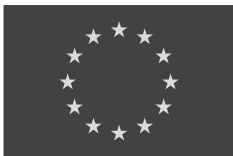


RUDECO
Vocational Training in
Rural Development and Ecology
Module № 4

Eco-tourism and Tourism in Rural Areas



Responsible University
Buryat State Academy of Agriculture
named after V.R. Philippov



Tempus

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Preface

The module contains a conceptual approach to rural and ecological tourism, as an essential element of sustainable development of rural territories.

Topicality: Among a variety of types of tourism greatest potential for sustainable rural development is rural and ecological tourism.

Rural and eco tourism will provide an alternative sector of production of goods and services that create new jobs in rural areas. It provides the maximal set of recreational services designed to make use of attractive tourist aspects of rural life, taking into account environmental protection, preservation of ethnic and cultural traditions and the production of environmentally friendly products. This trend contributes to the social and economic problems of rural areas, which are now relevant for Russia as a whole.

The focus in the comprehensive tourism development in rural area is on a major business planning unit to be involved, an administrative district that will create a new multifaceted tourist product facilitating sustainable rural development.

Novelty: despite the research and development in the agricultural and ecological tourism, this area still needs further substantiation of almost all its aspects. The reporting module provides a conceptual approach to agriculture and eco-tourism as an essential element of sustainable development in rural areas, which are based on natural resources, traditions and a rich historical and cultural heritage of the local population. Rural and eco tourism are regarded as a real tool for stabilizing the agricultural sector and provides practical advice on organizing it.

Expected Results: The result of the disclosure of the module will be a set of measures to educate and train the rural and ecological tourism target groups for active involvement of rural people in the alternative sector of employment, and as a consequence, the strengthening of (stable) for sustainable rural development.

Purpose: Increase knowledge of target groups about the potential and prospects of development of rural and ecological tourism, as a kind of stabilizing the socio-economic situation in rural territories.

Tasks:

1. to provide theoretical principles and present opportunities of practical implementation of rural tourism;
2. to analyze the state of rural tourism development in Russia and worldwide;
3. to identify the role and importance of entrepreneurship in rural tourism for the economic and social regional development;
4. to provide practical recommendations on rural tourism development

The module is designed for public and municipal authorities to address the problems in the area of rural development and the environment, civil society organizations, employees of protected

areas offices, entrepreneurs, teachers, universities and colleges, as well as doctoral students, post-graduate, masters and students.

As a result of the module training, the target groups will get theoretical and practical recommendations for the involvement of the rural population in the alternative sector of employment, rural and ecological tourism being included.

The present guide is one of the series of the guides that were developed within the framework of the project TEMPUS 159357-TEMPUS-1-2009-1-DE-TEMPUS-JPHES “Vocational Training in Rural Development and Ecology” (RUDECO) under TEMPUS programme.

The project RUDECO aims to improve the vocational training system in the sphere of rural development and ecology and involves various agricultural universities in Russia and Europe. The project goal is to facilitate the universities in acquiring the necessary qualifications by means of conceptualization and development of study guides (modules), as well as by training the instructors who will participate in the vocational training of governmental employees.

The project goals are:

- Development of the vocational training system in the sphere of ecology and rural areas at 11 agrarian universities of Russia, enabling them to obtain a higher qualification;
- Development of 12 modules for representatives of governmental agencies on the national, regional and local level;
- Training of the representatives of Russian public institutions and representatives of public administration of various levels in the sphere of ecology and rural development using professional training from certified instructors;
- Implementing «training for trainers» using the support of European partners;
- Development of international cooperation of Russian institutions of higher education.

The series of modules covers the following topics:

- **Sustainable development: key terms and theoretical basis** (Introductory Module1, Russian State Agrarian University – Moscow Timiryazev Agricultural Academy)
- **Sustainable rural development: approaches for regional and local programmes elaboration** (Module 2, Russian State Agrarian University – Moscow Timiryazev Agricultural Academy)
- **Ecolabeling and marketing of environmental and regional products from rural areas** (Module 3, Orel State Agrarian University)
- **Eco-tourism and tourism in rural areas** (Module 4, Buryat State Agrarian Academy of Agriculture named after V.R.Philippov)
- **Conversion of conventional farming into organic farming** (Module 5, Yaroslavl State Agricultural Academy)

- **Environmental regulations and laws** (Module 6, Stavropol State Agricultural University)
- **Ecological related problems of intensive agriculture (plant and animal production)** (Module 7, Omsk State Agrarian University)
- **Participatory approach in rural development** (Module 8, Kostroma State Agricultural Academy)
- **Reducing pollution in rural areas caused by agricultural, industrial and municipal solid waste** (Module 9, Novosibirsk State Agrarian University)
- **Sustainable use of water resources in rural areas** (Module 10, Samara State Agricultural Academy)
- **Food safety and product quality control** (Module 11, Moscow State Agroengineering University named after Goryachkin V.P.)
- **Management of biological resources of rural areas** (Module 12, Tambov State University named after G.R. Derzhavin)

The introducing module on the key terms and theoretical basis of sustainable development basis is an ideal preparation for all the above listed specific modules. Persons who start to get involved in the field of ecology and sustainable rural development, we recommend to read this basic module first, before deepening one of the other topics. Readers interested in the modules and further training can address also all involved university partners to get further information or training about the listed modules.

The manual for the module № 4 “Rural and ecological tourism development” was prepared by experts from the Buryat State Academy of Agriculture named after V.R. Philippov, Russian State Agrarian University – MSAA named after K.A. Timiryazev, as well as by colleagues from Ministry of Agriculture of the Russian Federation and company “GUTELOT, LTD”. Contact details are presented below.

Readers whose activities are related to topics of Module № 4 “Rural and ecological tourism development” can find useful information in Modules № 1 “Sustainable development: key terms and theoretical basis”, № 2 “Sustainable rural development: approaches for regional and local programmes elaboration”, № 3 “Ecolabeling and marketing of environmental and regional products from rural areas”, № 6 “Environmental regulations and laws”.

A team of authors expresses sincere appreciation to all the partners of the RUDECO project, especially to the project manager – M. Dietrich (University of Hohenheim), project manager – A. Thomas (University of Hohenheim), O. Popova - Deputy director of the department of rural development and social policy, Ministry of agriculture of Russia, regional coordinator – N.G. Kazydub (Omsk State Agrarian University), the European partners from the Slovak Agricultural University – M.L – Bartosova, M. Haban, J. Huska for the opportunity to participate and implement the project, scientific and methodological assistance. Also, the authors express their gratitude to the following persons: L. Maksanova - Head of the Republican agency of tourism, Republic of Buryatia, B. Balzhirov - Chairman of the association of farmers, Republic of Buryatia

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Introduction

For the last years many Russian regions have seen active rural tourism development. Among diverse tourism types rural and ecological tourism hold the largest promise for sustainable rural development. Tourism-related activities are an increasingly important component of rural economies providing income and diversification to rural communities. Rural and ecological tourism contribute to solving social and economic problems of rural areas that are acute for Russia as a whole. They provide employment in such alternative economic sectors as goods and services production in rural areas since it is there once can find maximum of recreational resources that are attractive for tourists and holiday makers who are interested in preserving natural environment, ethnic and cultural traditions, ecologically clean products.

Forming the main unit of business planning is an important issue in comprehensive tourism development in rural areas. Administrative rayon's that would form the new comprehensive tourist product promoting sustainable rural development can perform the function of the main unit.

Despite numerous studies and projects in rural and ecological tourism the trend needs additional reasoning of practically all of its aspects.

The developed module contains conceptual approach to rural and ecological tourism as the most important element of sustainable rural development based on natural resources, traditions and rich historical and cultural heritage of rural communities. The manual on the module addresses rural and ecological tourism as a real tool of stabilization of agrarian sector and contains practical recommendations on its organization.

The modules main objectives are therefore:

- to provide trainees and readers with theoretical principles and present opportunities of practical implementation of rural tourism;
- to analyze the state of rural tourism development in Russia and worldwide;
- to identify the role and importance of entrepreneurship in rural tourism for the economic and social regional development;
- to provide practical recommendations on rural tourism development

The provided background material and practical examples on ecological sound tourism related to sustainable development processes might be especially of interest for

- Members of regional public administration bodies
- employees of specially protected areas
- tourist companies
- NGOs
- entrepreneurs
- university teachers
- MS c and PhD students.

PART 1

Theoretical foundations of rural and ecological tourism

1 Concepts of rural and ecological tourism as elements of sustainable rural development

Key words: sustainable development, rural areas, tourism, sustainable tourism development, rural tourism, ecotourism, potential, tourists, holiday makers, rural community

1.1 Main concepts and principles of rural and ecological tourism

The term **tourism** was first used by V. Jackmo in 1830. The word “tourism” comes from French “tour”, meaning “a trip”. Contemporary tourism development, especially international tourism, and creation of international tourist organizations necessitated the use of common definitions for concepts of “tourist” and consequently of “tourism”.

International conference held in 1963 accepted the definition of the concept “tourist” as any person visiting a country, other than that in which he usually resides and is not engaged professionally. Tourists are persons traveling for pleasure, for family reasons, for health, for business reasons or in representative capacity of any kind (scientific, administrative, diplomatic, religious, athletic, etc.) [22].

Sustainable development of tourism refers to the environmental, economic, and socio-cultural aspects of tourism development when a suitable balance between these three dimensions to guarantee its long-term sustainability is established, the interests of all stakeholders (tourists, sending and receiving destinations, local population) are taken into account.

Sustainable tourism is tourism that promotes rational use of natural resources and environment, supports social and cultural peculiarities of host communities, contributes to the efficient and long-term economic processes, the share of income gained being used for restoration of tourism resources and improvement of tourism services technologies [22].

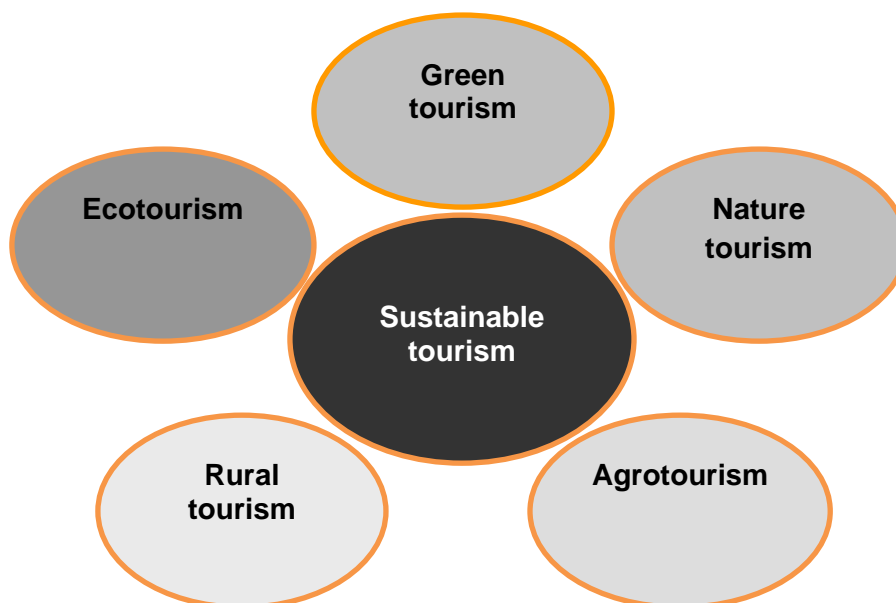


Fig. 1.1 Interrelationship between sustainable tourism and other kinds of tourism

At the same time there are other numerous concepts closely connected with sustainable tourism. They are based on careful attitude to nature, preservation of cultural objects, social responsibility and economic prosperity of the territory (Fig. 1.1).

On the whole it is important that any type of tourism is sustainable. Sustainable tourism standards and practices can be applied to practically all forms of tourism. Today most forms of tourism in their own way don't match sustainable development criteria so it is necessary to make every effort to improve on and apply new principles of tourism development.

Tourism in rural areas refers to all forms of tourism implemented in rural areas using existing tourist, engineering, social and spa infrastructure.

One of the most developed forms of tourism in rural areas is rural tourism. **Rural tourism** is a tourism niche employing natural, cultural, historical and other resources of rural area and its peculiarities for creating a comprehensive tourist product. The key distinguishing feature is that accommodations are as a rule individualized, specialized and located in rural areas or small town without industrial buildings and high-rise districts [18].

Table 1.1 Types of tourism in rural areas

Types
Agritourism – tourism that provides an opportunity to experience rural life, produce organic products, operate organic farming, participate in farm works.
Ecological tourism (ecotourism) – ecological trails
Ethnographic tourism (folk crafts, traditional culture, folklore)
Sports and health tourism
Active rest
Hunting and fishing
Rest on the nature

The concept of **rural tourism** can be a synthesis of different definitions accepted in foreign countries, where recreation and rest in rural areas is called green, countryside, agritourism or agri-ecotourism.

Today in the Russian context of tourism development there is no clear definition of “rural tourism”. The definitions that exist reflect conceptual approaches to the development of rural tourism in different countries [14].

Thus in Denmark rural tourism is characterized as a set of services offered to holidaymakers who visit the countryside, the activities that bring local people additional income.

In Canada rural tourism is “a process people refer to attract visitors to rural areas and provide services there”.

In Poland rural tourism is characterized as agrotouristic services and premises typical of the countryside provided to meet all the needs of the visitors for rest and recreation in their free time”.

Lithuanian concept of tourism covers several components: aesthetic impressions; easily available information on the destination, accommodations, activities and services; interaction with

local people; local sights and safety; hiking, biking, visits to rural craftsmen; quality assurance of accommodation, etc.

According to the concept of agrotourism development in Spain this form of tourism is known as **Turismorural** and means stay at farms, rural citizens' homes, small countryside hotels as well as ancient castles reconstructed as first class hotels with the full set of services for holiday making.

Rural or agricultural tourism in Cyprus is rest in the national village or agricultural park-museum in the open air.

In countries of Western Europe this type of holiday making is called “green rural tourism” or “agrotourism” meaning rest in the rural area (in villages, on farm, in comfortable peasant's homes). Tourists tend to live rural life outdoors, become familiar with local cultural values, people's artistic crafts, national songs and dances, local customs, take part in farm works, folk festivals [22].

When researching the essence or rural tourism it is necessary to provide definition to such concept as “ecotourism” since in tourism practice of many countries ecotourism and agrotourism are interconnected and complimentary concepts. In a number of countries types of tourism with low environmental impact such as rural, farm, village, green, ecological, food and other are often combined into a concept agro-ecotourism. In Europe such an example of combining these tourism types is represented by the **organization European Centre for Eco-Agrotourism (ECEAT)**.

The International Union for the Conservation of Nature and Natural Resources (IUCN) defines ecological tourism (or ecotourism) as “environmentally responsible travel and visitation to relatively undisturbed natural areas, in order to enjoy and appreciate nature (and any accompanying cultural features – both past and present) that promotes conservation, has low visitor impact and provides for beneficially active socio-economic involvement of local populations [22].

According to the definition of Ecotourism Society “ecotourism is responsible travel to conserve natural environments and sustain well-being of local people”.

World Wildlife Fund (WWF) defines ecotourism as “a travel to relatively undisturbed nature in order to get the idea of natural, cultural and ethnographic peculiarities of the place without disturbing the integrity of the ecosystems and creating beneficial economic conditions to support initiatives aimed at the protection of nature and natural resources”[22].

The national strategy of Australian ecotourism provides the following definition to the ecotourism as “nature oriented tourism including programs of ecological education and done in accordance with principles of ecological sustainability” [14].

Besides ecotourism one more related concept “nature tourism” is worth mentioning. Nature tourism, nature based or nature oriented tourism are kinds of tourism that directly depend on the use of natural resources in their relatively undisturbed state, including landscapes, relief, water, plant and wildlife. Unlike ecotourism, the concept of “nature tourism” is based solely on tourists' motivation (to rest in the wilderness) and doesn't consider ecological, cultural and economic effect of such travels [14].

Summarizing conceptual approaches of rural tourism (agrotourism) in different countries the following definition can be suggested: rural tourism is a tourism sector oriented on the use of natural, cultural and other resources of rural area and its peculiarities in order to create complex tourist product. The key requirement is that accommodations should be individual, specialized and located in rural area or small towns without industrial districts and areas of high-rises. Thus, rural tourism implies a much wider concept than holiday making in the countryside.

1.2 Types and forms of rural tourism

Types of rural tourism are formed by different motives of tourists (see. Chapter 7). Main motives that make tourists choose rural areas for rest can be defined as follows:

- Traditional rest in the countryside preferred by a certain category of people irrespective of their well-being, for instance because of family or other traditions
- Health reasons for choosing certain climatic conditions
- Closeness with nature and opportunity to spend more time in the fresh air
- The opportunity to have organic food as well as have meals cooked with products of a certain farm
- The real opportunity to experience farm works and crafts for pleasure
- The impelling need for tranquil life
- The opportunity to experience local culture and customs, participate in local festivals and events, interaction with people of different walks of life
- Insufficient funds for holiday-making at expensive resorts or other places
- Participation in different sports typical of the locality, etc.

Thus it is possible to conclude that there is a number of types of rural tourism but they mainly get in line with tourism as such.

The most detailed classification is found in the research of G. Karpova [9]. However it is necessary to note that the table presents tourism classification only by the purpose of travels (table 1.2). The author provides classification by different criteria such as type of transportation used during the travel, transportation affiliation and accommodations. They can be characterized briefly as follows:

Table 1.2 Classification of tourism by the purpose of travel

Type	Purpose
Educational tourism	The purpose of travelers is to learn more about culture, art, life and traditions of local people. Such tours last 3-7 days. Usually travelers visit local sights and monuments
Flashpacking	This kind of tourism has existed for a long time and can be arranged both in as a group and as individual. A traveler or a group of travelers arrange a route of a trip themselves. They can be called operators of their own tour. It means that travelers all by themselves arrange their accommodations, meals and use transportation they find most appropriate. Travelers make a trip in order to learn unique features of the place they are going to, to gain personal experience or have active rest. This kind of tourism developed as early as in the 30-es when sport group tours were organized
Health tourism	These are health improvement tours and arranged to places with spa centers around mineral and thermal springs and ecologically clean

	zones with the stay in the rural area. Health tourism program provides conditions that distract travelers from their daily problems and build up both physically and spiritually
Ecological tourism	This kind of tourism was called Nature tourism with a Soft Touch , i.e. tourism with minimum impact on the environment. Program of the tour usually includes visits to ecological sites as well as participation in different workshops
Sports tourism	It is a kind of specialized tourism. The program of the tour pays special attention to a wide range of professional and different sports issues of travelers. Sports tourism can be passive and active. Active tourism means tours to sports events. Passive sports tours are those when a traveler is a participant of a sports event. Large-scale sports events such as Olympic Games or Formula 1 Race attract tourists and participants from all over the world. During such events hotel prices raise several times. Travelers who don't have much money to stay at hotels arrange campsites near sports events or stay in rural guest house
Gastronomical (culinary) tourism	The main purpose of such travels is acquaintance with national cuisine. These tours are popular in Europe. In Italy there are specialized agrotouristic farms where tourists can learn secrets of wine-making as well as recipes of the national cuisine. More than 7-wine and gastronomy tours were developed in the framework of the program "National Gastronomy"
Recreational tourism	When tourists travel with the aim of having rest and recreation the type of tourism is called recreational. If travelers prefer quiet rest they go to lakes or rivers. Tourists in favor of active rest prefer going to mountainous areas for skiing. They enjoy fresh air and interaction with friends not speaking about getting unforgettable impressions. More and more people have preferred active rest all over the world of late
Hobby-tourism	This type of tourism covers aspects that are not found in the main classification like fishing or hunting tours, participation in youth actions of different movements (Greenpeace, for instance), hitchhiking etc.
Nostalgia tourism	It is a travel to places of historical home to meet relatives or to learn new cultures and lifestyle of a certain ethnic group
Ritual tourism	A ritual tour includes visits to burial sites of relatives and soldiers. Many tourists go places of historical home to visit graves of their ancestors. Another tour of ritual tourism is connected with visits to graves or supposed places where soldiers or officers were killed in the last war
Search for buried treasure	There are two types such tours. The first deals with professional treasure search expeditions and the second involves amateur travelers seeking for adventures and recreation
Healer's visiting tourism	This implies traveler's visits to healers and people with extrasensory abilities living in rural area. They stay at their homes or at their neighbors. The main aim of travelers to get energy boost or repair health

To describe tourism in rural areas many terms are used: "green tourism", "rural tourism", "agrotourism", "soft tourism", "alternative tourism" etc. They have different meaning depending on the contextual approach of different authors in different countries:

1. **Green tourism** means the activity in close contact with nature like stay in campsites or the village. It can involve agricultural operations, acquaintance with the life in small communities,

hiking tour, the study of flora and fauna, wild water rafting, mountaineering and boating. Travelers stay in country houses of rural citizens [12]

2. **Rural and agrotourism** implies holiday making in mini hotels arranged by rural families. The family provides accommodation, meals and rural sightseeing [15]
3. **Rural (agrotourism)** arranges different activities (sports, health, cultural and recreational) to create beneficial social conditions in agriculture (primarily increased employment of local people), higher basic production efficiency (at the expense of capital flow) and, finally, to provide optimum competitive environment on the tourist market. **Rural tourism** is recreational travel to the countryside as a reaction on “environmental impact” in cities [7]
4. **Agrotourism** (“village”, “farm”, “green”). Its main tourist product is land, houses, farm animals and other agricultural resources [4]
5. **Rural tourism** implies travelers’ visits to rural areas, rest and health improvement in ecological and clean districts [8]
6. **Village tourism** is an activity when small groups of travelers stay in traditional often remote villages or near them to experience rural lifestyle and communication with locals. Rural, farm or agrotourism is tourism when travelers stay either in farmer’s family, experience farming operations or stay at tropical plantations, or in fishing villages at fisherman’s family, taking part in fishing activity. Village and rural tourism are very close in nature and are basic types that involve local people in tourism development and influence rural development in the areas they live. These types are often called “green tourism” [16]
7. **Rural tourism** is the one that is oriented toward learning agricultural nature use practices, rural lifestyle and culture and creating conditions for social-economic development of rural communities, support and development of people’s traditions in the countryside [1]
8. **Rural tourism** means the want of a certain part of citizens to escape from high emotional and ecological pressure of metropolitan cities to rest in rural area [13]
9. **Rural tourism** (village, agrotourism) is planned organization of holidays for urbanized population in the rural area or simply – the village [5]
10. **Agrotourism** is a short-term travel to the rural area with the health, aesthetical and educational purposes with a stay in rural citizen’s homes and use of tourist resources of the area [2]
11. **Rural green tourism** is a type of rural tourism when travelers stay in rural accommodations and get a set of tourists services related to purposes of the visit as well as with provision of tourist services to other subjects of tourism [3]
12. The International Union for the Conservation of Nature and Natural Resources (IUCN) relies on the definition of **ecotourism** formulated by Hector Ceballos – Lascurain in 1993 ““Ecotourism is environmentally responsible travel and visitation to relatively undisturbed natural areas, in order to enjoy and appreciate nature (and any accompanying cultural features - both past and present) that promotes conservation, has low negative visitor impact, and provides for beneficially active socio-economic involvement of local populations” [19]

13. From geodemographic viewpoint it is tourism experienced beyond city limits on the area with low population density



Fig. 1.2 A household of a wealthy peasant, Ulan-Ude

From touristic product approach it is a set of different services ranging from rural accommodations, excursions, adventure tours to immersion in the life local population [10].

The existing definitions of rural tourism can be united in three categories [10]:

1. Geodemographic definitions focus on the fact that tourist business activities take place in the rural areas beyond city limits
2. Definitions related to the formation of tourist product focus mainly on different types of recreation, activities, sightseeing that make up unique picture of the region. One can find in rural tourism elements of adventure, nature, ecological, extreme, health tourism. Combination of these elements related to a specific territory provides the opportunity to form the product for a certain customer segment
3. The third category of definitions emphasizes mainly feelings, perceptions that travelers seek for in rural holiday making. However apart from tourist services providers it is important to consider what motivates tourists to travel, their tastes and preferences. These definitions to some extent explain what tourists look for in rural tourism to meet their needs in communicating with nature or simply picnicking in the countryside, participating in the farming operations

The definitions used by different authors might mainly depend on the purpose of their further use. Modern understanding of rural tourism, agrotourism, ecotourism, the trend towards sustainability as the ultimate outcome determine reconsideration of traditional ideas whereas

traditional criteria like motivation of travelers and tourists flow volume remain important but don't play the core role.

1.3 Rural tourism participants and services

Rural tourists are short-term travelers staying in building owned by legal persons or citizens in rural areas who use tourist services and are obliged to leave the place at the agreed time.

Rural tourism subjects are physical persons possessing all necessary conditions to host agrotourists and expressing an intention to be engaged in agrotourism (further – rural hosts).

Public organizations in rural tourism. To represent and advocate common interests, conduct qualification upgrading activities, develop standards in the area of agrotourism and solving other common problems farms and rural businesses have the right to create public organizations. Their rights are [21]:

- Represent the interests of all its members in public administration bodies and the court
- Develop standards in the area of agrotourism of recommendation character
- Create or either participate in creating structures supporting agrotourism (societies of mutual crediting, extension services centers, training courses, seminars, etc.)
- Pool funds to organize structures supporting agrotourism on a voluntary basis
- Collect and generalize information in the area of agrotourism to all interested parties
- Develop standard forms of contract (adhesion contract) in the area of agrotourism
- Perform coordination of activities in the area of agrotourism with tour operators, tourism agents and other organizations engaged in tourism

Self-government bodies. Administration should encourage participation of local people in tourist activities, income growth generated by tourism. Moreover tourism development planning involvement outside organizations and investors should consider interests of local entrepreneurs.

Services in rural tourism include booking accommodation, providing lodging, marketing, arranging cultural, sports and other recreation programs to meet rural tourists' needs. By a wish of a tourist a host can provide them with opportunity to participated in farm, nature conservation and other activities under work safety condition.

Rural tourism customers: [11]

- Urban citizens living in metro cities. The trend is observed worldwide. For instance, in average every Paris citizen spend 10 days a year in the countryside when citizens of other regions they spend only 2-4 days
- Workable population (managers, employees, 25-44 years old adults etc.). Here it is important to note that level of wealth is not the main limiting factor for given categories of rural tourists. However young people at the of 15 to 24 are those who seldom choose this type of tourism
- Families and groups with children
- Foreign tourists tend to visit the countryside. In France, for example, during eight years the number of foreigners' overnight stays in rural areas increased twice. The British ranks first by

the number of overnight stays in the countryside (26%), The German rank the second (21%), and the Dutch rank the third (19%)

1.4 Advantages and potential of rural tourism for rural territories development

Elements important for evaluating rural tourism as a tourist product are sights, lodging, rural meals, and different kinds of entertainment. For evaluating rural tourism and demand making it is important to understand motives that drive tourists to rural areas. (Fig. 1.3)

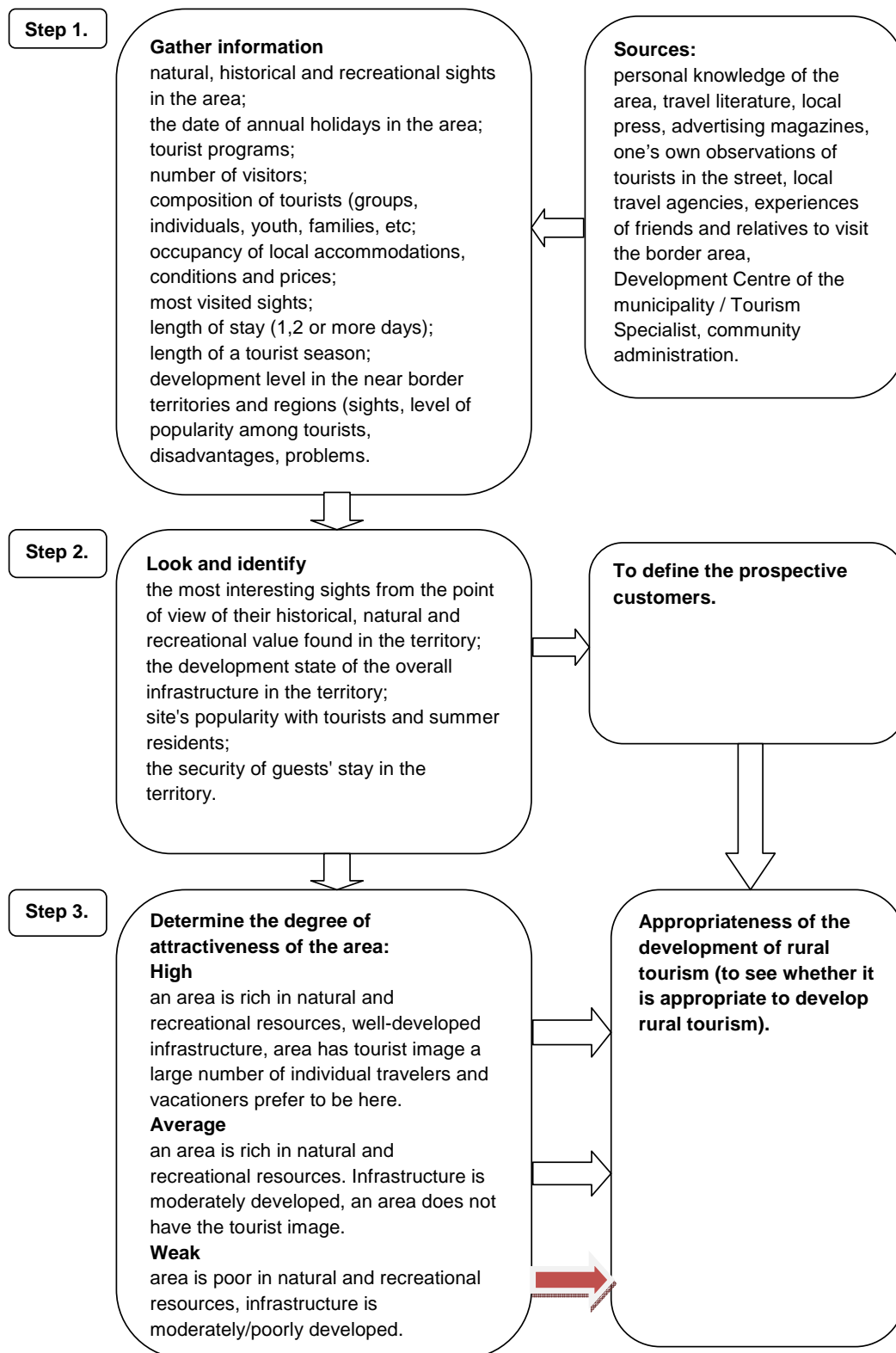


Fig. 1.3 How to evaluate the attractiveness of the area for holiday-making

Rural tourism is a broad concept. The model suggested by World Tourist Organization can be recommended as a universal model of rural tourism that covers the whole variety of rural tourism (Fig.1.4) [10].

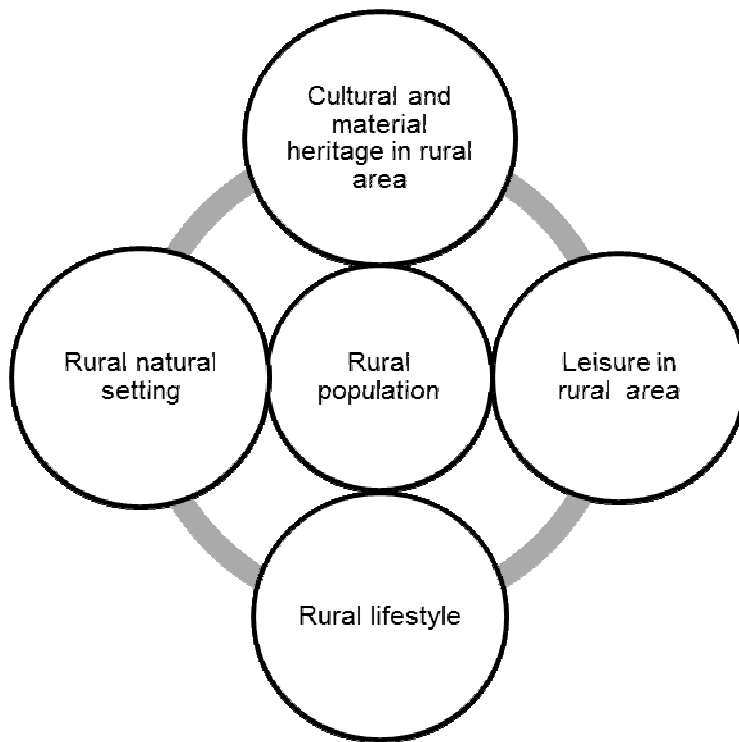


Fig. 1.4 WTO universal model of rural tourism

It is important to keep in mind that successful rural tourism is possible only if there is “a balance of interests” among all abovementioned components. To provide harmonious play of all elements it is necessary to consider interests of local population to tourists and careful attitude to the environment. This is the so-called triad of rural tourism success (Fig 1.5). The balance of these three elements can ensure implementation of main principles of sustainable development.

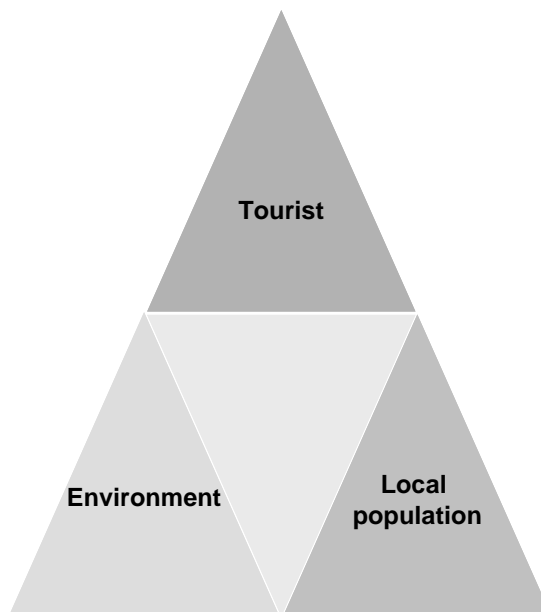


Fig. 1.5 The balance needed for rural tourism success

It is important that tourist potential of a specific rural area both natural and cultural-historical turns into tourist resources on the municipal (local level). It is on that level where households or family hotel businesses involving their material, technical, personnel and financial resources establish lodging and catering facilities, develop a travel package offered in this location.



Fig. 1.6 Grape vine. Novy Tekov. Slovakia

Practically in any of rural tourism definitions given there is a concept “**rural area**”. In our case the most common concept is “**tourism in rural area**” which should be distinguished from “rural tourism”. Thus the definition of the rural area plays the key role while searching the most appropriate version of classifying tourism types by localizing factor [21].

Contemporary interpretation of a rural area is based on the following characteristics distinguishing it from an urban area: population density, size of settlements, the settlements location pattern; the structure of population employment, dominating economic branches; population lifestyle, its mentality and traditions.

Summarizing principle concepts suggested by European experts allows emphasizing three main criteria that identify the territory as rural.

Density and the size of communities. On the local level rural territories are those where population density doesn't exceed 150 people/sq. km. However any use of absolute terms in the context of tourism makes the index non-universal. Rural communities of countries like China and India differ greatly by the size from those in European countries. It is more important to have relative comparison of the less settled rural area and the urban one being overpopulated. The less settled is the territory, the more attractive it is for rural tourism

The nature of land use and economy. Rural territories are those where the economy is based on traditional rural activities, local manufactures, natural resources use. However differences between types of economic activities in the urban and rural areas of postindustrial society are getting less sharp. In relation to rural tourism it is the production intensification that matters and not the character of the land use. The territory with intensive agriculture and versatile agricultural production is less attractive for travelers than territories developing traditionally

Traditional social structure. Urban dwellers tend to relate the adjective “rural” to traditional village social structure and values which have been lost in cities. These are community

spirit, lifestyle – quiet, hasteless, in harmony with nature. Tourists want to immerse into the traditional life they consider as the part of their heritage and the past

Hence the rural area can be defined as a complex of territories having certain numerical criteria of settlement (established on the national level) which differs mainly by agricultural operations being main economic activities of people and rural lifestyle. In physical and geographical pattern rural area is dominated by agricultural (agro-) landscapes.

Concerning rural tourism the travelers to the rural area are driven by their desire to spend their free time in the agricultural landscapes, feel unique rural life and leisure organization, learn how to interact and even work with rural citizens (fig 1.7).

Rural tourism can be considered in a narrow and a broad sense. In a narrow sense rural tourism implies arrangement of various events (sports, health, cultural and recreational) aimed at creating beneficial conditions in agriculture (primarily employment of local people), increased efficiency of main production (due to capital flow) and finally, optimum competitive environment on the tourist market (based on industrial development, game for sports hunting, fishing, horse breeding and horse tourism [7]).

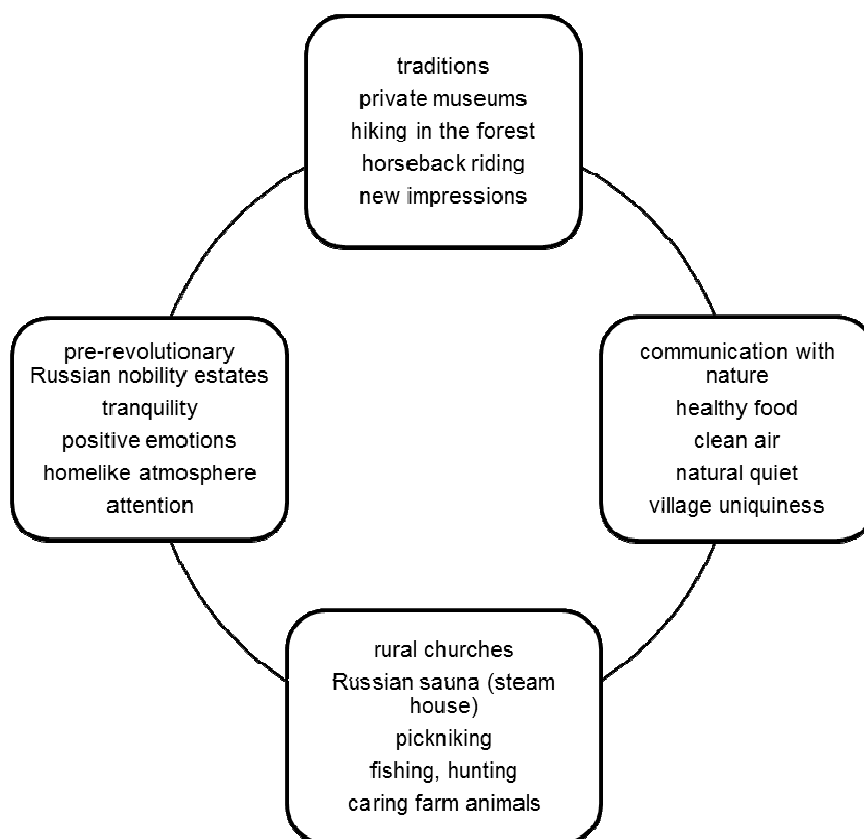


Fig. 1.3 Recreation in the countryside

In a broad sense the concept of “rural tourism” can be considered as a dominating key industry in the territorial aspect, when other economic branches (road construction and transportation, food production and trade, peoples’ crafts and cultural activities) are technologically supporting the relevant natural and recreational environment. It is one point of view. Another point of view focuses on the analogy between this type of tourism and ecological complex. The difference

is that ecological zone is considered to be the basis for agrotourism aimed at meeting certain needs of the population and gaining relevant profit. Industry sectors found in a certain recreational district, in the river watershed are sure to develop their production only to a specified limit and only costs of tourist services being the target function is maximized.

From the total number of rural tourism criteria we would identify three most common criteria provided in definitions. According to a definition we made it should focus on arranging rest in rural area, making acquaintance with local agricultural nature management, supporting sustainable economic development and social wellbeing without disturbing ecosystem and lifestyle of local population. In this case tourists are accommodated in private sector.

By grouping tourism definitions that have not been included among the principle ones we have got a number of complementary characteristics: rural tourism is an efficient means of structural reconstruction of economy (restoration of agricultural production), the main source that provides lodging, food, relationship being a rural family [19].

There is a number of principles ensuring sustainability of rural tourism (Fig. 1.8).

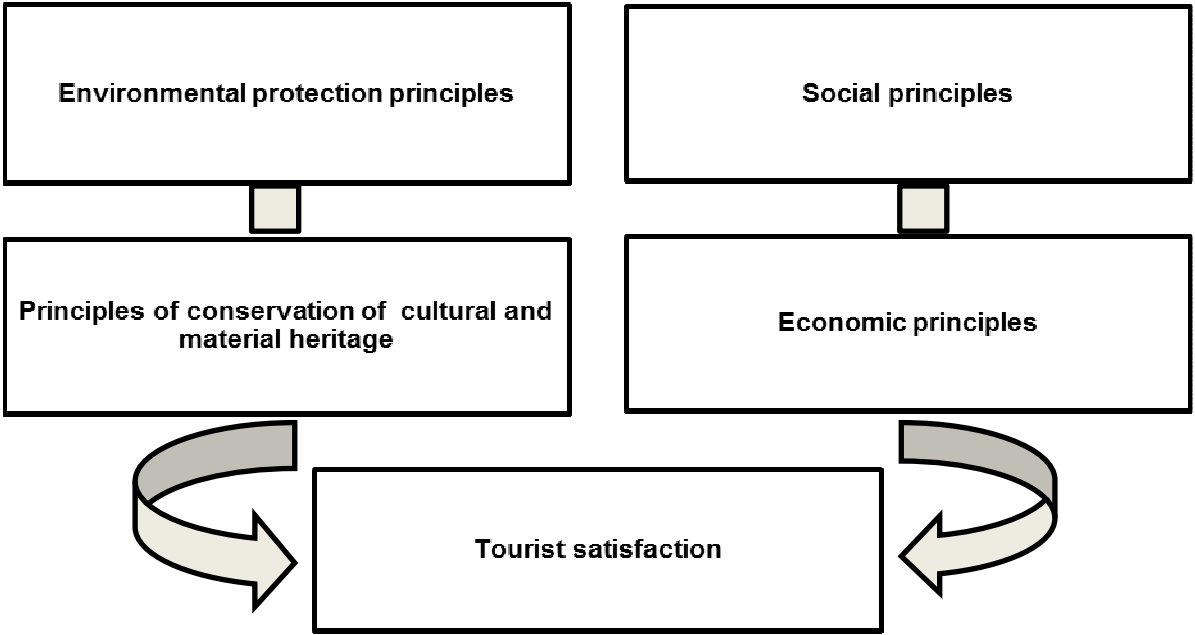


Fig. 1.4 Principles ensuring sustainability of rural tourism

Environmental protection principles: respect and protect natural diversity of the region, protect natural environment from destruction, determine and monitor permissible pressure on rural areas, control tourism impact on flora and fauna.

Social principles: preserve social lifestyle; provide type, market and development rate of tourism, ensuring cultural diversity and lifestyle of the local community; prevent tourism forms straining social contradictions; select the type, market and development rate of tourism contributing to common understanding with local population, combining rural tourism with traditional economic businesses of the region; support production development and marketing local goods.

Economic principles: ensure earnings, create new jobs, control migration to cities; facilitate economic versatility of the region; prevent destruction/extinction of traditional places of residence.

Cultural-historical principles: respect local heritage and cultural diversity; support types of tourism beneficial for local culture and its promotion; develop tourism embracing unique features of the region; actively disseminate information about cultural peculiarities; develop tourism in harmony with local culture; meet traveler’s demands; provide comfortable lodging for a reasonable price; provide local food (simple but well-cooked), picturesque landscapes, local sights, nature; history and culture of the region; active types of rest; local handicraft; traveler’s safety; friendly attitude of local population.



Fig. 1.5 The ethnography museum of Peoples of Transbaikalia, Ulan-Ude

It is extremely important to use these principles while planning rural tourism development. They should be fundamental for activities of everybody involved in rural tourism: service providers, tourist agencies, tourists, public administration bodies and local self-government. This approach will ensure harmonious and efficient rural tourism development.

It is necessary to consider advantages of rural tourism (Table 1.3).

Rural tourism development is beneficial both to the population, business, nature and public administration bodies and local self-government.

Thus rural tourism is one of tourism types that establish the category “tourism in rural area” by a territorial characteristic but it is not a synonym to tourism in rural areas. Rural tourism is identified as an independent type of tourism due to specific forms of leisure organization (for example, caring farm animals, tasting dishes of local cuisine, hiking and picnicking in the countryside) and motivation for this type of travel (experiencing rural area and rural life).

Table 1.3 Advantages of rural tourism

For nature:	For public administration bodies:
<ol style="list-style-type: none"> 1. Reduced environmental impact 2. Wastes produced by tourists are utilized by mini-hotels owners 3. Higher interest of local [population in preserving and protecting the environment 4. Improved ecological education of people at seminars for mini-hotel owners 5. The involvement of rural tourism providers in clean-up of the territory of their business and improvement of the access to their business 	<ol style="list-style-type: none"> 1. Increased employment 2. Low social pressure 3. Increased family income 4. low costs of this type of tourism for the administration as family resources are mainly used 5. Rural tourism providers solve problems of public administration (new short-term and permanent jobs, improvement of the life of population) 6. Additional income for culture organizations from their services to tourists 7. Additional taxes to the budget 8. Better appearance of the villages
For rural communities:	For business:
<ol style="list-style-type: none"> 1. The opportunity to have additional income; 2. The motivation to improve the household; 3. The opportunity to involve active adult members of the family in business; 4. Improved educational level; 5. The motivation to learn foreign languages; 	<ol style="list-style-type: none"> 1. Increased income for service industry from new customers at the expense (shops, gas stations, post offices, communication services, etc). 2. The opportunity of creating different manufacturing activities due to increased demand and guaranteed sale of goods and services; 3. Establishing business contacts and attract investment.

1.5 Test

1. Provide definition of the concept “rural tourism”
2. What are main principles of sustainable development of tourism?
3. What does the term “rural tourism” imply?
4. What is rural tourism? What are types and forms of rural tourism?
5. What is “ecotourism”? What makes ecotourism different from traditional?
6. Principles ensuring sustainability of rural tourism

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2 Current state of rural and ecological tourism

Key words: rural tourism, eco-Tourism, world experience, national models, tourism in Russia

2.1 World experience of rural and ecological tourism

For many years the European Union has paid much attention to the formation and implementation of effective approaches to the development of rural areas (countryside), that have undergone significant changes: from issues of food security, based on intensive agriculture to supporting the development of a diversified multi-functional rural economy, creating jobs and improving the recreational and environmental potential of the village.

As world practice shows, rural and ecological tourism in the first place was intended for its citizens and designed to stimulate the domestic tourist flows, and only at a certain development stage agrotours become attractive to foreigners. In many countries, agroeco-tourism has become a sector of the tourism industry, focused on the use of natural, cultural, historical and other resources of the countryside and other unique features to create an integrated tourist product. Indispensable condition for the development is that the tourist accommodation facilities must be located in rural areas [2].

Rural tourism in Europe in its current form appeared in the early 70s of the XX century. At that time the problem of environmental degradation in many large cities was acute, people felt the need in communicating with nature, clean air, tranquility and natural food. Today, tourism in rural areas in Europe is growing very rapidly and in some countries it draws a share of a foreign tourist flow.

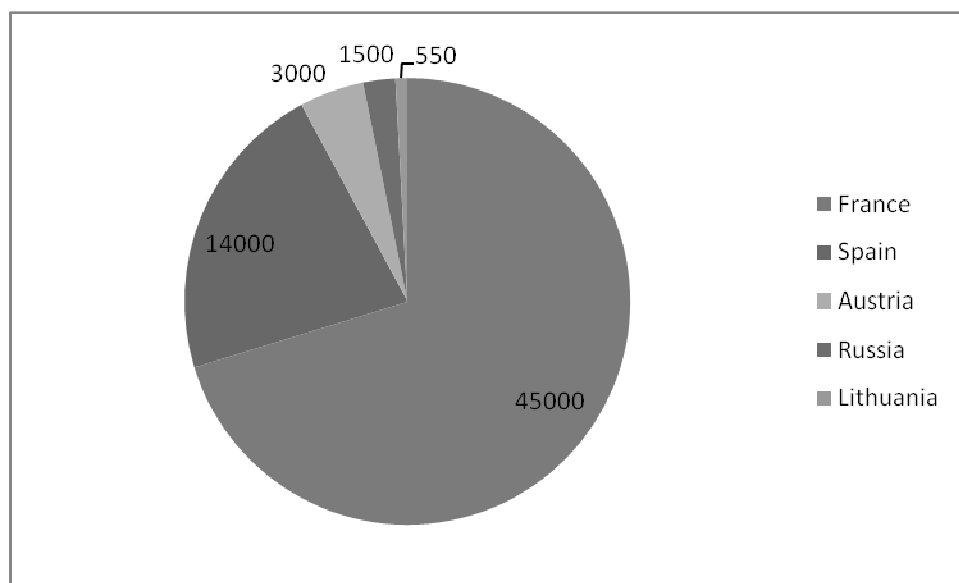


Fig. 2.1 Quantity of objects of rural tourism in European countries

Rural eco-tourism is increasingly defined as a business model of agricultural activities diversification to solve the problem of higher farm incomes and promoting local economic

development. Therefore, the study of the world experience in organizing this variety of tourism becomes relevant, both in terms of identifying possible areas for development, and in terms of finding new, possible only in Russia, forms of rural tourism. Interesting examples of agro-tourism attracting a significant number of foreign tourists are shown in European countries (Fig.2.1).

Ireland has long been a major player in organizing agro-tourism. The government used tourism as a method of reducing depopulation of the rural areas by running programs aimed at developing the infrastructure of rural tourism through the development of its individual components, such as tours, events, objects of interest, tourist information. In addition to the use of public finance and special programs of the European Union private investments were actively stimulated.

Central Europe is the cradle of European rural tourism. France, Britain and Germany are countries that were first in Europe to promote this area of tourism. An important feature of rural tourism geography in France is that it is better developed in the east and south and less developed in the west. The reasons for this asymmetry are rooted in the peculiarities of climate, topography and geography of certain areas. Thus, the eastern part of France has traditionally been in high demand with tourists because of mountainous terrain (French Alps, the Vosges, Jura) and close proximity to several countries (Switzerland, Italy, Germany, Belgium and Luxembourg) the fact that favors the inflow of foreign tourists. In the south of France there is a vast area of beach tourism, as well as main wine-growing regions. At the same time, rural tourism is relatively poorly represented in the north-western departments primarily due to the predominance of rainy windy weather [8].

In Germany, a high level of development of rural tourism is not also everywhere and is practiced mainly in the western and southern lands (North Rhine-Westphalia, Baden-Wuerttemberg, Bavaria, etc.) In general pattern rural tourism is presented in the most developed and rich areas. Federal lands that were formerly part of the GDR, have just started rural tourism development aware of the urgent need to improve the economy of depressed agricultural areas.

In the UK agro-tourism is traditionally based on scenic rural areas, entertainments, such as horseback riding and hunting, authenticity of food and accommodation. There are actively funded projects to stimulate the development of innovative forms of rural tourism, such as grants for applicants to improve infrastructure if they meet certain requirements.

Rural tourism is popular in Cyprus. Previously, it was positioned as an alternative to the mass, beach tourism, though often differed from it only in specific locations and places of accommodation. Today, however, Cyprus has to offer tourists a more intimate contact with local culture, by incorporating unique elements of the landscape, historical and architectural sites, crafts, and diet.

On the Swedish island of Gotland Medieval Festival is held annually and practically entire tourism is rural. However, a variety of accommodation - from campsites and small wooden houses to first-class hotels are available for tourists. Here are the remains of the village relating to the Iron Age, and in the replica of the farmhouse of those times a feast can be arranged with the historical dishes.

Countries in Eastern Europe are at the initial stage of implementing the concept of rural tourism in practice. It has been more successful in Czech Republic, Slovakia, Hungary and

Slovenia. Romania became an important center for rural tourism at the European level promoting its own tourist product under the slogan "Transylvania - the birthplace of Dracula "[7].

The route of emperors, kings and the prince of Transylvania is a huge cultural and historical heritage, connecting Central Europe with Southeastern Europe MagnaVia. It was one of the longest mail and transport services which had 56 post stations and is more than 1,000 kilometers long, about 520 km going through the territory of Slovakia. The route passes through five European countries (Austria, Slovakia, Ukraine, Hungary, Romania) Doc.Ing. Iosiph Husky, PhD., Chairman of MagnaVia [19].

The southwest of Hungary has started «The wine route». Weak development of economy of this region and the low average per capita income don't prevent using the main advantages of this district for tourism - the picturesque landscapes, traditional architecture and wine. The implementation of the project began with creating the 30-kilometer route that linked numerous sights and other objects of tourist infrastructure. Particular attention was given to improving the quality of tourism products: trainings for the population and businessmen were carried out, strict requirement to tourist accommodation, places of wine tasting and sales, recreation and catering facilities were developed [8].



Fig. 2.2 The vineyards, Novy Tekov, Slovakia

Rural tourism in Poland has been successfully developing for several years. According to incomplete statistical data, annually more than 500 thousand people use the services of agritourism in this country. It should be noted that the government strongly supports the development of rural tourism, crediting farms being one of the tools. The authorities are well aware that after Poland's joining the EU, their market of agricultural production will face strong competition which many Polish farmers will be able to meet it. In this light, rural tourism can be a key to the future prosperity of agrarian areas.

Rural tourism in Lithuania was born in 1996 – 1997. In 1997 the Association of Rural Tourism (member of the Chamber of Agriculture) was founded. The Association promotes the services of rural tourism, and provides technical assistance to rural residents wishing to work in the

field of rural tourism. Currently the Association has over 710 members. At the beginning of 1999 there were 194 farms involved in businesses of rural tourism in various regions of Lithuania. Most of the farms are located in south-eastern and western parts of Lithuania. This region is the most favorable for the development of rural tourism, known for its rich natural and cultural resources.

In spite of the fact that Belarus is the only country in Europe where there is neither sea, nor mountains, it possesses the considerable potential for rural tourism development. There are 20 thousand rivers, 10 thousand lakes, 36 % of the territory is covered with forests, 7% being national parks. The date of birth of rural tourism in Belarus is the date of registration of the first public organization aimed at developing rural tourism. It was November 20, 2002, when public association "Agro-and ecotourism" was created. At present the profile Belarusian organization on tourism in rural areas is called the Belarusian public association "Rest in the village". It is a member of the three specialized international organizations: EuroGites, ECEAT and International Ecotourism Society [9].

An interesting example of rural tourism in Finland is the village Hiipa 40 km. long. It offers a variety of accommodations, catering, recreation, culture events facilities, such active rest activities snowmobile safaris and many other things.

Italian rural tourism has passed from the form of non-core work of many farmers they practiced for strengthening their financial position to main activity.

For the majority of Spanish farmers rural tourism has become one of the main sources of income.

In Switzerland practically any travel has the features of rural tourism.

In Western Europe the number of beds for tourists in the village is almost the same as in city hotels.

Other regions of the world follow the trends of modern tourism. Rural tourism is a fast growing sector of tourism industry in Malaysia. The focus is on the participation of tourists in the traditional agricultural work. Guests of the country may farmers' activities on rubber and palm plantations, in tropical fruit orchards, including those specially created for tourists [6].

In Sri Lanka, rural tourism is offered as a possibility to join the history of farming which is more than two thousand years old. Today huge ancient irrigational systems unique for its time, make a lasting impression upon tourists who also can take part in harvesting of world famous traditional teas and work on rice fields. Also tourists are offered absolutely organic and environmentally friendly diet.

A bit different path of rural tourism development has been chosen by New Zealand, one of the leading food producers in the world. It offers popular tours to agricultural specialists who are given the opportunity to study the most advanced forms of agriculture and exchange of experience [9].

Trends in the development of ecological consciousness of the world's population gave rise to such a phenomenon as WWOOF, international programs of rural tourism, allowing to join tourism with the work in organic agriculture. The essence of such programs is to exchange labor for

accommodation and meals. Neither a tourist, nor a farmer pays to each other. To participate in the program, the farmer has to pay a small annual fee to the WWOOF organization in his/her country to guarantee that his/her farm meets certain standards of organic agriculture, and that the volunteers working on the farm will be given proper housing. For his/her part, a volunteer must pay an annual membership fee to WWOOF organization in that country, where he would like to work. He will receive a catalogues of farmers participating in the program in that country, and can agree on the periods of work with them [12].

It is necessary to mention the political support of rural tourism by national states and the EU as a factor of success of agricultural and rural tourism in Europe, as this kind of activity was initially considered as a social damper during the reforms in the agrarian sector of economy, allowing to transfer a surplus of labor to the sector of alternative services and create new jobs in rural areas. Another major factor in the successful development of agro-sector was that fact the agrotourist product met the demands of a new consumer with average income, who form the largest financially reliable demand segment.

2.2 National models of rural tourism organization

National models of rural tourism development described below are the brightest expressions of the most distinguished national features established in those regions.

The British model of rural tourism organization is of interest, first of all, by a special system of tourist accommodation. The classification of accommodation facilities was borrowed by other European countries. The most popular types of preferred tourists' accommodation are:

1. **Farm B&B** that gives the possibility of direct contact with the farmer's family
2. In a separate building on self-self-catering basis. It is usually a small rebuilt barn
3. In the isolated building (bunkhouse) housing 8-15 tourists A large barn, divided into a sleeping area, a kitchen and bathrooms

The British model is interesting also by a peculiar combination of types of tourism. As mentioned above, rural tours often include elements of educational tourism in the program. A variety of sports activities are a success as well: hiking, cycling, horseback riding and pony riding (for children), playing football, cricket, golf and many other activities. The culture of horse riding and playing golf is extremely high in Great Britain. Therefore many farmers tend to include these sports in the entertainment program offered directly on a farm

The important role in the British model of the organization of rural tourism is paid to ecological education of children (an ecotourism element). To this end, special shelters for pets are built on farms where calves, goats, are kept together. During their stay on a farm children take care of small animals, as a result they develop a sense of responsibility for "little friends" [14].

The French model. France can be proud of the fact it is one of the first European countries which began the development of rural tourism already in the middle of the XX century. Nowadays practically all French departments are engaged in it. Rural tourism in France was a part of the national policy, aimed at reducing out flow of rural dwellers to the cities. The alarm was sounded when wine and cheese production, the French were proud of for many centuries, drastically reduced.

Public funds helped to restore 50 abandoned farmsteads with creameries and wineries. It became clear later that if to turn these estates in objects of agrotourism, they would become profitable business. There was a replacement of agricultural specialization into the recreational. Now there are about 45000 such farmsteads in France [18].

As early as 1971 the association «Tourism in rural areas» was set up in France, coordinating the organization of rural tourism on a national scale. In 1987 9,2 million Frenchmen plus 5,2 million foreigners (including 27% of Germans, 25% of Englishmen, 25% of Belgians, 14% of Dutch and 9% of representatives of other nations) had such a rest already. 85% of the territory of France is engaged in rural tourism though in total the income generated is about 10 %. However there are also side effects: with the development of rural tourism enterprise activity in rural areas has considerably quickened, the real estate trade, in particular, has grown.

The French model of rural tourism with all its variations is more complicated than British. Thus the combination of rural and beach tourism is characteristic for the South of France. In the rural settlements located at the coastal zone, the whole cottage settlements for tourists are being constructed.

Agrotourism, in France has a strong trend towards gardening and wineries. It is interesting that accommodation in houses of farmers is much less popular, than, for example, in Germany and the main type of accommodation for tourists are small cottages, apartments. Frenchmen prefer to cook their own food themselves, using eco-friendly rural products.



Fig. 2.3 French farmer's cheese

At the same time France ranks high on a level of gastronomic and wine tourism. Gastronomic tourism involves hiking trip to explore the cuisine of a particular region. Of course, in this case tourist gourmets stay at the farm offering full board. Accommodation in the host's house is also an important issue since many tourists would like not only to taste wanted delicacies, but also to observe the process of making these dishes and learn the recipe. Wine tourism is also the "face" of the French rural tourism. This title means a lot of tourist activities, the existence of which is hard

to imagine: wine and champagne tasting, visiting several wineries producing wines of the same name, studying the technological process of winemaking at an amateur and professional level, acquaintance with the rules of wine serving at table and its compatibility with the gastronomy, special tours for collectors of vintage wine.

The peculiarity of rural tourism in France is that tourists choose for rest only natural objects and preserved old villages. French experts consider rural tourism and the services sector as a whole a source of creation of new workplaces. Rural tourism in France is designed to keep the development of the territory of the country at the level they've reached. Agriculture of the country is no longer able to maintain the system of settlement that developed in the past, and therefore it developed rural tourism as a new economic trend in the area recreation.

The Italian model. Italy is a recognized European leader in rural tourism with economic return exceeding \$ 350 million in 2003 and the number of rural tourists reaching 2 million people. In the 70-s it was supposed that the tourist accommodation would be non-core activity for Italian peasants and would only strengthen their financial and economic situation. But now the demand has changed the concept of rural tourism, which has become the main type of activity for many rural residents.

The volume and level of organization of agrotourism in Italy can be considered as a dynamically growing sector of modern tourism industry.

In 2001 during the "peak" periods (eg. Easter vacation) 1000 travel agencies of Italy served 300 thousand tourists. In Italy there are three thematic areas of rural tourism. [1]

1. "Nature and Health" – accommodation in rural areas in spa and national park areas
2. "Traditional gastronomy" – accommodation in farm specializing on a certain type of production: wine, olive oil, fish, seafood, etc. depending on the region
3. "Sport" – accommodation in camping's, hotels with specialized sports objects in rural areas. In Italy it is a part of agrotourism sector

As in the UK, tourists are offered a choice of accommodation either in rooms, separate houses or apartments, but the use of renovated old farm buildings (sheds, barns) are less common. The most widely used are self-catering apartments. [11]

The German model. What is typically German in rural tourism is a special organization of tourist accommodation in rural areas. In general, tourists prefer to stay and have meals in the host's houses and the construction of new houses in rural areas is not practiced. Germany is a country of farm tourism. Many tourists, especially the natives of the Southern Federal lands, have long-term experience of holiday making in the farms. The following forms of leisure activities are typical for the Germans: helping the owners with the housework, caring farm animals, hiking and picnicking in the countryside, fishing.

Rural tourism cooperates very closely with the event tourism. There are many folk festivals in Germany which together with agricultural fairs are held regularly. For example, the world famous beer festival "Oktoberfest" in Bavaria attracts tourists from all parts of the world. Although the main events of the festival traditionally take place in Munich, many villages try to attract tourists with

original festival programs. Moreover true beer connoisseurs are eager to test unknown beer brands, the recipe of which has not changed for hundreds of years.

In Germany government focuses on the quality of tourist services. A special system of labels is used in order to control the quality of food and housing condition for rural tourists. Annually land authorities allocate large sums on environmental protection issues in agriculture, for renovation of farm facilities for citizens' rest.

In Austria there are rooms to let for tourists on a short-and long-term (year-round "second home") periods, the tourism development is stimulated (especially in the mountainous areas); the share of the income from tourist services in the country is 12%, and in the Alps – 36%. In Austria about 10% of peasant's households provide accommodation and catering services on and food. In total, it amounts to 30 million beds, a quarter of this number being prepared for foreign visitors.

Rural tourism in many respects is interesting because it is practiced in areas with long history. This fact suggests that certain specializations of tourism services depend on socio-cultural features of rural tourism development processes not only in pioneer areas [1].

2.3 Current state of rural and ecological tourism in Russia and prerequisites for the development

The experience of rural and ecological tourism in the Russian Federation is very modest as only a few regions of Russia are actively developing this type of tourism. However, the importance of developing ecological and rural tourism is, first of all, in improving well-being both of rural residents and whole regions.

According to regional departments of agribusiness management 61 Russian Federation subjects have objects of rural tourism

Though there are many problems in rural tourism development in Russia it is becoming more popular from year to year (Fig 2.4).



Fig. 2.5 Reconstruction of a rural household, Ulan-Ude

Dozens of projects on rural tourism are being implemented, such as “Doroga k domu – a way home” (Leningrad region) “Zelyony Dom -The green house” (Gorny Altai), the B&B network (Pribaikalye). There is an experience of organizing agrotourist enterprises on such models as "full board", “tour with the accommodation in the nomadic traditional dwelling”, “national village”, “rural hotel”, “guest house” and others [13].

Rural tourism is able to raise the regional economy and become a good source of an income. In some regions of the Russian Federation regional authorities carry out specific activities on developing rural areas: roads are being improved, new transport routes “city-village” are being introduced, new shops and cafes are being built in the villages. Works on monuments restoration, tourist routes development and safety are under way. All these activities create a positive image of rural areas. According to SA Vorobchukov today there is a demand for tourist resources (but not the tourist product) of the Russian province. The increased flow of unorganized tourists to a number of popular central Russian regions is the evidence. However, currently Russia has only agritourism resources, but practically no real tourist product as a market commodity characterized with relevant attributes. [3].

Today, there are thousands of guest houses in the villages of Russia. In some places, rural tourism is developing rapidly. Thus in the Vologda region guest houses with a single placement of about 1400 tourists are organized in 17 districts, there are more than 30 guest houses in Kaliningrad, about 20 in the Leningrad region and 22 guest houses in the Moskovsky region. About 100 private farmsteads offer services in the Altai region and 19 – in the Krasnodar region. This year rural tourism objects in regions grew by 20–30%. Leaders in rural tourism development are such regions as Vladimirkaya, Vologodskaya, Ivanovskaya, Novgorodskaya, Arkhangelskaya, Leningradskaya, Pskovskaya, Samarskaya, Tverskaya, Tul’skaya, Yaroslavl, Penzenskaya regions, the Republic of Karelia and Chuvashiya, Moscow region and Saint-Petersburg suburbs.

In the Kaliningrad region for the last 3,5 years more than 60 rural “guest houses” appeared. This can be explained by its proximity to the countries of the European Union. The fact is that in the 90-ies of former German lands became a pilgrimage place for the Germans, led by nostalgic feelings. They say that demand breeds supply. Now some rural guest houses have German names, such as “Forsthaus” (translated from German – “a forester house”). Guest houses in Kaliningradsky region are working on the program of rural tourism attract tourists from Germany, Poland and Baltic region. Now there are more Russians among the clients [15].

In the Altai area the Departmental target program “Rural tourism development of Altai for 2008-2012” was adopted. The purpose of the program is creating favorable conditions for development of rural tourism in Altai, ensuring better living standards and employment of rural population. Among the main objectives of the program there are increased employment rate of rural people, improved housing conditions in villages, developed engineering and social infrastructure, wider range of product produced by kitchen gardens.

The concept of tourism and hospitality development in the Tomsk region reflects the system of ideas on strategic objectives, tasks and priorities of tourism and hospitality development and, accordingly, it should serve as a reference point for public administration, municipal self government bodies while implementing the development policy in the sphere of tourism and hospitality [17].

The above mentioned development gave rise to associations whose activities are aimed at promoting rural tourism: Association of Owners of Rural Households (the Republic of Karelia), Agro-tourism Development Association.

The activities of agro-tourism Association are aimed at the expansion of cooperation with agencies, organizations interested in the development of agriculture, agrotourism in the regions, also at establishing business contacts with agro-tourist peasant-farmers. Agro-tourism Association carried out a number of expeditions to farmers, guest houses with the purpose of studying the experience of agrotourism, rural tourism. It continues research work on developing concept of rural tourism in different regions of the country [16].

In Russia there are places with well-established traditions of ecological tourism. One of them is represented by the Gorny Altai with its white-water- rafting and horse-riding routes, visits to ethnic villages and caving and many other things. Great opportunities for eco-tourism development are in the North-West of Russia: the Republic of Karelia, Arkhangelsk and Murmansk regions. In the South of Karelia there is the largest in Europe plain waterfall "Kivach", which is about 10 meters high. Surprising Valaam archipelago is on the Ladoga the largest lake in Europe. The National Park "Vodlozersky", the biggest in Europe, is very attractive to ecotourists. In the Arkhangelsk and Murmansk regions there are Pomor villages preserved, where old Russian way of life remains. Quite unique in all respects is the Solovki Museum-reserve. In the Central part of Russia there are also many attractive eco-tourists places: the Central Forest State Biosphere Reserve in the west of the Tver region with 500 year old spruce forests, unique in Europe. Siberia and the Far East are rich in natural resources. The main tourist attraction there, let alone mountains, is Lake Baikal. In fact there is a great number of places for ecological tourism in the vast open spaces of our homeland, the main thing is to deal with them wisely [5].

Here are some examples of the sound ecological-tourist work in several regions of Russia [17].

First, within the Moscow agglomeration with the population of more than 10 million people there exists and effectively functions the national Park “Losiny Ostrov”. There are three ecological trails, a museum, children's eco-educational center and many other activities. The staff of the park manages to save beaver’s habitat in a place located at a distance of 20 km from Moscow Kremlin. Russian endemic species of the musk-rats, listed in the Red book of the IUCN are found there. Obviously, this park is a unique and a very instructive example.

Secondly, on Lake Baikal shores, together with German partners an eco-tourist camp resulted from the project on landscape planning. They have planned the use of environmentally friendly construction materials and power sources, wastes recycling, the use of organic food produced by local farmers, measures of protecting valuable coastal biotopes and many other things. According to the business-plan the investment return is possible within 6-7 years, the expected cost-efficiency is around 18%. This carefully planned camping is a convincing alternative to unregulated and environmentally dangerous development of automobile tourism, chaotic construction of temporary camps, etc.

Thirdly, in the national Park “Vodlozersky”, located at the junction of Karelia and Arkhangelsk region, a few eco-tourist routes have been created and successfully operate, environmental education is well organized. A special hotel in Petrozavodsk, including an eco-educational centre, a year-round campsite, a summer children's camp and another campsite for tourists, forest shelters and 80-equipped parking lots on the territory of the Park are links in one and the same chain. The administration of the Park cooperates with international environmental organizations and educational centers.

Fourthly, the most popular is the route “Yenisei Meridian”, developed by the team of Centre for environmental studies. The tour "Yenisei Meridian" is the Dudinka river cruise from the surrounded by Taimyr tundra through all natural zones to Ubsunursky hollow deserts. The choice was determined by the fact that almost all the staff of the centre are former zoologists now working in the reserves of Central Siberia.

Yenisei reserves became the basis for the route program: a motor ship makes stops near their central offices and camps, experts working there guide trainees in excursions.

Analysis of the state of rural and ecological tourism in Russia has shown that its further development is constrained by a number of reasons dealing with legal basis, administrative and material difficulties first of due to:

- imperfection of Federal and regional legislation in the existing Federal normative-legal acts, regulating the activity in the sphere of tourism, and the Federal program documents in the field of tourism there is no mention of the concept of “agro-tourism” (rural tourism, green tourism, eco-agro-tourism), “farm tourism” or other terms used in our country and international practice to define the type of tourist activity)
- there are no standards and regulations applicable to the sphere of agro-tourism as a specific sector of travel industry, and – simultaneously – income-generating by additional (non-agricultural, non-production, alternative) forms of activity of the rural population. It should be specially emphasized that standards and regulations in the Russian Federation in the sphere of hotel and recreational business, cannot not be mechanically transferred to the sector

of small family hotel business in rural areas due to the specifics of the last

- fragmentation of efforts on development of domestic tourism
- lack of interest in the implementation of the mechanism of economic cooperation and management
- bad Russian roads and difficult access to rural settlements, located in the picturesque and ecologically favorable areas
- low income level of the majority of the rural population, low interest in developing new activity among rural residents who have lost faith in the possibility of honest business development

The development of agro-tourism in our country suggests the solution of not only technical-and-economic, but also social and psychological problems. In this connection it is important to assess not only the positive but also the negative sides of agro-tourism, which follow from the international and Russian practice

The latter include:

- seasonal character
- weak capacity to use highly skilled work force
- possible destruction of established local natural and cultural environment

It is necessary to take into account the specifics of the territory, its originality from the point of view of maximizing ecological and socio-economic effects of its use. Ignoring this aspect can lead to violation of the maximum permissible level of exploitation of the territory, caused by the natural resource potential, which, in its turn, will sooner or later lead to large-scale socio-economic damage, the amount of which can exceed the size of the economic result [4].

Taking into account the fact that rural areas occupy two-thirds of the territory of the Russian Federation, agro-tourism in Russia may be a good niche for tourist activity, attracting attention of both domestic and foreign tourists. The tourist industry is the locomotive of regional economic development giving fairly quickly return to the budgets and initiating growth of related industries, first of all to ensure macro – and micro infrastructure of tourism. Realization of the powerful potential of rural areas on the basis of agrotourism development should help to overcome the economic, social and spiritual crisis of the Russian province.

Mass tourism requires large investments, the return of which is not always guaranteed – it is necessary to improve hotels to “star” level, attract hotel and tourist brands thus increasing the cost of the rest. But if a man simply decides to stay in a clean place, to see the beauty of the rural landscape, to learn traditions and customs of other people, to visit protected places, it is not very costly for the host as everything has existed for quite a time. You only need to help people to learn a new trade and to improve housing conditions to offer accommodation and catering services to tourists. There are many farmers who want to have their own business, to earn money, to support the development of the village.

2.4 Test

1. How agrotourism has developed in Europe. What are countries leading in the world agrotourist market?
2. What can explain leading position of Western Europe on the agrotourist market?
3. Provide analysis of the prospects of ecological tourism development in Eastern European countries
4. Name main national models of rural tourism
5. What is the state of rural tourism development in Russia?

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3 The role and importance of ecological component in rural and ecological tourism development

Key words: tourist resources, natural and resources potential, protected natural areas, carrying capacity, ecotourism potential, environment

3.1 Tourist resources as the base for rural and eco-tourism development

Tourist resources are at the basis of successful development of rural and eco-tourism. Federal law “On fundamental principles of tourist activities in Russian Federation” provides definition different in the form but similar in meaning: “**Tourist resources** are natural, historical, socio-cultural objects including objects of tourist attraction as well as other objects that would meet spiritual needs of tourists, facilitate restoration and development of their physical health” [1].

All tourist resources can be divided into four components: natural, historical, ethnographic and socio-economic resources” [11].

Natural tourist resources are natural environment, existing natural objects (steppes, forests and mountains, rivers and lakes). One of the major components of sustainable development of rural and eco-tourism is the existence and the accessibility of attractive natural resources.

Historical tourist resources are historical, archaeological and architectural monuments. Today they are of great interest both to the scientists as well as for antiquity lovers and tourists. They are impressed by arranged visits to memorable and historical places, places of great battles, ancient educational complexes, spiritual and religious establishments, monasteries, mosques and synagogues. While using historical potential it is necessary to consider the geography of monuments locations, their importance and attractiveness as excursion objects.

Ethnographic tourist resources are monuments of material ethnic culture (traditional dwelling, crafts), spiritual ethnic culture (life and cult rituals and traditions), objects of religious worship (monasteries, churches, cathedrals, Polish Catholic). In the rural area represented by different ethnic groups traditions are preserved better, including cooking. The use of this potential will contribute to attracting holiday-makers to rural areas and to rural tourism development as a whole.

Socio-economic tourist resources include economic structure, infrastructure (tourist, transportation and engineering), settlement, accommodation, manpower resources and employment.

Ecological tourism all over the world makes wide use of natural tourist resources including **protected natural areas (PNA)**. The aim is to offer active rest in the nature and educate appreciation of the natural environment, gather available ecological and nature protection information during stay in PNA [7].

Natural areas are areas whose structure, the movement of substance and energy, the state of landscape components in greater part are determined by the past and current natural processes, used by a man for getting useful information and other products as well as for indirect implementing

different functional forms of interaction with the environment with minimum impact on the natural processes.

Specially protected area is territorial form of nature protection excluding, strictly limiting or regulating any forms of direct use of natural resources, ensuring conservation and restoration of any form of biological diversity, natural and cultural environment both with natural processes and specially managed effects sufficient to reach the goals set. [4].

The system (network) of SPNA represents a combination of Protected Areas functionally and geographically complementary to each other and organized by natural physical and geographical region structure and interactions with various forms of economic activity. Their ultimate goal is to provide conditions for sustainable socio-economic development through preservation and improvement of environment, conservation of biological diversity.

SPNA carry out the following functions:

1. to use environmental resources and biological diversity in economic activity both directly and indirectly
2. to preserve and restore the environment and biodiversity through a special action program on human relationships with the environment
3. to equip the administration and the society with knowledge on current state and trends to change
4. to influence with regulations matching the state of the environment and the extent of its use and providing sustainable development of society
5. to form moral and ethical ideas promoting efficient use of natural resources

3.2 Ecological standardization of tourist activity and the carrying tourist capacity of specially protected territories

World experience demonstrates that mass ecological tourism is a cruel form of utilization of natural resources, being fully inconsistent with the function of protection. **Areas assigned for ecotourism should be highly sustainable and cover the territory capable to mitigate negative impacts.** It is very important to apply standards pertaining to recreational impact and determine areas more resistant to recreational use. It is necessary to implement existing recreation impact standards in pine forests which unlike deciduous forests are less resistant to recreational stress because of low grass density and ability to desertification. [8].

In many national parks of Africa like Masai Mara tourist vehicles drivers in search of exotic predators pull off roads thus destroying the plant life. Plants and flower collecting often practices by tourists in SPNA results in extinction of rare plant species.

In Valley of Geysers of Kronotsky Biosphere Reserve open for tourists no sandpipers' nests are found at the distance of 50 meters from tourist objects and at the distance of 100 meters only 20-30% of leg-laying areas stay undisturbed. Because of the noise of regular helicopter flights with tourists golden eagle almost became extinct in the area. Peregrine falcons are also rarely found. The

number of wagtails has decreased. All these facts testify that even a relatively small pressure on the trail (16 flights, 291 people in July 1992) proved to be an environmental stress. [10].

Waste water disposal from tourist campsites, washing, swimming, boating had a negative effect on water ecosystems in SPNAs. Kerzhensky Reserve which is practically closed for tourists registered 8 forest fires during the fire season in 1996, and in the neighboring National Park Mari-Chodra because of tourists 8 fires a day happened. In the protected zone of Oksky reserve where about one thousand tourists were registered annually the number of mice grew several times. About 400 glass cans (140 kg), 1200 tin cans (40 kg) were found at tourist camp sites, 400 kg of trash gathered at the end of the tourist season. [12].

As it has been demonstrated by abovementioned examples there is no tourism that doesn't damage natural complexes it is necessary that the right choice of areas for ecotourism, clear standards for recreational pressure and its strict control be implemented. As early as in 1914 academician Borodin I.P. the pioneer of environmental protection advocated the idea of the use of natural monuments (protection sites) for educational purposes but not reserve: "Establishment of Protection sites is extremely important for educational purposes since it provides objects for demonstrative study of nature".

Firstly, the flow of tourists to SPNA must be limited and strictly regulated. It means tours should be site and visitor specific (for many areas scientific tourism is more promising). For reserves the most reasonable is the organization of long-term specialized (more expensive) tours for a limited number of people instead of mass tourism. The number of tourist and guides shouldn't be more than 25 people [14].

Secondly, ecotourism development doesn't require building new hotels on the protected areas (although existing lodging need certain improvements). Accommodation for ecotourists should be arranged not on the territory of protected areas but in the settlement around (if there is no hotels, it is possible to create conditions for stay at families of local people). These activities will bring to minimum negative pressure of ecotourism on the protected areas [6].

Sustainable tourism development is based on the concept "carrying capacity". **Carrying capacity** is the maximum load any tourist object can stand without serious damage to local resources, negative impressions from the trip and socio-economic problems of the local people. [13] (Table 3.1).

Table 3.1 Tourism carrying capacity

Ecological carrying capacity	is a maximum number of people that may visit the object or the area can support without serious ecological consequences caused either by actions or physical needs of visitors, or operating tourism infrastructure
Social carrying capacity of a tourist site	is a maximum number of people that may visit tourist destination without decrease in the quality of impression from the trip
Local social carrying capacity	a maximum number of people without negative consequences for local culture and worsened attitude of local people to tourists

Thus tourism carrying capacity controls reasonable and permissible pressure on different natural complexes when they are largely visited. Most of them are based on identification of the natural complex sustainability threshold. However, the sustainability itself is not a constant value. It depends not only on inherent properties of the nature itself but on the character of the external impact: visitor's age, men and women ratio, group organization level, program of a visit, etc. Let's consider the age. The age of tourists of a common route usually ranges between 16-18 years to 28-30 years. The SPNA are visited as a rule by a various age groups from school children pensioners. All of them try to take ecological trails in a reserve, a park or nature monument. In fact they are not many in SPNA: 1-2 are through routes, others are radial and found near the protected area or pass through the area. So, we see that the choice of a route is limited while, on the contrary, visitors' age range is getting wider. Consequently, higher numbers influence ecological stress norms of the route.

The expression of these figures is the degree of tourism aggressiveness in relation to nature. Usually, less aggressive are short-term excursions. Organized tourism not shorter than two days is three times more aggressive. Accordingly the stress norms should be three times lower with this kind of visit. Speaking about independent tourism norms of stress, they should be 6-7 times lower than those of excursion. Moreover the aggressiveness indices are both consequences that do not depend on visitors' behavior (soil poaching damage) and consequences of visitors' direct actions violating the environmental protection law – unplanned bon-fire sites, gathering flowers, berries, mushrooms, nuts, different nature "souvenirs" (stalagmite and stalactites); campsites wastes and noise pollution, etc.

The main element of tourist routes is **an ecological trail**. It is clear that with the growing number of visitors and the frequency of visits the trail changes into a road with thin grass cover, mainly weeds resistant to poaching [13].

Specialists recommend two universal solutions. The first is to start with less load on a trail, gradually increasing it with constant monitoring the state. With the first sign of degradation on the trail cover or the campsite it is necessary to decrease the load. The second is to use special techniques connected with the improvement of the area and aimed at its resistance to external effect. Which of the methods (either to decrease the load or improve the area, or their combination) is more appropriate should be suggested by a common sense and specific case.

In order to decrease recreational impact on the SPNA it is necessary to implement the following environmental protection measures:

1. **Scientific and organized** – the study of the resistance capacity of the natural environment in the area of the trail to anthropogenic stress, identification maximum permissible stress standards, implementation of biotechnical activities to increase the stress resistance capacity of natural complexes in the zone of the trail, development and implementation of measures to control physical load at the acceptable
2. **Artistic display** – information boards: writing good texts, design proper symbols; establishing road and trail markers and signs in guide-books and booklets should be made taking into account aesthetic feelings and peculiarities of trail visitors

3. **Engineering** –installation of information boards, markers, signs; construction of observation view point, shelters, stationary fire-sites; fortification of trail bed with steps, manways, decking, sand and gravel or fieldstone materials etc.
4. **Educational, administrative and legal talks** on rules of behavior on the nature, pollution control, wildlife care, control of rules of behavior on the trail etc.

Taking into account maximum number of factors limiting permissible load at each established route it is necessary to establish the maximum permissible number of visits on a case by case basis. With the time established limits can be reconsidered. The reasons for their change can be a specific situation in SPNA, results of monitoring studies on the routes, comparison of current with on the biodiversity of the area with the data on its original state.

Thus, recreational stress standards and, hence establishing maximum permissible number of tourists is necessary to be established on individual basis for the given area. Implementation of any ecotourism project must be preceded by ecological expertise determining the degree of its environmental danger and comprehensive ecological and diagnostic study of the territory to be used. The information will be a kind of control while comparing with further monitoring studies and will allow to determine whether recreational load on the territory was exceeded.

3.3 Analysis of the efficiency of ecotourism capacity of SPNA in Russia

Although Russian law doesn't specially disclose the concept of ecotourism on specially protected natural areas it is ecotourism that should be planned there or the one that is

- friendly to nature
- doesn't exert considerable damage on the environment
- aimed at ecological education
- takes care of preserving local socio-cultural environment
- ensures sustainable development of regions where it is implemented

In Russian Federation setting up natural areas is a traditional and an efficient form of environmental protection. Specially protected natural areas (SPNA) are designed to preserve typical and unique nature landscapes, plant and animal diversity, objects of natural and cultural heritage. Being fully or partially excluded from economical activity they enjoy the regulation of special protection, while at the adjacent land and water areas protected zones or regions with regulated economic activity can be created.

Specially protected nature areas belong to the state. Today there are national nature reserves, including 22 biosphere reserves with the special UNESCO certificates (specially protected areas established to develop the technology of regional sustainable development and covering large representative area where traditional land use form is preserved), 35 national parks, 60 Federal refuges, 50 regional nature parks. Besides this there are numerous regional refuges and nature monuments, dendrological parks and botanical gardens, spa areas and resorts.

The unique network of Russian protected areas (SPNA) comprising reserves, national parks, refuges, nature monuments et is one of the factors attracting international ecotourists. About 80 Russian reserves have expressed their interest to developing ecotourism and on the Federal level a

number of program and methodical documents were adopted aimed at the use of the reserves' capacity for ecotourism. However in practice ecotourism is difficult to be practiced in the present-day reserves [13].

The problems hindering educational tourism development are common for all categories of SPNA in Russia [5]. They are as follows:

1. The lack of sufficient economic incentives for educational fixed route tours. The activity doesn't essentially influence the salary and income of the administration of reserves and national parks (due to a number of reasons), and there other simpler and more efficient tools for them to get additional budget revenues
2. Ecological tourism requires professional approach and as any serious business doesn't permit dilettantism. At the same time reserves, national parks feel a dire need of skilled specialists in that sphere of activity and hence the absence of any system of training and qualification upgrading of their employees. As a result those working in reserves and parks have a vague understanding of the special character of educational tourism, the importance of tour operator's activity, price policy, PR and marketing, informational provision of visitors
3. Price formation is a separate issue. In their efforts to gain more revenues parks and reserves very often resort to unreasonable price rise (amateur photos) instead of increasing volume, the quality and the variety of services and tourist activity itself. This doesn't encourage ecotourism development
4. It is paradoxical but almost in all the reserves and national parks declaring their support to educational tourism there are no accessible ecological trails and routes (they number 800 according to official statistics and average length of the trail in the Russian reserve is 57 km.). There are such trails and routes in reserves like Kronotsky, Kavkazsky, Lazovsky, Dalnevostochny marine reserve, national parks Kenozersky, Vodlozersky, "Paanyarvi". In other cases these are just beaten tourist paths or other tracks but not ecological trails of routes
5. Lack of information is an important problem. In particular, only 32 out of 135 reserves and national parks can boast of their own Internet-site, not every tourist willing to visit the area being able to find necessary information. The websites of national parks "Paanyarvi", "Ugra", "Yugydva", "Losiny ostrov", reserves Lazovsky, Katunsky, Bolshoi Arctichesky, Centralno-Lecnoi, Putoransky, Oksky are referred to as the most successful ones
6. Another principal issue. Everybody who represented the system of Russian national parks, and who is acquainted with famous world parks for instance in the USA, Canada and Africa knows one clear cut distinction: in the world parks viewing wildlife in natural conditions is a necessary element of ecotourism. For instance after 2 kilometers of hiking in a suburb park in Anchorage (Alyaska) one can see dozens of elks and bears. In our national and nature parks it is more than problematic: the wildlife there being rare and disturbed keep at bay and for tourism organizers in our parks this problem is a matter of minor concern. And how wrong they are since viewing wildlife in natural conditions is:
 - an important element of attractiveness in ecotourism

- a special form of ecological education and environmental protection advocacy, support of specially protected natural areas on behalf of wider public
- a significant nature protection factor to ensure preserving the natural population of wildlife

At the local level in ecotourism activity on the territory of SPNA there arise a number of particular problems that are crucially important for its further development:

- lack or low comfort infrastructure – lodging, transportation means, organized tourist routes, equipped ecological trails, watch towers and other facilities
- Lack of detailed information on where the tours and nature interpretation programs will be implemented in SPNA. Even at the reserves where there are ecological centers and certain experience in ecological education activities. The programs there are oriented towards some abstract visitor and don't meet the interests and knowledge of specific groups
- Absence of specialized information, for example, the list of species (plant and animal with notes, the list of endangered species, etc)
- Many promising areas don't have developed routes and programs for different categories of groups, in other words there are no tourist products meeting international tourist market standards
- The personnel lack knowledge and skills necessary for successful ecotourism, especially marketing and project development skills. They lack qualifications in developing educational programs for different categories of visitors, price-formation, and adequate services provision. The hosting organization has a weak understanding of the needs and interests of their guests, especially foreign travelers
- The majority of SPNA haven't have mechanisms of determining maximum permissible recreational stress and monitoring ecological consequences. This fact makes them vulnerable to possible ecological problems from tourism implemented without the right planning and control
- Most of Russian natural areas lack quality promotional materials and marketing strategy to become known at the specific international ecotourism market, the factor impeding ecotourism development in Russia. The world community hasn't have adequate information on Russian SPNA, their importance and the possibility of visiting them
- There are no specialized structures able to arrange and coordinate ecotourism development process on the regional scale
- They lack the mechanism to direct financial returns from ecotourism to the needs of local communities. Most of the SPNA underestimate the role of the population in ecotourism development. Whereas the world practice shows that the involvement of the local people could change their attitude to SPNA and encourage cooperation and support

One of the facts hampering ecological tourism development in Russian SPNAs is their inefficient management by public administration, its degradation in the course of the last 4-5 years, the devaluation of the accumulated national experience and ignoring the international one, the disregard of professionalism. In such a big country as Russia there is no specialized public service

established and able to (by the analogy with the US National Park Service or Canadian National Park Service). The most reasonable way out of this critical situation is establishing Federal agency on specially protected natural areas, authorized to implement public administration in this field. The solution of this issue will make Russian SPNA management system more efficient and their capacity could be utilized for ecotourism development [11].

According to V.B. Stepanitsky [13] to ensure educational and interpretive tourism in it is necessary to perform the following:

- create infrastructure ensuring visitor services, investors being welcome
- create the system of material incentives for heads and specialists, successful in ecotourism development
- develop a complex of excursions for different groups of visitors
- improve ecological trails and routes, develop the system of their certification
- create new and modernize existing nature museum and information centers in specially protected natural areas
- taking into account international experience develop and implement programs and projects aimed at developing conditions for visitor's viewing wildlife and increasing the number of wildlife species to the amount meeting wildlife carrying capacity; natural environment carrying capacity
- encourage the development of tourism businesses supporting
- develop promotion and marketing systems (countries ranking high in the tourist market direct more than a half of the budget of national tourist administrations to these activities)
- create the national referral system for sources of natural and historical and cultural sights, routes and tours, tourism services, as well as the unified basic package of relevant information and promotional materials
- facilitate establishing partner relationship of Russian reserves, national and nature parks with national and international ecotourism companies and other organizations interested in ecological and nature interpretation tourism

3.4 Environmental impact of rural and ecological tourism

Rural and ecological tourism as a branch of economy has a complicated structure and is closely connected with other spheres of economic activity such as trade, transportation, construction, etc. There is also an evident relationship of tourism with socio-cultural and natural factors. From this viewpoint once can speak about close relationship of rural and ecological tourism and environment, meaning environment in its broad sense as a human habitat formed both by natural and anthropogenic components.

Tourism develops mainly in the regions with acceptable ecological situation and stimulates economically their environmental protection activities. On the other hand, unregulated tourism

development damages the environment. Besides, tourism exerts indirect environmental impact expressed in the change of mentality, lifestyle of the local population and tourists finally changing their attitude to the natural resources. One should mention that in many regions the problem is the lack of reasonable means for tourism development and not the development of tourism sector itself. There are several aspects of environmental impact of ecological and rural tourism [9]:

- on ecosystems and natural resources – land, flora, fauna, air, landscape etc.
- on buildings, especially architectural monuments
- on local people and societies – their culture, values, way of life, etc.
- on local and regional economy

Negative aspects of mass tourism influence on the environment and tourist resources were objects of studies of foreign and national science in the 70-es. Today anthropogenic pressure and its hampering impact on the development are being observed practically in all sectors of tourism industry in the majority of regions of the world. For instance, as early as in 1973 – 1983 due to that reason the length of tourist water routes on lakes and rivers reduced by 40%, and on sea by 70%. The area of damaged forests grew by 60%. Since 1976 in the USA in Ballinger Canyon due to the tourist transportation impact the average washing of soil and the ground 86 times exceeded maximum permissible norms [3].

Natural and cultural landscapes are often main factors of attracting tourists to holiday-making areas. However, it should be considered that the capacity of natural complexes of recreational areas for self-preserving and self-rehabilitating is, first of all, connected with permissible standards of anthropogenic impact. In 1920-30-es trading poaching damage was the main impact on recreational area. The worst situation was in places of intensive holiday-making (campsites, leisure facilities, trails).

It has become evident that forest sites can be of maximum recreational use only in case soft forms of recreation are planned. Hiking track should be the main form of recreational equipment. While planning recreational facilities, camping, network of paths it is useful to make soil resistance studies. All mass and noisy forms of recreation should be placed and performed outside the forest area [12].

Impact of tourism on freshwater reservoirs is expressed in increased pollution by waste waters from campsites as well as in mechanical destruction of biota during cleaning the lakes and mixing it by out-board engine rotor. The motor boat fuel leakage creates oil film that disturbs gas exchange and results in water oxygen sag. Mostly affected is the biota of small lakes.

Intensive development of coastal tourism drastically changes nature landscape. Changes are caused by trade, transportation, hotel, support facilities of hotels etc. Especially active seaside and coastal tourism development is expected in European countries are already main areas of this type of tourism.

Islands, especially small isles face growing pressure from tourism. Social, economical and natural systems of isles are unique and interdependent and tourism development leads to the degradation of natural resources. Changes that happened in the isles made people leave them as heavy anthropogenic pressure resulted in desertification. Hence demographic, natural and economic changes that have happened for the last forty years are of special concern.

In Alpine regions winter sports influences natural environments badly. Picturesque mountain landscapes of the Alps attract tourists from many countries of the world. Annually the area is visited by 40 millions holiday makers and 60 millions of people who come for the weekend rest. Revenues from rural tourism form the substantial part of the budget of states and local people. However, high recreational stress, the growing number of chairlifts and cableways cause degradation of the nature of mountainous regions. The excessive load on the landscape can reduce its value and destruction [14].

Historically and architecturally important buildings and cultural facilities of settlements are important attractions for tourists. However, it should be noted that cultural heritage of big cities has always attracted tourists and they have been able to cope with a large number of tourists, but small historical towns are now challenged with increasing natural and functional problems such as traffic, noise, pollution etc. Sometimes these problems result in the change of local economic activities that gradually become dependent of tourism and thus influence the change of the region.

Overcrowding of traditional tourist regions is accompanied by their extensive economic transformation, increasing number of service businesses and other elements of tourism infrastructure. As a result tourists lose the feeling of communication with wildlife, in other words, they miss the most attractive element or the driving force of their travelling. That is why the efficient development of new regions where picturesque landscapes preserved in a relatively undisturbed state is the most important problem in tourism development. It is necessary not only create the material base in new touristic region but develop the areas on the basis of scientific analysis focusing on preserving natural landscapes the main tourist resource.

Tourist activity leads to different negative consequences, uncontrolled changes of natural environment of different regions, pollution by wastes, etc. Agroecotourism development generates overcrowding and increasing number of auto tourists. Air, water, noise pollution is growing, the problem being especially acute in spa cities. Such impact is typical for mass, uncontrolled or so-called “wild” tourism which dominated in the past and most probably will grow in the future. This type of tourism is related to low-cost accommodations and services and is less concerned with natural resources preservation since these tourists don’t care for the quality of environment. Besides, higher concentration of people created by mass tourism exerts additional impact on the environment. Seasonal character of “wild” tourism causes peaks in the demand and overpressure on local resources and infrastructure [14].

Rural tourism influence can be beneficial since local people providing travelers with lodging have incentives to improve their facilities and services and consequently the quality of the natural environment. Besides, local population gets better informed and pays more attention to preserving the environment, local resources and their cultural heritage.

Speaking about influence of tourism on the environment one can’t come to a decisive solution. In many cases relatively similar conditions produce in different areas either positive or negative results. The interrelationship between tourism and the environment is not a simple cause and effect relationship: tourism and its environmental impact. Tourism and environment is a unified system which complies with the model “nature-population-economy”. The quality of the environment is an essential condition for tourism development and its successful development can

be ensured provided that there is manageable and controlled tourist flow and balanced relationship of economic and ecological state of the region.

Close contact with and pleasure of living nature, the quietness and uniqueness of the countryside creating the sense of peace and tranquility are basic expectations of rest in the rural areas.

3.5 Test

1. Which resources are called tourist resources? What components of tourist resources do you know?
2. What is a specially protected area?
3. What is carrying capacity of an area? What are its basic types?
4. What are the problems that hamper tourism development in SPNA?
5. What are environmental effects of rural and ecological tourism?
6. Positive and negative environmental impact of tourism

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PART 2

Practical recommendations on the organization of rural and ecological tourism

4 Rural tourism as an alternative form of small business development in rural areas

Key words: local population, development of rural areas, state support, legislation, subsidies, reimbursement, small businesses

4.1 Role and importance of rural and ecological tourism (Social and economic aspect)

The main purpose of rural tourism development is improvement of living conditions for local population. Rural tourism development should stimulate local economic development by forming small economic circulation of local resources. This can be achieved by initiation of inter-sectorial cooperation which implies use of local products and services in creating of a tourist product. It should be noted that so far local entrepreneurs are not quite ready for this – they don't see their profits of such cooperation.

Approaches to the development of rural and ecological tourism [11]:

- Area profiling and conservation of the exterior of the countryside and its traditions
- Support of rural tourism development through the area development programs (creation of Funds for small and medium-sized businesses)
- Creation of a high-quality eco-friendly tourist product
- Consideration for interests of local people
- Cooperation between all participants of the development process
- Interregional and inter-sectorial cooperation

Development of rural and ecological tourism is a part of inner investment sources for agricultural development and life maintenance in the rural area since so far income which is received from tourist services is an additional source of income and later can become the main one.

The rural tourism can be considered for the local people as the most important growing point that has many aspects [10]. They are:

- Economic aspect: a source of income for the local people in the situation of the crisis of the agrarian sector and degradation of rural area, incorporation in the new sector of tourism industry, production and sale of a competitive tourism product, preference for non-expenditure resources, first of all, natural, social and cultural and historical heritage; contribution to enhancement of one's own house and homestead – increase of their marketable value
- Social and cultural aspect: interaction between villagers and city dwellers; mutual cultural

and psychological enrichment in the process of communication; villagers' self-esteem improvement

- Ethnic and cultural aspect: promotion of the national cultural traditions
- Personal aspect: first of all, personal enhancement of hosts: they have to accrue new knowledge, skills, improve their expertise in hosting, etc.; self-esteem improvement: realization of self-dependence, reliance on one's self and on resources of one's own household
- Social aspect: local community cooperation in creation of a valid tourist product leads to improvement of social and psychological climate in the area; rural tourism is oriented to create friendly environment for local population development and growth

Rural and ecological tourism can better satisfy requests of the both sides. It can solve the main rural problem by reducing the unemployment rate, and it can also provide healthy environment for tired city-dweller's leisure. Rural tourism development plays a particularly important role at a time when there is a decline in agricultural production and an increase in unemployment. Thanks to this kind of tourism rural people will receive an additional source of income which will have a positive impact on their well-being. This profit could be spent on reconstruction of old premises and construction of new tourist facilities, conservation and use of cultural, historical and natural heritage and local traditions.

4.2 State and municipal support of rural and ecological tourism projects

In order to develop more effective agriculture and to provide its stable development the Government of the RF have made some regulations to ensure formation of the united system of rules and state support measures which provide equal terms for all subjects of the industry. As a result of their implementation there will be development of high-priority segments of agriculture, small businesses, and creation of a developed agricultural market, improvement of the financial state of agricultural enterprises, sustainable rural development, and rural welfare growth. The federal support to small agricultural enterprises is provided in accordance with the following regulations:

1. The Decision of the Government of the Russian Federation No. 446 of July 14, 2007, On the State Program for Agriculture Development and Agricultural Products, Raw Materials and Food Markets Regulation from 2008 through 2012 [5]
2. The Decision of the Government of the Russian Federation No. 1096 of December 31, 2008, On Adoption of Rules Of Granting Subsidies in 2009-2011 from the Federal Budget to the Budgets of the Subjects of the Russian Federation for Support of Economically Significant Regional Agriculture Development Programs of the Subjects of the RF [6]
3. The Order of the Ministry of Economic Development of the Russian Federation No. 31 of January 30, 2009, On Procedures for the Competitive Selection of the Subjects of the RF to Which Budgets in 2009 Subsidies are Granted to Finance Activities of State Small Business Support Providing by the Subjects of the RF [7]

4. The Decision of the Government of the Russian Federation No. 90 of February 4, 2009, On Adoption of Rules for Granting Subsidies in 2009-2011 from the Federal Budget to the Budgets of the Subjects of the Russian Federation for Partial Reimbursement of Interest Charges for Loans Taken Out in Russian Credit Organizations and in Agricultural Consumer Credit Cooperatives[8]

In the Rules adopted by the Decision of the Russian Federation No. 90 of February 4, 2009 provision is made for financial support to subjects of the Russian Federation so they can partly reimburse interest charges of credits (loans) taken out by citizens who keep their private subsidiary farming in accordance with the Federal Law On Private Subsidiary Farming, by peasant farm enterprises organized in accordance with the Federal Law On Peasant Farm Enterprise and by agricultural consumer cooperatives (purchasing, sales (trading), processing and service cooperatives) organized in accordance with the Federal Law On Agricultural Cooperation [8].

The Rules provide for granting subsidies for loans taken out after January 1, 2008, for the period of up to 5 years to develop economic activities related to rural tourism development including development of folk crafts and rural commerce as well as social amenities, harvesting and processing of wild fruits, berries, medicinal herbs and other edible and non-wood forest resources in accordance with the list approved by the Ministry of agriculture of the Russian Federation. Granting the subsidies to the budgets of the subjects of the Russian Federation will be carried out on the following terms:

1. Existence of an approved region program for agriculture development and agricultural products, raw materials and food markets regulation and/or municipal programs which provide for the state support by partial reimbursement of interest charges on the loans obtained
2. Availability of the budget provisions in the budget of the subject of the Russian Federation (local budgets) to fulfill expenditure commitments on finance support of measures associated with partial reimbursement of costs a part of which is covered by a subsidy
3. Existence of a regulatory act of the subject of the Russian Federation which stipulates the procedure of fund provision to partly reimburse costs to agricultural goods producers, agribusiness organizations regardless their organizational and legal form, citizens keeping their private subsidiary farming, peasant farm enterprises and organization of consumer cooperation (hereinafter –borrowers), including the lists of documents needed to receive the specified means

The partial reimbursement of loan interest charges is covered by 95% out of the funds of the federal budget and by 5% out of the funds of the regional budget in accordance with the official bank rate of the Russian Central Bank [8].

The Rules also stipulate that a borrower should provide the following documents to an office authorized by the highest executive branch of the government of the subject of the Russian Federation in order to receive partial reimbursement for the loans interest charges:

1. a payment application for the partial reimbursement of the expenditures (hereinafter–application)
2. a statement issued by the tax authority and certified that a borrower doesn't have any past-due indebtedness on tax and other mandatory payments (except for citizens keeping private subsidiary farming)
3. extract from the private subsidiary farming register book of a citizen who keeps private subsidiary farming
4. a copy of the credit agreement (loan agreement)certified by the credit organization, a statement of borrower's loan account about receiving the loan or a document confirmed that a loan has been received, and also a loan amortization and interest payment schedule
5. a document specifying a borrower's account number opened in the Russian credit organization to transfer cost reimbursements

The earlier issued Order of the Ministry of Agriculture of the Russian Federation No. 299 of July 1, 2008, specified the list of eligible uses of credits (loans) and the list of documents confirming proper use of credits (loans) received by citizens keeping private subsidiary farming, peasant farm enterprises and agricultural consumer cooperatives. The money can be used for rural tourism development including development of folk crafts and rural commerce as well as social amenities, harvesting and processing of wild fruits, berries, medicinal herbs and other edible and non-wood forest resources [9].

This Order stipulates the following list of eligible uses of the credits (loans) taken out to develop rural tourism:

- for construction, reconstruction and renovation of buildings for rural tourism purposes which can include engineering works such as gas, water, canalization and power lines construction
- for purchasing needful equipment, material resources, means of transport and other tools [9]

Table 4.1 The number of borrowers – KFKH, IP, SPoK, SKPK and LPKH who received credits in JSC "Rossel'khozbanl" for non-agricultural activities in the rural areas in 2010-2012

Organizational and legal form	The number of borrowers			
	2010	2011	January-April 2012	Sub-total
KFKH (Peasant and farmer's businesses)	0	5	2	7
IP (not KFKH) Individual entrepreneurs	0	30	20	50
LPKH (Individual subsidiary holdings)	704	3 877	790	5 371
Total	704	3 912	812	5 428

In order to receive a subsidy a borrower or a person, authorized by him\ her in accordance with the procedure established by the legislation of the Russian Federation, should provide an authorized agency with:

1. Calculation of the amount of subsidy according to the form approved by the Ministry of Agriculture of the Russian Federation and signed by a borrower and a Russian credit organization (an agricultural credit consumer cooperative) – within the time specified by an authorized agency after consultation with the borrower
2. Documents proving a proper use of the credit (loan) in accordance with the list approved by the Ministry of Agriculture of the Russian Federation, as the credit is being used

Table 4.2 State support of non-agricultural activities granted for agricultural production cooperatives, peasant and farmer's businesses in the framework of state program of agricultural development till 2012, thousands of rubles

Subject of Russian Federation	Size of credit for approved for subsidies			Transferred to grantees from the Federal budget			Transferred to grantees from the subject of the Russian Federation		
	2010	2011	1 st quarter 2012	2010	2011	1 st quarter 2012	2010	2011	1 st quarter 2012
Altaysky krai		25 000			3 676			193	
Arkhangelskaya oblast	5 000			434			23		
Vologodskaya oblast	2 193	693		58	111		3	6	
Karachaevo-Cherkesskaya Republic	30 000	30 000		3 089	1 483		152	86	
Kemerovskaya oblast	2 208			30			2		
Kirovskaya oblast	11 000	8 500	6 000	619	406	38	33	20	4
Moskovskaya oblast	700	700		8	41			2	
Nizhegorodskaya oblast	9 240			1 382			75		
Republic of Altai	3 000	6 000	3 000	294	229	46	15	12	2
Republic of Dagestan	10 000	30 000		747	3 273		39	172	
Komi Republic	72 000	70 790	32 790	1 881	1 999	361	90	106	12
Mari El Republic	1 900	695	695	125	9	9	7		
Republic of Mordovia		10 000	10 000		294	128		12	10
Sakha (Yakutia) Republic	29 700	30 000		3 148	1 034		166	54	
Republic of Tatarstan	13 000	13 000	13 000	1 072	1 052	106	56	56	
Tverskaya oblast		2 200	2 900		11	92		1	5
Tomskaya oblast	6 436	3 296		441	69		23	2	
Tul'skaya oblast	2 000			16			1		

Chechen Republic		15 000			2 785		0	147	
Republic of Chuvashia	9 900	9 700		1 323	241		70	13	883
TOTAL	208277	255574	68 385	14 667	16 712	781	755		33

4.3 The role of local government entities in rural tourism development

The Federal Law On the General Principles of the Organization of Local Government in the Russian Federation No. 131 of December 28, 2008, gives local governments an instrument to use tourism in development of other local service industries. Particularly, in accordance with article 51 of the Federal Law No. 131 local government bodies may establish municipal enterprises and institutions, participate in organization of business entities including inter-municipal ones which they need to exercise their powers in making decisions on local government issues [4].

By developing local tourism municipalities could receive some new options to augment their budget, boost small business and culture institutions development as well as transport, communications, catering, commerce, and folk crafts.

A municipality can become the main and only creator of agritourism product in the area – destination (see Chapter 7).

It is a local level at which a tourist potential of a certain area – it can be natural or cultural and historical –transfer into a tourist resource that at any moment can be used to create tours, excursions and leisure-time activities. At this level housing and food services are organized and equipped, a tourist services complex – a local tourist product – is developed. In other words, at the level of municipalities the three A's of tourism are implemented.

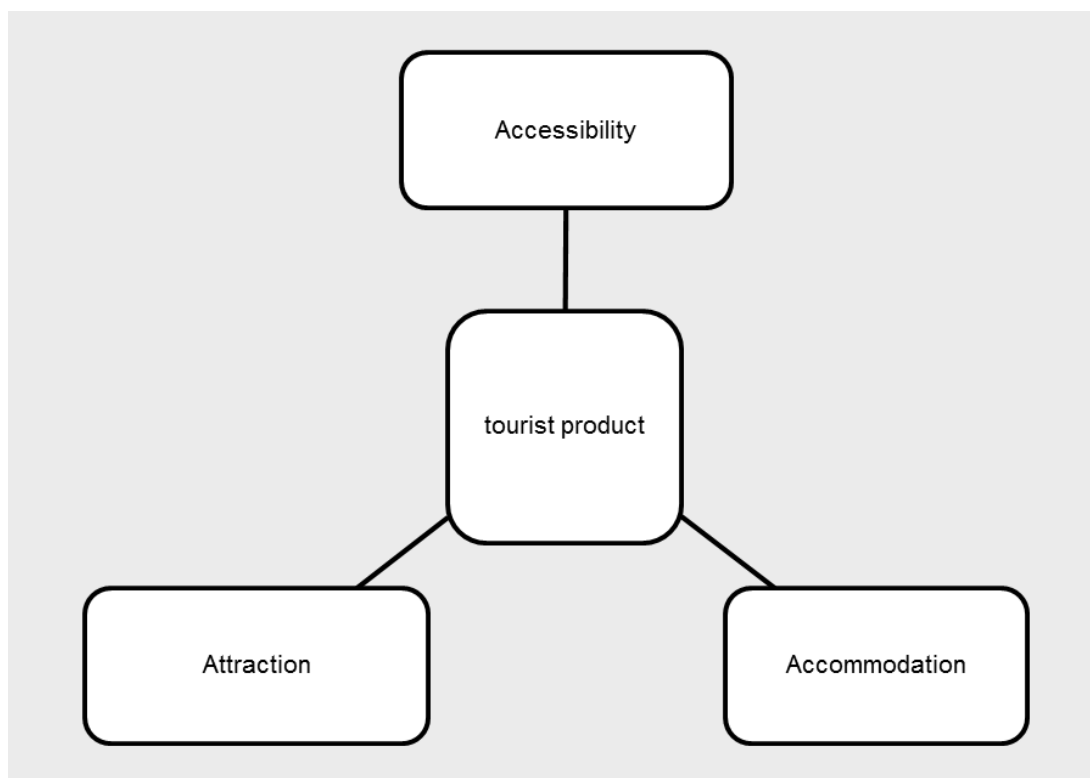


Fig. 4.1 Three A's of tourism in creating a local tourist product

Accessibility– reachability to the place of destination (possibility to enter, pass through and deliver), high-quality roads. **Accommodation**– housing and food services. **Attraction** – places of interest and entertainment.

The basic objectives of the agritourism development in municipalities can be defined as following[12]:

- definition and implementation of concepts of local tourist products (destinations)
- political, informative, promotional and other kinds of support of local initiatives in agritourism business
- staff training for local agritourism businesses and producers
- community outreach to develop positive attitude and behavioral patterns to agritourism business, etc.
- mobilization of material and technical, financial and human resources for improvement of tourism infrastructure
- information support with use of it
- creation of a positive image of a certain destination, support for information and promotion activities on the agritourism market

It should be emphasized that development of possible concepts of tourist products is limited by existing frameworks – by a complex of external factors [12]. They are:

1. Available tourist resources in rural areas – natural, cultural, historical, and etc.
2. Ecological cleanliness of a place (remoteness from big cities is a plus not a negative)
3. Accessibility of a place (good roads is a key factor)
4. Availability of modern means of communication
5. Safety and security assurance of both hosts and guests
6. Hygiene assurance
7. Assurance of a comfort level that is demanded by clients

Rural tourism often implies active rest than passive one. Tourists are offered some active pastime as well as possibility to learn something new. For example:

- ethnic/folk events – offer to take part in work of folk craftsmen, to attend folk performances, visit exhibitions, museums, etc. (“The Semeisky Old-believers in Transbaikalia”)
- participation in picking berries, apples, vegetables, in making traditional beverages (“medovukha” – mead, fruit liquors, ratifias, moonshine) followed by their degustation
- Study of history of a country, its geography, settlements: visit to history museums, fortresses, memorials, arrangement of camps for archeological excavations under professional supervision

- Recreation in calm and relaxing places with beautiful landscapes (Lake Baikal)
- Arrangement of excursions to specially protected natural territories
- Active rest – fishing and hunting
- Forest walks with picking mushrooms, berries, medicinal herbs, etc.
- Sports events (Buryat national festival Surkharban)
- It is clear that owners of rural guesthouses can't provide their guests with a wide variety of leisure pursuits on their own. That's why cooperation is needed with other businesses which serve travelers and tourists.

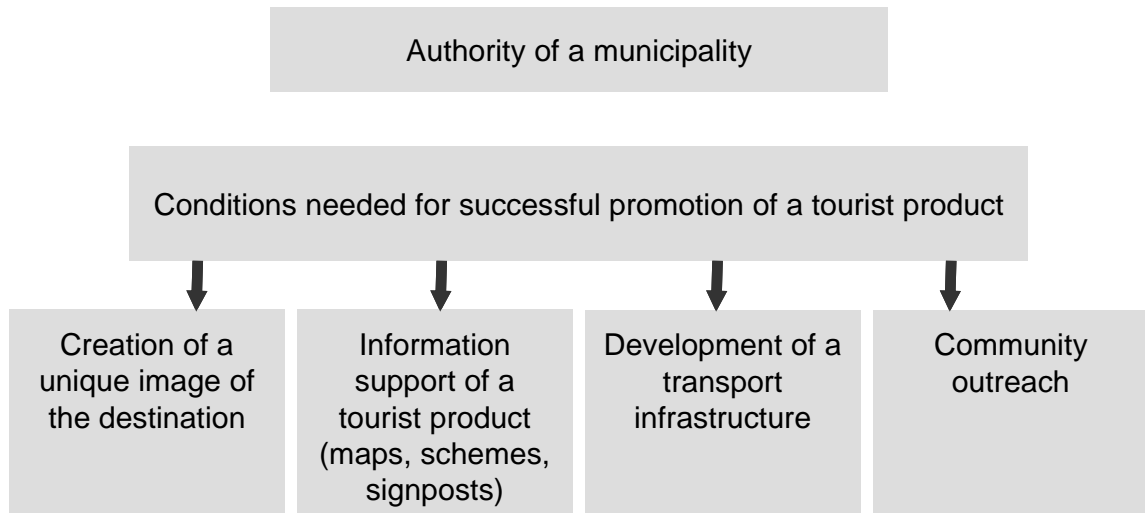


Fig. 4.2 A leading role of a municipality in creating conditions for promotion of a tourist product

They usually associate with:

- Food and beverage serving facilities (taverns, bars, transport cafes)
- Owners of means of transportation (traditional, vintage)
- Folk art and craft centres
- Ethnic and folk amateur talent groups
- Municipal and private museums
- Farms which can be visited by tourists
- Administration of natural parks.

A cluster which emerges as a result of this cooperation provides more benefits to participants than if each of them acted on its own.

A cluster is a geographic concentration of interconnected enterprises, suppliers, and associated non-profit organizations and institutions competing but at the same time complementing each other.

A cluster is always tied to a certain area and is a long-term resource to maintain competitiveness of the area by creating a necessary critical mass. At the same time the cluster approach helps to mobilize local small and middle-sized enterprises. For each cluster the following formula is acceptable: «2+2=5».

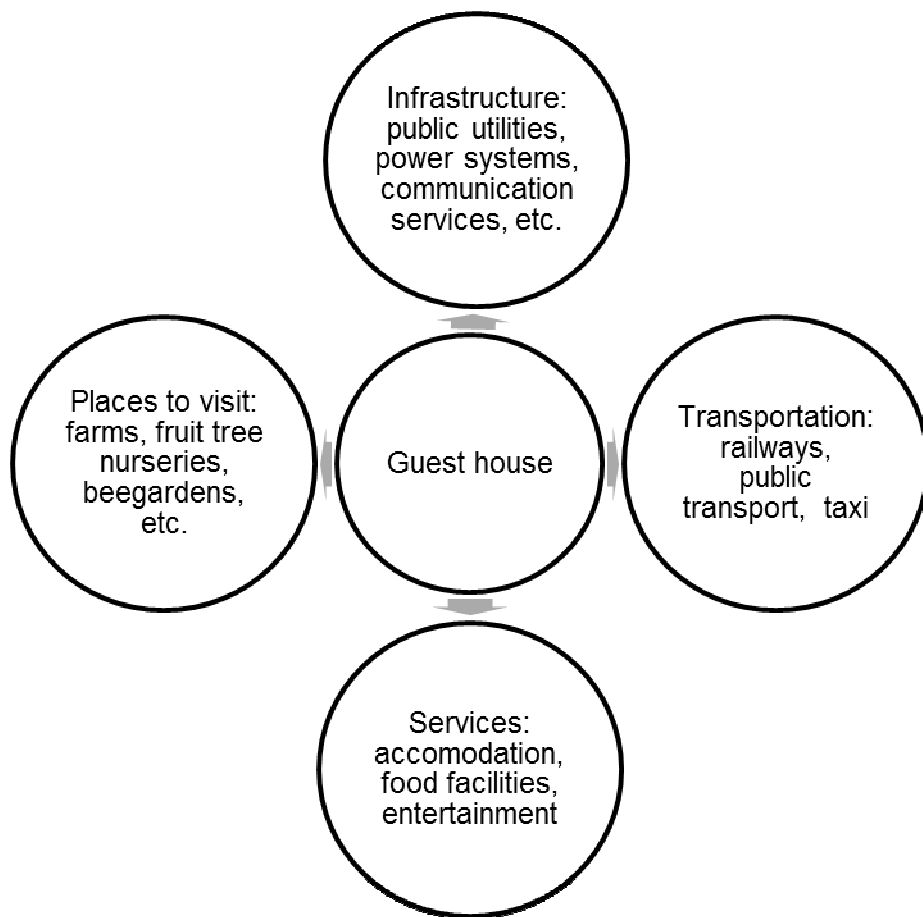


Fig. 4.3 Scheme of an agritourism cluster within a municipality

In other words each participant of the cluster gains an additional quarter (25%) of profit by taking part in the system. That's why organization of tourist leisure-time activities is one of the fastest growing sectors of the tourism industry including rural tourism. A number of service propositions in this sector doubles each five years.

4.4 Test

1. What are main approaches to rural and ecological tourism development?
2. What are main aspects of rural and ecological tourism development?
3. Explain the role and meaning of the state support for rural development
4. What is a procedure to receive partial reimbursement of development costs?
5. What are the two main uses of credits (loans) taken out for rural tourism development?

4.5 References

1. Federal Law "On Private Subsidiary Farming" No. 112 of July 7, 2003
2. Federal Law "On Peasant Farm Enterprise" No. 74 of June 11, 2003
3. Federal Law "On Agricultural Cooperation" No. 195 of December 8, 1995
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For additional information see Module 2 “Landscape planning and managing of the transition to sustainable development of rural areas: settler, district, regional and federal levels” and Module 3 “Implementation of sustainable development of rural areas”

5 Legal framework of rural and ecological tourism

Key words: private subsidiary farm, a peasant farm economy, agricultural cooperative, individual entrepreneur, official registration, legal contract, tax, taxation, a unified agricultural tax, simplified taxation scheme, tax rate

5.1 Types of businesses in rural and ecological tourism

The state program of agricultural development and agricultural product, raw materials and food market regulation for the years of 2008-2012 defined the following types of businesses in the sphere of rural tourism:

Individuals having private subsidiary farms (The federal law No 112 of July 7, 2003 “On private subsidiary farm”).

The use of the capacity of private subsidiary farms (further PSF) for agricultural production has always been considered as an additional source of meeting the needs of citizens, PSF in the country’s economy being of very high importance.

Private subsidiary farm’s activity doesn’t belong to entrepreneurship activity. It is performed to meet personal needs of a citizen and family members in agricultural products. Although it is not subject to any official registration, it required to undergo registration in farm’s register [3].

Peasant (farm) enterprise is a business, established and performing it activity according to a Federal Law of 11 June 2003 № 74 “On a peasant (farm) enterprise”.

A farm is a union of citizens by relations or other having property in common ownership and personally involved in production, processing, storing, transporting and marketing of agricultural products (Clause 1 Article 1). A farm is considered a subject of an entrepreneurial activity from the date of its state registration [4].

Agricultural consumer cooperatives are marketing, supplying, processing, service cooperatives established and operating according to the Federal Law of 8 December 1995. № 195 “On agricultural cooperation” 6].

Agricultural consumer cooperative is a type of an agricultural cooperative established by agricultural producers (individuals and/or legal entities) on condition of their personal participation in agricultural activities. This is a voluntary union of individuals or legal entities on the membership basis created to meet material and other needs of members and performed by uniting their shares (Clause 1 Article 116 Russian Federation Tax Code [1].

Individual entrepreneurs, registered according to the Federal Law of 08 August 2001. №129 “On state registration of legal entities and individual entrepreneurs”. [9]

What one should know when starting entrepreneurial activity?

Registration of an entrepreneurial activity is performed in the tax inspection. One should provide an Application of the established form, state duty payment receipt, a photo sized 3,5 to 4,5, TIN certificate, a passport, a copy of a passport and an application stating applied tax assessment system.

AN IMPORTANT NOTE! If you intend to create a guest house or provide accommodation services it is not a tourist activity. You should state in your application: short-term let activity.

If you plan to perform another activity you should address a tax inspection officer to help to find the right name for your business in the Directory. These could be excursion services, horse riding services, souvenir production, etc. You should know that different activities can be subject to different taxation. You should inquire before registration about the type of taxation your activity will be subject. Short-term let activity is subject to a single tax on the imputed income (ENVD). Excursion, production, horse rent activities are subject to simplified tax system (STS). Please, read carefully the regulation on these taxes to know the rate, time frames, type of reporting and payment deadline. You should know that currently to make tax report it is necessary to use special software, no other type is accepted. The software is often upgraded and you should learn how to work with it. The beginner can use the services of another individual entrepreneur or special consultants, who can do for you your tax declaration and submit to the taxation body on time. To do so you both need to go together to a notary office and write a relevant paper of trust. Individual entrepreneur is to pay payables for compulsory and accumulative retirement insurance and to compulsory health insurance fund for himself. If you want to accumulate retirement benefits for members of your family you will have to pay the same payables on behalf of each member. After you get the registration certificate on your entrepreneurship activity you will receive the information letter from Committee on Statistics with all necessary statistical codes. During three days from the registration date you are to inform the Pension Fund, the Fund of Social Insurance and be registered there. You are supposed to provide them with copies of your organizational documents (OGRNIP – Primary state registration number of sole proprietor, TIN – Tax payer identification number, passport copy, a letter from the Statistical committee, a pension certificate). Organizational documents should be kept safe. You will need to provide their copies to various institutions. If you open the bank account you should inform tax inspection with a special note from the bank.

According to Russian Federation Law a sole proprietorship can operate without a stamp, but it is needed for making contracts and providing customers with receipts confirming the payment. You can have receipts printed in the printing house with all your business details or buy the standard ones. The receipts are subject to a certain accounting. You need to inquire about it at a fiscal agency or from an experienced accountant and start the accounting. You can provide the customer with your receipts certified with your stamp having legal status so that customers can report their expense to their accountant's office. If a customer asks for a cashier's check you are sure to explain that according to the Federal law №162 FZ of 17.07.2009 the taxpayer using ENVD are exempt from using cash registers. If you pay tax using STS then you need cash register for making payments.

If the guest house offers meals cooked with products produced at a heir household it should have medical certificates about health of person working in the kitchen and certificates from a veterinary service proving health of domestic animals.

It is not efficient to establish either a limited liability partnership or joint stock company in the area rural and ecological tourism due to a lower income and seasonal character of business.

5.2 Legislative documents regulating activities in the sphere of rural and ecological tourism (full list)

- Civil Code of the Russian Federation
- Tax Code of the Russian Federation
- Budgetary Code of the Russian Federation
- Federal Law of 24 July 2007 № 209-FZ “On the development of small and medium scale entrepreneurship in the Russian Federation”
- Federal Law of 11 June 2003 № 74-FZ “On a peasant (farm) business”
- Federal Law of 7 July 2003 № 112-FZ “On a private farm holding”
- Federal Law of 19 June 1992 № 3085-I “On a consumer cooperation (consumer societies, their unions) in the Russian Federation”
- Federal Law of 22 July 2008 № 159-FZ “On the peculiarities of the alienation of immovable property situated in State-owned entities of the Russian Federation or municipally owned and rented by small and medium-sized enterprises, and on amending certain legislative acts of the Russian Federation”
- Federal Law of 26 December 2008 № 294-FZ “On protection of the rights of legal entities and individual entrepreneurs in the implementation of state control (supervision), and municipal control»
- Federal Law of 07.02.1992, № 2300-1 “On the Protection of Consumer Rights” (amended by Federal law of 21.12.2004, № 171-FZ),
- Federal Law of 24.11.1996 № 132-FZ “On the fundamental principles of tourist activities in the Russian Federation” (edit. from 30.12.2008).
- Federal Law of 22.07.2005 № 116 “On special economic zones in the Russian Federation” (edit. from 23.07.2008)
- Federal Law of 14.03.1995, № 33 “On specially protected natural areas” (edit. from 30.12.2008)
- Federal Law of 23.02.1995, № 26 “On natural healing resources, therapeutic areas and resorts” (edit. from 30.12.2008)
- Federal Law of 01.04.1993, №4730-1 “On the state border of the Russian Federation” (edit. from 30.12.2008)
- Russian President Decree of 27 July 1993 № 1139 “On some measures of support to peasant’s (farmers’) holding and agricultural cooperatives”
- Government Decree of May 6, 2008 № 358 "On approval of the provisions on keeping the register of small and medium businesses – the recipients of support and on requirements to engineering, software, linguistic, legal and organizational means to ensure the use of the register"
- Government Decree of February 16, 2008 № 79 “On the procedure of sample statistical observations of the activities of small and medium enterprises”
- Government Decree of December 18, 2008 № 961 “On the limits and terms of installment payment of the publicly owned property leased by small and medium enterprises used in the implementation of the pre-emptive right to acquire such property”

- Resolution of the Government of the Russian Federation of July 22, 2008 № 556 “On the marginal values of the proceeds from the sale of goods (works, services) for each category of small and medium enterprises”
- Resolution of the Government of the Russian Federation of 02.08.2011 № 644 “On the Federal Target Program "Development of domestic tourism in Russia (2011-2018) “
- Resolution of the Russian Government on 03.02.2007, the N68 "On creation in the municipality Pribaikalsky district the Buryat Republic of the special economic zone of tourist and recreational type"
- Resolution of the Government of the Russian Federation of 15.01.2007 № 9 “On Migration Registration of Foreign Nationals and Stateless Persons in the Russian Federation”
- Resolution of the Government of the Russian Federation of 06.02.2003 № 72 “On approval of the provision of services for the transportation of passengers, baggage, cargo, for personal (household) needs in inland waterway transport” (rev.18.01.2007);
- Resolution of the Russian Government of 02.03.2005 № 111 “On Approval of the provision of rail transfer services to transport passengers as well as cargo, baggage and cargo for personal, family, household and other purposes not related to business activities” (rev. on 21.02.2007)
- Government Decree of 18.07.2007, № 452 “On approval service provision rules for the implementation of the tourism product”
- Order of the Ministry of Economic Development of 20.03. 2009 № 97 “On Approval of the agreement between the Ministry of Economic Development and the supreme executive body of state power of the subject of Russian Federation on subsidies from the federal budget to the budgets of subjects of the Russian Federation for the state support of small and medium enterprises, including peasant (farmer) businesses”
- Order of the Ministry of Economic Development of 30.04. 2009 № 141 “On the implementation of the provisions of the Federal Law" On protection of rights of legal entities and individual entrepreneurs while implementing the state and municipal control”
- Order of the Ministry of Economic Development on February 16, 2010 № 59 “On measures to implement in 2010 state support measures for small and medium enterprises”
- Order of the Ministry of Economic Development of 15.02. 2010 № 58 “On the competition for the selection of subjects of the Russian Federation whose budgets in 2010 are given subsidies to fund activities in the framework of state support of small and medium sized business entities of the Russian Federation”
- Order of the Federal Tourism Agency of 28.11.2007 № 128 “On Determining tourism organizations authorized to carry out activities within the framework of the Agreement between the Governments of Russia and China on visa-free group tourist trips from 29.02.2000”
- Order of the Federal Security Service of 16.06.2006 № 283 “On the border area in the Republic of Buryatia”
- Order of the Federal Security Service of 28.09.2006 № 452 “On approval of the border regime”
- Order of the Federal Tourism Agency of 19.12.2007 № 141 “On approval of the administrative regulations of the Federal Tourism Agency to provide in the established order public information services to tour operators, travel agents and tourists about the threat to tourists safety in the country (place) of temporary stay”
- Order of the Ministry of Sport, Tourism and Youth Policy of the Russian Federation of 25.01.2011 № 35 “On approval of the classification of tourist industry, including hotels and other accommodation facilities, ski slopes, beaches”

- Order of the Ministry of Sport, Tourism and Youth Policy of the Russian Federation of 15.12.2010 № 1351 “On approval of the accreditation procedure of bodies performing classification of objects of the tourist industry, including hotels and other accommodation facilities, ski slopes, beaches”
- Order of the Ministry of Road Transport of 24.12.1987 № 176 “On approval of rules for passengers and luggage transfer by road in the Russian Federation”
- Order of the Ministry of Railways of the Russian Federation of July 26, 2002 № 30 “On approval of the rules of carriage of passengers, baggage and cargo by the federal railways” (edited 28.03.2007)
- Terms of service provision for the implementation of the tourism product and the form of strict accountability “tourist voucher”
- Clarification of the Federal Tourism Agency on the use of the form of strict accountability “tourist voucher” by tour operators and travel agents
- Agreement between the Government of the Russian Federation and the Government of China on visa-free group tourist trips
- The concept of creation and functioning of the TRZ “Baikal”
- State Standard of Russia. Tourism services. General requirements. GOST R 50690-2000;
- State Standard of Russia. Tourist and excursion services. Design of tourist services. GOST 50681-94
- State Standard of the Russian Federation. GOST 50644-94 Tourist excursions. Requirements to ensure the safety of tourists and sightseers
- The concept of the federal target program “Development of domestic tourism in the Russian Federation (2011 – 2016)”

5.3 Legal aspects of relationship with tour operators

Guest house owners are recommended to make a contract on providing accommodation for guests with one or several tour operators of your region, operating domestic travels. It is advisable that business offers be published in various guidebooks, catalogues and Internet resources.

According to a current law a tourist product is developed by a tour operator at his discretion basing on the demand-supply situation in the tourist market or either tourist intentions or any other customer’s order of the tourist product (further any customer). Tour operator ensures that all the services of a tourist product be performed either by the organization itself or with involvement of a third party. According to the Russian Federation Law a tour operator is responsible before a tourist and/ or other customer for the non-performance or improper fulfillment of contractual obligations on service delivery (including non-delivery of improper delivery of services included in the tourist product irrespective of the fact who was supposed to deliver and who delivered the services). A tour operator is responsible before tourists or other customers for actions (default) of a third party, if the Federal law or other normative legal act of Russian federation don’t state that the responsibility shall be with a third party. Tour operator is responsible before tourists and/ or other customers also for actions (default), made on his behalf by his travel agents within their duties [9].

Promotion and a tourist product delivery by travel agents is implemented on the basis of a contract concluded between tour operator and travel agent. A travel agent implements promotion and tourist product delivery on behalf and by order of a tour operator, and in cases envisaged by the contract, made between a tour operator and a travel agent on his own behalf.

The contract made between a tour operator and a travel agent should contain:

- terms of promotion and tourist product delivery by a travel agent; the power of a travel agent to make a deal with tourists and/or other customers on behalf of a tour operator
- the condition that stipulates the possibility (impossibility) of making by a travel agent to make subagent agreements
- coordination procedure between tour operator and travel agent in case there are any claims laid by tourists or any customer to a contract on tourist product quality
- the condition envisaging payment of the insurance indemnity by a tour operator liability insurance contract or paying money by a bank guarantee in case there is an agreement of a tourist product implementation between a tourist and/or other customer of travel agent
- mutual responsibility of a tour operator and a travel agent, as well as a responsibility of each party before a tourist and/or other customer for the failure to provide information of a tourist product or for the provision of the wrong information on a tourist product by the agreement on tourist product implementation

The implementation of a tourist product is performed on the basis of the agreement made in writing between a tour operator and a tourist and /or other customer, and in cases envisages under current legislation between a travel agent and a tourist/or any other customer. The agreement must conform to the current legislation of the Russian Federation, including the law on the protection of the rights of customers.

The terms of the agreement include:

1. Full and abbreviated title, address (place of location), postal address and the registered number of a tour operator
2. The financial security amount, number, date and period of insurance of tour operator liability or of the bank guarantee, name, address (place of location) and postal address of the organization, providing financial security
3. Data on tourists and on other client and the duties (if a tourist is not a client) sufficient to implement the tourist product
4. The total price of a product in rubles
5. The information on customer properties of a tourist product: program of stay, the itinerary and conditions of the travel, including the information on accommodation, conditions of stay (location, its category), meals, transportation services in the country(place) of temporary stay, a guide, a guide- a translator, other additional services
6. Rights and duties and responsibilities of parties
7. Terms of changes and suspension of the agreement

8. Data on the procedure and period of laying claims by a tourist and/or other customer to a tour operator in case of breach of terms of the agreement
9. Data on the procedure and the period of laying claims by a tourist and/or other customer on payment of insurance indemnity by the insurance liability contract or payment of money by the bank guarantee, as well the information on grounds for making payments by a tour operator's insurance liability contract and by the bank guarantee

Other terms of the given contract are determined by the agreement of the parties.

Conditions of travel and the total price of a tourist product are stated in a tourist voucher which is an indispensable part of the contract on a tourist product implementation. Each party has the right to claim changes or suspension of a contract on a tourist product due to significant changes of the situation the parties based on while making the contract.

Significant changes to refer to are as follows:

1. Worsened conditioned of travel stated in the contract and a tourist voucher
2. Changes of travel date
3. Unexpected growth of travel costs
4. Disability of a client to perform a travel due to circumstance beyond somebody's (sickness, visa, visa denial and other circumstances)

Objections to quality of a tourist product are laid by a tourist and/or any other client are done in writing within 20 days from the contract termination date and are subject to consideration within 10 days from the date the claim is received.

A tourist operator (o other relevant travel agent) is advised to make analysis of all risks for future tourists and implement a number of activities necessary for ensuring tourists' safety before a tourist product is approved:

1. to arrange in an established order life and health insurance of tourists before a travel, excursion or sport event and other activities are implemented
2. to involve in an established order specialized organizations in order to ensure tourists' safety, implement prevention activities on tourist routes and assess risks of natural hazards
3. to inform about tourist activities endangering life and health of tourists

Besides it is necessary to plan information meetings on current safety challenges with the involvement of relevant specialists. It is necessary to create conditions for encouraging fruitful cooperation of tourism and hotel management with insurance companies in their efforts to develop and promote tourist product, arrange insurance, avoid risks and ensure safety. [9].

5.4 Taxation of main organizational and legal forms of activities in rural and ecological tourism

Taxation of personal subsidiary farm. On June 1 2011 State Duma of the Russian Federation passed the law that specified tax exemption conditions on income citizens get from selling agricultural products produced at their subsidiary holdings. To have these tax benefits it is necessary that the total area of land plots that are in one's ownership doesn't exceed the maximum size of 0,5 ha. Second, if a physical person hasn't have employees for the work at his subsidiary holding according to the law of labor. To be exempt from the income tax one should provide a paper that states the size of the total area of one's holding(s). Also, money from public funds received by a physical person for the development of his subsidiary holding(s) and spent for the following needs are exempt from taxation:

- purchasing seeds, planting materials, fuel, mineral fertilizers, plant protection means, young breeders, poultry, bees, fish, perennial and vinery planting and maintenance
- Cattle management (including artificial insemination, livestock, poultry and barns sanitary processing)
- purchasing equipment for building greenhouses, storing and processing agricultural produce, agricultural machinery and spare parts
- Agricultural produce risk insurance (damage, loss, partial loss)

Taxation of peasant-farm enterprise

When registered in tax inspection a head of peasant-farm enterprise should decide about the tax treatment. It is very important because the enterprise is subject to general taxation in case the taxpayer doesn't state the tax treatment of the enterprise. *общий режим*. It should be taken into account that according to the Russian law a peasant-farm enterprise is an agricultural producer only in case if the sales revenue of goods of own production is more than 70% of total income. If so the peasant-farm enterprise can use "special tax benefit": Single Agricultural Tax (ESHN) or Simplified Tax System (USN).

Peasant and farm enterprise as well as all agricultural producers have the right to make a tax shift to pay ESHN if by the results of the year preceding the year of application on shifting to ESHN (Single Agricultural Tax) the income from agricultural production is not less 70% of the total income, Article 346.2. Clause 5. Tax Code of the RF [2].

Tax Assessment of an Individual Entrepreneur

General tax assessment system is a system when an entrepreneur pays all necessary taxes, duties, payments if he doesn't have tax benefits.

Simplified Taxation System is one of four special tax treatments under current legislation of the Russian Federation (Clause 2 Article 18 RF TC). The use of STS by individual entrepreneurs means the payment of a single tax and exemption from payment other taxes [2].

Individual entrepreneurs using STS should:

keep cash operations; submit statistical reports; fulfill all the duties of a tax agent according to RF TC; pay contributions for compulsory pension insurance according to the Russian Federation law; pay insurance contributions for compulsory social insurance.

The procedure of application of the STS is regulated by RF TC, chapter 26.

Single tax on the imputed income (ENVD) is a tax assessment system based on paying ENVD for certain business activities. This special kind of tax treatment (Clause 2 Article 18 RF TC) established in Ch 26.3 of RF TC is obligatory and means a special procedure of determining elements for tax assessment (object, tax base, tax rate etc.), as well as exemption of paying some taxes (paragraph 2 Clause 1 Art. 18, Clause 4 Art. 346.26 of RF TC). While assessing and paying ENVD tax payers base on the size of the imputed income established by RF TC and not on real size of income. If a taxpayer uses the tax assessment system as ENVD he shouldn't pay personal income tax, VAT (Clause 4 Art 346.26 .26 of RF TC).

Payers by ENVD are not supposed to submit zero declarations on taxes they are exempt from (Clause 2 Art. 80 RF TC). All other taxes are paid in an established order (paragraph 4 Clause 4 Art. 346.26 RF TC). Payment by ENVD doesn't remit from paying land tax, transportation tax, excises, state tax, import VAT and other [2].

Besides tax payment by ENVD doesn't remit from payment for compulsory pension insurance, as well as compulsory social insurance. Taxpayers should also perform functions of a tax agent and pay personal income tax for employees. Tax payment by ENVD is not applicable all over Russia. This is due to the decision that is taken on a relevant territory by municipal administrations of districts cities, Moscow and St. Petersburg cities of federal importance (Clause 1 Art. 346.26 RF TC).

Single Agricultural Tax (SAT) is a tax assessment system for agricultural businesses performing primary and subsequent industrial processing of agricultural produce and its marketing (Chapter 26.1 RF TC). If an entrepreneur is engaged in several agricultural activities one of which is shifted to a tax assessment system ENVD, other activities can be taxed by a simplified tax system, single agricultural tax or by a general tax assessment system. The choice of the tax assessment system but for ENVD is made by an entrepreneur.

An individual entrepreneur can choose tax assessment system both at the time of registering the business or after registration. If an entrepreneur wants to use a STS or SAT he has the right to submit an application within five days from the date of registration in a tax body stated in a registration certificate. If he fails to submit an application within the stated period if at all then he is supposed to be taxed by a general tax assessment system. To change the tax assessment system voluntarily he can only at the beginning of the next calendar year by submitting a relevant application within dates stated by RF TC (see. Tables 5.1, 5.2).

Table 5.1 Types of taxes of agricultural producers

Income tax	Single Agricultural Tax	Simplified Tax System (STS)	Personal Income Tax
Commercial organization and cooperatives (production,	Agricultural products producers: commercial organization and cooperatives (production, consumer coops but not credit	Commercial organization and cooperatives (production, consumer coops), peasant-farm	peasant-farm enterprises, individual entrepreneurs,

consumer) getting income from selling produced and processed agricultural produce	coops), peasant-farm enterprises, individual entrepreneurs	enterprises, individual entrepreneurs	private subsidiary holdings gaining income as a state support
2004 – 2012 , 0% 2013 – 2015 18% from 2016 r. – 20%	6% of cashflow	6% or 15% of cashflow	13%

Table 5.2 Tax assessment of agricultural producers

Agricultural producers	Income taxation system*			
	Income tax	SAT	STS	PIT
Agricultural cooperatives (production, consumer coops but not credit coops)	yes	yes	yes	No
Agricultural consumer coops and credit cooperatives	yes	No	yes	No
Individual entrepreneur	No	yes	yes, tax, patent	yes
Peasant-farm enterprises,	No	yes	yes	yes
Other commercial agricultural organizations	yes	yes	yes	No
Private subsidiary holdings	No	No	No	yes

* Agricultural producers use one of the tax assessment systems according to Tax Code

Yes – can use the tax assessment system

No – cannot use the tax assessment system

5.5 Test

1. What are main organizational and legal forms of activities in rural tourism?
2. What are main steps of registering entrepreneurship activity?
3. What federal laws regulate entrepreneurship activities in the sphere of rural tourism?
4. What is the documents that established economic relationship with tour operators?
5. What basic issues should be reflected in the contract with a tour operator?
6. What are principal peculiarities of private subsidiary holdings taxation?
7. What are peculiarities of peasant-farm enterprises taxation?
8. What taxes does the peasant-farm enterprise pay by a general taxation system?
9. What do you know about single agricultural tax?
10. Terms of shifting to simplified taxation system
11. What taxes must an individual entrepreneur pay?
12. What do you know about single tax on imputed income?

5.6 References

1. The Civil Code of the Russian Federation
2. The Tax Code of the Russian Federation
3. The Federal Law of 7 July 2003. № 112 "On private subsidiary farm"
4. The Federal Law of 11 June 2003. № 74 "On a peasant (farm) enterprise"
5. The Federal Law of 08.08.2001 N 129 "On state registration of legal and individual entrepreneurs"
6. The Federal Law of 8 December 1995. № 195 "On agricultural cooperation"
7. The Federal Law of 29 December 2006. № 264. "On agricultural development"
8. Resolution of the Government of the Russian Federation of 16.09.2003 N 557 "Changes and amendments in RF Government Resolution of 17.05.2002 N 319"
9. Organizational and legal fundamentals of activities, state support and peculiarities of accounting in rural tourism. Methodical recommendations.- Republican agricultural consumer cooperative "Sodeistviye". – Cheboksary. – 2009
10. Shilova S.G., Terekhova N.Ya., Obratsova O.Yu., Bujvolova M.I., Vasiljeva N.A. Green House: training manual on rural tourism organization" – Krasnoyarsk, 2010
11. www.consultant.ru

Additional information is available in the module 6 "Environmental regulation and law in rural territories"

6 Economics and management of rural and ecological tourism

Key words: business plan, risk, financing, budget, production cost, calculation, profit, loss, profitability, price, pricing, discount, staff training, psychology of communication, complaint, conflict

6.1 Business planning of rural and ecological tourism. Sources of financing

Business planning – a main instrument of entrepreneurship in rural and ecological tourism which is a long-term planning for a period of five and more years broken down by year. It is necessary [1]:

First, when it is a case of activity planning for a newly formed enterprise

Second, when an innovation business plan is developed for the existing business in order to evaluate amount of funds required and project viability

Thus, a business plan should fulfill two main functions:

1. Activity planning which can help a business to enter new markets
2. Project investment justification

Structure of a business plan

1. Cover page.

1.1 Company name and address. The following information should be provided: a corporate name, an organizational and legal form (according to the All-Russia Classifier of Forms of Ownership), a proprietary form (according to the All-Russia Classifier of Forms of Incorporation), a registered address and a trading address, telephone numbers, e-mail address; the tax identification number (TIN), All-Russia Classifier of Enterprises Code and Organizations and Industrial Enterprise Classification Code, and core business area (according to All-Russia Classifier of Economy Branches, All-Russia Classifier of Economic Activities)

1.2 Project name

2. Executive summary is a short document that contains a brief statement of key points of a suggested project:

- ❖ Development and presentation objectives of the give business plan
- ❖ Business plan implementation period
- ❖ Estimation of finance needs (including ratio of company's available funds and loan funds)
- ❖ Break even analysis

❖ Economic efficiency of the project

3. Essence of the project

Description of the main idea of the project. List of services which are planned to deliver and list of products which are supposed to be brought to market

4. Operational plan

4.1 Description of production or service provision process. It should be indicated: what sort of operations and in what order does this enterprise perform and what operations are probably delegated to sub-contractors

4.2 Manufacturing (operational) facilities. Technical specification of production area and information about terms on which the premises are given (ownership or renting). In some cases, e.g. in a guest house, office area simultaneously is a place where a service is delivered

4.3 Principal suppliers (e.g. tour operators, transportation firms, excursion agencies, etc.)

4.4. Forecast plan of amount of provided services (production and sales) for each type of services (products) in quantity and monetary terms. It should be coordinated with clients' needs in this service and company's production possibility frontiers

5. Marketing plan

5.1 Analysis of the current situation: the current situation and its development trends; analysis of potential suppliers, intermediaries and consumers, etc

5.2 Potential assessment of a company: SWOT analysis

5.3 Goal setting: definition of goals and problems

5.4 Strategy selection

5.5 Program of action (marketing mix)

Analysis of the current situation

Situation analysis includes the following aspects: turnover, capacity and share of the market, market potential, expenditures, profit expectation, competitive pattern. Types of products, commodity groups, industry sectors and markets can be analyzed

Potential assessment

It is essential to have a close look of strengths and weaknesses, opportunities and threats which a company faces. SWOT-analysis is an assessment of company's market position by identifying the internal and external factors that are favorable or unfavorable to achieve objectives of the company.

The marketing mix

The marketing mix includes 4 Ps: product, price, promotion and place (see Chapter 7)

6. Organizational background

6.1 Organization details. Pattern of ownership and shareholding proportion. names and addresses of its founders – natural persons. Firm names and registered addresses of its founders – legal entities

6.2 Main partners or shareholders information. Liability of partners (shareholders)

6.3 Organizational structure (division of responsibilities)

6.4 Information about executive management (persons authorized to sign)

6.5 An office building and equipment which is available at the moment and required to implement the project

6.6 Human resources of an organization

6.7 Employee schedule as it is on January 1st of the current year, description of the personnel structure and human resource management plan from year to year in accordance with the business plan. Taking into account the organizational structure of the organization, the employee schedule for administrative, managerial, general and supporting personnel is compiled.

7. Risk analysis and management

Risk is the possibility of loss or failure to achieve planned indicators of income and profit of an enterprise

8. Financial plan

8.1 Income and expenditures plan which includes: annual implementation plan, annual production plan, annual marketing plan, salary budget, budget of total and administrative expenditures, and direct material budget. Funding sources including internal and borrowed funds and gratuitous special-purpose receipts should be indicated in the financial plan

8.2 Plan of cash receipts and payments includes the following section: receipts, payments, платежи, current surplus or lack of cash, compensation methods, for example, short-term loans for fixed charge coverage

8.3 Balance plan (closing balance sheet) reflects assets and liabilities of an enterprise, funds for production development invested by an entrepreneur and partners, and undistributed profits

9. Economic efficiency analysis of the project.

While analyzing an economic efficiency of the project the following methods can be used: net present value method (NPV), internal rate of return, methods of economic efficiency analysis based on profitability index and payback period

10. Appendices

10.1 Recommendation letters

10.2 Copies of contracts, licenses, and etc.

10.3 Copies of documents with reference data

10.4 Suppliers' price lists

Drafting of a business plan can be compared to the step-by-step decision making. As soon as you have described your project you should take a decision upon how strong your position is in comparison with other market players and if the market terms are appropriate for your business. Assess whether you have enough resources at the moment and in prospect for appropriate functioning of your business. The financial plan can help you make a decision about business profitability. The last step – the analysis of risks – is the most difficult and unpredictable. Just in this stage you should think about your business security and safety and answer the question “What if?” This “IF” can be referred to the following:

- Reluctance of your family members to support you
- Legislative changes as applicable to strengthening of the requirements to tourist accommodation
- Opening of a new tourist camp or a recreation facility in your neighbourhood
- Starting of new guesthouses in your village
- Refusal by a bank to grant credit
- Loss of connection with the tour operator with which you make a contract of sale
- Adverse weather during a tourist season
- Cancellations and no-shows of the clients which you expected, etc. [2]

Business plan writing requires the observance of certain principles ignorance of which can lead, at its best, to disappointment and, at its worst, to loss of investments and bankruptcy [2].

5 principles of business plan writing

1. Be accurate and attentive in calculations. Double-check data one more time or invite an expert for it
2. Be honest and objective, use facts only
3. Be pessimistic; don't overestimate expected results
4. Duly check and correct your business plan
5. Don't rely on a bit of luck, take rational and reasonable decisions

IMPORTANT! If you are going to use a business plan to get funding, for example, to apply for a bank loan don't forget that bank employees know hardly anything about your business idea. Make an effort to provide not only your calculations but a detailed description of your business. Below is one of the examples of business plan in rural tourism

BUSINESS PLAN
(BUSINESS PLAN DRAFT)

“Rural Tourism”

Sole proprietorship OKVED 63.30.1 “Complex Tourist Services”

Sole proprietor:

_____ Name, residing at _____

The essence of the proposed project: a currently unemployed rural citizen will set up a rural guest house to accommodate tourists in the territory of the Republic of Buryatia on a commercial basis

Project cost: 250 000 (two hundred fifty thousand) rubles (the sum necessary for organizing s business)

1. Introduction:

The project is aimed at developing rural tourism, creating rural guest houses in the Republic of Buryatia for leisure and recreation of residents, visitors and tourists of the Republic on a commercial basis. Improved living standards will be reached_____ by selling handicrafts to tourists.

The main competitive advantage of a rural guest house is ensuring all-the-year-round high-quality tourist services at a reasonable price.

Potential competitors are tourist centers and country holiday camps, offering a limited range of services. Their number in the Republic of Buryatia is insufficient to meet the needs of tourists, residents and visitors to the city of Ulan-Ude, the Republic of Buryatia in high-quality all-year-round tourist services. The project provides all year round accommodation services, recreational facilities and services, satisfying the wishes of tourists during a specific time period.

Potential customers are:

- families with children
- elderly people
- elderly people with their grandchildren
- the company of young people
- people with counter-indications for changing climatic zones

2. The essence of the proposed project:

Rural tourism is a type of tourism, aimed at organizing rest in the rural settings and acquainting with the tranquil rural life, customs and values of local folk culture.

This type of tourism incorporates activities of informative, active and ecological tourism.

Moreover, it introduces traditional crafts preserved in the countryside, and provides the opportunity for everyone to participate in the process of handicrafts production and cooking dishes of local cuisine, etc.

It is planned to offer accommodation on the basis of a rural guest house in a living room with the total area of 35 sq.m. with all necessary indoor facilities.

To have a pleasant time in the open air a variety of recreational activities are offered:

- bathing in the river (there is a small but clean river near the house)
- fishing; - Russian bath
- rest in a summer-house (besedka) outdoors
- collecting medicinal herbs, berries, mushrooms; - participating in agricultural works
- learning local customs, folk music, songs and dances, folk crafts

3. Production program

3.1. Infrastructure of a rural tourist object

The house is located on the land plot with the total area of 1500 sq.m. The total area of the house is 90 sq.m, The room for guests is 35 sq.m. The house is equipped with electricity, running water, sewerage. There is a bathroom with a shower cabin and a toilet available only for guests. Three people can stay in the guest house at one time.

The accommodation is provided in compliance with the recommended characteristics of the guest house. (Practical guidelines on rural tourism organization: Training manual for businesses. M.: International Tourist Academy, 2009).

On the territory there are outbuildings, a Russian bath, a summer-house, a garden with fruit trees, a vegetable garden, a greenhouse, children' playground.

3.2. Reception will be organized by a guest house owner. A tourist guest card is required for the accommodation and the tourist should get acquainted with the area close to a guest house territory.

3.3. Meals (according to the wishes of tourists) will be organized by a host and will be included into accommodation price (approximate calculation of the prices of 3 meals a day for one person see table 1). Basically all necessary products will be produced by the owner of the rural guest house, and the rest will be purchased from local residents, without any intermediaries.

Table 6.1 Food (the approximate menu for 1 day)

Breakfast	Price (rubles)
Milk porridge (oat, millet, semolina)	60 rubles
Fried eggs	
Pancakes (house berry jam, rural sour cream)	
Tea, coffee	
Dinner	170 rubles
Vegetable salad	
Russian cabbage meat soup (fish soup, chicken soup)	
Rural stewed potatoes (with mushrooms, meat)	
Compote (berry, fruit)	
Pies (jam, cabbage)	170 rubles
Supper	
Meat cutlets with buckwheat (rice, barley).	
Homemade pickles	
Herbal tea	
In total: 400 rubles	

3.5. At a tourist's request, a guest house owner will organize hiking and excursions to the sights of the Republic.

4. Sales plan

4.1. Accommodation cost (with food) for one person is 1200 rubles per day. The full package of provided services is included in the price. The price of accommodation service in the rural guest house includes: raw materials costs (products for meals, etc.), current expenditures for utility services, cost of service implementation and promotion, income, taxes.

4.2. High-quality promotion campaign is necessary for implementing the project (product) and marketing. It will be carried out by means of placing the information about the rural guest house and the list of services provided through different Internet resources. Printed materials will be developed to present tourist possibilities at various tourist exhibitions.

5. Organizational plan

5.1. The owner of the property is the sole proprietor: (name).

5.2. The sole proprietor will do accounting and manage organizational issues by himself.

6. Risk assessment

Sole proprietorship in tourism sphere will be competitive in the service market as in most districts of the Buryat Republic there is a limited number of rural guest houses, and the preference of tourists to spend their holidays at the seaside is changing towards visiting untouched and original cultural places on the nature. On the one hand it is due to the increased anthropogenic load on the nervous system of man, and on the other hand, tourists get more emotional and cognitive

experiences from nature-oriented trips than from traditional set of tourist-recreational services offered in the developed centers of tourism.

7. Financial plan

7.1. Implementation of this type of proprietorship will need one-time costs for premises arrangement (purchase of furniture, bathroom equipment, etc.):

- a subsidy from the state – 250 000 rubles
- personal savings _____ rubles

Below the expenses necessary for the implementation of this project are shown:

Table 6.2 The approximate cost of the project

No	Name	Number of	Price for 1 unit (rub)	Price (RUB.)
1	2	3	4	5
1	Bed	3	8 000	24 000
2	Bedside table	3	4 000	12 000
3	Wardrobe	1	15 000	15 000
4	Wardrobe with shelves and hangers	1	20 000	20 000
5	Chair	3	1 000	3 000
6	Bedside rug	3	3 000	9 000
7	Chandelier	1	3 000	3 000
8	Mirror	1	6 500	8 000
9	Cornice	2	1 500	3 000
10	Tulle	2	1 000	2 000
11	Blackout curtains	4	2 000	8 000
12	TV set	1	10 000	10 000
13	Bracket	1	2 000	2 000
14	Rocking chair	2	7 500	15 000
15	Air conditioner	1	18 500	18 500
16	Bed cover	3	2 000	6 000
17	Pillow	3	500	1 500
18	Blanket	3	2 000	6 000
19	Bed linen	6	500	3 000
20	Toilet bowl	1	4 000	4 000
21	Shower cabin	1	20 000	20 000
22	Mirror	1	2 000	2 000
23	Sink with pedestal	1	8 000	8 000
24	Mixer tap for the sink	1	1 000	1 000
25	A large towel	6	500	3 000
26	A small towel	6	300	1 800
27	Rug for a bathroom	1	500	500
28	Dryer	1	1 500	1 500
29	Summer house (tent)	1	5 000	5 000
30	Garden table and chairs	1	6 000	6 000

32	Brazier	1	700	700
33	Table -service	1	7 000	7 000
34	Boat	1	14 000	14 000
35	Hammock	1	3 500	3 500
36	Set for personal hygiene	30	100	3 000
Sum total:				

7.2. Calculation of the cost of services

It is supposed that 3 persons will use services of short-term stay in the rural guest house at the same time.

Table 6.3 Cost of services per person

No	Name of service	Cost (rubles per day)
1	Accommodation services	800
2	Food (three meals a day)	400
Sum total:		1 200

7.3. In the rural guest house host's family of three people lives on a permanent basis, three guests on a temporary basis.

Calculation of time of service:

Calendar days in a year 365

Number of weeks in a year 52

Average number of guests 3

Room occupancy percentage for the time period (three months):

Summer 80% 72 days.

Autumn 30% 27 days.

Winter 40% 36 days.

Spring 30% 27 days.

Total annual occupancy is 162 days.

Table 6.4 Calculation of utilities for 6 people

Services	Time period	Winter	Spring	Summer	Autumn
Gas, m ³	In a month from 6 people	2 700	1 350	200	1 350
	In a month from 1 person	450	225	33	225
	In a day from 1 person	15	7,50	1,10	7,50
Water (cold) m ³ 15 r.	In a month from 6 people	(10m ³) 150	(10m ³)150	(20m ³) 300	(10m ³) 150
	In a month from 1 person	25	25	50	25
	In a day from 1 person	0,83	0,83	1,66	0,83
Electricity (kw/ hour) 2,6 r.	In a month from 6 people	(200 kw/ hour) 520	(200 kw/hour) 520	(350 kw/ hour) 910	(200 kw/hour) 520
	In a month from 1 person	86,66	86,66	151,66	86,66
	In a day from 1 person	2,88	2,88	5,05	2,88
In a month from three people		1683,90	1 008,90	702,90	1 008,90
		36 days = 2 020,68	27 days = 908,10	72 days = 1 686,96	27 days = 908,10
from three people in 162 days:		5 523,84			

1 200 rubles from one person per day, from 3 persons – 3 600 rubles (income)

7.4. Cost per month for three people

Tax (6 % from the income) – 2916 rub. Advertizing – 500 rub.

Utilities – 920,64 rub. Food – 36000 rub. Total – 40336, 64 rub.

7.5. Cost per year for three people

Tax (6 % from the income) – 34992 rub. Advertizing – 6000 rub.

Utilities – 5523,84 rub. Food – 216000 rub. Total – 262515 rub.

7.6. Expected financial performance

A month net profit – 26723,75 rub.

A year profit ("income" – "all expenses") – 320685 rub.

A subsidy – 250000 rub.

Payback – 9,4 months.

The payback period

The proposed project on creating a rural guest house for tourist's accommodation in the territory of _____ by an unemployed rural citizen on a commercial basis is profitable, and will be repaid in 9.4 months.

Sole proprietor (name): _____

(date, signature) _____

Finances and tourism

Sources of financing. Financing of tourism-related enterprises and organizations can come from different sources depending on the industry classification of establishments (public, commercial and non-commercial sectors of economy) and their organizational and legal forms (JSC, LLC, public organizations, autonomous institutions and other forms established by the legislation of the Russian Federation). There are the following sources of financing: funds of the federal and municipal budgets, proprietary funds, borrowed and raised funds, uncompensated special-purpose receipts (Fig. 6.1).

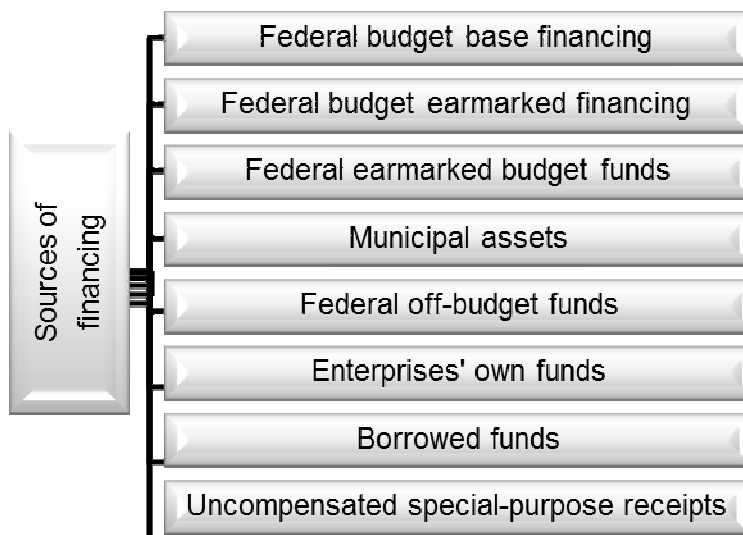


Fig. 6.1 Sources of financing

There are three main methods of financing in tourism: self-financing estimated financing and mixed financing [1].

- Self-financing – financing of enterprises and organizations from their own funds. The method is used by the majority of tourism-related enterprises (Fig. 6.2)
- Estimate financing – allocation of budget funds for expense defrayment in accordance with the provided cost estimate. Only state-owned enterprises are eligible for the estimate financing
- Mixed financing combines the first two methods: one part of expenses of economic entities is reimbursed by the budget; and the other part is financed from the enterprises' own resources and other financing sources

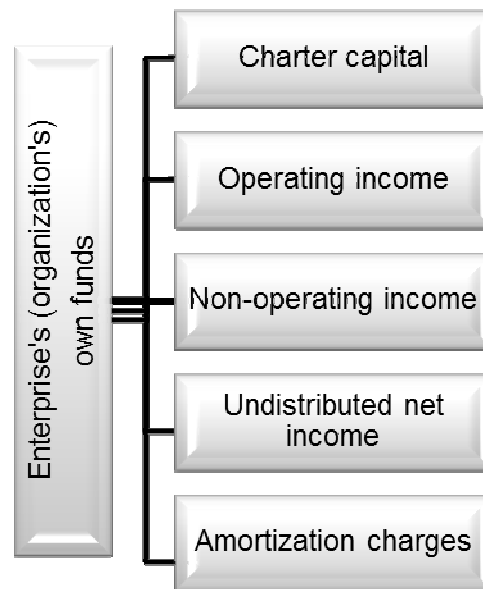


Fig. 6.2 Enterprise's own funds

6.2 Costs and profits. Price formation in tourism business

In order to be successful in rural and ecological tourism development, an entrepreneur should plan, keep financial records, systematically analyze and assess effectiveness of fund use. There are two possibilities to increase profit: increasing of business volume (correspondingly increasing of revenue) and reducing of costs (prime costs), as profit basically is the difference between revenue and costs (prime costs) [2].

Where does financial planning start?

First of all, financial planning is directly connected with promotional objectives. You can start drafting your financial plan only after you find answers to the questions: What product (service or service package) is planned to offer? What is the target group? What amount and how to offer?

Income and expenditure budget [2]

The simplest tool of financial planning is a budget which consists of two main components – income and expenditure.

Income is any cash flow or receipt of tangible assets that is expressed in monetary terms.

Expenditure is everything that deteriorates the financial status of the business but is necessary for production and goods delivery, provision of services or any other operating activity of the given enterprise regardless its size.

There are two types of costs:

Explicit costs are direct payments in the course of running a business, such as wage, rent and materials.

Implicit costs are those where no actual payment is made, e.g. amortization. As a rule a budget is compiled annually and its drafting requires special attention, accuracy and thoroughness!

How to express your business in budget figures? [2]

You can start with calculation of income or expenditures. If you are just starting up your tourism business, first of all, you should estimate your expenses.

Cost accounting (or the cost per unit) is the list of expenses which are spent to produce one unit (product or service per 1 person per day) and expressed in monetary terms.

To get a deeper insight into the nature of costs you should classify them by their functions and by ability to trace them.

One of the main cost classification methods is their division between fixed and variable costs.

Variable costs are costs that change as a function of quantity of goods and services produced, e.g. raw materials, component parts, and piece work wages.

Fixed costs are costs that are not dependent on the level of goods produced e.g. office maintenance, salary, communications and connections, building service, etc.

IMPORTANT! In each specific case cost items and their value can change depending on the service characteristic!

Let's consider cost accounting through the example of a meal service in a guest house per 1 person per day (Table 6.5).

Table 6.5 Catering costs

Costs	Type of costs	Sum (by estimate), RUR per day
Food products to cook breakfast, lunch and dinner	Variable	500
Electricity (gas) costs for food cooking	Variable	40
Depreciation of the equipment, with total cost of the kitchen equipment – 70000 RUR	Fixed (annually) 5 833.33 RUR per month	28
Gross salary of the cook	Variable	400

For cost calculation let's use the following formula:

Prime costs = variable costs (per unit) + fixed costs. Thus the prime costs of food per 1 person per day are equal to: $500 + 40 + 28 + 400 = 968$ rubles. After having your costs calculated you can determine the price: Price = prime costs + margin, where margin is a profit share which we want to include in the price. Price = $968 + 400 = 1368$ rubles.

Pricing is a basic indicator for both cost determination and revenue forecast. Prices for other services are calculated the same way.

We have just considered one of approaches to pricing – price formation based on costs. Hereinafter some other approaches will be discussed. But it doesn't matter what approach you choose, cost accounting is always needed, as it allows to check if the price is favorable or not. This should be repeated 1–2 times per year.

Now let's pass on directly to compiling of income and expenditure budget. While compiling that budget you can use two approaches – a detailed budget with break-down into quarterly, monthly, weekly and even daily goals and an averaged budget with mean values in one year perspective. For those who provide season services the detailed budget will be more convenient as the main part of incomes and expenditures accrues to only a few months of the year and decrease significantly in other periods. In this case mean values don't give objective information and disorient you. The second approach is more acceptable for those who operate evenly all around the year and have more or less similar income every month with a slight difference.

Remember that the budget provides just planned figures however you can see whether you will get some profit or suffer some loss and what you need to do to avoid the second option.

Profit and loss statement

Profit and loss statement is the difference between all the revenues which the company yields from both main and additional business activities and expenses which it had to incur.

$$\text{Profit} = \text{revenues} - \text{expenses}$$

Table 6.6 Profit and loss statement form

Income	Quarter				Total
	1	2	3	4	
Accommodation					
Catering					
Excursions					
Additional services					
Credits (loans)					
Other income					
Total income:					
Expenses	Quarter				Total
	1	2	3	4	
Salary and wage					
Payroll tax					
Connection					
Advertising					
Cleaning and disinfection chemicals					
Electricity, gas					
Transportation					
Utility's costs					
Amortization and depreciation					
Loan repayment					
Social security tax					
Total expenses:					
Profit (loss)					

If revenues exceed expenses, it results in profits. If expenses are greater than revenues then we have loss. The profit and loss statement is compiled with forecast for any period of activity. Of course, the longer period we try to predict, e.g. one or two years, the more difficult to forecast. In that case you need to be an “objective pessimist”. It is better to get unforeseen profit than unforeseen loss. Profit and loss statement has the following form (Table 6.6):

So, what draws your attention after you have filled in your profit and loss statement form?

- Is there any profit and is it worth trying?
- Will there be enough profit for the future development of the business or not? How can you increase your profit?
- Are there enough resources to get some profit or you have to increase them, e.g. by taking out a loan.
- Why do you need the profit and loss statement?
- If in the planning stage you find out that the profit is unacceptable or, even worse, you are going to receive loss, you can cardinaly reconsider your plans right there not at the time when the business is already launched.
- If the profit is reasonable you can think about diversification of your business or branching out.

Cash flow statement [2]

Cash flow statement captures all the inflows and outflows of cash and cash equivalents. Cash flow should not be confused with profit. Profit is the result of the service delivery. For example, while we count our profits we deduct expenses, e.g. amortization and depreciation, so the profit gets less. But in reality this cash stays in the company. The objective of the forecast and analysis of cash flows is to evaluate changes in a firm’s liquidity over an interval of time (a month, a quarter, a year). The main method which you should use is a cash method. Under the cash method, income is not counted until cash (or a check) is actually received, and expenses are not counted until they are actually paid. For example, you monthly assess payroll taxes in April, May and June and assign them to the expenses on service provision in that month when they emerge. But in fact all the taxes will be transferred only in July. How to compile the cash flow statement:

- Choose the date of the statement, e.g. the beginning of the year or month
- Determine what amount of cash you have at the moment
- Add the sum of anticipated cash inflows to that sum (it can be based on the income and loss statement)
- Deduct all payments you will have to make
- And in total you have the amount of cash remaining

The cash flow statement is given in table 6.7

If at the moment of planning the balance is negative you should find out the reasons. The cash flow statement can help you to solve the following problems

- to find out what amount of cash you can handle at the moment
- to use excess cash for other needs or place it on deposit
- if there is lack of cash you should think of ways to get cash needed through bank loans or to postpone some payments

Table 6.7 Cash flow statement

№	Types of cash	Quarter			
		1	2	3	4
1	Beginning cash balance				
2	Cash inflows, incl.:				
3	Service revenue				
4	Credit				
5	Other inflows				
6	Total cash inflows (3+4+5)				
7	Cash outflows, incl.:				
8	Raw materials, consumables				
9	Salary and wage				
10	Payroll tax				
11	Electricity				
12	Rent				
13	Maintenance and repair				
14	Business trips				
15	Connection				
16	Utility's costs				
17	Self-employment tax				
18	Other expenses				
19	Principal and interest payment				
20	Purchase of equipment				
21	Total cash outflows (sum from point 7 to point 20)				
22	Ending cash balance (1+6 – 21)				

Summing up and analysis of the data [2]

All the necessary documents are prepared and separately analyzed. First put all the three documents (income and expenditure budget, profit and loss statement and cash flow statement) in front of you and examine them as a whole. Check your data correspondence in each document and correctness of mathematical calculations. Determine whether your business is profitable.

Sales profitability (P) is the ratio of net income to earned revenues. Profitability measures in percentage.

$$P \text{ sales} = \text{NI} : \text{NS} \times 100,$$

Where NI is net income after taxes; NT is net sales: operating revenues earned by a firm for selling its products or rendering its services.

The figure received shows what part of total sales accrues to net profit.

Profitability of investments is the ratio of net profit to cost of goods and services.

$$P \text{ investments} = \text{NI} : \text{costs} \times 100,$$

Where NI is net income after taxes; costs (of goods and services) are all costs (fixed and variable), spent on producing goods and rendering services.

As a result you will learn how much profit you are going to receive per each ruble invested. The basis for profitability assessment is the profit and loss statement. Using its data you can promptly monitor profitability of your business as a forecast at the stage of planning and at the stage of result analysis.

How sustainable is your business? [2]

Finance management is not only monitoring of data at present but also control over sustainability of your business in the near-future and long-term perspective. To determine your own financial sustainability answer three questions:

1. Is your organization able to pay its current expenses from its current income?
2. Will the organization be able to pay its future expenses from its future income?
3. Is the organization able to pay unforeseen expenses?

These questions are three basic criteria of the financial sustainability. The current expenses are employees' salaries and wages, cost of meals arranged for clients, tax payments, etc. The future expenses are those like loan repayments which you will plan based upon your future income. It is more difficult to estimate your ability to cover unforeseen expenses which you haven't planned. It could be equipment failure, a sharp rise in prices for goods which are needed for rendering services as well as fines or administrative penalties.

Price and pricing

Price is one of the key aspects which can attract clients or push them away. A guesthouse owner needs to solve several problems: on the one hand, the price should be competitive and comfortable for clients; on the other hand, rendering of the services should bring appropriate revenues and, of course, profit. So, what is the price based on? There are different approaches to pricing.

Cost-based pricing [2]

This method is quite simple: it is based on assumption that costs on service provision should be compensated. In this case in order to determine a price you should calculate your costs, that is to count costs of services including expenses on your guest's room and board arrangements, additional services, then you should add that amount of profit you would like to "leave in your pocket". And don't forget to add 10-20% for intermediary service of your tour operator.

Going-rate pricing [2]

Let's imagine that you have calculated your service price based on costs. Is it enough? Can you say whether this price is high or low? Are you sure that you can sell your services at this price? Probably, you are not. The case is that, as we mentioned above, often you are by far not the only supplier to this market. A tourist as a potential client always has a choice. This means that,

regardless of what you want, you have already been involved in the competition. Thus, you definitely need look around and learn at what prices other guesthouses and neighboring tourist complexes sell their services. Your final target is to make your price competitive but that doesn't imply at all that it should be the lowest. Why? Experience has shown that customers' attitude towards the lowest priced services is not always positive. From the psychological viewpoint, customers have a belief that high price means high quality. That's why they are suspicious about the cheap products. The high price of the product makes customers feel its status value. In tourism industry some hotels set very high prices which produce a certain image and attract those clients who want to be associated with this image. On the other side, too high prices can push away some customers who prefer more affordable leisure. In tourism inadequate price for service can become a crucial point.

Value-based pricing [2]

As we can see, accommodation pricing is not a simple matter. We have already told about two pricing strategies but it is worth mentioning about the third one based on financial possibilities of clients, their ability to pay. This method implies that there is always probability that a client can pay significantly more than production costs. Your task is to define how high he/she estimates value of the product or service, e.g. accommodation. How much is he/she ready to pay? Who is your service aimed at?

But we should notice that this approach to pricing majority of clients consider unfair and their attitude to such moneymakers is negative.

Each pricing approach has its strengths and shortcomings. It is easy to understand that use of only one strategy could be dangerous. For example, if the price of your services is lower than your rivals' price is but at the same time it doesn't compensate your costs and expenses, then the services will be competitive but money-losing.

The best price takes into account all three factors: costs, competitors' price and clients' ability to pay.

How price sensitive are customers? How many more tourists can you attract through the reduction in price? How much will you lose if the prices go up? [2]

In general tourism tends to be a very price sensitive (elastic) product. Competition in tourism sector is extremely vibrant and thereby costumers have a large choice of destinations, accommodation and extra services. Big travel companies sometimes have to cut their prices as much as possible. Small tour operators, on the contrary, can survive only with higher prices because they are focused on a certain part of the tourism market and have carved out their own niche.

How does product novelty influence on the price? [2]

On the one hand, the marketing rules allow setting the highest price on new products. But on the other hand, to buy a new product is sometimes risky; all the more so as there are so many substitutes. That's why the reliable and more feasible strategy can be the one which is based on lower price that takes market share away from competitors.

How do clients' expectations and price interrelate?

Directly. A tourist service is a product which a customer obtains (chooses) in one place and consumes in the other. Therefore you must do everything in order that the price met clients' expectations of accommodation otherwise it can lead to disappointment.

How to vary the prices on general and additional services?

When you provide different types of products, you can use lower accommodation prices which can be compensated by higher costs of the additional services. Besides you should remember that tourists are quite experienced in traveling and very sensitive to the prices which they consider unreasonable. They can react negatively to the services which are charged extra but should be included in the cost for the major service. The simple example is a charge for the use of the banya (sauna) when there is no other opportunity to take a bath or a shower. Experienced hosts provide one banya free of charge if three-nights' accommodation is paid or include daily banya costs in the accommodation price [2].

Are there any discounts?

To stimulate demand in the off-season different discounts can be offered, for example:

- Discounts for long-term tourists (10–30%)
- Discounts for loyal customers (5–15%)
- Off-season discounts (10–0%)
- Discounts for children (e.g. free accommodation for up to 5 years old children sharing a bed with a parent, kids between 5 and 10 years old get 30% discount and between 10 and 12 years old get 15% discount)
- Discounts for an accompanying person (e.g., accommodated for free if accompanying a group of 10 or more children)

IMPORTANT! Emergent entrepreneurs should remember that discounted price should also include the commission which you pay to your partners – city tourist agencies if you plan to recruit tourists with their help. Depending on the agreement it can amount to 10–20%.

The rules of reciprocal payments in tourism:

1. Total accommodation fee is paid in advance because the service is made ready
2. If a client arrives without a preliminary reservation, the payments are made after he/ she sees the guesthouse over, reads the rules of board and lodging and checks in
3. If a client books a house in advance, hosts have a right to require prepayment. When and how much the client should pay depends on the agreement which the host sends to the tourist beforehand. The rest of money is paid right after the check-in
4. If a client makes a reservation via a tourist agency and pays all the services to it, then the tourist agency pays for the clients' vacation and transfers money to a host before the tourist's arrival. The money is transferred to the entrepreneur's operating account and to his/ her bank card. We

advise the host to arrange an agreement with the bank according to which the notifications are given about money received on the account or the bank card

5. The additional services are paid at the checkout [2]

IMPORTANT! You can by no means increase the price after the service has been delivered: it influences very badly on the image of any business.

VERY IMPORTANT! Accommodation prices should be the same at any point of sale if tourists are recruited by intermediary tourist agencies. In other words if a client is sent by the intermediary, he/ she should receive the same price information at the guesthouse as he/ she got from the tourist agency. In this case the negotiated terms are observed and you don't let your partners down. This is the main rule for all participants of this chain. If you adhere to the price agreement the tourist flow doesn't run out as your guesthouse is regularly offered in the cities. Sometimes a host of the guesthouse tells clients that next time he/ she is ready to host them at lower price if they come directly without going to the travel agency. In this case the host of the guesthouse deprives his/ her partners of earnings. The truth eventually will come to light and the partners will stop any cooperation with him/her. Therefore each owner of a guesthouse should decide whether he/ she is going to attract tourist via intermediaries or to take his/ her own advertising campaign. If the both ways are used then you must meet obligations to your partners. If a partner travel agency don't forget about you and regularly provide you with clients its commission fee can be increased. Prices for direct customers should be the same as for indirect customers [2].

Income and expenditure account

Many entrepreneurs starting their business try to keep all figures in their head. But sooner or later you will ask yourself 'How much have I earned? To avoid that record all revenue receipts and expenditures. It is not time-consuming and doesn't require keeping some intricate documentation. Besides if your legal status is the peasant farm enterprise qualifying for the special tax regime or you are an individual entrepreneur on terms of the simplified tax return then you should keep the ledger of income and expenditure in accordance with the requirements of the Tax Code of the RF. If you are an individual entrepreneur on terms of the unified tax on imputed income and without hiring employees, then you don't need any official record keeping. In this case you need a book of record where you enter the following data (see Table 6.8):

Table 6.8 Income and expenditure ledger

Date	Credit	Debit	Nature of the operation
01.01.2013	5000		I.V. Ivanov's accommodation fee
02.01.2013		550	Grocery purchase
03.02.2013	800		Banya's fee paid by I.V. Ivanov, 4 persons per 4 hours
		800	fuel and lubrication materials for a car (trip to the city's wholesale depot)

This way you can analyze how you planned income and expenditure match up with the virtual ones [2].

6.3 Personnel management in rural and ecological tourism

Considering that tourism is perceived as one of priority sectors in economy of many regions they should draw their special attention to personnel training in this field. Key tourist products are such services as accommodation, food, excursions, etc. But if in tourism industry in general it is specially trained personnel who render services, in rural and ecological tourism the situation is quite different.

Services of rural tourism are very often delivered by owners themselves if we talk about rural homesteads. Because non-professionals (hosts are professionals in agriculture and often can't be specialists in tourism) work in rural tourism it can cause some problems with the quality of services rendered. But at the same time there is an atmosphere of home coziness and personal attention as a necessary attribute of rural tourism. That's why the problem of training and determination of some fixed standards of services with conservation of the unique rural character is so relevant in this sphere. Besides, tourism industry is a complex one and requires special knowledge from different fields. It is not accidently that tourism is called the industry of hospitality and implies a complex program of personnel training. For many regions you have to keep in mind that owners of the facilities often employ themselves and rarely hire any support staff. Thus, training is necessary first of all for the owner of the facility and only then to the support staff.

If we have a look at other types of housing – guesthouses, etc., then we deal with specially trained personnel because in this case there is often need in employees. It should also be mentioned that qualification of managers and personnel of rural tourism companies should correspond to the job performed and they should be able to provide security for tourists as well. Besides representatives of state and local governments also need same additional training and explanation as their facilitation based on deep insight into the problem is necessary for rural tourism development. We should also pay our attention to career orientation for rural youth and public awareness campaign among rural population. It is necessary to form a positive image of the industry, first of all, among potential owners of rural tourist facilities. With the proper attitude of rural dwellers we will be able to speak about the system approach to the rural development through the rural tourism but not about chaotic development of individual objects.

Recommendations

We recommend that owners of rural tourism facilities, farmers, members of peasant farm enterprises take a training course in rural tourism. This course will be not only an opportunity to gain new knowledge in rural tourism but to study experience of other course participants. Besides, it is recommended to take part in seminars, conferences, trainings in rural tourism organized by the regional Ministry of agriculture and/or by field-oriented organizations. These events give an opportunity to glean ideas and clear up some questionable issues in rural tourism.

Local officials are recommended to include rural tourism workshops in the personnel training and professional development plans, as their thorough understanding of rural tourism problems can facilitate active and fruitful cooperation between local government and rural tourism businesses and rural communities.

Regional ministry of agriculture is recommended to develop and regularly deliver the workshop “Rural tourism as a tool for rural development”. There should be representatives of rural areas among participants of this workshop.

Field-oriented organizations are recommended to hold regular informational rural tourism conferences, workshops, trainings “Regional rural tourism experience” for potential entrepreneurs, farmers, owners of personal subsidiary economy.

All interested organizations are recommended in cooperation with educational institutions to develop and deliver regular training courses for those who want to receive training in rural tourism. In future these courses could become a part of voluntary categorization of rural tourism objects.

Agrarian universities preparing professionals for rural areas are recommended to develop rural tourism training materials for BSc and MSc students studying agroecology, agribusiness, and regional economics.

Regional ministries of agriculture, field-oriented agencies and committees are recommended to organize different training activities (seminars, conferences, round tables), including international events, to exchange and summing-up of rural tourism experience.

We also recommend organizing activities for early career orientation of schoolchildren in cooperation with the employment centers, ministries of agriculture, field-oriented agencies and committees of other ministries and authorities.

6.4 Test

1. What is a business plan? What is it used for?
2. What are the basic parts of a business plan?
3. Risk and its types in the tourism industry.
4. What does a financial plan include?
5. What are the main methods for efficiency assessment of a business project?
6. How is control over business planning maintained?
7. Role and importance of financial planning.
8. What forms of costs and expenses do you know?
9. What are the main approaches to the price formation?

6.5 Reference

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7 Marketing and logistics of rural and ecological tourism: Advertising and PR

Key words: marketing of services, motivation, demand, demand factors, market research, marketing complex, merchandising, image, branding a region, advertisement, public relations (PR), social network, motor transport, passenger transportation, transportation rules

7.1 Rural and ecological tourism as a marketing object. Decision making process in choosing tourist product

A travel to a rural area is based on motivation which is the most important factor in making decision while choosing tourism product and its components. The travel motivation is a critical variable influencing tourist behavior at all stages of decision making on choosing tourist product and its components.

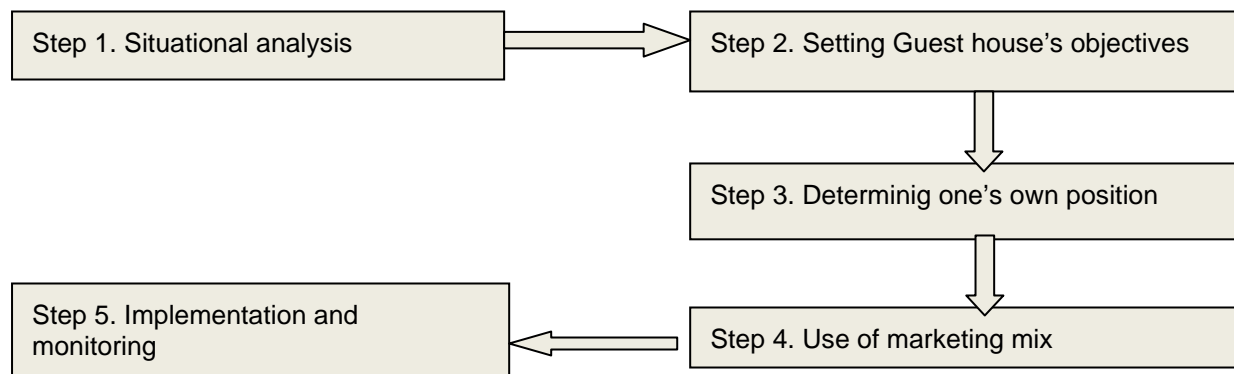


Fig. 7.1 How to make your own marketing concept?

The peculiar feature of decision making about tourist services is the selection of a different services “mix” offered by tourism related businesses including goods and services and not just selection of a single product out of alternative series. Each element of the “mix” is assessed by individual criteria which together serve one common goal to perform a trip.

Travel destination decision making is largely influenced by cultural, social, personal and psychological factors. There are several stages in the decision making process. The most common are:

1. **Recognition of the problem.** A customer feels the need for a travel. Based on needs a complex of interrelated motives is created in his mind. As a result a driving motive is formed, the one that determines the purpose of the travel. Thus need for rest can result from the desire to escape everyday stress, change the place, be in nature or communicate with new people, go on pilgrimage tour to visit sacred sites or relatives
2. **Search for information.** Having recognized the travel need an individual studies different sources of information to learn more about tourist products. These could be personal sources (relatives, friends, acquaintances, and colleagues), commercial (advertisements, travel agents) or

public (mass media, rumors). As a result a set of alternative choices is made, of which a customer will choose only one

3. **Offers assessment.** Each customer considers any interesting offers as a set of attributes (cost, quality, location, access by transport means, climate, availability of additional services, etc.). Any customer will give preference only to those attributes that relate to one's personal needs, motives and ideas about the trip
4. **Product purchasing decision.** While evaluating offers preference ranking is being made with the account of the price of the tour and other advantages from purchasing it. As studies show the final decision is influenced mostly by other people advice and the family budget available. A decision can be changed due to force majeure factors (an acquaintance or a person met by accident could share with his disappointment about similar trip, or family related reasons preventing from the travel)
5. **Customer response.** Customer's evaluation of his state after product purchase and after consumption is of no less importance. Positive or negative response depends on the quality of conformance between expected and perceived attributes of the product. The degree of satisfaction with the consumption of a tourist product can influence the subsequent customer behavior and tourist motivations as well on motivations of other people since the customer will act as an advisor.

Tourist demand and multi factor nature of tourist motivation

Marketing aspects in studying travel motivations are connected with studies of a consumer market and peculiarities of their buying behavior in order to establish and develop the market of tourist services responding to the changing demand.

Consumer demand is the ability to purchase wanted goods or services. There is prospective demand (the willingness to purchase) and an effective demand (the financial ability of a customer to effect the needs at the market)

Basic factors influencing effective demand are income and market price level as well as the willingness of people for cash pooling.

Tourist demand is influenced not only by availability of certain amount of money prospective consumers can spend, but also by their willingness to spend these money for travel. Hence, tourist demand must be supported by purchasing capacity of people and certain tourist motives.

Demand is affected by many factors that could have no relation to tourism but significantly influence the choice of a tourist product, volume and structure of demand. That is why tourist motivations should be considered as a whole taking into account different influences and factors.

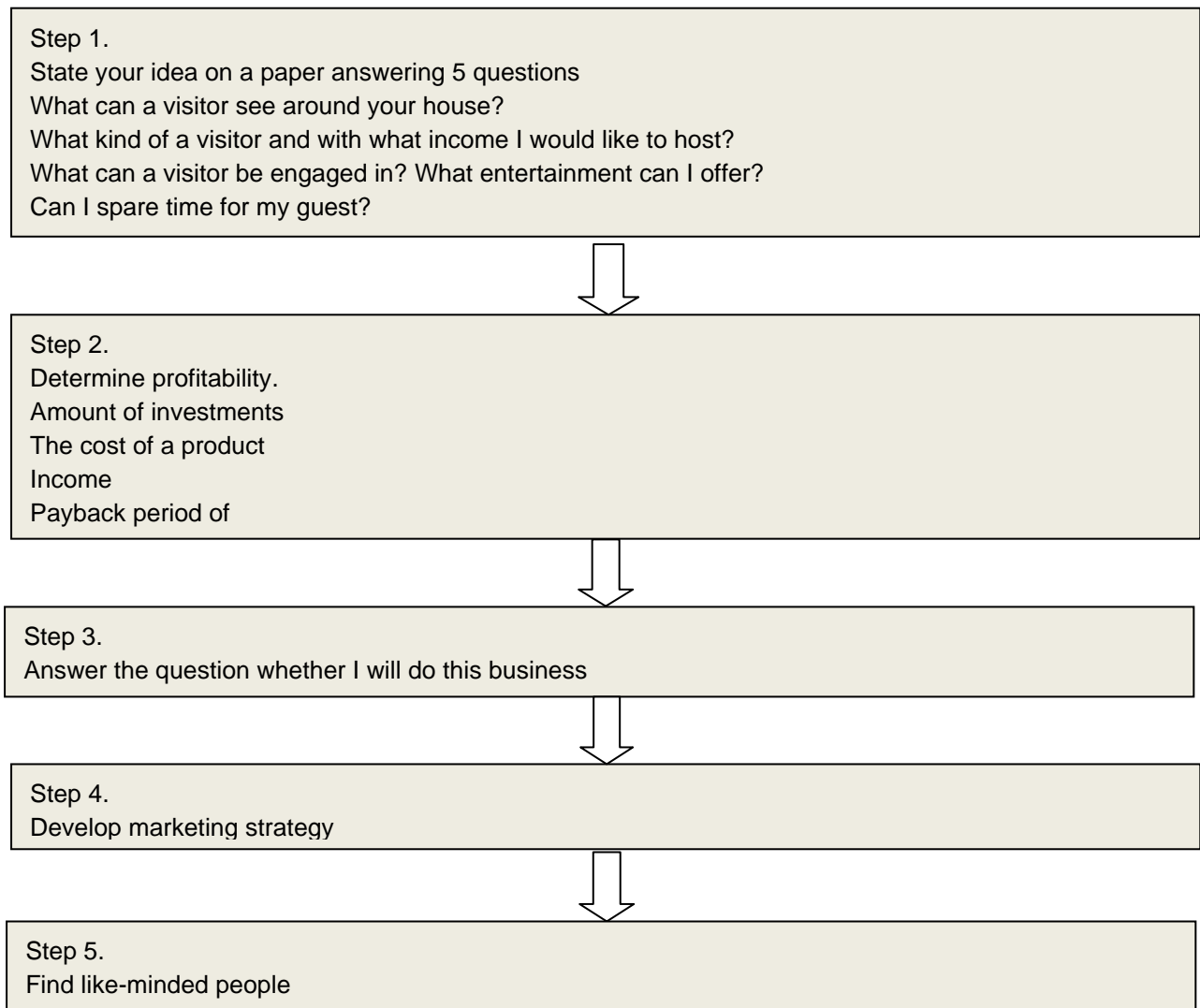


Fig. 7.2 Main steps in implementing the idea “Holidaymaking in the rural area”

Market research

Market research is aimed at creating information and analytical base for making market decisions and thus reducing the degree of uncertainty.

Main aspects of market research:

- Advertisement (the study of consumer motivations, texts of advertisements, advertising means, their efficiency)
- Commercial activity and its economic analysis (short-term forecasting; long-term forecasting; the study of business activities trends; price policy; the principle of enterprise and warehouses location; products range, etc.)
- company responsibility (the study of customer awareness problems; environmental impact; legal restrictions in advertising and stimulating)
- Product development (the study of product response; the study of new product acceptance, the study of competitors' products; the study of package development, etc.)

- Marketing and markets (evaluation of prospective market capacity, the analysis of market segments distribution between companies, the study of market characteristics; selling analysis, the study of distribution channels, etc.)

Destination Marketing

One of the most important factors in attracting tourists to the area is destination image building, promoting and development. A special role is to be played by professional **advertisement and information** campaign. Advertising is sure to play a leading role but it is not the only tool of marketing at all levels of tourist destinations. Significant role in their promotion is played by PR campaigns, as well as **direct marketing tools** (personal sales) in the form of negotiations of different kinds. Especially important are territorial constants that can be referred to as branding elements (coat of arms and national flags of states, coat of arms of cities, logos, advertising slogans, myths, legends etc.). In many countries great attention is paid to creating images of cities, regions, countries that are attractive for tourists. The aim of tourist destination marketing is attracting tourists to the given region or tourist center.

7.2 Regional brand as the identity of the region

The need to build a regional image is due to the fact that under current situation a territory cannot be considered as an independent closed system as it lives mainly at the expense of resources it attracts thanks to networking and it is for this purpose it becomes essentially important to find one's own place in this more global system than a specific territory.

Each region tries to identify its unique face on the background of others. To create a specific image distinctive from other territories in the eyes of partners, investors and society is the most acceptable development path. First of all it refers to a strategic area related to attracting investors and tourists on the basis of creating and dissemination a positive image of the territory and thus called image marketing.

Image marketing can play a special role in territory positioning, determining public administration and population strategy for territorial advantages development and controlling competitive disadvantages. This is more acute since regional image is a long-term work contributing not only to economic development but creating favorable conditions for improved quality of population wellbeing.

Main image marketing tools are communication activities demonstrating the openness of the territory for contacts and enabling external subjects to learn it better and recognize its advantages. There is a number of strategies in territorial image building, each being useful for specific conditions of the territory depending on a state of its image and purposes of its change. Thus regions should work on improved image of their territories.

Image is an intentionally created presentation which with the help of associations provides the territory with additional values to promote positive perception. In other words it is the sum total of emotional and rational presentations based on all territorial attributes, personal experience and mouth influencing on building a certain image. Thus elements of image comprise objective and subjective components.

The important objective component of a territorial image is a sum total of its competitive advantages and disadvantages. They depend on the peculiarities of economic specialization of the region, territorial distance, transportation development, intellectual and investment capacity and its conformity with purposes of regional development, social development, the level of production potential and investment activities.

Before speaking about regional brand and its building it is necessary to discuss the content of the concept itself. The concept of image considered above is close to the concept of brand, but the latter has its peculiar features. A brand as well as an image exists people's consciousness and not in physical world.

The term “brand” is often confused with a trade mark though these concepts are different. Psychological reaction of spontaneous recall relates a brand (a sum total of ideas and characteristics) and a trademark (a distinctive tag). The most popular definition of branding is a way to build an atmosphere of trust and respect to a region. The result of such attitudes is economic agents’ loyalty.



Fig. 7.3 Old-believers of Buryatia welcome guests

Brand has four dimensions: functional, emotional, social and spiritual.

1. Functional dimension refers to customer’s perception of the service utility, everything to do with physical quality, taste, style & efficiency. The history of the region, its future, administration style and policy of relationship between the government and society can be sources of differentiation
2. Emotional dimension deals with customer’s involvement and relationship. A brand should impress with colors, sounds, unique shape, novelty, paradoxes. It should excite curiosity

3. Social dimension is related with loyalty to a certain group of people united by one common quality. People should feel their uniqueness and at the same time be a part of some community or group. Today they say that class society is dying away and is being replaced branding society. Very often a brand creates a sort of cult around and becomes a sign of social distinction
4. Spiritual dimension employs the habit of an individual to be not only a part of the group, but of the whole society. many marketing programs directly appeal to customers consciousness placing information that part of money gained will be spent for charity, social needs and for other important things. This part of branding becomes a tool in competition for a customer

When we speak about a regional brand what we think first is its geographical location. The territory as such can be a subject of branding. Thus the region must possess a property that identifies it from other regions. The easiest way is to employ historical and geographical capital. But modern branding involves creating unique features even with minimum of prerequisites. To create a strong brand it is necessary to deeply investigate the inner world and interests of potential customers within one region since there are no typical solutions in brandmaking, and each particular case uses its individual means.

7.3 Communication policy in rural and ecological tourism. Advertising and PR (Promoting agro and eco- tourist product)

Tourist product promotion in current situation is gaining momentum due to the following reasons:

- stronger competition for customer's preferences
- greater risks related to the development and introduction of new tourist products to the market
- higher requirements to quality service

According to the Federal Law of 24 November 1996 № 132 «On fundamental principles of tourist activities in the Russian Federation» promotion is “a complex of measures aimed at marketing tourist products (advertising, participating in specialized tourist fairs and exhibitions, arranging tourist information centers, publishing booklets and catalogues, etc.)” [4].

To successfully promote tourist products it is necessary to have continuous and efficient communication and contacts with target groups – actual and prospective customers, tourist services providers, public and municipal administration, banks, mass media, customer rights protection society, etc.

Advertising

Advertising is one of the most important means of promoting tourist products. The Federal Law of March 13, 2006 № 38-FZ “On advertising” provides the following definition “An advertisement is an information distributed by any ways, in any form and with the use of any means to address certain customers and designed to attract attention to the object of advertising, building and supporting interest to it and promoting it at the market” [5]. All kinds of advertisement have three basic characteristics:

- form of indirect contact that uses mass media, published materials and other means to transfer certain information

- form of mass communication, intended for bigger number of people simultaneously that doesn't take into account individual peculiarities to perceive the information
- aim of an advertisement is to attract attention, transfer information, to make a customer act in a certain way (contact a tourist agent, get more detailed information etc.), and to make a customer company's agent indirectly promoting a product

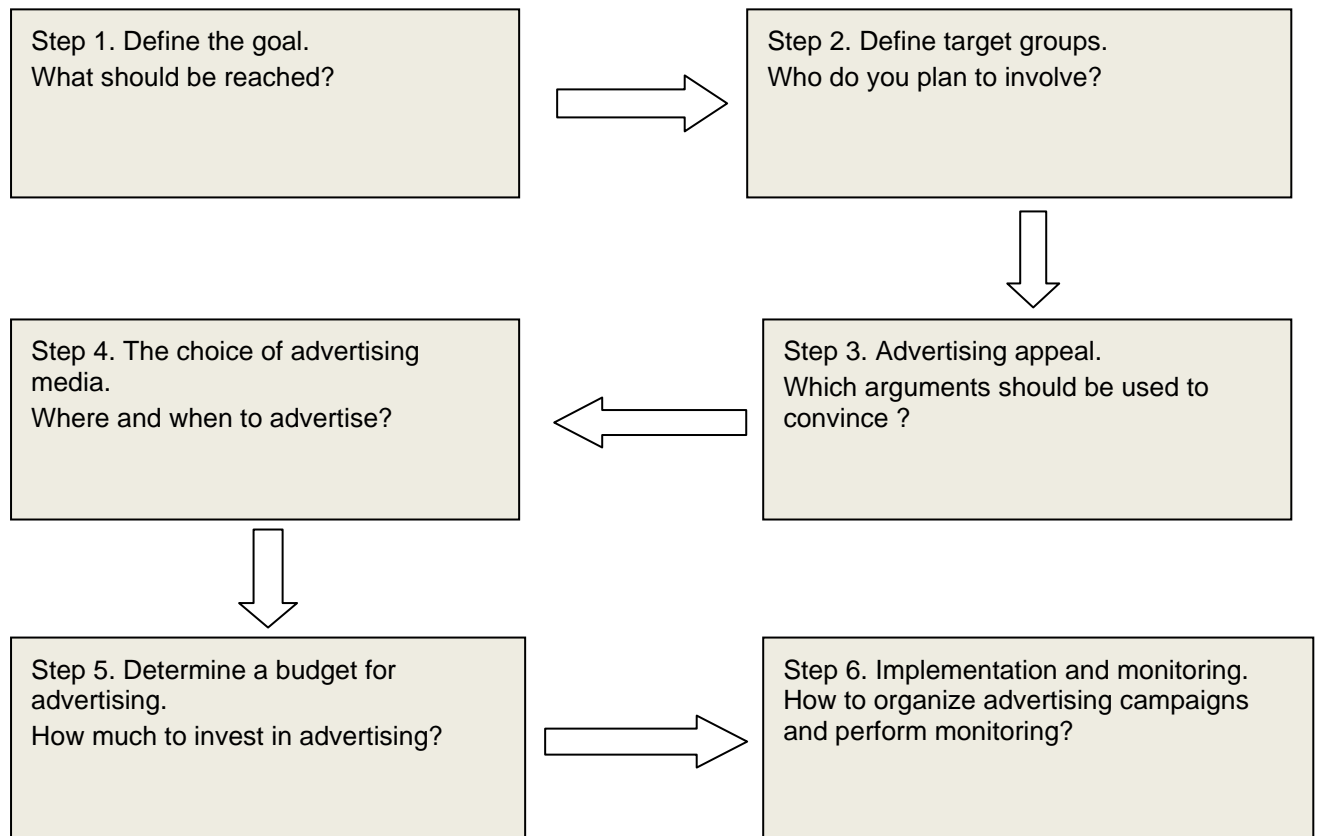


Fig. 7.4 How to develop an promotion concept?

Public relations

Communication with the public (Public relations, PR) are planned continuous efforts aimed at creating and supporting friendly relations and understanding between organization and the public.

PR is aimed at creating positive company's image since working in a favorable atmosphere adds to greater commercial success.

In a complex of marketing communications PR is to solve the following tasks:

- present true and complete data on the company as a whole, its activity and social responsibility
- form positive image of a company and its tourist products in the public eye
- control company's position in the market with the account of public opinion
- Main means of establishing contacts with mass media are
- initiate news casts
- distribute press releases or newsletters in mass media

- arrange press conferences, round-table talks and briefings
- arrange interviews of heads and specialists of a company
- build friendly relations with mass media editors and employees
- provide mass media with data on company's activities

7.4 Transportation support in rural and ecological tourism

Tourism as a type of activities closely connected with people's transfer beyond their place of residence cannot be considered without its links with transportation support. Transport service is an important element of tourist infrastructure and is included in a complex of basic tourist services of a tourist product. This is due to the fact that all tourist routes (apart from hiking) involve transportation means to transfer travelers to the place of rest and place of residence.

Motor transport plays a significant role in rural and ecological tourism. This is due to its mobile character, relatively high speed, no need to change, relative low costs compared to other kinds of transportation and travel schedule flexibility, transfer of a traveler "from a door to a door".

To offer transportation services both regular passenger transfers (scheduled busses) and non-regular (the own transportation of guest house owner, rented cars and personal car of a traveler) are used. Distinctive feature of motor transport transfers is that rural and ecological tourism motor transport is used first of all for transfer of passengers who come by air, railway or sea. It is also used for transfers scheduled in the tour program: excursions, events, countryside sights.

The CIS Convention on International Road Transport of Passengers and Luggage within the CIS, 1997 regulates transfers of passengers and luggage by buses of regular and non-regular schedule.

A regular transfer is a transfer that is performed with a certain periodicity on a scheduled route with agreed stops. Regular transfers are performed by agreed time schedule and approved tariffs.

A non-regular transfer is a transfer with closed doors, performed by one vehicle transferring one and the same group of passengers during the whole travel starting and finishing at the scheduled place if a transportation vehicle is to return empty.

Apart from regular and non-regular transfers there are so called shuttle transfers that repeat at certain intervals for preliminary-formed groups of passengers from place of departure to the place of destination and back. These transfers are also performed with closed doors (i.e. neither of the passengers leaved the bus or is picked up during the travel). As a rule during shuttle transfers a bus travels empty with the first return trip when he brings the first group and with the last outward trip when he brings back the travelers. While performing non-regular and shuttle transfers there should be a list of passengers stamped and signed by the company and the driver. If a bus travels empty to pick up his passengers, the list of passengers should be made at the moment of their boarding.

While transferring motor transport transfers in the inland traffic there is a number of documents regulating conditions of passenger transfers. The main legal document is the Charter of motor transport of the Russian Federation of 08.01.1969 with subsequent changes in the Russian Federation Council of Ministers' edition of 1969, 1974, 1980, 1988 и 1991. By the Russian

Federation Supreme Council Resolution of 03.03.1993 № 4604-1 the document is considered valid currently on the territory of the Russian Federation though many of its provisions are outdated and in some cases are in contradiction with the current legislation. The new legal document is supposed to take into account modern situation in the sphere of motor transport transfers.

Thus, tourist and excursion bus transfers are widely used in transportation support of rural and ecological tourism.

The use of personal transport means is a special kind of accompanying travels. In rural and ecological tourism it can be connected with visiting interesting recreation sites, in areas with vast distances. It is necessary to take into account that their organization requires careful preparation and planning. It happens often that travelers ask the host to arrange visits to places of interest, develop an individual travel route in the rural area. Besides in rural and ecological tourism there are popular travels with renting private cars called “weekend travel route”. The preparation of a car travel route in the countryside includes developing the route and travel schedule. A Guest house host acting as a route organizer should render support to travelers. Besides a traveler should be provided a map with a marked traffic route, gas stations, car service centers.

7.5 Test

1. Main steps in decision making process while purchasing a tourist product
2. What is tourist demand?
3. What are factors influencing a tourist demand?
4. What are reasons for marketing research in tourism?
5. What is destination marketing?
6. What are main qualities of a tourist product?
7. Provide reasons why activities on building a positive image of your region are so important.
8. What makes image and branding different concepts?
9. Could you please name main components of a brand?
10. What is a communication policy and what are its main stages?
11. What are basic characteristics of advertising as the main element of a marketing communications?
12. The role, significance and aims of PR
13. Provide reasons for the role and significance of motor transportation in rural and ecological tourism

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11. Additional information is available in Module 1 – Ecological branding and marketing of ecological and regional products of rural areas.

8 Practical recommendations on rural tourism organization

8.1 How to arrange a Guest house and start rural tourism business

For the development of rural tourism in addition to having tourist resources on the territory it is essentially important to have accommodation facilities (vacant or relatively vacant) in rural areas, including small towns. The basis of the “European” model is a rural tourism development in the form of a small family business - hospitality services.

A guest house is a private household (a house and a household plot) as a part of a single structure of rural tourism, re-equipped in a certain way to meet the demand of tourists in accommodation and a host family. What main conditions should the household and a host family qualify to be a “guest house”?

- An accommodation facility, whenever possible, should be in a picturesque place not far from any water reservoir. A house in the village, a house or a camping in a bee yard, a house or a camping in a farm can be used for accommodation. The guest house will be more effective if it is located in a popular place for tourists with strong natural "magnet". There shouldn't be any production facilities, manure heaps, destroyed buildings, sources of constant and loud noise and unpleasant smell nearby. A good road should lead to the manor
- It is obligatory that the guest house ensures clean, safe accommodation, an accurate and beautiful household plot
- Rooms for guests should be isolated from those of a host. Guests should have either isolated rooms with an entrance from the street, a half storey, a verandah or a separate house
- Guests should be given an opportunity to cook meals in a room (a kitchen should be equipped at minimum in each guest house) without a common passage
- Careful attitude of a host family to guests (it should be the main quality of all members of the family, if there isn't such a quality, you should not start business)
- Availability of sound telecommunication. (It is one of the conditions for a host family to ensure communication. Lack of communication can bring all efforts of the family to nothing. If there is no home phone, it is necessary to agree with the neighbor around)
- Additional conditions increasing competitiveness of the guest house are as follows:
- Guiding services. To be able to provide guiding services it is necessary to take special courses, or learn from books, from the experience of others). If there is none in a host family to can provide high-quality excursion and guiding services, it is necessary to involve relatives, neighbors or friends) and arouse their interest to take courses of a guide or address the nearest museum. The offer to arrange an excursion is a strong added value of a guest house and an additional income source. Excursion services need to be certified
- Transportation services. If the host family has its own vehicle, it must be in a good condition, clean and safe. If there is none, you should find a driver with a private car and agree with him on transportation services to guests. Attention! If a driver has a license for passenger transfers, it is him who is responsible for the safety of passengers, if he doesn't have the host the responsibility is with a host of a guest house

The guest house also should have convenient roads for transport and walking paths to the house, necessary information and road signs. The territory around should be lit at night. In practice, most rural guest houses have their own farms that produce cheese, honey, wine, grow vegetables

and herbs for spices. The cost of stay in such houses is compared to the cost of a holiday in five-star hotels.

Business in the sphere of rural tourism is not costly. Indeed, the most important infrastructure is created by nature itself, it is necessary only to make some finishing touches to draw income.

8.2 Organization of tourists' accommodation in rural communities

The simplest method of selecting houses for tourists' accommodation is interviewing owners and on the basis of the data collected the proper selection of accommodation can be made. Simultaneously territories where guest houses are located are described.

Information collected during interviewing is systematized by the following positions.

Data on families (family members, education and occupation, place of work, whether there are unemployed in the family).

Potential services that can be offered by a host family to tourists: meals, tourist and sports equipment for rent, fishing gear and hunting equipment, horses rent, guiding services to places of fishing, picking mushrooms and berries, hunting areas; possibility to accompany visitors to sites, etc.

Information about the house: a number of beds for tourist accommodation, availability of a TV, a phone etc., the possibility to use the kitchen, a washing machine, etc.; access ways to a house; the location of the house near natural objects (rivers, lakes, forests, etc.); the look of accommodation facilities and the household premises (walkways, flower beds, vegetable garden, etc.); availability and keeping domestic animals; the state of toilet and garbage collectors; availability and state of drinking water sources, availability of a shower, parking lot; services of a sauna or Russian banya, etc.

Information about the territory: area type, relief, forest, water and other natural resources, mineral springs; local sights: historical, archaeological, cultural objects (museums, exhibitions, folk centers, leisure centers, etc.); objects of economic infrastructure (shops, public service centers, catering establishments, repair shops, etc.), roads and public transport networks; medical institutions and drugstores, communication centers, Internal Affairs Department etc.

A district register of guest houses of the area is made by the results of the survey.

The host of the guest house providing accommodations for tourists or holiday makers should decide about **the legal status**. Experience provided the following options of the legal status of the guest house owner.

A host of a guest house acts as a physical person. In this case he isn't supposed to register as an entrepreneur in executive organs of power, but submits the declaration of income gained for evaluation and payment of taxes.

An owner of a guest house enters into a **contract of services on a short-term rent** with a market integrator (travel agency, tourist centers) on providing accommodation for tourists. This form is most convenient for a guest house owner, as all relationships with the executive authorities,

agencies (Fiscal agencies, administrative bodies) and other organizations (insurance companies, advertising agencies, companies involved in the promotion of tourist products, etc.) are assigned to the integrator.

Market integrator may be a physical person registered as an individual entrepreneur, or any legal person, including travel Agency, tour desk, unitary enterprise, founded by a local administration to provide tourism services, museums, reserves, national or natural Parks, etc.

Guest house owner acting as an individual entrepreneur without a legal entity. The registration of entrepreneurship activity is done by local administration at the place of residence. Registration of business is done by the local administration at the place of residence. Individual entrepreneurs are subject to obligatory registration with the tax authorities. After the state registration and submitting an application to tax inspection an individual entrepreneur can provide accommodation services for tourists, but he has to organize the accounting of income and expenditure for the timely payment of taxes and filing relevant declarations. Accounting can be carried out under the regular taxation scheme or under the simplified tax system.

Guest houses for rural tourism are to be located in rural areas and the following simple rules are applied:

- firstly, it is important to remember that a potential tourist cannot see the proposed housing, and you must prepare the information that provides maximally clear and detailed idea of the accommodation, sufficient to make a choice
- secondly, tourists and holiday-makers, belonging to different segments of the tourist market, have different preferences concerning housing. Some need only the most necessary conveniences while others much better conditions. The information provided should allow making a reasonable choice. The main thing is that a tourist shouldn't have a false impression: if a client doesn't expect that he will be placed in the room of a class "deluxe", he will not suffer disappointment

8.3 Guest houses services development in rural communities

Accommodation service is an important factor, in many respects determining the quality of tourist services in the territory. However, most rural areas lack developed hotel services. Even in those few areas where there are acceptable hotels and holiday camps, the demand is much higher than the supply. Besides, in star hotels the price is so high that only a small number of tourists coming to the area can afford to. The obvious solution to this problem is the development of the infrastructure of guest houses. In the tables 8.1, 8.2, 8.3 different categories of guest houses, categories of service quality and adequacy of housing and the service quality are presented.

Table 8.1 Categories of guest houses

A country house	A farm household. At guests' disposal there are rooms or isolated parts of the house. The owners offer meals and entertainment in free time (a Russian banya, boats, fishing, horse riding and etc.) and advise what to see in the surrounding area
A Cottage	A separate house for guests. Usually there are bedrooms, living rooms, equipped kitchen and facilities, opportunities for entertainment in spare time
Mini hotel	It is a business that provides guests with a range of services, the most important of which are the services of accommodation and catering

An individual household	It is a complex of residential, economic, garden and other facilities making up one economic and architectural ensemble. Traditional peasant's household included a log hut, a barn, a shed, stables etc. In 17-19 centuries a type of landowner estate (a mansion, household constructions, a park, a church etc.) was established
Camp site	It is an area for tents and car parking, sometimes with houses for rest. Camping is supposed to provide entertainment services

Table 8.2 Service quality categories

Minimum of comfort	Stay in the house together with a host family. Small rooms are furnished simply with a bed, a chair, a hanger for outer clothing. A shower or Russian banya, a kind of a sauna is available in a separate building or in the house. There could be a toilet and a kitchen in the house or outside
Standard conveniences	There are bedrooms at guest's disposal. A kitchen, a shower/bathroom and a toilet are located in the house, and usually are also in common use with the owners or other guests. The rooms are more spacious, and better equipped than in the previous category. Around the house there is a place for outdoor recreation
Good standard	Guests are offered a separate living room. In the bedroom there is a bed, a wardrobe or a cupboard, armchairs and a table. A kitchen, a bathroom and a toilet are shared with all guests or may be provided separately for every bedroom. Comfortable interior. The surrounding area is specially arranged for guests' comfort. As a rule guests are offered additional services and facilities, opportunities for active recreation
High standard	All rooms, bedrooms, a living room, bathrooms, etc. are spacious, conveniently equipped. Good furniture and other amenities are available. There are various types of rest and high-quality equipment

Table 8.3 Adequacy of housing and quality categories

Accommodation category	Possible quality categories
A country house	Minimum of comfort Standard conveniences
A cottage/a guest house	Standard conveniences Good quality High quality
A mini hotel	Standard conveniences Good quality High quality
A household	Good quality High quality
A camp site	Minimum of comfort Standard conveniences

While forming the infrastructure of guest houses it is necessary to answer the following questions:

- What categories of accommodation are available in the area?
- How do these categories correspond to the identified segments of the tourism market?

- Is there a generally accepted system and grading standards of accommodation according to their quality?
- If there isn't such a system, what kind of structure would it be appropriate to use?

Inventory and inspection. After carrying out housing inventory and grading it is necessary to convey this information to the consumer, it is important that information is constantly updated and remains reliable. Those who provide housing services and receive information from a centralized service (travel agency) must be aware of the fact that the quality should always remain the same and it is desirable to improve it. In order that information on offered housing is updated, you should periodically inspect accommodations (especially before the beginning of a tourist season). Thus it is necessary to answer the following questions:

- Is it possible to establish a functioning on a permanent basis quality control inspection of housing?
- What are the required steps to resolve the situation, if the accommodation does not meet the established standards?

Advertising. Owners of guest houses providing tourists accommodation usually can't advertise their services. Combining efforts of those who provide these services and bring tourists to the region, joint advertising in a brochure, a booklet or the WEB-site will allow you to save on costs. This process can be controlled by a local company, which is engaged in the development of tourism. To organize an advertising campaign we have first of all to answer the following questions.

- Is it possible to publish a uniform advertising brochure (a booklet) on accommodations, and if so, how should it look?
- Is it possible to integrate the publication of a brochure with the advertisement and promotion of tourist products?
- What is the mechanism of financing the preparation and publication of this brochure?

Training local people in providing accommodation services.

To provide tourists accommodation services, local people should possess a number of skills: hospitality skills, culinary skills, housing skills, business management skills, for example, management of the small enterprise like "Bed and Breakfast" type", connected with licensing and taxation of tourist activity.

To organize training it is necessary to answer the questions:

- What new skills will be necessary for providing accommodation services to bring them to the required standards?
- Is it possible to organize skills dissemination for the benefit of the community?

The creation of the demonstration guest house in the area considerably facilitates the development of guest houses infrastructure.

The creation of the demonstration site will ensure solving the following problems

- to demonstrate in practice necessary skills required for hosting tourists and holiday-makers such as welcome and hospitality skills, housing skills, to teach how to legally formalize relationship between a host, a client and a tourist firm
- to hold workshops and publish a handbook for sharing experience on the organizing rural tourism

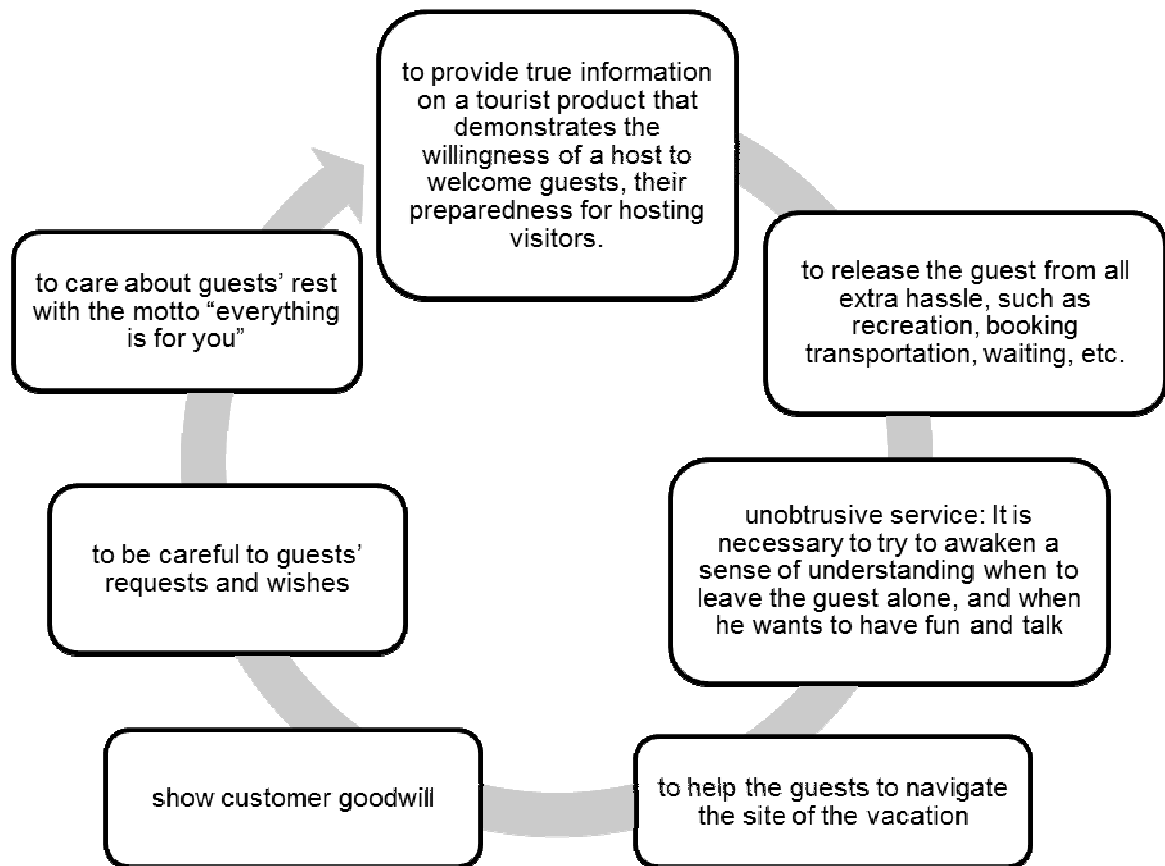


Fig. 8.1 How to be hospitable?

To create a demonstration site the following activities are needed to be implemented:

1. To gather the needed information and summarize the existing experience in rural tourism management on the territories of national, natural parks and other protected areas
2. To conduct a survey of rural settlements in order to identify local residents willing to provide their houses for temporary accommodation of tourists and holiday makers
3. To equip one of the houses as a model with regard of attractiveness of the village, where this house is selected

For more detailed study of questions related to practical implementation of rural tourism services you are provided with the references list at the end of the chapter

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Conclusion

Complex and step by step approach in conducting sound policy in rural development and hence rural and ecological tourism will ensure solving social problems of rural population, increased employment and growing number of entrepreneurs among non-engaged rural citizens.

The important result of rural and ecological tourism development is extended range of business activities of all organizational and legal forms in the rural communities.

Rural tourism development will ensure improvement of rural households housing conditions, streets and villages as a whole and facilitate social infrastructure development. Rural and ecological tourism development plays a significant role in upgrading cultural, educational and ecological level of rural citizens.

For the last several years the role of local communities and public organization uniting household's owners has grown, their partnership with local executive power bodies has strengthened.

Having analyzed all the advantages of rural and ecological tourism it is necessary to state that Russian government should ensure the priority attention to their development and bringing to EU standards. The activities that need to be implemented are:

- develop programs of rural and ecological tourism development in the regions as well as an efficient mechanism of control over their implementation on the basis state programs of rural development
- establish modern infrastructure and system of training and retraining personnel for rural and ecological tourism based on the needs analysis, potential demand and supply in this market segment

Glossary

Accommodation service is a main type of tourist services in a tour package

Adequate tourism – a tourism based on unique resources of the location, promoting preservation and rational use of its cultural, historical and natural Heritage

Agricultural consumer cooperative – a type of the agricultural cooperative created by agricultural producers (citizens and (or) legal entities) under the condition of their obligatory participation in the economic activity of the cooperative. It is a voluntary association of citizens and legal entities on the basis of membership for the purpose of satisfying material and other needs of the participants, carried out by uniting the members' property share contributions

Agrotourism – rest in rural areas (in villages, farmsteads, in comfortable peasant's houses and guest houses). Travelers join agricultural work, or just enjoy staying in the countryside, learn local culture, traditions, customs

Anthropogenic pressure is an environmental impact on a natural complex (static and dynamic, continuous and temporary) causing deformation and changes in its elements

Area for protection of historical and cultural objects – is a functional zone for preserving historical and cultural objects

Area of educational tourism is an area for ecological and sights education

Area of traditional extensive nature management is a functional zone identified in places of residence of indigenous population, where traditional economy, craft as well as different natural resources uses are practiced

Cadastre is a systematized data base including qualitative and quantitative inventory of objects or phenomena provided in many cases with their ecological, social and economic assessment

Cadastre of specially protected objects and areas objects is a set of data on territories and objects which are of enormous value as a model of forming habitat, protecting and preserving resources (natural and historical)

Cadastre of tourist resources is a generalized (economical and ecological) consumer (value and scoring) evaluation of tourist resources. A cadastre must be represented in regional and thematic forms

Cost per unit is the list of spent to produce an item (good or services per 1 person a day) in a monetary equivalent

Cluster is a group of interrelated businesses and services united geographically as well as other institutions and organizations related to their activities, competing and at the same time complementing each other

Commercial accounting is an accounting to a particular company or businesses opposite to accounting provided for individuals

Communication policy is a system of planned actions to establish and develop communication channels between businesses and target groups. It is designed on the basis of a company's general marketing strategy

Cultural heritage – material and spiritual values of peoples created in the past, monuments and historical and cultural territories and objects being significant for preservation and development of peoples' identity

Catering services are among main services included in the tour package. The following is offered: breakfast – one time meal, half-board – two meals usually of breakfast and lunch or breakfast and dinner; full board – three meals

Conditions of recreational activities – 1) a set of requirements to the environment on behalf of the subject using it (an individual, a group, a community), as well as to a specific type of recreational activity; 2) the state of the environment

Cycle of recreation activities – 1) stable combination of repeated recreational activities within a certain period of time; 2) interrelated and interdependent combination of types of recreational activities, based on a leading type of recreation

Destination is a place that has real or conceptual border, for instance, a country, a region, an island, a city, etc., a place where travelers go to when they set on a journey

Ecological evaluation of recreational resources. It is assessment of recreational resources to determine the ecological state of land and water territories; to identify locations attractive for arranging ecotours, determine areas possessing sufficient ecological sustainability; to check the degree of ecological safety of the area for travelers

Ecological village is a specially organized territory, providing rest in the natural environment with the stay in traditional Russian "izba" and meals of Russian cuisine. There one can watch domestic animals and enjoy other elements agricultural and recreational complex

Ecology – A part of biological science studying relationship between organisms (species, populations, biocoenosis etc.) and the environment. It consists of ecology of species (autoecology), populations (population ecology) and communities (synecology). There many part that can be a independent subject (Only in Reimers dictionary, 1990 there are 28 areas of ecological studies) including human ecology. D. Wyner (1979) provided the following definition of human ecology «Human ecology is the ecology of the ecosystem as a whole, studied from the point of view of the role played by a human component in it»

Ecosystem. It is a community of living organisms and their habitat united in a single functional whole. It is formed on the basis interdependence and cause and effect relationship existing between individual ecological components. There are microecosystems (a decaying tree), mezoecosystem (a forest, a pond), macroecosystem (an ocean, a continent). There is one global ecosystem – a biosphere. Ecosystem is informational self-developing thermodynamically open system of biotic, ecological components and abiotic sources of matter and energy, whose unity and functional relationship within time and space typical for a certain part of a biosphere ensure excessive inner regular relocations of matter, energy and information over external exchange (including those between similar neighboring systems) and based on that uncertain long-term self-

regulation and development of the whole under managed influence of biotic and biogenic components. **Estimated funding** is allocation of budgetary funds to cover the expenses of institutions to their core activities, in accordance with the provided estimates. The estimated funding applies only to state-owned enterprises

Farm enterprise is a union of individuals

Green zone – 1) an area beyond the urban border, covered by forest and forest-parks performing protective and sanitary-hygienic functions, an area where citizens can spend their pastime; 2) a wide belt around the city or other settlement where trees, bushes, grass cover and animal species are preserved to create conditions for clearing the environment from pollution, enriching the air with oxygen and keeping conditions for people's rest

Image is a positive picture of the territory created with the help of values

Income is any flow of cash or cash-equivalents received from work (wage or salary), capital (interest or profit), or land (rent)

Internal rate of return (IRR) is the discount rate at which the net profit value of costs (negative cash flows) of the investment equals the net profit value of the benefits (positive cash flows) of the investment

International tourism is a travel activity of foreign tourists outside home country

Leisure area is a traditionally used territory with facilities where citizens spend their leisure time, usually located within green belt, but also is found in the territory of settlements (parks and squares)

Marketing-mix is a set of controllable tactical marketing tools – product, price, place, and promotion – that the firm blends to produce the response it wants in the target market

Mixed funding combines the first two methods: part of the expenses of economic entities is compensated from the budget, while the other part of expenses is carried out at the expense of own enterprise assets and other sources of funding

Net present (discounted) value is a NPV can be described as the “Difference Amount” between the sums of discounted; cash inflows from investment project and cash outflows for investments costs. It compares the present value of money today to the present value of money in future, taking inflation and returns into account. Cash inflow is the difference between the costs of services performed by sale price and production costs. As a rule production costs don't include depreciation costs

Payback period is a period of time required for the return on an investment to "repay" the sum of the original investment and expenses

Personal sales is a direct contacts of a tourist company representative with one or several potential customers in order to present a tourist product and sell it

Profitability index is an investment appraisal technique calculated by dividing the present value of future cash flows of a project by the initial investment required for the project

Public Relations (PR) – activities aimed at creating and maintaining friendly relations between tourist enterprises and the public, mutual understanding based on the truth, knowledge and full awareness

A pure risk is a category of risk in which loss is the only possible outcome; there is no beneficial result. Pure risk is related to events that are beyond the risk-taker's control (for instance, natural disasters, accidental fire) and, therefore, a person cannot consciously take on pure risk

A refuge – 1) a part of an area where certain forms and types of activities are temporarily prohibited for the purpose of protecting one or many living species, biogenocoenosis, one or several ecological components or the general character of the protected location; 2) a specially protected area (water area), where with limited use of natural resources certain animal, plant species, water, forest and land objects are protected

Recreology – 1) an interdisciplinary science of recreational systems, based on the paradigm of human ecology; 2) the science of processes and methods of restoration of human living forces

Recreation – 1) restoration, improvement and space where these kinds of activity are carried out; 2) time, during which there is a restoration of the productive forces of man, or an activity aimed at the restoration; 3) function of any activity, any time and any territory; 4) activity of the people who are engaged in creation and personal use of free time

Recreation and rest (according to N. S. Mironenko and I.T.Tverdokhlebova). Recreation is a set of phenomena and relations arising in the course of use of free time for improving, informative, sports and cultural activity of people in specialized territories, out of the settlement and a place of their continuous accommodation. The same authors offer the definition to the concept "rest" which is understood as any human activity (or a divergence) which isn't directed on satisfaction of essential needs

Recreational activity – 1) varied activity of people, focused on restoration of their own forces according to standards of socio cultural system; 2) the activity directed on realization of recreational requirements, restoration and development of physical and spiritual forces of the person, his intellectual improvement and characterized by a worthiness not only of results, but also of the process

Recreational capacity – ability size attractive for recreation area to provide psycho-physiological comfort to a small number of holidaymakers and sports-stabilizing activity without degradation of the natural environment or anthropocultural complexes on the territory (water area) and without a rapid depreciation of special equipment. R. C. as well as allowed recreational load is expressed in number of people or man-days per unit area or recreational facility for a certain period of time

Recreational lands are land allocated in an established order for the purpose of providing or promoting cultural or sporting recreational or similar facilities used for organized mass rest and tourism. Activities preventing the designated use are prohibited

Recreational nature management - the forms and ways of using natural resources and environment for recreation. It includes the impact of nature on man, and the reverse effect of resting man on nature

Recreation object – any limited area having a particularly attractive features for recreation. The natural R.o.– a limited plot of nature, willingly used for recreation - a pond, a lake, a forest glade, natural monument, observation platform

Recreational potential – a set of natural, cultural, historical and socio-economic conditions for organizing recreational activities in a certain area (T. Nikolaenko). Sometimes recreational potential is the ratio between the actual and the maximum possible number of tourists, based on the availability of recreational resources. Very often, under the recreational potential we understand the presence on its territory of certain unique or at least interesting objects not only for local residents. N.F.Reymers understands the recreational potential as one of indicators of natural resources– the degree of ability of the natural territory to render on the person the positive physical, mental, social and psychological impact associated with relaxation. Recreational potential of the area is defined by its recreational capacity, which includes the total load of all the recreational areas of the territory, which may cause these areas to a certain stage of degradation. Recreational loading is defined by the number of vacationers on the territory of 1 hectares during the whole vegetative period

Recreational resources – 1) environment components, objects of economic activity possessing uniqueness, originality, esthetic appeal, the curative and recreational significance, which may be used to organize different types and forms of recreational occupations; 2) components of environment and sociocultural phenomena, thanks to certain properties, can be used for organizing recreational activity; 3) part of tourist resources, representing natural and anthropogenic geosystems, bodies and phenomena of nature, artifacts that have comfort features and value for recreational activity and can be used for recreation and healing certain people at a fixed time using existing technology and available material resources; 3) part of the tourist resources, which is the natural and anthropogenic geosystems, bodies and phenomena of nature, artifacts that have comfort features and value for recreational activities and can be used for recreation and healing certain contingent of people at a fixed time using existing technology and economic opportunities; 4) set of components of natural complexes and objects of historical and cultural heritage, forming a harmony of landscape integrity, direct or indirect consumption of which has a favorable effect, helps to maintain and restore physical and spiritual health of the person; 5) objects and natural phenomena, results of human (anthropogenous) activity which can be used for rest, tourism and treatment

Recreational system – 1) composite socially operated (partially homing) system central subsystem of which are subjects of tourism, and criterion function is the fullest satisfaction of their recreational requirements. The recreational system consists of the interconnected subsystems: holiday-makers, tourists, natural complexes, material resources and recreational infrastructure, personnel and governing body. 2) social demoeologyssystem (i.e. ecological system in the center of which is a man, population), consisting of interconnected subsystems: groups of holidaymakers, natural and cultural complexes, technical systems of the personnel, governing body, possessing functional integrity: the target function of the system is to meet recreational needs

Recreational use – the set of phenomena that may occur when you use the territory for the purposes of tourism and recreation. The essence of it consists in a two-way communication: the impact of the area on holiday-makers and tourists on the area. In the first case, mostly positive social effects take place, in the second - negative environmental effects of rest

A reserve – 1) an area specially protected by law or customs (land or water area) fully excluded from any economic activity including people visits with the purpose of preserving nature complexes in an undisturbed state, protecting living species and watching natural processes and also because of religious beliefs (where pagan elements are preserved); 2) a natural area (a natural complex) where a number of nature uses are prohibited (including all forms traditional use of natural resources), and an institution established for the study of this protected natural complex). **A biosphere reserve** – 1) representative landscape unit, identified according to UNESCO program “A man and a biosphere” with the aim of its preserving, studying (and/or monitoring). It can cover absolutely undisturbed by economic activity or relatively disturbed ecosystems, surrounded by lands under use. As an exception is granted to areas of ancestral use. The representative character of territories (their unique character) is especially stressed. 2) a large and strictly protected natural area, practically undisturbed by local impacts of landscapes changed by a man with its age old processes, whose character reveals spontaneously occurring changes in the biosphere including global and anthropogenic; 3) a territory with constant monitoring of anthropogenic changes of the environment with the use of instrumental observations and analysis of bioindicators; 4) a protected territory where protection of the most valuable complexes is combined with research studies, long-term environmental monitoring and ecological education. **A natural reserve** – a reserve, established with the purpose of protecting natural complexes. It is always the main land user of its territory. The term appeared as a response to identifying historical, architectural reserves, “museum-reserves” and areas under conservation (for example “Borodinskoye pole”). It is more appropriate to call these areas memorial park-museums and natural and historical memorable parks and not reserves. Unlike national parks areas under reserves are not zoned

Rural areas – territories outside the cities and mainly are areas of agricultural production and rural development

Rural hospitality is the first stage of the rural tourism development. That is, the population of rural areas (and possibly the city), including farmers, having empty houses, rooms or floors in their houses, provide them with a minimum of furniture and the availability of economic resources (dishes, bed linen, towels, etc.) for rent from two days to several months. To create the most cordial reception owners can offer additional services to guests: the organization of leisure activities (a Russian bath, cooking shashlik, joint walking for berries and mushrooms, fishing, hunting, horse riding etc.); involvement of the guest for the help in simple agricultural works, such as feeding animals, picking berries or getting in the harvest of vegetables

Rural manor – individual accommodation, located in a rural area, the private property of the owner, where a limited number of places for temporary tourist accommodation is granted for a fee or free of charge

Sales promotion – short-term incentive measures to encourage the purchase or sale of a tourist product

Scenic beauty is a subjective assessment of aesthetic qualities (comfort and information richness) of landscape. It is usually expressed in grades.

Self-financing – the principle of economic management, own income of the business entity should exceed its expenses, forming a profit to the further development and production expansion

Self-repayment – the principle of economic management, involving the coverage of the costs of the business entity by its own income.

Shuttle transfer – is a repeated transfer of preliminary organized groups of passengers from the place of departure to the place of destination and back. These transfers can be performed with closed doors (i.e. neither of the passengers gets off or on during the route)

Specially protected area is a functional zone identified for preserving natural complexes and objects where visits are strictly regulated

Speculative risks – risks, connected with the changes of conditions of conducting proprietorship which can lead both to emergence of losses, and to receiving additional profit.

Suburb area, green area is an area of intensive rest, found near large city with conditions beneficial for recreation

Tourism area is a part of national territory officially announced in that status, where there are two or three centers for tourists welcome, provided with relevant state acts and having as minimum 5000 accommodation units

Tourism geography – 1) geographic subject that studies territorial distribution of natural and anthropogenic resources (climate, beaches, landscape, mineral springs, history, culture, etc.), the nature and the structure of the leisure time us as well as the tourist flow trends; 2) scientific subject that studies territorial differentiation of tourism branch, pre-requisite for development, processes of forming tourist-recreation zone, districts, centers and their current use

Tourism infrastructure is a complex of buildings, engineering and communication facilities including roads, relevant businesses and telecommunication

Tourism resources – natural, cultural, historical and socio- economic objects and phenomena, on this phase of society development suitable for providing tourist services.

Tourist and recreational resources – a system of natural and artificially created objects used for creating a tourist product

Tourist guest house (a household) – a tourist object in a rural area used as a rural hotel. It consists of a house with a number of rooms ranging from two rooms and more, a Russian banya (sauna), a garden house, barbeque zone, and supporting facilities. The territory around can be a park or a garden furnishing a single cultural landscape with all the buildings and facilities

Tourist nature management – a science dealing with studies of optimum scheme of nature use for tourism purposes

Tourist recreational complex – a complex business including medical and health care institutions, trade and catering businesses, cultural and sports facilities, excursion and information centers, road and transportation network, souvenir production etc

Tourist resources – 1) natural, historical and socio-cultural objects including sights for tourist package, as well as other object of spiritual attraction, and objects supporting health improvement and restoration of physical state; 2) natural and climatic, socio-cultural, historical,

architectural, archaeological, scientific and industrial, theatrical, religious and other object and phenomena able to meet personal needs during the tour. **Tourist village** – a tourist object in the rural area, a specialized accommodation performing the function of a rural hotel. It consists of several building united by a common concept and having a common infrastructure and administration

Transportation services (transportation support during the tour) can be divided into three basic types: transfer from place of residence to the place of destination and back; a transfer, transportation support of the tour program activities

World heritage is an outstanding cultural and natural value representing the common heritage of humanity

Annex: Training material

The elaborated RUDECO modules serve for the purpose of “Vocational Training in Rural Development and Ecology” in Russia. They target on representatives of local and regional administrations and advanced students in the different fields of rural development. All below listed RUDECO partners can be addressed in case of training interest in one of the modules. For readers of the module textbooks and training participants the project website provides the possibility to download additional material on <http://tempus-rudeco.ru/en/modules> (required password **RD-modules**), e.g. presentations and other didactic material used in the conducted trainings.

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