



REPUBLIC OF NORTH MACEDONIA

TERMS OF REFERENCE – CONSULTANT FOR PROVIDING LEGAL EXPERTISE

LOCAL AND REGIONAL COMPETITIVENESS PROJECT (2016-2020)

Grant No.: TFOA1779-MK

Background

The **Project Development Objective** of the Local and Regional Competitiveness Project (LRCP) is to enhance the contribution of tourism to local economic development and improve the capacity of the Government and public entities to foster tourism growth and facilitate destination management.

LRCP is a four-year investment operation financed with a grant from the European Union (IPA II), and managed as a Hybrid Trust Fund, consisting of four components. LRCP is based on a holistic approach to tourism development and destination management and will provide investment funding and capacity building to support sector growth, investment in destinations, and specific destination prosperity. Please see <https://lrmp.mk> for more details.

Project components:

- Component 1: Technical assistance for tourism development
- Component 2: Strengthening destination management and enabling environment
 - ❖ *Sub-component 2.1: Central level capacity, coordination, and policy*
 - ❖ *Sub-component 2.2: Destination Management*
- Component 3: Investment in tourism-related infrastructure and linkages at destinations
 - ❖ *Sub-component 3.1: Infrastructure investments*
 - ❖ *Sub-component 3.2: Grants for enhanced tourism service-delivery and local economic impact*
- Component 4: Strengthening project management

At the **central government level**, the project will enhance the business environment, public-private dialogue, and strategic planning for the sector (*Sub-component 2.1*). At the **regional and local levels**, LRCP will support selected tourism destinations in the country through a combination of technical assistance to improve destination management (*Sub-component 2.2*), infrastructure investments (*Sub-component 3.1*), and investments in linkages and innovation (*Sub-component 3.2*).

Expected key results of the project:

- Additional private sector investment generated in tourism-related activities at beneficiary destinations;
- An increase in the number of tourism-related jobs created at beneficiary destinations;
- Reforms implemented that were identified through a consultative public-private dialogue destination management process;

Destination Management in the context of the project

The LRCP's Component 2 supports implementation of activities to enhance tourism development at the central level and at the destination level. One element of this is to design and implement a program of Destination Management, as part of which it is intended to develop a network of Destination Management Organizations (DMOs) across the country.

In the previous year as part of the process of DMO establishment several activities resulted into identification of 'core group' of local stakeholders (public and private), who are the base for establishing the DMOs. To assist them in this task, the LRCP is providing the core groups with a program of capacity building and support. These informal collaborations and public-private dialogue systems have been established successfully as an entry point, and now they're in process of moving on a case-by-case basis to more formal structures such as Destination Management Organizations (DMOs).

However, following the principles of systematic approach and ensuring sustainability of the action, the project intends to introduce a sound legal basis for future development of effective processes to manage destinations where needed, and to enable structures as the one mentioned to upgrade into Destination Management Organizations.

Data collection and tourist tax The LRCP's supports implementation of activities for data collection of tourism statistics and tourist tax. One element of this is designing information management systems that would enable the administering and collection of relevant tourism taxes and provide a centralized and accessible platform where stakeholders can obtain the different types of tourism-related data. Currently, stakeholders are not aware of the different types of data that are available as there is limited dissemination and there is currently only a limited effort to connect the different data points and use them for planning purposes.

Objective of the assignment

The purpose of this consultancy is to assess, review and provide recommendations for development and improvement of the national legislative and regulatory framework in the Republic of North Macedonia relevant to the tourism industry in country and to develop the chosen alternative (solution) on DMOs into actual provisions of the respective legislative acts (laws and by-laws) on Destination Management Organisations, tourism tax collection and data collection in tourism. The latter shall be aligned with the analytical work conducted under a separate but concurrent assignment as the one performed under the LRCP Project for establishment of a comprehensive tourism sector information system. Further information about this parallel activity will be provided to the Consultant in advance.

Specific objectives:

Perform Desk Review:

- a) Comprehensive review of the existing legal, regulatory and institutional tourism framework in the country;
 - b) Comparative analysis of existing legal and regulatory framework for DMOs in neighboring countries such as Croatia and Slovenia, that have comparable national legal frameworks or represents outstanding example of the tourism industry regulation. The specific list of the minimum regulatory texts that are subject of analyses is attached as Annex 1 of this ToR;
1. Develop two alternatives (concepts) on regulatory and legal proposals and recommendations in line with international best practices, similar economies and neighboring countries to set a legal framework for establishment, operation, rights and responsibilities, management, financing and other related issues of Destination Management Organizations as formal structures in North Macedonia;
 2. Draft and deliver legislative text(s) of law(s) and related legal acts (respective by-laws) on DMOs based on chosen alternative and specific practical recommendations for the development of appropriate laws and/or amendments to the existing law(s) to embed selected legal option for establishment of Destination Management Organizations, tourist tax collection, data collection in tourism, and issue(s) that might have impact or relation to the named themes.

Scope of work

The Consultant is expected to perform the following specific tasks:

1. **Task 1 - Desk Review.** The consultant will need to conduct a comprehensive review of the current legal, regulatory and institutional framework related to tourism in the country and best practice regional regulatory models for DMOs. This assignment will include the following tasks:
 - Review of, but not limited to, Law on Tourism, Law on Catering, Law on Temporary Accommodation Tax, Law on establishing an Agency for support and promotion of tourism in the North Macedonia, National Tourism Strategy;
 - Review of LRCP documentation related to Destination Management process as recommended by the Project Implementation Unit (PIU)
 - Stakeholder analysis in the country to bring out the roles and responsibilities of key players and institutions that play a vital role in tourism development and assess the linkages among them;
 - Review and analyze laws on tourism in comparable destinations such as, but not limited to, Slovenia, Croatia etc. and their legal, institutional and regulatory framework for operation of Destination Management Organizations as well as their financial support mechanisms.

Based on the desk review, the consultant will prepare and present to the PIU and the Working Group, the analysis of existing gaps and constraints in the legal and regulatory framework for establishing the Destination Management Organizations. The analysis will include descriptions of relevant best practice international/neighboring country legal system models that are most relevant and applicable to North Macedonia. The output of this task will be report that identifies current legal constraints, the required amendments of the regulation or new regulation and assessment of the proposed changes in regulation in terms of their compliance with the EU regulations.

2. **Task 2 - Develop regulatory and policy proposals and recommendations (Two alternatives).** This task will include identification of at least two possible alternatives that are line with international best practices, similar economies and neighboring countries for establishment of Destination Management Organizations as formal structures in North Macedonia. To this end, the consultant should:
 - Facilitate at least one working group consultation with national stakeholders to get all the required input related to the assignment;
 - Facilitate at least three consultations with the Core group stakeholders from each of the three pilot destinations (organized by LRCP) to get all the inputs needed to DMOs roles and responsibilities;
 - Based on the received input from the consultations and on the desk review analysis, draft specific, detailed and practical steps (including specific models for each destination if needed) for formalization of Destination Management Organizations;
 - Review and analyze the existing financial mechanisms available to support the DMOs; and identify and recommend the required regulatory framework to embed the possible financing alternatives.

This assignment will be implemented concurrently with a closely related LRCP activity, covering the establishment of a comprehensive tourism sector information system that will be implemented by a suitable supplier. The objective of this activity is improvement of tourism sector data collection in the country and the Consultant has to make sure that all proposed recommendations under this assignment are in compliance towards establishing of a comprehensive tourism sector information system similar to the Croatian e-Visitor system. The activities must be synchronized and aligned to support one another towards establishment of a systematic tourism structure in the country.

The output of this task is to have identified at least two alternatives for establishment of DMOs as formal structure and prepare a comprehensive list of contents to be included in the law in order to support the proposed alternatives. The Consultant has to prepare specific, practical recommendations for changes and/or development of appropriate law and provide explanations for the rationale of each option.

The Consultant will need to provide a comprehensive report on the most viable legal proposals and be able to present and justify the options with relevant national Government officials (to be organized by LRCP). Given the government's ambitions of becoming an EU member, the analysis of the compliance of the sector and its institutional, regulatory and policy framework with EU regulations will be integral to all recommendations.

3. Task 3 - Draft and finalize a law and all related legal acts on DMOs, tourist tax collection, data collection in tourism, and issue(s) that might have impact or relation to the named themes. The last phase of this assignment includes drafting of required new law(s) or legal amendments to existing legal acts pertinent to the selected option from Task 2. The task will include:

- Prepare draft text of required legal provisions, including laws, bylaws, regulations, etc.;
- Identification of any open issues related to the proposed legal drafts and prepare a recommendation how they might be tackled;
- Present the prepared draft law(s) and all related legal acts to the key stakeholders in the tourism industry from public and private sector;
- Participate in the work of the working groups established by the Ministry of Economy as main policy making stakeholder for finalisation of the proposal and dealing with the stakeholder's feedback and comments.

The output of this task will be finalised and nomotechnically shaped provisions on DMOs, tourist tax collection, data collection in tourism, and issue(s) that might have impact or relation to the named themes.

Deliverables and reporting

The Consultant will be hired by the Project Implementation Unit. The Consultant will work closely with the Cabinet of the Deputy Prime Minister for Economic Affairs, and the Working Group established for this consultancy, which will include representatives of the Ministry of Economy as line ministry for the tourism industry policy and regulatory framework development, Agency for Promotion and Support of Tourism, Regional Planning Centers as well as representatives of the private sector including "core stakeholders group". The Desk Review will be conducted in close consultation with the relevant Government institutions, in close collaboration with the PIU.

The terms of the consultancy will be as follows:

Expected start date: March 20, 2020

End Date: June 15, 2020

Deliverables. The Consultant will deliver the following:

1. Desk review as per Task 1: within 2 weeks after contract signature
2. Task 1 Report: due within 3 weeks after contract signature
3. Develop regulatory and policy proposals and recommendations as described under Task 2: due within 5 weeks after contract signature
4. Comprehensive report on the most viable legal proposals as described under Task 2: due within 6 weeks after contract signature
5. Draft legal and policy framework as described under Task 3: due within 7 weeks after contract signature

6. Final text of the Law and all related legal acts under Task 3: due within 9 weeks after contract signature

Professional Requirements/Qualifications

- University Degree in Law, Finance or Tourism. Master's degree in the field of Law, Finance or Tourism will be considered as an advantage;
- Minimum of 5 years' experience in the following areas:
 - ❖ Expertise in implementation or drafting legal framework related to the tourism industry and/or
 - ❖ Working with government regulatory agencies and/or
 - ❖ Advising government officials and legislatures on legal related issues;
 - ❖ Proven experience in drafting legislation and documents of similar complexity;
 - ❖ Experience working with Government Working Groups and multi-disciplinary Working Groups will be considered an asset;
 - ❖ Expertise in researching and analyzing local and regional legislation, and their impact on similar issues;
- Experience in carrying out needs assessments and developing of legislative and regulatory frameworks at least 1 similar assignment in the past 5 years;
- Strong writing and speaking skills. Must be able to prepare well-written reports that clearly communicate findings in a way that government officials and clients can understand
- Knowledge of EU Directives in the area of tourism will be considered as an advantage;
- Fluency in written and spoken English, including proven excellent drafting skills.

The selection method is Selection of Individual Consultant (IC) according to the World Bank's Guidelines "Selection and Employment of Consultants by World Bank Borrowers", January 2011, Revised July 2014" available on www.worldbank.org.

Annex 1

Minimum list of regulations

This is the minimum list of legal regulations that needs to be reviewed for the requested assignment, but it's not limited to:

- Law on catering activity and by-laws
- Law on tourism activity and by-laws
- Law on tourist tax
- Law on establishing an Agency for promotion and support of tourism in the Republic of Macedonia
- National tourism strategy Republic of North Macedonia