

PROJECT PROPOSAL

GOVERNMENT OF REPUBLIC OF MONTENEGRO

UNITED NATIONS DEVELOPMENT PROGRAMME

**Unleashing Sustainable Tourism Entrepreneurship
in the area of Durmitor National Park
(Savnik, Pluzine, Zabljak)**

Project Number:

The proposed project has been developed by UNDP Liaison Office in Podgorica as a follow-up and step of implementation of the Strategic Framework for Development of Sustainable Tourism in Northern and Central Montenegro, which was developed by UNDP Liaison Office Podgorica with the support of Rockefeller Brother Fund and adopted by Government of Montenegro. To continue this work Montenegro has been chosen as a pilot for the UNDP's global initiative "Unleashing entrepreneurship – making business work for the poor". By linking this project with the Strategic Framework, UNDP wishes to provide an umbrella for future initiatives that seek to unleash business opportunities in sustainable tourism, protect biodiversity and reduce poverty in Northern and Central Montenegro.

This project was designed as a result of the review and analysis of all strategic document of the country and National parks related to biodiversity conservation and tourism development and as a result of intensive consultation with all stakeholders on national, regional and local level involved in sustainable tourism development.

Unleashing entrepreneurship requires some initial steps for creation of enabling environment in the specific field of protected areas/ community based sustainable tourism. These steps involve capacity building, including training but also development of mechanisms and models for interactions and partnerships among stakeholders. Only based on these conditions sustainable tourism can generate benefits for the local communities including poverty reduction and creation of jobs opportunities.

This project will strengthen capacities of the National park authorities on republican and local level and of the tourism service providers for business planning, hospitality and marketing of sustainable tourism products. It will develop the model and basis for further strategic interventions on the republic level.

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I. CONTEXT

I.A Situation Analysis

I.A.1. Economic and social context

Montenegro, with its rich variety of natural attractions, has everything necessary to develop a sustainable tourism industry. Many of these attractions however have not been developed yet, others are not packaged properly. Apart from the sandy beaches, the spectacular bay and the unusual coastline on the South, in the Central and Northern area Montenegro offers dramatic mountain scenery enriched by lakes and river canyons, virgin forests, rich bio-diversity and many historical sites remnant from several different cultures. Despite the availability of natural resources, the Central and Northern areas are currently the underdeveloped parts of Montenegro with serious depopulation and poverty problems. Some of the villages in the countryside are completely deserted and the number of people living below the poverty minimum is twice as much compared to the Southern parts of Montenegro. 84% of the poor population resides in the Central and Northern Montenegro. Two National Parks in Northern Montenegro (Biogradsko Lake and Durmitor) have great potential but lack development strategy, management capacity and community support.

WTTC estimates for 2004 reveal that the tourism industry of Montenegro currently represents 14.8% of total GDP and by 2014 is expected to increase to 21.1%. Similarly, Travel & Tourism in Montenegro today account for 14.9 per cent of total employment, and is expected to rise up to 21.3 per cent by 2014. Tourism is expected to become the leading export sector of Montenegro economy, generating highest foreign revenues and having the highest potential to diversify the economy, foster entrepreneurship (especially small and medium size enterprises) attract investments, generate a large number of sustainable jobs and fuel the social development of many communities. WTTC estimates that the capital investment in tourism in 2004 is €2.8 million or 14.8% of all investments. By 2014 the total capital investment will increase to €21.2 million or 20.4% of all investments. According to the National Institute for Statistics, in the first ten months of 2004 Montenegro received 685,917 visitors, accounting for 4,500,702 nights. Compared to the previous year, the number of nights increased with 14.65%. Foreign visitor revenues for the first ten months of 2004 increased with 32.2% compared to the same period last year, and revenues of visitors from Serbia increased with 9.4% over the same period. A comparison between the increase in the number of arrivals and nights for the first ten months of this year and the increase in revenues reveals that the increase in revenues is greater, which is an indication of a change of the visitor profile towards higher-end guests.¹ In project area, tourism is an important employment sector, especially in Žabljak where tourist resorts are located. The facilities cater for winter sports, hiking, fishing, river rafting and mountain climbing. The wider project area hosted about 90,000 visitors in 2003.

¹ Government of the Republic of Montenegro. Ministry of Tourism, Overview of summer Tourism Season 2004, Podgorica, September 2004

All that data justifies the expectation that an intervention aiming at diversification of the national tourism product towards development of sustainable tourism based on the existing natural assets and the National parks system in the country will add value and create new employment opportunities in Northern Montenegro.

I.B. Strategy

I.B.1. National Strategy

In an effort to raise awareness and create a framework for sustainable tourism development, UNDP engaged in a strategic initiative/project. In partnership with Rockefeller Brothers Fund, a high level consultant was recruited and engaged in an extensive consultative process involving private sector representatives, local communities, experts, donors, etc. Under the guidance and support of the Ministry of tourism, a Strategic Framework for Development of Sustainable Tourism in Northern and Central Montenegro was developed as coastal areas were already considered in detail in the existing Tourist Master Plan – development strategy until 2020. The Framework was first approved by the Council for Sustainable Development (CSD) and then adopted by the Government of Montenegro in September 2004. Throughout the consultative process public awareness on the potential for sustainable tourism was raised, key challenges were identified, relevant experiences discussed and actions proposed. The Strategic Framework was published and launched by UNDP and the Government of Montenegro at a public event on the 15th of December along with a UN Commission for Private sector & Development Report “Unleashing Entrepreneurship-making business work for the poor”.

To build on this work Montenegro has been selected as a pilot for UNDP’s global initiative “Unleashing entrepreneurship – making business work for the poor”. By linking this project with the Strategic Framework, UNDP wishes to provide an umbrella for future initiatives that seek to unleash business opportunities in sustainable tourism, protect biodiversity and reduce poverty in Northern and Central Montenegro.

Protected Areas (PA) in Montenegro (MN) cover 7,2% (99.513,23 hectares) of its territory. There are four National Parks (NP) in Montenegro: Skadar Lake, Lovcen, Biogradska Gora and Durmitor. Durmitor (Area: 31.200 hectares) exists as a National park since 1952 (IUCN management category II), and has been a UNESCO World Heritage site since 1980. NP Durmitor includes the Tara river Basin (UNESCO Man and Biosphere Programme) since 1977. Both types of ownership – private and state - are found in the area. The Park includes lands of five municipalities: Žabljak, Mojkovac, Pljevlja, Plužine and Šavnik .

Economic Reform Agenda for Montenegro has been adopted in March 2003. Some of the reforms planed in the sector of Environmental Protection have biodiversity conservation (BC) components. The Economic Reform Agenda for Montenegro (Initiative 10) plans the following PA – BC activities: Development of the Strategy (BSAP); Conformance with the Convention on Biodiversity (CBD) and other relevant international conventions; Reviewing and completion of the Red List, habitats characterizations and other records, with yearly revision; Revision of laws and regulations; expanding of the Network of protected areas, with reviews and revision based on regular monitoring.

Tourism has been identified as the sector of strategic importance and one where Montenegro has clear comparative advantages. In the Economic Reform Agenda the main goal for the tourism sector has been identified as a “sustainable tourism product that attracts **gradual growth** of the number of guests, fast growth in income and creation of new employment”.

I.B.2. Needs to be addressed

Strategic intervention:

Government recognizes the need for the scoping study/assessment of barriers to tourism private sector development in Central and Northern Montenegro, where more than 80% of poor people are concentrated, and recommendations on the steps to be taken that will lead to sustainable tourism development as well as reduction of poverty.

Concrete/pilot interventions:

The intervention aims at addressing **several specific needs** of Montenegro national parks and tourism institutions and at introducing **an innovative approach** in the management of the national parks.

Innovative Management Approach:

- ***Coordination and Participation***: Sustainable tourism based on national parks attractions requires high level of coordination among stakeholders representing the conservation community, local authorities, local businesses and others. Sustainable tourism could be successful only if based on public private partnership. Durmitor National Park does not have a mechanism for public private partnership. The current development of the management plan does not involve participation of local stakeholders and does not contain a strategy for public sector partnerships.
- ***Building a model***: The application of private sector partnership initiatives as part of these 'smaller' projects could serve as steps toward the broader adoption of the participatory approach as a management model in sustainable tourism and projects related to rural tourism and food production.
- ***Limits of Acceptable Change***: In the future, it will be necessary also to introduce the concept of the *limits of acceptable change* as a visitor management instrument in the national parks. Its adoption will help avoid “damage to ecologically fragile areas caused by irresponsible development”². This project aims at building awareness of the stakeholders about the concept while UNDP will attempt to introduce this approach in parallel through other projects in the field of protected areas management.

Specific needs:

- ***Upgrade Quality of Service***: The quality of tourism services needs to be significantly increased in order to access international markets. All stakeholders acknowledge the need to upgrade hospitality, interpretation and security service in order to attract upscale visitors.
- ***Rafting Training Facility***: There is no formal training or training center for rafting in Montenegro, even though rafting on Tara river is the biggest attraction in Durmitor.

- ² As was stated in the Message to the First annual Summit of the World Tourism Forum for Peace and sustainable Tourism delivered in Salvador on December 1, 2004 by Mr. Carlos Lopes, United Nations Resident Coordinator in Brazil.

- **Tourist Guide capacity:** The hiking trails in the territory of the park are marked, but lack interpretation of natural attractions. The currently available guides are not enough and have limited interpretation, hospitality and security capacity.
- **Innovative Marketing Strategies:** There is a lack of innovative marketing approaches necessary for development of niche markets.

I.B.3. The interventions

The methodology of the implementation of the project is based on the analysis of the problems. The Project in general is based on the model for sustainable tourism cluster development. In its essence the sustainable tourism cluster establishes strong connections among all components/stakeholders of the tourism product, which is a prerequisite for their success.

The Project includes the following interventions corresponding to the identified above needs:

Innovative Management Approach:

1. Organize and facilitate a two days workshop for stakeholders in the area of Durmitor National park. The workshop will initiate the process of building a public private partnership for sustainable tourism. Participants in the workshop will include representatives of the Republican Ministry of Environment and Spatial Planning, National Parks Authority, Durmitor National Park, local authorities, local service providers and tour operators, local and national NGOs. The objective of the workshop will be to present stakeholders with the concept of sustainable tourism, to familiarize them with the project and to build consensus about its implementation plan and strategic vision for a possible follow-up. International consultant/ s will be invited to design and facilitate the workshop.

Specific needs:

2. Improvement of the rafting tourism product – rafters will be trained and recommendations will be given regarding mechanism for licensing of service providers. Rafting service providers will be trained in interpretation, hospitality, safety. A manual will be developed and produced for them, as well as a promotional leaflet for marketing purposes.
3. Two existing hiking trails in the park will be renewed and upgraded by installation of interpretation signage and small boards along them. A total of 8 guides will be trained in interpretation, hospitality, safety. A Guide manual will be developed and produced, as well as a promotional leaflet.
4. The two improved services (rafting and guiding) will be promoted through an “opening” event will be organized in collaboration with local stakeholders and will involve local, national and international tour operators and journalists. The event will be extensively covered by the media. The event will serve both as a marketing and a public awareness tool, and will include conducting of quiz with small prizes to stimulate knowledge about the area.
5. The implementation of the project will be covered by the media through regular press releases and press conferences. It will be followed by the regularly updated existing website.
6. The development of procedures for licensing of rafting services and procedures for public private partnership will encourage the unleashing of entrepreneurship – it will

open up opportunities for contracts between the park and the service providers, which will encourage commitments to and benefits from the collaborative management of the park.

7. Closing workshop to analyze the successes and lessons learned.

The activities will be interrelated content-wise as well as technically. For example, the contents of all trainings should be based on the specific sustainable tourism attractions, which are being developed and on the existing opportunities to develop complex products. All activities are focused on the development of a sustainable ecotourism product, which does not damage nature and contributes to its preservation.

The host and owner of the project is the National Parks of Montenegro Enterprise and Durmitor National Park.

I.B.4. Programme Objectives

The ultimate objective of the project is to create a model for public private partnership which will lead to the development of new sustainable tourism products based on the natural attractions of the park and will market them as niche markets. This model will include capacity building of local stakeholders and establishment of mechanisms for public private partnership, which lead to unleashing of entrepreneurship and creation of new employment opportunities.

The strategic objective of the project is to set the environment for broader intervention in the field of protected areas management for sustainable tourism and creation of models for public private partnership in the field of rural development and food production.

I.B.5. Target Beneficiaries

The targeted beneficiary groups are republican government representatives (Ministry of Environment and Physical Planning and Ministry of tourism), National Parks Enterprise, National tourism Organization, local authorities in Zabljak municipality, local businesses and NGOs. Activities will be assigned to all stakeholders, so that each of the project activities is hosted by one stakeholder or by a group of stakeholders. This approach will ensure the capacity building of these stakeholders, as the international and national experts will work directly with the host group or organization.

The clients of the tourism services could be considered indirect beneficiaries.

In reference to UNDP's commitment to gender equality, the project will explicitly aim to apply equitable gender ratios in its recruitment, training and partner NGO selection processes.

PART II. PROJECT RESULTS AND RESOURCES FRAMEWORK

	Intended Outputs	Output Indicator	Indicative Activities	Inputs
1.	Public private partnership for sustainable tourism development among stakeholders in the area of Durmitor National Park introduced – kick-off workshop	<ul style="list-style-type: none"> • Action plan for the implementation of the workshop - developed and agreed upon • Number of active stakeholders taking part in the workshop • Improved level of understanding of the sustainable tourism concept • Improved level of coordination and collaboration among stakeholders • Assignments for the implementation of the project activities agreed upon 	<ul style="list-style-type: none"> • Organize and conduct start-up workshop for approximately 40 participants –sustainable tourism stakeholders from Zabljak, Pluzine and Savnik • Produce workshop materials • Produce report on the workshop including the assignments for the project activities 	<ul style="list-style-type: none"> • Identification and recruitment of an international consultant in public private partnership • Identification and training of three local facilitators • Facility for the workshop provided as in-kind contribution by the municipality or the park • Workshop materials designed and produced – consultant and facilitators
2.	Improvement of the rafting product through capacity building in the area of hospitality, interpretation and safety.	<ul style="list-style-type: none"> • Number of trained rafters • Produced manual • Improved skills of rafters • Produced promotional leaflet 	<ul style="list-style-type: none"> • Identify international consultant • Conduct training with rafters • Compile and produce manual • Produce leaflet - A3, 4+4, paper 120 g., local and English languages - 	<ul style="list-style-type: none"> • Identification and recruitment of three international consultant/s to provide assistance in the field of improving rafting services • Design and production of manual

	Intended Outputs	Output Indicator	Indicative Activities	Inputs
			1000 copies each	<ul style="list-style-type: none"> • Design and production of leaflet
3.	Upgrading of 2 hiking trail services	<ul style="list-style-type: none"> • Number of trained guides • Produced manual • Improved skills of guides • Produced promotional leaflet • Improved interpretation signage along the 2 trails – 5 new sign boards along each trail • Contact list of targeted international organizations for direct marketing by local tourist organizations 	<ul style="list-style-type: none"> • Identify international consultant • Compile and produce manual • Improve trail interpretation on the field • Improve Produce leaflet - A3, 4+4, paper 120 g., local and English languages - 1000 copies each 	<ul style="list-style-type: none"> • Identification and recruitment of two international consultants to provide assistance in marketing and business planning and interpretation • Field work for the two trails – clean the trails and install the sign boards – volunteers • Design and production of the signage boards • Design and production of manual • Design and production of leaflet
4.	Conducting of marketing event – opening of the upgraded attractions	<ul style="list-style-type: none"> • Conducting the event • Number of participants – guests • Number of participating tour operators • Number of participating journalists 	<ul style="list-style-type: none"> • Design of the event and the quiz • Organization of the event • Invitations to different important guests – politicians, ministries, journalists, tour operators • Production of a promotional flyer • Production of a poster 	<ul style="list-style-type: none"> • Identification and recruitment of an international marketing consultant to design the event • Contract for the production of banners, flyer and poster • Contract for music band and performers

Intended Outputs		Output Indicator	Indicative Activities	Inputs
			<ul style="list-style-type: none"> • Design and production of the scene • Conducting of the event 	<ul style="list-style-type: none"> • Prizes for the quiz • Rent of scene and sound equipment
5.	Media coverage and website maintenance	<ul style="list-style-type: none"> • Number of press releases distributed • Number of Press conferences conducted • Number of publications in national and local media 	<ul style="list-style-type: none"> • Seven press releases released • Three press conferences/events conducted – for the two workshops and for the event 	<ul style="list-style-type: none"> • Contract for the web design and maintenance • Refreshments and handouts for the press conferences
6.	Development of procedures	<ul style="list-style-type: none"> • Procedures developed • Policy paper for future public private partnerships produced, including description of opportunities for new enterprises 	<ul style="list-style-type: none"> • Development of a model for the future public private partnerships of the park • Development of a recommendations for the procedures issuing the contracts for service providers 	<ul style="list-style-type: none"> • Contract for a local consultant (lawyer) to draft contracts between park and service suppliers and the procedure for the licensing of the rafters • International consultant to draft a recommendations regarding future of public private partnerships of the park
7.	Closing workshop	<ul style="list-style-type: none"> • Number of participants • Vision about future development agreed upon 	<ul style="list-style-type: none"> • Organize and conduct closing workshop for approximately 40 participants – representatives of sustainable tourism stakeholders • Produce workshop 	<ul style="list-style-type: none"> • Identification and recruitment of an international public private partnerships consultant to provide assistance • Identification and training of three local

	Intended Outputs	Output Indicator	Indicative Activities	Inputs
			materials <ul style="list-style-type: none"> • Produce report on the workshop 	facilitators <ul style="list-style-type: none"> • Facility for the workshop provided as in-kind contribution by the municipality or the park • Workshop materials designed and produced – consultant and facilitators • Accommodation and meals for the participants
8.	Management of the project	<ul style="list-style-type: none"> • Produced materials • Produced report 		
9	Scoping/barriers study	<ul style="list-style-type: none"> • Scoping/barriers study produced and findings shared with relevant stakeholders 	<ul style="list-style-type: none"> • At least two visits/missions organized for consultant(s) • Presentation of findings/recommendations to relevant stakeholders 	<ul style="list-style-type: none"> • Identification and contracting of an reputable international institute • Facilitation of meetings with national stakeholders and donor community • International consultant(s)/institute draft a scoping study

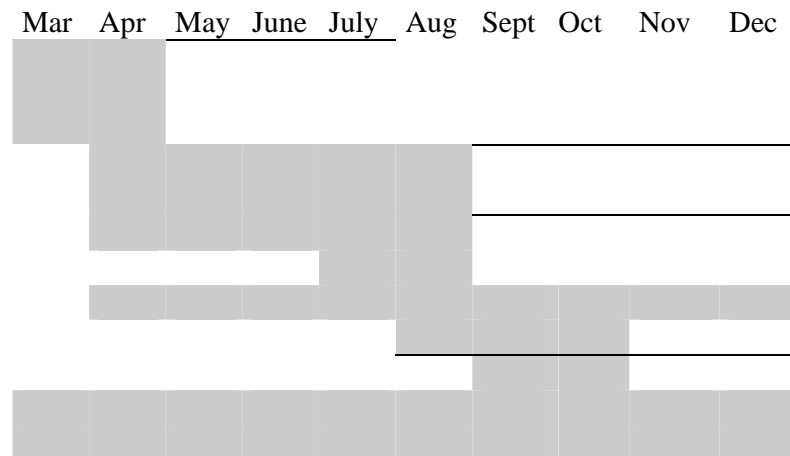
International consultants:

1. **Public private partnerships - 15 days – 3 trips – the two workshops and the event**
2. **Marketing and Business planning – 10 days total – 2 trips – training and finalizing the publications**
3. **Interpretation – 10 days total – 2 trips – training and finalizing the publications**
4. **Rafting services and safety – 5 days – 1 trip – training**

Project Duration: 10 months
Total cost of inputs:
UNDP support cost:
Total Project Cost: 200,000 US\$

Project time frame

Activity/ Month



Engagement of the reputable international institute and preparation of the scoping study/assessment will be conducted in parallel with these activities.

PART III. MANAGEMENT ARRANGEMENTS

III.A. Institutional Arrangements

First and direct counterpart and beneficiary of the project are the National parks enterprise of Podgorica and the Durmitor National Park. All activities will be initially agreed and “approved” by them.

Ministry of Environment and Spatial Planning and the Ministry of Tourism as well as the National Tourism Agency will be regularly informed on the implementation process and will be involved in the development and future enforcement of the procedures and policies which the project will generate.

III.B. Government Inputs

The Government of Montenegro will provide the project with suitable furnished meeting space (meeting room), and will cover operational costs for Government staff involved in the project (telephone lines and internet connection, stationeries, transport, per-diems etc).

Municipal authorities will provide the project with meeting rooms, local transportation, communication, equipment and will cover the operational costs of municipal staff involved in the project.

III.C. Project Execution Modality

The project will be managed directly by the UNDP Liaison office.

Each of the activities will be “contracted out” to local stakeholders or coalitions of stakeholders who will work directly with the project manager (from UNDP) and the international consultants. These local “contractors” will be coordinating and hosting the activities. This approach will secure the building of capacity among local stakeholders.

The project will be implemented in active collaboration with all stakeholders on national and local levels.

International consultants will report directly to the project manager in UNDP Podgorica.

The project will relate/coordinate to the work/activities carried out by other donors programs – USAID, European Agency for Reconstruction and Development, etc and potentials for joint activities will be considered.

III.D. Risks and Assumptions

There are several risks and assumptions that need to be considered in the project implementation:

1. The management plan of Durmitor National Park was not been developed through a participatory process, thus all users, including service providers are not yet committed to the implementation of the rules and regulations adopted by the park management
2. The land ownership in the territory of the park is mixed (state and private). This might cause difficulties in the implementation of the management plan in the future. Private owners were not involved in the management planning process and their awareness on the business opportunities related to partnering with the National Parks is insufficient.
3. There is a significant need for a wide public awareness campaign among institutions, stakeholders and local communities in order to generate understanding that nature conservation is not a restriction but a great opportunity for economic activities.
4. Durmitor National Park lacks technical staff; technical expertise is available only on the national level. There is a need to developing expertise and build capacity either in the park directorate or among the partners of the park.
5. The nature conservation legislation is not enforced effectively in the National parks.
6. The concept of Limits of acceptable change was never introduced in the management plans and practices of the national parks.
7. The waste management procedures are not efficiently organized.
8. There is no management framework and practice for rescue service in the area.
9. The institutional framework of the tourism industry is very complicated. The relationships and mandates of the local tourism bureaus, information centers and local tourism boards are not clear enough. These establishments do not clearly “belong” to local entrepreneurs, which is a barrier to the “unleashing” of their business.

III.E. Programme Monitoring and Evaluation

Monitoring mechanisms at national and local levels will be developed and will reveal whether the project is being implemented according to the plan and set objectives.

Standard, UNDP Results - Based Monitoring and Evaluation system will be applied in combination with both mandatory and recommended monitoring tools (reporting, validation and participation). Specific, measurable, attainable, relevant and traceable qualitative and quantitative indicators will be monitored to indicate progress, provide early warning for possible mistakes, and identify changes that might be needed in strategy and practice.