

**SOCIO-ECONOMIC DEVELOPMENT THROUGH FINNO-UGRIC
CULTURE IN KALEVALSKY DISTRICT, THE REPUBLIC OF
KARELIA:
*FINAL REPORT***

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EXECUTIVE SUMMARY

The study of Karelia Sustainable local development based on cultural and historical identity has been supported by the World Bank (WB), following the request of the Ministry of Culture of the Republic of Karelia. The research took place from January to April 2016.

The Objective of the Research was to formulate a Small-wins strategy (hereafter referred to as Strategy) for sustainable and integrated development of the [Kalevalskiy district](#), based on the promotion of Finno-Ugric cultural and historical heritage with active local community involvement and for the enhancement of the economic efficiency in the spheres of culture and tourism. The Strategy focuses on the study and promotion of the Baltic Finns culture as one of the branches of the Finno-Ugric cultural heritage and associated practices at the junction of culture and economy. In accordance with the obtained analysis of the Kalevalskiy district resources, investment opportunities, including the actual resources of the state programs, private investors and donors, have been determined.

The main research target groups were: (1) Municipalities and local administration specialists who are responsible for culture, tourism and economy development; (2) Houses of Culture, Ethnic and Cultural Center, General and Additional Education organizations and Tourist Information Center specialists (cultural, tourism and educational institutions, financed from the local budget); (3) Non-governmental non-commercial organizations, non-registered initiative groups, public opinion leaders, including indigenous peoples representatives; (4) Local community/private sector initiatives; (5) The youth (ages 14-30); (6) Tourism businesses; (7) Culture goods and services consumers, including domestic and foreign tourists. The target groups 1–6 have been the participants of focus groups, non-structured expert interviews. The target group 7 has been examined by the questionnaire survey method.

The methodology of the research (Chapter 1) included quantitative and qualitative data collection through questionnaires, focus group discussions, and in-depth interviews, and desk research analysis of existing data in a variety of areas (economics, culture, tourism, cultural heritage, indigenous peoples) that are pertinent to the development of tourism and culture in the Kalevalskiy district. An open contest for project ideas from university students of the Republic of Karelia was also held.

The uniqueness of the research stems from the fact that it is the first ***inter-sectoral comprehensive research of a district of the Republic of Karelia***. It includes the study of economic characteristics, tourism and culture sectors' peculiarities and the analysis of methods for the Kalevalskiy district cultural heritage development. Importantly, the expert team of the project ***has collected and analyzed statistical data*** spanning over the last three years. It should be noted that the official statistical data¹ on the studied spheres (***culture, tourism, cultural heritage***) had not been previously collected in a comprehensive manner. The Kalevalskiy district is one of the three national districts of the Republic of Karelia, inhabited by a high density of the Karelian indigenous peoples. The district ***possesses limited industrial potential, low investment attractiveness, but it boasts remarkable strong national, cultural and social resources***. The district's ***experience in providing tourism services, implementing international cultural projects and activities, proximity to the Republic of Finland***, as well as ***surviving cultural heritage sites***

¹ In the Russian Federation, statistical data is collected only for the territorial entities of the RF, large municipal districts within certain socio-economic indices.

carry potential for the territorial development through the Small-wins strategy in culture and tourism. ***The district has considerable potential for the invigoration of the current economic situation of the territory*** by means of creating conditions for tourism, culture and small business development based on the ***characteristic of the district*** i.e. intact traditional way of life of the local population and cultural heritage. The ***research conducted is practice-oriented***.

Based on this empirical and field research: (a) the Small-wins strategy has been defined; and (b) pilot projects for development for each selected site in Kalevalskiy district based on Finnish Ugric cultural heritage have been designed.

The pilot projects include suggestions on:

- Increasing the employment and local population involvement into creative business development;
- SME business development in the sphere of tourism;
- Developing the professional potential of local human resources;
- Modernizing data collection;
- Marketing strategies development of the territory;
- Expanding investment opportunities.

The experts' team in close cooperation with the local community representatives of the Kalevalskiy district has formulated recommendations for the local authorities and private sector. The proposed project ideas are to be implemented without district budget loss. The proposed solution scenarios to remedy the district's socio-economic problems ***can be used for similar territories in the Republic of Karelia***.

CHAPTER I: CONTEXT, OBJECTIVES & METHODOLOGY

1.1 BACKGROUND: THE REPUBLIC OF KARELIA



The Republic of Karelia is located in the North-West of Russia and it is included in the Northern economic region of the Russian Federation. The area of Karelia is 180,500 km² (1.06% of the total territory of Russia). Karelia borders Finland in the West (state border length is 798,3 km), Leningradskaya Oblast in the South, Vologodskaya and Arkchangel'skaya Oblasts in the East, Murmanskaya Oblast in the North. The North-Western area of the Republic is washed by the White Sea.

The Republic has a favorable economic and geographic position, it is situated near the highly industrially developed Russian and Western regions, has efficient water transport system, and significant natural resources. The economy of the republic is traditionally based on the usage of forest resources. The share of marketable goods of the forest industry complex (FIC) in the total production volume of the Republic of Karelia is about 40%. More than half of all the labor force is employed in the forest industry complex.

As of January 1, 2016 the resident population of the Republic of Karelia is 629,900 people, the proportion of the urban population is 79.2%. The average population density of the Republic is 3.5 people per km². As for the national structure of the population (according to the 2010 census): 82.2 % are Russians; 7.4 % are Karelians; 3.8 % are Belorussians; 2.0 % are Ukrainians; 1.4 % are Finns; 0.5 % are Vepsians; 2.7 % are classified as others. The indigenous peoples - the Karelians and the Vepsians - have their own language and writing. Karelia is a homeland for two ethnic groups: the Karelians and Veps. The Karelians, Russians² and Veps are officially recognized as indigenous peoples of Karelia. There are 60,815 Karelians in the Russian Federation; 45, 570 (74.9%) of them live in Karelia. The Vepsians make up 5,936 people in the Russian Federation; out of which 3 423 (57.7%) live in Karelia. According to the Russian Federation Law, the Karelians are not officially recognized as indigenous small numbered peoples³ as they are less than 50,000 in number.. Thus, they do not enjoy special rights like the Vepsians who are recognized as indigenous small numbered people of the Russian Federation and listed in the Unified Register. However, the Karelians are recognized as indigenous peoples in the Republic of Karelia, and several regional programs aim to preserve their culture and national languages.

² In the Russian Federation there are several ethnocultural groups of Russians, who have specific identity, cultural peculiarities and dialect, distinguishing them from the rest of the population of the country. Karelia counts 3 main groups of Russians including the Pomors (living on the White Sea coasts); the zaonezhane and the pudozhane.

³ For indigenous small numbered peoples in the Russian Federation there are different forms of support from the federal budget: supplementary social services, creating favorable conditions for identity preservation, providing means of living, such as, for example, special fishing and hunting quotas.

Karelia is one of the most popular touristic destinations in Russia. According to official data, it is home to 4,564 cultural heritage sites (monuments of history and culture) including: 1,635 sites of federal significance, 1,088 sites of regional significance, 1,838 revealed⁴ sites. *Kizhi* States Open-Air Museum of Wooden Architecture is recognized as a UNESCO World Heritage site. Overall, there are 43 historical and cultural sites, 161 historic settlements, 18 historic and cultural territories and 3 National Parks in the Republic of Karelia.

The volume of inbound flow of organized tourists and travelers in the Republic of Karelia has been growing each year with an annual growth rate of about 10%. In 2014, the number of organized tourists and travelers that visited the Republic of Karelia reached 1036 per 1000 local inhabitants, which is inferior only to St.-Petersburg and Leningrad region in the Northwestern Federal District. Despite the existing touristic demand and the high touristic potential of Karelia, some of its districts lag behind in the amount of tourism product. The general quality of touristic services is also uneven among various districts. Cultural tourism—and in particular tourism that focuses on intangible cultural heritage—is underdeveloped.

1.2 BACKGROUND: KALEVALSKIY DISTRICT

The Ministry of Culture of the Republic of Karelia has defined the Kalevalskiy national municipal district (hereafter referred to as the Kalevalskiy district), as the main territory of the research. The Kalevalskiy district is one of 18 administrative-territorial units of the Republic of Karelia. The district has the status of national district of the Republic of Karelia and is important for the preservation and development of the national culture, crafts and traditional way of life.



The Kalevalskiy district shares borders with four northwestern districts of the Republic of Karelia. The western border of the Republic coincides with the border between the Russian Federation and Finland. Overall, 9 inhabited localities (urban-type settlement, rural settlements and villages) and four settlements are located on the territory of the district. The territory is under-populated (0.6 people per km²). The distance from the town of Kalevala which is the administrative center of the Kalevalskiy district, to Petrozavodsk, the capital of the Republic of Karelia, is 550 km.

The natural resources of the Kalevalskiy district consist forests and wells, including bogs with corresponding flora and fauna. The specific character of the climate and the quality of the soil determine limited development of the agriculture. Range of characteristics of the recreational natural objects and resources are unique.

⁴ According to the Federal Law of the Russian Federation “identified cultural heritage” pertains to newly identified assets that have not been included in the state register

It should be noted that the district belongs the Extreme North territory; it is remote, peripheral, with low transport accessibility. These factors cause considerable energy demand, high travel and production costs, additional expenses to households, businesses and the budget.

The demographic situation of the Kalevalskiy district is difficult. Mortality exceeds fertility, negative migration balance are the problems of the district. The tendency of an ageing population is also a serious issue. The ethnic composition of the district is diverse. Representatives of 31 nationalities live in the Kalevalskiy district (35% of the district population are the Karelians).

The public services of the district are quite developed and are represented by educational institutions including the ones of additional education (Children's Art School). There are hospitals, state and private service centers (privately-owned nursing homes).

The relatively close proximity to Kostomuksha town - a large industrial center - is important for the Kalevalskiy district. The district share borders with Finland and has border posts on the neighboring territories, which makes foreign tourists visits possible.

Tourism in the Kalevalskiy district is one of the preferred directions of economic advancement. The number of people employed in tourism business is 38. Such types of tourism as eco-tourism, cultural, rural and different leisure activities are in progress in the district. The presence of many cultural heritage sites enables ethno-cultural and scientific tourism to thrive. However, despite the national, cultural and historical potential, the socio-economic development of the Kalevalskiy district is still inferior to the other districts of the Republic of Karelia.

The district has considerable potential to invigorate the current economic situation by creating conditions for tourism, culture and small business development based on the characteristic of the district, intact traditional way of life of the local population and cultural heritage. Cultural, ethnographic, nature, sports and rural tourism can be expanded in the district. The Kalevalskiy district can change focus from big investment projects to small-wins strategy. The practice-oriented ***Karelia Sustainable local development based on the cultural and historical identity*** research was conducted in order to generate a well-grounded package of proposals to improve the quality existing cultural and tourism services and to inform decision-making processes.

1.3 RESEARCH OBJECTIVES AND METHODOLOGY

The Objective of the Research was to formulate a Small-Wins Strategy (hereafter referred to as SWS) for the sustainable and integrated development of the Kalevalskiy national municipal district, based on the promotion of Finno-Ugric cultural and historical heritage. The SWS was designed with the active involvement of the local community in order to enhance the efficient economic development of culture and tourism. The SWS focused on the study and promotion of the Baltic Finns, one of the branches of the Finno-Ugric group, culture and associated practices at the junction of culture and economy. The analysis of the Kalevalskiy district resources identified investment opportunities, including the actual resources of the state programs, private investors and donors.

The uniqueness of the research stems from the fact that it is the first inter-sectoral complex research of a district of the Republic of Karelia. The expert team of the project has collected and analyzed statistical data on the studied spheres (culture, tourism,

cultural heritage)⁵. The interest to the Kalevalskiy district arises from the fact that it is one of the three national districts of the Republic of Karelia, compactly inhabited by the indigenous peoples – the Karelians. The district disposes limited industrial potential, low investment attractiveness, but it boasts remarkable strong national, cultural and social capacity. The district experience in providing tourism services, realization of international cultural projects and actions, proximity to the Republic of Finland, as well as surviving cultural heritage objects carry potential for the territory development through the Small-wins strategy in culture and tourism. The research team comprised of local experts and World Bank consultants. The local expert team included the following experts: Svetlana Kolchurina, research coordinator, expert in the development of civil society institutions and local communities; Alexey Tsykarev, research co-coordinator, expert in the Rights of Indigenous Peoples; Valentina Mironova, Candidate of Philological Sciences, Senior researcher at the Institute of Linguistics, History and Literature, Karelian Research Centre of the Russian Academy of Sciences; Tatiana Sachuk, Doctor of Economics, Professor, Head of Economics and Finances Chair of the Karelian branch of The Russian Academy of National Economy and Public Administration; Andrey Sukhorukov, Candidate of Psychological Sciences, Chairman of the Board for the Innovative Projects Supporting Fund «New Dimension»; Elena Kuznetsova, expert in tourism development.

Within the framework of the research, the team of local expert used a blend of quantitative and qualitative research methods. The following **research target groups** were defined: (1) Municipalities and local administration specialists who are responsible for culture, tourism and economy development; (2) Specialists of cultural, tourism and educational institutions, financed from the local budget; (3) Non-governmental non-commercial organizations⁶, non-registered initiative groups, public opinion leaders, including indigenous peoples representatives; (4) Local community/private sector initiatives⁷; (5) Youth between the ages of 14 to 30 years; (6) Tourism businesses⁸; (7) Culture goods and services consumers, including domestic and foreign tourists. Target groups 1-6 were focus groups participants to obtain detailed observation and unstructured expert interviews. Target group 7 was engaged in questionnaire surveys.

At the initial stage (January 2016) the **research opening seminar** was organized in the town of Kalevala. The objective of the seminar was to engage the local community and awaken their interest in the outcomes of the research. Within the seminar framework the objectives and stages of the research were presented; local level events coordinators were identified and the research action plan was further developed. Local community representatives including local authorities, cultural institutions, non-governmental non-commercial organizations, the youth, tourism business and other stakeholders interested in the subject took part in the seminar.

⁶ The Karelian Language and Culture Local Public organization 'Ukhtu Seura' (Ukhtua Society) and Karelian Regional Youth Public Movement 'The Kalevalskiy District Youth', Women's Councils, Veterans' Councils, Ortie Stepanov Fund, national public associations activists and others.

⁷ Guesthouses, local groups that organize events/provide services in the sphere of culture and tourism, etc.

⁸ Tour companies and guest houses providing services locally in Kalevalskiy district and Petrozavodsk tour companies steering tourists into Kalevalskiy district.

1.3.1 COLLECTION OF DATA ON EXISTING CULTURE AND TOURISM FOR LOCAL MARKETS

This portion of the research consisted of the following (1) survey of the tourists visited the Kalevalskiy district during winter season and (2) Internet-survey on the tourism potential of the Kalevalskiy district.

(1) A tourist survey was carried out from Dec. 30, 2015 to Feb. 02, 2016. A total of 101 individuals, age 18 and above, were surveyed. The surveying was conducted in Kalevala town – the district’s administrative center – (71 individuals), and the villages of Yushkozero (20 individuals) and Voynitsa (10 individuals). Half of the visitors (52 individuals) were surveyed during the Russian Winter Holidays (Dec. 30, 2015 - Jan. 10, 2016), while another 49 individuals were interviewed during a non-peak season, i.e. January 11 through February 02.

The objective of the questionnaire survey was to ascertain tourists’ motivation for visiting the Kalevalskiy district, their evaluation of the available information (on cultural events), their assessment of the provided services quality. Moreover, the questionnaire survey helped to clarify cultural and historical appeal of the Kalevalskiy district from tourists’ point of view and to reveal the possible prospects for attracting tourists. For detailed results of tourists’ questionnaire survey see the Attachment 6.A.

(2) The Internet-survey was performed from January to April 2016. The questionnaire was placed on the website of the [Tourist Information Center of the Republic of Karelia](#). Moreover, the questionnaire was also posted on social networks. A total of 95 people took part in the survey, 48% of the respondents had visited the Kalevalskiy district. The analysis was based on the latter. The survey consisted of 6 questions to elicit demand and identify corresponding future tourism products. In addition to inquiring about visitors’ demand for tourism services, it also investigated their assessment of the services provided and about the information available about the Kalevalskiy district. For the detailed results of the Internet-survey see the Attachment 6.B.

1.3.2 DESKTOP ANALYSIS

As part of the desk research analysis, local experts studied federal, district and municipal programs that are relevant to the promotion of tourism and culture in the Kalevalskiy district, including the integrated reports of the Head of the Kalevalskiy district administration over the past three years (2012 – 2015). The experts analyzed the reports of the Kalevalskiy district administration and subordinate authorities submitted to the relevant ministries (the Ministry of Culture of the Republic of Karelia, the Ministry of the Republic of Karelia for National Politics, Relations with Public and Religious Associations and Mass Media). Special attention was paid to the examination and the analysis of international projects realized on the territory of the district. Additionally, the *modus operandi* of local authorities, cultural institutions, SME business were also examined. The team of local expert conducted unstructured expert interviews with the representatives of tourism business, local administration specialists who are responsible for culture development and NGOs to collect missing data. For the detailed results of the conducted analyses see Attachment 1-5 of this research.

1.3.3 FOCUS GROUP DISCUSSIONS AND IN-DEPTH INTERVIEWS

In the town of Kalevala, focus group interviews were organized and conducted from Feb. 29, 2016 to March 2, 2016 WITH (1) local authorities; (2) representatives of the tourism business;

(3) representatives of the budget institutions in the spheres of culture, tourism and education; (4) representatives of the non-commercial organizations and local activists groups; (5) representatives of the youth. For the final results of the focus groups see Attachment 6.C. within the following themes:

1. Finno-Ugric culture and national traditions in the life of the Kalevalskiy district: demand and key symbols.
2. The Kalevalskiy district promotion.
3. Priorities for increasing the tourist, national and cultural attractiveness of the Kalevalskiy district.
4. Role of the authorities and communities in increasing the attractiveness of the Kalevalskiy district.
5. Image of the future Kalevalskiy district.
6. Prospects of the business development based on the national and cultural resources.

1.3.4 STUDENT CONTEST

In order to gather pilot projects proposals from sources other than the local experts' team, an open contest of student projects was organized in March 2016. All students in higher educational institutions of the Republic of Karelia were invited to participate in the contest. More than 40 students from two higher educational institutions participated in the preliminary briefing of the contest. Eight students' applications collectively from the Petrozavodsk State University and the Petrozavodsk Pedagogical College were received. The jury of the contest comprised the representatives of the World Bank, the Ministry of Culture of the Republic of Karelia, the Kalevalskiy district administration, the travel company *Velt. Karelian travelling* and the research team members. Based on the results of the jury's meeting, the highest ranking selected projects ideas were included in this report. Proposed projects' implementation covers a range of stakeholders including: the Kalevalskiy district administration, cultural institutions, business and NGOs. The pilot projects contain the suggestions on increasing the employment of the working-age population, SME business development, human resources and professional potential, infrastructure realization and investment opportunities expansion.

1.3.5 GENERAL ANALYSIS

Analysis of experts' opinions, SWOT-analysis and PEST-analysis (For details see Chapter 2) were conducted on the basis of non-structured interviews and within the framework of the April 4, 2016 seminar. Representatives of the World Bank, the Ministry of Culture of the Republic of Karelia, the Kalevalskiy district administration, as well as heads of cultural institutions, the research team and specialists in museum practice, culture and tourism took part in the seminar. The seminar presented the results of the research and conducted a SWOT-analysis and a PEST-analysis based on gathered interviews and the analyses of the social, cultural and economic potential.

1.4 REPORT STRUCTURE

Chapter 2 of the report outlines the main findings derived from the quantitative and qualitative data analysis. Chapter 3 provides a strategic framework for the sustainable development of tourism and culture in the Kalevalskiy district. Chapter 4 presents suggested pilot projects that could be implemented in the Kalevalskiy district. The annexes contain a detailed summary of the data collected as part of the research. An overview of the annexes is as follows.

1.4.1 ANALYSIS OF THE SOCIO-ECONOMIC SITUATION OF THE KALEVALSKIY DISTRICT.

The objective of this portion of the research was to collect and analyze general data on the Kalevalskiy district, in particular the specificities of: the natural resources, the economy, the population (including age and ethnic structure), and the social environment. The Kalevalskiy district authorities provided the statistical data for the research⁹.

1.4.2 ANALYSIS OF THE INVESTMENT CLIMATE OF THE KALEVALSKIY DISTRICT.

The assessment of the investment attractiveness of the territory was completed in order to determine investment opportunities¹⁰. The analysis was conducted with the help of the method developed by the international rating agency «Expert RA». In accordance with the method, the integrated ranking of the investment attractiveness of the Russian Federation is based on the integrated rankings of the investment potentials and investment risks. Investment climate of a territory is considered to be good (high) if the investment potential exceeds the investment risk. In order to determine the investment climate the following was examined: (1) investment potential is made as the weighted sum of particular potential: resource, labor, production, innovative, institutional, infrastructural, financial, consumption, tourism; (2) Investment risk is weighted sum of particular risks such as: economic, financial, political, social, ecological, criminal, legislative.

1.4.3 REGULATORY ANALYSIS.

This portion of the study examined the international, federal and regional legislation and regulation that protect the rights and legal interests of indigenous peoples. Instruments for financial support and mechanisms of the implementation of the rights on the language, culture, education for indigenous peoples of the Republic of Karelia were studied¹¹. Moreover, the international, republican and district institutions engaged in the support of the languages and culture of the Baltic Finns peoples, were highlighted. Within the framework of the analysis the recommendations were completed and included in the proposed projects of the research.

1.4.4 LOCAL MARKET DEVELOPMENT ANALYSIS.

Data about the tangible and intangible cultural heritage of the Kalevalskiy national district was collected for the analysis (For details see the Attachment 4.1.)¹². The analysis on the use of the cultural heritage sites in existing cultural events of the district, museum programs and travel itinerary was performed; the most important cultural sites and traditions were identified. The tangible and intangible cultural resources, located on the territory of the historical settlements of Kalevala, villages of Yushkozero and Voinitsa, were divided into several modules with common characteristics. One of the problems of this part of the research was that the information requested by the expert about ownership of the architectural and historical monuments, architectural specimens, was not provided. Along with this on the basis of the conducted analysis the recommendations for introducing the cultural heritage sites into the cultural and tourist map of the Kalevalskiy district were made.

⁹ For details see Attachment 1

¹⁰ For details see Attachment 2

¹¹ For details see Attachment 3

¹² For details see Attachment 4

1.4.5 MARKET ATTRACTIVENESS ANALYSIS.

The experts of this module collected the statistical data, and assessed the quantity and quality of the cultural and tourism resources *in situ* through, informal interviews¹³. The results were processed and interpreted and subsequently additional data was collected to update the result. The experts reviewed and analyzed the following a) the research in the sphere of tourism with the focus on the Kalevalskiy national district; b) current types of cultural products and services; c) current marketing instruments used for tourism and culture; d) institutional aspects and organizational structure of the cultural products and services providers; e) existing human resources and the qualification level; f) access to financial resources. Upon the completion of the research the investment opportunities were identified including the existing resources of state programs and private sectors in the spheres of culture and tourism. Recommendations and pilot projects were defined on the basis of the analysis of the data obtained.

1.5 DISSEMINATION

Upon the completion of the research activities the local experts' team with the Ministry support and with the World Bank participation will organize a **concluding seminar**. Representatives of local authorities and private sector of Kalevalsky district, representatives of executive and legislative authorities of the Republic of Karelia as well as representatives of [Nordic Trust Fund](#) and [World Bank](#) will attend the seminar. The seminar results will be presented by the local experts' team in the report formatted as recommendations for further promotion of the research outputs.

Publication and dissemination of the research results. The local experts' team will prepare made up the brochure, which describes the results of the research, the developed Strategy and project proposals. The brochure is available in the Russian language both in printed and in electronic versions.

¹³ For details see Attachment 5

Chapter 2: Findings/Results

The analysis of the collected data reveals the following findings (see Annexes 1-6 for details):

2.1 FEATURES

2.1.1 SOCIAL AND ECONOMIC FEATURES:

1. Despite its remoteness and long distance from central territories, Kalevalsky district always draws attention of various government agencies as having good prospects in the area of tourism.
2. Limited capacity of transportation network in the district is a serious obstacle for development of the territory. The district is significantly remote from central industrially developed districts of Karelia. Calculation of project costs should be made with the fact in mind that this area is located at the Extreme North, which leads to increase in production and business costs as well as budgetary expenditure at all levels.
3. Low budgetary revenue of the district is related to the following factors: lack of marketing research allowing to predict development of tourism market and examine the district's tourism capacity; lack of mechanisms for usage and promotion of tourism possibilities of the area; lack of municipal regulation of tourist sector in Kalevalskiy district; shortage of professional staff in the sphere of tourism.

2.1.2 TOURISM FEATURES:

4. The district has experience of development and implementation of projects related to tourism. At present, tourist itineraries and performances for tourists have been developed and tested as part of social and economic programs as well as in the context of international projects in the district. However, tourism development is uneven.
5. There is no deliberate planning in the sphere of tourist services. The packages currently offered to tourist are based on intuitive understanding of tourists' needs rather than on the existing needs of tourism companies and municipal district authorities in infrastructure improvement.
6. The current state of tourism in Kalevala municipal area can be assessed as insufficiently developed. In the presence of favorable factors (the presence of the cultural heritage of tourist products and services, places to stay) tourism potential is not used for the economic development of the district. Inbound and domestic tourism is unilateral and weak.
7. The poor quality of roads deters many tourists. Some tourism resources and tourism infrastructure are lost (destroyed), misused or not used at all. Many sites for displaying historic and architectural monuments require restoration. Currently, the amount of budgetary means earned by tourism is extremely insignificant. This is largely caused by shortcomings of the system used for calculating revenue from tourism that does not disaggregate revenues between related sectors of economy, such as transport, communications, catering, services, etc.
8. The district should solve problems related to tourists' transportation and create attractive network of routes in order to be promoted at Russian and international markets. It is necessary to increase the number of venues for tourists' accommodation and to realize a large-scale training for owners of houses concerning hospitality, rules for organization of temporary residence places as well as additional services which could be offered to customers by hosts.

9. No measures are developed to increase professional qualification of staff in tourism (guides, managers), hotel business (chambermaids, cooks), cultural event organizers. On the one hand, this problem can be solved by inviting highly qualified professional personnel; while on the other hand, informal training programs may be developed for local population. For instance, the need for walking tours in rural area could be met by establishment of "Guides school" for senior schoolchildren and retirees.

2.1.3 FEATURES OF CULTURAL HERITAGE:

10. The cultural heritage of Kalevalsky district is rich, well studied, collected and is of interest for both Russian and international academia. Moreover, a number of cultural heritage sites and events are included in tourism programs and are actively supported by local community (crafts, festivals). However, we should note that there is no strategic planning of work with cultural heritage, which may result in a loss of intangible and tangible cultural resources. Kalevalsky district applies traditional, outdated forms of work with cultural heritage that depreciate it. On the other hand, there are mechanisms for support and commercialization of cultural heritage, and not all of them require significant investments. As such it is necessary to change strategies for integration of cultural heritage into social and economic development plan of the district.

11. The unique key symbol of the national culture of Kalevalsky district is the Kalevala epic. Additionally, national Karelian traditions that are still alive also play an important role. These resources are unified by the symbol of national musical instrument KANTELE. For now, it is more attractive for the local people themselves and Finnish tourists. According to some business representatives, for most Russian tourists visiting Kalevalsky district the Kalevala epic or the Kantele do not have any special attractiveness. This being said the business representatives suppose that the range of interests among Russian tourists towards cultural products is increasing. The district has a potential for development of new offers (military history, industrial history etc.) within the cultural and historic area for tourists and local people.

12. Investment attractiveness is low in the district, despite a number of unique natural, recreational and cultural features. For instance, the unique natural resources may be used for the development of educational, ecological, and "active" tourism (sports, hunting, fishing, rafting and kayaking). The preservation and renovation of national and cultural traditions, trades and Karelian ways of living are significant features of the district. A large number of cultural heritage resources allow for the development of ethno-cultural and scientific tourism. Ecological and sports tourism is currently priority for the district's tourism business. Visiting cultural heritage sites is included into additional tourist package. However, there is a clear demand from Russian and foreign tourists as well as from travel agencies and Finnish marketing experts for adding venues of Karelian culture to existing itineraries.

13. In the sphere of safeguarding intangible ethno-cultural heritage of the area it is necessary to focus on marketing of rune singer villages, projects based on usage and preservation of "Kalevala", a Karelian and Finnish epic literary monument of world importance. The majority of cultural heritage such as historical and cultural monuments are in demand among tourists. As for archeological monuments, they may become tourist attractions if the relevant sites are properly developed and presented to tourists. It is possible to organize short-term guide courses for schoolchildren and retirees.

14. Event tourism has its own niche and may affect promotion of the district at cultural and tourist service market both in Russian and abroad. The following events have been tested in the district: "SledDog race" <http://huskygo.karelia.ru/>, "Autumn Festival of Documentary Films in Haikolya", "Somello" International Festival <http://www.sommelo.net/ru/>. Risk is related to

possible lack of sustained financing of the area's events, which are important for promoting the region.

15. Corporate tourism programs have been tested in the district. "Velt" company organized training courses for representatives of hotel industry. Remoteness of the area and lack of own experts pose problems; the latter significantly increase cost of the service.

16. The number of places for visitors' stay is limited. Taking into account irregular demand for tourist services, the average occupancy rate is about 30% with some increase during a limited summer period and winter holidays. More detailed information about hospitality venues opens a discussion about accommodations' different comfort levels. In fact, none of the hospitality venues classify their level by a number of stars, and potential foreign customers may be confused when considering services and comfort level of accommodations. Only one hotel in the district can receive payment for accommodation through bank cards.

2.1.4 FEATURES OF CULTURE

17. Cultural institutions, travel agencies, and guesthouses have short-term (oriented to one project) engagement. Cultural institutions function by keeping a balance between their resources, staff capacity, and demands of local population. The demands of the tourism industry are often considered by cultural institutions as additional workload; they are not considered by cultural institutions as tourism products.

18. The information and tourist center of Kalevalsky district coordinating tourist services in the district was established several times within different international projects. Presently, it does not operate as the projects have been completed. However, it is possible to receive private consultations. This service is unavailable due to lack of financing from the local budget, lack of staff, clear objectives and functions of the center.

19. With regards to information about the tourism products and services, there is no policy, nor coordination center to promote Kalevalsky district.

20. Despite the fact that culture is considered important for social and economic development by the Kalevalsky district's administration, lack of professional personnel in this sphere results in narrowing of culture's functions. It is necessary to identify priorities of each institution's work and to develop new kinds of service in the cultural tourism industry. All cultural institutions have the following issues: (i) lack of common electronic informational space (portal); (ii) lack of access to the Internet; (iii) poor integration of information and communication technologies; (iv) shortage of areas; (v) poor material and technical equipment and; (vi) need for increase in staff's qualifications. Cultural institutions of the district have clubs network (see Annex 5) and could create cultural and tourist cluster if they engaged more actively with business and local population.

21. In order to increase the input of Finno-Ugric culture in the Kalevalsky district development, it is necessary to pay attention to those directions which do not need substantial financing and where improvement can be achieved by efficient management of efforts:

- ✓ improvement of information dissemination among local people and tourists about cultural events;
- ✓ systematic and coordinated policy concerning the presentation of Kalevalsky district cultural and tourist possibilities in the external environment;
- ✓ professional development of the staff in the sphere of culture and tourism;
- ✓ development of new information materials about national culture resources of the district;
- ✓ increase of tours variety (number and quality);

✓ development and implementation of new projects and events attractive to local population and tourists that can be held during offseason – in autumn and spring.

2.1.5 FEATURES OF LOCAL COMMUNITY:

22. The local community has strong social ties among its members. The practice of attracting private funds by the local community to solve its problem is rare. Numerous projects were implemented in the district by NGOs and through donor programs, in particular for its residents, aimed at promoting the district's development, but all these projects were narrowly focused and unsustainable. In this regard, there is some mistrust among population to the project in general. This being said, the local community is united and well organized.

23. Despite the presence of incentives for development, preserved and expanding infrastructure of national culture and tourism development, peaceful co-existence of the major stakeholders, readiness of some of them (NGOs, youth) to broaden their engagement there is a lack of leadership and coordination. The lack of a clear vision for the future of Kalevsky district and the difficulties encountered to start and develop businesses exacerbate the situation.

24. To attract additional financial resources for culture and tourism in Kalevsky district, the instruments of the following funds and organizations can be used: Vladimir Potanin Foundation (support of museums, creation of new museum exhibitions, increase of staff's qualifications of museums) <http://www.fondpotanin.ru/programs>; Timchenko Foundation (development of rural areas through culture) <http://timchenkofoundation.org/>; 100 grants of President of the Russian Federation to support creative projects of national importance in culture and art <http://mkrf.ru/deyatelnost/competitions/detail.php?ID=860943>; All-Russian non-governmental organization "Russian Geographical Society" <http://www.rgo.ru/ru/granty/grantovyy-konkurs-2016>, <http://grant.rgo.ru/>, Joint Program of Action "Kolarctic" <http://www.kolarcticenpi.info/ru>, Cross-Border Cooperation Program "Karelia" and others. It should be noted that potential of the above-mentioned programs is not fully used. This is due to the small number of officially registered NGOs in the district, the lack of special educational programs for the establishment of NGOs, the lack of NGO staff with accounting skills.

2.2 CAPITAL

2.2.1 ECONOMIC CAPITAL

- a) For the last 20 years the Kalevsky district ranked last or next to last among the National districts of the Republic of Karelia according to the socio-economic municipal districts' development indices. This is caused by the district's remote and peripheral location in the Far North as well as with the low level of the industrial and non-industrial infrastructure development.
- b) Production activity (timber harvesting and primary converted wood processing) in industrial-scale volume emerged only in the second half of the XXth century in Borovoy (a forest village, not included into the project as it is not densely populated by Karelians). Due to forest clear-cutting, the industrial activity in Borovoy and the railway transportation service stopped. This negatively influenced the entire district as Borovoy was the only settlement with the railway service which was used by visitors to enter the area and then get around the territory by car.
- c) Today the district has low investment attractiveness for an industrial operation. The main reasons are the absence of railway transportation service, remote location, the

absence of “available” electric capacities, the limited number of working age residents, lack of possibility to receive vocational secondary education and high “northern” operational costs, etc.

- d) In this district, over 80 % of the businesses are micro-business (private entrepreneurs or the number of employees in each business does not exceed 15 people). A significant number of residents work unofficially (car repairs, transportation services, hosting visitors and etc.). Remote access employment (i.e. via the Internet) is not developed.
- e) The local administration has limited opportunities for funding (grant support for the entrepreneurs up to 0.5 million rubles), information and consulting assistance (quality maintenance of the business-incubator). There are investment opportunities, but their attractiveness is extremely low and they cannot compete with the neighboring territories.

2.2.2 CULTURAL CAPITAL

- a) The cultural heritage is rich as the tangible and intangible cultural resources are preserved. The Karelians living on the territory lead the traditional way of life (activity seasonality, hunting, fishing, wild harvesting and etc.). The local people know the Karelian language (especially in the villages of Yushkozero and Voinitsa), but use it rarely in everyday life, but services in the sphere of culture and tourism in the Karelian language are offered. The language is close to the Finnish language, which makes it possible to communicate with visitors from Finland.
- b) The locals are aware of the territory visitors’ interest to the national culture, language and traditions. The local residents are happy to welcome the guests interested in cultural traditions and are eager to share the information about historical and cultural peculiarities of the district.
- c) The residents participate in the events organized by the cultural institutions (Kalevala, Yushkozero, Voinitsa). However, they mention the limited variety of the cultural services provided. The residents of Kalevala town, mainly the young people, point out the lack of innovation witnessed in leisure, cultural and excursion programs.
- d) The festive activities and events organized by cultural institutions are not interactive enough. The involvement of the visitors into the festive events is little, so the guests’ personal impressions and experience are limited. The events are also of a short duration.
- e) Folk customs, games, traditions and national cuisine are not exploited fully by the cultural institutions. The art direction of the mass events is poor. The lack of the new forms in the cultural sphere makes large-scale and small-scale events unattractive.
- f) The local craftsmen produce a limited variety of goods. Souvenir products assortment is also limited. The handcrafted goods and souvenirs are of poor design and quality. Up to 80 % of souvenir production sold on the territory of Kalevala settlement is the production of the craftsmen from Petrozavodsk and other Karelian cities.
- g) Many craftsmen sell the handcrafted goods themselves, sometimes they work by the order. The souvenir and handcrafted production market is not developed. Local masters are not ready to give their production to the souvenirs shops or trading points for sale on consignment. Creative industries market is not developed.

2.2.3 SOCIAL CAPITAL

- a) The residents of Kalevala district traditionally lead non-industrial life (hunting, fishing, wild harvesting and etc.), handicraft developed only to satisfy the direct needs of the people (building boats, weaving, making kitchen utensils of birch bark and wood and so on). The district is a transit territory due to its location between the White Sea and the rest of the peninsula and the neighboring countries, which brought along trade development. Non-industrial way of life continues to be attractive for most of the residents; especially in the villages of Yushkozero and Voinitsa.
- b) The local people – the Karelians – have a special mindset: they are calm, reserved, do not demonstrate their feelings, emotionally balanced, introversive, tuned into routine life and not ready for innovations. The fact that they live far from development centers they consider rather an advantage of their life.
- c) The older generation of the indigenous people is mostly oriented at the traditional way of living. The younger generation is more prepared for innovations, they understand and value their identity but they do not have knowledge about the customs, traditions, local cuisine, handicrafts, etc. As a result, part of the social and cultural heritage, traditional Karelian village is eroding.
- d) The social ties in the local community are very strong. All the local people have known each other's families for many generations. The locals are wary of the "new-comers", including non-local entrepreneurs as they see in them the threat of destructing the traditional way of life and existing social networks.
- e) On the district's territory and for the local people, projects targeting tourism and business development were repeatedly realized. Their goal was to stimulate the district's development but all these projects were aimed at the preservation and development of the national culture, tourism development, small business sector development and etc. As a rule, all the project activities stopped after the completion of the project and termination of the external financing. This resulted in forming mistrust to any project activity with the local people.
- f) The local community is well organized and united (especially in the villages of Yushkozero and Voinitsy). Within these areas (Yushkozero - 430 people, Voinitsa - 19 people) the traditional ties exist and are being kept, there are non-stated rules and behavior norms. There are no formalized institutions – NGOs. Three NGOs operate in the settlement of Kalevala. Kalevala's local community is less cohesive, it has more versatile interests and is more open to change.
- g) The practice of raising funds by the local people to solve the local community problems is limited. However, residents of Yushkozero have been attracting funding to support local initiatives from the Republic and the municipal district budgets since the last two years. The residents organized public hearings, selected the most significant goal, collected their own funds (according to the program conditions not less than 5% of the project cost must be the residents' own funds) and participated in the 'Local Initiatives' contest, which suggests their ability to co-finance and implement projects
- h) The social ties with Finnish residents are becoming less significant (the nostalgic tourism generation is diminishing if not vanishing). Contemporary Finnish guests are perceived as just a group of guests, not as the most significant one (judging by the number of

clients, duration of stay and the monies spent). Social connections with other municipal districts of the Republic of Karelia with high density of Karelians (Olonets and Pryazha districts) are mainly in the area of cultural projects.

2.2.4 SYMBOLIC CAPITAL

- a) The absolute symbol of the territory is the epic poem “Kalevala”. Phonically and orthographically the epic poem title and the name of the district’s administrative center - the town of Kalevala - are the same, and the name of Kalevala municipal district emphasize the symbolism.
- b) Kalevala national district has its official symbols (the emblem, banner and anthem), but they are used mainly at the official events.
- c) One of the non-official symbols of old Karelian villages is a suspension wooden bridge (as the one in Yushkozero village), such bridges were made across the rivers which flew through the settlement and people were living on both river banks. It must be noted, that there are such suspension bridges in the city of Olonets (the Karels make over 50% of the population in Olonets district).
- d) The number of non-official symbols of the territory is large, e.g. local people were skiing on one wide ski turned-up on both ends, which allowed them to move forward and back without turning, they were using the same principle as riding a scooter. The majority of the non-official symbols are not exploited in the tourism sphere and handicrafts. Kantele, kyuukkya game, runes singing are also the non-official symbols of the territory.
- e) On the Russian Federation Internet maps such as the “Russia’s Delicious Map” and the “Russia’s Fairy-Tale Map” Kalevala municipal district and its settlements and villages are not shown, though this does not need financing. The presence of Internet and social networks is rather limited in the Kalevala municipal district.
- f) Due to the legacy of the Soviet culture, it must be noted that the territory’s symbolic capital is of more interest to visitors from other regions of Russia and other European countries, rather than to visitors from Finland, which have different culture, social norms and symbols. Finns come only because of their nostalgic feelings, but the number is decreasing every year. There could be some interest shown by particular groups, e.g. scholars.
- g) There are no local brands, as well as no goods or products with registered trademarks.



2.2.5 CONCLUSIONS:

1. Kalevala national district has low-competitive economic capital (in comparison with the neighboring municipalities of the Karelian North). Due to challenges such as accessibility, poor infrastructure, lack of trained personnel (see Annex 2), the economic capital of the territory will not be able to develop actively in the short and midterm progress.
2. The socio-economic development of Kalevalsky district can be provided by capitalizing on the local cultural, social and symbolic capitals, which are undoubtedly more competitive than the ones of the neighboring municipalities of the Karelian North and other municipal districts of the region.
3. To do so the following is necessary:

- Use the existing tools and resources of the state and municipal administration, which have not been exploited in this municipal district. Thus in view of their presence inter-institutional and public monitoring of results is possible.
- Use new instruments and resources. The beneficiaries of the small-wins can be private actors, NGOs and business located on the territory. The small-wins can be realized provided they will appeal to potential beneficiaries. Funding can come from both public and private sources. Public monitoring of the results is possible.
- Expand the external connections of the territory. The people who have left the district due to different reasons can become the conductors of the territory's interests. This is also true of the representatives of the authorities, NGOs, business, joining the Republic's, Russia's or international unions and associations.
- Strengthen the internal cooperation between culture and business stakeholders. In this case the authorities can be the potential organizer, creating intersectoral coordination or consulting entities. The cultural and leisure network of Kalevalsky district can also be exploited for the potential creation of intersectoral products.

2.3 PEST – ANALYSIS OF KALEVALA DISTRICT

As we consider only two rural settlements Yushkozerskoe (Yushkozero village) and Luusalmskoe (Voinitsa village) and one urban settlement (Kalevala) in the Kalevala district, it must be noted that as a result of Federal law 131; Municipal authorities have more power than the Ministries; thus not many external environment factors can have the influence on the municipal level.

The following external environmental factors have made an impact on Kalevala district and its urban and rural settlements:

2.3.1 POLITICAL AND LEGAL FACTORS:

The resolution of the Legislative Assembly of the Republic of Karelia on changes in the regulation of the region's Municipalities Land Control. From now on, all the actions related to the municipal lands will be performed by the state (regional) institutions. In practice, it means that municipalities do not have the authority to manage their lands, which can negatively influence support to small entrepreneurs in the municipalities.

2.3.2 ECONOMIC FACTORS:

The execution of the country's Presidential Decree about the wage increase corresponding to the average salary in the state-budgeted sector (education, healthcare, additional education, culture). This leads to the optimization of the budgetary sector institutions' activities and increases the employment attraction in this sector.

2.3.3 SOCIAL AND CULTURAL FACTORS

The population's high mobility and private property development resulted in a number of negative tendencies, e.g. the youth emigration to Petrozavodsk and Kostomuksha. Although there are positive shifts as well, for example, the opportunity to run any business on the territory for anyone, including also non-residents of the territory. For example, in Kalevalsky district the most active business in the tourism sphere is the company WelT, the shareholders of which are originally from the Murmansk region;

The relatively closed nature of the local community explains the local people mistrust to 'non-locals', and, thus, the non-locals' activity provokes discontent among some part of the natives, especially natives of the older generation.

2.3.4 TECHNOLOGICAL FACTORS

The main technological factor influencing the territorial development is weak development and low quality of communication, which with the formal presence of the mobile phone operators does not allow stable and high-speed Internet connection. This impedes the promotion of information about the territory at present and impedes feedback. This has a negative impact on business development, especially financial services.

2.4 RESULTS OF THE SWOT ANALYSIS OF KALEVALA DISTRICT.

2.4.1 STRENGTHS

- Unique recreational objects (the largest in Europe swamp Yupyazhshuo, the monument of nature 'Conservation Swamp', Kumi-porog waterfall and others)
- Ecologically clean district;
- Unique tangible culture (Haikola Literature Museum Island, the places connected to the creation of the epic poem Kalevala);
- A number of potential monuments of the district's industrial XX-th century history – printing shop museum, the first in Karelia hydro-power plant and others;
- Unique intangible cultural assets (runes-singing traditions, yoigi (in Karelian language: *Joiku*), Kalevala epic poem, folk game Kyukkya (in Karelian language: *gorodki*), native cuisine and so on);
- The residents who have preserved the Karelian language, traditions and customs and who can be involved into the process of promoting the intangible heritage
- A newspaper and radio with publications and broadcasting in the Karelian language;
- Teaching the Karelian language, traditions and culture in the district schools;
- Municipal cultural institutions, including an ethno-cultural center;
- In the district's cultural institutions there are educational programs for children and adults (in Kalevala Music School there is a kantele class, in Kalevala *Dom Kultura* there is a folk dance and song kantele ensemble 'Tarina' (they play the five-string kantele, sing Karelian songs and dance Karelian folk dances), in Kalevala children's art center there are groups of birch-bark weaving, felting, dolls-making, patchwork, weaving; they stage folk fairy tales in the Karelian language; there a program for pre-schoolers "Gornitsa" within its framework children get acquainted with folk art, way of life and handicrafts of Karelians);
- Various events and celebrations, including international ones, are organized (water celebration "Kayak Convention", kyukkya competitions, skiing competitions "Karelian Hundred", "The Holiday of Ukhta Karels Culture", the Day of Yushkozero village, Sommelo Festival);

- Local souvenir products;
- The traditions of the handicraft and the presence of craftsmen;
- The local population demand for cultural services;
- Three NGOs, which have the expertise of grant proposals writing;
- The employees of the executive authorities, municipal cultural institutions, and some local people have the experience in taking part in programs financed by sources other than the public sector;
- In the district the executive authorities have a program of social-economic development for the period of 2016-2020 and municipal programs for the development of culture, tourism, small business and etc.
- In the district there is experience of local business-initiatives support institutions (business-incubator, informational tourist center);
- Accommodation venues for visitors;
- The locals have the experience of working with visitors;
- Variety of the tourism offer (river tours, ecotourism, rural tourism, hunting and fishing, cultural and educational tourism, winter recreational activities);
- The number of the Russian tourists, who consider the district the place with unique culture, is increasing;
- The high level of personal security.

2.4.2 WEAKNESSES

- Few cultural heritage objects are included into the existing tourist itineraries;
- The itineraries created within the framework of the international projects are not fully exploited;
- The district does not have finance for maintenance of its unique industrial history expressions;
- The tangible and intangible heritage resources are not sufficiently developed;
- The information about the unique culture and tourism potential of the district and single settlements is not efficiently used by the local community;
- Information policy is not developed, there is no integrated center implementing such a policy;
- There is no marketing strategy;
- On the whole, only the older generation is involved in activities aiming at preserving the culture;
- The assortment of the culture institutions services is limited and not renewed;
- There are no or few events, celebrations where the guests could get new impressions and experience;
- Local souvenir products and handcrafted goods are of low quality, not attractive or

- interesting;
- There are few trading points to sell the souvenir products; there is no advertising of the existing shops;
 - Only in Kalevala there are NGOs, in other settlements there are none;
 - Executive authorities only provide consulting and information assistance as the only tools of SME support;
 - Inter-territorial collaboration is not developed (only 4 districts ¹⁴executive authorities coordinate their actions);
 - Inter-institutional cooperation is not developed (culture, education and sport);
 - The activity of the institutions providing assistance to the local business-initiatives (e.g. business incubator) is not funded and they do not have financial resources;
 - Accommodation facilities are not categorized; the visitors have difficulty to understand the comfort conditions of the service offered;
 - Hard and long way (it takes about 8 hours to get from Petrozavodsk to Kalevala);
 - Limited offer of the financial services, credit card payments are accepted only by one-third of the entrepreneurs in the settlement of Kalevala. There are only 2 ATMs in Kalevalsky district both located in the town of Kalevala ;
 - Limited competition in the tourism services sector;
 - There is no trained staff in the spheres of hospitality and culture;
 - The entrepreneurs are not organized and do not trust the executive authorities. Additionally, as they do not view the cultural institutions as their partners;
 - The district has formed a negative image of the territory where inhabitants cannot realize their own potential;
 - There is lack of coordination between different subjects (authorities, business, NGOs, the youth and etc.), the general clear image of the future district is not formed;

2.4.3 OPPORTUNITIES

The increase of efficient usage of the existing resources to develop the sphere of culture and business activity on the territory, including the tourism sphere on the municipal level:

1. The district administration has the opportunity:

- To adjust the municipal tasks for subordinate cultural institutions and to broaden the services offer for the territory's guests;
- To make amendments into the municipal programs of development in the spheres of culture, tourism and small business;
- To systematize the policy to present cultural and tourism opportunities of Kalevala district in the external environment, to improve informing of the population and visitors about the cultural events;

¹⁴ KEMSKY, BELOMORSKY, LOUKHSKY DISTRICTS AND KOSTOMUKSHA CITY

- To develop inter-municipal cooperation in the field of tourism sphere development (inter-municipal fair of tourism offers, business-mission and etc.) with the adjacent districts of the Northern part of Karelia (Kostomuksha city district, Loukhi district, Kem district, Belomorsk district);
- To provide consulting support to create and maintain the activity of NGOs on the territory;
- To organize annual contest to improve the recreational areas for local people and visitors alongside settlements' administrations (Kalevala town, Yushkozero and Luusala rural settlements).

2. Cultural institutions of the district have the opportunity:

- To develop new occasions, celebrations, events where a large number of guests can be involved in activities (based on the local rituals and traditions. This will ensure larger involvement and employment of the local people and will be more attractive to the visitors;
- To develop projects, celebrations, events for the local people and tourists, which can take place during "tourist inter-season period" – in the autumn and spring;
- To develop inter-institutional cooperation (education and cultural sphere): in the framework of the 10-11-graders specific training in local crafts to suggest the research theme of Karelians' cultural heritage in the framework of the project activity of 7-9 – graders.

3. The Ministry of Culture of the Republic of Karelia has the opportunity:

- To make adjustments in the state task¹⁵ for the subordinate institutions "Information Tourism Center of the Republic of Karelia" to activate the district informational center and to conduct training courses for the residents and senior students (10-11-graders) on rural tourism basics, eco-tourism and tour-guiding;
- To make adjustments in the state task for the subordinate institution "National Cultures Center" and to organize training of the local craftsmen;
- To give recommendations to the secondary vocational educational institution Karelia Culture and Arts College of the Republic and provide assistance to the district cultural institutions to develop new celebrations and events with the help of the college professors and students;
- Together with the Ministry of the Nationality Policy of the Republic of Karelia to organize a competitive grant giving program to support local initiatives (private entities and organizations to develop cultural and social capitals of the district);
- To view the possibility of organizing educational programs in the secondary vocational schools of the district with the Ministry of Education of the Republic of Karelia and to prepare specialists in the tourism, hospitality, local handicrafts and trade sectors and industries in the neighboring districts.

¹⁵ State job - a document laying down the requirements for the composition, quality, content, conditions, procedure and results of the provision of public (municipal) services or works). For example, a tourist information center in the Republic of Karelia works within the public task.

4. *Inter-institutional cooperation of the authorities, business, culture and NGOs has the opportunity:*

- To organize and hold new events adopting a joint event planning approach and combining resources;
- To create the new image of Kalevala district (at the municipal culture institution - Moberg's House - organize the informal club for those who believe in the future of Kalevala), which will allow to activate the district's social capital;
- To use the Internet platforms for collecting statistical data about the territory visitors and their needs, expectations and opinions;
- To organize activity of Kalevala Ambassadors (the title Kalevala Ambassador is granted to renowned people in the Republic of Karelia, Russian Federation, Europe and the world) in order to provide the information dissemination about Kalevala as well as to lobby at different levels;
- To implement the winning projects of the students' contest "Kalevala, Sustainable development of the territory" that include: (i) Photocontest "Selfi in Kalevala"; (ii) Annual role-play based on Karelian-Finnish epic poem "Kalevala" – "Kalevala. Incredible Adventure" and; (iii) Memorial place «Vanha kalmismua» ("Old Cemetery").

2.4.4 THREATS

- Some elements of intangible cultural heritage will disappear with the passing of the last generation of the native people;
- Some tangible cultural heritage items will be lost due to the insufficient funding (the XXth century industrial history objects – Hydro-power plant, printing shop and others)
- Increasing the tourist attractiveness of the territory without being based on the unique cultural heritage will lead to attracting non-local, alien concepts and, thus, the identity of the Northern Karelians in the sphere of culture and tourism will be lost;
- The number of visitors from Finland will decrease as the younger generation of the Finns expect the higher level of the service;
- If the district's cultural capital is not developed, then only hunting, fishing and winter "active" tourism will develop in Kalevalsky district, which will limit the number of potential visitors;
- The low quality of products and services of the cultural institutions will decrease local people's satisfaction with the social services' provision, which later can result in disillusionment and tension between the local communities and the authorities and undermine effective cooperation;
- Growing mistrust of the district residents to the ethnic Karelian center "Kalevalotalo" will lead to a possible elimination of the institution, which later will have a negative impact on the ethnic and cultural territory development;
- Without activating of the territory's economic, cultural, social and symbolic capitals the emigration will increase.

2.5 CORPUS OF THE SUGGESTIONS FORMULATED WITHIN THE FRAMEWORK OF THE RESEARCH:

On the whole, Kalevala national district has all the pre-requisites and historical-cultural potential to develop the spheres of tourism, culture and small entrepreneurship based on the district ethnic characteristics, the preserved traditional way of life of the local people and the extant cultural heritage. In order not to aggravate the present condition of the district's budget it is necessary to develop the small-wins cases or improve the existing cultural and tourism products. The cases based on the historical, cultural, ethnical and natural identity of the site can be developed in the following streams (Chart. 1):

Challenges	Kalevala district Administration	Cultural Institutions Business
<p>Inter-sectoral interaction</p> <ol style="list-style-type: none"> 1. Poor coordination of the inter-sectoral interaction (authorities, business, NGOs, the youth and others) 2. The lack of inter-sectoral cooperation and collaboration (culture, education, sport) 3. Inter-territorial cooperation in not developed (coordinated actions of the executive authorities of the four neighboring districts) 4. Not sufficient Republican and Federal lobbying 5. The lack of the efficient tools in the existing local government's programs 6. Entrepreneurs are not organized and do not trust the executive authorities, they do not view the cultural institutions as partners 	<p>To recommend the administration of Kalevalsky district to get acquainted with the success stories of the inter-sector interaction of other Karelian districts (possible with site visits)</p> <p>To create cultural-tourism cluster on Kalevalsky district territory in order to unite the resources of the district's administration, culture, tourism and local community and develop the general strategy of cultural-tourism development of the district. It is possible to summarize the resources of the cluster participants, to develop the strategy and a couple of one or two events or projects, which can be realized only under the condition of involvement and collaboration of all the parties.</p> <p>To make adjustments for the municipal tasks of the district's subordinate cultural institutions, to broaden the services range for the territory's guests.</p> <p>To make adjustments in the municipal programs of development in the sphere of culture, tourism, small entrepreneurship, in particular to specify the program tools;</p> <p>To develop inter-municipal cooperation with the adjacent districts of the Northern Part of Karelia (Kostomuksha city district, Louhi district, Kem district, Belomorsk district) regarding the tourism sphere development (inter-municipal fair of tourism offers, business-missions and etc.).</p> <p>To organize an activity of Kalevala Ambassadors (the title Kalevala Ambassador is granted to renowned people in the Republic of Karelia, Russian Federation, Europe and the world) in order to provide the information dissemination about Kalevala as well as to lobby at different levels;</p> <p>Defining real investment needs and opportunities for the district's development, including the existing resources of the state programs and private investors in the sphere of culture and economy related sectors. Refocusing from large investments projects to small-wins strategy.</p>	<p>Cultural Institutions</p> <p>To develop inter-institutional cooperation (education and cultural sphere): in the framework of the 10-11-graders specific training in local crafts to suggest the research theme of Karels' cultural heritage in the framework of the project activity of 7-9 – graders of the secondary school.</p> <p>Business:</p> <p>To encourage Entrepreneurs Association of the Kalevala district entrepreneurs to participate in decision-making.</p>

Challenges	Ministry of Culture of the Republic of Karelia	Kalevala district Administration	Cultural institutions/ Business/ NGOs
<p>Human resources (culture, tourism, service sphere)</p> <ol style="list-style-type: none"> 1. Lack of professional personnel in the spheres of tourism and culture 2. Poor or no personnel qualifications 3. Unfavorable demographic situation (significant emigration of the professional personnel and the youth) <p>➤ The district has formed a negative image of the territory, where there is no room for self-realization</p>	<p>Together with the Ministry of Education of the Republic of Karelia to view the possibility to organize educational programs in the secondary vocational schools of the district and in the neighboring districts to prepare specialists in the sphere of tourism, hospitality, local handcrafts and trades.</p> <p>To make adjustments in the state task for the subordinate institutions “Information Tourism Center of the Republic of Karelia” to activate the district informational center and to conduct training courses for the residents and senior students (10-11-graders) on rural tourism basics, eco-tourism and tour-guiding;</p> <p>To make adjustments in the state task for the subordinate institution “National Cultures Center” to organize training of the local craftsmen;</p>	<p>To provide consulting assistance in creating NGOs and support their activity on the territory;</p> <p>To coordinate the activity of the Business-incubator and Information-tourist center of Kalevala district</p> <ol style="list-style-type: none"> 3. To file a request to the Ministry of Culture for its subordinate institutions (“Informational Tourist Center of the Republic of Karelia”, “National Cultures Center” , “National Museum of the Republic of Karelia”) to organize and conduct educational programs: seminars for the guest-houses owners, onsite trainings, art-residences, educational camps, workshops, culture sphere managers’ field trips to the territory 	<p>Cultural Institutions:</p> <ol style="list-style-type: none"> 1. To use the opportunity of the Employment Center educational programs to launch “rural universities” for the local community 2. To organize special courses for the tour-guides (additional education component “My Karelia”) - creating new routes and testing them in the Russian, Karelian, English and Finnish languages. 3. To improve the work with the craftsmen of Kalevala district: <ul style="list-style-type: none"> • To keep the record of the craftsmen • To make the craftsmen’s map • To increase the quantity of the products purchased from the local craftsmen • To conduct the re-branding of the souvenir shop goods (to study the offer and the demand) • To announce the souvenir design contest for Kalevala district <p>NGO: to organize special courses for the retired in tour-guiding</p>

Challenges	Ministry of Culture of the Republic of Karelia	Kalevala district Administration	Cultural institutions/ Business/ NGOs
<p>Collecting data</p> <ol style="list-style-type: none"> 1. The lack of data in the sphere of tourism (statistical data on the district tourism sphere is not collected) 2. The lack or no awareness of the data collecting tools. 3. The lack of the tools (or not resorting to them) of calculating the direct and indirect benefits for the district (settlements) from the sphere of culture and tourism. 4. The absence of the data to define the opportunities and the needs of the tourist sector 	<p>To acquaint the local authorities with the recommendations on the tourist count, adopted on the level of the Russian Federation, or successful practices of other RF regions and other Karelian districts</p>	<ol style="list-style-type: none"> 1. To organize tourists' online surveys 2. To collect data from the mobile service providers 	<p>Cultural institutions: To improve the data collecting about the cultural services consumers: - to keep the separate records of the tourists (Russian, foreign) and local residents (according to the age category)</p> <p>Business: To keep the record of the tourists: the number of tourists (the destination point, age, gender, interests (hunting, fishing, cultural heritage, guest-visits and etc.)</p>

Challenges	Ministry of Culture of the Republic of Karelia	Kalevala district Administration	Cultural institutions/ Business/ NGOs
<p>Marketing of the Territory</p> <ol style="list-style-type: none"> 1. The absence of the clear image of the district's future 2. The absence of the territory's marketing strategy 3. The formal brand of Kalevala district – the kantele – is not accepted by most of the people 4. The lack of the territory branding practice 5. Not enough presentational materials (printed products, content, events) 6. Interactive marketing opportunities are insufficiently used 		<p>To create integrated center, coordinating the information policy Systematization of the policy to present the cultural and tourism opportunities of Kalevala district in the exterior environment; Improving the dissemination of the information about the cultural events among the population and tourists; To create the district's sight-seeing map and online-guidebook, to spread the information about Kalevala district on the websites and via the tourists' companies resources; To unite the tourists' attraction campaign under the slogan "Magical Kalevala" To create public institution "Kalevala Ambassadors", the ambassadors' function can be performed by the representatives of federal and regional authorities, celebrities in the world of culture, sport and journalism. To develop new informational products about the district's national-cultural resources</p>	<ol style="list-style-type: none"> 1. To improve the informing the population and tourists about the cultural events; 2. To make a review of the state, regional programs of the assistance to the local initiatives, and granting funds (for the municipal authorities, NGOs, business, cultural institutions) 3. To create the season events calendar (to include the key events) 4. Kalevala epic poem in the marketing and branding of Kalevala district: quest games, role plays, table games) 5. Kalevala – the place of unconventional events (festivals) with attractive themes (Documentary films festival, Guinness records book "Making a dream-catcher")

Challenges	Ministry of Culture of the Republic of Karelia	Kalevala district Administration	Cultural institutions/ Business/ NGOs
<p>Cultural heritage as the element of the territory identity and the tool of the marketing and territory development</p> <ol style="list-style-type: none"> 1. Insufficient inclusion of the cultural heritage objects into the tourist routes 2. Poor coordination of working with the handicrafts sector 3. Formal approach in the sphere of the ethnical and cultural territory development 4. Non-material cultural heritage objects are not actualized 5. In general, the older generation representatives are involved into the activity of preserving the culture 	<p>Together with the Ministry of National Policy of the Republic of Karelia to organize the contest of the local initiative assistance (for individuals and organizations) in order to actualize the territory's cultural and social capitals</p> <p>To give recommendations to the secondary vocational educational institution Karelia Culture and Arts College to provide assistance to the district cultural institutions to develop new celebrations and events with the help of the college professors and students;</p>	<p>To organize annual contest of the Students' Ideas</p> <p>To organize an educational visit to Yakutia</p>	<p>Cultural institutions:</p> <ol style="list-style-type: none"> 1. Creating the interactive map of the cultural heritage objects 2. Varying (quality and quantity) of the tours; 3. Organizing international summer musical academies, in which schoolchildren from Karelia and Finland could study and this could become an interesting form to attract the young to acquire and popularize the rune-singing tradition. <p>NGO:</p> <ol style="list-style-type: none"> 1. The "Kalevala" stories and characters can be used to develop computer and table games. <p>Kyukkya game can be made into Kalevala district brand and has the potential to be included into the program of the All-World Games of the Indigenous Peoples</p>

Challenges	Ministry of Culture of the Republic of Karelia	Kalevala district Administration	Cultural institutions/ Business/ NGOs
<p>Culture Sector</p> <p>1. The cultural capital of the territory is not developed</p> <p>2. The cultural institutions' services variety is limited and there is no innovation</p> <p>3. There are no (or very few) events and celebrations where guests could get new impressions and experience</p> <p>4. Local souvenir products and handcrafted goods are not attractive and of low quality.</p> <p>5. There are few trading kiosks to sell the souvenirs, there is no advertising of the existing ones</p>			<p>To develop new occasions, celebrations, events with high level of guests involvement into action (based on the local rituals and traditions), which will ensure larger involvement and employment of the local people and will be more attractive to the visitors;</p> <p>To develop projects, celebrations, events for the local people and tourists, which can take place during "tourist inter-season period" – in the autumn and spring;</p>

Challenges	Ministry of Culture of the Republic of Karelia	Kalevala district Administration	Cultural institutions/ Business/ NGOs
<p>Sector Tourism</p> <ol style="list-style-type: none"> 1. Catering and excursion services are weakly developed 2. Low level of the hospitality services, accommodating facilities do not have categories, which makes it difficult to the guests to understand the comfort level of the offered services. 3. A large percentage of the so-called “gray” business 4. Not resorting to various forms of the state support 5. Limited competition at the tourist services market 		<p>To introduce control of the quality standards in the sphere of tourism, to develop the standards for the tourists houses (official and non-official)</p>	<p>Business:</p> <ul style="list-style-type: none"> • <u>The Catering services:</u> • Home-made food festival • Rural gastronomic tours • The elements of local cuisine can be used in organizing the routes for fishermen and hunters. <ol style="list-style-type: none"> 2. <u>New tourist product:</u> • To develop special tours connected with the territory ethnical and cultural components for small-size groups • To develop new attractive projects, celebrations, events for the local people and tourists, which can take place during “tourist inter-season period” – in the autumn and spring; • To create new or to restore the old routes <ol style="list-style-type: none"> 3. <u>Accommodation:</u> • To organize the low-cost hostels

Challenges	Ministry of Culture of the Republic of Karelia	Kalevala district Administration	Cultural institutions/ Business/ NGOs
<p>Territory improvement</p> <ol style="list-style-type: none"> 1. Hard and long way (it takes 8 hours to get from Petrozavodsk to Kalevala) 2. There are no rest areas along the road in Kalevala district 3. There are very few convenient equipped grounds for the tourists 		<p>The settlements' administrations (Kalevala town, Yushkozero and Luusala rural settlements) can organize annual contest to improve the recreational areas for the local people and visitors.</p>	<p>Business:</p> <ol style="list-style-type: none"> 1. Creating centralized camping sites (billboards with the information about Kalevala district, setting up waste-disposal bins)

CHAPTER 3 FRAMEWORK FOR A SUSTAINABLE STRATEGY

The following is a proposed framework for a strategy to develop the intangible Finno-Ugric cultural sector in the Kalevalsky district with a view to encourage sustainable local development based on the results of the socio-economic analysis conducted by the local Karelian team between in January 2016 and April 2016. The analysis consisted of: a desktop review, surveys and focus group discussions; as well as individual interviews with both the public and the private sectors. Taking into account that due to time and resources restrictions, the outputs of some of the above elements were limited in scope and data provision, the proposed framework partially relies on international best practices witnessed from regions with similarities to the Kalevalsky district. These include *inter alia* geography, natural environment, cultural assets, indigenous populations, etc.

3.1 IMPEDIMENTS

3.1.1 CHALLENGING REGULATORY FRAMEWORK

Employment and Demographics. Statistics show that there has been a steady dual demographic and employment decrease in the Kalevalsky district since 2011. The overall population has decreased by 12% and while the unemployment rate was 5.49% in 2015, which may seem insignificant yet it exceeds the overall unemployment rate in the Republic, which is 4.2%. More importantly, the labor force has decreased by 22% (3,888 in 2015 compared to 4,990 in 2011). The most critical aspect of the current employment environment resides in the fact that 66% of the working population is employed by the public sector. The consequence of these staggering figures indicates that sustainable economic development is at high risk.

Wages and Pensions. Kalevalsky district is considered an Extreme North district. This implies that wages must be multiplied by a factor of 2.2 and that paid leave is longer than average. Furthermore “Northern benefits” allow for early retirement, which is five years earlier than the Russian standard¹⁶. Another peculiarity of the pension system consists in the fact that retirement is not mandatory, yet the remittance of pensions is. Therefore, an employee’s past retirement age may continue to work while simultaneously receiving his/her pension. As a result, public sector resources are further strained, while the private sector’ profit possibilities are significantly reduced.

Legal and regulatory framework. Aside from the “Northern benefits” mentioned above, the greatest impediment to developing a healthy private sector resides in the complex and very demanding legal and regulatory framework for operating a business¹⁷. Stakeholder grievances were not restricted to the ever-growing regulatory demands, but more interestingly to their lack of correspondence with the reality of SMEs operating in the tourism sector. Often the regulations are rigid, generic and outdated. In many cases they are not sufficiently tailored to the scope of a given, especially small, enterprise. In fact, there are no targeted tourism industry regulations. Stakeholders attested that complying with regulations increases operational costs by about 20%.

¹⁶ Northern benefits standard retirement ages are: 55 years old for men, 50 years old for women.

¹⁷ *Levels of entrepreneurship in Russia were low (and declining) even before the crisis. Adjusted for the size of population, entrepreneurs register twice as many companies in Malaysia and three times as many in Chile than in Russia. The ultimate reasons for low entrepreneurship in Russia lie in an unfriendly regulatory environment, with rules that are often arbitrarily enforced, and markets dominated by incumbents.* WB Russia Economic Report # 32 September 2014 (p.41).

Visa regime. While there are some facilitation for crossing borders in Karelia such as the “Intercultural visit” category whereby a visa is granted in 24 hours¹⁸; obtaining a visa for Karelia follows Russian Federation (RF) standards and is issued by Ministry of Foreign Affairs of the RF through its embassies. The latter can be quite cumbersome and time consuming.

3.1.2 PRIVATE SECTOR LIMITATIONS

Private sector composition. There is no significant industry in Kalevsky district and the majority of businesses may be classified as Small and Medium Enterprises (SMEs) as none employ more than 250 people. The consumer goods and services industry SMEs covers 26% of the sector with retail taking the lion’s share (77%); followed by transport (15%) and construction (5%). As of 1 January 2016, records of the Unified State Register of individual entrepreneurs show that 638 individuals were employed by SMEs, while the 158 registered self-employed entrepreneurs, henceforth defined as micro-enterprises, provided work for 268 individuals. In this context, and despite the mere presence of two hotels in the Kalevsky district’s administrative center i.e. Kalevala town, the formal hospitality industry is fairly well developed with the provision of 81 beds¹⁹.

Banking, access to cash and credit. Payment processing centers of the National Bank do not exist in the district; therefore almost all monies for cash transactions are imported to the district and exported immediately without involving local financial agencies²⁰ and access to loans is hampered. Bankcards cannot be used for payment in settlements other than in the town of Kalevala, where very few enterprises accept payments by bankcard. Furthermore ATM machines are available solely in the town of Kalevala²¹.

3.1.3 GEOGRAPHICAL CONDITIONS

Access. The Federal road E 105 that spans from St. Petersburg to Murmansk is fairly well maintained and is used to reach Kalevsky district from Petrozavodsk for a stretch of 400 kilometers. However, the last 150 kilometers (WNW) to reach the town of Kalevala is served by a district road (86K-3), which is often in poor conditions. A meager railways network serves a few cities in Kalevsky and neighboring districts²². However, passenger rail transportation is infrequent and does not necessarily represent a better option in terms of comfort or time gain, as travelers must inevitably resort to Kalevsky district roads that are generally not very

¹⁸ Other exceptional and successful visa regimes in the RF include St. Petersburg for visitors by ships and Narva river bridge traffic (vehicular and pedestrian) between Narva (Estonia) and Ivangorod (Leningradskaya Oblast, RF).

¹⁹ This figure does not reflect the number of beds in the numerous cottages provided by both hotels in various locations in the district.

²⁰ THERE IS A BRANCH OFFICE OF ONLY ONE BANK - SBERBANK OF RUSSIA. THIS BANK IS STILL WORKING WITH BOTH LEGAL ENTITIES AND INDIVIDUALS OF THE DISTRICT. HOWEVER, AS ACTIVITY OF LEGAL ENTITIES IN THE DISTRICT HAS BEEN REDUCING OVER A FEW YEARS, HEADS OF THE BANK HAVE DECIDED TO LIMIT THE RANGE OF THE BRANCH’S ACTIVITIES. ACCORDING TO AVAILABLE INFORMATION, THE OFFICE OF SBERBANK IN THE DISTRICT WILL BE WORKING ONLY WITH INDIVIDUALS. CONSEQUENTLY, LEGAL ENTITIES WILL BE ABLE TO GET BANKING SERVICES ONLY AT THE NEAREST SBERBANK OFFICE IN KOSTOMUKSHA (150 KM AWAY). TATYANA SACHUK: ESTIMATION OF INVESTMENT CLIMATE OF KALEVSKY DISTRICT (ANNEX 2)

²¹ In order to be profitable banks such as Sberbank for example, will only open a branch in any given locality if the population exceeds 4,000 people (the town of Kalevala has 5,431 inhabitants according to *russia.places-in-the-world.com*).

²² The district has a railway station (Novoye Yushkozero village, 113 km from the district’ center Kalevala), but journeys to Yushkozero station have ceased as of 1 October 2014; earlier railway journeys to Borovoy village had also ceased. The closest railway stations are in neighbouring municipal districts (Kem station, 180 km from Belomorsk; Loukhi station, 170 km away). These must be reached by car.

practicable due to the climate (see below). The impacts of the above are manifold. On the one hand worldwide statistics show that the most significant market segment of cultural tourism consumers generally consists of retirees²³. This implies that a certain level of comfort, be it terms of transportation or accommodations, is decisive for the sector's development. On the other hand, an even more significant consequence of the difficult access to the region, combined with the remoteness of the area, consists of a lack of exposure and subsequently a lack of innovation particularly in the area of intangible cultural heritage valorization.

Seasonality. By virtue of its geographical location Kalevala is tributary to its sub-polar climate²⁴, which limits the peak season from May to the end of September, as witnessed by the spikes in hotels occupancy rates that attain nearly 80% during these months.

3.1.4 CULTURAL AND TOURISM PRODUCTS

Cultural Product. While Kalevala possesses important cultural assets (see dedicated section below), the built heritage is rare and often of dubious authenticity. Its intangible heritage on the other hand, while very diverse and ranging from literature to music and to characteristic crafts, is presented in a stale "soviet" style. Displays and packaging of goods are unattractive; and site and museum visits are regimented by guides who engage in didactically weak and monotonous monologues with no opportunities for interaction. Furthermore, the cultural product is not promoted effectively, which combined with the lack of exposure to international practice as mentioned above, results in an uncompetitive cultural product. The lack of competitiveness may also be caused by the weak capacity of the public sector - considering that the ethno-cultural center Kalevalatalo is the main marketing venue for intangible goods at the local level, which in turn has a negative impact on entrepreneurship²⁵.

Tourism Product and Consumer Profile. The main tourism product relies on natural resources i.e. hunting and fishing. Other recreational activities that could be connected to the natural resources such as water sports, etc., are not being exploited to the full extent²⁶. Based on the results of the research, the current consumers demographics show an almost equal proportion of men and women with a slightly lower proportion of women; while the predominant age group (68%) consists of visitors aged 29 to 55. There is almost no diversity in terms of provenance as approximately 70% are from the Russian Federation and the remainder from Finland. The length of stay of the "hunting/fishing", and predominantly Russian, segment averages 5 days. As a general rule, other consumers tend to either overnight or at most spend 2 nights in Kalevala. The fact that the research revealed that there is a demand for a more culture-oriented tourism product on behalf of female visitors confirms the lack variety in that domain.

Branding and Promotion. The Kantele, a traditional plucked string instrument of the dulcimer and zither family native to Finland and Karelia, is supposed to be the representative image of

²³ Numerous studies on the profile of cultural tourism consumers have been conducted throughout the globe. To mention just a few, please see: DWIF Consulting *Transromantica Crosscultour*; WPA 3.1.1 *Market Analysis*, Munich 2009 p.18; Rami Isaac: *Understanding the Behaviour of Cultural Tourists*; NHTV Expertise Series 2008

²⁴ This being said its climate is some tempered by its relative proximity to mild marine areas.

²⁵ *Uncompetitive markets are the ultimate cause of weak entrepreneurship*. WB Russia Economic Report # 32 - September 2014 (p.41).

²⁶ Although one hotel owner has brought 3 ostriches from Staraya Lagoda to develop an "ostrich farm" and entertain children.

Kalevala but in effect it is in name only as no attempts to brand the Kantele were witnessed, other than the mention of its symbolic value by stakeholders.

While the Republic's tourism information center in Petrozavodsk is very pro-active and uses as much online tools as it does analog ones; these interventions are not mirrored by the district administration's proponent: the Kalevalatalo²⁷ where basic visitors' materials such as district maps cannot be found. Collaboration between the Republic's tourism information and the Kalevalsky administration seems to be one way with a certain amount of passivity witnessed in the latter's behavior. Furthermore, and surprisingly, the Republic's tourism information center has not established a cooperation mechanism with the Municipal Tourism Information Center located at the Petrozavodsk train station, which solely promotes the capital of the Republic. In view of the fact that the train station is a major arrival point to Karelia, it is very likely that such a cooperation would benefit Kalevalsky and other districts of the Republic.

3.1.5 CAPACITY

Overall dearth of skills. Skills across sectors show unfamiliarity with market economy practices. District public sector institutions have not adopted a merit-based approach to management, any "results-oriented" vision is limited to a very short timespan; and there does not appear to be any reasonable accountability mechanisms. In the absence of regular monitoring to assess the satisfaction levels of residents and visitors alike, the quality of service delivery fails to improve. From simple labor skills in the hospitality industry such as cooking, cleaning, etc.; to public sector entities in charge of promoting culture or collecting and analyzing data; all the way to potential entrepreneurs lacking basic accounting skills; most stakeholders need support to build capacity in one form or another.

Statistical Capacity. The district authorities have not explored the benefits accrued to the region by visitors, which would allow prioritizing investments and informing policy decisions in the cultural and tourism sectors²⁸. The justification for not undertaking such an analysis lay in remonstrations about the inability to access data from the "grey economy". Yet upon further discussions and investigations it was revealed that what the authorities qualify as a "grey economy" is no more than subsistence activities, such as mushroom and berry picking, which revenues are insignificant. This being said there is also the occasional hosting of visitors in homestays but, once again, revenues are not significant²⁹. Undoubtedly undeclared earnings will skew a cost-benefit analysis yet projections and scenarios can be devised to acquire a more comprehensive view of the economic impacts of tourism.

²⁷ The ethno-cultural center Kalevalatalo temporarily acts as a tourism information center while awaiting for the completion of the restoration of Mobel's House - one of the architectural "monuments" of the city, which is also a museum.

²⁸ *Better prioritization of expenditures and focus on results will strengthen the quality of public service provision. Greater attention should be paid to planning, monitoring and evaluation of public investment expenditures in education, health and infrastructure. Russia could follow the lead of advanced OECD countries and shift to performance-oriented public sectors that emphasize efficiency and accountability. This requires systems to monitor results, including enlisting private companies, academic institutions, and nongovernmental organizations to monitor indicators of public-service delivery. The role of external performance audits will also become important in ascertaining that delivery units comply with their delivery obligations, on the basis of which they receive budget financing.* World Bank, 2011. (pp. 60/61)

²⁹ According to the cultural institutions of Yushkozero settlement (Pop. 1, 300 based on *russia.places-in-the-world.com*) various events were held for 500 guests in 2015 representing a total estimated income of up to 20,000.00 Euros. This represents a little above 15 Euros per person.

3.2 ASSETS, OPPORTUNITIES AND APPROACHES

1. **Indigenous People and Shared Ethnicity.** The Kalevalsky district has one of the highest densities of ethnic Karelians in the Republic (35% of the district's population). In addition to the particularities of Karelian culture, the Karelian identity has been nurtured through the efforts of the Republic to ensure that the native language is taught at an early age and kept alive through generations of Karelians. While decades of socialist rule witnessed the loss of tangible heritage archival documentation and unfortunate reconstructions; simultaneously, the seclusion experienced by the region in the past helped maintain many aspects of intangible cultural heritage. Thus the traditions, folk lore and ways of life specific to Karelians have remained deeply rooted and possess an authenticity which surpasses that of neighboring Finland's Karelians. The latter have however embraced market economy practices and have a comparative advantage in terms preserving Karelian social fabric and culture through adaptation techniques and wider use of technologies. The shared ethnicity with nearby countries (including Scandinavia and the Baltic countries) is an invaluable asset that can be exploited in a more consistent manner. This would imply adopting a more sustained approach to cooperation and proposing better tailored programs to strengthen the common cultural identity while avoiding disparate one-time small grants.

In addition to the above and regardless of ethnic group composition/identity, developed countries that possess significant indigenous populations such as Canada, the United States, Baltic and Scandinavian countries may be sought out for potential partnerships and /or as technical resources providers.

2. **Karelian Cultural Capital.** As mentioned above the intangible heritage of Kalevala is unparalleled. Suffice to say that the district takes its name from the famous Kalevala epic tale consisting of 22,795 verses and said to be the inspiration for Tolkien's Elvish language. While the verses were transcribed into 50 songs by the 19th century by Finnish scholar Elias Lönnrot, the poem has traditionally been transmitted through what is known as runes' singing. This unique oral heritage is further enriched by the accompaniment of the Kantele. A cornerstone of Karelian identity the Kalevala, if effectively promoted, it could prove critical in enhancing the cultural product of the district. To raise awareness worldwide about the epic and runes singing, a first step would consist in applying for the inclusion of the Kalevala to the UNESCO list of Intangible Cultural Heritage as proposed by the local consultant team. Due to the fact that the Russian Federation is not a signatory to the Convention for Safeguarding Intangible Cultural Heritage, the consultant team proposes to make a joint application with Finland, which would in effect not only reinforce ties but possibly unlock further investments and cooperation in the of ethno-cultural realm. As a result of the district's weak capacity to innovate and promote cultural assets caused by lack of exposure and seclusion, other underexploited intangible cultural resources that should be investigated comprise: cuisine and agro-processing, including natural herbal resources used for healing or consumption; various crafts ranging from woodwork to textiles and games.
3. **Cultural and Creative Industries (CCI).** The benefits of developing cultural and creative industries are multiple. On the one had they can act as a counter-measure to the seasonal character of the current tourism market, while on the other they can provide a steady stream of revenues to various segments of the population, most important of which is youth. In the crafts sector, the current environment is strictly limited to the transferring

skills with no attention to demand for the products manufactured. While the products may appeal to the local population, the latter's spending power is limited. Thus, first and foremost, the public institutions in charge of safeguarding and promoting crafts locally (ethno-cultural center Kalevalatalo, Dom Kultura) should work in closer cooperation with the relevant administration departments (culture, statistics, etc.) to study the consumer markets and pinpoint the demand features of cultural products. Furthermore horizons should be widened and more attention paid to design. Experience has demonstrated that utilitarian items reach a larger market than those viewed strictly as "souvenirs". Cultural and creative industries³⁰, which are known to drive the digital economy, are founded on innovation. As innovation is key to CCI development, it may also be an entry point for mobilizing youth (see paragraph 6 below). To better integrate cultural products in the economy, market experienced designers should be invited to stimulate creativity and guide stakeholders through the provision of targeted technical expertise.

4. **Existing market segment.** The Russian currency devaluation, which has limited the spending power of Russian tourists, offers an extraordinary opportunity for expanding this market segment. This can be realized through a two-pronged approach: aggressive promotion of Kalevala and diversification of the tourism product. While the wealth of natural resources can be tapped to diversify the sports oriented and recreational activities, to do so successfully would necessitate support from the public sector not only in terms of promotion but also in terms of incentives to the private sector. Other identified consumers' demand should also be heeded and selected resources adapted to increase the number of visitors and lengthen stays.

5. **Existing tourism product.** As witnessed earlier the most successful tourism product relies on natural resources. However, there are numerous other assets that could favor expansion and diversification of the current product. In view of the significant cultural resources, an initial approach would consist in better highlighting them and integrating cultural activities in the packages offered. Another would be to capitalize on recent tourism trends that focus on a distinctive experience rather than on emulation of otherwise available products. "REAL" (Rewarding, Enriching, Adventuresome and Learning) is one such trend that could be adopted as a motto by Kalevalsky district. Another niche that may be worthwhile investigating is MICE (Meetings, Incentives, Conferences, Exhibitions) especially for events relating to indigenous populations such as for example the VII World Congress of the Finno-Ugric Peoples, which is scheduled to take place in Lahti Finland in June of this year. The XVII Finnish-Russian Cultural Forum can be relevant as well (29 September – 2 October 2016, Tampere, Finland) and villages of Kalevalsky district can participate in the program "Finno-Ugric Capitals of Culture"³¹

³⁰ CCI generates US\$2,250 billion in global revenues and 29.5 million jobs worldwide. For more details on the contribution to the digital economy see: Cultural Times, the first global Map of Cultural and Creative Industries. EY (member of Ernst & Young Global Limited) December 2015. For report download go to <http://www.worldcreative.org>

³¹ The programme «Finno-Ugric Capitals of Culture» is an initiative of the Youth Association of Finno-Ugric peoples (MAFUN). It aims at strengthening common Finno-Ugric identity, increasing awareness about Finno-Ugric peoples and languages, facilitating social and economic development in Finno-Ugric regions. (<http://www.uralic.org/novosti/article>)

6. **Social Capital & Youth.** The remoteness of the district is probably at the basis for the positive social capital witnessed. This should be capitalized on to mobilize communities and create more efficient communications between the public and private sectors, so as to ensure delivery of services that correspond to real needs. Youth is currently the most at risk emigration group, as it feels thwarted by an environment that does not meet its expectations. The cultural services provided are out of sync with the millennial generation's aspirations. To cater to their hopes and desires it is critical to offer gathering venues with reliable Internet connection (this could be fulfilled by the Dom Kultura) and educational events and opportunities particularly in the area of new technologies. One such incentive to hamper emigration that would link the Karelian cultural capital with creative and cultural industries would be to support the development of electronic games revolving around the Kalevala epic.
7. **Donors, multi-lateral & bi-lateral Programs.** There is a significant number of resources available ranging from cultural to ethno specific activities that must continually be explored, a sample of which is provided in Box 1 below.

Joint Program of Action "Kolarctic" <http://www.kolarcticenpi.info>

Cross Border Cooperation Program <http://www.kareliacbc.fi>

Yuminkeko Foundation <http://www.juminkeko.fi/en/index.asp>

Federal programs <http://fcpkultura.ru>

Republican programs <http://nationalkom.karelia.ru/dokumenty/normativnye-pravovye-akty>
<http://gov.karelia.ru/gov/Different/rprogramms.html>

Local programs <http://www.visitkalevala.ru/ekonomika/programmy>

Finno-Ugric Peoples Support Program <http://www.fennougria.ee/index.php?id=19992>,
http://www.finnougoria.ru/community/project/project.php?SECTION_ID=407

Vladimir Potanin Foundation (support of museums, creation of new museum exhibitions, increase of staff's qualifications of museums)

<http://www.fondpotanin.ru/programs;>

Timchenko Foundation (development of rural areas through culture) [http://timchenkofoundation.org/;](http://timchenkofoundation.org/)

100 grants of President of the Russian Federation to support creative projects of national importance

Box 1: Donor Programs

3.3 PROPOSED FRAMEWORK

The Framework for a sustainable strategy is term structured in an attempt to allow for a gradual increase of financial resources that would, in turn, allow securing the necessary funds to address most of the challenges identified. This being said, some of the challenges may be resolved strictly through policy reforms, many of which depend on the Russian Federation authorities and thus out of reach of the Republic of Karelia. Nevertheless, some interventions are proposed to that effect.

The duration of the various phases of the framework has been determined based on a number a factors including: presently available resources, urgency of needs, and impact effectiveness of the proposed interventions. Impact effectiveness has been benchmarked based on both capacity building and revenue generation in equal proportion, as the latter is tributary to the former.

Based on the above assets 6 seminal strategic directions have been identified namely:

- Policy reform oriented investments (regulatory framework, visa regime, SMEs development incentives, etc.)
- Inter-sectoral cooperation
- Institutional Capacity Building (for data collections, analytical capacity and improved service delivery - including product development)
- Promotion/Marketing/Branding investments
- Support to Cultural and Creative Industries (financial and other)
- Infrastructure investments

All proposed interventions should be results oriented and as such they should include a monitoring system to ensure that projected qualitative activities, such as lobbying, can be tracked. Furthermore results should be concretely assessed through a rating system, which would not only inform decision-making but also ensure that there is a merit-based process. Finally any proposed actions should be realistic and aligned with existing resources, be they financial or human.

Last but not least, the framework attempts to address various groups of stakeholders be they the National government, the district authorities, the private sector or simply residents of the district who would ultimately constitute the targeted beneficiaries. The following provides details on proposed instruments to realize the framework, which are subsequently summarized in Table 1.

Immediate interventions. Selected Small-Wins Strategy projects proposed by the local team of consultants that undertook the scoping and diagnostics study could be implemented immediately. Based on their correspondence with the proposed short-term interventions below; project 4: *Collecting the data about the tourism sector in Kalevalsky district* and project 5: *Karelian runes intangible cultural heritage of universal significance* should be prioritized. The latter, which proposes to stimulate the nomination of traditional runes singing in the UNESCO Intangible Cultural List, would be very beneficial in terms of increasing the visibility of the district. If effectively used as a marketing catalyst, such nomination could have positive impacts on the growth of consumers of cultural goods and services.

Short-term (Years 1 & 2) interventions include: i) improving the capacity of the public sector in data collection and analysis, as well as in service provision; ii) diversifying the cultural product and integrating it into the existing tourism market; iii) capitalizing on donor programs; iv) undertaking more dynamic and targeted promotion of the district; v) engaging youth; vi) explore theme specific partnerships with countries that possess significant indigenous populations for technical resources and vii) lobbying for policy reform.

Mid-term (Years 3, 4 & 5) interventions include: i) analysis of statistical data for informed decision making and planning; ii) developing a specific Kalevalsky brand; iii) aggressively market the district; iv) providing additional incentives to the private sector; v) continued lobbying; and vi) continued capitalization on donor programs; and vii) create specific partnerships with countries that possess significant indigenous populations for technical resources.

Long-term (Years 4 to 10) interventions include: i) improving infrastructure and ii) continuing mid-term interventions as identified in need of further action, while tailoring them to new and improved context.

3.3.1 SHORT-TERM INTERVENTIONS

<i>Short-term interventions (Yrs. 1-2)</i>				
Area	Activity/ Tools	Monitoring	Key Stakeholders	Result
Improving the capacity of the public sector in data collection and analysis	<ul style="list-style-type: none"> ▪ Engage in a dialogue with the private sector, encourage associative practices for self-regulation, and provide incentives for data sharing (e.g., extend the RF moratorium created as a support to enterprises exempting them from penalties) ▪ Collaborate with other departments of the local administration ▪ Recruit experts in surveying to conduct selected surveys ▪ Train selected staff in analysis of surveying instruments and results 	District Administration with oversight from the relevant national line ministries	District Administration Relevant national line ministries of the Republic (incl. Ministry of Economic Development and Ministry of Culture) NGOs	Improved inter-sectoral cooperation Improved inter-departmental cooperation Ability to make informed decisions as opposed to intuitive decisions Improved service delivery
Diversifying the cultural product and integrating it into the existing tourism market	<ul style="list-style-type: none"> ▪ Conduct a study tour abroad (Finland Sami) and train selected Kalevalotalo staff in cultural and tourism products' development. Invite local private stakeholders to participate at their own expense. ▪ Recruit designers to provide support to the above ▪ Support Public-Private –Partnerships (PPP) 	District Administration with oversight from the relevant national line ministries of the Republic	Private Sector District Administration Ministry of Culture of the Republic Ministry of Economic Development of the Republic NGOs	Improved inter-sectoral cooperation Visitors' stay lengthened Increased revenues Employment growth

<p>Capitalizing on donor programs based on a longer term vision</p>	<ul style="list-style-type: none"> ▪ EU CBC 2012 – 2020 Program ▪ Federal Programs ▪ Karelia Jubilee celebrating the Republic’s 100 years ▪ Bi-lateral cooperation agents <p>and other relevant donors (see Box 1)</p> <ul style="list-style-type: none"> ▪ explore theme specific partnerships with countries that possess significant indigenous populations for technical resources 	<p>District Administration</p>	<p>Ministry of Culture of the Republic NGOs</p>	<p>Diversification of cultural and tourism offer Capacity building</p>
<p>Undertaking more dynamic and targeted promotion of the district</p>	<ul style="list-style-type: none"> ▪ Cooperate with the Municipal and Republican Tourism Information Centers in Petrozavodsk ▪ Draft regular Press releases ▪ Contact Tour operators ▪ Contact Railways, National and International Airline companies to secure visibility in their publications ▪ Brainstorm on Brand and start drafting Terms of Reference for an International Branding expert ▪ Ensure that Kalevala is visible at the RF Visitor centers (including the new ones in Helsinki and Dubai) ▪ Link Kalevala to Belomorsk 	<p>District Administration under the guidance of relevant national line ministries of the Republic</p>	<p>District Administration Relevant national line ministries of the Republic Private sector Neighboring districts</p>	<ul style="list-style-type: none"> ➤ Increased number of visitors ➤ Increased revenues ➤ Employment growth

Engaging Youth	<ul style="list-style-type: none"> ▪ Set up a national program for CCI support to be piloted in Kalevala (incl. bz development courses and facilitation to access markets) ▪ Conduct a nation-wide contest to subsidize digital technology students to create a digital game based on the Kalevala epic [include a contractual 50% share of profits to financier of the subsidy for start-up] ▪ Adapt the Kalevala town Dom Kultura to correspond to youth's aspirations and allow usage as an informal gathering venue ▪ Partner with other developed countries with experience in Indigenous people service provision 	District Administration with oversight of the Ministry of Culture of the Republic	Ministry of Culture of the Republic District Administration NGOs	<ul style="list-style-type: none"> ➤ Decreased emigration ➤ Increased revenues ➤ Employment growth
Lobbying for policy reform	<ul style="list-style-type: none"> ▪ State Commission on Celebrating the Karelia Jubilee* ▪ Northwest Coordination Council for Culture and Tourism* ▪ Parliamentarians** ▪ Governors** <p>* and ** represent platforms and key stakeholders for lobbying respectively</p>	NGOs	Ministry of Culture of the Republic (lead) and other relevant national line ministries of the Republic and the Federation	<ul style="list-style-type: none"> ➤ Improved SMEs regulatory framework (reasonable tourism industry specific regulations created)

3.3.2 MID-TERM INTERVENTIONS

<i>Mid-term interventions (Yrs. 3, 4 & 5)</i>				
Area	Activity/ Tools	Monitoring	Key Stakeholders	Result
Analysis of statistical data for informed decision making and planning	<ul style="list-style-type: none"> ▪ Advanced training of relevant local administration staff (skills upgrading) ▪ Regular quarterly reporting ▪ Create specific partnerships with countries that possess significant indigenous populations for technical resources 	Ministry of Culture of the Republic	Ministry of Culture of the Republic District Administration Private sector	Increased revenues Capacity building
Developing a specific Kalevalsky brand	<ul style="list-style-type: none"> ▪ Competitively recruit a highly qualified branding expert as per the TORs developed in years 1/2 	Ministry of Culture of the Republic	Ministry of Culture of the Republic District Administration Private sector	Increased number of visitors Increased revenues Employment growth
Aggressively market the District	<p>Build on activities undertaken in the short-term and Target new markets and consumer segments</p> <p>Use media including TV and Internet advertisements</p>	District Administration with oversight of the Ministry of Culture of the Republic	Ministry of Culture of the Republic District Administration Private sector	Increased number of visitors Increased revenues Employment growth
Providing additional incentives to the private sector	<ul style="list-style-type: none"> ▪ Create a formal dialogue platform with grievances mechanisms that meets on a quarterly basis ▪ Report on the findings of the meetings and progress achieved ▪ Support Public-Private - Partnerships (PPP) 	NGOs	Private Sector District Administration	Improved inter-sectoral cooperation Improved service delivery Increased revenues Employment growth

Continued Lobbying for policy reform	<ul style="list-style-type: none"> ▪ State Commission on Celebrating the Karelia Jubilee (up to 2020)* ▪ Northwest Coordination Council for Culture and Tourism* ▪ Parliamentarians** ▪ Governors** <p>* and ** represent platforms and key stakeholders for lobbying respectively</p>	NGOs	Ministry of Culture of the Republic (lead) and other relevant national line ministries of the Republic and the Federation	Improved SMEs regulatory framework (reasonable tourism industry specific regulations created)
Continued capitalization on donor programs	<ul style="list-style-type: none"> ▪ EU CBC 2012 – 2020 Program ▪ Federal Programs ▪ Karelia Jubilee ▪ Bi-lateral cooperation agents <p>and other relevant donors (see Box 1)</p> <ul style="list-style-type: none"> ▪ Create specific partnerships with countries that possess significant indigenous populations for technical resources 	District Administration	Ministry of Culture of the Republic NGOs	Diversification of cultural and tourism offer Capacity building
Continued support to CCIs	<ul style="list-style-type: none"> ▪ Expand the CCI support program nationwide for years 3 and 4 only 	District Administration & other participating districts with oversight of the Ministry of Culture of the Republic	Ministry of Culture of the Republic of Karelia Ministry of Economic Development of the Republic Districts' Administration NGOs	Increased revenues Employment growth

3.3.3 LONG-TERM INTERVENTIONS

<i>Long-term interventions (Yrs. 4- 10)</i>				
Area	Activity/ Tools	Monitoring	Key Stakeholders	Result
Improve Infrastructure	<ul style="list-style-type: none"> ▪ Improve roads ▪ Lobby alternative transport companies 	District Administration with oversight of the Ministry of Culture of the Republic, and the Ministry of Transport of the Republic	Ministry of Transport of the Republic Ministry of Culture of the Republic Private sector Tourists	Improved access Increased number of visitors
District marketing	Continue regular promotion of the district as well as developing new tools that correspond to key existing markets and explore new markets and niches	District Administration with oversight of the Ministry of Culture of the Republic	District Administration Ministry of Culture of the Republic Ministry of Economic Development Private Sector	Increased number of visitors Increased revenues
Continue other <i>mid-term</i> interventions as identified in need of further action (including additional incentives to the private sector; continued lobbying; and continued capitalization on donor programs, while tailoring them to new and improved context.				

Table 1

CHAPTER 4 PROPOSED PILOT PROJECTS

Viewing Kalevalskiy district as a terrain of development through the lens of cultural heritage, the Project experts have suggested a number of project ideas, which could be realized in the district. Besides, some general recommendations for the Kalevalsky district administration, cultural institutions and business have been presented in Chapter II.

Hereinafter five project ideas developed by the experts are presented, as well as two project ideas, selected within the framework of the Open Contest of the Students' projects.

The structure of each project is as following:

- Title
- Project idea focus area
- Rationale
- Vision and objectives
- Project concept and activities
- Target groups
- Project management
- Results (quantitative and qualitative)
- Indicators
- Budget/Expected funding sources
- SWOT: strengths, weaknesses, opportunities and threats

4.1 PROJECT 1. GUEST HOUSE QUALITY STANDARDS.

Focus area: Opening and maintenance of guesthouses (guesthouse exterior, interior, facilities and equipment) to increase opportunities for additional services provision to visitors.

Rationale: At present in Kalevalskiy district there is a large number of guesthouses, which do not always meet the living standards requirements, do not meet the requirements of Rospotrebnadzor (Federal Service for Oversight of Consumer Protection and Welfare) and do not respond to the tourists' needs. Unfortunately, while in Russia there are no unified rules and classification of the country-houses, which could specify and regulate the equipment and maintenance; however, in neighboring Finland they have rich experience in this field: all country-houses have a certain status, and the accommodation cost depends on it. Within the project framework it is suggested to work out and adopt the unified standard requirements to the guesthouses in Kalevalskiy district, to teach the house owners to calculate the rental services costs and to use all their resources to attract various tourist groups, to develop the house owner checklist.

Vision: Creating comfortable living conditions for the tourists in Kalevalskiy district.

Objectives:

1. To develop guesthouses standard documents for the district;
2. To create a detailed database of the guesthouses, which would include: existing facilities, comfort level description and actual prices; and which could be placed on district's tourism site;
3. To help the home owners to identify the resources, which could bring additional profit;
4. To organize training seminars and practical classes for the home owners about hospitality standards and rules as well as about the peculiarities of providing services in guesthouses and small country accommodation facilities;
5. To develop a tourism product reflecting the collaboration of the guesthouses owners.

Project concept and activities: the project is developed with the direct participation of Kalevalskiy district administration, cultural institutions representatives, and small business owners in the tourism sector. Under the supervision of the tourism information center of the Republic of Karelia the project

creative team of guesthouse owners are working on the concept “Kalevalskiy district guest-house”. At the training seminars guest-house owners obtain the knowledge of legal and sanitary standards of the guest-house equipment and facilities, work with designers to create a unique style tailored to Kalevalskiy district image, plan the improvement of the house yard and think of the ways to use the adjacent territories to provide additional tourist services. Besides, within the project framework a new tourism product can be created, which will include district’s different guesthouses (tourist routes, ethnical cultural programs and etc.).

Target groups: guesthouses owners.

Project management/Responsibility: The main project coordinator is the district’s administration, which provides assistance with finding the specialists for the project implementation.

Local business-community is responsible for providing the place for the practical training.

The culture department prepares the materials for the project development.

Kalevalskiy district administration will monitor the results. Besides, RK Tourist Information Center may provide external monitoring.

Results:

1. A guesthouses’ database (with their classification) will be created.
2. The document regulating the guesthouses standards in Kalevalskiy district will be developed.
3. The price policy for tourists’ accommodation will be defined.
4. New tourism products connected with guesthouses, as the place for accommodation and additional services, will be developed.
5. The district can present itself on the cultural and tourist sites of various levels.
6. The specific level of services provided may attract different tourist segments to spend their vacation in the district.

Indicators:

1. Number of public and private institutions in cultural and tourism sectors cooperating to deliver the result.
2. Increased occupancy rates.
3. Number of guests buying other services besides accommodations.
4. Number of improved guesthouses.

How to see (to measure) the success:

1. Booking system
2. Tourists and guests’ feedback
3. Tourists’ follow-up visits

Budget: RRL 360,000.00; (US\$ 5,500.00)

- Organization of seminars (at least 3): experts’ travel expenses, accommodations and per diem, experts’ fees, stationary and office supplies, coffee-breaks, seminar participants’ travel expenses, accommodations and per diem.
- Experts’ business trips expenses (3 visits to guesthouses): travel expenses, accommodation and per diem.
- Developing the final document (Quality criteria)

Expected funding sources: Grants allocated through the funds “Small cities of Russia”, private investments from tourist business.

SWOT Analysis:

<p>Strengths:</p> <ol style="list-style-type: none"> 1. Additional education for Kalevalskiy district guest-houses 	<p>Weaknesses:</p> <ol style="list-style-type: none"> 1. The absence of the house-owners’ needs
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owners; 2. Acquaintance with the hospitality business expertise in Karelia and Finland 3. Increasing the level of services 4. Studying and using the territory's potential resources 5. Studying the Internet specialized resources to create new projects	to participate in the project or to run business 2. Not willingness of the house-owners to cooperate for joint ventures
Opportunities: 1. Possibility to evaluate their guest-house condition and to make adjustments 2. Introduction of the design elements with the local coloring into the house interior and the adjacent territory 3. Introducing new practices of customers service	Threats: 1. The absence of grant funding to support the project 2. No interest to the district as a tourist destination

4.2 PROJECT 2. "EVERY TOWN HAS ITS CHARACTER, EVERY VILLAGE HAS ITS CUSTOM"

Focus area: training the personnel for the provision of tourism services from among the senior students of Kalevala town and Yushkozero secondary schools in the profession-oriented camp, which will operate during summer vacations

Rationale: At present Kalevalskiy district suffers from a scarcity of trained personnel, there is also a problem of the youth emigration as it is hard to find a job. School profession-oriented camps can be organized all-year-round during the school vacations, so the senior students will be able to listen to the lectures, develop their own projects, to practice acquired skills and to get a job during the peak-time load in January and in the summer.

Vision: Creating the advantageous environment for the youth employment the district.

Objectives:

1. To teach the young to find and use the local resources for employment and revenue generation
2. To train the personnel for working with tourists in the peak visitation months of winter and summer seasons
3. To give the opportunity for the young to develop and implement their own projects in the sphere of culture and tourism

Project concept and activities: The project is implemented with the direct participation of Kalevalskiy district administration, cultural institutions representatives and small business owners in the tourism sector. The project's creative team develops the courses curriculum (e.g. the curriculum may be divided into modules, and the participants can attend one or several modules at their vacation time), defines the duration of the course (days and hours), elaborates the classes teams, selects the lecturers and finds the internship sites. During the school vacations (4 times a year) the group will have training at different sites (school, cultural institutions, guest-houses, craftsmen workshops) to obtain necessary practical skills. Every vacation-time training session will be completed with a final test, at the same time the participants (in mini-groups or individually work at a small-scale project concerning the tourism/culture development in the district/settlement, which they will select at the first meeting. For example, one of the themes can become "Kalevala Guides", i.e. developing the walking tours of the urban settlement of Kalevala. The senior students together with the local NGO (Ukhut-Seura) will create a new itinerary, the description of which can be made in the four languages: Russian, English, Karelian and Finnish. During the tourist seasons the students will have the opportunity of extra-earnings.

Target groups: Young people aged 15-18

Project management/Responsibilities: The chief project coordinator is the district's administration, which will find the personnel to implement the project.

The main venue for the educational activity will be the secondary schools; consequently the Board of Education and Kalevala and Yushkozero schools' administrations will be responsible for the project implementation as they have access to the financial resource to organize the profession-oriented camp with the assistance of the Ministry of Education of the Republic of Karelia.

The local business-community will be responsible for organizing the internships and practical training venues.

The office for cultural affairs will provide the materials to develop the project, to create museum expositions and internship positions (museum and museum center)

Results:

1. The young will get acquainted with the various types of expertise needed in the tourism business and cultural sector and will obtain practical skills.
2. The participants will learn to give tours, to accompany the tourists on the itineraries, to receive guests in tourism hospitality venues such as guesthouses and hotels. On the tourism enterprises that offer services not only accommodation and meals, but also additional programs (excursions, quad hire, boats, hunting, fishing, etc.)
3. Individual tasks will aim at creating a certain number of new tours and itineraries; both new and under exploited forms of excursions will be organized for various target groups will be developed.
4. Historical material will be collected and prepared for the museum exhibition.
5. The district will have personnel reserve, which can be tapped to during the tourist peak-time and large-scale events.
6. The district becomes an informal platform for training tourism sector personnel at cultural and tourist sites of different levels.
7. Career-guidance at school can help the school graduates to choose the educational institutions for further education.
8. Public Private Partnership (PPP) in the cultural and tourism sectors.

Indicators:

1. Number of new large-scale events and celebrations.
2. Number of the guests buying the services of the museum and museum center.
4. Tourists and guests' feedback.
5. Growing demand for continuing training among the senior students.
6. Number of proposals and initiatives for the district's improvement and development generated by the youth.

Budget: RRL 565,500.00; (US\$ 8,700.00)

One-year program:

- Courses trainers' fees
- Organization of the seminars (stationary and office supplies, visits, participants' meals, coffee-breaks)
- Publishing activity (excursions booklets)
- Organization of events (3-4 pilot events)

Expected funding sources: Grant support through the funds "Small cities of Russia", "Russian Geographic society", targeted financing of the profession-oriented camp in the RK Ministry of Education, private sponsorship from tourist business. Kalevalskiy district administration will monitor the project.

SWOT-analysis:

<p><i>Strengths:</i></p> <ol style="list-style-type: none"> 1. Involving youth into tourist product development 2. Inter-sectoral collaboration during all project stages 3. Collecting and processing of the territory's 	<p><i>Weaknesses:</i></p> <ol style="list-style-type: none"> 1. Only one target audience – school students 2. Students projects' proposals quality tributary to the proficiency level of the coaches (teachers,
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historical and cultural material	museum staff, cultural institutions employees) 3. Weak students' motivating system to continue activities out of the profession-oriented camps framework.
<i>Opportunities:</i> 1. Getting targeted financing for the profession-oriented camps in the RK Ministry of Education 2. Applying the project model to work with different target-groups (the retired, the unemployed) 3. Implementing the project through the Employment Center	<i>Threats:</i> 1. Formal approach to the development of the projects and ideas 2. Without network cooperation 'school-tourism business - cultural institutions - executive authorities' the final responsibility for the ideas quality will fall on the school. 3. No additional funding will be found to support the suggested proposals

4.3 PROJECT 3: TRADITIONAL FOLK TRADES IN A RURAL SCHOOL

Focus area: Teaching traditional folk trades at a rural school, providing career guidance to school graduates, increasing the prestige of working in the village and improving quality of life in the rural area.

Rationale: The project offers one of possible solutions of the social and economic problems of a contemporary Karelian village through the development of its cultural heritage. The project of professional education in traditional folk trades at a rural school is determined by its potential to let the young people from rural area to realize their abilities in the familiar activities and living environment. The school teaching staff understands, that handicrafts and trades are in demand in the village/settlement and can become a sufficient source of income for the family, ensuring a comfortable and decent living for the young and their own future families in rural environments. The project is initiated by the administration of Yushkozero secondary school and aims at solving the concrete problems of the village.

Project goals:

1. Career guidance for students promoting profession choices for working in the village
2. Revival of the rural settlement

Objectives:

1. Creating the conditions for the school students and youth professional training and their obtaining folk trades' skills and experience.
2. Forming of the informational database of the professions in the field of agriculture, wood processing and traditional trades.
3. Teaching traditional folk trades to the village youth.
4. School graduates will get a profession or qualification connected with working in a rural area.

Project concept and activities:

The main project idea is to develop and organize training courses within the framework of profession-oriented school students' education. Educational process is practice-oriented and includes several directions:

1. Teaching folk trades at the technology lessons and through project-research activity:

- 1) Teaching traditional male and female trades and crafts involving local masters and craftsmen into the educational process for Karelian families.
- 2) Craftsmen master-classes as a form of teaching crafts.
- 3) Teaching the school students to grow various kinds of cultivated plants (Biology).
- 4) Teaching crafts at technology lessons in the workshops of craftsmen.

2. "Evening crafts school". Teaching crafts to the youth and adults at the premises of the school's workshop.

- 1) Teaching woodwork (cabinet making, carpentry) in the form of master-classes
- 2) Teaching woodcarving in the form of master-classes
- 3) Teaching cooperage (barrel-making) in the form of master-classes
- 4) Independent students' work in the school workshop under the supervision of a craftsman or a teacher

3. Weekend Club "The Crafts of Yushkozero". Organizing events together with the club "The Crafts of Yushkozero" (Yushkozero Community Center): master-classes in various crafts, collective preparing and organizing the school fair.

4. School fair as the final event of the year cycle of teaching crafts to the school students and youth

5. School students' participation in contests and exhibitions of crafts products

- 1) The best folk-crafts product contest among school students
- 2) The contest for the best folk-crafts product, made by the students together with their craftsman-mentor
- 1) Acknowledgement and reward to the craftsmen-mentors
- 2) Acknowledgement and reward to the craftsmen for their master-classes demonstration at the school fair.

6. Sale of the folk-crafts products, made by the school-students and youth: at Yushkozero festive events, at the holiday fairs in Kalevala, Borovoy and Kostomuksha.

7. Folk-dance classes at Yushkozero Community Center

8. Information about the means and methods of labor management together with the employment service

1. Introductory internship on establishing an independent a workshop using the examples of Yushkozero craftsmen
2. Introductory lectures and seminars on individual entrepreneurship
3. Introductory lectures on various forms of working activities:
 - individual types of working activity
 - cooperative types of working activity
 - teamwork type of working activity
4. "Taxation awareness" crash course
5. Pension legislation

Target groups: students of Yushkozero school, teachers, parents and craftsmen

Project management/responsibilities: the project is realized by the administration of Yushkozero secondary school in close cooperation with craftsmen, Yushkozero Community Center, Employment center, organizing the crafts fairs on the territory of Kalevalskiy district and the city of Kostomuksha.

Results:

1. Approbation and launching the village needs-oriented educational program for school students
2. Developing the information database on professions in the sphere of agriculture, crafts and wood-processing
3. Learning about professions connected with the work in a rural area
4. Quality improvement of education in the craftsmanship sector
5. Participation in the exterior events (fairs)
6. Testing of the system to obtain additional professional education at school

7. Analysis of the results – identifying the most popular and in-demand crafts and occupations with the school students and youth

Indicators:

- 1) Number of participants to the courses
- 2) Quantity of products made within the course framework
- 3) Summing up the academic year results – statistical data (senior students)
- 4) Quality of the products made by the school students and youth. Skills’ improvement.
- 5) Students and parents’ feedback
- 6) Percentage of the career choices, connected with a rural area

Budget: RRL 810,850.00; (US\$ 12,490.00)

- Buying equipment for workshops
- Buying expendable materials (wood, threads, fabrics, seeds and etc.)
- Organizational expenses (maintenance of crafts fairs: place, printed materials)
- Expenses to organize off-site fairs (participation fees, travel expenses, catering, sale stands)

Expected funding sources: For the project realization funding will be needed to equip the workshops for different crafts, to supply the working materials and to reimburse the travel, accommodation and per diem expenses during the trade-fairs.

Funding can be received from the RK Ministry of Education within the framework of profession-oriented education programs; grants from Timchenko Fund and regional grant competitions of the relevant ministries.

SWOT-analysis:

<p><i>Strengths</i></p> <ol style="list-style-type: none"> 1. Grass-roots initiative 2. Yushkozero secondary school is interested in project implementation 3. Involvement of different institutions based on the village territory into the project 4. Ability for school students to test different professional paths 	<p><i>Weaknesses:</i></p> <ol style="list-style-type: none"> 1. No equipped workshops and working materials 2. No registered NGOs, which leads to no grant opportunity 3. No system of certification to prove the completion of special professional education course (it must be discussed at the level of Educational department of Kalevalsky district and RK Ministry of Education)
<p><i>Opportunities:</i></p> <ol style="list-style-type: none"> 1. As the project progresses, the Yushkozero Community Center premises can be used as an additional site for teaching adults 2. Getting additional financing for school students’ employment in the summer period for professional testing (internship) through the Employment Center 3. Getting grants to start small business (for the school graduates), as the curriculum covers the start-up business topic and the Employment Center will provide consulting and assistance in small business development. 	<p><i>Threats:</i></p> <ol style="list-style-type: none"> 1. The registered in Kalevalsky district NGOs can refuse to help in obtaining grants 2. No legislature awareness (concerning regulations of the school activity)

4.4 PROJECT 4: COLLECTING THE DATA ABOUT THE TOURISM SECTOR IN KALEVALSKY DISTRICT

Focus area of the project area: improving the data collection in the tourism sector, providing consulting assistance to tourism businesses.

Rationale: while conducting the research, the important shortage of the data in the tourism sphere was found out: the number of tourists, their demographics (age, gender, country of origin) and the tourism services quality. It must be noted, that the statistical data is unavailable not only for Kalevalsky district but also for the whole Republic of Karelia. One solution might be working with the mobile phone communication operators, as they have all the information about the mobile phone users who are using roaming. Another solution could be the testing of the on-line data collecting about the Kalevalsky district visitors and crating the district system of data collecting. Consulting the tourism sphere private businesses can help to obtain their data for the general data collecting center. Approbation of the system in Kaelevsky district can form the working case for other districts of Karelia.

Vision and objectives:

Developing the support system for the tourism business by means of collecting data about the Kalevalsky district tourist services, tourist quantity and profile.

1. Creating a tourism data collecting system
2. Establishing a tourist business consulting system
3. Improving the interaction system between the Kalevalsky district administration and SME stakeholders

Project concept and activities: within the framework of the Research a number of problems in the tourism sector were identified namely: i) poor interaction between the authorities and businesses, ii) SMEs refusal to share their data, iii) some SMEs do not have the measurement tools to define the degree of tourists' satisfaction with the services provided, iv) the key streams of tourism development have not been formulated neither at the level of the executive authorities institutions nor at the public councils level, and, in general, there is mistrust from the small businesses.

The Project suggests using the online services that provide assistance in both creating public opinion surveys and offer automated data collecting. For example: <http://www.survio.com/ru/>, <https://anketolog.ru/survey.html>, https://www.google.com/intl/ru_ru/forms/about/, <https://www.testograf.ru/ru/>, <http://webanketa.com/ru/>, <https://ru.surveymonkey.com/mp/how-to-create-surveys/>.

These platforms can be used to create both free and paid surveys. The links to the surveys can be placed on the official website of: the Kalevalsky district administration, tourist companies and agencies' sites, and on social net,works. Date collecting can take place periodically (once a month, or three times a month, depending on the tourist period). Developing the survey/questionnaire one can add the parameters on the demographic (gender, age, country, region). Creating the survey for Kalevalsky district's visitors the following questions can be suggested:

General question:

Have you visited Kalevalsky district?

- A) Yes
- B) No

For respondents, who have visited Kalevalsky district	For respondents who consider the opportunity to visit Kalevala district
<p>Question 1 Which factors influenced your decision to visit Kalevalsky district?</p> <p>A) Cultural events (performances, monuments, exhibitions, traditions, cuisine and etc.)</p> <p>B) Active recreational kinds (sport, fishing, hunting, kayaking and etc.)</p> <p>C) Leisure and entertainment (SPA, hikes and etc.)</p> <p>D) Business/ business trip or education</p> <p>E) Other (please, specify) _____</p>	<p>Question 1 Why would you like to visit Kalevalsky district?</p> <p>A) Cultural events (performances, monuments, exhibitions, traditions, cuisine and etc.)</p> <p>B) Active recreational kinds (sport, fishing, hunting, kayaking and etc.)</p> <p>C) Leisure and entertainment (SPA, hikes and etc.)</p> <p>D) Business/ business trip or education</p> <p>E) Other (please, specify) _____</p>
<p>Question 2 Which part of your trip lived up to your expectations most of all?</p> <p>A) None</p> <p>B) Culture</p> <p>C) Active recreation</p> <p>D) Leisure and entertainment</p> <p>E) Business/business meetings or education</p> <p>F) Local people's hospitality</p>	<p>Question 2 How did you learn about Kalevalsky district?</p> <p>A) Advertising booklets</p> <p>B) Tourist agencies representatives</p> <p>C) The Internet (if you remember, which website?) _____</p> <p>D) The tourist information billboard</p> <p>E) Mass Media (newspaper, radio, TV)</p> <p>F) Friends, colleagues, relatives</p> <p>G) Thanks to my previous visit to Karelia</p>
<p>Question 3 What could strengthen your impressions?</p> <p>A) Nothing</p> <p>B) A bigger variety of the cultural products and services</p> <p>C) A bigger variety in the active recreation sphere</p> <p>D) A bigger variety of the services in the sphere of leisure and entertainment</p> <p>E) A higher quality of the hospitality services (hotels, cafes, restaurants and etc.)</p> <p>F) Wider accessibility and transportation opportunities</p>	<p>Question 3 What additional information about Kalevalsky district could be useful for you?</p> <p>A) Cultural events (performances, monuments, exhibitions, traditions, cuisine and etc.)</p> <p>B) Active recreational kinds (sport, sauna, fishing, hunting, kayaking and etc.) and natural resources</p> <p>C) Transportation and accommodations options in Kalevala</p> <p>D) Business opportunities in Kalevala</p>
<p>Question 4 How was your trip organized?</p> <p>A) I bought a tour package</p> <p>B) Self-organized trip</p>	

The collected data will be processed into special reports, which can be used in the tourist business, consulting and tourist sector work planning. The survey questions can be adjusted depending on the goal.

Taking into the consideration the fact, that the Internet connection is not available everywhere, the survey forms can be printed out and left with the businesses owners (if they agree).

The Project pays special attention to the consulting assistance and motivating business to cooperate with the executive authorities in joined tourism development planning in Kalevalsky district. To increase the motivation of SME stakeholders to participate in collecting the data about Kalevalsky district visitors a system of selective consulting or other additional incentives can be offered. (1) For guest-houses owners, who regularly take part in the surveys, free special educational programs may be offered, they will be elaborated by business incubator of the Republic of Karelia and Tourism Information center at the request of Kalevalsky district. (2) Business-owners or guest-houses owners, who always share the data about the number of tourists and take part in the surveys can be recommended by Kalevalsky district administration to apply for special programs and projects of business support, international cooperation development and other. (3) Organizing the Tourism Forum of Kalevalsky district can become one more motivational tool: the active tourism businesses and guest-houses owners can be invited to the Forum, which can become the ground of development of Kalevalsky district tourism policy.

Target groups: The Kalevalsky district administration, the rural settlements administrations, tourism business, tourists and visitors of Kalevalsky district.

Project management: the department of Economic Development in the Kalevalsky district administration manages the project. A consulting group will be formed of the representatives of tourism business, Republic of Karelia Tourist Information Center and the RK business-incubator.

Quantitative and qualitative results

Quantitative results:

1. Tested surveys forms
2. The number of the on-line survey participants
3. The number of the businesses and guest-houses, participating the data collecting
4. The number of delivered consultations
5. The number of the project partners
6. The number of the Internet-resources posting on-line surveys

Qualitative results:

1. Feedbacks obtained from the survey
2. The Kalevalsky district administration's satisfaction with the collected data
3. The increased level of business services in the tourism sector
4. The growing awareness of Kalevalsky district in the exterior environment
5. The tourist business and guest-houses owners' motivation increase to collect and share the data

Indicators:

1. The number of the project participants: business, guest-houses owners
2. Quantity and quality of the developed surveys
3. The quality of the Kalevalsky district's administration reports on the tourism development
4. The increased services

Budget: RRL 351,000.00; (US\$ 5,400.00)

- Conducting surveys (making a survey, collecting data, survey placement on the platforms)
- Data analysis
- Forum organization
- Organizing educational seminars

Expected funding sources: the program of tourism development in Kalevalskiy district, the program of tourism development in the Republic of Karelia, ENI Karelia program.

SWOT- analysis:

<p><i>Strengths:</i></p> <ol style="list-style-type: none"> 1. Comprehensive planning of the tourism sphere 	<p><i>Weaknesses:</i></p> <ol style="list-style-type: none"> 1. The project implementation is possible
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2. Involvement of various tourism subjects 3. Low-lost project	only if the Kalevalsky district is interested in it (administration, business) 2. The online surveys results may be unreliable.
<i>Opportunities:</i> 1. The methodology can be applied in other districts of Karelia 2. There is a possibility to involve the specialists from the republican ministries and their subordinate institutions 3. The project can be extended to assess the services in the catering and other industry.	<i>Threats:</i> 1. Guesthouses owners may refuse to participate in the project.

4.5 PROJECT 5: KARELIAN RUNES – THE KALEVALSKIY DISTRICT BRAND

Vision: Developing measures for safeguarding and popularizing intangible cultural heritage of universal significance – the Karelian runes, along with the generation of the Kalevalsky district brand on such basis.

Rationale: The Kalevalsky district possesses considerable cultural potential with the intangible cultural heritage being part of it. One of the elements of the heritage of universal significance are the Karelian runes. Some of them became the basis of the world-famous epos *The Kalevala*. The tradition of rune-singing is unique to the district but it is threatened with extinction. However, the Karelian runes remain tourist magnet and an important component of the cultural self-identification of the local community. By the example of the Yakut heroic epic tale *Olonkho*, included into the UNESCO Representative List of the Intangible Cultural Heritage of Humanity, the Karelian runes also could achieve greater prominence both inside the territory and at the national and international levels. The recognition would allow to develop a system of measures for safeguarding and popularization of this element of the intangible culture. The project is realized following the initiative of the VIII Congress of Karelians for including the Karelian runes into the UNESCO Representative List of the Intangible Cultural Heritage of Humanity.

Objectives: Achieve greater recognition of the Karelian runes at the national and international levels.

Tasks:

1. Examine the requirements to an application for including an element of the intangible culture into the UNESCO Representative List of the Intangible Cultural Heritage of Humanity.
2. Organize and conduct experience sharing and best practices within the domain of the intangible cultural heritage safeguarding with the Sakha (Yakutia) Republic.
3. Develop a system of measures for safeguarding and popularization of the Karelian runes.
4. Hold consultations with the authorities of the Russian Federation, the Republic of Finland and UNESCO concerning the prospects of achieving greater recognition of the Karelian runes.
5. Conduct presentations of the Karelian runes and prepared application in the UNESCO headquarters in Paris and other international platforms.

The project concept including the means for achieving the objectives:

Up to now the Karelian runes have been included into the electronic register of the intangible cultural heritage objects of the Russian Federation peoples. The project will allow to continue the work towards achieving greater recognition and actualization of the Karelian runes. For this purpose, it is proposed to proceed with the description of the Karelian runes on the basis of the UNESCO requirements, including the study of their history, current state, degree of vitality, uniqueness and value of the rune-singing tradition, photo-, video- and audio-examples. This will also enable to develop methods and practices for safeguarding and protection of an element of the cultural heritage, determine the level of the local community involvement into this process. Within the project framework, the global experience and the experience of the Sakha (Yakutia) Republic in safeguarding and popularization of the heroic epic tale *Olonkho*, along with its experience in cooperation with UNESCO will be studied. The project will support the concept of the intangible culture application as a brand and economic development factor of the

Kalevalsky district. The project will provide the opportunity to develop creative forms of the Karelian runes actualization and broaden the circle of international partners of the Kalevalsky district.

Target groups: the Kalevalsky district local community, the population of the Republic of Karelia, bearers of the rune-singing tradition, rune-singing villages of the Kalevalsky district.

Project management / Responsibility: Main coordinator of the project is The Ministry of Culture of the Republic of Karelia. The project is remarkable for the high degree of the local community and non-government organizations involvement including the Board of representatives of the VIII Congress of Karelians of the Republic of Karelia.

Key role in the project belongs to the academic community, in particular, the Institute of Linguistics, History and Literature, Karelian Research Centre of the Russian Academy of Sciences.

Results:

1. The description of the Karelian runes in accordance with the UNESCO requirements for including the objects of the intangible culture into the Representative List of the Intangible Cultural Heritage of Humanity has been completed.
2. The project representatives have visited the Sakha (Yakutia) Republic in order to share experience in safeguarding, popularization and promotion of the intangible cultural heritage at the international level.
3. The expert seminar for discussing the issues of safeguarding, actualization and popularization of the Karelian runes as well as using them as one of the Kalevalsky district brands has been conducted.
4. The system of measures and practices for safeguarding and popularization of the Karelian runes has been developed.
5. Presentations of the Karelian runes in the UNESCO headquarters and other international platforms have been conducted.

Indicators:

1. The number of services, projects, events, and venues based on the Karelian runes has increased.
2. The number of people interested in the runes (including via Internet) has increased.
3. Sustainable brand based on the Karelian runes generated.
4. Increased tourism flow.

Budget: RRL 975,000.00; (US\$ 15,000.00)

- Organizing a field-trip to Yakutia (4-5 persons, 3-4 days): travel expenses, accommodation, per diem.
- Organization of presentational event in UNESCO (3-4 persons, 3-4 days): travel expenses, accommodation, per diem, development of presentational materials.

Expected financial resources: Republican budget resources, resources of the Karelian NGOs, the UNESCO resources.

SWOT-analysis:

<p>Strengths:</p> <ol style="list-style-type: none"> 1. The Karelian runes are well studied, described and stated. 2. The prominence of epos <i>The Kalevala</i> based on the Karelian runes. 3. The presence of the positive experience and practices including in the Sakha (Yakutia) Republic. 4. Strong local community self-identification with the rune-singing tradition, the recognition of the cultural heritage element in the Kalevalskiy district. 5. The commitment of the authorities, non-governmental organizations, Karelian national movement and academic community. 6. Well-developed international framework and standards within the domain of the intangible cultural heritage safeguarding. 7. The Karelian runes are included into the electronic register of the intangible 	<p>Weaknesses:</p> <ol style="list-style-type: none"> 1. The Russian Federation has not ratified the UNESCO Convention for the Safeguarding of the Intangible Cultural Heritage.
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cultural heritage objects of the Russian Federation peoples.	
<p>Opportunities:</p> <ol style="list-style-type: none"> 1) The popularization of the Karelian runes at the international level will increase tourist attraction to the Kalevalsky district. 2) The project will contribute to the generation of the sustainable district brand based on the intangible culture. 3) The project will stimulate new events, services and products based on the Karelian runes. 4) Additional opportunities to expand the cooperation and share experience with international partners. 5) Opportunities to attract additional financing both from the government and international organizations for the intangible culture element protection. 	<p>Threats:</p> <ol style="list-style-type: none"> 1. The knowledge obtained within the project educational program will not be applied.

4.6 PROJECT 6: MEMORIAL PLACE “VANHA KALMISMUA” (“OLD CEMETERY”)

Focus area: Actualization of the non-material cultural heritage as a rural territories development factor

Authors of the project: Ulianan Nikolaevna Chaikina, Anna Aleksandrovna Egorova (Petrozavodsk State University, Philology department, the Finnish and Karelian languages and Literature department)

Objectives:

- Popularization of the Voinitsa village rune-singers’ contribution into Karelian and Russian culture;
- Development of cultural-educational tourism
- Preservation of the cultural memory and continuity of cultural traditions

Project concept and activities: Voinitsa, an old rune-singers’ village, is located on the shore of Verkhnee Kuitto Lake in the Kalevala national district of Karelia. Voinits’s largest family is the Malinens: in the 1870-s from 43 households 13 belonged to the Malinens. Ontrey Malinen, one of the most famous rune-singers, is this family representative. His son Yurki Malinen and Okhvo Malinen were also outstanding rune-singers. The name of one more rune-singer from Voinitsa Voassila Kielivyanien is also widely known. Anni Lehtonen from Voinitsa was one of the most outstanding, known to science Karelian weepers of the beginning of the XXth century. Samuli Paulaharju, a Finnish ethnographer, recorded over 200 laments from her, they are stored in the folklore archive of the Finnish Literature Society. Based on the findings of his trip to Archangelsk Karelia in 1915, S. Paulaharju published the book “Birth, Childhood and Death”, which contains unique information about the the old cemetery in Voinitsa. The book’s second edition was supplemented with the map, where the old cemetery location is marked (Fig.1), its sketch (made according to the drawing of Anna Lehtonen (Fig.2) and the drawings of the tombstones of the old Voinitsa cemetery (as in Fig.3). So, the idea of bringing in order the old cemetery territory and creating the memorial sign and stone appeared.

Project realization plan:

- 1) On-site adjustment of the old cemetery size, defined by the literary sources as 2-4 thousand square meters;
- 2) Cleaning and bringing in order the territory;
- 3) Making the territory decorative perimeter (pole fencing 1m high) with the entrance in the western part;
- 2) Organization of the central ground and the path from the entrance towards it;
- 3) Making and setting up the memorial sign in the form of traditional Karelian tombstone 2-3 meters high after the drawing made by S. Paulaharju (Appendix, Fig.3);
- 4) Making and setting up the memorial plate with the inscription “Meijän täällä mualla elänyijen esivanhempien muissokši” (“To all our ancestors who lived on this land”).
- 5) Planting young fir-trees around the central ground inside the fence (Appendix, The Project Draft) .

Budget: RRL 942,500.00; (US\$ 14,500.00)

Design estimation documentation development, territory improvement (buying plants, making a fence, making memorial signs and plates).



Fig. 1.

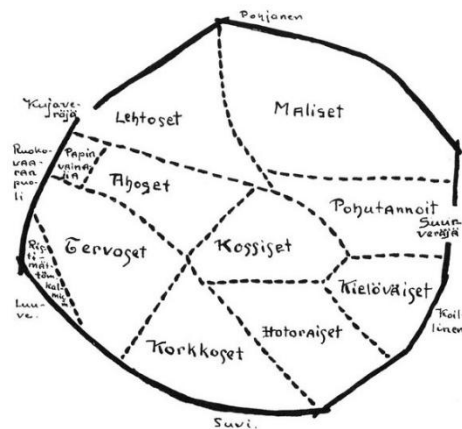


Fig. 2.

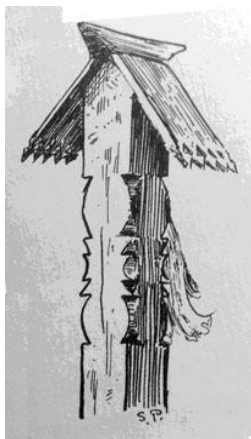
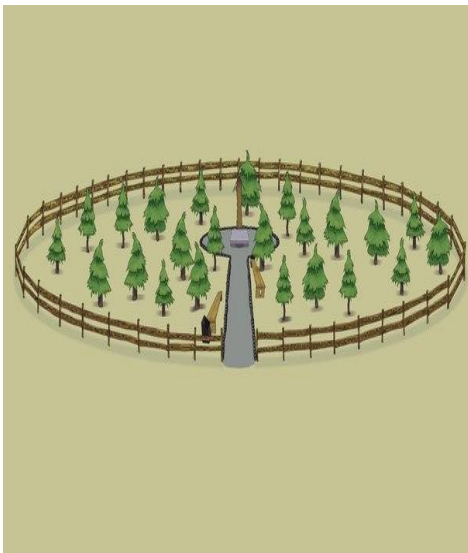


Fig. 3.

By the present time the old cemetery was not preserved but all the residents of Voinitsa remember its being there.

Drafts of the project “Memorial Place” («Vanha kalmismua» «Old cemetery»)

General drawing of the Project concept



SWOT-analysis:

<p>Strengths:</p> <ol style="list-style-type: none"> 1. Creating a new object of the tourism exhibit 	<p>Weaknesses:</p> <ol style="list-style-type: none"> 1. The major part of the preliminary work has not been done till the present moment (finding the location, legend and etc.) 2. The soil investigation has not been done
<p>Opportunities:</p> <ol style="list-style-type: none"> 1. Possibility to attract NGOs and volunteers to the project implementation 	<p>Threats:</p> <ol style="list-style-type: none"> 1. No funding 2. No interest to the project realization shown by the local authorities

4.7 PROJECT 7: ANNUAL ROLE-PLAY ON KARELIAN-FINNISH EPIC POEM “KALEVALA”

Focus area: Material and non-material cultural heritage actualization as a potential development factor in rural territories.

Author of the project idea: Anastasiya Krasnova, a 3rd Year student at PertSU, Institute of Physical Education, Sport and Tourism and Chair of Tourism course.

Problems the project solves:

1. Poor awareness of the Karelian-Finnish epic poem “Kalevala” beyond Karelia region, necessity to promote the Karelian peoples’ cultural heritage.
2. The lack of new, bright, attractive to the youth, forms of cultural heritage promotion, including the epic poem “Kalevala”
3. Insufficient use of the cultural heritage for the attraction of tourists to the Kalevalsky district.
4. Weak development of the events tourism in Kalevalsky district: the events organized in the district are mostly visited by the local citizens; the tourists’ inflow is very low.

Rationale: Live-action games are relatively new kind of recreational activities. Currently there are no field live-action role-playing games promoting the cultural heritage of the Karelian peoples in the Republic of Karelia.

Objectives: to increase tourist and recreational attractiveness of Kalevalsky district through popularization of the Karelian peoples’ cultural heritage and the epic poem “Kalevala” in particular.

1. Searching of new forms of non-material cultural heritage promotion and the epic poem “Kalevala” in particular
2. Attraction of additional tourist inflow into Kalevalsky district

Project concept: The project includes the organization of annual live-action role game based on the Karelian-Finnish epic poem “Kalevala”. Role play (live-action game) is a collective creative activity, a modern art form, where the participants interact with each other and the surrounding world. The role play will contribute to the attraction of the tourists to Kalevalsky district – the participants and the spectators of the role play, increasing the awareness of the Karelian-Finnish epic poem “Kalevala”, Karelian peoples’ cultural heritage promotion, and first of all, among the young.

Locations: Kalevala urban settlement, Voinitsa village.

Dates: 19-21 July 2017. The event is planned to be held annually.

The role play based on epic poem “Kalevala” will include the events of runes 7-14. The role play will be organized in two stages:

The first stage: runes 7-10: the story how the miraculous mill Sampo was forged. It is necessary to organize 2 game locations – “Kalevala” and “Pohjala”.

The characters: Vainemainen, Louhi, Daughter of Louhi, Ilmarinen, Old man, who cured Vainemainen, Kalevala citizens (15 people), Pohjala citizens (15 people).

The second stage: runes 11-14: the story about the hunter Lemminkainen. For this stage, we will need 3 game locations: “Kalevala”, “Pohjala”, “Saari”. The characters: Lemminkainen, a mother of Lemminkainen, Kyllilli, a beauty from Saari, the girls from Saari (15 people), a sister of Lemminkainen, village girls (15 people), Tapio (forest spirit), Nurikki (forest spirit), forest tsarina Mielikki.

Minimum number of participants — 72 people: 30 men, 42 women. Also, everybody can try on the looks of Kalevala, Pohjala or Saari citizens.

While preparing the role play a special attention will be paid to the scenery, equipment and costumes. For this purpose, it is advisable to attract such Karelian enterprises as:

Manufacturing of equipment and scenery — JSC «Segezha Pulp and Paper Mill” (water-resisting cardboard, water-resisting paper)

Manufacturing of costumes— LLC “Karelian Patterns”

Project implementation plan:

<i>Event</i>	<i>Dates</i>
Role play concept development	1 November 2016 - 28 February 2017
Interaction with local citizens	1 March 2017 – 30 April 2017
Role play promotion and attraction of participants	1 April 2017 – 30 June 2017
Opening and closing ceremonies development	1 June 2017 – 15 July 2017
Locations and equipment preparing	15 June 2017 – 18 July 2017
Dates of the play	19 July 2017 – 21 July 2017
Feedback receipt, results analysis	22 July 2017 – 31 August 2017

Project management:

1. Project management coordination center: potential participants — local community representatives, the department of culture of Kalevala administration, ethno-cultural center “Kalevalatalo”, Association of ethno-cultural centers “ECHO”, representatives of Association of live-action role play.

2. Work groups by areas of activity:

- Organization of the play (the play program detailed development, manufacturing of the scenery, costumes, coordination of the play progress)
- Organization of the opening and closing ceremonies (events program development, searching for performance groups, searching for and attraction of the local producers – participants of the trade fair)
- Participants accommodation (organization of a camping site or a tent city)
- Advertising (the event promotion, attraction of participants)
- Interaction with sponsors (searching and attraction of sponsorship funds)
- Finance control (control of the expenditures)
- Feedback (feedback receipt, results analysis, planning of the next play)

Accommodation and boarding for the participants and tourists can be provided by hotels in Kalevalsky district – hotel «Welt»: capacity 41 people (Kalevala settlement, Sovetskaya Str., 28-A), cottage complex “Welt”: capacity 100 people (Kalevala settlement, Vainemainen Str., 138), hotel “Sampo”: capacity 40 people (Kalevala settlement, Sadovaya Str., 2), guest houses. On request there may be organized *a tent city*. It is possible to accommodate those who would like to in the houses of the local citizens what may contribute to the immersion into a cultural environment of Kalevalsky district and the Republic of Karelia as whole.

Catering facilities: cafe “Welt” (Kalevala settlement, Sovetskaya Str., 28-A), canteen “Kuitto” (Kalevala settlement, Lenin Str., 9), café “Melnitsa” (Kalevala settlement, Sadovaya Str., 2), café “Okhonik Velt” (Kalevala settlement, Vainemainen Str., 138).

Transfer: To transfer the participants and the spectators from Kalevala settlement to Voinitsa village for the role play during the 2nd day it is planned to organize a bus (for the period of the event).

Project target groups:

- members of the live-action role play association (role play participants)
- local citizens (organization of performance, trade fair, games, competitions, workshops)
- local producers (offering their products at the trade fair, for example: bee-keepers, souvenirs producers, bread producers, LLC «Yagody Karelii», etc.)
- local hotels and catering enterprises (accommodation and board for spectators and participants)

- Karelia and other regions citizens (spectators, role play participants)

Expected funding sources: role play participants' registration fees, annual grants competition for NGOs organized by the Ministry of Culture and the Ministry of National Policy of the Republic of Karelia, other grants, sponsorship of enterprises in exchange for their promotion within the framework of the event.

Budget: RRL 747,500.00; . (US\$ 11,50.00\$)

Main expenditure items of the project:

Necessary resources: human (project managing, skilled professionals) and financial (business plan or project estimate)

- Opening and closing ceremonies organization
- Trade fair organization (equipment for trade)
- Role play scenery items (manufacturing of the Sampo mill model and entourage for role play locations)
- Kalevala to Voinitsa transfer arrangement
- Camping arrangements
- Event promotion

Participants shall pay by themselves:

- Transfer to Kalevala settlement
- Transfer from Kalevala settlement to Voinitsa village (by specially arranged bus)
- Costumes (1200-1500 roubles)
- Participants' fee (1000-1500 roubles depending on the character)
- Catering
- Hotel accommodation (1100-1600 roubles per day)

Accommodation in a camping or a tent city is for free.

Quantitative results:

- Two settlements will be involved into the project: Kalevala urban settlement and Voinitsa village
- It is expected that at a good level of promotion 100 role play participants and 1000 of spectators including about 700 people from other regions will come for the role play and other side events. That means that after the event about 700 people from other regions of Russia will be aware of Karelia, Kalevalsky district and epic poem "Kalevala" and will be also introduced into the process of cognition of the cultural heritage of Karelia.
- At least 3 hotels will be used for the spectators and players' accommodation: guest house "Sampo", hotel "Welt", cottage complex "Welt"
- 8 local enterprises/ producers will be attracted to the project
- Up to 200 local citizens will be involved into the project

Qualitative results:

- Realization of a new form of the cultural heritage preservation by way of the role play based on the epic poem "Kalevala"
- Positioning of the Kalevalsky district as an ethnographic and tourist events destination
- Increasing the awareness of the Karelian-Finnish epic poem "Kalevala"
- Karelian people's cultural heritage promotion
- Local economic activity reinforcement.

SWOT-analysis:

<p><i>Strengths:</i></p> <ol style="list-style-type: none">1. Large interest of the local community2. Large interest of the local businesses3. The use of unique local resources (cultural and natural)4. Great popularity and high demand in the "role play" form event	<p><i>Weaknesses:</i></p> <ol style="list-style-type: none">1. The event is costly, especially in the first year.2. The role play is built upon external audience
<p><i>Opportunities:</i></p> <ol style="list-style-type: none">1. Branding of Kalevalsky district as a tourist destination2. Cooperation of enterprises and regions will contribute to the district development in economic terms.	<p><i>Threats:</i></p> <ol style="list-style-type: none">1. The project is dependent on the participants' interest2. Insufficient number of rooms for accommodation for participants and spectators in two chosen settlements

ANNEX 1: GENERAL CHARACTERISTICS KALEVALSKY DISTRICT

Author: *Svetlana Kolchurina, expert in the development of civil society institutions and local communities*

History



Image 1.

Emblem of national Kalevalsky district

Kalevalsky district was created in March 1922 as Uhtua uyezd. In 1927 it was reformed to Uhtua district and in 1935, the 100th anniversary of the first edition of “Kalevala” in the Republic of Karelia, it was renamed to Kalevalsky district. In 1992, it became a national district. Ethnic and cultural as well as economic identity of Kalevalsky district create a special image of the district in the Republic of Karelia and beyond. The population of Kalevalsky district continues to follow traditional style of life. This makes the district unique. In the 19th century in Kalevalsky district a prominent Finnish specialist in folklore Elias Lönnrot recorded many runes included in the well-known Karelian-Finnish epic poem “Kalevala”.

In the historic villages of Yushkozero, Voinitsa, Kepa, Luusalmi, Kuusiniemi, Uhtua (Kalevala) many houses, barns, bathhouses and other buildings of Karelian model have remained as well as many memorable sites related to the history of "Kalevala"'s creation. Besides, in this area, there are archeological monuments of various ages, historic and memorable sites, places of battles near Kis-Kis lake and others in their original state. In Kalevalsky district there are 6 architectural monuments, 8 identified objects of architecture, 28 sights, numerous archaeological monuments, located throughout the territory of the district, 6 historical settlements.

Administrative location



Image 1. Map of Kalevalsky national district

Kalevalsky national municipal district (hereafter - Kalevalsky district) is situated in the North-West part of the Republic of Karelia, shares borders with Loukhsky district in the north, Kemsy and Belomorsky districts in the east, Muyezerky district and Kostomuksha city in the south. The western border of the Republic coincides with the border between the Russian Federation and Finland.

There are 9 settlements in the district. The administrative centre of Kalevalsky district is Kalevala urban settlement (till 1963 – Uhtua).

The main vehicle is car. Air, water and railway transport in the district is almost stopped. The road net is mainly represented by local roads. There are two roads of federal significance (Kem'-Lonka and Kepa-Borovoy). The frontier with Finland, a European Union country, passes through the district. There is a simplified international border check point Lonka-Korttimo in the area of district. At present its functioning is ceased.

The distance from administrative center of Kalevalsky district Kalevala to the capital of the Republic of Karelia Petrozavodsk is 550 km. The nearest railway stations from Kalevala settlement are: Kem town - 108 km, Kostomuksha town – 150 km, Loukhi settlement – 170 km.

Natural resources

The climate is continental. Hard winter, the temperature amounts up to -30°C and more. Lukewarm summer, the temperature in July amounts up to +20°C and sometimes higher. In May and June the light day lasts for around 23 hours. The shortest light day is in December; it lasts for approximately 4 hours. [The total area](#) is 13 316 km². Land areas compose 13,259 km². The total forest area in Kalevalsky district makes up 99.5% of the whole district area. The average age of forests is more than 100 years-old. Forest industry products occupy significant place in the market and dominate in export. Forests are the main wealth of Kalevalsky district.

Waters occupy 1/6 of the area, including 50 big lakes, 13 rivers, 3 waterfalls. 30% of the area is occupied by swamps. There is the biggest swamp in Europe in Kalevalsky district on the territory of Kepsky forestry – Ypäyssuo swamp. It is a protected area. The area of Ypäyssuo makes up 353.68 km², its length from north to south is 30 km. There is a natural monument of “Boloto Zapovednoye” (“Reserved Swamp”) with the area of 13.61 km². It is situated on the territory of Kepsky forestry and partly in Kemsy district. Swamps are characterized by rare and unique flora and fauna and have a huge ecological, environmental and scientific value. They are preserved in their natural look and diversity.

The natural predominant of the district is the Kuyto lakes extending in an arch for 140 kilometers in the latitudinal direction. The lakes are tectonical; they have deep depths and picturesque in-shore landscape. There are 12 species of fish; the most valuable are local populations of salmon, vendace, cisco and grayling.

There is Kumi-porog waterfall at Voinitsa river, the highest plain waterfall in Karelia.

There is a state nature (landscape) reserve “Voinitsa” occupying 83.76 km² in the district. The “Kalevalsky National Park” (KNP) for 74.40 km² was established in 2006 in the district area. However, since 16 March 2015 it is a part of “Kostomukshsky State Nature Reserve” Federal State Budget Institution.

There are mineral resources in the district: granite, gneiss, diabase, chalkstone, molybdenum, iron ore, quartzite, copper, and peat.

Population

The Republic of Karelia is one of underpopulated areas of Russia. The average population density of Kalevalsky district is 0.6 people per 1 km² (the average rate in Karelia is 3.4 people per 1 km²). The total number of population in the district declines: in 2002 – 10 628 people, in 2015 – 7 273 people (↓ by 31.5%). The death rate in Kalevalsky district exceeds the birth rate. The number of people who left the district is higher than the number of people arrived. 4 028 people live in urban area (Kalevala urban settlement); this makes up 55.38% of the district' population. In total there are 9 settlements in the district situated at a significant distance from each other; among them there are 8 rural settlements, one of which is uninhabited. The number of population by age is as follows: under working age – 1 443 people (19.8%); of working age (over 14 years-old) – 3 888 (53.4%); over working age – 1 942 people (26.7%). Ageing of the population continues. In general there are 12.6% of people over 65 years-old in Karelia. In the district there are 15% people over 65 years-old. The average life expectancy for men is 54 years, for women – 64 years.

Currently 31 nationalities live in the district. According to the 2010 census there are 49% of Russians, 35% of Karelians, 8% of Belorussians, about 3% of Ukrainians and 5% - others. The ethnic group of the Karelians was traditionally developed in the district. Especially high rate of Karelians is proper to Kalevala settlement, Yushkozero and Voinitsa villages.

Economy

As of 1 January 2016, according to the Unified State Register of Legal Entities there 89 enterprises operating in the district: 50 small and medium-sized business enterprises; 6 entities of republican subordination; 23 municipal budgetary and public institutions; 3 civil society and religious organisations.

The number of economically active population in 2015 was 2 130 people. It decreased by 105 people compared to 2014. Among them 568 people work in the production industry (27% of all working people), 1 562 people are engaged in the public (non-commercial) sector (73% of all working people).

717 people are involved in small business – 34% of all working people. Average salary in the district makes up 27 941.10 rubles as of November and December 2015. It decreased by 0.8 % (225.30 rubles) compared to 2014.

Tourism in Kalevalsky district is one of the priorities of economic development. There is the main tourism entity in Kalevalsky district – LLC “VELT – Karelian travels”. The self-employed entrepreneur A.A.Timonen also runs the hotel business. The number of people employed in tourism sector is 38 people. Such types of tourism as ecological, cultural, rural and different types of active tourism are developing in the district. In recent years, the number and quality of available tourist products and services increased.

Social area

As of 1 September 2015, there are 5 mainstream schools in Kalevalsky district: among them - 3 general secondary schools and 2 basic schools educating 843 pupils. 403 children attend 3 preschool facilities and 3 preschool groups; this is 82 % of all children of preschool age.

Health services are provided to the Kalevalsky district’s population by State Budget Health Institute “Kalevala Central District Hospital” which includes in-patient facility (67 ward beds, out of which 24 beds belong to somatic department; 17 beds of day patient facility), 2 clinics in Kalevala and Borovoy settlements, 5 first-aid/obstetric centers (in Kuusiniemi, Kepa, Luusalmi, Novoye Yushkozero settlements and Yushkozero village), 2 ambulance departments in Kalevala and Borovoy settlements.

Network of social services institutions in Kalevalsky district is represented by municipal budget institution “Aurinko” Integrated Center of social services for the population of Kalevalsky district and state budget residential social service institution for the Republic of Karelia “Kalevalsky Care Facility for the elderly and people with disabilities”. In addition, in 2015 due to the high demand, a self-employed entrepreneur opened a private residential home “Nadezhda” in the district’s center.

There are 3 cultural institutions in Kalevalsky district: municipal budgetary institution (MBI) “Centralized Club Network of Kalevalsky municipal district”; MBI “Centralized Library Network of Kalevalsky municipal district”; MBI “KALEVALATALO” Ethnocultural Center including museum and craft departments.

Conclusions

Thus, Kalevalsky district have a range of objective factors that influence the economic and social development of the district in many aspects.

The natural resources of Kalevalsky district include numerous forests, waters, in particular swamps with relevant flora and fauna. Some natural and recreational sites and resources of the district are unique. This can be used for the development of educational, ecological and active tourism.

The district is situated in the Extreme North, is a remote peripheral area with low level of transport accessibility. These factors determine high-energy consumption, big production costs, and additional expenditures for households, businesses and budget.

Specific climate and the soil quality leads to the limited development of agriculture.

The demographic situation of the Kalevalsky district is complicated. The problems are negative population balance, migration of population. Average ageing of population should be noted as well.

It is important for Kalevalsky district that it is situated not far from the major industrial center – city of Kostomuksha. The district shares borders with Finland and has border check points in the neighboring territories what allows to receive foreign tourists.

The district is a national district of the Republic of Korea and plays a big role in preservation and actualization of national cultural traditions, crafts, Karelian life style. Numerous objects of cultural heritage give a possibility to develop ethnic and cultural as well as science tourism.

ANNEX 2: ANALYSIS OF FEDERAL, REGIONAL, AND LOCAL LEGAL FRAMEWORK REGULATING SUPPORT OF INDIGENOUS PEOPLES AND OF APPLICABLE INTERNATIONAL STANDARDS

Author: Alexey Tsykarev, expert on the rights of indigenous peoples

According to the Constitution of the Republic of Karelia, Karelia is a republic (state) and part of the Russian Federation. Article 1 Part 5 of the Constitution of Karelia states that "Historical and national characteristics of the Republic of Karelia shall be determined by Karelians' living on its territory". Karelian people is a titular nation that has given the name to the republic. However, this notion is not reflected in legislation and is of a symbolic nature.

According to the 2025 Strategy of the national policy in the Republic of Karelia, the indigenous peoples of Karelia are Karelians, Vepsians, and Russians. Vepsians are also included into the Unified register of indigenous small-numbered peoples of the Russian Federation and the List of indigenous small-numbered peoples of the North, Siberia and the Far East of the Russian Federation. According to the Strategy, one of the objectives of the State national policy of the Russian Federation in the Republic of Karelia until 2025 is the preservation and development of Karelians and Vepsians as original ethnoses of the international community.

The Strategy includes events aimed at the revival of the Karelian language. The Terms and Orthography Commission under Head of the Republic of Karelia develops and integrates new vocabulary. This policy also contributes to the realization of the Karelian people's right to receive information in their native language. Twenty (20) million rubles are allocated annually for the publication of printed periodical media in Karelian, Vepsian and Finnish; common "Oma Mua" ("Motherland") weekly newspaper in Karelian and "Kipinä" ("Spark") monthly coloured newspaper for children are among them. There is also "Taival" annual literary collection of works written by Karelian authors in the Karelian language. The publishing house "Periodika", in Petrozavodsk, produces all these publications. It also publishes books in Karelian. The Ministry of the Republic of Karelia for National Politics, Relations with Public and Religious Associations and Mass Media awards annual grants for publications of books in Karelian on a competitive basis.

Funding of the national policy of the Republic of Karelia is provided through the program "Preservation of the Unity of Peoples and Ethnoses of the Republic of Karelia in 2012-2016" ("Karjala Is Our Home"). One of the program's goals is to provide conditions for sustainable ethnic and cultural development of indigenous peoples of the Republic of Karelia. The program contributes to measures for preservation and free development of Karelians, Vepsians, and Finns of the Republic of Karelia and provides state support of the Karelian, Vepsian and Finnish languages in the Republic of Karelia. The main executor of the target program is the Ministry of the Republic of Karelia for National Politics, Relations with Public and Religious Associations and Mass Media. Following a competitive selection, the Ministry provides grants to municipal entities of the Republic of Karelia through this the program for the organization of events. On November 5, 2015; the Ministry also concluded an agreement about cooperation with Kalevalsky district. The latter, however, is strictly a framework document devoid of resources' allocations.

In the context of the 2014-2020 "Development of the Civil Society Institutions and of Local Self-Government, Protection of Human and Civil Rights and Freedoms" State program of the Republic of Karelia, one of the indicators consist of: the increased satisfaction among indigenous peoples of the Republic of Karelia with exercising their rights to improve national (ethnic and cultural) development. According to the Ministry for National Politics, 52% of Kalevalsky district's population are satisfied with exercise of their ethno cultural rights.

The Ministry for National Politics keeps the register of community-oriented NGOs that receive support of the authorities; the register includes public organizations of Kalevalsky district. Under the above mentioned target program, the Ministry produces signs in Karelian language for the various public

agencies, road signs with the original name of the settlement, which gives the national color to the visual appearance of the area, but not sufficiently. Despite the program there is a lack of road signs and signboards in Karelian. Local businesses and self-government authorities do not actively use the Karelian language. Karelian is not sufficiently used for promotional products, exhibitions and cultural events.

According to the Ministry for National Politics, in 2012-2015 the programs initiated by the said Ministry have supported 5 local NGOs projects in Kalevsky district for a total of 651 000 rubles from funds of target programs. These projects' objectives were the preservation of the language, music and rune singing traditions of the district, cultural and religious events. Some of these projects also obtained additional support from other authorities including the Ministry of the Republic of Karelia for Youth, Sport and Physical Education.

In addition to grants to NGOs, 848 000 rubles were awarded for events in Kalevsky district in 2012-2015 through various state programs. Funds were allocated for road signs and signboards in the Karelian language to be placed in settlements; free subscription of educational and culture institutions to printed mass media in Karelian; publication of a page in the Karelian language in "Kalevala News" local newspaper; Karelian festivals, conferences, competitions; participation of the district's representatives in republican and international events. More recently, in 2016, local NGO "Uhut-seura" received 100 000 rubles for project "Dear Kalevala: Our History, Our Culture".

The Republic of Karelia is the only republic of Russia where Russian is the only state language. The law "On State Support of the Karelian, Vepsian, and Finnish Languages in the Republic of Karelia" was adopted in 2004. The law empowers state and local authorities of the Republic of Karelia to decide about usage of Karelian, Vepsian and Finnish, including producing and publishing legal acts in these languages. The law also guarantees the right to study Karelian, Vepsian and Finnish.

In 2010, the Institution of Education Development of Karelia and "Finland - Russia" Society concluded an agreement about joint implementation of the project "Finno-Ugric Languages and Cultures in Preschool Education" which provide for development of bilingualism among preschool children. One of the nine pilot sites of the project is "Lintuset" group³² of kindergarten No. 2 located in Kalevala settlement. Kalevsky district was one of the first that began introducing methods for early learning of the Karelian language. Until 2010, the kindergarten of Kalevala used the "language nest" method providing full language immersion. The "language nest" ceased to exist, however, Karelian language teaching in the kindergarten has been continued. Currently, Karelian language is taught in kindergarten No. 2 in Kalevala, as well as in the pre-school groups at schools in Kepa and Yushkozero villages.

The "language nest" method, which was invented in New Zealand under the name "Kohanga reo" for the revitalization of the language of the indigenous Maori people, and has counterparts in other countries (in Hawaii known as "Punana leo", Finland – "Kielâpiervâl") is known in Karelia as "Kielipesä". This method of total immersion of pre-school children in the language environment has been supported by the United Nations as the most effective (according to the Expert group meeting on the theme "Preservation and revitalization of indigenous languages", 21-23 January 2016).

According to the UNESCO atlas of endangered languages Karelian language is definitely endangered. This definition applies to languages that are no longer being learned as the mother tongue by children in the home. The youngest speakers are thus of the parental generation.

The Karelian language is one of the brands of Kalevala district, this is the factor that makes the area a national district and distinguishes it from other districts. Karelian language should be part of the development strategy of economy and tourism district. The district has the necessary experience, which allows it to engage in the preservation and revitalization of the Karelian language. Resources include: teachers and educators speaking Karelian; educational materials; annual skills upgrading trainings. Parents support their children's learning of Karelian. The budget of the republic pays allowances to teachers of Karelian as an incentive. In the Republic of Karelia there was a practice of proclamation of the Year of the Karelian language. In the context of the Year of the Karelian language in 2013, Kalevala district held a large number of events., The United Nations may declare a Year of indigenous languages

³² The Lintuset group is a group of children that are taught in Karelian.

in 2018, and according to a proposal by the Congress of the Karelian people of the Republic of Karelia, a Year of the Karelian language may be proclaimed again in 2020. This gives additional possibilities for focusing on the language for Kalevala district. Proclamation of the Year of the Karelian language will allow mobilization of additional funding from the budget and focus on linguistic and cultural issues of the titular nation.

Additionally, there is a tradition in the Republic of Karelia of celebrating the Day of the Karelian and Veps writing (April 20). Karelian and Veps languages have newly created written tradition, the alphabet – based on the Latin script – was approved in 1989. This alphabet became a basis for the development of Karelian and Veps literature, media and education. However, ancient Karelians had already possessed writing skills and exchanged letters using Cyrillic script. The oldest evidence of written Karelian language - a birch-bark letter dated to 1240 – 1260 – is exhibited in the city of Novgorod. Since the Middle Ages until 1900-s there were published mainly religious Karelian texts in Cyrillic. In Soviet time the Finnish language became an official language of the Republic of Karelia, consequently teaching and all publications were done in Finnish. Only for a short period of time from 1937 to 1940, the especially created unified Cyrillic-based Karelian alphabet was brought into practice in all spheres. Newspapers and schoolbooks were published in that period in Karelian. The effort was dropped in 1940, when due to political reasons Finnish again became an official language of the Republic of Karelia. The Karelian literature started to grow up on the basis of the Finnish language. The Renaissance of Karelian writing occurred at the end of 1980-s.

There is a legislative initiative of giving the Day of Karelian and Vepsian written languages an official status. This day could be one of the most important for Kalevala district, along with the Kalevala Day (28 February), Mother Language Day (21 February), and the Day the kindred Finno-Ugric Peoples (third Saturday of October).

According to the recommendations of the VII Congress of the Karelians of the Republic of Karelia and the decree of the Head of the Republic, the Expert Working Group is developing a plan for making the Karelian language a state language of the Republic of Karelia.

Participation of Karelians, Vepsians and Finns in decision-making process is ensured through a consultative body - the Council of Representatives of Karelians, Vepsians, and Finns of the Republic of Karelia under the Head of the Republic of Karelia. The Council meets four times a year, discussing issues of economic, social, linguistic, and cultural development in places of compact residence of Karelians, Vepsians, and Finns. The Council's decisions have an advisory nature. The administration and community of Kalevalsky district are permanent participants of the Council's meetings.

According to the 2010 Russian census, the ethnic composition of the Kalevalsky district comprises 49% Russians, 35% Karelians, 8% Belorussians, 3% Ukrainians and 5% other ethnic minorities. In terms of the number of Karelians, the district occupies the third place in Karelia and is one of three national municipal districts. The district is allowed to impart the status of “national district” to itself by own initiative through a decision of the local deputies. Three republican districts – Kalevalsky, Pryazhinsky, Olonetsky – are considered “national districts”. The largest number of Karelians is found in these three districts. In fact, republican legislators have not introduced regulations pertaining to the rights and obligations of national municipal entities. This status is of a declarative nature and imposes no more than a moral obligation upon district authorities to preserve and develop the Karelian language and culture. The Council of Representatives of Karelians, Vepsians, and Finns recommended that the Legislative Assembly of the Republic of Karelia resume its work in drafting of law "On National Municipal Entities in the Republic of Karelia".

The Republic of Karelia, including representatives of Kalevalsky district, actively takes part in Finno-Ugric collaboration, which includes the World Congress of Finno-Ugric Peoples and the Congress of Finno-Ugric Peoples of Russia. The VII World Congress will take place on 15-17 June 2016 in Lahti (Finland). The main theme of the Congress is "Finno-Ugric peoples – towards sustainable development". This theme has been accepted in accordance with the Sustainable Development Goals adopted by Member States of the United Nations after consultations with all stakeholders, including indigenous peoples, by consensus as the 2030 Global Development Agenda.

Due to Finno-Ugric collaboration and exchange among state and republican governments and civil societies in the spheres of culture, education, media and science, support of Finno-Ugric peoples is reflected in bilateral agreements of the Russian Federation with Finland, Estonia, and Hungary that are currently in force. Specifically, the January, 1992 Agreement between the Russian Federation and the Republic of Finland about relationships basics obliges the parties to support preservation of uniqueness of Finns and related peoples and nationalities in Russian and, vice versa, of Russians in Finland. The parties have agreed to preserve the languages, culture, and historic landmarks of each other. This intention is witnessed in the support provided for mutual Finno-Ugric cultural exchanges. One of the best examples of interaction between two countries in the sphere of culture is the annual Finnish-Russian Cultural Forum, which exists since 2000 and focuses on the engagement of Finno-Ugric peoples. At the Forum partners from both countries negotiate launch and continuation of cultural initiatives and projects. The Ministry of Culture of the Russian Federation and the Ministry of Culture and Education of Finland have established a mechanism for funding the best cultural initiatives. The mechanism allows awarding grants up to 200 000 rubles to non-governmental organizations and culture institutions of both countries.

The VII Congress³³ of the Karelian people of the Republic of Karelia (7 June 2013) stressed in its resolution that the Karelian people is an indigenous people. In this resolution, the Congress expressed its commitment to the United Nations Declaration on the Rights of Indigenous Peoples. The Congress also called extending the status of indigenous people in the Barents-Euro-Arctic Region to the Karelian people. This issue is a competence of the Barents working group of indigenous peoples, which once in two years convenes the Congresses of indigenous peoples of the Barents region. For the time being, two petitions of Karelian people have been rejected by the Working group, which refer to the absence of official recognition as small-numbered indigenous people of Russia and to the existence of own Karelian statehood (in a form of republic). Karelian people has sent another letter to the Working group. The Republic of Karelia is part of the Barents Region and participates in regional cooperation in the Barents Region. In fact, it will be the turn for Russian Presidency (rotates among Russia, Norway, Finland and Sweden) at the Council of the Barents Euro-Arctic Region for 2015 – 2017 period.

It is important for Kalevala district to position itself as a “national district” as well as a traditional territory where indigenous people dwell. This positioning will allow to actively develop international cooperation within the indigenous peoples’ movement, to associate with other indigenous people of the world, such as the Sami, the Maori, or the Nenets. Experience exchange programs with other indigenous peoples can be developed, including issues pertaining to the effective implementation of advanced methods for language revitalization. For the territorial branding it might be important to participate in regional cross-border co-operation programs, for example, in the Barents cooperation programs.

Another important area, and a possible source of funding for projects may be the preparation for the 100th anniversary of the statehood of the Republic of Karelia. In 2015, the Russian Government approved the Federal Target Program of preparation for the 100th anniversary of statehood of the Republic of Karelia³⁴ (to be celebrated in 2020). The program includes pre-agreed financing of infrastructure projects, but may have an impact on various aspects of life of Kalevala district. One of the growth points should be the building of a deep-sea commercial port in Kem, 170 km away from Kalevala settlement. The building of a deep-sea commercial port in Kem is included into the Federal Target Program for preparation for the celebration of the 100th anniversary of statehood of the Republic of Karelia and will be financed from the federal budget with the support of Finnish investor, “Karelia Today” company. First ships will enter the port in 2018. It will be oriented to the Northern commercial

³³ The Congress of Karelian people is held once in four years in different districts. IV Congress was held in Kalevala in 2001. Around 80 delegates selected at local conferences in each district participate on the Congresses. The executive body of the Congress is the Council of empowered representatives of the Congress.

³⁴ The Federal Target Program was adopted by the decree of the Government of Russia. It was the main result of the State Commission activity aimed at preparation for the celebration of the 100th anniversary of the Republic of Karelia. The size of federal financing of the program made 15 billion rubles. Besides, 123 billion rubles of private investment are supposed. This program is aimed at concrete investment projects in different districts of the Republic of Karelia.

sea route and Asia and will be an important transport hub for oil products, coal, iron ore, peat and fertilizer trades.

The shortest route from Finland to the White Sea crosses the Kalevalsky district. This represents a competitive advantage for the development of trans-boundary tourism and cargo transportation from the neighboring country to the seaport of Kem. The shortest route from Finland to the Solovetsky Islands, a promising site for tourist visits, also crosses Kalevalsky district due to the Kem port.

Furthermore, Inclusion of three neighboring municipal districts – Loukhsky, Kemsy, Belomorsky – into the Arctic Zone of the Russian Federation could positively affect Kalevalsky district in the future. The adopted Strategy for the Development of the Arctic Zone of the Russian Federation and National Security Efforts for the period up to 2020 provides special development programs and preferential treatment of local population.

This year the Day the Republic of Karelia - celebrated on June 8 every year in different municipalities according to the newly established tradition - will be celebrated in Kostomuksha. The republican government allocates funds to the chosen municipality to prepare for the Day of the Republic (road maintenance, remediation of buildings and streets). Kalevalsky district could lobby for selection as the additional financing for improvement of settlements of the district while contributing to its image and tourism attractiveness.

The analysis leads to the following conclusions:

1. Kalevalsky district is included into the implementation of the republican programs for national policy; however, the amount of funding is quite low. As there is tendency to move from direct funding of events to funding of NGO projects, programs are necessary for capacity building of civil society, fundraising training for NGOs activists. There is still potential for participation of the district's NGOs in Republican and all Russian grant competitions (for example, grants of the President of the Russian Federation). Cultural organizations can use international mechanisms supporting cultural cooperation of Finno-Ugric peoples more actively, including the Russian-Finnish Cultural Forum.
2. As a national district possessing a rich experience, Kalevalsky district has potential to become a platform for the events of Republican and even higher levels that are related to revitalization of the language and preservation of intangible culture. The district could access more opportunities from such projects in the context of the Year of the Karelian language.
3. The Kalevalsky district authorities and NGOs could take measures to include elements of local indigenous peoples' culture into the appearance of the settlements. To better structure this work, Kalevalsky district can develop a program for integration of intangible culture resources, including the Karelian language, into its image.

ANNEX 3: ANALYSIS OF STRATEGIES FOR INCLUDING TANGIBLE AND INTANGIBLE OBJECTS OF FINNO-UGRIC HERITAGE INTO DEVELOPMENT OF LOCAL MARKET

Authors: **Valentina Mironova**, Candidate of Philology, Senior Researcher, Institute of Language, Literature and History, Karelian Research Center of the Russian Academy of Sciences (RAS) & **Alexey Tsykarev**, expert on the rights of indigenous peoples

1. Intangible cultural heritage of Kalevalsky district

1.1. About inclusion of "Kalevala" epos and Karelian rune signing tradition into the UNESCO Representative List

In Kalevalsky district competent ministries of the Republic (Ministry of Culture of the Republic of Karelia, Ministry of Education of the Republic of Karelia, Ministry for National Politics of the Republic of Karelia), district administration, cultural and educational institutions, non-profit³⁵ organizations³⁶ work on preservation of intangible cultural heritage. The programs and events are financed from local³⁷, republican³⁸ and federal³⁹ budgets, as well as through programs of Russian non-commercial funds⁴⁰, programs of the European Union available for border areas⁴¹ of the Russian Federation, programs for support of Finno-Ugric⁴² peoples.

Intangible cultural heritage is defined by the UNESCO Convention for the Safeguarding of the Intangible Cultural Heritage, by the Concept "Programs for intangible cultural heritages of peoples of the Russian Federation 2009-2015". The Ministry of Culture of the Russian Federation has developed a pilot version of the electronic Register of objects of intangible cultural heritage of peoples of the Russian Federation. Among existing objects of intangible cultural heritage on the territory of Kalevala, Karelian runes and Karelian yoigi have been included into this electronic register. The intangible monuments of culture from Kalevalsky district are not included into the UNESCO Representative List "Masterpieces of the Oral and Intangible Heritage of Humanity" as the Russian Federation has not ratified the UNESCO Convention for the Safeguarding of the Intangible Cultural Heritage.

However, in the UNESCO Representative List there are two objects of intangible culture from the Russian Federation – cultural space and folklore of "Semey" Old Believers of Transbaikalia and Yakut national epic poem "Olonkho". Regarding the yakutian epic poem, the authorities of the Republic of Sakha (Yakutia) have held an active policy of popularization, including the use of UNESCO's patronage. Karelian rune singing tradition, which existed in all ethnocultural groups of Karelians, including Belomorsk (Kalevala) group, undoubtedly has the potential to become part of the UNESCO Representative List. Russia can not apply for this inclusion independently; one potential solution is the joint Russian-Finnish application to UNESCO. Finland has ratified the Convention for the Safeguarding of the Intangible Cultural Heritage. Republican authorities and academia can prepare the application (it should be approved by the Head of the region), including description of history, contemporary state, vitality degree, uniqueness and value of rune singing traditions, photo-, video- and audio samples. It is possible to conduct consultations with UNESCO and Ministry of Culture of the Russian Federation. The VIII Congress of the Karelians of the Republic of Karelia requested the Head of Karelia in its resolution of 5 March 2016 to initiate promotion of "Kalevala" Karelian and Finnish epos for its inclusion into the UNESCO List "Masterpieces of the Oral and Intangible Heritage of Humanity". For a more effective strategy of promotion, the application may benefit from the experience of the Republic of Sakha

³⁵ Yuminkeko Foundation <http://www.juminkeko.fi/en/index.asp>

³⁶ Ortie Stepanov Foundation <http://etnokarjala.ru/haikolya/>

³⁷ Local programs <http://www.visitkalevala.ru/ekonomika/programmy/>

³⁸ Republican programs <http://nationalkom.karelia.ru/dokumenty/normativnye-pravovye-akty/>, <http://gov.karelia.ru/gov/Different/rprogramms.html>

³⁹ Federal programs <http://fcpkultura.ru/>

⁴⁰ Timchenko Foundation <http://timchenkofoundation.org/>

⁴¹ Cross Border Cooperation Program <http://www.kareliaenpi.eu/ru>

⁴² Finno-Ugric Peoples Support Program <http://www.fennougria.ee/index.php?id=19992>, http://www.finnougria.ru/community/project/project.php?SECTION_ID=407

(Yakutia)⁴³. Taking into account this section, it seems promising to organize a training trip to Yakutia or to invite representatives of Yakutia to Kalevalsky district for experience exchange.

1.2. Prospects for the actualization of “Kalevala” epos and Karelian rune singing tradition

Oral poetry with rune singing traditions and skilled narrators is prevailing in the region's intangible culture. Rudiments of archaic folklore tradition or its transformed versions can be documented during field research. Moreover, local inhabitants carefully preserve the history of rune singing and singers; folklore communities renovate the tradition. Currently we may speak about the process of repeated folklorization when oral folklore from books is returning to oral folklore tradition. Partly runes undergo such process, however, now mainly Finnish musicians and devotees of folklore culture realize folklorization of Karelian runes. It should be noted that “Kalevala” is an epic poetry (epos), which has truly folk origin and unites two countries: Russia and Finland.

Plots and heroes of “Kalevala” epos could be used for creation of computer and board games. In this regard it can be useful for Kalevalsky district to take part in project “Linguistic Resource Media Center of Baltic and Finnish peoples of Karelia” developed by “Finland-Russia” Society on the Finnish side and “Periodika” publishing house on the Russian side. The project's objective to expand usage of Karelian, Vepsian and Finnish by means of information and communication technologies. The project has brought together universities and non-governmental organizations of both countries. It is supported by the Head of the Republic of Karelia and will become part of the program of cross-border cooperation between Russia and the European Union - European Neighborhood Instrument (ENI CBC-Karelia programme).

Karelian rune singing tradition relates to “Kalevala” epos as well as to all North Karelian settlements. Annually, on February 28 in Finland and in Karelia, the Kalevala Day is celebrated; it is also celebrated in Kalevalsky district. Organizers of the events on the occasion of this date in Karelia are, mainly, workers of culture, teachers, partly members of academia, who organize exhibitions with images of “Kalevala”, exhibitions of various publications, including, rare ones, give lectures about history of runes and creation of literary epos, organize collective readings of the epos, competitions and quizzes about the epos and bearers of this tradition. Mainly the events are aimed at popularization among local children and young people. At the same time, we cannot say that the potential of “Kalevala” for marketing and branding of Kalevalsky district is fully used. New modern ways should be used for attraction of young people to the literary monument, possibly including some quest games, role-playing outdoors games, etc.

Establishment of international summer musical academies for both Karelian and Finnish students and pupils could be an interesting way to attract interested young people to popularization and familiarization with rune singing tradition.

1.3. Actualization of singing culture of Kalevalsky district

Original singing culture of Northern Karelians combining elements of both Karelian and Finnish (more broadly – Scandinavian) cultures is certainly of interest: yoigi – an improvised song, piirileiki –

⁴³ In this regard, we are quite interested in measures taken by President and Government of the Republic of Sakha (Yakutia) for preservation, comprehensive examination and popularization of “Olonkho” epic poetry. On 29 December 2005 President of the Republic of Sakha (Yakutia) V. Shtyrov adopted decree no. 2491 “On measures for preservation, examination and popularization of “Olonkho” heroic epic poetry”. The decree proclaimed the Decade of Olonkho 2006-2016 in the Republic of Sakha (Yakutia) and awarded monthly personal allowances of 33 000 rubles to living bearers of epic traditions. The Government developed the Law “On State Support of Olonkho”, state target program for preservation, examination and popularizations of Olonkho; the Center for Olonkho Studies was established in the framework of the Institute of Humanities Research of the Academy of Sciences of the Republic of Sakha (Yakutia); state culture institution Olonkho Theatre was opened. The International Folklore Festival “World Culture in the Land of Olonkho” is held with the support of the Ministry of Culture and Spiritual Development and “Sakha” national broadcasting company. Municipal entities of uluses and towns of the Republic hold national festival Ysyakh with support of Olonkho. The Ministry of Education and the Ministry of Sciences and Professional Education developed and launched research projects to create educational programs and materials for preservation and popularization of intangible cultural heritage of Sakha Yakutians.

circle song for dancing, rekilaulu – a form of ditties, etc. Safeguarding and revival of these traditions are realized during preparation and conducting of holiday events, organization of scientific expeditions, documenting of traditional knowledge, by publishing of books, electronic records. To some extent they are included into repeated folklorization.

Karelian yoigi as one of the original North Karelian song types may also become an object of renovation. Yoigi tradition is well documented by researchers; many records are kept in audio archives of the Institute of Language, Literature and History at the Karelian Scientific Center of the Russian Academy of Sciences and at the Petrozavodsk State Conservatoire. Finno-Ugric Music Department of the Petrozavodsk State Conservatoire teaches yoigi performance. Yoigi is an important element of culture of the closely related people of Saami (living in the Murmansk Region of Russia, in northern Finland, Sweden and Norway). Today there is no yoigi museum in Kalevalsky district and in Karelia in general. Yushkozero village could be a good place for a small museum as until recently yoigi were performed there in traditional style. Examples of such museums, established on the basis of local folklore traditions, can be found in the Russian North. In Arkhangelsk Region there is a museum of bylina in the Kenozersk National Park, which is telling visitors about creation of bylina's and their narrators.

1.4. Kalevalsky district – motherland of Karelian writers

Kalevalsky district is truly a motherland of Karelian writers. Ortie Stepanov, Yakko Rugoyev, Antti Timonen, Pekka Perttu and many others not only descend from this place, in addition, their works are based on description of local culture and traditions. Haikola village is actively promoting works of Karelian writers; there is a small museum and a literary festival in the village. This work can have prospects only in case the festival becomes more large-scale with bigger number of participants. Besides, during such events trainings for young poets and writers working in Karelian as well as other Finno-Ugric languages can be offered.

1.5. Craft as one of the forms of traditional culture actualization

Intangible culture objects include specific practices and skills of local population, such as wooden boats craft, weaving, sewing, birch bark braiding, wood chip braiding etc. During many years, in the region, there have been various programs (see Annex 4) contributing to transfer of Karelian traditional knowledge and engagement of local population into tourism by creating of souvenirs. Crafts are also considered as a way of self-employment of local population. In the region's human settlements, material and technical basis as well as staff qualification in establishing of traditional crafts and craft production workshops are improving: weaving, birch bark braiding, wooden boats craft, sewing of national costumes, patchwork, woodcarving, basketry, production of leather goods. Rural workshops are a grass roots initiative especially important for renovation of crafts.

1.6. Role of holidays in preservation of traditional culture

Traditional **rural holidays** with long history that traditionally take place in every village annually have their own niche too. Contemporary holidays are celebrated too, such as "[Sommelo](#)" International Musical Festival, celebrated in both countries (Kuhmo, Suomussalmi in Finland; Kalevala, Haikola in Kalevalsky district, Karelia, Russia), "Rodichi" Literature Festival (Haikola, Kalevalsky district), "Kalevala Marathon" (Kostomuksha, Petrozavodsk, Kalevala), etc. Festival culture revives the tradition of wearing a national costume, cooking Karelian meals, familiarizes locals with the Karelian languages and with ancient rites and beliefs. Participants of these events are mainly local inhabitants of Kalevalsky district as well as guests from neighbouring districts, regions, countries (from Kostomuksha district, from the Murmansk Region, Udmurtia, Mordovia, Finland). Usually such events bring together up to a hundred of participants and guests and nearly the same number of spectators. The reason for this high interest is the desire of local community, living away from cultural centers, to familiarize with various cultural traditions.

Kyukkyä, a traditional game of Karelians, has all the prerequisites to be developed as a brand of Kalevalsky district. In Kalevala kyukkyä championships between local and Finnish teams have been held. Also, local teams participate in tournaments in Finland. The Ministry of the Republic of Karelia for Youth, Sport and Physical Education is working on the inclusion of Kyukkyä in the list of mandatory kinds of

grades to study at school. Despite the difference in the rules, the teams on the game Kyukkya from Karelia participate in the Russian competitions of the Towns game. At the federal level, a law to support of traditional sports of indigenous peoples is initiated. At the international level, the national sports of indigenous peoples have the support of the International Olympic Committee. In 2015 in Brazil, took place the first World Games of indigenous peoples, the next Indigenous Games will be held in Canada in 2017. Thus, Kyukkya game has all the prerequisites to be developed as a brand of Kalevalsky district and has the potential to grow up to a kind of sport for the World Games of indigenous peoples.

1.7. Language as a form of preservation of traditional culture

Kalevala inhabitants have preserved until present days dialect of **North Karelians** close to Finnish (we'd remind that Karelian dialect of the Karelian language is one of the three major dialects along with Livvik and Ludic dialects spoken by South Karelians). Indigenous inhabitants of villages speak this dialect. The Karelian language is studied in three schools of Kalevalsky district. The overall number of people learning the Karelian language is 183, and of people learning the Finnish language - 235. Karelian language is an important part of the intangible culture of the indigenous people of Kalevalsky district, it is inextricably linked with the "Kalevala" epos. Further language development will contribute to the preservation of intangible cultural heritage.

2. Tangible culture

2.1. Monuments of Kalevalsky district

Elements of tangible culture are collected in municipal and private museum holdings: traditional costumes, decorations typical for the area, utensils, various tools (seines, nets) and vehicles (boats, sleigh). There is the Kalevala Museum of Rune Singers and the Printing House Museum in Kalevalsky district. There are also private museums and museum displays in Kalevalsky district. The new museum exposition dedicated to famous fellow countrymen is being prepared at the initiative of Yushkozero village's people. The Ortie Stepanov Fund initiated creation of Ethnoliterary Island Museum in the village of Haikola.

In the historic rune singers settlements of Yushkozero, Voinitsa, Kalevala, Haikola many houses, barns, bathhouses and other buildings of Karelian model have remained as well as many memorable sites related to the history of "Kalevala"'s creation. Besides, in this area, there are archeological monuments of various ages (eight deposits from Mesolithic Period on the banks of Sudnozero lake, the 7th millennium b.c.), historic and memorable sites (the Kalmosaari cemetery where famous Karelian rune singer Arhippa Perttunen), places of battles near Kis-Kis lake and others in their original state. According to the most recent data of the [Center for safeguarding of monuments](#) (27.10.2015) at the territory of Kalevalsky district there are the following [objects of cultural heritage](#): 6 architectural monuments, 8 identified architectural monuments, 28 sights, multiple archaeological places, located throughout the territory of the district, 6 historical settlements.

The activities aimed at the safeguarding of cultural heritage objects have been undertaken during 2011 – 2015, including restoration activities at the House of engineer Moberg. These activities have been financed by the regional and municipal budgets, as well as by sponsor funds. In 2014, the rune singers museum, a historical object of Kalevalsky district, was partly renovated with the use of funds of the ethnic and cultural center Kalevalatalo. In the district, military memorials, monuments and common graves have been restored and put in order.

Conclusion

Objects of tangible and intangible cultural heritage in historic Kalevala urban settlement, Voinitsa village and Yushkozero village can be categorized by common theme.

The largest group is formed by **monuments** somehow related to "Kalevala" epos, Karelian rune singing traditions, Karelian rune singers – Kalevala Museum of Rune Singers (M.A.Remshu Memorial House), Cape of Rune Singers, Lönnrot's Pine, Yaminen's Granary (Kalevala urban-type settlement); Vaassila Kieleväinen, Vaasila's Stone (memorial to Kieleväinen family of rune singers, memorial to Belomorsk

rune singers), Ontrei Malinen family, kantele (Voinitsa village); as these monuments are located in different settlements, it is possible to familiarize with them within a single thematic route.

Thus, in the district under study, there is a wide range of objects of tangible and intangible culture showing diversity and identity of local culture in its transformation and evolution. The most important cultural objects certainly include **“Kalevala” epos and rune singing tradition**. Tradition of Karelian epic singing, earlier existing among all local ethnic groups of Karelians, is most proliferated in the territory under study. Due to rune singing tradition and “Kalevala” epos, local community call its territory unique, original, different from other regions of the Russian North. Many of the mentioned objects of tangible and intangible heritage are actively used by museums and tourism. For example, they include many places of interest related to the name of Elias Lönnrot and “Kalevala” epos. Almost all of these objects are included into the existing excursion routes (sightseeing tour in Kalevala, international route “Kantele of Ontrei Malinen”, etc.). They exclude only graves of famous rune singers, located at the local village cemetery.

Kantele – traditional Karelian musical instrument closely related to “Kalevala” epos and rune singing tradition – is an official brand of Kalevalsky district. Its image serves as emblem of Kalevalsky district. This brand has been chosen by the district and approved by the Ministry of Culture of Karelia as “Kalevala” epos is already used as brand by Voknavolok historic village of Kostomuksha municipal district. At that, kantele is not actively popularized as the district’s brand. It would be useful to establish a workshop in Kalevalsky district for crafting and playing kantele so that anyone could not only craft this musical instrument but also to learn playing it and thus familiarize himself/herself with rune singing tradition and “Kalevala” epos. There is potential for establishment of such workshop as Kalevala has old tradition of teaching to play kantele. We only need to find a way of this project’s commercialization.

Currently tourist business is not using rare industrial monuments, such as Uhtuan Power Station, one of the first water power structures erected in Karelia, as well as Printing House Museum in Kalevala. Local community, including tourist business, are not fully aware of the meaning and possibilities of using such objects in their business. For example, Printing House contains still functioning old printing presses; it is possible to demonstrate working process of the old printing enterprise of the middle of the 20th century. Of course, for active attraction of tourists the objects should be attractive, comfortable and safely accessible. Now no actions are taken to preserve and display the objects.

A big number of early man sites is located in Kalevalsky district, in particular, near Yushkozero village. However, there is lack of detailed information about these unique places. In this case local community and local tourist business should join their forces with archeologists who could help to develop independent routes to these places.

Festival culture, festive events could be a good platform for revival and renovation of old rites. There is a little experience in this regard. For example, in 2015 during Festival of Culture of Uhtuan Karelians as part of a village event various old objects and beliefs related to fishing were used. Organizers of 2015 “Rodichi” Literary Festival in Haikola village tried to reconstruct some archaic elements of old Karelian marriage rite. Participation of a tourist in some dramatized performance (with traditional costumes, decorations and rite objects) is of great interest. Related work should be expanded, at that, national cuisine could be used along with rites. Elements of national cuisine, in our opinion, could be used in preparation of routes for fishers and hunters.

Local community’s experience shows that folk crafts may focus not only on souvenirs but also on reconstruction of historic events of the past. For instance, inhabitants of Yushkozero village invite everyone to take part in crafting of a traditional Karelian boat. Two-week trip gives a tourist the possibility to sew a boat fully himself/herself and to row down the river to the White Sea in that boat. Registration of first tourists for participation will start in April 2016. Such events could make it possible to renovate products of local masters.

A separate factor for the development may become the **cross-border nature of the intangible cultural heritage and the strong sister relations** between the Kalevala settlement and the Finnish settlement Suomussalmi. The Karelian language and Kalevala tradition are prevalent on both sides of the border. Collaboration of Karelian community organizations on both sides of the border is already significant for

development of cultural tourism and cultural exchange, and it can become an even more serious factor for social and economic growth, including through implementation of cross-border initiatives combining different cultures, tourism and economies.

ANNEX 4: ESTIMATION OF INVESTMENT CLIMATE OF KALEVALSKY DISTRICT

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Administration (RANEPA)

Key features of investment climate in Kalevalsky district

To assess the investment attractiveness of the area the methodology of the “Expert-RA” rating agency is used according to which the overall rating of the investment attractiveness of subjects (regions) of the Russian Federation is based on the integrated rating of investment potential and investment risks. The investment potential is a weighted sum of separate potentials: resource, labor, industrial, innovative, institutional, infrastructural, financial, consumer and tourist potentials. The investment risk is a weighted sum of separate risks such as economic, financial, political, social, ecological, criminal, legislative risks. Good investment climate of the area is ensured when the investment potential prevails over the investment risk.

1. Investment potentials

1.1. Resource potential

The district is referred to the Extreme North district. This determines the specific features of flora, fauna and climate.

1. There is a wide variety of natural resources (forests, waters) as well as diverse flora and fauna. A big amount of recreational sites (waterfalls, lakes, swamps), including unique places are present in the district.
2. The district is characterized by abundance of waters. They occupy the sixth part of the whole district area. There are several thousands of waters. The lakes are diverse by their form, size, depth, hydrological and biological conditions. The following fish is typical for the area: pike, perch, cisco, roach, vendace, ide, bream, and salmon. 30% of the area is occupied by swamps. There is the biggest swamp in Europe in Kalevalsky district on the territory of Kepsky forestry – Ypäyssuo swamp. It is a protected area. The surface of Ypäyssuo is about 35 km². The length is 31 km. There are predominantly peat bogs.
3. The total forest area in Kalevalsky district makes up 99.5% of the whole district area and is 13 189 76 km². There is red bilberry, bilberry, blueberry, raspberry, cloudberry as well as many different mushrooms – from russules to porcini, milkcaps. Taiga is full of animals and birds. There are squirrels, martens, foxes, bears, wolves, elks, deer. Among the upland game birds there is wood grouse, black game, partridge, hazel grouse.
4. Forest reserves make up 84.2 million cubic meters, including coniferous forests – 36.47 million cubic meters, soft-wooded broadleaved species – 47.73 million cubic meters (birch, alder, willow, aspen, rowan).
5. There are mineral resources: granite, gneiss, diabase, chalkstone, molybdenum, iron ore, quartzite, copper, peat. Explored mineral deposits are not developed, most probably because of the poor stocks and deposits removal.

1.2. Labor potential

The labor potential of the area is limited. The number of economically active population continues to decrease (Table 1). The structure of the population employment is identified as follows: one person employed in a production area against three persons employed in a public sector.

Table 1. Number of labor resources in Kalevalsky district 2011-2015

	2011	2012	2013	2014	2015	The ratio of labor force 2011 to 2015 (%)
Number of population in Kalevalsky district (people)	8267	8035	7855	7525	7273	87.9%
Number of working-age population (people)	4990	4720	4485	4165	3888	47%
Number of people employed in Kalevalsky district (people)	2322	2336	2235	2130	2130	91.7%

1.3. Industrial potential

The industrial potential is limited. There are no large enterprises with more than 250 employees in the district. The quantity analysis of small and medium-sized businesses operating in the district's area demonstrated the positive dynamics in 2011 when the total number of small and medium-sized businesses in the district was 305 entities: 235 self-employed entrepreneurs (77%) and 70 small and medium-sized businesses (23%). As of the beginning of 2016 89 enterprises are registered and functioning. Among them there are 50 small businesses and micro-enterprises (56%).

According to the Unified State Register of individual entrepreneurs, there are 158 self-employed entrepreneurs as of 1 January 2016. The main reason of such decrease in the number of self-employed entrepreneurs is new amendments to the law and new conditions for fee payment to the Pension Insurance Fund as well as high utility rates, including electricity rate. Furthermore, there is a decrease in the number of people employed in small and medium-sized businesses – from 837 employees in 2009 to 638 employees in the analyzed period (↓ by 24%). The number of people working for self-employed entrepreneurs increased from 214 up to 268 employees (↑ by 20%), but in general, it does not compensate the decrease in total number of people employed by small and medium-sized businesses. Fewer numbers of small and medium-sized businesses affect the number of people involved in small business in the district. As of 1 January 2014 this number was 906 people or 40% of all people employed.

717 people out of total 2130 people working in the district are employed in small business; this is 34% of economically active population in the district. The sectoral structure of business is almost unchangeable. The most attractive sector is a consumer market where 26% of all small and medium-sized businesses work. The second largest number of businesses are involved in transport industry – 15%, and construction industry – 5%. 14% of all businesses engage in productive activities.

The state system of benefits for people working in the districts of the Extreme North includes monthly salary supplements (obligatory salary supplements at a rate of 2.2 times); additional paid leave (21 calendar days). It should be noted that with the increase of salary there is an increase of mandatory deductions from the wages fund in the form of social benefits (pension fund, social insurance, medical insurance). These additional expenditures of an entrepreneur are obligatory and make business in the districts of Extreme North low-margin or unviable.

To increase cost-effectiveness many entrepreneurs either officially pay only a part of salary on the basis of which they pay social benefits - the rest of salary is paid unofficially ("in an envelope"), or they do not register their business at all and work unofficially.

In general, «North» benefits for employees result in the increase of business and budgetary costs at all levels.

There is no official statistics in Kalevalsky district to assess the level of business cost-effectiveness.

In the Republic at the end of 2015 the share of profitable enterprises was 57.2%. The sectors are the following: 77.3% of all profitable enterprises engage in retail industry, 50% - hotel and restaurant business, 33.3% - service industry. It is likely that the situation in Kalevalsky district is not the best. Most probably, the share of profitable enterprises in general and by sectors is lower than the average republican figures.

The high level of equipment deterioration is marked. The total volume of fixed investment in Kalevalsky district in 2014 was 13 million rubles or 55% of the 2011 amount of investment. It should be noted that Kareliastat (regional office of the Russian Federal State Statistics Service for the Republic of Karelia) does not take into account the investment volume of self-employed entrepreneurs. In general, fixed investment per one resident, except for budget funds, continues to be poor. In 2014, it was 856 rubles, in 2015 – 580 rubles (↓ by 67%). This decrease can be primarily explained by economic recession.

The total volume of fixed investment in the Republic of Karelia in 2015 was 32.4 billion rubles; this is 9.4% less than in 2014. *In general, investment per one resident in the Republic was 52 000 rubles in 2015; this is almost 90 times more than the same figure in Kalevalsky district.*

1.4. Innovative potential

The innovative potential of the district is impossible to assess due to the absence of any institution engaging in innovative activities as a main area of work. It is possible that the particular entities' activity in production modernization and use of hi-tech equipment could serve as an indirect estimation. However, there are only few such entities. For example, Fintech company (harvesting and processing) intends to put in place modern equipment for the glued laminated timber manufacture.

Social innovations are better developed and mainly used by educational and cultural institutions.

Following introduction of new educational standards [FGOS-3](#) into full secondary education institutions, it is necessary to provide project activity in educational process from 7th form and prevocational training for senior school (form 10-11).

It expands possibilities for active involvement of pupils into project and vocational guidance work with tangible and intangible cultural heritage of the district, for example, as a project for study of folklore, local traditions and customs, etc., while specialized (prevocational) training of senior school pupils may include local trades and crafts.

1.5. Institutional potential

The important feature of the district's institutional potential is a small number of civil society non-commercial organizations (NGOs). Only three NGOs are registered in the district, and all of them are in Kalevala. There are no NGOs in such settlements of the project as Yushkozero and Voinitsa; this limits social activity of inhabitants and possible attraction of non-budgetary resources. At that, we should note that generally population is very active in social life.

Following NGOs work in the district: "Friends of Finland" Society; "Ukhut-seura", local civil society organization for the Karelian language and culture support; Ortie Stepanov Fund; Karelian regional youth movement "The Youth of Kalevalsky district". The total amount of grant funds obtained by above mentioned NGOs for various events in 2015 is around 800 000 rubles. Besides, there are five local religious organizations (orthodox, evangelistic, catholic). Councils of veterans, female councils of settlements, local offices of "Yedinaya Rossiya" political party and of the communist party of the Russian Federation function in the district.

Among local mass media present in Kalevalsky district there is a weekly newspaper "Novosti Kalevala" (8 columns, 1300 copies), local radio (broadcast - twice a week, including broadcast in Karelian), and independent newspaper "Severniye Berega" (800 copies, a little more than 100 of which are distributed across the district and the remainder is sold in Kalevala at the price of 22 rubles per copy).

The institutional potential can be also determined by development of international and intermunicipal cooperation.

1.6. Infrastructural potential

Specific location of the district (peripheral, remote, near-border area) broadly determines its infrastructure system.

1. Transport connection

- Automobile connection

The quality of road pavement is poor. Density of motorways with hard surface in the district is 32 km per 1000 sq. km (36 km in Karelia). Share of common local motorways not complying with standards in the general length of common local motorways is 86%. This justifies lack of carriers willing to organize passenger transfers in the district. Moreover, a few bus routes, for example, Kalevala settlement – Borovoy village, are unprofitable.

- Railway connection

The district has a railway station (Novoye Yushkozero village, 113 km from the district' center Kalevala), but from 1 October 2014 railway trips to Yushkozero station have been ceased; earlier railway trips to Borovoy village had been ceased. The closest railway stations are in neighbouring municipal districts (Kem station, 180 km from Belomorsk, Loukhi station, 170 km away). They can be reached only by car. It is impossible to buy beforehand tickets for trains passing these stations as Murmansk – Moscow (Saint Petersburg) trains are transit. Tickets can be bought at these stations only in case places are available in a train. Kostomuksha railway station is more convenient, 150 km. Tickets to Petrozavodsk can be bought here beforehand.

- Other types of transportation

Air and water transport in the district is almost stopped. Some objects of air and water connection infrastructure have remained, but have not been operational for many years.

2. There is no gas supply in the district.

Need in condensed gas on the part of the district's inhabitants is met by delivery of bottled condensed gas from Segezha (308 km away).

3. There are telephone and postal communications in the district.

The phone network is ensured by fiber lines. There is access to **the Internet**. Cell communications are provided by MegaFon, MTS, Tele-2, Beeline companies. Technologically the cell network is ensured for the entire territory of Kalevala district, but the quality varies.

Postal communications are provided by 7 post offices; delivery of carriages and letters is performed 6 times per week.

4. There are no wastewater treatment plants in the district.

5. Water supply and water discharge.

As for the basic needs, the most challenging are water supply and water discharge in settlements. Some settlements face difficulties in provision of population with drinking water.

6. Power supply.

The district can be referred to the territories with low level of power supply. There are no power-generating facilities in the district. Creation of new industrial objects will be challenged by power supply capacity (there are no relevant infrastructure objects, the amount of power supply is limited).

1.7. Financial potential

Centralized funds of the district are represented by budget funds.

In 2011 - 2015 the total revenue received from taxes and other own sources of Kalevalsky district decreased by 23%. Own-source revenues made up the following percentage of the total revenue: 18.3% in 2011, 17% in 2014, 17.9% in 2015. Over the years the highest tax payment remains to be an income tax (Table 2).

	2011	2012	2013	2014	2015	Ratio 2011 to 2015, %
Tax revenues	39.73	57.28	59.85	42.19	41.06	↑ 4%
Non-tax revenues	20.51	2.35	4.65	41.04	39.77	↑ 48%
Total own-source revenues	60.24	59.64	64.50	46.29	45.04	↓ 33%
Financial assistance	267.85	213.52	216.67	225.71	206.41	↓ 29%
Including						
- dotation	73.54	32.47	17.86	13.90	13.40	↓ 448%
- subvention	106.62	65.81	126.64	148.72	136.88	↑ 22%
- subsidy	40.39	113.33	70.79	62.03	56.15	↑ 28%
- inter-budgetary transfer	5.49	4.13	4.49	5.79	0.86	↓ 538
Total revenue	328.1	273.16	281.18	272	251.46	↓

Table 2. Tax and non-tax revenues in Kalevalsky district in 2011-2015 (million rubles)

- Tax payments:

Decrease in tax payments is justified by transfer of a military unit from Kalevala to Kostomuksha, consequently, the number of employed and income tax payers has decreased abruptly.

Changes in financial support of Kalevalsky district depend on the federal and regional budget funds received.

- Dotation:

Decrease in dotation has happened because the district's hospital was transferred to the regional level; since it is now an object of republican property, no dotation are provided for its maintenance.

- Subvention:

Increase in subventions relates to educational reform. In 2013-2014 the average salary in education was raised to the average level of salaries in the district. Reduction in subventions in 2015 is justified by optimization of expenditure in education and reduction of the total number of pupils and teachers.

- Subsidies:

In 2012 the district received a big amount of subsidies to make the district's budget equal to the average across the republic. Drop of this indicator in 2013-2015 relates to the deterioration of budgetary provision and growth of budget deficit in the Republic of Karelia.

In 2011-2015 industry and trade were the main sectors of economy constituting the municipal budget revenue base at all levels (Table 3).

Revenue	Percentage of total tax and non-tax revenues, %				
	2011	2012	2013	2014	2015
Income tax	54	84.7	82.4	74.7	73.5
Corporate property tax	0	0	0	0	0
Individual property tax	0	0	0	0	0
Uniform tax on imputed income	9	10	9	13.9	14.2
Land tax	0	0	0	0	0
Stamp duty	3	1.3	1.4	2.6	3.4
Land rent	1	1.4	1.4	2.4	3.6
Fines	2	1.6	1.6	2.4	2.6
Municipal property rent	1	1.2	1.2	1.8	2.1
Other incomes	27.6	-0.4	0.6	2.9	2.1
Municipal assets sales	2.4	0.2	2.4	1.7	0

Table 3. Structure of tax and non-tax revenues in 2011-2015

Local budget expenditures in 2011-2015 decreased by 13,3% and made up 281.16 million rubles (Table 4).

	2011	2012	2013	2014	2015
Budget expenditures	324.35	270.14	281.58	286.70	281.16
Federal expenditures	28.24	16.94	35.07	32.32	33.66
National defense	0.38	0.39	0.41	0.43	0.31
National security and law enforcement	0.02	0.05	0	0	0.04
National economy	1.74	0.50	6.88	2.89	0.83
Housing and utilities services	0	27.74	6.80	0	1.14
Education	143.39	148.52	165.63	165.75	165.57
Culture	9.36	10 371.8	14 105.1	25 543.4	25 582.7
Public health	90.53	1.93	0	0	0
Social policy	28.51	34.52	37.73	44.57	36.53
Physical culture and sport	0.075	0.40	0.24	0.20	0.02
Mass media	1.71	1.32	1.44	1.17	1.43
State and municipal debt service	1.53	1.39	1.88	1.89	4.69
Inter-budgetary transfer	18.83	10.93	11.35	11.91	11.32

Table 4. Expenditures in Kalevalsky district in 2011-2015 (million rubles)

The average salary of an employee of large and medium enterprises in November – December 2015 has decreased by 0.8% (or 225.3 rubles) as compared to the respective period in 2014 and amounts to 27 941.1 rubles.

The state system of benefits for people working in the districts of the Extreme North includes monthly salary supplements. On the other hand, “Northern benefits” give the right to early old-age labour pension (5 years earlier than in other subjects of the RF). Over 70% of employees of pension age continue to work and perceive pension as “bonus” from the state. Therefore, it is hard to assess actual income of inhabitants, as many of them have unofficial salary and pension in addition to official salary.

Households have some seasonal income due to the selling of wild harvest (seasonal berries picking). It should be noted that this income is “gray” as well.

Generally, it is hard to assess total income of households and economic subjects. But indirect assessment allows assumption that additional unofficial income of households and economic subjects is significant. For example, according to the cultural institutions of Yushkozero settlement, in 2015 events were held for 500 guests of the settlement. The average cost of accommodation and meals in private sector amounted in 2015 to 35-40 euros, i.e. total additional income (excluded from official statistics and not subject to taxation) of the settlement’s residents amounted up to 20 000 euros. Wild harvesting income of populations is also not included into official statistics.

Financial means of NGOs of the district are limited and significantly depend on participation of these NGOs in grant and project programs. Since NGOs are registered only in Kalevala, many social initiatives of inhabitants are not realized.

1.8. Consumer potential

Consumer potential is defined by the volume of effective demand and supply of goods and services. Due to the decrease of the district’s population, including people of working age, and given that the average official salary in the district does not comply with the republican level, the consumer potential of the district is limited and can be considered as decreasing one. Supply of goods and services to the population is provided by commercial organisations. Opening of “Magnit” shop (“Tander” all-Russian retailer) resulted in the increase of goods supply (wider and deeper range) and allowed to reduce prices (for some products by 25-30%). Commercial services are provided to the population mainly by self-employed entrepreneurs. The range of services is limited. There are 3 petrol stations. Pharmacies are present in the district as well. Public catering is provided by 12 entities (7 commercial organizations and 5 school canteens). There are no restaurants in the district. 7 commercial catering organizations are, for example, a hotel bar or canteen in the settlement. Furthermore, the canteen has limited working hours (it does not work in the evenings and during weekends). 5 school canteens provide catering for pupils, they work only during studying hours and days (usually from Monday to Saturday, from 10 a.m. to 3 p.m.). The number of seats depends on the number of pupils at school; for example, Yushkozero school canteen has 30 seats. During the recent year turnover of commercial catering organizations has decreased by 10%.

2. Investment risks

2.1. Economic risk

There is no large enterprises in the district. The whole commercial sector is presented by medium and small (micro) businesses.

It is important to note that most medium-sized enterprises working in the district are registered outside of Kalevalsky district as well as their head offices are located outside. Over last 4 years the number of businesses reduced by 55 entities. The main purpose is increase of insurance payments and significant increase of energy rates.

2.2. Financial risk

Centralized funds. It should be noted that the district’s budget is a deficit-ridden one. The deficit fluctuates over the years and makes up around 15%. The municipal debt remains within the defined

limits. As of 1 January 2015 the sum of debt increased by 10.3 million rubles in comparison with the beginning of 2014. The remaining debt of the district is 43.8 million rubles as of 01.01.2015, including the debt to the republican budget in the amount of 33.8 million rubles and 10 million rubles debt to credit institutions.

A number of public organizations can conduct income-generating activities (commercial services) but the demand for such services is limited due to the restricted incomes of local population. Thus, public organizations can ensure minor additional revenues.

Decentralized funds. Lack of profit of business entities for a number of years has a regular nature. More than half of enterprises do not have any profit and only cover their expenses. Investment programs are closed and there is no fixed investment.

Financial banking and non-banking institutions

There is a branch office of only one bank – Sberbank of Russia. This bank is still working with both legal entities and individuals of the district. However, as activity of legal entities in the district has been reducing over a few years, heads of the bank have decided to limit the range of the branch's activities. According to available information, the office of Sberbank in the district will be working only with individuals. Consequently, legal entities will be able to get banking services only at the nearest Sberbank office in Kostomuksha (150 km away). However, Sberbank has internal requirement to keep "credit radius" which must not exceed 100 km. Therefore, the district's legal entities will not have access to lending and will have to change the place of their registration, for example, becoming residents of Kostomuksha. Reduction of the district's residents will negatively affect budgetary income of Kalevalsky district.

Payment processing centers of the National Bank do not exist in the district, therefore almost all cash money are imported to the district and exported immediately without involving local financial agencies.

Few enterprises can receive payments by bank card, and they can do it only in Kalevala. Bank cards cannot be used for payment in other settlements.

Cash machines are available only in Kalevala settlement. For example, according to the regulation of Sberbank of Russia JSC the minimum number of population in the settlement should be not less than 4000 people. Consequently, it is impossible to get money from bank card in other settlements of the district.

There are no non-banking organizations (leasing companies, insurance societies, etc.) in the district.

2.3. Political risk

The district is characterized by calm and conflict-free relations between authorities (representative and executive). The conflicts between administrations of the municipal district and urban and rural settlements are not identified or are latent. In recent years, there were no social protests in the district, though certain social tensions in the context of prolonged economic crisis could be marked. Activity of civil society and religious organisations is also noted for the non-conflict nature.

2.4. Social risk

The main social risks include:

- decrease in the total number of population;
- negative population balance (death rate is higher than birth rate);
- negative migration rate (the number of persons leaving the district are higher than the number of persons entering the district);
- decrease in ratio of working-age population;

- increase in ratio of population over the working age;
- unemployment rate is persistently high and exceeds the average republican level.

2.4. Ecological risk

Ecological risk in the district is minimal. It is mainly explained by the absence of mining enterprises, pulp-processing industry and limited agriculture development. On the other hand, ecological cleanliness of the district is derived from the fact that around 10% of the district area is occupied by business.

2.5. Criminal risk

The crime rate in the district estimated by certain statistical criteria is lower than the average rate in the Republic. In general, the situation is calm and secure.

2.6. Management risk

18 municipal officials out of 22 have university degrees. One person is currently up for graduation. All municipal officials comply with their positions occupied for age, educational level and work experience. They also have a class rank in accordance with their duty. In general, the management risk is low.

2.7. Legislative (management) risk

As far as the district has been transferring to the program based budget for several years the documents concerning goal setting, forecasting, planning and programming are developed in the district on a regular basis. Implementation monitoring of the documents, performance assessment and budgetary expenditures evaluation are carried out. The administration of Kalevsky district set up the "Integrated Program of Social and Economic Development of Kalevsky National Municipal District" for 2016-2020 in the framework of which participation of the district is planned or being realized in 9 [national](#) and 17 [municipal](#) programs.

We would note that availability of municipal programs is obligatory for budget co-financing. At that, the municipal program provides analysis of issues and prospects for development of program's subject (focus areas and sectors) as well as includes all events of executive authorities.

For example, program "Development and Municipal Support of Small and Medium-Sized Businesses in the Municipal Entity of Kalevsky National District" for 2015-2020 provided forms of support and the number of beneficiaries (business subjects).

The main forms of support are:

- *Property*

Administration of the district and administrations of settlements allocate plots of land and rent municipal property. As of 1 January 2014, 49 land lease agreements and 62 property rent agreements were concluded with small businesses. Besides, there is the List of Municipal Property of Kalevsky municipal district for property support of small and medium businesses. If municipal property is sold to small and medium businesses, there is the right of first priority purchase.

- *Financial support*

Financial support has the form of reduction of price for rented municipal areas and land. Besides, with co-financing of municipal programs from federal and regional budgets in 2012 and 2013 Kalevsky district got subsidy allowing integration of a new effective mechanism of financial support: new small and medium entrepreneurs obtained grants at the rate of 300 thousand rubles for development of business. During this period, administration of Kalevsky district held three competitions to award grants for creation of small and medium businesses in Kalevsky district. In 2014, the administration received 19 applications (5 in 2012 and 14 in 2013). The Commission for examination of the applications decided to award grants to 13 candidates (3 in 2012 and 10 in 2013). Total amount of grants was 3 300 000 rubles. Beneficiaries spent them for purchase of agricultural equipment; sawing equipment;

photographing services; bread and bakery products; equipment for dry cleaning of cars, and others. In 2015, program funds were not used due to the absence of applications.

➤ *Informational support*

Regional administration keeps register of vacant investment platforms and publish this information on the web-site of the administration and the republican web-site “Republic of Karelia for investors”. Administration of Kalevalsky district regularly informs small and medium businesses of the municipal entity about possible forms of support at both municipal and regional levels. Informing of businesses is realized via regional newspaper “Kalevala News” and the official web-site of the administration. Administration holds annual seminars for small and medium businesses, organizes training on business fundamentals.

In general, municipal programs implementation and district’s participation in national programs can be considered as a potential instead of risk. On one hand, each program is supported by the budget but on the other hand, there are such risks as wrong planning, budget reduction for the program implementation and failure in achieving program results due to internal and external factors. Analysis of municipal programs for 2011-2015 and 2016-2020 demonstrate the change in strategy of the district’s administration. “Breakthrough” strategy in areas of tourism, culture, social and economic development was substituted by retention strategy aimed at preservation of previous years’ data. It is related to the decrease in budget revenues, budget optimization at all levels and national economic crisis.

3. Conclusion

1. The district is situated in the Extreme North, is a remote peripheral area with low level of transport accessibility. These factors determine high energy consumption, big production costs, additional expenditures for households, businesses and budget. The district’s economy is uncompetitive versus costs paid in the central part of the Republic of Karelia. The only competitive position for businesses in the district, including small and tourism businesses can be the unique proposition (of goods, services or special benefits).
2. The district shares borders with Finland and has border check points in the neighboring territories what allows to receive foreign tourists.
3. Natural resources of Kalevalsky district include numerous forests, waters, in particular swamps with relevant flora and fauna. There is the biggest swamp in Karelia – the State Swamp Preserve “[Ypäyssuo](#)”, natural monument “[Kumi-Porog](#)”, state wildlife preserve “[Voinitsa](#)”. Some natural and recreational objects and resources of the district are unique. This can be used for the development of educational, ecological and active tourism.
4. Labor force is limited. One in three of four persons employed work in the public sector. Business is represented by small and micro enterprises and self-employed entrepreneurs. Potential focus area of self-employment development and new microbusinesses creation can be production of souvenirs and goods of local arts and crafts. Currently few working-age people are employed in this area. However provided that the development planning of the craft workshops and souvenir shops is efficient people over working age can be involved in this activity, including Karelians who are indigenous people of the area.
5. There is cell communication, Internet and post service in the district. Credit card payment for goods and services is too limited. Only one branch of the Savings Bank of the Russian Federation provides with bank services in the district.

In general, investment attraction of the district is low but there are some unique natural, recreational and cultural features.

ANNEX 5: ANALYSIS OF ATTRACTIVENESS AT DOMESTIC AND INTERNATIONAL MARKETS, ACCESSIBILITY AND DEVELOPMENT PROSPECTS OF THE TERRITORY UNDER STUDY

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1. Attractiveness at the international market

1.1. Participation in the international programs

Preservation and renovation of cultural heritage was repeatedly a key focus in implementation of international projects and programs in the area of culture and tourism in Kalevalsky district.

TACIS (Technical Assistance for the Commonwealth of Independent States) (2002-2006)

The Kalevalsky district's participation in the program allowed for the implementation of the following projects:

- *"Development of cultural industries in historic villages of Kalevalsky district"*. The project implementation resulted in the creation of the Literature Museum in Haikolya village, which is still functioning. The Museum is currently a private museum and managed by the Ortie Stepanov Fund.
- *"Development of border tourism in Russian part of Barents Euro-Arctic Region"*. The result was development of proposals on creation of "Kalevalsky" National Park in Kalevalsky district.
- *"Karelian borders"*. This project allowed for Kalevalsky district to conduct analysis of the state of places where military operations took place.
- *"White Road of Tourism"*. Educational seminars for local population, creation of new travel products for development of cultural and ecotourism.
- *"Four Seasons in Kalevala"* - reparation and arrangement of the Tourism and Information Center in Kalevala settlement.

In 2006 TACIS program (Technical Assistance for the Commonwealth of Independent States) was closed. *It should be noted that during TACIS program's implementation tourism specialization of Karelia developed.* Small number of business tourists and growth of the number of tourists for leisure, recreation and rest proved growing interest in the Republic of Karelia as a territory with a great tourism and recreation capacity. The district's participation in TACIS projects created momentum for understanding of the important role of international and interregional cooperation for the development of tourism both in the republic and in the district. As a result, a significant amount of financial and human resources was transferred to Kalevalsky district for implementation of the projects. *Positive experience obtained by participants of the TACIS program has become a stimulus for development of international partnership network allowing Kalevalsky national district to take part in other international programs.*

[Karelia ENPI CBC](#) (Neighbourhood and Partnership Instrument of Cross Border Cooperation)

[Karelia ENPI CBC](#) is another tool for development of tourism and culture in Kalevalsky district. The objective of the programme is to increase wellbeing in the given region via cross-border cooperation. During 2011-2014, there was implementation of events in Kalevalsky district within 12 international projects in different spheres. It allowed attracting almost 13 million rubles to the district. During the last five years the following projects were implemented in the district:

["The Possibilities of Cooperation, Business and Trade Across the Border Between Enterprises"](#) (*PoCoBus, «KaBeKan»*).

The project's budget: 554 000 euros.

Implementation period: 2011 – 2013

Results: The project allowed creation of conditions for development of cultural tourism, support small businesses in the region through their participation in restoration of the Moberg's House architectural

monument with its further adjustment for "KALEVALATALO" Ethnocultural Center. A kantele workshop was also opened. Repair works of the ground floor of Moberg's House have been finished; now the exposition is being formed, and the museum is being prepared for its opening.

["Tourist route "The kantele of Ontrei Malinen""](#)

The project's budget: 80 000 euros.

Implementation period: 2012 -2015

Results: In 2014, this project provided building of the Chapel, restoration of the Moberg's House, an object of cultural heritage, which is very important for the region. In Kalevala settlement, Voinitsa village, and Haikola village there are informational stands about sightseeing and travel services. Road signs for the tourist route were placed along the road which follows the State Border - Kostomuksha - Voknavolok - Kalevala - Yushkozero village. To date the "Kantele of Ontrei Malinen" route is used only for organized tourist groups from Finland (the exact number of groups is unknown). Russian tourists visiting Kalevalsky district visit some objects sites of this route. The main organizer of Finnish tours is the Yuminkkekko Foundation; guides from Kostomuksha travel agencies accompany Russian tourists.

["White Road - Cross Border Tourism Development in the Northern Finland and the Republic of Karelia"](#)

The project's budget: 794 000 euros

Implementation period: 2012-2015

Results: In 2014, the project allowed Kalevalsky district to take part in "MATKA-2014" International Tourism Exhibition, Helsinki. A hotel network analysis was conducted; a draft brochure about Kalevalsky district was prepared for publishing. Test trips were organized for foreign journalists and representatives of travel agencies. Personnel of "KALEVALATALO" Ethnocultural center notes that participation in the program's events allowed improving presentation skills. Introductory visits played a particularly important role for business; for instance, the owners of LLC "Velt" are considering now decrease of the number of employees in hotel business. They were prompted by familiarization with Finnish hotels without personnel.

["Network of ethnocultural centers of the Republic of Karelia"](#)

The project's budget: 980 000 euros.

Implementation period: 2013-2014

Results: The project's objective was to develop and to test models of functioning of a modern ethnocultural center as well as to include functioning ethnocultural centers into social and economic development of the territories. 12 ethnocultural centers of Karelia participated in the project. The project formed a network of ethnocultural centers; the creation of the Association of Ethnocultural Centers and Heritage Organizations "ECHO" has become one of the project's results. Work of the ethnocultural centers of Karelia aims at preservation and development of living national tradition in different districts of Karelia. Upon the program's completion ethnocultural centers determined their focus areas in development for the period up to 2016. (Table 1)

Ethnocultural center's name, territory	Current focus area
Municipal budgetary institution "Coastal Area Culture Center", Belomorsky district, Belomorsk	Information and methodology center for coastal areas
Karelian Language House, Pryazhinsky district, Vedlozero village	Multifunctional non-governmental linguistic center
Ethnocultural center "Zaonezhye izba", Medvezhyegorsky district, Velikaya Guba village	Interpretation Center
Municipal budgetary institution ethnocultural center "Veshkelyus", Suoyarvsky district, Veshkelitsa village	Folklore center
Ethnocultural center "Segozerye", Medvezhyegorsky district, Palany	Center for Preservation of Rural

village	Historic Memory
Local non-governmental organization of Belomorsky district for preservation and popularization of Pomorye's culture "Khlamnoi Sarai", Belomorsky district, Nyuhcha village	Rural Development Center
Ethnocultural center of Olonets, Prionezhsky district, Olonets	Crafts Center
Ethnocultural center "Tuomi", Pryazhinsky district, Chalna village	Training Center for Adults
The Rjurik Lonin Museum of Vepsian Ethnography in Sheltozero (Sheltozero branch of budgetary institution "National Museum of the Republic of Karelia"), Prionezhsky district, Sheltozero village	Outdoors Museum
Ethnocultural center "Kielen kirju", Pryazhinsky district, Essoyla village	Multimedia Center of Languages
Ethnocultural center of Pryazhinsky national district "Elämä", Pryazhinsky district, Pryazha urban settlement	Visitors Center of Pryazhinsky district
Ethnocultural center of Haikola village, Kalevalsky district, Haikolya farm	Literary Museum Center

Table 7. Focus areas of ethnocultural centers in Karelia

The KALEVALTALO did not officially participate to this project. However, the Ethnocultural center was allowed to participate in the educational programs and was provided with the technical assistance. After the "KALEVALATALO" project completion it does not take part in general meetings of the "ECHO" Association.

While Karelia ENPI CBC Program was closed in 2014, the Karelia ENI CBC Program of Cross Border Cooperation is currently launched within the Neighbourhood and Partnership Instrument.

Conclusions:

1. During recent years (2002 – 2015) Kalevalsky district was a participant of international cross-border cooperation projects. This is based on:
 - a) Physical proximity of Finland
 - b) Karelian community preserving traditional way of life
 - c) Kalevalsky district is a place for collecting runes that provide basis for the "Kalevala" epos
 - d) Development of national romanticism among Finnish intellectuals
 - e) Interest of administration of Kalevalsky district in receiving additional funding for the territory development
 - f) Friendly relations between NGOs of both countries
 - g) Proximity to Kostomuksha urban district having financial resource for obligatory co-funding of above mentioned programs.
2. Kalevalsky district has been repeatedly studied from the viewpoint of tourism development. Projects in the district included obligatory creation of new objects or restoration of exiting objects of cultural heritage supporting tourism infrastructure.
3. The above mentioned international tourism projects have given impetus to development of systems of training in tourism and manage a nascent tourism sector; forming of a common informational tourism space and creation of a network of informational tourism centers; development of tourism infrastructure in the Republic of Karelia.
4. At present, a big number of tourist itineraries, performances for tourists have been developed and tested as part of different regional and international projects in the district; infrastructure for visitors is being formed.
5. A significant result of cross-border cooperation projects is the gradual scientific and tourism skills development of staff. As for Kalevalsky district, these projects provided development of new tourism products, which partly continue to work after the end of project funding. Participation in projects also contributes to a more sensible promotional and informational advancement of the district at the level of the Republic of Karelia.

6. It needs to be noted that participation of Kalevalsky district in cultural and tourism international projects has allowed preservation and restoration of a number of cultural heritage sites (the House of engineer Moberg, building of a church, creation of a museum in Haikola and others), advancement of skills among staff in the sphere of culture; creation of network relationships with ethnocultural institutions of other Karelia's districts.
7. We should note an explicit interest of cultural institutions, businesses, non-governmental organizations and authorities in cross-border cooperation programs. The district receives additional non-budgetary funds for infrastructure improvement, necessary research, skills advancement, events, and improvement of institutions' equipment. At that, development of tourism is undulating.
8. Yet, it can be noted that if there is international funding, there is a surge in developing and testing new services and new infrastructure objects emerge. After completion of projects activity decreases, and many developed services become part of "gray" tourism market. There is no long-term planning of participation in international programs.
9. To further increase attractiveness of Kalevalsky district in domestic and international markets, it should continue taking part in cross-border cooperation programs. It's necessary to examine international programs in which Kalevalsky district can take part; to identify key focus areas in development, strategic medium-term objectives. We can possibly create a special team focusing on formulating of ideas, completion and submission of applications for international programs. For instance, during upcoming year the district can take part in the following international programs: Joint Action Program Kolarctic Cross-Border Cooperation 2014 – 2020 approved by the European Commission on 18 December 2015 - <http://www.kolarcticenpi.info/ru>, Cross-Border Cooperation Program "Karelia" - <http://www.kareliaenpi.eu/>.

1.2. International cooperation

In 2014, there was the 25th anniversary of relationships between Kalevalsky district and Suomussalmi sister commune (Finland). The municipalities closely collaborate in culture, education, healthcare, and sport. Creative and sports teams of Kalevalsky district and Suomussalmi commune annually take part in exchange events. The football team of Kalevala actively participates in world football championships on swamp and snow held in Finland. International matches of kyukkya folk play, disc golf, and gathering of wild berries have become popular recently.

The administration of Kalevalsky district has concluded collaboration agreements with the administrations of sister towns in Moscow district of Saint Petersburg, Elektrostal, and Kashirsky district of the Moscow region as well as the administrations of Loukhsky, Muyezerky, Kemsky, Belomorsky, Olonetsky, and Pryazhinsky districts and Kostomuksha city territory of the Republic of Karelia. The agreement about sisterhood with the Slutsky district executive committee of the Minsk region of the Republic of Belarus has been concluded. Under the Agreement about Collaboration delegation from the Neva Military School from Moscow district of Saint Petersburg took part in annual military sports game "By Guerilla Paths" in Haikola.

Finnish non-commercial organizations are interested in historic and ethnocultural landscape of Kalevalsky district. The Yuminkekko Foundation has been realizing for more than 20 years projects in the sphere of ethnoculture, has been developing and introducing new tourist routes for Finnish tourists, restoring architectural monuments and abandoned villages. At the initiative of the Yuminkekko Foundation jointly with the Ortie Stepanov Fund "Autumn Festival of Documentary Films in Haikola" and the "Somello" International Festival are held annually in Kalevalsky district. The festivals are sustainable and popular among Finnish and Russian tourists.

Historically strong links between public organizations of Karelians "Uhut-seura" from the Russian side and the Karelian educational society and its affiliated organizations "Ukhtua seura". These organizations have been established in Finland by comers from the Belomorsk Karelia, including from the modern Kalevalsky district. Organizations carry out joint activities, make visits and organize cultural and educational trips, what increases the number of foreigners visiting Kalevalsky district.

Conclusions:

Thus, a separate factor for the development may become the cross-border nature of cooperation, based on solid sisterhood relations of Kalevalsky district. Existence of partner cities and territories is a resource for joint and exchange programs in culture, education and tourism. Sister city in the European Union gives possibilities for participation in international programs supported by sister relationships. Existence of sister city in Finland facilitates group visa receiving according to the Agreement between Kalevalsky district and Suomussalmi municipality.

2. Possibilities and specifics of tourism development

2.1. Legislative frameworks

To develop tourism in Kalevalsky district the 2016-2020 municipal program “Development of Tourism in municipal entity “Kalevalsky national district”” was established in compliance with:

- a) Federal law no. 132-FZ of November 24, 1996 “About Bases of Tourist Activities in the Russian Federation”,
- b) State program of the Republic of Karelia “Physical Culture and Sport Development, Efficiency Improvement of Youth Policy Realization in Kalevalsky Municipal District for 2016-2021”»,
- в) Social and Economic Development Program of municipal entity “Kalevalsky national district” for 2016-2020.

The district program’s aim is to design and develop support system for tourism in Kalevalsky district; to create enabling investment conditions; to develop system of safe and quality recreation; to create system for informing tourists and travel agencies about tourism products. The program provides events aimed at increase in the number of tourists visiting the district; organization of informational and promotional measures in tourism; support of tourism business development; contribution to development of intermunicipal and international connections in tourism development. The program determines the main brand of Kalevalsky district – musical instrument kantele. It determines rural guest tourism as the main tourist routes area.

The total amount of funds for the 2016 – 2020 program is 0.755 million rubles from the following sources of financing: municipal district budget – 0.31 million rubles; settlements’ budgets – 0.2 million rubles; revenues generated by public sector institutions (non-budgetary means) – 0.245 million rubles.

2.2. Tourism flows in Kalevalsky district

According to administration of Kalevalsky district, in 2014, 10 000 people visited the area as tourists. 2 000 - 2 500 individuals were tourists on organized trips, 7 500 individuals were tourists travelling independently. The flows are distributed as follows: from Kem (KOLA highway) - 90%, from Kostomuksha (Pyaozero) - 10%. There are up to 400 foreign tourists per year. However, it is impossible to verify credibility of this information. It is also impossible to get official data about the number of tourists that visited the region in 2015 as there is no dedicated recording of them, and existing methods of calculation are imperfect.

We have analyzed results of searching via Yandex and Google search engines using query “Recreation in Kalevalsky district”: 52 web-sites have information about the district, accommodation facilities, or sightseeing; web-sites containing the information copied from other web-sites have not been taken into account. Among them there are 20 web-sites of Karelian travel agencies and informational web-sites about the district; 12 web-sites of Moscow travel agencies and individuals; 5 web-sites of Saint Petersburg, 10 web-sites belonging to private companies or individuals whose whereabouts are almost unidentifiable, and single web-sites of Kaliningrad, Penza, Svetlogorsk, Izhevsk. There is one international Karelian and Finnish web-site VisitKarelia.ru

2.3. Available tourism products

In recent years, the number and quality of available tourism products and services increased. Such types of tourism as ecological, cultural, rural and different types of active tourism are developing in Kalevalsky district.

For many years different programmes were realized to involve local population in tourism activity through promotional products development, new tourist routes testing such as “Following the paths of Elias Lönnrot”; “The kantele of Ontrey Malinen”; snowmobiles programs; excursions and trips including tourist objects visiting; wildlife photography; Kuyto lakes cruises. Each program has finished with development of a set of documents or creation of some tourism product. Consequently, local travel agencies and owners of guest houses use these routes as additional services to some extent. Over time these routes may change: their directions may change; only part of a route may be used or it is split into several different routes what can be conditioned by tourists’ wish or possibilities of the receiving party.

To accommodate the visitors there are following facilities in the district: “VelT” hotel – 41 places; “Medved” cottage – 12 places; “Sampo” hotel – 40 places; (Kalevala settlement) cottage facilities in Kormushniyemi area – 20 places (+5 additional places); rural guest houses (70 houses) for 120 people. Apart from the above mentioned facilities there are forest, fishing and hunting huts located in 30 and more kilometers from settlements on the shores of lakes and that are popular among tourists. The hosts of most of these huts provide not only accommodation but can offer additional services such as fishing organisation, boat/snowmobile and fishing tackles rental, excursions and hunting organisation. Accommodation facilities are very important for development of tourism, especially in such remote territories that are difficult to access for Russian tourists. Foreign tourists, apart from the Finns, are very cautious regarding independent travelling across Karelia; they prefer decent roads and readiness to speak English. According to our observations, they get acquainted with the territories around large settlements which can be reached by railway transport.

№	Accommodation Type	Number of places	Associated location	Distance from Kalevala	Additional services availability			
					Boat	Fishing	Hunting	Tours
1	Forest izba	6	Coast of Lake Verkhneye Kallioyarvi	40	+	+	+	+
2	Forest izba	8	Lake Hirmushyarvi	42	+	+	+	+
3	Forest izba	4	Lake Kainalainen	37	+	+	+	+
4.	Forest izba	8	Lake Pistoyarvi	140	+	+	+	+
5.	Forest izba	8	1 km from Voinitsa	55	+	+	+	+
6.	Forest izba “Kurzhma”	6	Lake Ridalaksha	54	+	+	+	+
7.	Forest izba	8	Lake Kainalainen	32	+	+	+	+
8.	Forest izba	6	Pisto river	50	+	+	+	+
9.	Forest izba Finn’s House, Fishing patch	8		140	+	+	+	+

10	Kelloniyemi izba	8	Voinitsa	54	+	+	+	+
11	Forest izba	5	3 km from Yuvalaksha	65	+	+	+	+
12.	Forest izba Kyulya	6	Kyulyaniemi island (Sredneye Kuito)	10	+	+	+	+
13	Forest izba	9	3 km from Voinitsa	57	+	+	+	+
14	Forest izba	4	Coast of the cove of Lake Vaikulskoye, Hyame farm	56	+	+	+	+
15	Forest izba	6	Hyame farm	56	+	+	+	+
16	Cottage complex "VeIT"	33	Kalevala	4	+	+	+	+
17	Yuvalaksha House -1	4	Yuvalaksha	65	+	+	+	
18	Yuvalaksha House -2	6	Yuvalaksha	65	+	+	+	
19	Tourism complex "Kormushka"	20+10	Kalevala	-				
20	Guest house "Tuulikki"	11	Yushkozero	120	+	+	+	+
21	Guest complex "Supasalma"	8	Novoye Yushkozero	120		+	+	+
22	Guest house (kyamppya) on the Island	8	Voinitsa	54	+	+	+	
23	Guest house (kyamppya) under the Pine	3	Voinitsa	54	+	+	+	
24	Guest house (kyamppya) on the Peak	6	Voinitsa	54	+	+	+	
25	Guest house (kyamppya) on Ruokoyarvi	6	Voinitsa	54	+	+	+	
26	Guest house Iryi talo	6	Voinitsa	54	+	+	+	
27	Forest izba Ryohyo	6	Near former Regozero village	32	+	+		
28	Hotel "Sampo"	40	Kalevala	-	+	+		+

29	VelT hotel	41	Kalevala	-	+	+	+	+
30	Izba at Voinitsa farm	10	3 km from Voinitsa	57	+	+	+	+
31	House "Vikula"	8	Voinitsa	54				
32	Izba "Sopa"	8	Crossing of Kem, Sopa and Kepa rivers	140				
33	Izba "Kepa"	6	Limsozero	40				
34	House "On the Island"	8	Lake Tikhotzero	155	+	+		
35	Forest house "Myokke"	5	Lake Tikhotzero	155	+	+		
36	Forest izba	5	Lake Tikhotzero	155	+	+		
37	Guest house "Yashkoyarvi"	5	Yushkozero	120	+	+	+	
38	Fisher's Refuge	6	Muasyarvi island	48	+	+		+
39	Varozero base	20	7 km from Yushkozero, Lake Varozero	127		+	+	
40	Kalevalsky guest house	10	Kalevala	-	+	+		+
41	Guest house of dead standing trees	4	Voinitsa	54		+	+	
42	Recreation base Korkiniyemi	?	Lake Regoyarvi	35				

Table 8. Accommodation facilities in Kalevalsky district

2.4. Features of hospitality facilities

It should be noted that material resources of the district (communication lines, buildings, constructions, housing, industrial infrastructure) are in poor condition. This decreases possibilities of comfortable stay and recreation. There are no hospitality facilities with the approved status of 2 or 3 stars. Guest houses (private sector) can offer different convenience level in the district; thereby the rural tourism is promoted. The official documents of different years show tendency of increase in number of accommodation facilities, however, they have a small number of places for staying, for instance, cottages and small houses with 8 places.

The Area Development [Plan](#) of Kalevalsky municipal district was elaborated and established representing ways of tourism facilities planning in the area of Kalevala settlement, Haykola village and Yuvalaksha village. Currently the administration of the Kalevalsky National Park is undergoing reorganization; new administration will start active development of ecotourism in the district in early May; now it appears premature to speak about any route developments and guest tourism complexes.

It is worth to specially remark a big number of camping/unarranged stops chosen by tourists independently along many lakes of Kalevalsky district. As a rule, camping tourists do not rent accommodation and use guides' services as well as they do not buy food and travel goods. Camping tourists leave litter after their stops.

2.5. Features of transport logistics

While developing tourist routes the transport logistics should be considered (Image 2).



Image 2. Transport scheme of Kalevalsky district

There are two ways to get to Kalevala from Petrozavodsk. The first one is to travel by automobile from Petrozavodsk, distance of 550 km, of which 381 km are covered by a federal highway (average speed 90 km/h) and remainder 169 km – by a regional automobile highway (average speed in winter 50 km/h; in summer 70 km/h).

Taking into account the need to stop for rest and dinner, the total time of the trip is nearly 9 hours. The second way is to travel by railway from Petrozavodsk to Kostomuksha (the train departs 2 times a week: on Wednesday and Friday, trip time is 9 hours) and then by automobile to Kalevala (distance of 150 km, regional road, average speed in winter 50 km/h, in summer – 70 km/h) (around 2.5 – 3 hours). Average trip time is 13 hours. It is more convenient for foreign tourists to choose the following way: Vatrius – Luttya border crossing point and then by automobile to Kalevala (distance of 150 km, a regional highway, average speed in winter 50 km/h, in summer 70 km/h). Total trip time is around 4 hours.

Consequently, creation of tourism products in Kalevalsky district should be made with lengthy trip to the destination in mind; this means that recreation in the district should include a mandatory overnight stay. Tours' duration should be from two days.

One of the main organizers of **tourist routes** is LLC “VelT-Karelian travels”, which has developed and uses more than 30 summer and winter tourist routes - <http://kalevala-welt.ru/?season=leto>: excursion routes and tours (more than 15), active tours (snowmobile, bicycles, rafting) (more than 10), mushing tours (4), fishing tours (5), event programs (4).

Therefore, this forms a certain category of tourists to come. So, the district should be prepared to the fact that big tourist buses will not be the main part of tourism business; it should be developed for small groups and individual tourists. Now we can speak of the following groups of tourists that are very likely to go to Kalevalsky district: individual fishers or small groups of fishers; families, including with children; middle-age married couples from big cities or from the central regions of Russia. Karelia is perceived in Russia as something mysterious, and Kalevalsky district as totally unfamiliar; foreign tourists – mainly those interested in culture of other nations – are likely to visit this territory because of its folklore element.

It should be noted that *tourism development in Kalevalsky district is hampered by a number of factors:*

- a significant share of not organized tourists in the general flow;
- poor infrastructure and insufficient investment into tourism;
- lack of well-developed transport logistics;
- poor condition of the majority of roads, preventing tourism from being massive;
- lack of state support for organization of a private tourism business.

Therefore, **the main issues are:**

- legal, financial and management provision of tourism and recreation development in the municipal district;
- lack of support and development of infrastructure for tourism and recreation; formation of competitive tourism products;

- informational, human resources and methodological provision of tourism and recreation development.

3. Analysis of cultural sphere

3.1. Regulation of cultural sphere

Article 44 of the Constitution of the Russian Federation provides the right to participate in cultural life and use cultural establishments and to an access to cultural values. State policy priorities in culture are defined by a number of policy documents and legal acts of the Russian Federation and the Republic of Karelia. In Kalevalsky national municipal district the 2015-2021 Municipal Program “Development of Culture in Kalevalsky municipal district” has been adopted.

Federal law no. 131-FZ of October 6, 2003 “On general principles of organizing local self-government in the Russian Federation” considers provision of inhabitants of rural settlements and town districts with cultural organizations services, library services, safeguarding and preservation of cultural heritage objects (monuments of history and culture) of local (municipal) level as local issues.

The Administration of Kalevalsky district is a founder of municipal cultural institutions; the Social Policy Department regulates activity of these institutions.

The Ministry of Culture of the Republic of Karelia has adopted the principle of state regional policy, according to which culture is considered as resource capable to contribute to highly effective and competitive regional tourism products, development of self-employment and businesses, and creation of attractive image of Karelia. The 2016-2020 Culture Development Program in Kalevalsky municipal district has a complex vision of culture development in the district. The district’s administration considers culture as a resource for the territory development (in economy), as factor in supporting and development of peoples of the district (in ethnosocial and ethnocultural development), as a resource for self-employment and businesses in crafts, artistic trades and folk creativity (in employment), as a basis for self-organization of population to understand and preserve historic and cultural origins of its territory and for increase of its attractiveness (in self-government).

Therefore, regional and municipal priorities in culture correlate. Culture is perceived as potential for comprehensive territorial development and is a resource for economy, tourism and local self-government. Local self-government authorities are aware of the need to move to a totally new level of culture functioning, including libraries, museums, archives, traditional folk culture, preservation and popularization of culture heritage objects.

3.2. Cultural institutions in Kalevalsky district

There are 3 cultural institutions in Kalevalsky district: MBI “Centralized Club Network of Kalevalsky municipal district”, MBI “Centralized Library Network of Kalevalsky municipal district”, MBI “KALEVALATALO” Ethnocultural center. It should be noted that municipal budget in the sphere of culture covers operational expenditure (salaries, operational expenses) but does not provide means for development (staff training, research, development of new working forms). Cultural institutions provide commercial services to have additional funding.

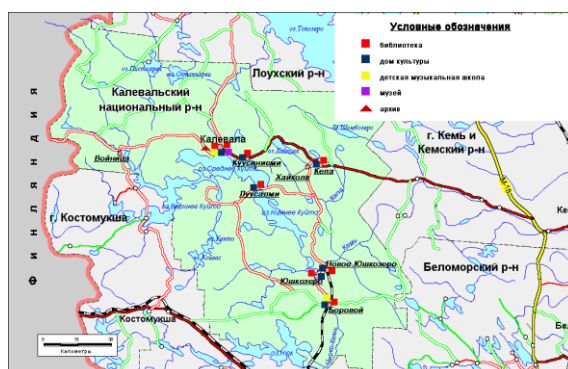


Image 1. Cultural institutions of Kalevalsky district

3.2.1. MBI “Centralized Club Network of Kalevalsky municipal district”

The main activity aims at ensuring rights to culture: organization of leisure time for the district's inhabitants (interest groups and clubs), organization of mass cultural events (calendar and national holidays, concerts, exhibitions, discos etc.). The **MBI “Centralized Club Network of Kalevalsky municipal district”** consists of six cultural centers.

There are 41 clubs in the district, including 10 clubs for children up to 14 years-old, 7 clubs for young people. Around 500 persons attend clubs (about 14% of all district's population).

Today there are 5 amateur groups in the district which are called “folk”: Folk group of kantele players (Kalevala), Kalevala Popular Theatre (Kalevala), Folklore group “TUOMI” (Yushkozero v.), Folklore group “Kruuga” (Yushkozero v.), Amateur Theater “Avos” (Borovoy village). Leisure objects are located in six buildings, one of which requires capital reparations (Cultural center of Kalevala). Some clubs need reparations and equipment (spectator's seats, office equipment).

In 2014 cultural centers held about 500 cultural mass events; 23 000 people took part in those events. It means that each resident of the district attended more than 30 events during one year.

The most popular among the district's inhabitants and tourists is water special event «Rally of Kayakers»; the Cup of the Head of the Kalevalsky district administration and International Kyukkya Competition; “Karelian Hundred” ski competition; “Festival of Culture of Uhtuon Karelian”; “Mariya – Makovey” in Voinitsa village, the Day of Yushkozero village. Therefore, in Kalevalsky district there are cultural activities. Local population is involved in the club system and attends many district events.

3.2.2. MBI “Centralized Library Network of Kalevalsky municipal district”

The **MBI “Centralized Library Network of Kalevalsky municipal district”** includes 7 public libraries. District libraries develop as informational hubs, implementing social projects through reading, local history, spiritual and moral education of inhabitants. 6 426 persons and 6 188 persons visited the district's libraries in 2014 and 2013 respectively. 201 960 books were borrowed from the libraries. Automated library system “Foliant” began its functioning in 2014; new entries started to appear in the electronic catalogue of books. The district's libraries provide informational support for non-governmental organizations, educational and cultural institutions, amateur groups studying, supporting and developing North Karelians' language and culture.

3.2.3. MBI “KALEVALATALO” Ethnocultural center

The MBI “KALEVALATALO” Ethnocultural center works to involve local residents in ethnocultural activities, to ensure public access to museum objects, to create conditions for restoration and development of craft traditions of the northern Karelians. The Ethnocultural center consists of 3 departments: administration, museum and crafts.

Museum department:

The Ethnocultural center's personnel provide cultural and educational tourism services, such as excursions arrangement in both Russian and Finnish, masterclasses on folk crafts, interactive events organisation, traditional folk holidays' celebration. On the basis of the “KALEVALATALO” Ethnocultural center there is the Kalevala Museum of Rune Singers and the Printing House Museum. The museums' holdings comprise 2034 objects. Among them - 1570 objects belong to the main fund and 464 objects belong to the support fund. The museums' collection mainly comprises the objects from the villages of Belomorsk area of Karelia and is dedicated to the area traditions and people's identity. The access to the museums is restricted because they are located in different buildings 10-15 minutes away from the main building of “KALEVALATALO” Ethnocultural center. The time of excursion during winter is limited. The buildings of museums are not heated, not equipped with sewage and look unattractive.

The House of Moberg, engineer, is currently being restored. It will lodge museums' holdings and Ethnocultural Center and will open an exposition.

There is increase in provided services conditioned by increased interest of population in local history, increase of tourist flow visiting Kalevala settlement. However, the demand of local population and tourists is not met. The Ethnocultural center's personnel organizes annually around 200 excursions (191 in 2013) which are annually attended by 1700 persons (1 463 persons in 2013). Excursionists include pupils of Kalevalsky district and tourists. "KALEVALATALO" offers 3 types of excursion: sightseeing tour in Kalevala settlement, museums tour (Museum of Rune Singers and the Printing House Museum), "Swan of Kalevala" interactive program. The staff uses active forms of work: living exhibitions, staging of Karelian tales, ethnic entertainment programs for children, interactive games "Night paths of ancient Kalevala", "We are descendants of rune singers". It is worth noting that the number of excursions provided by "KALEVALATALO" does not meet the demand of local residents and tourists. New excursions are not developed. The Center cannot respond immediately to the needs of different target groups it works with.

Craft department:

The Tourism Development Program for Kalevalsky national district considers development of crafting services as a factor contributing to increase of tourism attractiveness of the district. The municipal functions of "KALEVALATALO" include promoting tourist attractiveness of the district, providing services for tourists, promoting craft workshops and products. The Ethnocultural Center keeps records of all crafters of the district. According to the register, there are 40 crafters in the district: weaving, knitting, making musical instruments, boats crafting, birch bark braiding and others. According to the interview with the staff of "KALEVALATALO" Ethnocultural Center, the main work with the crafters consists in keeping records of crafters and preparing the products purchase proposals. Creating conditions for craft networking is not included. There are no educational programs for crafters as well. It is worth noting that the cultural centers of the district offer craft workshops where local inhabitants organize and conduct craft trainings. For instance, Yushkozero Cultural center has a weaving workshop equipped by 5 looms, which can be rented by locals (80 rubles per day). The plan of the looms' usage is determined for next 6-8 months. Crafting products – doormats in this case – are used by local inhabitants in everyday life and sold to tourists. The villagers would like to create the carpentry workshop but they did not address "KALEVALATALO" for organizational help due to the lack of knowledge about its functions in the district. In this regard, the work of "KALEVALATALO" covers only Kalevala settlement although it takes into account interests of all inhabitants of Kalevalsky district.

"KALEVALATALO" organizes educational programs for pupils of Kalevala settlement to attract local people to crafting. Birch bark braiding, folk doll sewing, weaving and painting of coastal roes are the most popular activities. In 2014 it organized 56 master classes (44 in 2013) where about 700 persons learned folk crafting techniques.

The number of people provided with services (excursions, workshops, programs etc.) is calculated by the number of classes attended rather than by the number of people, i.e. if one pupil attended 10 classes, 10 people will be officially documented. In this regard, it is impossible to define the real coverage of "KALEVALATALO" services.

As for selling of souvenirs in Kalevala, there are three official places for souvenir selling: a souvenir shop at the Ethnocultural center, "Velt" hotel, the central department store. "KALEVALATALO" organizes fairs in the district and takes part in fairs outside of the district, selling the craft products. Besides, crafters sell their products on their own (via Internet, by organizing small shops at home or by making individual orders). The souvenir shop at the Ethnocultural center has products of more than 60 crafters (wood carving, basketry, birch bark braiding, Karelian wood boats crafting, sewing of national Karelian costumes, leather working and others). 80% of the products are bought and brought from other districts of Karelia, in particular, from Petrozavodsk. Demand for souvenirs is low due to the high price and low quality of souvenirs.

According to the expert interviews with crafters, they do not provide their products to the souvenir shop of "KALEVALATALO" because:

1. They are not satisfied with the form of purchase (product for selling)

2. They are not satisfied with the price policy (increase of the original price up to 50%)
3. There is possibility to sell products autonomously.

For more conscious approach to work with crafters it is necessary to divide the craft activity into (a) providing local population with practical goods and (b) issuing souvenirs. Tourism business and Kalevalsky district administration demand for development of a souvenir line that would represent Kalevalsky district. Thus, branding work with external management is needed.

Additional functions:

There are **Informational Tourist Center and Business Incubator** at the premises of the Ethnocultural center. Both were established within the cross-border cooperation projects. They are provided with equipment (computer, printer, software). During the project realization (see the paragraph 1) they have paid employees. However, upon the completion of the project there is no appointed staff for these structures, so work in these areas is not paid; the Ethnocultural center’s personnel performs this work during non-working hours, not regularly. Information about the Informational Tourist Center and business incubator is not disseminated among municipalities of the districts, consequently, only inhabitants and tourists of Kalevala receive their services; requests are rare.

3.3. Human resources:

48 people work in cultural institutions (clubs and the ethnocultural center). Among them 36 employees work at 6 clubs of the Centralized Club Network located in villages and settlements of the district; 12 employees work at “Kalevalatalo” Ethnocultural Center. The staff includes director of the club system, director of the ethnocultural center, heads of clubs, cultural workers, heads of club groups, musical workers, guides, and maintenance staff: technician, driver, yardman, cleaner.

	Higher cultural education	Higher education	Secondary cultural education	Secondary vocational or secondary education	Total number of workers
“Kalevalatalo” Ethnocultural center	1 person	1 person	1 person	9 persons	12 persons
Centralized Club Network	3 persons	6 persons	6 persons	21 persons	36 persons

Table 9. Education of cultural workers

The staff qualification is insufficient: 19% of staff has a university degree or vocational secondary education; most of staff are middle-aged and have relevant experience of more than 10 years. In 2015, 6 employees of the Centralized Club Network received advanced training, 2 persons took part in correspondence professional training programs. The age of employees is the following: 7 persons before 30 years old, 24 persons from 30 to 55 years old, and 5 persons above 55 years old. There is a critical lack of professional employees in the sphere of culture.

3.4. Cultural potential of local population

NGOs also provide cultural services to the population. There are only 3 such NGOs: “Ukhut-seura”, local civil society organization for the Karelian language and culture support; Ortie Stepanov Fund; Karelian regional youth movement “The Youth of Kalevalsky district”.

Each organization has its specialization. For example, “Ukhut-seura” organizes events to support the Karelian culture, takes part in mass cultural events organized by cultural and leisure institutions, and realizes cultural projects. The Ortie Stepanov Fund organizes “Rodichi” literature festival and “Autumn

Festival of Documentary Films in Haikolya” in Haikola village. Karelian regional youth movement “The Youth of Kalevalsky district” aims at young people and organizes exhibitions and patriotic events.

The potential of youth should be particularly noted. As of 1 January 2015, 1510 children and young people lived in Kalevalsky district. More than 40 young people run business in Kalevalsky district constituting 20% of the total number of businesses. The main types of youth businesses are retailing; passenger and cargo transportation; taxi; logging and wood processing; building and reparation services; furniture manufacture; barber services; growing and selling of agricultural products; personal services. Therefore, young people of the district are quite active. They can be included into testing of businesses related to the cultural area, projects for professional tests in the cultural area and for development of tourism services.

3.5. Competitiveness of cultural services

Cultural institutions render paid and free of charge services for population. According to “road maps” adopted in the sphere of culture, amount of paid services should grow. It means that several factors should work together: purchase power of population, awareness of population’s demands, high quality of cultural products, appropriate marketing strategies. Another factor for increase in cultural services quality is a competitive environment. In areas where population has high purchase power and there is high cultural potential, private business is an active actor of cultural and recreation activities. It should be noted that non-governmental organizations and business do not create a competitive environment for cultural institutions existing in Kalevalsky district. The situation is different in Belomorsky, Kondopozhsky, Prionezhsky, Segezhsy, Sortavalsky municipal districts and Petrozavodsk, where paid services supply in recreation by non-governmental and businessmen are real competitors for municipal Cultural centers and clubs.

Regional government has ordered survey among residents of municipal districts of the Republic of Karelia, which was conducted from 20 February to 20 March 2015; its aim was to identify how population evaluates results of work performed by local self-government authorities of city and municipal districts of the Republic of Karelia in various spheres, including culture and realization of national and cultural rights. A total number of 50 individuals were interviewed in Kalevalsky district. Normative sample is based on social and demographic groups of Kalevalsky district (2013 Kareliastat data) by gender, age and settlement type (city, rural). This survey showed the following results.

In 2014 66% of Kalevalsky district’s residents visited at least once cultural institutions of the district or mass events organized by them. This number is by 9% higher than the average number across the republic. 79.5% are satisfied by services (events) of cultural municipal institutions, what is by 8.4% higher than the average percent across the republic.

In general, 76% of the district’s inhabitants are satisfied with the state of culture and recreation in Kalevalsky district, what is 22.3% higher than the average number across the republic.

64% of Kalevalsky district’s inhabitants are satisfied with the possibilities to take part in events related to cultural traditions of their people (35.3% at the average in Karelia), 6% are unsatisfied (15.1% at the average in Karelia), the remainder (30%) did not give an answer (49.6% at the average in Karelia).

At that, surveys of population’s demand, its cultural preferences and, consequently, assessment of municipal cultural and recreational services at the municipal level are rare and irregular. Usually surveys have form of short questionnaires asking sex, age, whether you like this event, and your comments. Sometimes the oral interviews are conducted, and their results are not generalized for further usage in planning. Systematic studies of demand for services in junction with studies of local market of cultural services contribute to identification of low demanded and noncompetitive services and, accordingly, to elimination of ineffective expenditure of local budgetary means for their creation.

Conclusions:

1. Culture is perceived as potential for comprehensive territorial development and is a resource for economy, tourism and local self-government. Local self-government authorities are aware of the

need to move to a totally new level of culture functioning, including libraries, museums, archives, traditional folk culture, preservation and popularization of culture heritage objects.

2. Cultural institutions directly or indirectly included into tourism products of the district can contribute to the increase of attractiveness of Kalevalsky district in domestic and international markets.
3. NGOs organize cultural events that attract visitors from Karelia's districts, other Russian regions and international participants. The projects and events of local NGOs occupy a special niche requiring for support and lobbying of local executive authorities.
4. Local population takes part in clubs, attends many district events.
5. Advancement of event tourism and attraction of partners and investors for cultural events in the district require development of a common calendar of cultural events in Kalevalsky district, reflecting the cultural diversity of the district.
6. As compared to other districts of the Republic of Karelia, Kalevalsky district has an advantage in the form of high significance of culture for population. However, it is necessary to think about bigger number of possibilities for meeting their needs in national and cultural sphere and higher quality of services in this sphere.
7. There is a critical lack of professional employees in the sphere of culture. The current staff qualification is low.
8. It is worth to note specially integration of marketing tools for development and improvement of cultural services.
9. Cultural institutions also create conditions for development of crafting in the district. It is necessary to improve the system of registration and training of crafters as well as to build relationships with designers for improvement of crafting and souvenir products.
10. Professional competence and national flavor of folk musical, dancing and theatre groups are promising. They contribute to presentation of North Karelians' culture at international and interregional events, give possibility to build direct cultural connections with Finland and neighbouring districts.
11. Young people can be included into testing of businesses related to the cultural area, projects for professional tests in the cultural area and for development of tourism services.
12. Generally, culture can be perceived as a resource for development of the district's economy as well as for integration of some positive practices into the strategy of smaller affairs in Kalevalsky district.

4 Analysis of marketing tools

The marketing tools were analyzed by 4 parameters: Product, Price, Place, and Promotion. The documentation of cultural institutions and business enterprises was studied as well as expert interviews were taken within the analysis.

4.1. Product

Tourism: Tourism product is often of poor quality. It is particularly relevant to «grey» business. There are no quality standards for the tourism products. Lack of competition does not encourage business and cultural institutions to search creative forms of providing leisure activities and tours. One of the problems is that even the product already created is not duly promoted at the tourist services market. According to the administration of Kalevalsky district the number of incoming tourists in Kalevalsky district remains the same over the last 5 years – 2 000 - 2 500 people a year. The access to the district is difficult as well as the state of local roads is poor. The tourism product is seasonal (summer and winter) and poorly available because the tourists seek for the particular tourism products among which are following:

1. Snowmobile tours with different duration (from 2 to 5 days), as well as express-tours (as an option within another set of services): from 2 to 7 hours;

2. Dog sledding;
3. Summer fishing in rivers and lakes;
4. Ecological tourism – wildlife photography;
5. Individual vacation programs.

Culture: Cultural services are regular. The cultural institutions do not offer any special events. Although there are new proposals from NGOs. The cultural institutions provide local people and tourists with the following services in the district:

1. Mass cultural events
2. Kalevala sightseeing tour
3. Museum visits (with or without excursion)
4. Interest groups and clubs

4.2. Price

Tourism: Prices for tourism services (accommodation and leisure) are set by travel agencies and guest houses' owners taking into account their expenditure and average price for the same services in Karelia. Over the last 10 years the price increased by 2 times (Table 2).

Accommodation	Price in 2015	Price in 2016
“Velt” hotel	From 350 rubles per person	From 1800 rubles per person
Cottage	3100 rubles per day for a group	From 6000 rubles per person
Izba at Khirmush-Yarvi lake (Khurmus)	SUMMER 1240 rubles per group WINTER 1860 rubles per group	SUMMER: 3300 rubles per group 4400 rubles per group (July-September)
Izba at Vaykul'skoye lake (Khyamya)	SUMMER 1240 rubles per group WINTER 1860 rubles per group	SUMMER: 3900 rubles per group 4300 rubles per group (July-September)
Izba at Kaynalaynen lake	1240 rubles per group	From 2400 to 3500 rubles per group
Izba at Alozero lake	1860 rubles per group	From 1300 rubles per group
«Fisher’s Refuge», izba at Muasyarvi lake, Pisto river	SUMMER 3100 rubles per group WINTER 3600 rubles per group	From 3800 to 5200 rubles per group
«Fishing patch» hostel	SUMMER 4500 rubles per group of up to 3 people 6200 rubles per group of 4-6 people	SUMMER: 3800 rubles per group 5200 rubles per group (July-September)
House in Voinitsa vllage (on the island)	1860 rubles per group	3300 rubles per group
House in Voinitsa vllage (on a farm)	1860 rubles per group	3600 rubles per group

Table 2. Accommodation used by the company “Velt – Karelian travels”

Apart from the hotels (Velt and Sampo) in Kalevala there are forest huts for tourists. However they are overpriced. The huts were built in early 2000-s and minimally equipped: two-tier or double beds, Russian stove, gas stove, kitchen utensils and furniture. There is no electricity. Candles are used for lighting. The lavatory and bathhouse are 5-15 meters away from the house. In this regard the tourists visiting the district for the second and more times do not use the provided accommodation. They prefer tents or cars.

In 2014, "Velt" announced the decrease of prices for advanced reservation in early summer. The low-cost accommodation is not provided. The price-quality ratio does not always satisfy clients.

Culture: The cultural institutions of Kalevalsky district provide cultural services. Prices are set at the Council of deputies of Kalevalsky district.

Culture and leisure network of Kalevalsky district		«KALEVALATALO» Ethno-cultural Center	
Services	Price ⁴⁴	Services	Price ⁴⁵
Discotheque	From 25 to 100 rubles	Visit to the Museum of Rune Singers (without excursion)	From 0 to 10 rubles
		Visit to the Museum of Rune Singers (with excursion)	From 0 to 100 rubles
		Visit to the Museum of Rune Singers (excursion in Finnish, Karelian or English)	150 rubles
Concert, performance, festival	From 25 to 80 rubles	Sightseeing tour in Kalevala	From 30 to 150 rubles
Children's holiday	From 0 to 50 rubles	Sightseeing tour in Kalevala (excursion in Finnish, Karelian or English)	250 rubles
Rent of premises of Culture Center	From 1500 to 3400 rubles per day	Photography in museum	50 rubles
Workshops (textile, wool, wood, birch bark)	200 rubles per hour	Video recording	100 rubles
Making doormats	500 rubles per 1 m ²	Week-end express-seminar (3 hours)	110 rubles
Rent of weaver loom	From 15 to 25 rubles per hour	Training courses (1 hour)	90 rubles
		Workshops on making craftworks (birch bark braiding, beadweaving, carving, wood painting, working with fabric) per hour	250 rubles
		Lecture and practical class on arts and crafts (sewing, knitting, macramé etc.) per	50 rubles

⁴⁴ The price depends on the event, social group and territory. The prices for retirees and people with disabilities are lower. The prices during calendar holidays are higher. The prices in villages are lower.

⁴⁵ The price depends on the age (preschool children, pupils, students, adults, elderly)

		hour	
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The prices⁴⁶ for some services do not cover expenditure for their providing. The cultural products are underpriced and socially oriented. While setting the price, the age of the customer is considered. Besides, the variety of services is limited and the range of “KALEVALATALO” services does not become wider. 10 out of 28 services offered by the Ethnocultural Center are offset printing services, in particular recording files, sending and receiving messages by e-mail, typing and editing texts.

4.3. Place

Tourism: Only “VELT. Karelian travels” travel agency offers organized tours. Private guest houses provide services “upon the recommendation of relatives and acquaintances”. There are also direct connections with Finnish travel agencies which send Finnish tourists to different human settlements of the district. In spite of the fact that the information is published in the Internet, it is characterized by the same content, does not provide with details of accommodation, available tours and cultural, historical and ethnic tourist attractions. Information is often outdated. There are no printed presentation materials and maps showing sightseeing attractions. There is one billboard in Kalevala settlement showing main tourist attractions of the district.

Culture: Cultural events are held in the cultural institutions or outside (Kuito lake coast). Information about annual events in the district can be found at the information board in the building of Kalevalsky district’s administration as well as at the web-site of the administration. The cultural institutions also issue information posters distributed in the settlement where the event is held. Everybody can attend the events of cultural institutions. It is worth noting that there is no information about events in the places of tourists’ stay.

4.4. Promotion

The Strategy for the District’s Development up to 2015 has been focused on brand of the district. However, the brand of the territory is not defined and there is no brandbook of the territory. Marketing activities within the Program of Tourism Development in Kalevalsky national municipal district for 2015-2020 are not provided with adequate financial support. The information about Kalevalsky district is mainly promoted via Russian-language web-sites and social networks (Vkontakte).

Participation in tourism exhibitions, conferences, presentation events is rare, in average 1-2 times per year. No marketing research is carried out. Representatives of “KALEVALATALO” Ethnocultural Centers annually hold 1-2 international events without wide information dissemination at inter-regional and international levels. Funding for these events is not supported by public funds of the district.

The “Kalevalotalo” Ethnocultural Center conducts events presenting tourism potential and ethnic and cultural heritage of the district. Articles are published in local mass media and work in Vkontakte social network is in progress: <https://vk.com/club68287597>, <https://vk.com/public32357039>. The number of subscribers is limited. Information about tours and sightseeing of Kalevalsky district is rarely presented at regional and federal web-sites and is available only in Russian.

Conclusions:

- Tourism and cultural products in Kalevalsky district are traditional and not different from those in other Karelian districts.
- Lack of tourism standards leads to the “price-quality” disproportion.
- Too low prices for some cultural services depreciate the product. In addition, the low price is perceived by customers as a quality assessment, i.e. low price = poor quality.

⁴⁶ For example, visiting museum without guide costs 10 rubles but the museums are located in different places 700 meters away from each other. The staff of the “KALEVALATALO” is responsible for the access to the museums (opening and presence during the visit). The time of the visit is not restricted.

- Bad marketing of the territory stipulates tourism gaps and investors mistrust (in 2015 – only one prospective investor).
- Lack of marketing strategy prevents from creating positive “external” image of the district to include it in the republican and federal programs of tourism and culture development and other programs.
- Marketing tools are almost not used for the district’s promotion, not at the internal nor at the external level.

5. Recommendations:

1. To further increase attractiveness of Kalevalsky district in domestic and international markets, the Kalevalsky district has a potential to take part in cross-border cooperation programs. It’s necessary to examine international programs in which Kalevalsky district can take part; to identify key focus areas in development, strategic medium-term objectives. We can possibly create a special team focusing on formulating of ideas, completion and submission of applications for international programs. For instance, during upcoming year the district can take part in the following international programs: [Joint Action Program Kolarctic Cross-Border Cooperation 2014 – 2020 approved](#) by the European Commission on 18 December 2015, [Cross-Border Cooperation Program “Karelia”](#).
2. Sisterhood relations can widen. Apart from the culture, cooperation can include international educational programs for the staff in culture sphere, service sector, tourism as well as exchange of experience.
3. As for collecting information about tourist flows, demand for tourism and cultural products the tourists already visited the district as well as possible visitors can complete online survey. The survey form can be posted at the web-site of Kalevalsky district administration or of a specialized cultural institution.
4. It is possible to develop tourism products for small-numbered groups or individual tourists, for example individual fishers or small groups of fishers; families, including with children; middle-age married couples from big cities or from the central regions of Russia. Foreign tourists will seek for the ethnic and cultural components of the territory.
5. In its municipal tourism development program the administration of Kalevalsky district should pay attention the development of tools that will assist in:
 - a. Ensuring legal, financial and institutional development of tourism and recreation in the district;
 - b. Supporting and developing tourism and recreation infrastructure;
 - c. Creating competitive tourism product;
 - d. Providing information, human resources and methodological support for tourism and recreation development.
6. «KALEVELATALO» Ethnocultural center has capacity to develop new excursions in Kalevala and other settlements, for example, Yushkozero or Voinitsa villages. In this regard tourism products earlier developed within the international projects implemented in the district can be used. NGOs or senior schoolchildren can be involved in the development process.
7. Possible inclusion of young people of Kalevalsky district in testing businesses related to the cultural area, projects for professional tests in the cultural area and for development of tourism services should be considered.
8. Possible tools for systematic study of demand for cultural services can be included in the municipal cultural development program. Study of demand along with the study of local cultural services market will facilitate identifying competitive services in demand and eliminating ineffective local budget expenditure for the services production.
9. A special attention should be paid to the marketing strategy development of Kalevalsky district in order to present it at the external market.

ANNEX 6: RESULTS OF THE PRIMARY RESEARCH - FIELD STUDY

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As part of the project, three field studies were conducted aimed at identifying the role Finno-Ugric cultural heritage plays in the development of Kalevalsky District in the Republic of Karelia:

a) questionnaire surveys of tourists who were visiting the district between Dec. 30, 2015 and Feb. 02, 2016, carried out in places of accommodation (hotels, guest houses, etc.) in three localities (Appendix 6.A);

б) online polls of tourists who have visited the district or are going to visit it, carried out through the site of the Information Tourist Center of the Republic of Karelia and in social networks (Appendix 6.B);

в) focus groups with representatives of five target groups – local authorities; cultural establishments, educational institutions, tourism-related establishments; heads of businesses in the sphere of tourism; non-profit organizations; young people (aged 14-30) ((Appendix 6.C)).

A total of 246 people took part in the surveys, among them:

- in the questionnaire surveys – 101 tourists in places of accommodation;
- in the online polls – 95 people;
- in the focus groups – 50 people.

The following conclusions can be drawn from the present study.

1. The natural resources of the district are its main force of attraction – as suggested by the findings of all the three studies. Hunting and fishing, visiting beautiful landscapes, relaxation in the peace and quiet of nature, taking a sauna (a steam bath) – those are the main reasons for tourists visiting Kalevalsky District. Nature-related recreational facilities attract about 55-75% of the tourists or those who are planning to visit the district (the questionnaire surveys and the online polls).

2. At the same time, the cultural and historical resources of the district are also quite popular with tourists – culture- or history-related sights interest from a third (35%; the online polls and the questionnaire surveys) to two-thirds of the tourists (67%; the questionnaire surveys). According to the business people providing services in the sphere of tourism, the demand for tourism services based on the cultural and historical uniqueness of the district is on the increase, and now we are getting more and more people oriented on cultural tourism (materials of the focus groups).

3. It is important to note that the significance of cultural resources (and, above all else, of the national Finno-Ugric traditions) for the local residents themselves is also rising or, at least, is not falling. They believe that, as opposed to other national districts of the Republic of Karelia, it is in Kalevalsky district that Finno-Ugric traditions (such as the Karelian language, folk bands, etc.; and among other things their support institutions) are preserved best of all.

4. The key symbol of the district, which is also the most celebrated one, is the Kalevala epic poem, around which a variety of material and non-material cultural and tourist resources of the district are concentrated. The fact that the place is the original home of the Kalevala epic poem is of great significance for most of the local residents, and most of the tourists (over 80%) are also informed about that. Previously, local residents were actively involved in the work aimed at the elaboration of the brand and logo of cultural attractiveness of Kalevalsky district – as a result, the folk musical instrument *kantele*, which is also related to the Kalevala epic poem, was chosen to represent the district. However, the visitors of the district are not very well familiar with this symbol (the *kantele*), and some of the business people consider the *kantele* to be of little interest to tourists. At the same time, the questionnaire surveys show that it is Karelian and Finnish national traditions that the tourists are mostly motivated to get acquainted with.

5. The findings have shown that there are also other prospective spheres in the cultural and historical heritage of Kalevalsky District. This primarily refers to the military history of the district connected with the events of 1940-1945: there are prospective sights (well preserved military defenses; this information emerged from the focus groups), as well as interest in these places on the part of tourists (over 40% of them are willing to find out more about this topic; those were the findings of the questionnaire surveys). The potential demand for objects of the industrial history of the district (a printing house; hydraulic power engineering facilities), which can also be turned into places of interest, is hard to assess based on the results of the studies. On the other hand, the revealed interest in the pre-Christian history of the district (almost 50% of the surveyed tourists have expressed this interest) is still difficult to link to any particular sights.

6. The services provided to tourists are of high enough quality – those were the results of the questionnaire surveys (almost 80% of positive evaluations with no negative comments in the questionnaire surveys; the online polls have only revealed 4% of those who were disappointed with their visit to the district), and these results were supported by the opinion of service providers (the business people; based on the materials of the focus groups).

At the same time, the tourists are provided with by no means the whole range of services that they could make use of. Above all else, they lack the diversity of eating establishments and variants of menus and could do with a wider range of offered tours and excursions (noted by 35-40% of the tourists and residents; the findings of the questionnaire surveys and the focus groups). Further on that list, there are such things as (noted by 20-30% of the tourists; the findings of the questionnaire surveys and the focus groups):

- the flexibility of transport services;
- Internet access;
- night life possibilities;
- provision of the necessary facilities in the places of interest and cultural establishments;
- creation of awareness about the upcoming events;
- possibilities for buying souvenirs, as well as purchasing informational, reference and scientific materials on the district.

7. On the basis of the study, we can in a generalized sense distinguish between three target groups of Russian tourists visiting Kalevalsky District:

- approximately 55% of them are big-city dwellers (most of them living in Moscow and St.-Petersburg), with a higher proportion of young women; most of them have arrived in Kalevalsky District for the first time;

- about 35% of the tourists are of middle age or a bit older; among them men make up a higher proportion; most of them have repeatedly come to Kalevalsky District and are connected to it with friendly, family or ancestral ties;

- about 10% of the people have come to the district on business for 1-3 days. In this group, women make up the majority; most of them have been here on numerous occasions; they are pretty well aware of the pastime possibilities here.

A considerable portion of the tourists are well-off people. It is also worth mentioning that over a quarter of the tourists come to Kalevalsky District repeatedly, of which over 80% visit their family or friends. From other sources it is known that the flow of foreign tourists accounts for about 20% of the total number.

8. The study has shown that in the development of tourism, as well as in the overall development of the district on the basis of national Finno-Ugric traditions, there are a number of limiting factors. Above all else, it is the unsatisfactory condition of the automobile roads – those linking Kalevalsky District with the neighbouring districts of the Republic of Karelia, as well as those connecting with each other different towns and localities within the district. This problem is unlikely to be solved in the nearest future – it is hardly possible with the finances available at the local level, or the resources of the Republic of Karelia for that matter. Among other things, this problem considerably hinders the transport connection with the adjacent regions of Finland, because there is no independent border crossing point to Finland in Kalevalsky District. Due to this fact, most of the expectations of the local residents are connected with some support on the part of the federal government (the focus groups materials).

9. Unfortunately, Kalevalsky District is implementing no focused policy aimed at enhancing their own attractiveness for tourists. There are websites of travel companies, as well as isolated events in which the district presents itself; but all these actions are un-co-ordinated from the point of view of broad-scale promotion of an integrated image of the district (the focus groups materials). As a result, among the tourists who have visited the district, the majority (over 50%; the questionnaire surveys) learned about its resources from colleagues, friends or relatives, and most of them organized their trip to Kalevalsky District themselves, not through travel agencies (the online polls).

10. The focus groups materials show that in the context of relatively balanced relations of the local communities with each other (the local authorities, business communities, professional associations, activists and members of non-profit organizations, the youth), there is a certain lack of coordinated efforts and leadership. Each group sees particular potential in themselves and expresses willingness to activate it, but has no effective mechanisms to establish fruitful cooperation with representatives of other groups.

APPENDIX 6. 1 RESULTS OF THE STUDY ON VISITORS EVALUATION OF KALEVALSKY DISTRICT EXPERIENCE

Study Description and Sampling Criteria

The study was conducted as a part of the Kalevalsky Ethnic District Development Support Project and based on its unique cultural and historical character, supported by the World Bank.

During the period of time from Dec. 30, 2015 to Feb. 02, 2016, we were surveying visitors of Kalevalsky ethnic district. The total of 101 individuals, age 18 and above, were surveyed. The surveying was conducted in Kalevala settlement – the district’s administrative center – (71 individuals), and the villages of Yushkozero (20 individuals) and Voynitsa (10 individuals). Half of the visitors (52 individuals) were surveyed during the Russian Winter Holidays (Dec. 30, 2015 - Jan. 10, 2016), while another 49 individuals were interviewed during a non-peak season, i.e. January 11 through February 02.

Of the survey participants,

- 54.5% are male visitors and 45.5% are female visitors;
- The youth or 18-29 age group comprises 23.8% of the surveyed, while only 8% are individuals over 55 years of age;
- For 53.5% it was their first visit to Kalevala, while 26.7% stated to have been to Kalevala three or more times;
- 57.4% are residents of Moscow or St. Petersburg, 9.9% reside in Karelia, and 7% represent foreign visitors, of which 3% are from Finland;
- 20.8% are wealthy, rich people; and
- 60.4% came for a visit of four to seven days.

The survey report is prepared in February, 2016.

The Appendix contains the consolidated survey data.

Purposes of Visits to Kalevalsky District

The Kalevalsky District visit motivation rating list looks as follows (please note, that the respondents could select several answers, and consequently the total exceeds 100%):

1. Nature and scenery visit	75.2%
2. Holidays celebration	66.3%
3. Visiting local attractions/ Tours	34.7%
4. Friends and/or relatives visit	29.7%
5. Recreational and wellness visits (including baths and saunas)	26.7%
6. Fishing and hunting	24.8%
7. Local cuisine and unique local dishes tasting	19.8%
8. Gift and souvenirs shopping	16.8%
9. Cultural events	13.9%
10. Sporting events	7.9%
11. Visiting memorable (significant for an individual or his/her family, e.g. area of family origin) places	6.9%
12. Business and professional visits	5.9%

Therefore, the bottom line is that the nature and scenery factor leaves behind the area's cultural and historical heritage appeal, although the latter is also sufficiently apparent.

The purpose of travel to enjoy the *nature and scenery* is more pronounced for the respondents, who come to the area for the first time. In their turn, the individuals who come to *visit sightseeings and tours* are the respondents from the *youth age group* category (50%) as well as the respondents representing the two major Russian cities (41.4%).

At the same time, the motivation rating list for visiting the areas neighboring Kalevalsky District look differently:

1. Business and professional visits	39.6%
2. Visiting local attractions and tours	35.6%
3. Fishing and hunting	34.7%
4. Friends and/or relatives visit	20.8%
5. To enjoy nature and scenery	10.9%
6. Holidays celebration	9.9%
7. Religion/pilgrimages	7.9%

Presumably, in this case we observe the motivation rating for visiting northern areas of Karelia without the impact of the national holidays factor, namely:

- The percent of business/professional visit motivation is significantly higher,
- The level of interest in tours and sightseeing remains unchanged,
- The percent of those interested in nature and scenery is significantly lower, while stated interest in fishing and hunting is higher.

Thus, any future planning should not ignore any of the possible motives for visiting Kalevalsky District, specifically, natural beauties, cultural and historical appeal, and professional/ business travel.

Dissemination of information about tourist opportunities in Kalevalsky District

The largest part of the respondents (53.5%) learned about the area attractions from *friends, co-workers or relatives*. The *Internet* is the second source of information (40.6%). 20.8% of respondents relied on *own previous experience* of visiting Kalevalsky District. *Travel agencies* served as the source of information in 11.9% and *advertisement brochures* in 5% of cases, while *information in media* served as a source only in 2% of cases.

The Internet as an information source is more significant for the female respondents (56.5%), the residents of the two major Russian cities (55.2%) and the youth age group (50%).

The information about *the touristic opportunities in the area (attractions, tours, events, services etc.)* was sufficient or nearly sufficient for 65.4% of the visitors. It was partially insufficient or insufficient for 30.7% of the respondents. Specifically, the information was insufficient for those respondents (56.7%) who stated to have been in the area three or more times.

However, the information about *the cultural events held in the institutions and municipalities of Kalevalsky District* was sufficient or nearly sufficient for 51.5% of the visitors. It was partially insufficient or insufficient for 41.6% of the respondents.

In general, there is an existing potential (up to 20%) of growth in dissemination effectiveness as related to the information about the opportunities and services available in Kalevalsky District.

Perhaps, this could also mean that there is a lack of the opportunities (tours, services etc.) themselves, rather than a lack of information about the opportunities.

Visitors' Evaluation of the Services Quality

Below is the summary table of the visitors' evaluation of services and infrastructure opportunities (in the descending order of the percentage of positive answers):

	Excellent, %	Good, %	Satisfactory, %	Poor, %	No answer, %
Opportunities to relax and rest	73.3	17.8	4	1	3.9
Accommodation	53.5	22.8	4	2	17.7
Baths, saunas and other wellness treatments	54.5	21.8	6.9	5	11.9
Cultural heritage	38.6	29.7	17.8	2	11.9
Availability of local artisans souvenir products	32.7	28.7	20.8	5	12.9
Meal services quality (cafes, restaurants etc)	40.6	17.8	6.9	3	31.7
Sporting and exercise opportunities	39.6	18.8	7.9	13.9	19.8
Diversity of cultural events	35.6	22.8	19.8	5	16.9
Diversity of restaurant/eating facilities	11.9	12.9	24.8	20.8	29.7
Cultural events quality	27.7	26.7	14.9	7.9	22.8
Quality and diversity of souvenirs	21.8	29.7	21.8	10.9	15.8
Souvenir and gift shopping convenience	27.7	22.8	20.8	14.9	13.8
Diversity of historical/architectural heritage	15.8	28.7	20.8	8.9	25.8
Shopping opportunities	14.9	19.8	29.7	18.8	16.8
Museums, galleries etc.	16.8	17.8	18.8	7.9	38.7
Nightlife/ evening entertainment opportunities	11.9	7.9	14.9	25.7	39.6
Overall service quality	43.6	35.6	17.8	-	3

79.2% of visitors positively evaluated the *overall service quality*, which can be considered as a high figure, provided that the quality was described as satisfactory by 17.8% and as poor by none of the respondents. The least number of positive evaluations were received by those, who *visited Kalevalsky District more than three times* (26.7%) and the respondents of the *youth age group* (25%).

The majority of negative evaluations is present for the following destination features:

- nightlife/evening entertainment opportunities (25.7%),

- diversity of restaurants/eating options (20.8%),
- shopping opportunities (18.8%),
- souvenir and gift shopping opportunities (14.9%), and
- sporting and exercise opportunities (13.9%).

Potential resources for strengthening the area tourism appeal manifested in a different way through collecting responses to the question about the services and features currently underrepresented at the destination. First of all, it is *the diversity of restaurants and eating options* (according to 37.6% of the respondents) and *tours* (35.6%). Particularly, the availability of tours is insufficient for those staying in the villages (63.3%).

The next items in the list of problems to address are the *transportation services* (27.7%) and the *Internet access* (25.7%).

The next significant group of issues to address are:

- *gift shopping* (20.8%),
- *opportunities for purchasing informational, reference and study materials about the area* (19.8%),
- *sporting and exercise opportunities* (18.8%),
- *opportunities for local cuisine tasting* (17.8%),
- *opportunities for independent sightseeing* (17.8%),
- *opportunities for goods shopping* (16.8%),
- *opportunities for cultural/festive events* (13.9%), and
- *accommodation diversity* (12.9%).

Cultural and historical uniqueness of Kalevalsky District

76.2% of the respondents are well-informed of the unique nature of the cultural and historical heritage of the area, while 19.8% are not.

The greatest percent of the visitors (84.2%) have read or heard about the *Kalevala* epic. Among other known aspects next go the themes of *preservation of the Karelians' and Finns' traditions* (51.5%) and the *area's war history* (35.6%). Only 14.9% of the respondents are informed of the *architectural landmarks*, and only 13.9% have heard about the *area's religious heritage and traditions*.

In their turn, the visitors would like to learn about the *Karelians' and Finns' traditions* (66.3%). The second place in the visitors' interests is taken by the themes of the *early (pre-Christian) history* (48.5%), the *area's war history* (42.6%) and *Kalevala epic* (37.6%).

The most interest towards the *Karelians' and Finns' traditions* is expressed by the women (78.3%) and foreign visitors.

The *war history* is of more interest to the male respondents, repeatedly visiting the area, the well-off respondents and those visiting villages.

The *Kalevala epic* and the *early (pre-Christian) history* is more interesting to the men; other categories of the respondents demonstrate average interest to these topics.

In general, the *historical and cultural heritage* might interest 57.4% of visitors during their future visits, which match the interest in the *northern winter sports and recreation* (56.4%) and *eco-tourism* (55.4%).

Prospects for Attracting Tourists

The following conditions would boost the visitor interest in coming to Kalevalsky District to learn about its historical and cultural heritage:

- *The tour will have a rich and diverse visit program (77.2%),*
- *The transportation (41.6%) and guide (41.6%) services will be provided throughout the tour,*
- *The tour will last for four (32.7%) or more than four (37.6%) days.*

Different Target Group Attributes

In order to identify signature features of the selected target groups of visitors, their answers were compared against the reference set.

Specifically, **female respondents as a target group are**

- more oriented on *visiting local attractions and tours* (41.3% of women as compared against the reference number of 34.7%),
- more oriented on the *Internet* (56.5% against the 40.6%) as the source of information about Kalevalsky District tourism opportunities,
- more interested (78.3% against 66.3%) in learning about the *Karelians' and Finns' traditions*.

The **youth age group** (18-29) as a target group is:

- more oriented on *visiting local attractions and tours* (50% against 34.7%),
- more oriented on the *Internet* (50% against 40.6%) as the source of information about Kalevalsky District tourism opportunities as well as demonstrating higher concern with insufficient *access to the Internet* (33.3% against 25.7%).

The **tourists opted for village stay** demonstrate:

- greater percent of those, who visited Kalevalsky District *three or more times* (40% against 26.7%),
- more pronounced visit motives, that is *visiting friends and relatives* (56.7% against 29.7%), *hunting and fishing* (33.3% against 24.8%), *bath/sauna and other wellness treatments* (40% against 26.7%) and *visiting memorable/family significant places* (20% against 6.9%),
- predominant orientation on *friends, co-workers and relatives* as sources of information about opportunities of Kalevalsky Districts (76.7% against 53.5%),
- greater percent of those lacking *tours* (63.3% against 35.6%), *diversity of eating options* (50% against 37.6%), *gift shopping opportunities* (46.7% against 20.8%) and diversity of *transportation services* (46.7% against 27.7%),
- greater interest in the *area's war history* (56.7% against 42.6%) and *architectural landmarks* (53.6% against 27.7%),
- higher percent of foreign visitors (13.4% against 7%).

The **visitors using cars as the method of transportation to travel to the area** (own or friends') are:

- more *well-off*,
- mostly men,
- more lacking *tour opportunities* (48.1% percent against 35.6%),
- more oriented on *hunting and fishing* (38.5% against 24.8%),
- oriented on staying in smaller communities, i.e. villages (52%).

The **Moscow and St. Petersburg residents** are

- demonstrating greater interest in nature and scenery (81% against 75.2%),
- more oriented on the *Internet* (55.2% against the 40.6%) as the source of information about Kalevalsky District tourism opportunities,

- less concerned with *diversity of eating options* (27.6% against 37.6%),
- demonstrating greater percent of women (58.6% against 45.5%) and lower percent of senior age individuals (3.4% against 8%).

The visitors with multiple previous travel to Kalevalsky District are:

- significantly more demonstrating the motivation for coming to *visit friends and relatives* (83.3% against 20.8%) and oriented on *friends and relatives* as the source of information (73.3% against 53.5%),
- more concerned with *diversity of eating options* (56.7% against 37.6%),
- more than in average concerned with the insufficient presence of *tours* (46.7% against 35.6%) and oriented on *historical and cultural heritage* (66.7% against 57.4%),
- demonstrating greater interest in the *area's war history* (63.3% against 42.6%),
- demonstrating higher percent of senior citizens (16.6% against 8%) and smaller percent of *residents of Moscow and St. Petersburg* (43.3% against 57.4%).

Study Results

1) There is no significantly predominant target group among the visitors of Kalevalsky District, including division by place of residence, age or visit purpose. Still, it is obvious that senior citizens or foreign visitors are underrepresented. The latter maybe due to the fact that surveying was held only in Russian.

A significant portion of visitors are financially well-off people.

It should also be noted, that more than a quarter of visitors come to the area multiple times, and 80% of them come to visit their friends or relatives.

Specifically, we can identify three target groups of visitors to Kalevalsky District:

- Approximately 55% are more likely the residents of the two major Russian cities (of whom women are the largest part), visiting for the first time, preferring to stay at Kalevala, oriented on seeing nature beauties, and in terms of historical and cultural heritage are more interested in the traditions of Karelians and Finns.

- Approximately 35% are more likely middle age or a bit above middle age respondents (of whom men are the largest part), visiting the area multiple times, connected to the area through friends and relatives, having average income, oriented on hunting, fishing and traditional wellness (bath/sauna), residing in Moscow, St. Petersburg or other Russian cities, proffering to stay at villages and travel there by own car, and in terms of historical and cultural traditions are more interested in the area's war history.

- Approximately 10% of the visitors come to the area for 1-3 days with professional/business purposes. They are more likely to be women with the majority having previous multiple visits to the are. They are well-informed about the destination features and tend to give lower grades to the service quality with the major issue being lack of diversity of transportation services.

2) The visitors to Kalevalsky District are happy with the service quality (79.2% assess the quality as excellent or good, while the remaining part assess it as satisfactory or provided no answer; there were no poor grades).

Still, the following list of tourism infrastructure development areas, based on the visitors' feedback, could be offered:

1. Increase the diversity of eating facilities and options,
2. Extend the number of tours,
3. Increase the diversity of transportation services,
4. Build up opportunities for nightlife/evening entertainment,
5. Improve access to the Internet,

6. Build up opportunities for gift shopping as well as buying informational and reference materials about Kalevalsky District,
7. Inform visitors about existing destination opportunities, including festive and cultural events and services provided by municipalities and institutions,
8. Widen sporting and exercise opportunities,
9. Expand shopping opportunities.

3) The unique nature of Kalevalsky District historical and cultural heritage plays the key role in attracting visitors to the area as well as it compliments its natural beauties. In this regard we could focus both on the existing achievements and promising opportunities to be pursued.

Kalevala epic falls into the first category due to its popularity among the visitors. As for opportunities, the focus is on the strengthening the volume of offers related the historical and cultural uniqueness of tourism products (including tours, visitor-oriented publications, souvenirs etc.) and on certain shift in the content emphasis. In the first place, it concerns the increase in tourist and culture products connected to the ethnic traditions of the Karelians and Finns, as they are in the high demand among the residents of Moscow and St. Petersburg. In addition, there is a definite demand for village experience and early pre-Christian history (probably, the mythology of a different kind than that of the *Kalevala* epic, i.e. Hyperborean theme or suchlike) as well as the area's war history.

APPENDIX 6. 1.1. DATA OF THE STUDY ON VISITORS EVALUATION OF KALEVALSKY DISTRICT EXPERIENCE

1. Is this your first visit to Kalevalsky District?	Number	
	absolute	%
1. This is my 1st visit	54	53.5%
2. This is my 2nd visit	17	16.8%
3. This is my 3rd visit	3	3.0%
4. This is my 4th or 5th visit	6	5.9%
5. This is my 5th or more visit	21	20.8%
Total	101	100.0%

2. Have you visited neighboring areas to Kalevalsky District?	Number	
	absolute	%
1. Business and professional visits	40	39.6%
2. Visiting local attractions and tours	36	35.6%
3. Holidays celebration	10	9.9%
4. Nature and scenery	11	10.9%
5. Friends and/or relatives visit	21	20.8%
6. Religion/pilgrimages	8	7.9%
7. Fishing and hunting	5	34.7%
8. Sporting events	-	-
9. Gift and souvenirs shopping	-	-
10. Cultural events	-	-
11. Recreational and wellness visits (including baths and saunas)	-	-
12. Local cuisine and unique local dishes tasting	-	-
13. Visiting memorable (significant for an individual or his/her family, e.g. area of family origin) places	-	-
Total	101	100.0%

3. What is the purpose of your visit to Kalevasky District?	Number	
	absolute	%
1. Business and professional visits	6	5.9%
2. Visiting local attractions and tours	35	34.7%
3. Holidays celebration	67	66.3%
4. Nature and scenery	76	75.2%
5. Friends and/or relatives visit	30	29.7%
6. Religion/pilgrimages	-	-
7. Fishing and hunting	25	24.8%
8. Sporting events	8	7.9%
9. Gift and souvenirs shopping	17	16.8%
10. Cultural events	14	13.9%
11. Recreational and wellness visits (including baths and saunas)	27	26.7%
12. Local cuisine and unique local dishes tasting	20	19.8%
13. Visiting memorable (significant for an individual or his/her family, e.g. area of family origin) places	7	6.9%
14. Other	-	-
Total	101	100.0%

4. What was the main transport method used to travel to this area?	Number	
	absolute	%
1. Own car	43	42.6%
2. Organized coach tour	34	33.7%
3. Commuter bus	10	9.9%
4. Taxi	3	3.0%
5. Rented car	-	-
6. Friends' or colleagues' car	9	8.9%
No data	2	2.0%
Total	101	100.0%

5. How did you find out about the touristic opportunities of Kalevalsky District?	Number	
	absolute	%
1. Advertisement brochure/booklet	5	5.0%
2. Travel agency	12	11.9%
3. Internet	41	40.6%
4. Tourist Information booths	-	-
5. Newspaper, radio or TV information	2	2.0%
6. Friends, colleagues, relatives	54	53.5%
7. Previous visit to Kalevalsky District	21	20.8%
Total	101	100.0%

6. You have sufficient information about touristic opportunities in the area (attractions, tours, events, services etc).	Number	
	absolute	%
1. Agree	35	34.7%
2. Partially agree	31	30.7%
3. Partially disagree	25	24.8%
4. Disagree	6	5.9%
5. Neither agree nor disagree	4	4.0%
Total	101	100.0%

7. What visitor opportunities or services have you already used?	Number	
	absolute	%
1. Hotel (guest house etc.) accommodation	74	73.3%
2. Tours	47	46.5%
3. Independent sightseeing/ attractions visiting	38	37.6%
4. Cultural/ festive events	47	46.5%
5. Business/professional events	2	2.0%
6. Gift shopping	60	59.4%
7. Shopping for informational, reference or study materials (books, pamphlets, CDs etc.) related to Kalevsky District	11	10.9%
8. Eating facilities (restaurants, cafes, cafeterias etc.)	30	29.7%
9. Local cuisine tasting experience	52	51.5%
10. Hunting, fishing	35	34.7%
11. Transportation services	28	27.7%
12. Shopping for clothes, foods, recreational products etc.	24	23.8%
13. Internet access services	46	45.5%
14. Translation/interpreting services	-	-
15. Bathhouse/saunas or other wellness treatments	63	62.4%
16. Sporting services	16	15.8%
17. Other	1	1.0%
No data	1	1.0%
Total	101	100.0%

8. Please rate the quality of your accommodation (hotel, guest house etc.).	Number	
	absolute	%
1. Poor	2	2.0%
2. Satisfactorily	4	4.0%
3. Good	23	22.8%
4. Excellent	54	53.5%
5. Not applicable	16	15.8%
No data	2	2.0%
Total	101	100.0%

9. Please rate eating facilities meal quality (cafes, restaurants etc.).	Number	
	absolute	%
1. Poor	3	3.0%
2. Satisfactorily	7	6.9%
3. Good	18	17.8%
4. Excellent	41	40.6%
5. Not applicable	22	21.8%
No data	10	9.9%
Total	101	100.0%

10. Please rate the diversity of restaurants/ eating facilities	Number	
	absolute	%
1. Poor	25	24.8%
2. Satisfactorily	21	20.8%
3. Good	13	12.9%
4. Excellent	12	11.9%
5. Not applicable	27	26.7%
No data	3	3.0%
Total	101	100.0%

11. Please rate the diversity of cultural events	Number	
	absolute	%
1. Poor	5	5.0%
2. Satisfactorily	20	19.8%
3. Good	23	22.8%
4. Excellent	36	35.6%
5. Not applicable	14	13.9%
No data	3	3.0%
Total	101	100.0%

12. Please rate the quality of cultural events (concerts etc.).	Number	
	absolute	%
1. Poor	8	7.9%
2. Satisfactorily	15	14.9%
3. Good	27	26.7%
4. Excellent	28	27.7%
5. Not applicable	21	20.8%
No data	2	2.0%
Total	101	100.0%

13. Please rate the historical/architectural landmarks, that you have seen.	Number	
	absolute	%
1. Poor	9	8.9%
2. Satisfactorily	21	20.8%
3. Good	29	28.7%
4. Excellent	16	15.8%
5. Not applicable	22	21.8%
No data	4	4.0%
Total	101	100.0%

14. Please rate your impressions of the cultural heritage.	Number	
	absolute	%
1. Poor	2	2.0%
2. Satisfactorily	18	17.8%
3. Good	30	29.7%
4. Excellent	39	38.6%
5. Not applicable	8	7.9%
No data	4	4.0%
Total	101	100.0%

15. Please rate museums, exhibitions etc.	Number	
	absolute	%
1. Poor	8	7.9%
2. Satisfactorily	19	18.8%
3. Good	18	17.8%
4. Excellent	17	16.8%
5. Not applicable	34	33.7%
No data	5	5.0%
Total	101	100.0%

16. Please rate shopping opportunities.	Number	
	absolute	%
1. Poor	19	18.8%
2. Satisfactorily	30	29.7%
3. Good	20	19.8%
4. Excellent	15	14.9%
5. Not applicable	14	13.9%
No data	3	3.0%
Total	101	100.0%

17. Please rate the souvenir and gift shopping experience.	Number	
	absolute	%
1. Poor	15	14.9%
2. Satisfactorily	21	20.8%
3. Good	23	22.8%
4. Excellent	28	27.7%
5. Not applicable	10	9.9%
No data	4	4.0%
Total	101	100.0%

18. Please rate the quality and diversity of souvenirs.	Number	
	absolute	%
1. Poor	11	10.9%
2. Satisfactorily	22	21.8%
3. Good	30	29.7%
4. Excellent	22	21.8%
5. Not applicable	12	11.9%
No data	4	4.0%
Total	101	100.0%

19. Please rate the availability of the local artisans' souvenir products.	Number	
	absolute	%
1. Poor	5	5.0%
2. Satisfactorily	21	20.8%
3. Good	29	28.7%
4. Excellent	33	32.7%
5. Not applicable	10	9.9%
No data	3	3.0%
Total	101	100.0%

20. Please rate nightlife/ evening entertainment opportunities.	Number	
	absolute	%
1. Poor	26	25.7%
2. Satisfactorily	15	14.9%
3. Good	8	7.9%
4. Excellent	12	11.9%
5. Not applicable	36	35.6%
No data	4	4.0%
Total	101	100.0%

21. Please rate the opportunities to relax and rest.	Number	
	absolute	%
1. Poor	1	1.0%
2. Satisfactorily	4	4.0%
3. Good	18	17.8%
4. Excellent	74	73.3%
5. Not applicable	3	3.0%
No data	1	1.0%
Total	101	100.0%

22. Please rate sporting and exercise opportunities.	Number	
	absolute	%
1. Poor	8	7.9%
2. Satisfactorily	14	13.9%
3. Good	19	18.8%
4. Excellent	40	39.6%
5. Not applicable	19	18.8%
No data	1	1.0%
Total	101	100.0%

23. Please rate baths/saunas and other wellness treatments.	Number	
	absolute	%
1. Poor	5	5.0%
2. Satisfactorily	7	6.9%
3. Good	22	21.8%
4. Excellent	55	54.5%
5. Not applicable	10	9.9%
No data	2	2.0%
Total	101	100.0%

24. Please rate the overall services quality.	Number	
	absolute	%
1. Poor	-	-
2. Satisfactorily	18	17.8%
3. Good	36	35.6%
4. Excellent	44	43.6%
5. Not applicable	-	-
No data	3	3.0%
Total	101	100.0%

Appendix 6.2 Results of Online Survey Analysis

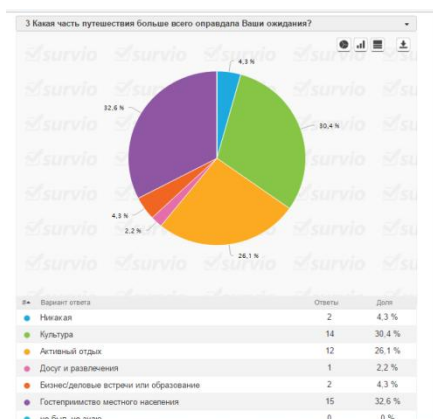
Report by Elena Kuznetsova

Online survey was conducted from February to April included. The questionnaire was placed on the website of the Tourist Information Center of the Republic of Karelia as well as in the social networks. 95 respondents took part in the survey.

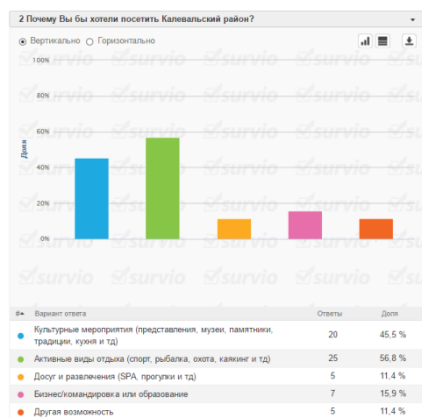
The analysis of the responses of the Kalevala district visitors



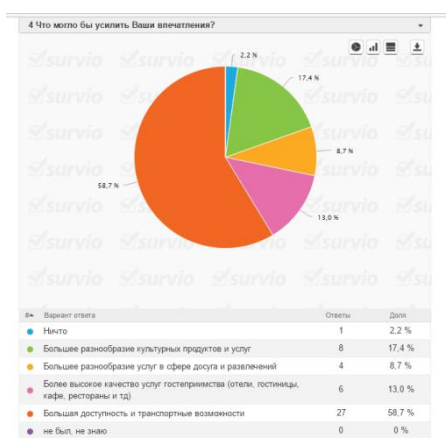
48% of the respondents gave the affirmative answer about their stay on the Kalevalskiy district territory.



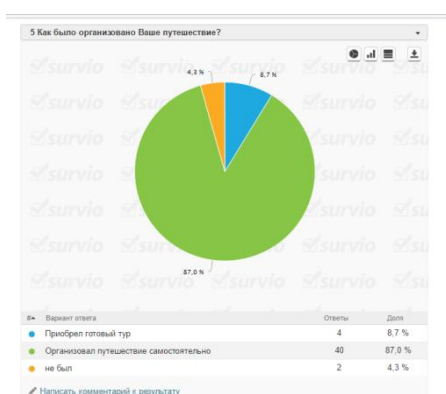
The majority of the respondents (54%) visited the Kalevalskiy district because of being fond of recreation activities outdoors. 43% of the respondents attended cultural events; this group demonstrated their interest in the regional history and traditions. 15% of the respondents were business-travelers. 10% came on vacation and 10% did not mention the purpose of their visit.



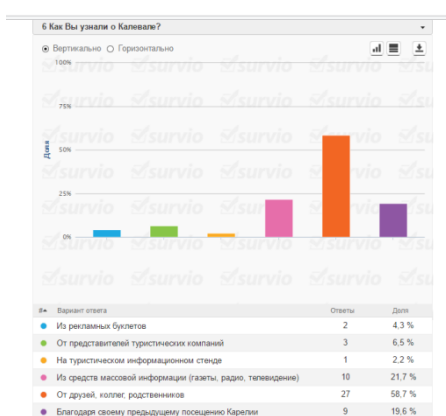
Answering Question 3 the majority (32%) pointed out the local people hospitality, 30% mentioned the cultural events, 26% - active recreation; 4% said that the expectations of the visit and stay in the Kalevalskiy district were not met.



58% of the respondents marked accessibility and transportation as the factors influencing positive impressions. It is obvious as the roads leading to Kalevala and local roads are in poor condition and not well-maintained. 17% of the respondents are not fully satisfied with the cultural products and services; 13% do not consider the hospitality sector services good enough; 9% do not consider the cultural segment sufficient enough; 2% have the opinion that there is no way to improve the impressions about the region (either everything is fine or absolutely hopeless).



The absolute majority of the respondents (87%) were self-organized travelers; 9% purchased the tour package; 4% gave the response "I haven't been here", which speaks about not correct filling out the survey.



59% (the majority) learned about the Kalevalskiy district from their circle of friends and relatives; 22% found the tourist information from the mass media; 19% belong to returning tourists coming to the territory several times running. What is obvious is the lack of the informational materials, presentation of the region at the tourism exhibitions, workshops and advertising in the tourist companies.

Conclusions:

- Kalevalskiy district is an advantageous nature territory with historical and cultural objects interesting for the tourists; however, the presenting level leaves much to be desired;
- Poor accessibility and roads condition prevent some tourists from visiting the territory;
- There is no information about the Kalevalskiy district tourist products and services on the popular tourist business grounds;
- There are no informational materials which could attract the tourists.

APPENDIX 6.3 RESULTS OF THE QUALITATIVE STUDY STAKEHOLDERS OF KALEVALSKY DISTRICT EXPERIENCE

This survey was conducted within the framework of the project «Karelia. Sustainable local development based on cultural and historical identity»

Dates of survey: February 29 – March 2 2016

Survey location: Kalevala settlement, Kalevalsky district, Republic of Karelia

Target groups:

- 1) representatives of district’s authorities;
- 2) representatives of tourism business;
- 3) representatives of publicly funded institutions of culture, tourism and education;
- 4) representatives of non-profit organisations (NGOs) and local activists;
- 5) representatives of youth.

Final results of focus groups are represented below under the following parts:

1. Demand for and key symbols of the Finno-Ugric culture and national traditions in the life of Kalevalsky district
2. Promotion of Kalevalsky district
3. Promising directions for increase of tourist and national culture attractiveness of Kalevalsky district
4. Role of authorities and communities in the increase of attractiveness of Kalevalsky district
5. Vision of the future of Kalevalsky district
6. Prospects for business development based on national culture resources

1. Demand for and key symbols of the Finno-Ugric culture and national traditions in the life of Kalevalsky district

Initially it is necessary to assess the dynamics of the demand for the Finno-Ugric culture in the life of the district. Each participant of the focus groups shared his/her general view about the issue. The results received are summarized in the table below.

Table 1 Finno-Ugric culture in the life of the district

<i>In recent years, is the role of Finno-Ugric culture and national traditions in the life of district growing up or going down?</i>	Authorities in % 6 people	Institutions in % 11 people	NGOs in % 14 people	Youth in % 12 people	Business in % 7 people	Total in % 50 people
<i>The role is growing up</i>	66,6	18,2	78	8,3	42,8	42
<i>The role remains as before</i>	33,3	63,6	-	59,5		32
<i>The role is going down</i>	-	-	14	33,2	42,8	18
<i>It is difficult to answer</i>	-	18,2	7	-	14,4	8

According to the table, most of the participants of focus groups agree that the role of Finno-Ugric culture is growing or at least is not going down. The representatives of local authorities and non-profit organisations (including local communities) are most sure about the role increase. However business and youth groups are enough strong in their view that the role of Finno-Ugric culture in the district's life is going down. It is worth noting that the youth and business are most promising groups for Kalevalsky district.

Dialogue: «For the last 5 years the number of art groups contributing to the culture has significantly increased. These are folk dance, kantele groups etc.

- But I think that cultural groups do not become numerous, they changed...

- In my opinion, the role is going down (the role of national culture – note of the interviewer), because the younger generation has less interest to the culture of the district.» (YOUTH focus group)

Comment: «They (business representatives) absolutely do not use national culture resources. The municipal public funded institutions mainly deal with them...» (AUTHORITIES focus group)

Given that, the role of the Finno-Ugric culture is growing up in the life of the district what are its key symbols (resources)? One of the main parts of the focus groups was dedicated to this issue. Responding to the questions about most significant features of tangible and intangible culture of Kalevalsky district, the participants of all focus groups referred in most cases to the “Kalevala” epos and its symbols – tangible (Lönnrot’s Pine, Museum of Rune Singers etc.) and intangible (epic images – Sampo mill and others; history of epos creation etc.)

Comment: «I think that the name itself – “Kalevala” is a very important resource. In the 19th century, the runes of well-known “Kalevala” epos were recorded here. This is already a very powerful resource...» (AUTHORITIES focus group)

The second cultural symbol most mentioned by participants of the survey is a national music instrument **kantele**. Some participants of the focus groups remind that during one of the previous international projects on the same subject realized on Kalevalsky district, representatives of local communities agreed that kantele would be the official brand of the district. At the same time, the representatives of business note that kantele is almost not promoted among Russian tourists visiting the district:

Comment: «No, I think that most of tourists will not even understand what the kantele is and for what it serves.» (BUSINESS focus group).

Folk groups promoting folk art (Karelian songs, dancing, and theatre) were named fewer times: «Some of our groups are titled “folk groups”. Those are theatre, band of kantele players headed by honored culture professionals of the Republic of Karelia. Local holidays and festivals (Sommelo) held during the summer in settlements (Haikola and others) are also important.» (AUTHORITIES focus group)

Today these folk groups represent Karelian national traditions. Among important manifestations of traditions there are *language preservation*, works of *Karelian writers* related to the district (Y.Rugoyev, O.Stepanov and others), preservation of compact Karelians’ living areas and of national traditions in the architecture (Yushkozero village), national cuisine, crafts, traditional games (Karelian skittles «Kyukya») and holidays. It is important to note that the institutional system aimed at supporting national culture is preserved and developed. It includes Culture centers supporting art groups and organizing national holidays, newspaper and radio with publications and broadcast in Karelian, language learning, crafts and some other elements.

Dialogue: «It is important that we preserved the toponyms...

- There is still financial investment to the culture here despite of the hard times for Russia and Karelia. We succeeded in preservation of all culture centers and seek to keep all staff. Due to the large number of old things in the homes of people there is a permanent inflow of exhibit items to the museum.» (AUTHORITIES focus group)

At the same time, the representatives of tourism business and a number of other groups' representatives note that the key factor of the district attractiveness for the Russian tourists is *natural resources* (picturesque places – for example, Tuomo-Porog waterfall) and related recreation services – hunting, fishing, bathhouses etc. However, even they note that the interest for the district's culture is growing among the Russian tourists who increasingly differentiate by their requests. Meanwhile Finnish tourists remain the leaders of the “demand for national culture” so far.

«It strongly depends on the tourist. The Muscovites go to the district for fishing and mushrooming; the Finns prefer culture tourism.»

In most cases, the reason for visiting the district is its nature. The culture is its secondary attribute. The flow of cultural tourists seeking for culture is growing, although it makes up 30% of all tourists for now.» (BUSINESS focus group)

The representatives of all groups also note that there are some other resources for increase of historic and tourist attractiveness of the district. These are mainly war objects of 1939-1944 as well as a number of monuments of 20th century industrial history of the district – Printing House Museum, the first Karelian hydro power station etc. However, significant funds are required to make these objects presentable for the exhibition. Besides, it is difficult to forecast sustainable interest for them.

«As for the tourist attractiveness I would add that the history of our district is studied poorly. For example, tourists from Finland would be interested in memorials dedicated to the Finnish War or Great Patriotic War; we are short of them. Kalevala suffered most among the Karelian districts during the Finnish War... In the beginning of the 20th century Kalevala was a progressive Karelian district in the area of reconstruction; the Finns came there to build the first hydro power station.» (BUSINESS focus group)

As for the difference of tourist attractiveness between Kalevalsky district and other Karelian or Scandinavian districts diverse factors that are sometimes opposite, influence the situation. From one side, in comparison with other national districts of Karelia Kalevala wins in concentration of national cultural resources but from the other side, it concedes in the accessibility for tourists:

«Of course, the language (Karelian – note of the interviewer) here is developed much better but the accessibility of other districts is higher – they are situated along the federal road and can ensure much better conditions for stay. During the summer they are even more pleasant for tourists in terms of climate.» (AUTHORITIES focus group)

Assessment of tourist infrastructure is more controversial:

«In Pyaozero district (tourist area of the neighboring Loukhsky district of Karelia – note of the interviewer) people are much more active in receiving tourists in comparison with our district. They have a lot of guest houses, holiday camps near lakes and free space available for fishing and calm rest.» (AUTHORITIES focus group)

«In comparison with other districts of Karelia Kalevalsky district is ahead of the curve with regard to the tourist infrastructure... We have a better accommodation and service staff even compared to Kemsky and Belomorsky districts.» (BUSINESS focus group)

The comparison with Finland leads to the different results:

«Compared to Finland our tourist structure lost ground, more truly it was never at the same level as it is in Finland.» (BUSINESS focus group)

«However, in comparison with Finland we better preserved national holidays. In Finland they have a form of vanishing ancient traditions.»

- But I think that their culture is invisibly everywhere – museums, national festivals...» (AUTHORITIES focus group)

In the discussion above, there are two participants sharing their views on the authenticity level of the national culture of Kalevalsky district of Karelia in comparison with the similar culture of Finland.

However regardless the assessment we should understand that Kalevalsky district has its special value for Finland as a motherland for their national “Kalevala” epos.

To sum up, the role of national culture in the life of Kalevalsky district is growing up or at least is not going down. However, the most promising groups of the district – business and youth – express their doubts about it.

The unique key symbol of the national culture of Kalevalsky district is «Kalevala» epos. Besides, national Karelian traditions that are still alive also play an important role. These resources are unified by the symbol of national musical instrument KANTELE. For now, it is more attractive for the local people themselves and Finnish tourists. According to some business representatives, for most Russian tourists visiting Kalevalsky district it does not have any special attractiveness. In the meantime, they suppose that the range of interests among Russian tourists towards cultural products becomes wider. The district has a potential for development of new offers (military history, industry etc.) within the cultural and historic area for tourists and local people.

2. Promotion of Kalevalsky district of Karelia

As a separate question for the focus groups, the ways of promotion of Kalevalsky district for the external environment were studied. As it was mentioned in the previous part of the survey the majority of local communities agreed on the brand of Kalevalsky district. However, some business representatives do not consider it attractive for the Russian tourists. This part of the focus groups shows that there is ***no information policy coordination center to promote Kalevalsky district.***

“We need to enhance our information policy.” (AUTHORITIES focus-group)

“Mainly the promotion (of Kalevalsky district – note of the interviewer) is organized via the Internet and is done by travel agencies. Though a large number of tourists have learned about us from the people who visited Kalevala.” (AUTHORITIES focus-group)

“We have only primitive outdated booklets, which is not enough. Tourists need much more useful information. The improvement of this field may lead to the tourists flow increase.” (CULTURE, EDUCATION AND TOURISM INSTITUTIONS focus group)

“Participation in the international festivals, exhibitions. We present there all our brands: nature, epos... We organize workshops and master-classes, and publish all information about the region on the web-sites.” (CULTURE, EDUCATION AND TOURISM INSTITUTIONS focus group)

“Surely Kalevala is being promoted mainly with the help of tourism companies and also through some significant All-Russia events taking place in Kalevala.” (BUSINESS focus group)

3. Promising directions for increase of tourist and national culture attractiveness of Kalevalsky district

In this part of the focus groups the opinions about the most promising directions for the national culture and tourist attractiveness increase of Kalevalsky district were studied. The participants’ processed protocols results are given in the table below. Each direction (placed in the descending order according to the quantity of choices) is supplied with the comments of the focus-groups participants.

The roads and transportation problem takes an undisputed leading position – the idea expressed by all the groups representatives.

“The Finns, who have visited Kalevala, say that everything was excellent except the roads. If the roads were in normal condition there would be a large number of tourists coming here.” (BUSINESS focus-group)

“The lack of roads scares many tourists out.” (NGOs focus-group)

“Along with the lack of roads there is no territorial development, i.e. there are no guest houses, no parking places or recreational areas. The only place where you can make a stop and have some rest is Kalevala.” (NGOs focus group)

<i>Underline the directions in which the situation regarding the attractiveness of Kalevasky district can be and must be improved</i>	Authorities in % 6 people	Institutions in % 11 people	NGOs in % 14 people	Youth in % 12 people	Business in % 7 people	Total in % 50 people
<i>Roads and transportation</i>	100	100	100	100	100	100
<i>Informing about cultural events</i>	66,6	72,8	78,1	16,6	28,2	54
<i>Human resources for the tourism and culture services spheres</i>	66,6	63,7	71	16,6	56,4	54
<i>Monuments and architectural objects maintenance</i>	83,4	54,6	14,1	33,2	56,4	42
<i>Variety of catering places (cafes, diners, etc.)</i>	83,4	27,3	35,5	50	28,2	42
<i>Variety of tours</i>	66,6	18,2	21,3	83	14,1	40
<i>Concert halls, museums</i>	83,4	-	14,2	41,5	-	24
<i>Accommodation (hotels, guest houses)</i>	66,6	-	21,3	8,3	14,1	18
<i>Souvenirs production and sale</i>	66,6	-	7,1	-	14,1	12

Table 2. Directions for increase of attractiveness of Kalevasky district

The issue of human resources was emotionally discussed as well. NGOs (including local communities) and culture, education and tourism institutions representatives especially emphasized this problem.

“Employees are not motivated. They want to go to work and get money, but they are not willing to work, they just want to get much money without any effort to work. They are not enthusiastic about what they are doing. Some quit jobs after getting their first salary.” (BUSINESS focus-group)

“Unfortunately, we lack professionals in tourism. Usually we invite employees to give tours or organize some event or activity, but we don’t have either local or invited specialists.” (AUTHORITIES focus-group)

“All the human resources have left for Petrozavodsk, as the people want to see better career prospects and opportunities.” (NGOs focus-group)

‘Informing about the events’ subject has the same significance for the participants of the focus groups. The NGOs (including local communities) and culture, education and tourism institutions representatives emphasized it along with the previous issue mentioned.

“As we have very poor or zero advertising, we need at least 10 billboards in the district at some prominent places. There used to be a few, but in due time they were either dismantled or moved to some remote places where nobody would pay attention to them.” (NGOs focus-group)

“There is often not enough information for both local people and the visitors.” (CULTURE, EDUCATION AND TOURISM INSTITUTIONS focus-group)

The ‘catering variety’ and ‘monuments and architectural objects maintenance’ problems also play an important role – all the focus-groups mentioned them.

“Judging by experience we can say that when the visitors arrive they want to have a meal and only after it to get acquainted with the cultural heritage. But we have problems with catering services. If a group arrives in the evening it is almost impossible to organize a meal, as the canteen and the café are closed, especially when they come spontaneously without a pre-arranged schedule.” (CULTURE, EDUCATION AND TOURISM INSTITUTIONS focus-group)

“I have chosen the monuments and architectural objects as it is necessary to improve their accessibility and presentation. Some of the historical monuments cannot be reached due to their geographical location, about some of them the visitors are told very little or not given any information at all. Even the locals are not familiar with many of the monuments or know nothing about them.” (CULTURE, EDUCATION AND TOURISM INSTITUTIONS focus-group)

Practically equal amount of attention was driven to ‘tours variety’ problem – especially among the young people:

“A bigger tours variety is needed. The public survey states that and the facts speak for themselves. We need more specialists, as there are many interesting topics for research but nobody seems to be willing to study.” (AUTHORITIES focus-group)

“Nothing is changing, there is no activity (in the sense of the content of tours – note of the interviewer).” (YOUTH focus-group)

“If the NGOs are given the rights to solve the tours variety problem they would solve it. What we see now is that even children are not eager to find something out and discover about the district where they live.” (NGOs focus-group)

‘Concert halls and museums’ problem turned out to be significant enough for three groups – authorities, NGOs and youth:

“Museums. Very little finance is spent for museums development. An exhibition space is needed to display objects.” (BUSINESS focus-group)

“Concert halls and museums need a better place than the one they are located in now. There is no stage, no equipment.” (NGOs focus-group)

Finally, less significant directions for development are ‘tourists’ accommodation’ and ‘souvenirs production and sale’, which were marked as a matter of priority by the authorities’ representatives, who might face the problems in these spheres:

“We have not enough places to accommodate tourists; there is a need to create new hosting facilities.” (AUTHORITIES focus-group)

“There was dog-sledging races organized here; the visitors complained that they had no place to stay. During large-scale events and peak tourist demand there is not enough accommodation.” (YOUTH focus-group)

“As for the souvenirs quality I can say that when a craftsman makes something on by-order basis then the quality is high, but when it is mass production then the quality is poor.”(AUTHORITIES focus-group)

“The investment into souvenirs sale and craftsmen’s working process showroom, may be important. There is a souvenir shop but usually there is no possibility to watch a craftsman working.

- We may try to create the center where all the craftsmen would be working; on its premises it will be possible to teach those willing to learn some craft and to make their own souvenirs.” (NGOs focus-group)

To sum up the discussion of the problematic but at the same time promising directions for the increase of the Finno-Ugric culture input to the Kalevalsky district development, it is necessary to pay attention to those directions which do not need substantial financing and where improvement can be achieved by efficient management efforts: informing the locals and the tourists about cultural events; systematic and coordinated policy concerning the presentation of Kalevalsky district cultural and tourist possibilities in the external environment; professional improvement and re-training of the staff in the sphere of culture and tourism; increasing the tours variety.

4. Role of business, authorities, local communities in the increase of attractiveness of Kalevalsky district

The last part of the research was aimed at specifying the role of district authorities, local authorities, local communities and business in Kalevalsky district development based on the Finno-Ugric culture resources and defining their possible roles in this development.

The table below demonstrates the fact that each group expects leadership from others; the only exception is the representatives of culture, education and tourism institutions:

Table 3. Subjects of changes

Who can really influence the situation positively	Authorities in % 6 people	Institutions in % 11 people	NGOs in % 14 people	Youth in % 12 people	Business in % 7 people	Total in % 50 people
<i>Federal authorities</i>	66,4	9,1	85,2	66,4	56,4	58
<i>Regional authorities</i>	83,4	9,1	21,3	8,3	70,5	30
<i>Local authorities</i>	33,2	18,2	-	83	84,6	40
<i>Business</i>	100	18,2	-	16,6	14,1	22
<i>Professional communities representatives (institutions included)</i>	33,2	63,7	-	16,6	28,2	26
<i>NGOs representatives (including local communities)</i>	33,2	63,7	-	33,2	14,1	28
<i>It is difficult to answer</i>	-	-	-	-	-	-

As we can see, the greatest expectations are connected with the federal authorities, and then local authorities.

What do the focus groups participants expect from others? From the federal and regional authorities – investments into the roads repair and subsidiaries for the district development. From the local authorities – organizing national culture development of the district. From NGOs – participation in grants proposals competitions and volunteering in large-scale event projects. From the professional communities specialists – activation of the information policy.

“There are many ideas and no resources. I believe that if there were an input from the local or federal authorities, they would be able to organize everything. The important thing is to let everybody understand that Russia is not only Moscow, St. Petersburg and some more large cities, and make them be ready to invest into the development of a small settlement.” (CULTURE, EDUCATION AND TOURISM INSTITUTIONS focus group)

“If the local authorities or the state will be interested all what is needed can be done. If they make small investments we will do the rest ourselves.” (NGOs focus-group)

At the same time, a number of the groups offer their help: NGOs representatives are ready to expand the tours offers, the youth expressed the readiness to study for tour-guides and to run business.

“If the NGOs are given the power to solve the problem with the lack of the tours variety, the problem would be solved.” (NGOs focus group)

It is necessary to note the lack of criticism of different groups representatives towards other groups, which can demonstrate rather calm relationship between them. But at the same time there is a lack of coordination:

“They (business representatives) absolutely do not use national culture resources. The municipal public funded institutions mainly deal with them. All the tourism is private, but the tourist businesses have their own individual interests and they don’t unite and cooperate to improve tourism but work independently.” (AUTHORITIES focus group)

“There is a sight-seeing tour of Kalevala and all other tours belong to individuals not willing to cooperate.” (CULTURE, EDUCATION AND TOURISM INSTITUTIONS focus group)

“There is a great number of one-aspect-focused specialists.” (CULTURE, EDUCATION AND TOURISM INSTITUTIONS focus group)

“Who can take upon the task of organizing the event off-season?”

- Maybe the state structure and ethnic center. Our events are targeted at visitors and event activities must be aimed at local people.” (BUSINESS focus group)

To sum up, given the peaceful co-existence of the groups under the survey there is a lack of leadership and coordination.

5. Vision of the future of Kalevalsky district

It also can be stated, that the strategic ‘agenda’ of national culture and tourism development cannot be seen from the focus groups materials (from other materials it is known that the key project is Moberg House launch) and the issues of tactical and operational regulation prevail. However, the focus groups representatives mention a number of areas which need additional regulation for further development:

- regulating unorganized tourism (hiking, camping), it is not included into economic turnover and is not controlled from the point of observing the ecological norms – *“It is necessary to sort out the unorganized tourists, we do not mind them, but not so many. Too many of them do harm to the environment and the economy. They come here, cut down the forests, without investing anything into the region development. The unorganized tourists should be supervised and controlled.”* (BUSINESS focus group);

- prospective places of interest must have “masters/keepers” “The lack of maintenance is an important factor. Until Tuomo-Porog (waterfall – note of the interviewer) gets its master (an individual or a state structure) who is ready to invest, there will be no development.” (BUSINESS focus group)

- possibilities to get bank loans to support business - “We had complaints from small businesses about not being able to get loans. So we had to make phone calls to find out the problems. The banks refused to give loans because of the businesses remote location.” (AUTHORITIES focus group);

- shifting away from the seasonal nature of tourism through the development of new event products for spring and autumn – “We need events for the inter-season: spring and autumn. Sharp decrease of tourists flow influences economy.” (BUSINESS focus group);

- opening Russia-Finland cross-border control point – “I would add Russia-Finland cross-border control point opening to the region development issues. It would greatly increase the flow of Finland tourists, we have been talking about it for decades.” (BUSINESS focus group).

It is important to note that the participants of the focus groups do not aim at attracting as much tourists as possible considering that the natural resources of the district should be protected from the overload.

«I think that the quality is more important than the quantity. So, the increase of the tourists' number will render us a disservice.» (BUSINESS focus group)

The communities also do not require new information that could clarify the strategy and plans.

Thus, local communities do not have a developed vision of the future essentially different from the current situation or early developed ideas.

6. Prospects for business development based on national culture resources

A separate part of the research was devoted to the business development possibility in the sphere of national culture potential of the district. The focus groups responses are summed up in the table below:

<i>Are there possibilities to develop business on the basis of national culture potential of Kalevalsky district, the services of which will be in demand by local people or tourists?</i>	Authorities in % 6 people	Institutions in % 11 people	NGOs in % 14 people	Youth in % 12 people	Business in % 7 people	Total in % 50 people
Yes	83,3	9,1	14,2	33,2	14,3	26
Rather YES than NO	16,7	27,3	14,2	58,2	28,6	30
Rather No than YES	-	12,2	28,4	-	28,6	16
No	-	-	-	-	-	-
It is difficult to say	-	45,5	43,2	8,4	28,6	28

Table 4. Prospects for business development based on national culture resources of Kalevalsky district

According to the table the focus groups participants tend to think that there are such possibilities; the most optimistic among them are representatives of authorities and of youth, the most pessimistic about it are NGOs and business representatives.

However, the focus groups showed that there are essential problems making business development difficult. The main one is difficulties in obtaining loans:

«We received complaints from small businesses regarding the failure in obtaining loans. We had to deal with this situation and to call the bank. Banks refused to them due to the high remoteness» (AUTHORITIES focus group).

Besides, the business itself mentions the human resources problem:

«Employees are not motivated. They want to go to work and get money, but they are not willing to work, they just want to get much money without any effort to work. They are not enthusiastic about what they are doing. Some quit jobs after getting their first salary.» (BUSINESS focus group)

Thus, along with the possibilities there are essential difficulties in the business development based on national culture resources of Kalevalsky district.

MAIN CONCLUSIONS OF THE SURVEY

1) Tourism professionals and businesses remark widening of interests of the tourists visiting Kalevalsky district, including increase of demand for cultural products.

2) The unique key symbol of Kalevalsky district is “Kalevala” epos originated from here. National Karelian traditions that are still alive also play an important role. These symbols are unified by the symbol of KANTELE musical instrument, which is considered as a key brand of the district by local communities. But this symbol is more attractive for the local people themselves and Finnish tourists. For the Russian tourists visiting Kalevalsky district it does not have any special significance because either they focus on natural resources of the district or the kantele symbol is insufficiently presented and promoted. The district has a potential of new offers development (military history, industry etc.) in the cultural and historic area for tourists and local people.

3) To sum up the discussion of the problematic but at the same time promising directions for the increase of the Finno-Ugric culture input to the Kalevalsky district development, it is necessary to pay attention to those directions which do not need substantial financing and where improvement can be achieved by efficient management efforts:

- improvement of information dissemination among local people and tourists about cultural events;

- systematic and coordinated policy concerning the presentation of Kalevalsky district cultural and tourist possibilities in the external environment;

- personnel development in the sphere of culture and tourism;

- development of new informational materials about natural culture resources of the district;

- increase of tours variety (number and quality);

- development and implementation of new project events attracting local population and tourists during inter-season – autumn and spring.

4) In the presence of motivation for development, preserved and expanding infrastructure of national culture and tourism development, peaceful co-existence of the major subjects, readiness of some of them (NGOs, youth) to broaden their engagement there is a lack of leadership and coordination. Lack of clear vision of the future of Kalevalsky district and difficulties for business launch and development exacerbate the situation.