

United Nations Development Programme

Country: AZERBAIJAN

Project Document

Project Title: Institutional Support to the Ministry of Culture and Tourism to facilitate effective development of domestic tourism in Azerbaijan (III Phase)

UNDAF Outcome(s):

The effective and transparent management of oil resources leads to increased decent employment in the non-oil sectors

Expected CP Outcome(s):

Country Programme Outcome 1.2: Employment in non-oil sectors increases

Indicator: Unemployment rate (baseline 10.7% total, 9.6% for men, 12.2% for women, 2003)

Expected Output(s): Capacity of the Ministry of Culture and Tourism is strengthened in better monitoring of the tourism sector development, provision of higher level of education and better services to tourists.

Executing Entity: Ministry of Culture and Tourism

Implementing Agencies: UNDP

Brief Description

This project represents the third phase of a joint project between UNDP and the Ministry of Culture and Tourism aimed at development of the tourism sector in Azerbaijan. The main objective of the new phase will be to strengthen the capacities of the Ministry of Culture and Tourism to foster further development of this sector. The project will also support the activities reflected in the 5-year State Tourism Development Programme (2010-2014), such as the development of materials promoting Azerbaijan's tourism potential; upgrading of tourism products and services; undertaking of marketing research in order to develop a sound tourism development strategy; and organization of a number of training courses for managers in the tourism sector.

Programme Period:	2010-2011
Key Result Area (Strategic Plan):	Promoting inclusive growth, gender equality and MDG achievement.
Atlas Award ID:	
Start date:	15.02.2010
End Date:	15.02.2012
PAC Meeting Date:	

Total resources required	440,000USD
Total allocated resources:	_____
• Regular	40,000USD
• Other:	
o Donor	_____
o Donor	_____
o Donor	_____
o Government	400,000 USD
Unfunded budget:	_____

Agreed by Government



Agreed by (UNDP): ARNO D. LOVETI

18/02/2010

I. SITUATION ANALYSIS

Azerbaijan has the potential to attract a large number of international tourists, mainly due to its rich cultural heritage with a wealth of archaeological and architectural monuments. Also, mountains, forests, farmlands and coastal areas across nine climate zones out of the eleven existing ones in the world, ranging from subtropical to alpine, provide Azerbaijan with very diverse natural environments that can be used to develop a range of different tourism activities targeted to attract various groups of tourists.

Tourism is increasingly becoming an important part of the Azerbaijan Economy and contributing to the overall growth of the economy in the country. Tourism in Azerbaijan has improved considerably over the recent years mainly because of the boom in the country's oil and gas industries, which has attracted foreign investment. This contributed greatly to the development of business tourism leading to significant improvements in travel accommodation and transportation infrastructure. The statistics show an upward trend in the number of overseas tourists (mostly from Russia, Georgia, Iran and Turkey) visiting Azerbaijan for different types of purposes (mostly "business").

The number of tourism enterprises operational in the country has grown from 39 of 2002 to 234 in 2008. Out of these, 227 are based in Baku and only seven in the regions of Azerbaijan (3 in Khachmaz, 2 in Ganja, 1 in Lenkoran and 1 in Seki. This is an illustration of the fact that despite the existing tourism potential of the regions, most revenues generated from tourism flow to the capital.

To fully capitalize on tourism's economic potential, there are still many challenges that need to be overcome. The infrastructure and transportation system, for example, will need a significant overhaul. Also, according to the Global Competitiveness Index for 2007-2008, the telecommunications industry needs to be improved, with connectivity expanded and services made available in smaller urban settlements and rural areas. In addition, tourism businesses still face a range of constraints with regard to lack of a skilled labor force. Insufficient marketing skills in tourism businesses tend to further diminish the effectiveness of their business operations, as they have limited capacity to attract potential clients at the national, regional or global levels.

Overall, there is very little marketing of Azerbaijan's attractions done outside of the country. Internationally, the tourism sector is mostly represented by the Ministry of Culture and Tourism, since very few companies are able to afford participation in major international travel fairs. On-line marketing remains underdeveloped.

The gaps in the statistical data disaggregated by sex, number of domestic and international tourists, tourists travelling with children as well as limited information on the feedback of the tourists satisfaction with the received services are also impeding the clear picture on tourism development in the country, thus hampering proper response measures from the Ministry of Culture and Tourism.

In general, the tourism sector requires a broad approach to its further development, including the expansion and upgrading of facilities along with improvements of the necessary infrastructure; capacity development for managers and staff working in tourism; the establishment of quality

standards, accreditation and systematic quality control; and strategic promotion of Azerbaijan's tourism assets at the regional and global levels.

II. STRATEGY

Project Outputs: The outputs of the project are to enhance the Ministry of Culture and Tourism's advisory and marketing capacity; provide institutional support to the Azerbaijan Tourism Institute to enhance the professional skills of people employed in the tourism industry; and improve the performance of the existing Tourism Information Centres.

The project strategy will concentrate on institutional capacity development at three levels - within the Ministry of Culture and Tourism, within the Azerbaijan Tourism Institute, and at the level of Tourism Information Centres - to help address challenges related to the lack of skilled human resources in the tourism sector as well as the need to better promote Azerbaijan's tourism assets abroad.

1. At the level of the Ministry of Culture and Tourism, the project will focus on enhancing the Ministry's advisory and marketing capacity as well as its ability to engage the private sector in tourism development, through:
 - Support to gathering disaggregated tourism statistics to allow for gender sensitive analysis of tourism development trends
 - Support to government-private sector relationship and dialogue in the tourism sphere, including organization of regular meetings between leading domestic tourism organizations/businesses, information sharing, and exchange of views
 - Promoting the country's tourism image (branding)
 - Support to tourism education, especially to the Azerbaijan Tourism Institute
 - Capacity development for Ministry personnel through the provision of special training courses
 - Assistance in the development of cultural and rural tourism directions through community based trainings

2. At the level of the Azerbaijan Tourism Institute, the project will provide institutional support to enhance the professional skills of people employed in the tourism industry, through:
 - Organization of training and language courses for guides, tour operators and private businesses working in the tourism sector
 - Organization of short-term courses on development of business plans, access to credit, etc. for private businesses working in the tourism sector
 - Organization of trainings for improvement of the qualifications of managers, tour guides, cooks, waiters, drivers and other professional categories active in the tourism sector

3. At the level of Tourism Information Centers, the project will work towards improving the level of services that is provided to tourists by the centres themselves and local communities, through:

- Organization of the trainings on sustainability strategies for the operational Tourism Information Centres:
- Organization of trainings for local population in registration of tourism entities at the rural level
- Organization of workshops on: tourism-related problems, importance of tourism in socio-economy development of the regions
- Organization of trainings for staff of Tourism Information Centres and local population of the regions on provision of better services to tourists

III. RESULTS AND RESOURCES FRAMEWORK

Intended Outcome as stated in the Country Programme Results and Resource Framework:

Country Programme Outcome 1.2 Employment in non-oil sectors increases

Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:

Indicator: Unemployment rate (baseline 10.7% total, 9.6% for men, 12.2% for women, 2003)

Applicable Key Result Area (from 2010-11 Strategic Plan):

Partnership Strategy

Project title and ID (ATLAS Award ID):

ID 00031999

INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
Capacity of the Ministry of Culture and Tourism is strengthened in better monitoring of the tourism sector development, provision of higher level of education and better services to tourists. Indicators: 1. Number of opinion polls in the regions on tourism development conducted	<u>Targets 2010</u> 2 <i>opinion polls in the regions on tourism development conducted.</i> 3 <i>marketing publications on tourism development released</i> <i>Class room for short term courses at ATI established</i> 2 <i>trainings provided for TICs</i> <u>Targets 2011</u>	1 Advisory and Marketing capacity of Ministry and private sector in tourism sector is enhanced 1.1 Conducting opinion polls and workshops in the regions and gender sensitive analyses of tourism development trends 1.2 Publishing of tourism marketing materials for the Ministry and private sector 1.3 Conducting Marketing in Tourism workshop with UNWTO and other international organizations participation. 1.4 Survey on awareness about	Government	<i>Contractual services</i> 125.000USD <i>Miscellaneous</i> 30.000USD <i>Audio Visual Production</i> 16.900USD <i>Supply</i> 500USD <i>Rent and Maintenance</i> 4.000USD <i>International consultant</i> 24.000USD <i>Travel</i> 17.500USD GMS 8.895USD

<p>Baseline: 1</p> <p>2. Number of trainings provided to TICs</p> <p>Baseline: 12</p>	<p>2 opinion polls in the regions on tourism development conducted.</p> <p>5 marketing publications on tourism development released</p> <p>3 short term courses provided in ATI</p> <p>1 new education manual on Tourism is prepared</p> <p>3 workshops provided for TICs</p>	<p>Azerbaijan at the international tourism fairs</p> <p>1.5 Development of a set of recommendations for the Ministry on establishment of proper mechanisms for the assessment of the services provided to the tourists (customer satisfaction, proper record of data disaggregated by sex and nationality of tourists)</p> <p>2 Capacity of Azerbaijan Tourism Institute to provide training is enhanced</p> <p>2.1 Establishment of a class room in ATI for short training courses for the private sector employees (managers and service staff) in Tourism sphere based on gender parity principles. Special sessions on gender awareness & mainstreaming gender into local pilot projects will be conducted as appropriate.</p> <p>2.2 Gender-balanced recruitment of local and international consultants for provision of short term training courses for private sector employees</p> <p>2.3 Printing of manuals</p> <p>3 Capacities of TICs and local communities to provide better services to tourists are enhanced</p>	<p>Equipment 19.000USD</p> <p>International consultant 15.000USD</p> <p>Local Consultant 5.000USD</p> <p>Supply 23.000USD</p> <p>Miscellaneous 14.991USD</p> <p>GMS 3.849.55USD</p> <p>Government</p>	<p>Miscellaneous 25.000USD</p> <p>Sundry 3.615USD</p>
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				Travel 10.000 USD GMS 1.930,75USD
3.1 Organizing workshops and trainings for TIC staff and for persons dealing with tourism services in the regions using gender parity principles as much as possible.				
4 Ongoing project management, monitoring and reporting is ensured 4.1 Day to day management of project activities 4.2 Audit				Project Manager: US\$55.360 Project Assistant: US\$26.087 Equipment 2.000USD Audit US\$ 4.000 Miscellaneous 3.000 USD GMS 4522.35USD

IV. ANNUAL WORK PLAN 2010

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPON PARTY	PLANNED BUDGET	
		Q1	Q2	Q3	Q4		Fund Source	Amount (USD)
<p>Capacity of the Ministry of Culture and Tourism is strengthened in better monitoring of the tourism sector development, provision of higher level of education and better services to tourists.</p> <p>Indicators:</p> <p>1. Number of opinion polls in the regions on tourism development conducted</p> <p>Baseline: 1</p> <p>2. Number of trainings provided to TICs</p> <p>Baseline: 12</p> <p>Target 2010</p> <p>2 opinion polls in the regions on tourism development conducted.</p>	<p>Activity Result 1. Advisory and Marketing capacity of Ministry and private sector in tourism sector is enhanced</p>	X	X	X	X			129412,5
	<p>1.1 Conducting opinion polls and workshops in the regions and analyses of tourism</p>					GOVT	30071	60000
	<p>1.2 Publishing of tourism marketing materials for the Ministry and private sector.</p>					GOVT	30071	8000
	<p>1.3 Conducting Marketing in Tourism workshop with UNWTO and other international organizations</p>					GOVT	30071	4000 30000 5000 500
	<p>1.4 Survey on awareness about Azerbaijan at the international tourism fairs</p>					GOVT	30071	8750

	3.1 Organizing workshops and trainings for TIC staff and for persons dealing with tourism services in the regions using gender parity principles as much as possible.								GOVT	30071	74500 Miscellaneous 72500 Supply	12500 1800
	GMS										75100	715
	Activity Result 4. Ongoing project management, monitoring and reporting is ensured											48774.6
	4.1 Day to day management of project activities	X	X	X	X				GOVT	30071	71400 Contractual individual 74500 Miscellaneous 72200 Equipment	38952 1500 2000
	4.2 Audit								GOVT	30071	74100 Audit	4000
	GMS										75100	2322,6
	TOTAL											233102,1

ANNUAL WORK PLAN 2011

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPON PARTY	PLANNED BUDGET		
		Q 1	Q 2	Q 3	Q 4		Fund Source	Budget Description	Amount (USD)
Capacity of the Ministry of Culture and Tourism is strengthened in better monitoring of the tourism sector development, provision of higher level of education and better services to tourists.	Activity Result 1 Advisory and Marketing capacity of Ministry and private sector in tourism sector is enhanced	X	X	X	X			97382,5	
Indicators:	1.1 Conducting opinion polls and workshops in the regions and analyses of tourism					GOVT UNDP	72100 Contractual Services 72100 Contractual Services	30000 35000	
Baseline: 1	1.2 Publishing of tourism marketing materials for the Ministry and private sector.					GOVT	74200 Audio Visual	8900	
2. Number of trainings provided to TICs	1.3 Conducting Marketing in Tourism workshop with UNWTO and other international organizations					GOVT	71200 International consultants	5000	
Baseline: 12									
Target 2011	1.4 Survey on awareness about Azerbaijan at the international tourism fairs					GOVT	71600 Travel	8750	
2 opinion polls in the regions on tourism development conducted.	1.5 Development of a set of recommendations for the Ministry on establishment of proper mechanisms for the assessment of the services provided to the tourists (customer satisfaction, proper record of data disaggregated by sex and nationality of tourists)					GOVT UNDP	71200 International Consultants 71200 International Consultants	2000 5000	
5 marketing publications on tourism development released									
3 short term courses provided in ATI									
1 new education manual on Tourism is prepared									
3 workshops provided for TICs									
	GMS						75100	2732,5	

V. Management arrangements

A. National Execution (NEX). The project will be nationally executed and implemented by the Ministry of Culture and Tourism who will be the Implementing Partner, and the Beneficiary, of the project. In its capacity as Implementing Partner, the Ministry will be responsible for overall project management. Implementation support for procurement and contracting will be provided by the UNDP Country Office. As the Implementing Partner, the Ministry will also be responsible for the facilitation of all international consultant missions undertaken within the context of this project and its related activities, ensuring appropriate access to project site, relevant data, records, agencies and authorities.

B. Project Governance Arrangements. The project will have a governance structure, aligned with UNDP's new rules for Results Based Management 2 (see Figure A Project Governance Arrangements below).

i. Project Board: the Project Board will be the executive decision making body for the project, providing guidance to the Project Manager, and approving workplans, budgets and project revisions. The Project Board Group will consist of three members:

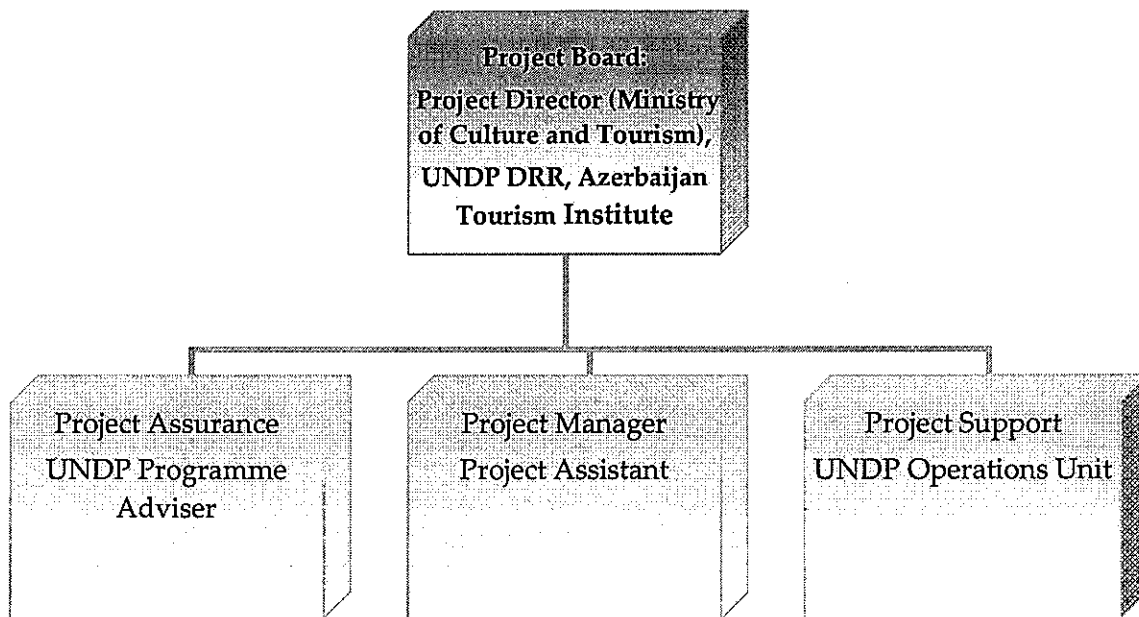
- The Chair (Implementing Partner) will convene the Project Board. This position will be held by the National Project Director appointed by the Ministry of Culture and Tourism
- The Senior Supplier. This position will be held by the UNDP DRR, or a designated UNDP Development Advisor; and,
- The Beneficiary Representative will be held by Azerbaijan Tourism Institute

ii. Project Management. Project Manager will be tasked with the day-to-day management of project activities, as well as with financial and administrative reporting. He/She will be responsible for project implementation and will be guided by Annual and Quarterly Work Plans and follow the RBM standards. The Project Manager will prepare Quarterly Work plans and quarterly progress reports, including updates of Risk and Issue logs and submit them to the Project Board for approval.

iii. Project Assurance. UNDP will designate a Programme Advisor to provide independent project oversight and monitoring functions, to ensure that that project activities are managed and milestones accomplished. The UNDP Programme Advisor will be responsible for reviewing Risk and Issue logs, and ensuring compliance with the Monitoring and Communications Plan.

iv. Project Support. UNDP will provide financial and administrative support to the project. UNDP will provide auditing according to the relevant UNDP Rules and Procedures for auditing NEX projects. Project will also be evaluated close to the date of completion.

Figure A. Project Governance Arrangements



C. Capacity assessment. A HACT Micro Assessment was completed for the Ministry of Culture and Tourism of the Republic of Azerbaijan in 2008. This document and an additional capacity assessment table are included as annexes in the present document.

D. Project Inputs. The following inputs will be provided by Ministry of Culture and Tourism and UNDP in order for the successful implementation of project outputs and activities:

Ministry inputs

- USD 400,000 contributed as a direct financial input by Ministry of Culture and Tourism;
- Free and functional office premises for project related activities and access to any information necessary for the project staff and consultants to complete their tasks.
- Assistance in identification of the most appropriate national experts. Such experts should have a clear understanding of the Government's policies related to the sector.
- National Project Director for the project who is paid by the government for the entire duration of the project and Beneficiary Representative who are members of the Project Executive Group;

- Coordination of the project activities to ensure concordance with other international projects and activities in tourism sector;
- Administrative support for all project objectives;
- Coordination and provision of the support required from other Government entities;
- Distribution of all project materials.

UNDP inputs:

- **USD 40,000** from UNDP Azerbaijan as a direct financial input to the project;
- The services of a Project Developer, responsible for preparing the Project Document, Work Plan, and Project Resource and Results Framework;
- Support for identification and selection of advisors (in support of decisions taken by the Project Executive Group);
- Support services for procurement, contracting and direct payments
- Participation in the Quarterly Work Plan formulation and organization of public relations functions and events.
- Mobilisation of other financial and advisory services to Ministry of Culture and Tourism

E. Audit Arrangements

The project will be subject to an independent audit as required by UNDP/NEX Guidelines.

F. Other issues:

All project publications and other visual products should comply with UNDP publication policy.

VI. MONITORING AND EVALUATION

Project monitoring will be performed through four primary mechanisms:

1. Project Work Plans and Project Progress Reports. Achievement of project outputs will be tracked through adherence to the output, activity and financial indicators embedded in the Quarterly and Annual Project Work Plans. Quarterly Project Progress Reports will be prepared to capture the progress or lack thereof, or any deviation from the original project plan.

2. Project Assurance through the validation of activities and outputs. A designated UNDP Development Advisor will independently verify project milestones and validate the completion of Quarterly Work Plans and review requested changes to the Annual Project Work Plan. Changes to the project Annual Work Plan will be reviewed and approved by the Project Executive Group.

3. Substantive Performance and Outcome Monitoring and Evaluation. The Project Executive Group will review the project in implementing outputs, approve project work plans and

progress reports and provide necessary advice and guidance. The project will also be evaluated in accordance with UNDP guidelines for Project/Outcome Evaluation.

4. Monitoring and Communications Plan. The project will establish, maintain and update a Monitoring and Communications Plan as well as Risk, Issues and Lessons Learned logs (as required under UNDP RBM). These logs will be established concurrently with the preparation of the first Quarterly Work Plan at the inception of the project. They will be maintained by the Project Manager, and reviewed by the Project Assurance. The Project Executive Group will consider recommendations arising from the quality assurance reviews and introduce such changes to the project as are deemed necessary for effectiveness, performance and risk mitigation.

Quality Management for Project Activity Results

OUTPUT 1: Capacity of the Ministry of Culture and Tourism is strengthened in better monitoring of the tourism sector development, provision of higher level of education and better services to tourists.		
Activity Result 1 (Atlas Activity ID)	Advisory and Marketing capacity of Ministry and private sector in tourism sector is enhanced	Start Date: March 2010 End Date: March 2011
Purpose	<i>To provide advisory support to Ministry of Culture and Tourism and enhance marketing efforts.</i>	
Description	Workshops, surveys, publications	
Quality Criteria <i>Number of the events conducted, publications released</i>	Quality Method <i>Mid term evaluations, feedback from participants of events</i>	Date of Assessment <i>August 2010</i>

OUTPUT 1: Capacity of the Ministry of Culture and Tourism is strengthened in better monitoring of the tourism sector development, provision of higher level of education and better services to tourists.		
Activity Result 2 (Atlas Activity ID)	Capacity of Azerbaijan Tourism Institute to provide training is enhanced	Start Date: March 2010 End Date: March 2011
Purpose	<i>To enhance the capacity of Azerbaijan Tourism Institute</i>	

Description	Trainings, development of manuals, establishment of classroom	
Quality Criteria <i>Number of the trainings conducted, manuals prepared</i>	Quality Method <i>Mid term evaluations, feedback from participants of trainings</i>	Date of Assessment <i>August 2010</i>

OUTPUT 1: Capacity of the Ministry of Culture and Tourism is strengthened in better monitoring of the tourism sector development, provision of higher level of education and better services to tourists.		
Activity Result 3 (Atlas Activity ID)	Capacities of TICs and local communities to provide better services to tourists are enhanced	Start Date: March 2010 End Date: March 2011
Purpose	<i>To enhance the capacity of Tourism Information Centres</i>	
Description	Trainings, workshops	
Quality Criteria <i>Number of the trainings conducted</i>	Quality Method <i>Mid term evaluations, feedback from participants of trainings</i>	Date of Assessment <i>August 2010</i>

OUTPUT 1: Capacity of the Ministry of Culture and Tourism is strengthened in better monitoring of the tourism sector development, provision of higher level of education and better services to tourists.		
Activity Result 4 (Atlas Activity ID)	Ongoing project management, monitoring and reporting is ensured	Start Date: March 2010 End Date: March 2011
Purpose	Effective coordination, administration and monitoring of the project activities	
Description	Support in financial, HR and procurement management; monitoring of project activities; support in project reporting	
Quality Criteria Outlined target met	Quality Method Performance appraisal of the project staff	Date of Assessment <i>December 2010</i>

VII: LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the SBAA between the Government of Azerbaijan and UNDP, signed on 6 February 2001.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency.

The executing agency shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

THIS PROJECT DOCUMENT EXISTS IN ENGLISH LANGUAGE.

VII. ANNEXES

Risk Analysis: Offline Risk Log, Annex 1.

Agreements Any additional agreements, such as cost sharing agreements, project cooperation agreements signed with NGOs¹ (where the NGO is designated as the "executing entity") should be attached: **Agreement between the United Nations Development Programme and the Government of Azerbaijan, Annex 2**

¹ For GEF projects, the agreement with any NGO pre-selected to be the main contractor should include the rationale for having pre-selected that NGO.

Risk Log Matrix

Attachment No. 01

'Further strengthening and expansion of mine action capacity in Azerbaijan'

#	Description of Risk	Category	Impact & Probability	Counter-Measures/ Management Response	Owner	Author	Date Identified	Last Update	Status
1	If the current stability in Azerbaijan as well as bordering countries is disturbed due to unresolved conflicts, the development of tourism in Azerbaijan may slow down.	Political	I = 5 P = 1	The risk is not manageable and depends on the political stability in the region	Govt UNDP		January 2010	N/A	N/A
2	Tourism Information Centres functioning in the regions may lack financial resources.	Financial	I=4 P=2	The project will directly address the capacity building of Tourism Information Centres with particular emphasis to self sustainability strategy.	Govt UNDP		January 2010	N/A	N/A