



DESTINATION SMES PROJECT REGIONAL COUNCIL OF NORTH KARELIA

Action plan 04/2019 – 03/2021





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1 | GENERAL INFORMATION

Policies aiming at supporting SMEs lack some effectiveness and efficiency in the tourism sector in many European regions. With a more favourable environment, SMEs could grow faster and create more jobs. Often this would require the creation of a Destination Management strategy. Tourist SMEs are part of a destination, an area with activities, accommodation, transportation systems and so on. Destinations that are well managed are more likely to generate 'wise growth' in their visitor economy, and are more likely to maximise the benefits of that growth in the long

term, and create additional income and jobs. When a territory is not organised as a tourist destination, it is very risky to develop any business in it.

Destination SMEs aims at assisting European territories in designing effective destination management strategies, policies and other measures in order to improve the operational environment of SMEs in the tourism sector. Structural funds, national and regional policy instruments are seen as important tools in this regard.

PROJECT PARTNERSHIP

The project brings together 7 partners from 7 European countries consisting of a mix of public authorities and agencies at national, regional and local level.



During the Phase 1 of the Destination SMEs project (April 2016 – March 2019), all partners identified interesting practices and initiatives which could be inspiring enough to lead to an improvement of public policy, or to the duplication of this experience in their territory.

These three years are followed by a two-year monitoring phase, which is dedicated to policy improvements and good practice transfers based on the project outcomes. This document is the road map of this second phase.

Partner organisation:

Regional Council of North Karelia

Other partner organisations involved (if relevant): N/A

Country: *Finland*

NUTS2 region:

North and East Finland

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2 | IMPROVEMENT OF THE TARGET POLICY

At the application stage of the project, all partners identified a public policy which needed improvement. The target policy of partner no. 5, Regional Council of North Karelia, is:

Name of the target policy:

Regional Strategic Programme POKAT

Nature of the target policy:

- Investment for Growth and Jobs programme
- European Territorial Cooperation programme
- Other regional development policy instrument

Name of the managing authority of the target policy:

Regional Council of North Karelia

The Regional Strategic Programme (also called as Regional Strategic Programme POKAT 2021) is a statutory development programme of North Karelia that must be taken into consideration by the authorities. It describes and consolidates EU, national, supra-regional and regional level strategies as well as the municipal and local level strategies. The programme is drawn up for a four-year period and it states the regional development objectives, which are based on the characteristics and opportunities specific to the region. The programme is drawn up for a four-year period. The Regional Strategic Programme POKAT 2021 is for the period 2018–2021.

The project intends to influence this policy instrument by supporting new project ideas and by improving know-how of project evaluators, stakeholders and project applicants to adapt new measures (improved governance). In addition, relevant results of the project will be taken into account when the policy instrument is updated (structural change).

2.1.

ACTION 1. DEVELOPMENT OF THE REGIONAL STRATEGIC PROGRAMME

A. BACKGROUND AND RELEVANCE TO THE PROJECT

Regional Council of North Karelia is responsible for drawing up the Regional Strategic Programme together with other regional stakeholders, such as administrative sector, organisations, educational institutions and business life. It is a statutory development programme that local authorities must consider in their own action and that directs the use of national and European Union funding. The programme defines their key development objectives for different sectors, such as tourism, with an aim to increase the vitality and create employment in the region. In addition to the Regional Strategic Programme, Regional Council of North Karelia draws up yearly implementation plans for the programme and regional tourism strategy which is an individual sectoral strategy of the Regional Strategic Programme. The implementation plan, which is more concrete than the regional strategic programme, contains the most important measures and projects aimed at putting the programme into effect and the plan for financing the measures. The plan is prepared every two years in cooperation with the Centre for Economic Development, Transport and the Environment (ELY Center), municipalities and other parties involved in the implementation of the regional strategic programme.

The project was involved in preparing the Regional Strategic Programme POKAT 2021 for the period 2018-2021. As a result of this, a policy change was reported in semester 4 (structural change). The process of updating the Regional Strategic programme for 2021 began in

2017 in a regional strategic tourism group (POKAT tourism group) that follows the execution of the programme and updates it every fourth year. Most relevant and inspiring Destination SMEs project's practices were presented to the group during their meetings in 2017. These included examples of cooperation and networks from Auvergne-Rhône-Alpes region, France and Vidzeme, Latvia: Gauja National Park Tourism Cluster and Outdoor Sports Valley – OSV. These practices have proven that by cooperating and networking SMEs can improve their competitiveness, stimulate innovativeness and use their resources more effectively. The POKAT tourism group agreed that cooperation between SMEs should be encouraged in North Karelia. Majority of the region's tourism companies are small or micro businesses in a sparsely populated geographical area that may not be able to maintain their competitiveness without cooperation and networks. Still, many of them choose not to cooperate possibly because they do not recognize its benefits.

As a result of the discussions, following development objectives for tourism for 2018-2021 were defined: 1. Strengthening tourism centers, international competitiveness and product offering, 2. enhancing tourism marketing and sales, 3. development of event tourism, 4. development of nature and cultural tourism. A description of each development objective is provided in the Regional Strategic Programme to specify the kind of activities that are supported and funded in the region. The policy improvement influenced by the project concerns the development objective no. 1 and its description. The following insertions were made to the description text ►

2.1.

ACTION 1. DEVELOPMENT OF THE REGIONAL STRATEGIC PROGRAMME

- The development objective states that “the development and competitiveness of the sector should be improved through business collaboration and networking. For example, joint marketing, shared purchasing and development of joint tourism products can lead to cost savings and increased visibility.” This amendment has been inspired by OSV network (France) and Gauja National Park Tourism Cluster (Latvia). Outdoor Sports Valley – OSV is a cluster dedicated to outdoor sports. It has 380 members whose economic development needs the cluster addresses. The cluster supports its members by shared purchasing and services, marketing and educational activities, to name a few. Gauja National Park Tourism Cluster, on the other hand, combines over 50 enterprises from 9 municipalities. This cluster has been a source of inspiration due to joint products created by its SMEs and joint marketing that has increased the destination’s visibility also in international markets.
- In addition, the following amendment was added to the development objective no. 1: “the vitality of the tourism sector comes from enterprises that are looking for growth, and the success of these businesses must be supported with joint efforts and effective co-marketing activities”. This has been inspired by Gauja National Park cluster in Latvia, where a cluster of tourism actors and SMEs has been formed to improve the competitiveness of the region through joint activities. When forming this network it was considered important that members of a cluster are willing to grow and share the same vision. This ensures that they are motivated to work for the common objectives. Following the example, also North Karelia intends to focus its development resources on those companies that are seeking for growth. They are key players in creating innovativeness and regeneration in destination.

With these structural changes, the partner region hopes to encourage implementation of measures that promote collaboration of SMEs and support tourism SMEs that are interested to grow. As mentioned above, projects need to comply with the Regional Strategic Programme and its objectives in order to receive financing (e.g. ERDF). Therefore, it is expected that new tourism projects that fall under the development objective no. 1 (Strengthening tourism centers, international competitiveness and product offering) will have measures to improve the aforementioned issues. This will be monitored.

Furthermore, the results and findings of the project will be taken into account when the Regional Strategic Programme is updated and its implementation plan is drawn up. That is to say, the partner will propose further amendments to the policy regarding SME cooperation. For instance, the following practices presented in the project will serve as an example of successful cooperation in tourism sector:

- Pessade Outdoor Activity Resort, France: example of public-private partnership. Resort’s facilities are built with public funds but can be used by private operators.
- Informal network of accommodation businesses and other tourism SMEs in Introd village, Italy: example of a bottom-up approach to destination management. Through cooperation SMEs have attracted new tourist flows in the area and expanded its service offer.
- National Cluster Programme, Latvia: national programme that encourages cooperation between businesses, R&D and other institutions

2.1.

ACTION 1. DEVELOPMENT OF THE REGIONAL STRATEGIC PROGRAMME

B. NATURE OF THE ACTION

Improvement of the Regional Strategic Programme POKAT 2021 and its implementation plan. This is implemented through the following activities:

- Amendments to the Regional Strategic Programme POKAT 2021. Amendments were made to tourism development objective "Strengthening tourism centers, international competitiveness and product offering". See section a.
- Recommendation document. E-publication of Destination SMEs good practices that showcase cooperation between SMEs, public-private partnerships and successful networks (e.g. Pessade resort, Introd network, Gauja NP tourism cluster). The document's purpose is to disseminate the project results and know-how to regional decision-makers, beneficiaries of the policy instrument and POKAT tourism group so that they can employ them in their actions and strategy development processes.
- Proposal for amendments to the implementation plan of the Regional Strategic Programme for 2020-2021. Proposal concerns improvement of cooperation in the tourism sector and suggests that the topic is included in development objectives.

C. STAKEHOLDERS INVOLVED

The Regional Council of North Karelia is in charge of compiling the policy instruments: Regional Strategic Programme, its implementation plans and sub-programme "tourism strategy of North Karelia". They are developed in quadruple-helix cooperation, involving stakeholders from regional development agencies, regional DMO Karelia Expert Tourist Services, entrepreneur associations, tourism SMEs, NGOs, education and research sector.

D. TIMEFRAME

Start date: June 2017

Main milestones:

- 2017: Amendments to the Regional Strategic Programme 2021.
- December 2017: Regional Council Assembly approved the Regional Strategic Programme 2021 and amendments made to it.
- January – August 2019: Drawing up recommendations based on the project's results and findings. Output: e-document. Disseminating them to regional decision makers, beneficiaries of the policy instrument and POKAT tourism group.
- 2019: Proposing amendments to the implementation plan 2020-2021 of the Regional Strategic Programme POKAT 2021. Enforcement in October 2019.

Estimated Approval / enforcement date:

Regional Strategic Programme POKAT 2021 was enforced in December 2017.

The implementation plan of the Regional Strategic Programme for 2020-2021 will be enforced in October 2019.

E. INDICATIVE COSTS

Minor costs for organising meetings, workshops or other events relating to strategy preparation. Staff costs of Regional Council of North Karelia.

F. INDICATIVE FUNDING SOURCES

N/A, organisation's own resources.

2.2.

ACTION 2: MORE EFFECTIVE USE OF PUBLIC FUNDS ON TOURISM DEVELOPMENT

A. BACKGROUND AND RELEVANCE TO THE PROJECT

The idea is linked to the experience of Auvergne-Rhône-Alpes region in France where project funding has been directed to the development of outdoor destinations based on pre-defined criteria that help to identify the initiatives that are most suitable for the support and are based on trends in tourism consumption (Outdoor activities flagship territories GP). By defining the tourism needs of the region, the Auvergne Regional Council was able to support projects that are necessary for tourism in Auvergne and that bring undeniable added value to the territory. The Council launched a regional call for projects based on their specifications. "The objective was to think more in terms of products than in terms of projects and to organise the tourism development of the region while taking all the components of a tourist product into consideration." As a result, outdoor activity flagship territories (Prabouré, Pessade) have been established in the region, having a positive effect on local economy and tourism sector.

Similar approach could be useful in North Karelia where tourism development is to a large extent tied to projects funded by the European Union and ministries. Currently there are over 30 ongoing tourism projects in the region. Although

these projects comply with the Regional Strategic Programme, without purposeful guidance and coordination they may become fragmented, do overlapping work and lead to short-term results. For this reason, the region should improve coordination of projects and allocate tourism development resources to fewer projects based on the tourism sector's needs, following the example of French partners.

Possibility of launching a separate call for projects in tourism sector has been discussed but it is unlikely that such an action will be implemented in this EU programming period. Therefore, other actions are taken to improve the use of public funds in the region. First, this requires a good understanding of the current state of tourism development in the region. The analysis of ongoing activities, projects and barriers to development will help in identifying the main development needs of the sector. After this groundwork, financiers can direct their funds to projects that are necessary to the region. The gathered information is useful also for researchers, developers and projects that can focus their efforts on the main development needs. In case some projects have similar objectives, they can join their forces in order to collectively tackle identified challenges. This will minimize duplication of effort and lead to more successful result.

2.2.

ACTION 2: MORE EFFECTIVE USE OF PUBLIC FUNDS ON TOURISM DEVELOPMENT

B. NATURE OF THE ACTION

Directing funding resources to regional challenges and strategic initiatives (improved governance). This consists of several actions:

- Analysis of development needs in tourism. Identification of development barriers, ongoing activities and projects in the tourism sector in North Karelia. The gathered information is divided into following categories: partnerships, product development, marketing, digitalisation and operational environment. Listing the activities and projects according to this division allows developers, financiers and other stakeholders to see what kind of activities are already implemented and what kind of measures are still needed. This process was already initiated by the regional DMO Karelia Expert Tourist Services in cooperation with other tourism stakeholders. Destination SMEs was involved in the process by collecting data of ongoing projects.
- Disseminating the information to financiers, tourism developers, project evaluators and other relevant stakeholders and encouraging them to utilise the information in their work. Follow-up and evaluation of ongoing activities and projects will be done in POKAT tourism group that follows the execution of the regional strategic programme.
- Improving dialogue and cooperation between ongoing projects. This includes workshops or other events with regional tourism projects. The aim is to minimize duplication of activities, maximise effectiveness of project funding, improve cooperation and ensure sustainability of project results. Responsibility: Regional Council of North Karelia.

C. STAKEHOLDERS INVOLVED

Regional DMO Karelia Expert Tourist Services, Regional Council of North Karelia, other financiers (such as Centre for Economic Development, Transport and the Environment, North Karelia), developers, tourism development projects, other relevant stakeholders.

D. TIMEFRAME

Estimated start date: 2019

Main milestones:

- Starting from 2019: Collecting information on development needs, ongoing activities and projects in tourism in North Karelia. Output: list of activities and projects.
- From 2019 onwards: Improving dialogue and cooperation between tourism projects. Output: project events where information of development needs and project activities is disseminated.

Estimated Approval / enforcement date:

N/A, continuous process

E. INDICATIVE COSTS

Some costs for event organisation which will be covered by the organising organisation.

F. INDICATIVE FUNDING SOURCES

N/A, organisation's own resources.

3 | OTHER RESULTS OF THE PROJECT

Thanks to the Destination SMEs project, many interesting practices, initiatives and policies were observed. Some of them offered inspiration to improve the main policy instrument tackled by the project as presented in part 2 of this action plan.

But these learnings can also benefit other policy instruments or local and regional strategies. Destination SMEs partners intend to make use of as many interesting learnings from the project as possible, to make the most of this project.

This is the reason why, in addition to the actions presented in Part 2 dedicated to the main policy instrument target, we tried to identify all possible contributions from our project to improve other regional, national or EU policies in one hand, and transfer effective practices in the other hand (part 3.1), of course always in relation to the main topic of the project: Destination management.

3.1. | GOOD PRACTICES TRANSFERRED

There are two actions that are based on good practice transfers between partner regions:
Testing new cooperation models in tourism sector and development of sustainable tourism.

3.1.1. ACTION 3:

Testing new cooperation models in tourism sector

A. NAME OF THE TRANSFERRED GOOD PRACTICE AND REGION OF ORIGIN

Outdoor activities flagship territories and Pessade resort's "house of outdoor activities"
Auvergne-Rhône-Alpes region, France

B. NAME OF THE OWNER OF THE GOOD PRACTICES

Conseil régional Auvergne Rhones-Alpes and
Pessade Pleine Nature

C. DESCRIPTION OF THE GOOD PRACTICE

Several practices identified in the project have shown that through cooperation SMEs can increase their competitiveness and gain better results. Cooperation between tourism SMEs, public and private sector and in general between players involved in tourism development should be encouraged.

One practice relating to this topic is found from Auvergne-Rhône-Alpes region in France where public funds were used for creating a "safari house" for the use of private tourism operators. The safari house includes outdoor activity equipment (e.g. e-bikes, snowshoes, skis) that SMEs can rent and use in their business activities. Public funds were used for these investments based on the Commission Regulation No 651/2014, Section 12, Article 55. In North Karelia tourism companies are very small ones and they do not necessarily have required resources to invest in new facilities or equipment. Similar practice

could be helpful in North Karelia. Since public funding cannot be granted for such investments with the current state aid rules, new implementation methods need to be sought after.

Puhti project led by the Karelia University of Applied Sciences intends to transfer parts of this practice to North Karelia, Finland. The intention is to create and test an equipment rental unit of tourism SMEs.

D. NAME AND LOCATION OF THE ORGANISATION IMPLEMENTING THE TRANSFER

Several organisations involved in the implementation in North Karelia, Finland. Lead partner of the project: Karelia University of Applied Sciences.

E. DESCRIPTION OF THE TRANSFER

Partial transfer of the Outdoor activities flagship territories and Pessade resort's "house of outdoor activities" GP. The aim is to test and create an equipment rental unit in North Karelia, following the example of the Pessade resort.

Activities include:

1. Testing new cooperation models (equipment rental unit).
2. Encouraging cooperation between tourism SMEs regarding e.g. development of new products, services and pooling of resources.

3.1.

GOOD PRACTICES TRANSFERRED

F. PLAYERS INVOLVED

Puhti project led by Karelia University of Applied Sciences (funded through the European Agricultural Fund for Rural Development). The project aims to find and test new entrepreneurship models in the countryside. The project is responsible for supporting the development of outdoor equipment rental unit in Ilomantsi municipality, North Karelia. This includes providing advice, organising networking opportunities for the companies in the area and mapping business models that could be suitable for the purpose.

Ilomantsi Tourism Association and its member companies (26) who will be users and maintainers of the established outdoor equipment rental unit.

The Association for Rural Culture and Education provides facilities for storing the outdoor equipment.

The Finnish 4H Youth Work Organisation: their role in the implementation is to be determined. The organisation and its youth could have an assisting role in maintaining the equipment rental unit (e.g. equipment maintenance).

G. EXPECTED TIMEFRAME OF THE TRANSFER

Project started in 2018. This action was initiated at the end of 2018.

Main milestones:

- 2019 -2020: Creating a business plan with the players involved in the action. Puhti project will offer guidance and assistance in the issue. Meetings and discussions with partners.
- 2019-2020: Mapping funding opportunities and choosing the most suitable corporate form. Puhti project offers advice and guidance.
- Summer 2020: Piloting the joint equipment rental unit.
- 2020: Meetings to inform other entrepreneurs about the pilot action/outdoor equipment rental unit and other cooperation possibilities. Sharing information (e.g. info events, media) in order to encourage others to implement similar activities.

Estimated Approval / enforcement date: 2020

H. COSTS

Costs to be determined. This will be clarified once the business plan has been finalised.

I. FUNDING SOURCES

Some of the activities under this action will be implemented in Puhti project. Additional funds needed for acquiring equipment for the rental unit.

3.1.

GOOD PRACTICES TRANSFERRED

3.1.2. ACTION 4:

Development of sustainable tourism

A. NAME OF THE TRANSFERRED GOOD PRACTICE AND REGION OF ORIGIN

The Green Scheme of Slovenian Tourism, Strategy for Sustainable Growth of Slovenian Tourism 2017-2021

B. NAME OF THE OWNER OF THE GOOD PRACTICES

Slovenian Tourist Board

C. DESCRIPTION OF THE GOOD PRACTICE

Slovenia has devoted significant resources to sustainable tourism development in recent years which has boosted the country's tourism industry. In 2017 the country received around 4.7 million arrivals and this number is expected to increase in the future. The strategic guidelines and actions for Slovenian sustainable development are defined in the strategy for sustainable growth of Slovenian tourism for 2017-2021 that has been drafted in cooperation with all key stakeholders in Slovenian tourism industry. The vision of Slovenia is to become a green, active and healthy destination that offers five-star experiences. In connection to this goal, the Slovenian Tourism Board has established a national programme to promote the introduction of sustainable business models in tourism based on more than 100 global criteria. This system is called the Green Scheme of Slovenian Tourism. Following this and other responsible and sustainable tourism initiatives, Slovenia has been declared as the first green destination in the world.

The action 4 is linked to the sustainable tourism development in Slovenia. Sustainable tourism development has been recognised as a possibility for North Karelian tourism and as the Regional Strategic Programme POKAT 2021 states, "the criteria of sustainable and responsible tourism should be taken into account" in all tourism development activities.

D. NAME AND LOCATION OF THE ORGANIZATION IMPLEMENTING THE TRANSFER

Several actors involved in the transfer in North Karelia, Finland. Including regional DMO Karelia Expert Tourist Services, Regional Council of North Karelia. See players involved.

E. DESCRIPTION OF THE TRANSFER

Partial transfer. The aim is to develop sustainable tourism in North Karelia and promote the region as a sustainable destination.

F. PLAYERS INVOLVED

Regional DMO Karelia Expert Tourist Services is responsible for coordinating sustainable destination development in North Karelia. Other players include tourism developers, tourism SMEs and other relevant stakeholders. Regional Council of North Karelia has allocated funding for a sustainable destination project through regional innovations and experimentations fund (AIKO). Karelia Expert Tourist Services and Regional Council of North Karelia are responsible for regional marketing.

3.1. | GOOD PRACTICES TRANSFERRED

G. EXPECTED TIMEFRAME OF THE TRANSFER

Estimated start date:

First activities implemented already at the end of 2018.

Main milestones:

- End of 2018: Regional Council of North Karelia allocated funding for sustainable tourism project led by Karelia Expert Tourist Services.
- The project includes following activities:
 - ▶ End of 2018/beginning of 2019: workshops in the region to plan guidelines and contents for sustainable destination development.
 - ▶ 2019: Defining guidelines and vision for the development based on United Nations Sustainable Development Goals.
 - ▶ 2019: Committing municipalities, service providers and other actors to sustainable destination development.
 - ▶ 2019: Identification of pilot products and testing them.

- 2019: Planning of other initiatives that support this strategic development target. Possible cooperation discussions with Slovenian partners.
- 2019 onwards: Promotion of the region as a sustainable destination. Responsible parties: Karelia Expert Tourist Services, Regional Council of North Karelia and other regional actors.

Estimated Approval / enforcement date:

N/A. Continuous process.

H. COSTS

Costs for organising meetings and workshops, costs for marketing activities. Some costs covered with project funds. Funding received from regional innovations and experimentations fund (AIKO).

I. FUNDING SOURCES

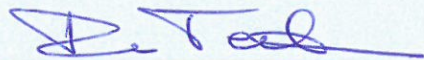
Project funded through regional innovations and experimentations fund. Organisations' own resources, other possible funding sources are searched for.

4 | MONITORING AND ENDORSEMENT

Implementation of the action plan is monitored by the Regional Council of North Karelia.

Monitoring will take place during phase 2 of the project (04/2019-03/2021) at six month intervals.

Signature:



Risto Poutiainen,
Region Mayor, Regional Council of North Karelia

Date: 15.8.2019

Stamp of the organisation:



Pohjois-Karjalan
MAAKUNTALIITTO

