



"PROZVET- Promoting Sustainable Development in Zabaikal and Karelia, through CSOs and Women's involvement in Territorial Alliances"

Strategic Guidelines for tourism value chain development and women's employment in Medvezhegorsk, Suojarvi, Sortavala, Pitkyaranta and Pryazha Districts of Karelia"

(through applying the ILS LEDA RESCO Methodology)

2021

SUMMARY

Preface

This paper has been elaborated in the framework of the Project "PROZVET - Promoting Sustainable Development in Zabaikal and Karelia, through CSOs and Women's involvement in Territorial Alliances". Co-financed by the European Commission, the Project seeks to reinforce the competitiveness, the sustainability, and the inclusiveness of the tourism value chain in five selected districts of the Republic of Karelia, and in two selected districts of the Zabaikal kray.

The PROZVET project is run through a partnership between the Karealian NGOs Resource Center, the Zabaikal Union of Women, the NGO Zvezda Nadezhdy, the Italian associations FELCOS-Umbria (Project leader), ILS LEDA, and LEF-Italia.

The paper aims to gather together and recommend a number of strategic guidelines and a plan of action that can contribute to the competitive, sustainable and socially inclusive development of the tourism value chain in the five districts of Karelia targeted by the PROZVET Project, namely: Medvezhegorsk, Suojarvi, Sortavala, Pitkyaranta and Pryazha.

The resulted strategic guidelines were obtained through applying ILS LEDA's participatory methodology called RESCO (REsources for Sustainable COmpetitiveness), which involved a Focus Group, constituted by 42 people: 6 representatives of hotels and other organisations providing accommodation services; 4 representatives of tour operators and agencies; 2 representatives of museums and other cultural institutions; 3 representatives of craftsmen; 6 representatives of municipal governments; 7 representatives of Public institutions; 9 representatives of Regional Authority; and 5 representatives of civil society organisations. Information from official statistics and secondary literature review complemented the inputs for the guidelines.

Background picture of tourism value chain in Karelia

The Government of the Republic of Karelia has recognised tourism as one of the priority areas for socio-economic development in the region for the next few years. This provision is enshrined in the "Strategy for socio-economic development of the region for the period up to 2030", approved by the

Government of the Republic of Karelia and dated December 29, 2018 N 899r-P¹. Moreover, this year, the Federal Government included Karelia amongst Russia's key tourism destinations, which means that further funds are likely to be allocated for investment in this sector.

In its Social and Economic Development Plan, the Republic of Karelia set a growth of the annual number of official tourists up to 3.5 million people as one of its objectives to achieve in 2020.

Karelia is already an important tourism destination for both Russian and, to a less extent, Northern European travellers. Conditions for the existing and further dynamic development of tourism in Karelia are its rich tourism and recreation potential and its unique natural resources and cultural heritage. In fact:

- the Republic of Karelia has the longest border with the European Union (over 700 km) among the Russian Federation subjects;
- there are more than 4 thousand unique historical, cultural and nature monuments;
- the Area is included in the international tourist route "Blue highway", a water route connecting Norway, Sweden, Finland and the Russian Karelia (in 2000 arrived to Pudhoj), and incorporating various Karelia districts' attractions.

According to the "Guide to Investment in the Republic of Karelia" (PWC, 2014), endorsed by the Head of the Republic of Karelia, Mr. Alexander P. Khudilainen, among the economic sectors, tourism in Karelia can count on "extensive opportunities for developing its potential, since the region has proven to be a popular destination for Russian visitors and for travellers from all over the world, due to the **Karelia's natural environment that, harmoniously, combines forests, lakes and coastal landscapes**, and it boasts a variety of **nature reserves and national parks**, and around 4,000 cultural, historical and natural monuments, to which is meaningful to add the Karelian national cuisine, village life, folk crafts, traditions, rituals and folklore, and various recreation activities, such as hiking, river rafting, cycling, quad biking, snowmobiling, skiing, etc."

The assessment of the competitive advantages, inclusiveness, and sustainability of the tourism value chain in the target areas

The value chain competitive advantage

The RESCO survey interviews to the 42 focus group members highlighted the Karelian tourism competitive advantage relies on:

- The geographic position (90,5% of the interviewed prioritised this option) due to the proximity to St. Petersburg, and for it could be exploited either the federal market, and the international market, especially the new expected tourists from China;
- The natural attractions, mainly lakes and rivers (72,5% of priorities), and, in general, the water resources (including thermal waters), are the most attractive natural resource, including 18 outstanding attractors, but also forest and natural reserves, including 9 distinctive attractors;
- The cultural heritage (69% of priorities), mainly due to the archaeological and historical patrimony, including 26 appealing sites, but also intangible attractions, such as ethnic heritage, cuisine, arts&crafts, music, and dance;
- The local events (52% of priorities), with a great variety of offer, and at least 3 prominent ones;
- Innovative activities, meaning peculiar attractions or entertainment for tourists (28,2% of the priorities).

¹ See also "Passport of Republic of Karelia", [Passport of Republic of Karelia - Внешнеэкономические связи субъектов Российской Федерации - The Ministry of Foreign Affairs of the Russian Federation \(mid.ru\)](#)

Furthermore, RESCO assessed the availability of TOURISM SERVICES, as important part of the tourist offers, and the following results came out:

The strengths of the tourist services in the target areas are:

- Sightseeing tours – tourist excursions
- Accommodations
- Welcoming atmosphere

The weaknesses of the tourist services in the target areas are:

- Restaurants
- Services related to sport and educational tourism

As a final result of the above-mentioned assessment, three different itineraries were identified for better valorising the tourism potential of the area, in the framework of the Karelia tourism offer:

Itinerary No.1: Karelian culture in depth

Itinerary No.2: Karelia off the beaten track

Itinerary No.3: The water route

The market positioning

Before Covid-19 exploded, tourism in Karelia had shown clear signs of expansion, but the post-Covid19 scenario is still uncertain, in Karelia as elsewhere. In this respect, several eminent institutions and researchers, among which the OECD², the World Travel and Tourism Council³, and the researchers Gagan Deep Sharma, Asha Thomas, and Justin Paul⁴, have identified a number of market challenges and opportunities for the Post Covid-19 tourism industry at global level, which can be resumed as follows:

By the point of view of the tourism demand, the (post) Covid-19 scenario is likely to display:

- A shift **from mass to small groups** tourism, and **from what to see to what to do**, including offbeat destinations, focused on original cultural sites, and mainly on what is more relevant, significant, and valuable for the travellers;
- A shift to **domestic and proximity tourism**, as people prefer to stay local and visit destinations within their own country, although domestic tourists are often more price-sensitive and tend to have lower spending patterns;
- Attention to **sustainable tourism**, in the sense of practicing a type of tourism with a reduced impact on natural resources, consumption patterns, social systems and pollution, and more interested in natural areas, and uncontaminated places;

² OECD, Rebuilding tourism for the future Covid 19 policy responses and recovery, 2020

<http://www.oecd.org/coronavirus/policy-responses/rebuilding-tourism-for-the-future-covid-19-policy-responses-and-recovery-bced9859/>

³ World travel and tourism council, The future of travel and tourism in the wake of Covid 19 to recovery demand evolution, 2020

<https://wtcc.org/Research/To-Recovery-Beyond>

⁴ Gagan Deep Sharma, Asha Thomas, and Justin Paul, Reviving tourism industry post-COVID-19: A resilience-based framework, 2021

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7771910/#!po=11.0169>

- The **focus on safety and hygiene, as key factors to select destinations and tourism activities**, with an increasing demand for ‘private solutions’ when travelling, avoiding big gatherings, and prioritising private and non-crowded means of transport.

From the viewpoint of the tourism offer, it is observed a need for:

- Adopting **resilience tourism approach** and strategies, **which require appropriate crisis management techniques, good relationships and coordination among all the stakeholders, namely governments, market players, and local communities;**
- **Use of Innovation & Digital Technologies**, such as:
 - ❑ New digitalisation of services (booking, payment, access to info, data gathering and analysis)
 - ❑ Higher use of automation, contact-less payments and services, virtual experiences, real-time information provision
 - ❑ Artificial Intelligence (AI)
 - ❑ The Internet of Things (IoT)
 - ❑ Technologies relating to location: navigation, drones, and robotics, are a few areas that need enhancements

In this framework, the RESCO analysis foresees a possible increase of tourism positioning on the Russian market (worth "a lot" for 97% of focus group members), the regional market (for the 94%), the North European market (for about 60%), and East Asia (for the 25%).

If we look at the prospects of the tourism industry in Karelia in the post Covid-19 age, the opinion of the interviewed people does not indicate the need to modify the market niches quo antes. This viewpoint is consistent with the current projections, according to the aforementioned perspectives forecasted for the post Covid-19 period.

In this respect, Karelia has all the prerequisites to be in a privileged position, as it is already accustomed to welcoming tourists from nearby and, therefore, knowing these tourists’ characteristics, habits and tastes, it can easily increase these market niches.

Furthermore, a new expected increase of the Chinese tourist flows should also be considered; consequently, a prompt attention of this new market can represent an important opportunity, if duly caught. In fact, some post-Covid-19 scenarios and trends will likely influence new commercial agreements and trade alliances between specific countries and markets. Prevention and Vaccination policies may play an important role in this respect, and in general, in attracting tourists.

The gender equality gaps

According to the RESCO analysis of results, it can be stated that the role of women in the tourism value chain in the target districts of Karelia can be considered satisfactory.

The majority of the interviewed people (between 50% and 70%) argues that women are quite present in the tourism working force, mainly in restaurants, food providers, and hotels (between 50 and 70% of the people), as well as in top posts, in the local tourism administrations, and as managers, and, to a minor extent, as business owners (48%).

Moreover, the awareness on the gender equality legislation and the effectiveness in the application of such policies can also be considered satisfactory, according to the survey respondents.

The sustainability

- 1) As far as **social inclusion indicators** are concerned, they are quite positive in terms of capacity to create jobs for people with low skills and with different physical and mental abilities. However, there is a need for improving the social inclusiveness of the tourism value chain, on three main aspects: the willingness of the private sector to invest on social initiatives (the number of companies with social responsibility ready to invest in social initiatives is low and the 66% of the interviewed consider these investments not satisfactory); the businesses run by young (less than 35 years old) people (50% estimates this number low); and the businesses run by women.
- 2) **Environmental sustainability**: it is recognised as a key issue by the majority of the respondents. Most of them believes sustainability is still weak as far as the promotion and support to voluntary groups (80%) is regarded, as well as the regulations for protecting fishing, natural reserves and areas, controlling and reducing pollution, support to environmental associations and foundations, organising awareness campaigns.
- 3) A noteworthy weakness is found in **the green economy**, since the majority of the indicators, with the exception of the organic production, and the conservation of natural, cultural, and historical heritage, was ranked at the lowest levels by respondents, with particular reference to the regulations on waste disposal, the diffusion of circular economy, the recycling business, as well as the alternative energy and packaging plants (in this case, the numbers represent the percentage of people considering relevant the existence of each component).
- 4) **Financial sustainability** (access to finance) is considered quite satisfactory, except for the need of more investments in infrastructure.
- 5) **Institutional sustainability** registers a deficit in the implementation of tourism development plans. In general, the "Institutional sustainability" was the variable that received more often the answer "I DON'T KNOW". This is a symptom either of lack of information or a lack of impact and visibility of the public policies in relation to tourism.

The tourism value chain status

The RESCO survey highlighted a **number of issues that shall be addressed**.

- 1) There is a widespread demand of some professional profiles, mainly related to the IC, and high qualified profiles. This regards various actors of the value chain, with the exception of the craftsmen, in the accommodation sector and in the tourism agencies/operators, both managers and less/low qualified profiled seem to be in demand.
- 2) There is also a demand related to access to finance (mainly to governmental funding programmes), and overall to access to bank financing (mainly for accommodation providers and craftsmen).
- 3) There is a demand of the following **services in support of the tourist value chain operators** (businesses):
 - Marketing services, mainly for agencies and craftsmen, less for the accommodation providers
 - Support in participation to fairs, mainly for accommodation providers, that prioritise also technical/administrative, and information services
 - Digital and multimedia services, especially for museums
 - Support to networking and mutual cooperation among the various local actors, mainly for craftsmen
- 4) Develop sub-products/sub-services for the tourists, such as healthcare services, wellness and body care services, child care services, and shopping facilities. This demand is perceived especially by the accommodation providers.

- 5) The quality of the hotel and accommodation is considered good; however, with a steady growth in the number of tourists visiting the region, **today accommodation offer is deemed to be insufficient**, especially in the budget and, conversely, in the high and premium price segments⁵.
- 6) There is a need of digital devices, particularly perceived by museums. Specifically, there is a need for digital technologies nowadays available in the field of tourism and commonly used by travellers (for travel booking, payments, for accessing information on the sites to visit) and by tourist operators and tourism services providers for gathering data about tourists' demands, make analysis, process booking and other operations, (automation, contact-less payments and services, virtual experiences, real-time information provision, artificial intelligence, Internet of Things (IoT), and technologies related to location (navigation, drones, and robotics). The analysis showed that these technologies are not enough widespread in the MeSSOP area and their use needs to be extended and improved, in order to address new tourists' trends and demands.
- 7) There is a urgency of implementing initiatives, such as:
 - Organising itineraries that embrace the entire target area, addressing the lack of marketing and advertising initiatives
 - Diversifying the offer, including water sports, fishing, and **all-the-year offer**
 - Strengthening folk-centred travel experiences and products: music, story-telling, art & crafts
 - Development of nature park "Ladoga skerries" project in Pitkyarantsky District
 - Development of eco and nature tourism in the "Tolvajärvi" landscape reserve (Suoyarvsky District)
 - Implementing the Zaonezhje project, improving the attractiveness of the architecture of the buildings
 - Improving the tourism management in the territory of the "Valaam archipelago" national park, and the passenger ship traffic management from Sortavala to Valaam. These are indicated as priorities by district administrations
 - Creation of the multifunctional tourist centre "White Bridges" implemented by LLC "PTO Pitkyaranta" in the territory of the "White Bridges" natural monument. Design and survey work is currently underway
 - Implementing the diversification of initiatives, such as: snowmobile tours in Karelian villages and old forest roads, local fairy tale heroes for the development of family tourism, large-scale sports festivals and competitions, ecological tourism in protected areas, one-day and multi-day dog sledding tours
 - Introducing and enhancing digital technologies and innovation.

The obstacles to the tourism value chain development

The RESCO assessment highlighted the following main obstacles associated to the tourism development⁶. In particular, participants identified several weaknesses regarding (the percentage is indicated in brackets):

⁵ A.P. Konovalov, Review of tourism development in the Republic of Karelia at the end of 2019-2020, carried out within the framework of the PROZVET project.

⁶ Obstacles are selected based on the importance given by the interview respondent to each obstacle.

- 1) Implementation of the national programmes for gender equality (85%)
- 2) International market positioning (78%)
- 3) Marketing strategies (72%)
- 4) Women association managerial skills (71%)
- 5) Awareness about tourism attractions (62%)
- 6) Roads (61%)
- 7) Technical skills for women organisations (60%)
- 8) Attention to clients for women organisations (60%)
- 9) Information to tourists (58%)
- 10) Administrative skills for women organisations (57%)
- 11) Tourism promotion (57%)
- 12) Mobile communication and internet (57%)
- 13) Business support: Technical, access to finance, skill building (50%)

The elaboration of the Strategic Guidelines for the tourism value chain development

The following scheme summarises the main strategic guidelines, as result of an elaboration, that took into account the inputs and information proceeding from the RESCO assessment and complemented through secondary literature reviews.

The strategic guidelines include the following components:

- ***Valorising competitive assets***
- ***Supporting job opportunities***
- ***Enhancing collective management of the value chain***
- ***Enhancing territorial marketing***
- ***Reducing the gender equality gap***
- ***Improving services***
- ***Building capacities***
- ***Enhancing sustainability***

STRATEGIC GUIDELINES FOR TOURISM DEVELOPMENT IN KARELIA

Valorising competitive assets

- Strengthening folk-centred products: music, storytelling, art & crafts, educational tours
- Promoting Karelian White Winter Festival, through establishing steering committee (via Alliance), design, and crowd-funding

Supporting job opportunities

- Supporting existing enterprises: improving performance of restaurants, small accommodations, artisans, cultural business, through a preliminary check up
- Supporting CSR initiatives for improving access of women and vulnerable groups to the tourism sector
- Facilitating the creation of new enterprises, mainly in the field of green economy
- Facilitating new talents in starting up creative businesses for strengthening the territorial offer to tourist, and realising complementary activities

Enhancing the collective management of the value chain

- Establishing a Territorial Alliance for better market positioning and resilience
- Promoting memberships and agreements with local authorities, for supporting the development strategy
- Identifying sources for project financing
- Building capacities for project formulation and management

Enhancing territorial marketing

- Production of homogeneous information and communication materials, designing a target web portal on the tourism destinations
- Strengthening the current territorial marketing strategy
- Sensitisation campaigns, including contests in schools, initiative "Adopt a cultural heritage"

Reducing gender equality gaps

- Capacity building for women organisations: improvement of managerial, technical, administrative skills
- Coordinating with public authorities (via the Territorial Alliance), for improving the impact of current plans

Improving services

- Coordinating tourism service providers
- Strengthening the coordination between DMO (Destination Management Organization) and small providers to reorient tourism service innovation from reading market demand
- Improving information to tourists: increasing info points, using web and social networks
- Mobilising financial opportunities and social corporate responsibility

Building capacities

- Strengthening skills of women and vulnerable groups for their better positioning in the labour market, especially in the digital and web field, and high-level managerial professions

Improving sustainability

- Promoting and supporting green economy, including waste management and circular economy
- Realising sensitisation and awareness campaigns in schools, universities, and media
- Building capacities of OSC and improving volunteering for environmental protection