

## CONCEPT NOTE APPLICATION NARRATIVE

<b>To:</b>		
<b>From:</b>	<b>Organization Name:</b>	Public Union "XYZ"
	<b>Address:</b>	██████████, Kyiv, 02002, Ukraine
	<b>Email:</b>	<a href="mailto:xyz@gmail.com">xyz@gmail.com</a>
	<b>Telephone #:</b>	+380.66.6674084
	<b>Legal representative Name, Title:</b>	Oleksandr Fainin, Project Coordinator
<b>Number of fulltime employees:</b>	1	
<b>Number of part-time employees:</b>	1	
<b>Organizational Income in 2020:</b>	EUR 31,284	
<b>Activity Name:</b>	Creation of the Eastern European Wellness Tourism Cluster	
<b>Sector / Value Chain:</b>	Tourism, Wellness, Clusters	
<b>Countries and Regions:</b>	<ul style="list-style-type: none"> <li>• Hungary (Szabolcs-Szatmár-Bereg County)</li> <li>• Romania (Băile Felix – Bihor County)</li> <li>• Slovakia (Bardejov – Priashiv Region)</li> <li>• Ukraine (Beregovo, Mukachevo and Uzhgorod Raions – Transcarpathian Oblast)</li> </ul>	
<b>Timing:</b>	01-February-2022 to 22-December-2022	
<b>Partners:</b>	<p>List all:</p> <ul style="list-style-type: none"> <li>• Spa Resort Beregovo (Ukraine)</li> <li>• Spa Resort Vynohradiv (Ukraine)</li> <li>• Spa Resort Koson' (Ukraine)</li> <li>• Spa Resort Nyzhnie Solotvyno (Ukraine)</li> <li>• Spa Resort Polyana (Ukraine)</li> <li>• City of Uzhgorod (Ukraine)</li> <li>• Spa Resort Nyíregyháza (Hungary)</li> <li>• Spa Resort Băile Felix (Romania)</li> <li>• City of Oradea (Romania)</li> <li>• Spa Resort Bardejov (Slovakia)</li> </ul>	
<b>Activity Cost:</b>	Grant Support (i.e., total amount that you request)	144,000 EUR
	Matching contributions by Applicant and Partners (i.e., total amount that you and/or your partners will contribute)	15,000 EUR
	<b>TOTAL</b>	<b>149,000 EUR</b>

**Operational Details**

Describe your organization:

(Registered Name, year established. What does your organization do? Who owns it? Who manages it? Number of full-time employees; Number of part-time employees; List past relevant and current projects: title, budgets and time frame.)

Public Union "XYZ" was established on 03/10/2013. XYZ is one of a founding member of the Global Healthcare Travel Council (GHTC). XYZ is responsible for medical tourism development in CIS and East Europe countries. In Ukraine XYZ is presented at the Public Council under the Ukrainian Ministry of Health, heads Commission on the medical tourism development and coordinates most issues of medical tourism.

XYZ owned and managed by [REDACTED], President, MD, MBA and [REDACTED], Vice-President, MD, MBA. Number of full-time employees - 1; Number of part-time employees - 1; Number of volunteers on constantly base – 7; Number of volunteers on temporary base - depends on the projects.

List past relevant and current projects (all were financed at their own expense and through the operational activities of the Association):

1. Creation and Establishment of Ukrainian Association of Medical Tourism - 20 k Euro November 2012 - Oct 2013
2. Constantly program for development medical & wellness tourism in Ukraine - budget - from 20 k Euro per year since 2013
3. Creation & Establishment of the Dnipro Medical Cluster - 10 k Euro - April 2017 - October 2019
4. Creation & Establishment of the Rivne Interregional Medical Cluster - 8 k Euro - october 2019 - november 2020
5. Lviv Regional Medical Tourism Forum in cooperation with Lviv Regional Administration - 30 k Euro Jan 2019 - Aug 2019
6. Kyiv City Medical and Wellness Tourism promotion campaign in Ukraine and abroad in cooperation with Kyiv City Administration - from 10 k Euro per year since 2018
7. Annual event MTEC.Kyiv Medical Tourism Exhibition and Conference - from 20 k Euro since 2013
8. Annual event MedTW Ukraine Medical Tourism Workshop - from 15 k Euro since 2016
9. Global Healthcare Travel Forum - 30 k Euro - Apr 2019 - Jun 2021

Partner Organization(s): Names, countries and their roles (Please insert text here, max. limit: 0,5 page)

The main partners of the XYZ are:

- Global Healthcare Travel Council (<https://globalhtc.org/>) unites medical tourism associations from more than 40 countries and it is the directing and coordinating platform for health within the global system.
- Turkish Association of Medical Tourism is a one of the largest association in the world, bringing together 278 healthcare institutions and health tourism.
- The Economic Forum (<https://www.forum-ekonomiczne.pl/>, Poland) is the most important initiative of the Foundation "Institute for Eastern Studies" and is aimed at developing the interaction of European countries, primarily the states of Central and Eastern Europe.
- Number of clinics, medical companies and centers in more than 20 countries of the world.

Type of organization:

Public Union

Registration number:	38924066
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## Project Narrative

### I- Project Description

The wellness tourism market size is predicted to surpass US\$ 1,672.6 billion by 2030 from at US\$ 793.2 billion in 2020 and poised to grow at a compound annual growth rate (CAGR) of 7.7% from 2021 to 2030. According to [RunRepeat.com](https://www.runrepeat.com), the global health and wellness industry is valued at US\$1.5 trillion, seeing a huge growth over a couple of years as more people invest in their health because of the COVID-19 pandemic. Wellness tourism, or travel related to improving health and wellbeing, is one of the market segments that have seen an uptick over the years. By 2022, the global wellness tourism market is expected to reach \$919 billion and will continue growing at a compound annual growth rate (CAGR) of 6.6%, to reach a projected value of \$1.2 trillion by 2027.

The Global Wellness Institute's (GWI) Global Spa & Wellness Economy Monitor found that domestic wellness tourism constitutes the lion's share of this travel category's trips (84 percent) and spending (two-thirds). That is consistent with the fact that more people in general travel domestically rather than internationally (especially those living in massive countries like the U.S., China, India or Russia). And domestic wellness trips are higher in volume because they can be taken more frequently, and are shorter in duration. But international wellness tourists are the huge spenders: They spend, on average, \$1,639 per trip—or roughly 60 percent more than the average country-hopping tourist.

Wellness tourism has deep, historical roots in Europe, and Europeans are uniquely sophisticated wellness consumers. So, it's no surprise that Europe drives the largest number of wellness trips of any global region: 292 million annually. European wellness tourism expenditures hit \$211 billion a year in 2017 and are forecast to rise to \$275 billion by 2022—or a 5.5 percent yearly growth. This special report on wellness tourism across Europe provides new data points, explores regional trends, analyzes the spa and thermal spring markets—and takes a look at the key developments in this powerful market and its future.

According to [the Global Wellness Institute](https://www.globalwellnessinstitute.com), the leading countries in the number of health trips in Europe are: France (6.9 mln. inbound/international wellness trips a year); Austria (5.7 mln.); Germany (5.6 mln.); Switzerland (5.1 mln.); UK (3.6 mln.); Spain (2.6 mln.). [List of the Great Spa Towns of Europe](#) by UNESCO includes 11 towns in 7 countries (Austria, Belgium, Czech Republic, France, Germany, Italy and UK). Sometimes the list of leading areas of wellness tourism also includes the Hungarian capital Budapest. Neither Romania, nor Slovakia, nor Ukraine, are usually

included in the list of popular wellness destinations in Europe, although these countries have excellent spa and wellness infrastructure with fairly reasonable prices.

This project provides for the creation of an international Eastern European Wellness Tourism Cluster in the border regions of four countries: Transcarpathia in Ukraine with 32 spa hotels in Berogovo, Mukacheve and Uzhgorod Raions, Szabolcs-Szatmár-Bereg County in Hungary with 12 spa hotels in Nyíregyháza, Bihor County in Romania with 11 spa hotels in Băile Felix/Oradea, and Priasiv Region with 11 spa hotels in Bardejov.

**The aim of the project** is to unite the efforts of entrepreneurs engaged in spa and wellness tourism to increase the visibility of the spa resorts of the Cluster and create new tourism products for local, Asia (China, Japan, the Gulf countries) and the EU markets.

**The objectives of the project are:**

- Study of the spa and wellness tourism market and inventory of tourist resources in each border region;
- Development of mechanisms of interaction of cluster participants;
- Overcoming the negative consequences of the COVID-19 pandemic;
- Development of joint tourism products for the EU and Asian markets;
- Establishment of the Cluster Coordination Council for coordination and management of the cluster activities;
- Training of Cluster employees and members by international experts in the field of tourism and cluster development;
- Creation and implementation of the Cluster marketing strategy;
- Preparation for procurement of necessary equipment and transport by regions.

The project activity is divided into three stages, which will be implemented during February-December 2022:

***Stage 1 (01/02-30/04/2022)***

**Aim:** to create preconditions for the institutionalization of the Eastern European Wellness Tourism Cluster in Zakarpatska Oblast (Ukraine), Szabolcs-Szatmár-Bereg County (Hungary), Bihor County (Romania), and Priasiv Region (Slovakia).

**Coverage:** at least 25 entrepreneurs, 4 representatives of local authorities, 1 NGO representative and 1 university representative in each country have to be involved to the project activities.

**Activities:**

- Negotiating to find project participants and experts, concluding personal agreements;

- Conducting surveys, focus groups and assessing the current situation in each region;
- Inventory of existing wellness infrastructure in all regions;
- Development of mechanisms of interaction of cluster participants.

### ***Stage 2 (01/05-30/10/2022)***

**Aim:** to create the Eastern European Wellness Tourism Cluster in Zakarpatska Oblast (Ukraine), Szabolcs-Szatmár-Bereg County (Hungary), Bihor County (Romania), and Priasiv Region (Slovakia).

**Coverage:** at least 5 entrepreneurs, 2 representatives of local authorities, 1 NGO representative and 1 university representative in each country have to be involved to the project activities.

#### **Activities:**

- Formation of initiative groups in each region and signing of a collective agreement on creation of the Cluster;
- Development of a strategy to overcome the negative impact of the COVID-19 pandemic;
- Holding the Eastern European Wellness Tourism Congress and elections to the Cluster Coordinating Council;
- Legalization of the Cluster;
- FAM-trips to Zakarpatska Oblast, Szabolcs-Szatmár-Bereg County, Bihor County, and Priasiv Region to share experiences and learn more about the wellness tourism infrastructure of the cluster with training by international experts in the field of tourism and cluster development;
- Continue of training (online).

### ***Stage 3 (01/11-22/12/2022)***

**Aim:** to develop and start implementing a marketing strategy and start preparing for the next year of the Cluster's activity.

**Coverage:** 17 members of the Cluster Coordinating Council, at least 10 entrepreneurs, 2 representatives of local authorities, 1 NGO representative and 1 university representative in each country have to be involved to the project activities.

#### **Activities:**

- Development of joint tourism products for the EU and Asian markets;
- Creation of the Cluster CRM (Smart Destination Management system) with ETIS indicators;
- Start of the development of the Cluster's marketing strategy;

- Launching of the Cluster website and FB page(-s);
- Start planning for equipment and transport procurement (another grant next year);
- Final online conference.

## **2- Capacity of Applicant**

XYZ's mission is to combine the capabilities of the public and private sectors of Ukrainian medicine, advanced foreign clinics to provide world-class quality healthcare to patients. To this end, XYZ in 2017-20 created two medical clusters – Dnipro Medical Cluster (2017-19) and Rivne Interregional Medical Cluster (2019-20). These clusters are now independent structures and during their work have proved the correctness of their creation and sustainability of their activities. These clusters were created like logistics centers to promote the medical and tourist potential of their regions, development of mass regional, interregional and international health tourism in the region through the organization and implementation of joint projects, as well as constant support of initiatives and activities of each Cluster member.

That is why XYZ is initiating the creation of an international Eastern European Wellness Tourism Cluster, which will have even greater opportunities than local regional Ukrainian ones. For example, it will be possible to increase and regulate the flow of tourists through the promotion of cluster destinations in other countries participating in the cluster. Since 2013, XYZ has developed nine projects and implemented them at its own expense or with the involvement of investors, members and partners of the Association.

To manage the project, XYZ will involve the best Ukrainian team of experts in the field of destination development and tourism clustering:

- Oleksandr Fainin, Project Coordinator, ex-Tourism Sector Lead of the USAID ERA project, GIZ/U-LEAD with Europe Senior Expert, EBRD International Advisor, mentor of the national project “Tourism Clusters 300+”, Member of the Parliamentary Public Council of Ukraine. Oleksandr has a 30 years experience in tourism and consulting sphere. Oleksandr has experience writing, receiving and implementing grants since 2009, and since 2020 creates grant calls, evaluates and supports grant projects in the USAID and GIZ technical assistance programs.
- [REDACTED], PhD, Deputy Project Coordinator, Head of Ukrainian Federation of Employers in the tourism sector of Ukraine, Member of the National Platform Forum Eastern Partnership Civil Society, the EU-UA Civil Society Platform, Expert Council under State Agency of Tourism development. She has significant experience and knowledge in the development and implementation of Strategic planning and development of Tourism Destinations, project management, business development in the field of hospitality,

implementation of innovative approaches and digital solutions for sustainable tourism management, implementation of tools to improve communication between local government, business and hromadas (communities), using the best European and international experience, public-private partnership development. Tetiana was elaborated and adapted ETIS indicators and Smart Destination Management system for Ukrainian destinations.

- [REDACTED], MD, MBA, Deputy Project Coordinator, Founder and Vice President of XYZ, Vice President of the Global Healthcare Travel Council. Ihor is well-known expert in Ukrainian medical tourism & Healthcare market. He is Key-note Speaker and Moderator at specialized events in medical tourism field. He supports a lot of projects in Healthcare industry as expert and coach.

The project implementation process also involves experts from Romania, Hungary and Slovakia, as well as international experts from other EU countries.

The experience of creating tourism and related industry clusters on the example of such countries as Germany, Turkey and Poland, and now Ukraine, shows that for the full development of the cluster it takes 3-8 years. This project envisages the implementation of only the preparatory stage of the creation of the Eastern European Wellness Tourism Cluster. This preparatory stage should only outline the future development of wellness tourism in the regions participating in the Cluster, identify leaders and institutionalize their relationship. Further projects aimed at supporting the activities of the Cluster including promotional campaigns, trainings, creation of new wellness tourism products and sales channels, etc. will be designed for next 3-4 years. We see great prospects in cooperation in the development of the Cluster with GIZ and its programs in Ukraine and other member countries of the Cluster.

### **3- Sustainability Results**

At the present stage of tourism development it is advisable to accept/agree on a single basic approach to developing a model of tourism development based on progressive international practices that take into account international standards, recommendations, norms and rules, updated in recent years in accordance with current trends in world development.

In particular, this is the European Tourism Indicator System (ETIS) for sustainable development management, which is a guide to help local organizations evaluate their efficiency and improve the approach to sustainable tourism management. So ETIS is suitable for all tourist destinations system of indicators of encouragement to use SMART (intelligent, smart) approach to tourism

planning. ETIS complex includes 43 key indicators and an indicative set of additional indicators, which are divided into four categories:

- destination management;
- social and cultural influence;
- economic value;
- impact on the natural environment.

Indicators are used as mandatory (necessary) and auxiliary: system can be fully used or integrated into existing development control systems tourism destination. The rationale and practicality of the ETIS toolkit was tested as part of two pilot phases of implementation over two years in the EU countries. More than 100 destinations in Europe have implemented and tested ETIS by providing Reports on experience gained to the European Commission.

Stage 3 of the Project envisages the use of ETIS indicators through the Smart Destination Management system. Data on the Cluster's activities will be collected and analyzed over 4-5 years of the Cluster's activities. ETIS indicators will allow to observe the dynamics of progress in the activities of destinations that will be part of the Cluster.

In addition, it is assumed that the Cluster will be able to pay for itself within 3-4 years from the beginning of its activities.

### **3.1 Expected Results:**

#### **3.1.1. Overall results:**

- The increase in sales of wellness resorts in the regions participating in the Cluster will reach 12-20% within four years.
- Trade facilitation improved
- Target opportunities to increase regional investment developed
- Capacity built of trade & investment stakeholders in private and public sectors
- Improved conditions for intra-regional trade and investment (including e-commerce, where applicable).
- Reducing the complexity and cost of trade processes in the region(s)
- Proposes activities are with geographic coverage more expansive than two countries or involving multiple sub-regions.
- Proposed activities are complementary to other GIZ projects.



- Proposed activities promote ICT usage and digital transformation

**3.1.2. Advantages for business:**

- Identification of business opportunities to increase SME competitiveness
- Increased capacity to trade and B2B market linkages
- Increased SME compliance with International Standards and Certifications.
- Promote ICT and e-commerce solutions for SMEs
- Improved export marketing, branding and packaging for SMEs.
- Strengthened linkages between buyers and suppliers organizing B2B, trade shows, buyer inbound visits, familiarization trips etc.
- Strengthened capacity of the Business Support/Service Organization by providing services to assist their members in increasing exports.
- Inclusion of objects of Cluster participants in tourist routes
- Promotion of services and travel products under a single brand
- Training and certification of the HoReCa sphere and Cluster employers

**3.1.3. Advantages for local authorities:**

- Improving the investment climate
- Increase in budget revenues
- Creating new jobs
- Formation of a positive image and promotion of the region
- Creating new and improving existing infrastructure
- Clear statistics in the field of wellness tourism
- The community gets an overall increase in the satisfaction of living in the region

**4- Budget:** Please use the following format to lay out the funds needed to accomplish the technical approach described above.

<b>1</b>	<b>AMOUNT REQUESTED FROM DONOR WITHOUT VAT:</b>	<b>EUR 144,000</b>	<b>90%</b>
<b>2</b>	<b>LEVERAGE BY APPLICANT</b>	<b>EUR 15,000</b>	<b>10%</b>

**The budget includes:**

All activities in Ukraine and preparation of documentation and coordination of the international activities

- Work of 1 project coordinator and 3 consultants;
- Negotiating to find project participants and experts, concluding personal agreements;
- Preparing, conducting surveys, focus groups and assessing the current situation in each region;
- Inventory of existing wellness infrastructure in Zakarpatska Oblast;
- Development of mechanisms of interaction of cluster participants;
- Formation of initiative groups in each region and signing of a collective agreement on creation of the Cluster;
- Development of a strategy to overcome the negative impact of the COVID-19 pandemic;
- Holding the Eastern European Wellness Tourism Congress in Transcarpathia and elections to the Cluster Coordinating Council;
- Legalization of the Cluster;
- Development of joint tourism products for the EU and Asian markets;
- Creation of the Cluster CRM (Smart Destination Management system) with ETIS indicators;
- Start of the development of the Cluster's marketing strategy;
- Start planning for equipment and transport procurement (another grant next year);
- Final online conference.

**The budget excludes:**

- FAM-trips to Zakarpatska Oblast, Szabolcs-Szatmár-Bereg County, Bihor County, and Priasiv Region to share experiences and learn more about the wellness tourism infrastructure of the cluster with training by international experts in the field of tourism and cluster development;
- Launching of the Cluster website and FB page(-s).

**ANNEX 1: COPY OF THE PROJECT MANAGER'S CV**