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PHARE PROGRAMME  
TOURISM DEVELOPMENT IN POLAND  
ROZWÓJ TURYSTYKI W POLSCE

**The CEC-PHARE Programme for  
Tourism Development in Poland,  
and Implications for Regional  
Development**

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Institutional Strengthening - Conference Paper II

**The CEC-PHARE Programme for  
Tourism Development in Poland,  
and Implications for Regional  
Development**

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by

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## **The CEC-PHARE Programme for Tourism Development in Poland, and Implications for Regional Development**

### **Introduction**

PHARE is the Commission of the European Communities' particular effort to support the ongoing process of economic reconstruction in the countries of Central and Eastern Europe. The word PHARE is an acronym of **P**oland, **H**ungary - **A**ssistance for **R**estructuring of their **E**conomies. PHARE started out with assisting the process of transition from a command economy to a market economy in Poland and Hungary. In mid-1990 it was extended to include four more countries in Central and Eastern Europe: Bulgaria, Czechoslovakia, Romania and Yugoslavia, and subsequently it has been extended to include the Baltic States. The assistance consists of both financial and technical support for the governments concerned, aimed at creating a market-oriented economy based on private ownership and initiative. Financial support should not be interpreted as indicating capital investment. PHARE mainly provides technical assistance through consultants and experts. Further it offers providing supplies (equipment) and humanitarian aid.

PHARE funds are made available as grants to finance restructuring programmes and not in the form of loans for commercial activities. As such PHARE funds are meant to contribute to creating the administrative, regulatory, financial and commercial environment without which a market cannot function and private investment cannot be attracted, flourish and succeed. Priority areas for PHARE include privatisation, agriculture, banking and finance, industry, energy, environmental protection, and trade and services. Assistance in environmental protection is considered a support action needed for sustainable economic growth.



PHARE emphasises the strengthening of institutions, improving policy and strategy formulation, and project preparation, in order to attract the investment needed to modernise infrastructure and related facilities. Preference is, moreover, given to sectoral development programmes to support policy reforms rather than individual projects.

Over the past three years, PHARE has been a major instrument of external support to the process of economic and social transformation in Poland. The emphasis has been on economic restructuring, association with the European Communities, development of human resources, and the environment. Some examples of programmes are:

- Structural development in selected regions (STRUDER);
- Export promotion (EXPROM);
- Agricultural privatisation and co-operatives (APRICOT); and
- Development of the tourist industry (TOURIN).

### **The PHARE Programme for Tourism Development**

In 1992 PHARE assistance to Central and Eastern Europe amounted to 1,015.5 million ECU. Poland's share is 200 million ECU or almost 20 %. Of this amount the Tourin programme takes only 4.5 million ECU, which is less than 2.5 % of PHARE aid to Poland. The Tourin programme, which started in the beginning of 1993 and runs until the end of 1994, is carried out under the responsibility of the State Sport and Tourism Administration (SSTA) by a core group composed of officials from both the State Sport and Tourism Administration and the Institute of Tourism, and three long term external experts. Together these form the Programme Management Unit (PMU). The PMU is assisted by short-term external experts and by the staff of the Institute of Tourism (IOT). Each of the long term experts has a Polish counterpart/assistant in the Institute of Tourism.

The main elements of the programme consist of:

- Institutional strengthening of tourism institutions, including legal/financial framework and policy formulation;
- Tourism product development, including preparation, launching and management of projects to be carried out by specialised experts/firms;
- Tourism marketing, again including preparation, launching and management of projects to be carried out by specialised experts/firms;
- Tourism training and manpower development, including identification of needs, preparation, launching and management of operations to be carried out by specialised trainers/firms; and
- Overall management and monitoring of the programme implementation, including coordination with all institutions and other donors and the monitoring of the funds.

### **Institutional Strengthening**

In the field of institutional strengthening, with the assistance of a short term expert, advice has been given on a draft legislative proposal concerning accommodation, travel trade, and tour managers and guides. The advice concerns:

- licensing for travel trade operations and certain types of guides (special skill);
- registration, and classification according to type, of accommodation establishments;
- licencing and grading of selected types of tourist accommodation such as hotels and motels.

Further, a report has been produced on policies to be pursued by the government with regard to the development of the tourism sector in Poland, and, following from this, advice has been given on the organisation structure of the National Tourist Organisation (the SSTA).



Separate attention has also been given to both short term policy directions for tourism development and the need for intra-governmental and public-private cooperation. Finally, in the field of institutional strengthening information has been provided on VAT in relation to tourism in EC member countries.

### **Product Development**

In the field of product development advice has been given on a general approach needed to develop Poland's regional tourism product potential successfully. For this Lower Silesia has been taken as a case study. An important point made is the need to be selective and prevent dilution of funds and energy by spreading them over too large an area. The implication is that regional and sub-regional tourism zones have to be identified for priority development. In line with this a statistical input has been developed, and is still further developed, for the identification and evaluation of tourism destination regions, initially at voivodship level, and subsequently at sub-regional level. An analysis has been made of time-series data on tourism, based on published and unpublished material collected by the Central Statistical Office, with a break-down into a domestic and a foreign component, showing the evolution in the number of tourists staying overnight in paid accommodation (broken down into several types). Such data are useful since tourists vote with their feet. It is clear that the existing accommodation capacity, and its regional and sub-regional distribution, is the result of former subsidies and consequently can be no yardstick under market economy conditions.

The time-series comprise the 1989-1992 period. Such analysis reveals regional trends in domestic and foreign tourism. Relating the figures for each voivodship to the national totals for tourist accommodation arrivals provides an indication of changes in relative positions of regional tourism destinations in Poland.



The results of the identification and evaluation of tourism regions are used in the evaluation of regional initiatives such as those in Lower Silesia, the Lublin region, the tri-city area of Gdańsk, Sopot and Gdynia, and the Kielce voivodship. Efforts at tourism product development should primarily concentrate on those areas where a sizeable underutilised accommodation stock coincides with rising numbers of tourist arrivals. These are the areas/regions to be promoted to potential investors. The selection of potential areas for further tourism development is in line with and will also be part of a Study on a National Product Development Strategy to be commissioned shortly, and to be undertaken by an outside consultant from an EC or a PHARE beneficiary country. The Terms of Reference for this study mention, among other things, that regional and sub-regional tourism destination areas should be identified where clusters of attractions exist which have enough added-on "attraction value" to make tourism product development feasible.

Geographic regionalisation of tourism development is necessary as in order to make the best use of resources a critical mass is needed. Dispersal of efforts implies a lack of specialisation and of critical mass, unnecessarily high public outlays for physical, social and institutional infrastructure and consequently less than optimal national economic returns on investment. This, for instance, indicates that efforts to upgrade part of the existing and presently underutilised accommodation stock to create a fit with the market, should be selectively directed at those geographic areas having a high potential for further tourism development and should not be wasted applying a non-selective across the board approach. It also indicates that in the present economic and tourism situation in Poland, where there is no saturation in existing tourism destination areas, efforts aiming at the development of dispersed forms of tourism and those which have little potential for immediate growth, should have a low priority. This conclusion is substantiated by a report drawn up on the development of farm



tourism in Poland. The report argues that substantive subsidies are a prerequisite for the development of this form of dispersed tourism. It is clear that this is not what Poland, which recently did away with most of its subsidies for tourism, is waiting for.

Regionalisation of tourism, however, does not exclude the establishment of itineraries for the purposes of touring holidays. With this in mind a report has been produced on the possibilities of establishing a system of castle hotels ("paradores") which would fit in with the concept of touring holidays for the medium and higher spend markets.

### **Marketing and Promotion**

In the field of marketing and promotion, advice has been given on the 1993 Polish participation at the tourist fair (ITB) in Berlin, and guidelines have been drawn up for a tender on the design and construction of a new Polish stand for use in future tourism fairs. Further general guidelines have been drawn up for tourism marketing, and an analysis has been made of tourism from Germany to Poland, including marketing implications.

Evaluations have been made of the work of COTI, and of the Marketing Plans of the SSTA, and aid is being given in improving the approach to their marketing planning. The need for Gminas to have help in the marketing of tourism is recognised, and a tender will soon be placed with Polish contractors, to give advice via special videos, on how to organise and manage the marketing of tourism by local authorities.

Recently an evaluation of existing market research on the European and domestic market as an input for the development and marketing of Poland's tourism product has been completed. The study gives a broad indication of which regional products should be primarily developed and which geographical markets and market segments should be targetted to match demand with regional tourism supply. To direct visitor flows to identified destination areas, marketing

campaigns will be held in selected foreign markets, such as those of Britain, France, Italy and Germany. For the execution of these campaigns foreign marketing firms will bid by tender.

### **Education and Training**

The fourth field of PHARE tourism activities is that of education and training. In this field a comprehensive needs assessment has been made based on an extensive inventory and evaluation of the present situation in professional and vocational education and training for tourism in Poland. Further a comparative analysis between tourism education in Poland and in Western Europe has been presented. The analysis of needs has led to the development of an action programme which includes a comprehensive repertoire of courses, for teachers and for those working in tourism, as well as activities to strengthen text books and other resource material. Some of the courses will be delivered at the regional level, by foreign experts and teaching institutions in collaboration with Polish experts and organisers.

### **Financial arrangements and procedures for the PHARE Tourism Programme**

The total budget for the PHARE Tourism Programme, amounting to 4.5 million ECU, is broken down as follows:

	<u>Mln ECU</u>
- Institutional Strengthening	1.2
- Tourism Product Development	0.9
- Tourism Marketing and Promotion	1.1
- Management and Manpower Development	1.0
- Programme Management Unit	0.3



The item institutional strengthening covers the costs of the THR-PHARE team of foreign experts, including those of 8 man months of short term experts over the two year period of the programme. The activities of the team of experts are related to institutional strengthening proper, to product development, marketing and promotion, and education and training. In addition they comprise a shared responsibility within the PMU for the overall management and monitoring of the programme implementation. In product development, marketing and promotion, and education and training, the majority of the funds will be needed to finance respectively the study on the National Product Development Strategy, the marketing campaigns in target origin markets, and to organise and deliver the courses in tourism education and training. A limited amount of funds in product development, and marketing and promotion can be used to respond to local and regional initiatives, in need of some help in financing studies. There are no funds available for capital investment or to finance operational expenses. It should, moreover, be pointed out that only such local or regional initiatives qualify for assistance, which have the capability of being used as a model approach that can be copied in other municipalities or regions in Poland. Since the funds available for this purpose are rather limited, preference is given to well formulated projects of a limited scope and modest cost level. The role of the THR-PHARE team is an advisory one. Contracts are awarded by the State Administration for Sport and Tourism (with CEC safeguards) and not by the THR-PHARE team.

From the above elaboration of the PHARE Tourism PMU's activities it is clear that the PHARE Tourism Programme, albeit being a programme at national level, will produce substantial benefits for the development of tourism at regional level.

Additional information on the activities of the PHARE Tourism PMU can be found in the monthly inserts in the journal Rynek Turystyczny published by Agencja Promocji Turystyki MART in Warsaw.

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