actively involved in improving the measurement of tourism services in OECD economies. Mr. Dupeyras develops active partnerships with non-member economies, the private sector and other stakeholders such as inter-governmental organisations and international networks.

Alessandra Proto is a Policy Analyst at the OECD LEED Trento Centre for Local Development based in Italy, where she has been working since its establishment in 2004. She manages the activities related to entrepreneurship and SME development in Central, East and South-East Europe. Before joining the LEED Programme, Ms Proto worked for three years as consultant for the international division of a major Italian consulting company, where she supported Italian companies in their process of internationalisation.

Rhodri Thomas is ITT Chair of Tourism and Events Policy at Leeds Metropolitan University, UK. His expertise relates to tourism policy and planning, especially in the context of tourism SMEs. During the past twenty-five years, he has published six books, as author or editor, and almost 100 papers and presentations. Professor Thomas has also undertaken advisory, consultancy and development work for regional and national government departments and trans-national bodies such as the European Commission. He is involved directly in strategic tourism policy-making within Yorkshire, England, as a Director of Yorkshire Tourist Board. The private sector recognises the contribution of his work with the largest UK professional association in tourism (the Institute of Travel and Tourism or ITT) supporting his professorial research for three years.

Nicholas Vagionis is an economist of the Centre of Planning and Economic Research, (CPER). He has been a member of various working groups for study and development of minor or larger national or regional development programmes. His scientific interests include regional planning and development, evaluation of development plans, new and high technology networks, tourism development and planning, he has also been in co-operation on various research programmes with academic institutions, he has been teaching Tourism Economics for several years and as an expert with international and government institutions. He is working for the Territorial Development Policy Committee of OECD since 1999 and he is Lecturer at the School of Management and Economy, Department of Tourist Studies, at Technological Education Institute (TEI) of Athens, teaching "Tourism Economics" and "Tourism Policy".

Annex 4. The OECD Tourism Committee

The OECD Tourism Committee was created in 1948 with the aim of using tourism as a tool for economic development and co-operation in the context of the Marshall Plan. The OECD Tourism Committee gathers high-level officials from national ministries in charge of tourism and statistical offices. It meets twice a year, and also organises ad hoc meetings and conferences.

At the heart of the committee's work is its development of best-practice research and guidance on issues commonly faced by tourism administrations in developed countries. The information produced is highly influential, affecting the way that governments organise and evaluate their support for tourism, encourage innovation in the sector and create the conditions needed to stimulate investment and boost competitiveness.

Its main focus is on economic and tourism policy issues. A more coherent worldwide approach to sustainable development by public tourism policy is another priority. The OECD Mandate 2007-11 for the Tourism Committee indicates the following missions:

a) “maximise the economic, social and environmental benefits of tourism through medium and long-term strategic development, soundly-developed tourism policy and greater coherence between tourism and other policies (e.g. transport, environment, security, trade, taxation or migration);

b) promote, in a globalisation and decentralisation context, sustainable tourism development as a source of economic growth, job creation and poverty alleviation in both major centres and regional areas;

c) improve the infrastructure and image of destinations to make them more attractive to the local population and visitors and more competitive to investors for the benefit of the whole economy;

d) contribute to the advancement of international co-operation in the tourism sector.”

For more information: www.oecd.org/cfe/tourism.

Annex 5. The OECD Programme on Local Economic and Employment Development (LEED)

The LEED Programme: a unique approach within the OECD

LEED is a Co-operative Action Programme dedicated to the identification, analysis and dissemination of innovations in local economic and employment development. Since 1982, the LEED Programme has been providing a vital contribution to local development, defining rationale for new policies, improving local practices and pushing further the frontier of knowledge in this area. Member countries, non-members and international organisations increasingly look to LEED for practical policy guidance.

The LEED Programme offers participants a uniquely active approach by providing: i) continuous monitoring and assessment of current local development practices and the diffusion of related findings; ii) analysis of initiatives, strategies and partnerships between government, business and civil society with the aim of complementing public policy and supporting local economic and social development; iii) elaboration of common methodologies and analytical frameworks for carrying out reviews and studies; and iv) a critical link both between sub-national institutions, and between the OECD and sub-national bodies.

The results of the LEED Programme activities are published on a regular basis at an average rate of five publications per year, which sell widely and have been translated into many languages, including those of non-member countries. The LEED Programme and all its activities are funded by voluntary contributions as well as contributions from its participatory member countries, non-members and international organisations.

LEED has a Directing Committee of 35 members: 31 countries and 4 international organisations. It is currently chaired by Jean-François Rocchi, Delegate of France. LEED draws on the additional resources and expertise of a Partners' Club of more than 100 members. A decentralised unit, the OECD LEED Trento Centre for Local Development, was established in 2003 to build capacity for local development in Central, Eastern and South-Eastern Europe.

The Programme's activities are structured around the following 5 major axes:

- Employment, skills and local governance
- Entrepreneurship
- Social inclusion
- Tools for local development
- Evaluation

A centre of excellence: the OECD Centre for Entrepreneurship

LEED is a pillar of the OECD Centre for Entrepreneurship, SMEs and Local Development, created in July 2004. The mission of the Centre is to foster the development of an entrepreneurial society, which seizes the opportunities provided by globalisation and devises innovative policies to promote sustainable growth, integrated development and social cohesion. The Centre strengthens synergies on entrepreneurship and local development within the OECD.

Building capacity for local development: the OECD LEED Trento Centre for Local Development

Established in June 2003 by the OECD Council, in co-operation with the Italian Government and the Autonomous Province of Trento, the mission of the OECD LEED Trento Centre is to build capacity for local development in OECD member and non-member countries, with a focus on central, eastern and south-eastern European countries. The Centre builds on the LEED Programme's longstanding commitment to provide assistance in the design, implementation and assessment of local development strategies and its expertise on local governance, entrepreneurship and social inclusion. A local evaluation unit was established at the Centre in 2005 to promote a culture of evaluation of local development strategies.

The overall aims of the Centre are to:

- improve the dissemination capacity of best practices in the design and implementation of local development strategies and facilitate the transfer of expertise and exchange of experience between OECD member and non-member countries;
- strengthen the relationship between policy makers, local development practitioners and the scientific community; and
- reinforce participative and representative democracy at sub-national level by initiating and supporting a dialogue between national and sub-national legislatures on local development issues.

The Centre's programme of work can be consulted at www.Trento.oecd.org. For more information, please contact Ekaterina.Travkina@oecd.org.

A worldwide network: the LEED Partners Club

Established in 1990, the LEED Partners Club Network is now a key source of expertise for the Programme. With a membership of over 100 partner institutions, the Club is LEED's worldwide network of regional and local governments, development agencies, non-profit organisations and foundations that work with LEED towards achieving sustainable economic and employment development.

Four consultative groups have been created to channel the interests of the different members:

- The *Forum on Partnerships and Local Governance*, chaired by Michael Förschner, Director, Federal Ministry for Labour and Social Affairs, Austria.
- The *Forum on Entrepreneurship*, chaired by François Hurel, Director for Entrepreneurship in France, Assembly of French Chambers of Commerce and Industry.
- The *Forum on Social Innovations*, chaired by Patrick McClure, Chief Executive Officer, Mission Australia.
- The *Forum of Cities and Regions*, chaired by Greg Clark, Advisor, Office of the Deputy Prime Minister, United Kingdom.

For more information please contact Lucy.Clarke@oecd.org.

Annex 6. Ten transversal LEED studies at the cutting edge

Currently ten studies are being carried out in the framework of the LEED Programme activities.

Countries, regions and cities are invited to express their interest in participating in these projects. A brief summary of each project, by activity, is given below.

Activity 1: Employment, skills and local governance

Integrating Employment, Skills and Economic Development

There are mounting calls to find ways to co-ordinate more systematically economic development activities and labour market policies, which are the core drivers of local development. Both policy areas can cross-fertilise and nurture synergies for the benefit of the local community, if they are well co-ordinated. Yet, both policy areas are often managed separately due to governance failures. In many countries, slow population growth and ageing workforce generate skills shortages and hinder business growth, while many low-skilled workers remain stuck at the bottom of the labour market, representing an untapped resource for the economy. A better co-ordination between economic and workforce development could both foster business development and fight poverty and social inclusion.

A new project is being carried out to address this issue and identify ways to co-ordinate labour market policy and economic development strategies designed at local and regional levels. The project is examining the experience of selected countries. In each country, it surveys: a) the general policy and administrative framework for labour market policy and economic development; b) the strategies for economic development designed at local and regional levels and the local orientations followed by labour market policy and; c) the governance mechanisms used to link labour market policy and economic development at local and regional level.

The output of the project will be: 1) a synthetic final report including policy recommendations, prepared by the OECD Secretariat; and 2) country reports (one for each country participating), each of which with specific recommendations, prepared by a team of selected experts under the supervision of the OECD Secretariat. The complete report will be submitted to the LEED Directing Committee for discussion and approval, and published by the OECD. A number of countries are participating in this project, including Canada, Denmark, Greece, the United States, Italy, Poland, Bulgaria, Romania and Croatia.

Local Integration of Immigrants into the Labour Market

It is now generally recognised that migration can play a role in helping OECD countries to overcome some of the consequences of ageing populations, in conjunction with other policies. With the coming retirement of ageing baby-boomers, migration can help alleviate the rise in the old-age dependency ratio, finance social protection systems and satisfy the needs of the labour market. For this to be a feasible policy option, however, it is clearly necessary that immigrants be well integrated into the economies and societies. This issue seems pressing now: while large numbers of immigrants have entered OECD countries over the past decade, the integration process in the labour market does not appear to have functioned as well in some countries as it did in previous periods. It is important to understand the reasons for this and the scope for policies to help improve the integration process.

While immigration policy is determined by the national government, the impact of migrants and the measures to ensure their successful integration into the host-country society and economy are manifested at the local level. In this regard, the efficacy of the local implementation of national

policies or of initiatives taken locally to aid and facilitate the integration of immigrants in the labour market is a central issue of integration policy.

The analysis currently bears on the experience of five countries: Canada, Italy, Spain, Switzerland and the United Kingdom. For each country, a case study report on local initiatives to integrate immigrants in the labour market is prepared. Preliminary results were debated at an international conference jointly organised with the Federal Reserve Bank of New York, 'From immigration to integration: lessons drawn from local responses', in December 2005. The results of the study will be available in 2006.

Reviews on Skills Upgrading for the Low-Qualified

A cross-comparative review process is being implemented to explore the initiatives to upgrade the skills of low-qualified workers and their role in local economic and employment development strategies. There is a gap between programmes to re-integrate the long-term unemployed and the provision of vocational training, which means that many workers remain in a vulnerable position after their re-integration into the labour market, unable to move up the career and pay ladder. Simultaneously, there are significant labour and skill shortages in regions and sectors of the economy. Initiatives led at local level aim to bridge the gap in training by drawing on a better articulation and use of the labour demand and skills needs.

The project examines the mechanisms implemented by these initiatives and assesses how they can overcome the barriers to skills upgrading. The experience of five countries has already been analysed: Belgium (Flanders Region), Canada, Denmark, the United Kingdom and the United States. The result of the analysis of the initiatives carried out in these countries will be published in 2006.

For more information on Activity 1 projects, please contact Sylvain.Giguere@oecd.org or Francesca.Froy@oecd.org.

Activity 2: Entrepreneurship

Reviews on Entrepreneurship and Local Innovation Systems

The LEED Programme is undertaking an international comparative study on Entrepreneurship and Local Innovation Systems involving a series of reviews in case study cities and regions. This work examines the strengths and weaknesses of the assets (the research and science base, specialist firms, skilled labour etc.), connectivities (supply chains, university-industry linkages etc.) and capabilities (incentives to technology transfer, SME innovation adoption capacity etc.) in the local innovation systems of the selected case study cities and regions.

Each case study will involve (i) local diagnostic work to identify the future sectoral strengths and knowledge base of the locality and to describe existing policy, (ii) a survey of innovative firms focusing on their linkages with other local firms and organisations and their barriers to innovation, (iii) a survey of universities and research organisations, their linkages with their local innovation system and the barriers they face, (iv) a one-week visit by an international review panel to discuss policy challenges and options with the key actors in the local innovation system.

This will lead to a report setting out recommendations for policy development in the case study area in the light of good practices internationally and providing information on approaches and innovations in other countries that could act as learning models for the case study area.

Local Entrepreneurship Reviews

This activity of the LEED Programme Local Entrepreneurship Reviews consists of a series of studies of entrepreneurship at the local level in cities and regions, with the following objectives: evaluate the opportunities and obstacles to entrepreneurship in the cities and regions studies, evaluate the strengths and weaknesses of existing policies and programmes and make recommendations. Three aspects of the local entrepreneurship environment are studied: entrepreneurial culture, framework conditions and the existence and quality of public support programmes. The effectiveness of the policy measures already taken is also studied.

The reviews are undertaken by international peer review panels made up of delegates from the LEED Directing Committee and representatives of the organisations belonging to the LEED Partners Club. They visit the selected cities and regions in order to view their initiatives and compare them with practices in other countries. In this way, they can examine certain themes in more detail, such as youth entrepreneurship, business incubators or local enterprise clusters.

Each case study results in a report on the local environment for entrepreneurship and recommendations for policy and programme development. The report can also be produced as a LEED publication and a dissemination seminar can be organised in the city or region concerned. Four countries have already participated in this project: Germany (the new Länder), Italy (Trentino), Mexico (Sinaloa) and the UK (West Midlands).

Foreign Direct Investment and Local Development

LEED reviews of Foreign Direct Investment and Local Development examine policies to attract and embed inward investment in case study cities and regions. Recommendations are made based on fieldwork by an international peer review panel and international comparisons of best practice policies.

Each review examines how case study cities and regions can strengthen their Foreign Direct Investment (FDI) policies: (i) how to attract FDI, (ii) how to embed and retain it, (iii) how to embed it in the long-term and (iv) how to handle site closures. The results obtained are published in a specific report for each city or region studied and include an evaluation of the strengths and weakness of current policy measures, as well as recommendations for the future. The organisation of a seminar in the cities and regions studied to disseminate and validate the results is also envisaged.

Five countries have participated in the series to date: Russia (St Petersburg and Leningrad), Spain (Valencia), Switzerland (Basel, Geneva, Thurgau Zurich), the UK (Scotland) and Ukraine (Lviv),

For more information on Activity 2 projects, please contact Jonathan.Potter@oecd.org.

Activity 3: Social Inclusion

Women's Entrepreneurship Reviews

In June 2003, the LEED Directing Committee agreed to launch this study as part of the OECD efforts to integrate a gender perspective into the substantive work of the Organisation. The aim of this project is to examine the role of female entrepreneurship in the dynamics of local development and to provide an overall review of the current situation of women entrepreneurs in a given territory. These studies put forward recommendations to help implement tools adapted to the real needs of women entrepreneurs in the formulation of local development strategies and business creation policies.

The project will involve policy makers at national, regional and local levels as well as a network of international experts.

For more information on Activity 3 projects, please contact Antonella.Noya@oecd.org.

Activity 4: Tools for local development

Reviews of City and Regional Development Agencies

City and regional development agencies are a global phenomenon, and their experience is richly diverse. There is no ‘blueprint’ or ‘template’ for a city development agency; choices have to be confronted and made locally. Most development agencies are now created to fulfil several rationales simultaneously.

The Development Agency Review Series takes place at an important juncture in the evolution of agencies worldwide. An OECD review provides an agency or city with the opportunity to have progress reviewed by an international team of experts, to have their successes and good practices documented and widely disseminated, and to have a peer review process, involving both individual experts and practitioners, and the representatives of OECD member governments. A review of Laganside Corporation (Belfast) was carried out in 2005. The City of Glasgow is being reviewed.

For more information on Activity 4 projects, please contact Debra.Mountford@oecd.org.

Activity 5: Evaluation

Mentoring in the Development of Evaluation Frameworks

Through this activity the LEED Programme supports local development organisations in developing a strategic evaluation framework to be applied to their future evaluations of projects and programmes. The activity involves the OECD and its international network of evaluation experts and practitioners working hand-in-hand with local development actors in (i) setting up an organisational structure for evaluations of local development programmes; (ii) identifying the information and data to collect and monitor and how to categorise, store and use it; (iii) deciding what to evaluate, when and how to carry out the evaluation; (iv) benchmarking evaluation results; and (v) feeding results back into future policy design.

The resulting evaluation framework can be used to organise and co-ordinate future evaluation activities by the local development organisation. This includes development of a common terminology, a core set of indicators and key methodological standards so that all future programme and project evaluations are of high quality, can be compared with other activities of the local development organisation and can be benchmarked with evaluations undertaken by other organisations.

Accompanying Local Development Actors in a Model Evaluation

This activity involves accompanying a local development organisation in the design and implementation of a model evaluation of one of their programmes. Experienced experts and practitioners hold meetings with staff from the local development organisation before the evaluation is commissioned in order to advise on issues such as the questions to address, the information to collect and analyse, and the method of information collection and analysis. Further meetings are held to identify emerging problems during the course of data collection and analysis and how to overcome

them, to advise on how best to feed the results back into future policy design, and on how to ensure that good practice lessons are built into future evaluation practices.

The model evaluation can examine programmes either at ex ante (pre-implementation) or ex post (final) stages. The evaluations cover the full impact of programmes and the relative strengths and weaknesses of their different component activities. They can be used as models for the development of evaluation methodologies more generally within the local development organisation.

For more information on Activity 5 projects, please contact Jonathan.Potter@oecd.org.

Organisation for Economic Co-operation and Development

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