

DEVELOPMENT OF THE LOCAL TOURISM POTENTIAL IN BULGARIA BY EU FUNDING

RAZVOJ LOKALNOG TURISTI KOG POTENCIJALA U BUGARSKOJ KROZ EU FONDOVE

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Abstract: *This paper provides an overview of the funding opportunities for projects from the European Regional Development Fund under OP „Regional Development” 2007-2013 and OP „Regions in Growth” 2014-2020 in the context of the development of the local tourism potential in the Bulgarian regions and municipalities.*

Key words: *regional development, operational program, European Regional Development Fund, Bulgaria*

Sažetak: *Ovo izvješ e daje pregled mogu nosti financiranja projekata iz Europskog fonda za regionalni razvoj u okviru OP "Regionalna razvojna" 2007-2013 i OP "Regije u rastu" 2014-2020 u kontekstu razvoja lokalnog turisti kog potencijala u bugarskim regijama i op inama.*

Ključne riječi: *regionalni razvoj, operativni program, Europski fond za regionalni razvoj, Bugarska*



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1. Introduction

Tourism is considered one of the important sectors of the Bulgarian economy. The specific resources of the Bulgarian regions and municipalities, in particular, favour the development of sustainable forms of tourism – natural, cultural, environmental, etc. In recent years, tourism has established itself as a thriving business area, which has a significant share in the gross national product and generates employment. At the same time, tourism is an activity that can provide a good foundation for the development of innovations, thus contributing to the positive image of the regions as well as their economic and social development. Currently, in Bulgaria the national tourist product is dominated by mass tourism (sea and winter) and relatively weakly included are alternative forms of tourism. Undoubtedly, in many Bulgarian municipalities there is considerable local potential, such as immovable cultural assets, natural resources and landmarks, suitable climatic conditions, landscapes. This potential remains underutilized for the development of tourist activities. This is typical especially in the areas remote from the Black Sea coast and the major mountain resorts.

The available local tourism potential can be developed by the municipalities through various activities involving conservation and restoration of immovable cultural assets, introduction of modern forms of showcasing immovable cultural assets, renovation of museums, development of tourism infrastructure, suitable for rural, spa, adventure, sports and other types of tourism. All of that requires significant financial resources.

In light of the aforementioned, the aim of the author of this report is to provide an overview of the funding opportunities for projects from the European Regional Development Fund in the context of the development of the local tourism potential in Bulgaria.

2. Supporting the development of local tourism potential in the programming period 2007-2013

Bulgaria, as a full member of the Community, has access to the financial instruments of the European Union for the implementation of the Cohesion Policy and the Common Agricultural Policy. These are the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund. Significant financial resources have been allocated for Bulgaria for the programming period 2007-2013. The financial framework amounts to just over 9 billion € - 6,674 billion € from the Structural (European Regional Development Fund and European Social Fund) and the Cohesion Funds, and 2,682 billion € from the European Agricultural Fund for Rural Development and the European Fisheries Fund.

All six regions of Bulgaria corresponding to level II of the Nomenclature of Units for Territorial Statistics (NUTS II) are eligible for funding from the Structural Funds under the Convergence objective. Operational Programme Regional Development, as one of the seven operational programs operating during the period 2007-2013,

contributes to the implementation of the Cohesion Policy and is carried out with the assistance of the European Regional Development Fund. It is the only operational program for the six planning regions and is complemented by interventions within the National Strategic Plan for Rural Development.

Operational Programme Regional Development 2007-2013 aims to improve the socio-economic conditions in the 6 planning regions, i.e. to overcome their lagging behind the EU regions, on the one hand, and to reduce the interregional disparities in Bulgaria, on the other hand. [1]

For this purpose, the Operational Programme provides for a wide range of measures, from infrastructure to cultural heritage protection, taking into account both the general trends and the specifics of the different municipalities and settlements. Support is provided both for projects of large urban centers with high potential for economic growth and social inclusion, and for their neighbouring and peripheral areas, which at that point lag behind the overall development of the region. An important role plays the cooperation between the municipalities, which may ensure integrated and sustainable development accordingly.

Priority axis 3 OPRD - Sustainable Tourism Development is in line with the Community Strategic Guidelines on Cohesion, where tourism is considered to be one of the measures to promote economic growth, and the preservation of historical and cultural heritage – as a potential for tourism development. The Strategic Guidelines also emphasize the role of tourism in the development of rural areas mostly and the need for an integrated approach to quality, focusing on consumer satisfaction and based on the economic, social and environmental dimensions of the sustainable development.

The specific objective of the priority is to increase the potential for regional tourism development and marketing of sustainable and diversified, region-specific tourist products with high added value and increasing the sector's contribution to the sustainable regional development.

The financial resources to this priority amount to BGN 387,437,451, of which BGN 329,321,834 are EU funding from the European Regional Development Fund. The total amount represents 12.37% of the entire programme.

Priority activities are concentrated in three operations:

- Operation 3.1 Enhancement of Tourism Attractions and Related Infrastructure. The objective of this operation is to develop integrated and distinctive tourism products based on competitive and marketable attractions that contribute to diversification and territorial spread of tourism.
- Operation 3.2 Regional Tourism Product Development and Marketing of Destinations. The objective of this operation is to increase the number of visitors and visitor days, to improve seasonal and territorial distribution of tourism development in different regions and areas based on integrated destination

management and marketing and to use different tools, techniques and systems ensuring effective tourism information and marketing.

- Operation 3.3 National Tourist Marketing. The objective of this operation is to enhance the effectiveness and impacts of national marketing efforts and related activities, market intelligence and transparency to facilitate diversification of tourist products and markets and sustainable tourism development. Specific beneficiary of this operation is State Tourism Agency.

The data published in Unified Management Information System for management and monitoring of the EU structural instruments in Bulgaria (<http://umispublic.government.bg/>) can be used as an indication for the implementation of Priority Axis 3 Sustainable Tourism Development, OP Regional Development 2007-2013 (see Tab. 1). Over 130 contracts have been concluded for the provision of grants to the total value of BGN 297,911,229 or 76.89% of the budget under the Axis, of which BGN 165,945,483 have been actually paid as of the beginning of April 2014. The absorption rate is about 42%.

Operation / Priority axis	Contract count	Contracted Amount		Actually paid	
		Total (BGN)	ERDF Funding (BGN)	Total (BGN)	Actually paid ERDF part (BGN)
Operation 3.1 Enhancement of Tourism Attractions and Related Infrastructure	72	229 390 566	194 981 981	129 231 855	113 522 847
Operation 3.2 Regional Tourism Product Development and Marketing of Destinations	46	16 876 308	14 344 862	7 323 658	6 552 746
Operation 3.3 National Tourist Marketing	14	51 644 355	43 897 702	31 006 951	26 977 485
Total Priority axis 3 Sustainable Tourism Development	132	297 911 229	253 224 545	167 562 464	147 053 078

Table 1. Implementation of priority axis 3 of the Operational programme „Regional Development” 2007-2013

Although the Ministry of Culture and the Ministry of Economy and Energy are the specific beneficiary of a significant part of the projects funded under this priority axis, more than 60 municipalities have successfully developed and implemented projects resulting in stimulating the development of sustainable forms of tourism and the promotion of cultural and natural values.

Under operation 3.1. supported objects are in the territory of the country. Some emblematic landmarks, including real cultural values of national and global significance, are supported. Supported project activities are:

- Development of nature, cultural and historic attractions, e.g. renovation, conservation, exhibition, equipment, introduction of interpretation and animation techniques and programmes, etc.;
- Development of tourism related infrastructure when and if needed for the use of attractions (walking and wellness paths, hiking, riding and bicycling trails, picnic places, signposting, visitor centers, non-profit making children, leisure and sport facilities, car parks, pavement, landscaping, lavatories, lighting, small waste collection facilities etc.), incl. facilities and amenities for disabled and elderly visitors;
- Reconstruction and renovation/upgrading of publicly owned mountain chalets complementing tourism product development in remote areas, shelters and safety facilities;
- Complementary small scale technical infrastructure in the area of the attractions when and if needed for the use of attractions, such as access roads, utilities, amenities serving tourist attractions and visitor needs required to ensure the integrated development of tourism products;
- Complementary training of staff required for the operation of supported attractions and facilities;
- Complementary small scale non-infrastructure activities, explicitly related to the supported attractions (organization of events in the area of attractions, marketing, promotional and publicity activities, etc.);

Under operation 3.2. the projects are implemented in partnership with at least two municipalities. Eligible activities supporting regional tourism products are divided into six groups:

1. Development of travel packages or diversification of existing ones;
2. Promotional activities - preparation and dissemination of information and promotional materials for the tourist area and offers of support tourism product;
3. Participation in regional, national and international tourism fairs and exhibitions;
4. Studies of the impact of the implemented marketing and advertising;
5. Organizing trips, visits to travel agents, tour operators, travel writers, journalists;
6. Supporting public awareness activities and information services.

Deeper observation of projects shows that there are funded projects related to tourism products with minor potential. In our opinion, this is the result of project selections on the basis of the competition principle among all eligible beneficiaries. Obviously, this leads to a waste of resources and it is inefficient. The accumulated experience clearly indicates that the activities related to tourism should cover the entire territory of the country on the basis of predefined projects. This is reflected in the strategic documents for the programming period 2014 - 2020.

3. Development of local tourism potential in the new programming period 2014-2020

The final decision on the allocation of the total amount of EU funds for the next period 2014-2020 has not taken yet, but Bulgaria is expected to have access to 7,128 billion € from the EU Structural Funds and 2,338 billion € from the European Agricultural Fund for Rural Development. [2]

Successor of OP Regional Development is OP Regions in Growth 2014-2020, which will be funded from the European Regional Development Fund. [3] The new program will focus on four sectoral policies, one of which is Regional Tourism, delineated in a separate priority axis.

Priority Axis 5 Regional Tourism of Operational Programme Regions in Growth 2014-2020 provides for support for the preservation and promotion of cultural and natural heritage of global and regional significance. The indicative budget of the priority axis is 9% of the financial resources of the programme. The projects to be supported should include one or more of the following indicative eligible activities:

- Development of natural, cultural and historical attractions, including religious sites, of national and global significance by restoration, conservation, exhibition, socialization, equipment, introduction of techniques and programs for interpretation and animation;
- Development of supporting infrastructure in the region of attractions (trails and paths of health, climbing routes, horse riding and biking, picnic areas, signposting, visitor information centers);
- Development of regional products and market information, events and information campaigns;
- Training of staff engaged in the attractions, participation in fairs and exhibitions.

The following data support the claim, there is a huge local tourist potential. Bulgaria has registered over 40 thousand monuments of immovable cultural heritage of global, national, regional and local significance, as well as 540 natural landmarks. Nine sites are included in the List of World Heritage Sites of UNESCO. Remarks should be made to the rich natural heritage with over 600 mineral springs, rich biodiversity (including 3 national and 11 natural parks) and 160 monasteries, more than 330 museums and galleries, rich traditions in organizing festivals and holidays, preserved ethnographic heritage, national cuisine and quality wines, etc. There are 142 officially announced resorts in the country, of which 58 are spa resorts, 56 mountain climatic resorts and 28 sea resorts. [4]

It is important to note that unlike OPRD 2007-2013, the new programming period provides for funding a limited number of predetermined cultural and natural attractions of national and global significance and religious sites located throughout the country. The regional development policy will focus on priority projects derived from the total 1400 cultural assets of global and national significance, and 25 natural sites and phenomena with the potential to attract tourists.

We consider that, here, conclusion can be made that in terms of tourism, OP Regions in Growth is based on a new concept. Funding will cover a limited number of predetermined cultural and natural attractions of national and global significance and religious sites with the potential to attract tourist interest located throughout the country, regardless of the differentiation between urban and rural areas.

In comparative plan should take into account that the new programming period are provided less funding to support tourism, but in view of their distribution on the principle of concentration is expected to produce higher added value and sustainability.

4. Conclusion

From our point of view, despite the growing interest in alternative forms of tourism, the local communities cannot take advantage of their benefits because of some major barriers, such as lack of good infrastructure for the provision of these types of tourism and lack of quality information in Bulgaria and abroad.

In conclusion it must be observed that upon the successful implementation of the new operational programme in the part of regional tourism, at the end of the current programming period we can expect to overcome the major barriers, resulting in an increase in the share of sustainable types of tourism, development and promotion of new tourist products such as cultural and historical, spa and wellness, eco and rural tourism, religious, congress, adventure, etc.

The investment in regional tourism will also support the development of accompanying economic sectors, including the light and food industries, and transport services in the regions. Thus, the development of sustainable types of tourism will contribute to the full implementation of the local economic potential and will lead to sustainable growth and generation of employment.

5. References

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Photo 026. The harvest in the vineyard of the Polytechnic in Pozega /
Berba u vinogradu Veleučilišta u Požegi