

FRANKFURT ZOOLOGICAL SOCIETY
NON-GOVERNMENT ORGANIZATION "BAHNA"

ASSESSMENT OF THE TOURIST POTENTIAL OF THE BELARUSIAN POLESIE



Prepared in accordance with contract No. FZS-1 dated 01 July, 2020

Minsk, 2020

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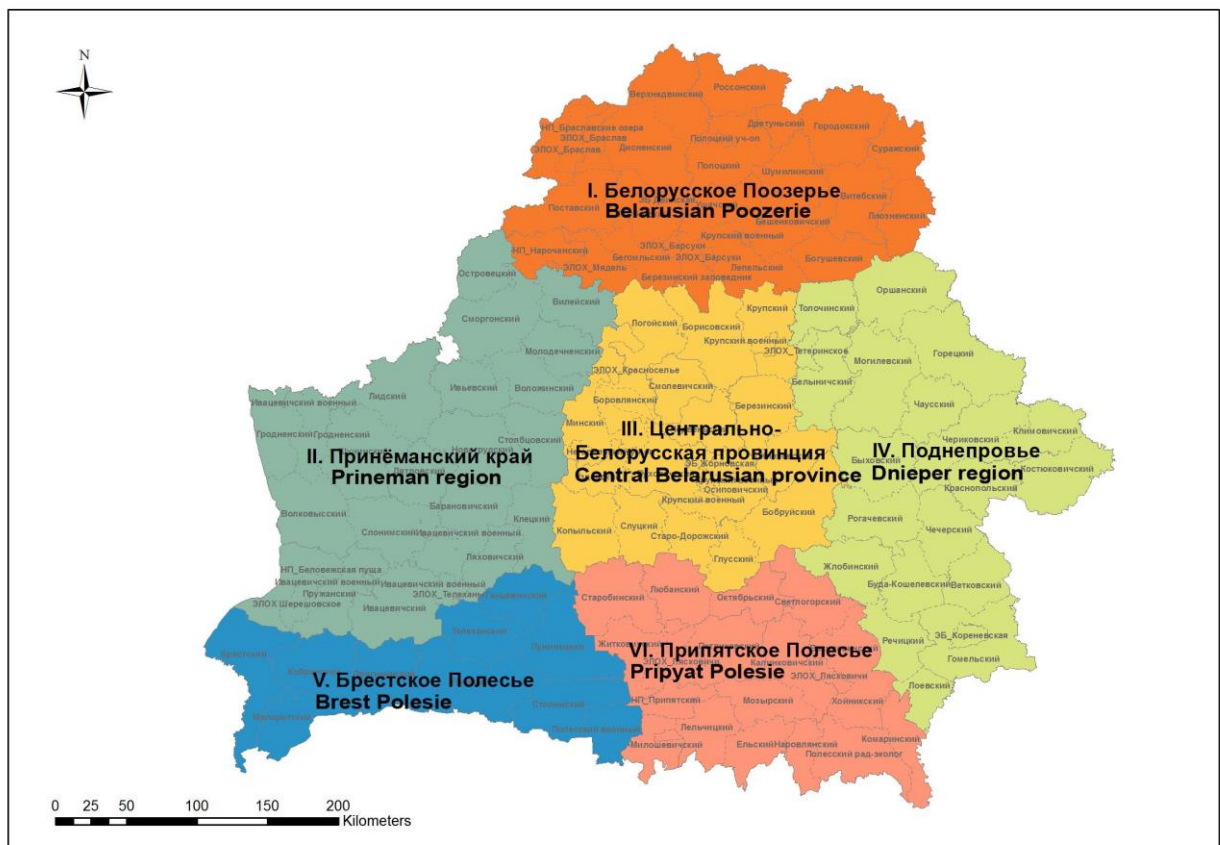
INTRODUCTION

Belarus is a country with significant and largely underestimated tourism potential, including for the development of ecotourism. Whereas Polesie is one of the regions with a rich natural and cultural heritage. It is undoubtedly important to preserve this heritage in the most natural state and at the same time use its potential for the purposes of sustainable development of the region, where about 2 million people live, as well as for the growth of the economy of the entire country.

In this study, we focus on economic aspects in order to assess the current state of tourism in rural areas, as well as tourism based on the sustainable use of natural potential (ecotourism). Among our tasks is a primary assessment of the efficiency and prospects of investments in this sector, determination of its potential for achieving the goals of socio-economic development.

In our research, forecasts and conclusions, we proceed from the assumption that the problem of the COVID-19 pandemic will be overcome. In addition, the political situation will be stable, which will allow the tourism sector to develop in a standard manner without any serious exceptions and restrictions.

Fig. 1. Belarusian Polesie. Within the boundaries, according to estimates of the National Academy of Sciences of Belarus



BASIC TERMS AND DEFINITIONS

Tourism is a tourist trip, as well as the activities of legal entities, individuals, including individual entrepreneurs for its organization.

Inbound tourism is a tourist trip of foreign citizens and stateless persons, with the exception of permanent residents of the Republic of Belarus within the territory of the Republic of Belarus.

Domestic tourism is a tourist trip of citizens of the Republic of Belarus, as well as foreign citizens and stateless persons permanently residing in the Republic of Belarus within the territory of the Republic of Belarus.¹

Agro-ecotourism is an activity aimed at familiarizing tourists with the natural and cultural potential of the republic, national traditions in the process of recreation, health improvement, temporary stay in agro-estates.²

Ecotourism is a responsible travel to natural areas that conserves the environment, sustains the well-being of the local people and involves interpretation and education.³

Sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs.⁴

¹ Law of the Republic of Belarus dated November 25, 1999 N 326-3 "On Tourism"

² Decree dated October 9, 2017 No. 365 "On the development of agro-ecotourism"

³ The International Ecotourism Society (TIES, 2015). <https://ecotourism.org/news/ties-announces-ecotourism-principles-revision/>

⁴ Bruntland Commission, United Nations General Assembly, 1987. https://sustainabledevelopment.un.org/content/documents/5839GSDR%202015_SD_concept_definiton_rev.pdf

I THE STATE OF AGRO- AND ECOTOURISM IN BELARUS AND IN THE POLESIE REGION

1. Agro-ecotourism

Agro-ecotourism is a steadily growing segment of the tourism industry in Belarus. The average annual growth in the sector's revenue during the five-year period (in 2016-2019) amounted to 20.8%. At the end of 2019, the amount of funds received in payment for the services of agro-ecotourism entities reached 25.5 million BYN (10.9 million EUR at the average annual rate of the National Bank), or almost 10% of the revenue of the entire tourism industry in the country.

The number of agro-ecotourism entities has steadily increased: over 4 years by 22% to 2,760 in 2019. At the same time, the growth of proceeds occurred not so much in an extensive way due to an increase in the number of agro-ecotourism entities, but rather intensively due to an increase in the flow of tourists served per agro-estate.

Tab. 1. The main indicators of the agro-ecotourism entities in Belarus (Belstat data)

	2015	2016	2017	2018	2019
Number of agro-ecotourism entities	2,263	2,279	2,319	2,473	2,760
Number of tourists served by agro-ecotourism entities, thousand people	294.3	301.8	351.1	422.3	514.8
citizens of the Republic of Belarus	261.3	271.4	317.5	379.2	465.7
citizens of other countries	32.9	30.4	33.6	43.1	49.0
Average length of stay, days	4	4	4	5	2
Amount received as payment for services rendered, BYN mln	119.6	14.6	17.2	20.0	25.5

The number of foreign tourists served by agro-estates grew steadily. However, an imbalance has formed in the service market: in 2019, 70% of the flow of foreign tourists came to the Russian Federation, while the share of the EU and other non-CIS countries totaled was only about 20%.

An analysis by region also points to imbalances in development. Official statistics record a significant lag in the Homel region, which accounts for about half of the Belarusian Polesye, in terms of the number of agro-ecotourism entities and the number of tourists served. Moreover, there was a decrease in the number of agro-ecotourism entities in the region compared to 2015. In addition, the region lags far behind in serving foreign tourists, whose share was only 2.1% here (Fig. 2 and 3).

Fig. 2. The number of agro-ecotourism entities by regions (Belstat data)

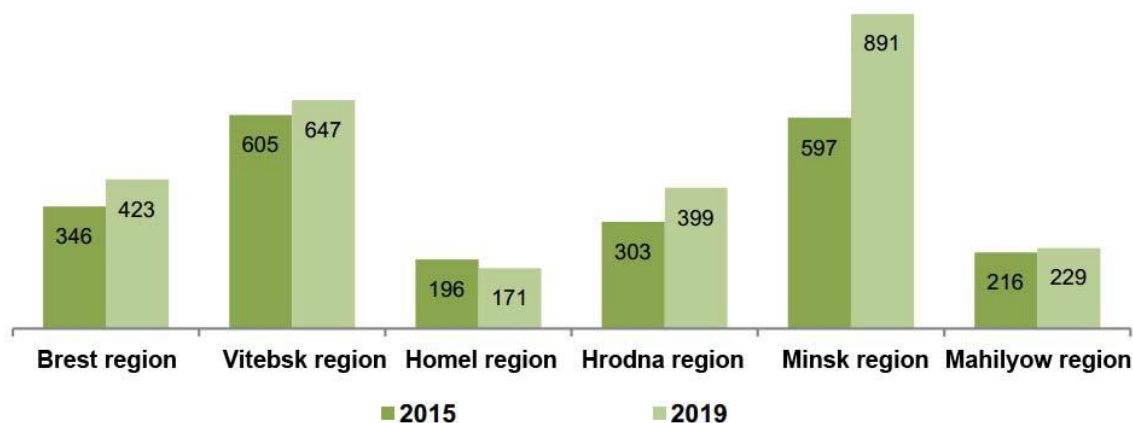
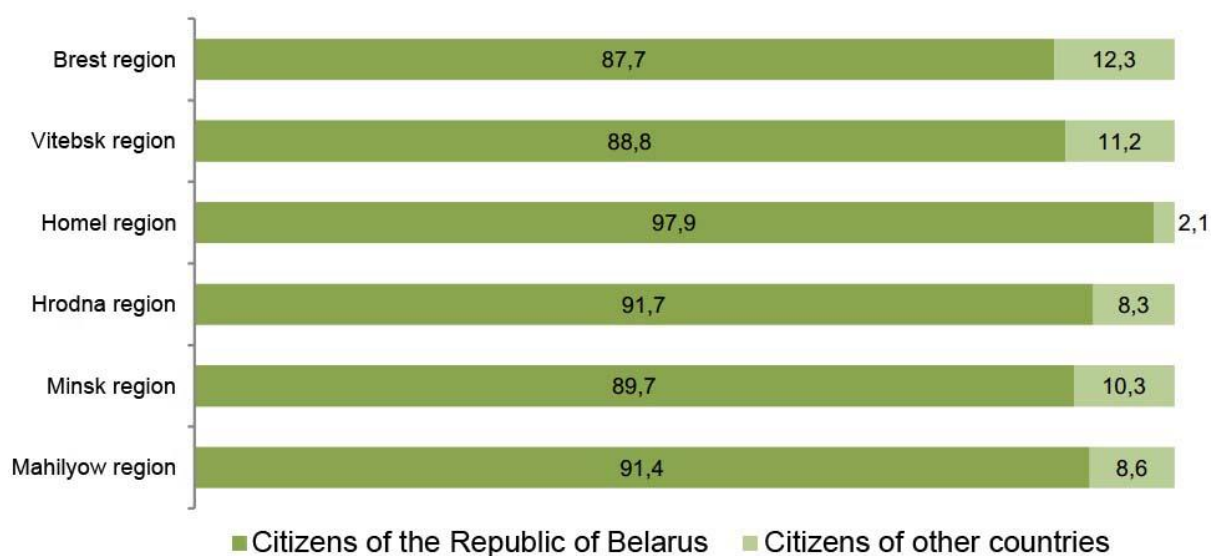


Fig. 3. Regional distribution of tourists served by agro-ecotourism entities in 2019, as a percentage of the total (Belstat data)



The Belarusian market for agro-ecotourism services is entering a state of maturity and is consolidating. Tourist clusters are emerging, within which agro-estates cooperate with farms, museums, nature reserves and forestry enterprises, offering tourists a range of services and entertainment.

The period of rapid growth in the number of agro-estates gave way to a period when their owners begin to actively compete with each other, attracting tourists with unique services, a developed recreation infrastructure, and the sale of souvenirs and other products. The demand of agro-ecotourism entities for credit support is slightly decreasing, but at the same time the need for expert and consulting support is growing.⁵

⁵ Data of the joint press conference of JSC "Belagroprombank" and Belarusian Association of Agro- and Ecotourism "Country Escape" dated February 27, 2020

2. Ecotourism

Despite the absence in the Belarusian legislation of a precise definition of “ecotourism” and system statistics for this sector, we will also try to assess its development.

In our research, we will be guided by the definition of the International Ecotourism Society (TIES, 2015). Thus, by ecotourism in Belarus, we mean services not related to the organization of hunting and fishing, provided by the administrations of specially protected natural areas, forestry enterprises, agro-estates and other entities of tourist activity.

In recent years, such forms of ecotourism as safari travel, combining educational recreation and active entertainment, as well as tours along eco-trails with walking and cycling, rafting on rivers on boats and rafts, bird watching, photo hunting have been developed in Belarus.

2.1. Ecotourism based on protected areas

In the understanding of the Ministry of Natural Resources, ecotourism is a tourist trip, as well as the activities of legal entities, individuals, including individual entrepreneurs, to organize it in ***specially protected natural areas*** in order to study the natural and cultural heritage and get positive emotions from communicating with nature, viewing cultural values in the absence of negative impact on natural complexes and objects, promoting the conservation of biological and landscape diversity of natural ecological systems, sustainable development of regions and improving the well-being of the local population.

From our point of view, ecotourism can not be limited only by the boundaries of protected natural territories. Although it is generally accepted that these territories can play a key role in the development of the tourism sector. Moreover, it should be understood that tourism is a type of economic activity that carries a recreational load on natural ecosystems. In this regard, the development of tourism in protected areas should be scientifically substantiated and monitored as much as possible corresponding to the concept of "ecotourism" to ensure the preservation of the environment.

The Belarusian authorities have identified a list of 39 perspective protected natural areas for tourism development. Among them are 4 national parks and 35 reserves of republican significance. The National Strategy for the Development of the System of Specially Protected Natural Areas is in force until January 1, 2030.⁶

To manage the Berezinsky Biosphere Reserve, national parks and some other reserves, state environmental institutions (SEIs) have been created to promote the development of sustainable ecotourism. As of August 2020, 25 SEIs managed 28 reserves of republican significance and 5 SEIs managed the Berezinsky Biosphere Reserve and national parks.

In these protected areas, 209 tourist routes and ecological trails are organized. Including in the studied region of Polesie, there are tourist routes and trails in the Pripyatsky National Park and in 10 wildlife reserves (“Pribuzhskoe Polesie”, “Vygonoshchanskoe”, “Zvanets”, “Srednaya Pripyat”, “Luninsky”, “Olmanskie swamps”, “Prostyr”, “Sporovsky”, “Vydritsa”, “Dnepro-Sozhsky”).

Many SEIs are developing new directions of ecotourism for Belarus, on the basis of which it is possible to form full-fledged tourist products: swamp excursions, tracking traces of

⁶ Resolution of the Council of Ministers of July 2, 2014 No. 649 "On the development of a system of specially protected natural areas"

wild animals, diving training, rafting trips, observing European bison, photo hunting on singing wood grouse and so on.

In 2019, more than 710 thousand tourists visited the protected areas of Belarus, including more than 6 thousand foreign citizens from Lithuania, Latvia, Denmark, Poland, Germany, Italy and other countries. The proceeds of the protected areas from tourist activities amounted to more than 12 million BYN (5.1 million EUR), including the reserves and national parks earned 11.6 million BYN. (4.9 million EUR), reserves 0.4 million BYN. (0.17 million EUR).⁷

The statistics presented by the Ministry of Natural Resources include income from hunting, which does not allow a more accurate assessment of the economics of ecotourism in protected areas. At the same time, it is obvious that the reserves are significantly behind the national parks in terms of the volume of tourist services provided, despite the fact that many reserves, including those in Polesie, have formed ecotourism products:

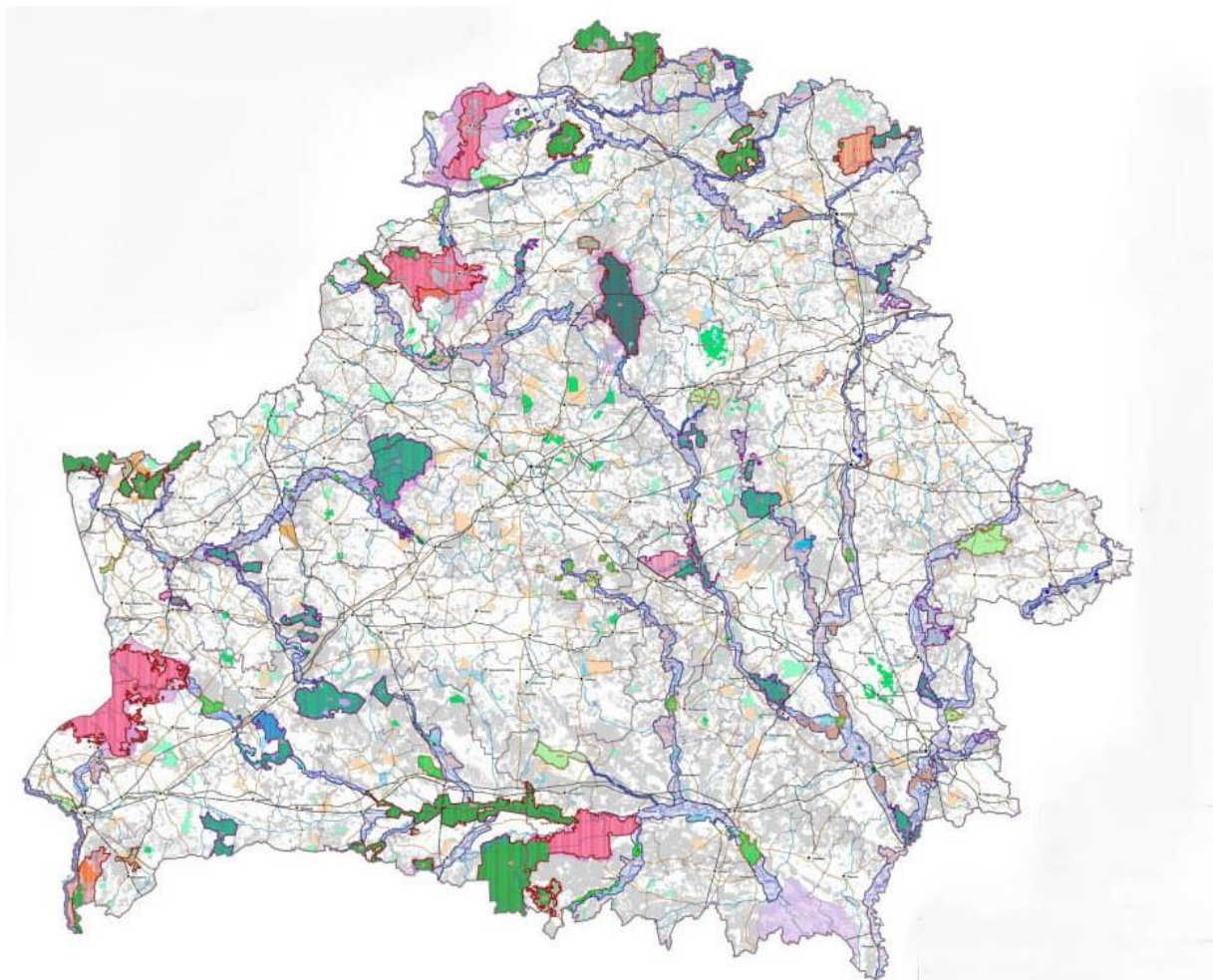
- SEI "Reserves of republican significance "Srednyaya Pripyat" and "Olmanskie swamps". Services: accommodation in the visitor center, rental of the Altan floating cottage (capacity 5 people), rental of the Pobeda pontoon boat (capacity 12 people), organization of fishing, escort of excursion groups, rental of tourist equipment. Routes: combined tourist route "Belarusian Amazon" (160 km, travel time 2-3 days), ecological trail "Olmanskie swamps" (2.5 hours).
- SEI "Republican biological reserve "Sporovsky". Services: specialized tours for observing wildlife, walking excursions around the reserve, accommodation in an ecological and educational center, weekend tours. Routes: ecological trail "In the edge of the aquatic warbler" (2 km), water route "On the Yaselda river" (25 km), hiking route "Unique lake Sporovskoe" (6 km), combined route "Polesie heritage" (15-20 km), bicycle route Vysokoe - Mostyki - Staromlyny - Lake Beloe - Vysokoe (20 km).
- SEI "Republican biological reserve "Zvanets". Services: hotel accommodation (capacity 7 people), services for renting bicycles, rowing boats, and motor boats, visiting an environmental and educational center. Routes: ecological trail "Secrets of the plant world" (2 km), ecological trail "Bird secrets" (1 km).
- SEI "Reserve of republican significance "Vygonoshchanskoye". Services: bird watching tours, ecological excursions, fishing, outdoor recreation. Routes: ecological trail "Nadlivskaya Ridge" (2 km), ecological trail "Ozernaya" (2 km), water route on a motor boat "Lake Bobrovichskoe" (2 hours), ornithological route, tourist route "Telekhany Territory", extreme route "Partisan Trail".⁸

In the future, the network of specially protected natural areas in Polesie is likely to expand, and its potential to provide ecotourism services will also increase. A significant part of the promising territories, included in the national ecological network, is concentrated along the Pripyat River and its tributaries (Fig. 4).

⁷ Response of the Ministry of Natural Resources to the request of the Business Association named after Kunyavsky. Text in the cloud <https://drive.google.com/file/d/1a-gPYZifkPIE9qvOaLKxcpLNlvGCRGOy/view?usp=sharing>

⁸ The program for the development of recreational activities in the Brest State Production Forestry Association for the period until 2030 (draft). - National Academy of Sciences of Belarus.

Fig. 4. National Ecological Network of the Republic of Belarus (data of Ministry of Natural Resources)



Note: a detailed diagram with an explanation of designations is available for download on the website of the Ministry of Natural Resources <https://minpriroda.gov.by/ru/national-ecological-network-ru/>

2.2. Ecotourism based on the forest fund

Belarus is one of the richest countries in Europe with forests being in steady growth. Forest occupies 8.3 million hectares or 40% of the territory of the republic. The average age of the forests is 56 years. In the forest fund there are more than 11 thousand lakes, 20 thousand rivers and streams, numerous marshlands and dry meadows, protected areas, which form a favorable environment for health improvement and recreation.⁹

It is obvious that the forest fund can and should be one of the key natural objects on the basis of which ecotourism develops, while the forestry enterprises should be the key link in the provision of ecotourism services.

So far, ecotourism in forestry has not been singled out as an independent type of activity (at least in the system of the Ministry of Forestry) and is mainly considered as a constituent part of hunting.

It can be stated that ecotourism in the Belarusian forest is at an early stage of development, does not have a pronounced compliance with the TIES criteria and often

⁹ Ministry of Forestry data. <http://www.mlh.by/our-main-activites/forestry/forests/>

interferes with the services of hunting and fishing. The hunting economy is run by 81 forestry enterprises of Belarus, in addition, 78 enterprises offer tourist services along with hunting.

There are 70 tourist routes in 54 forestry enterprises, which are included in the list of ecological trails and routes approved by the government. However, the volume of tourism services not related to hunting is small: in 2017, for all forestry enterprises, it amounted to slightly more than 100,000 BYN, or 46,000 EUR at the average annual rate of the National Bank.¹⁰

Moreover, incomes of some forestry enterprises from ecotourism, including in Polesie, fell, while income from hunting services increased (Tab. 2)

Tab. 2. Dynamics of income from hunting activities and ecotourism, data of the Brest State Production Forestry Association

	Hunting, thousand BYN	Ecotourism, thousand BYN
2017	631	15
2018	699	14
2019	812	3

One of the forms of tourism is themed festivals organized on the basis of hunting complexes of forestry enterprises. Some of these events have acquired an international format. For example, the Hrodna forestry enterprise and the Hrodna State Production Forestry Association are organizing the festival “Revival of hunting traditions under the patronage of St. Hubert” on the territory of the Augustow Canal.

In this regard, we repeat that hunting organization services do not belong to ecotourism, as they are associated with the removal of animals from the environment, have a significant recreational load, while society gives hunting an ambiguous moral and ethical assessment.

In some cases, forestry enterprises offer tourists other entertainment and activities. Zhlobin, Uzda, and Kapylsk forestry enterprises organized the residences of Father Frost for children during the New Year holidays. A distinctive feature of the Uzda forestry enterprise was the organization of the Kupalye holiday on the basis of its hunting complex.

In some cases, tourism services are accompanied by outreach activities that are more in line with the TIES criteria for ecotourism.

For example, the Lida forestry enterprise has created an environmental education center on the territory of a local natural monument (Horni park) that promotes the development of ecotourism and training in sustainable forest use and forest management, as well as help preserve the unique arboretum.

The Ministry of Forestry does not collect generalized statistics on tourism activities in the subordinate forest fund, which complicates the analysis. According to the ministry, the forestry enterprises for the most part consider the formation of proceeds from ecotourism

¹⁰ Program of measures for the sustainable development of recreational activities in the forestry of the Republic of Belarus for the period up to 2030 (draft). - Institute of Experimental Botany named after V.F. Kuprevich of the National Academy of Sciences of Belarus.

as a secondary task, a task for the future. Probably, this is due to the fact that in tourism activities the main revenue stream is associated with the provision of accommodation and food services, while the use of ecotourism products themselves is difficult to sell. For example, the independent movement of tourists along eco-trails in most cases is free.

Nevertheless, the experience of some forestry enterprises indicates the possibility of sustainable generation of revenues from ecotourism in the forest fund. So, in the system of the Ministry of Forestry there is a republican reserve “Naliboksky”, which in the last 5 years has grown in revenue from this type of activity: in 2016, the figure was 7,700 BYN, in 2017 - 7,300 BYN, in 2018 - 13,700 BYN, in 2019 - 26,900 BYN.¹¹

It should be noted that the reserve provides services that best meet the TIES criteria. It is proposed to visit eco-trails, group excursions, individual tours for photographing and observing wood grouse, deer and elk. There are 2 eco-trails (960 m and 1260 m), 4 cycling routes with a length of 5 to 150 km, as well as 2 water routes along the Isloch and Berezina rivers. Infrastructure has been created, including stopping points for kayakers and cyclists equipped with gazebos, tables and benches, fireplaces, and bicycle racks.

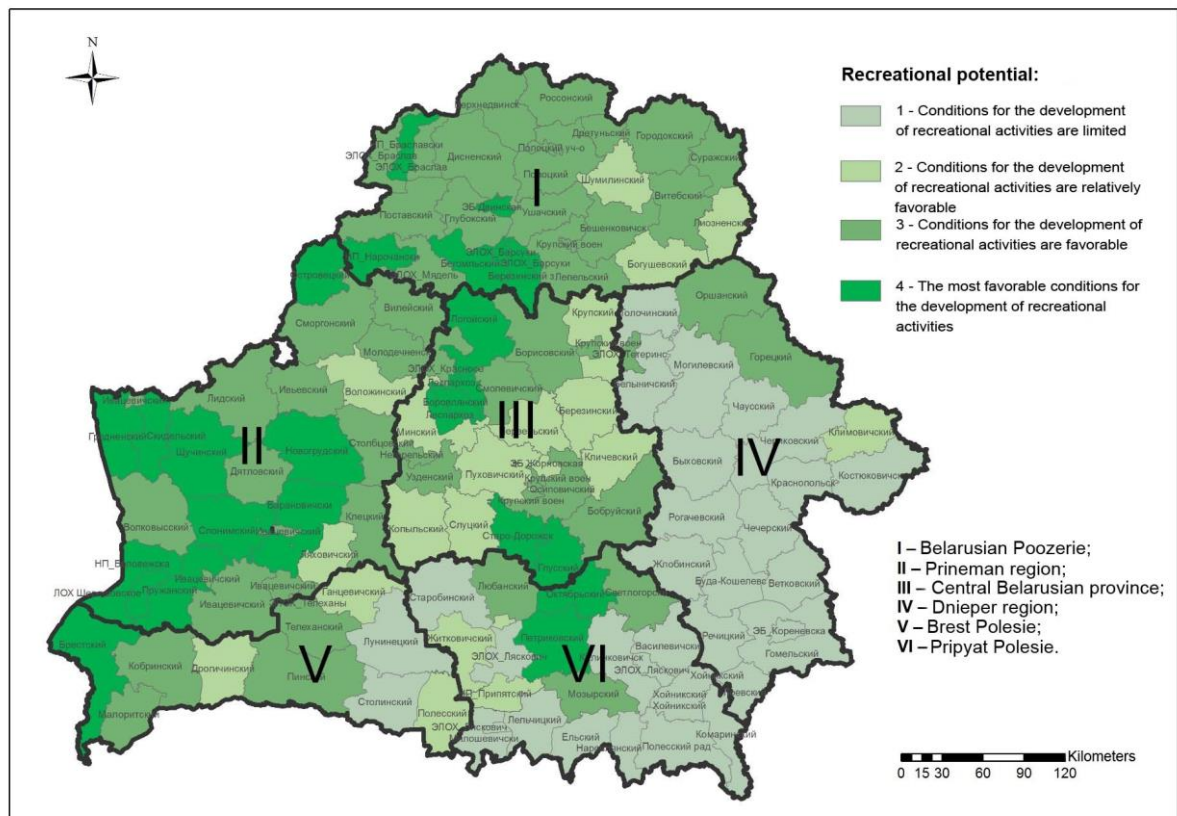
When assessing the potential of the tourism industry, it is necessary to take into account a certain paradox. In Belarus, the conditions for the development of ecotourism based on the forest fund are worse in those areas where the percentage of forest cover is the highest. This also applies to Polesie, where a number of areas with high forest cover (50% and more) have a reduced recreational potential due to high waterlogging and inaccessibility (Fig. 5 and 6).

¹¹ The response of the Ministry of Forestry to the request of the Business Association named after Kunyavsky. Text in the cloud <https://drive.google.com/file/d/1gBTatGPEXbNeGha1peJ6wwb-ZrpDFyM2/view?usp=sharing>

Fig. 5. Forest cover of territories by districts (Belstat data)



Fig. 6. Recreational potential of the forest fund by region (data of the Institute of Experimental Botany named after V.F.Kuprevich of the National Academy of Sciences of Belarus)



3. Water tourism

The presence of more than 20 thousand rivers, streams with mostly calm flows and 11 thousand lakes makes Belarus a favorable area for the development of water tourism. This direction has significant potential in the studied region, where the Pripyat River and its numerous tributaries (Goryn, Stokhod, Ubort, Ptich, Sluch, Yaselda, Pina, etc.) flow, and the Dnieper-Bug canal also functions.

So far, water tourism in Belarus in general and in Polesie in particular is developing quite spontaneously, which does not allow us to talk about its systemic capitalization. However, there are examples of an organized approach.

Since April 2017, the cruise ship "White Rus", owned by RUE "Dnepro-Bug Waterway", has been operating in Pripyat. 16 cabins of different classes (economy, economy plus, comfort and luxury) allow the ship to take on board up to 30 passengers.

The motor ship can cruise along the Dnieper-Bug canal and the rivers Bug, Mukhavets, Pina, Pripyat. The 8-day cruises "Pearls of Polesie" and "Lyrics of Polesie" are offered.

There were 26 cruises planned for the 2020 shipping season (April to October). The average ticket price for citizens of the CIS and Georgia was about 50,000 RUB (578 EUR at the rate of the Central Bank of the Russian Federation on August 18, 2020). At the same time, prices for tourists from non-CIS countries were about 30-40% higher. In addition, guests are offered extra paid services¹².

At the time of preparation of this study, the Dnieper-Bug Waterway Company suspended the provision of tourist services due to an unfavorable epidemiological situation, cruises were postponed to 2021. Nevertheless, on the basis of the data presented, we conclude that the revenue potential from the organization of cruises of only one motor ship on the Polesie rivers during one season is approximately **0.5 million EUR**. Taking into account the possible rapid scaling of water tourism, we believe that **the target for organized water tourism in Polesie could be several million EUR per year**.

In the opinion of the country's business associations, the rivers Pripyat, Pina, Mukhavets, the Dnieper-Bug canal and the adjacent territories have an exceptionally high tourism potential, the correct use of which can become a noticeable driver for the development of the Polesie region, including contributing to the formation of small and medium-sized businesses. In this regard, the country's business community proposed to reorient the Concept for the Development of the Potential of the Pripyat River (prepared in accordance with the order of the Prime Minister of Belarus dated August 2, 2018 No. 226p) from cargo transport to tourism specialization and transfer the functions of the customer for the preparation and implementation of the concept from the Ministry of Transport and Communications to the Ministry of Sports and Tourism¹³.

¹² LLC "Nika" - general travel agent for cruises of the motor ship "White Rus" (<http://nikatravel.ru/>).

¹³ Joint letter of business associations. Text in the cloud https://drive.google.com/file/d/1_7RngJs2uKaDbPd2zyUuQloVBUNGtSYN/view?usp=sharing.

II CONDITIONS FOR TOURISM BUSINESS

1. General legal conditions

A legal framework for the tourism industry has been formed in Belarus. The main definitions and principles of state regulation have been determined. Overall, the framework rules for travel business are outlined.

The creation of a highly efficient and competitive tourist complex, joining the top 50 countries in terms of tourism development are considered as the strategic goals of Belarus for the period until 2030 (National Strategy for Sustainable Socio-Economic Development of the Republic of Belarus for the Period until 2030).

Foreign citizens have the opportunity to visit Belarus for up to 30 days without a visa, which increases the potential of inbound tourism.

Quite favorable conditions have been created for the development of agro-ecotourism, including agro-estates have access to preferential loans.

The list of the main regulatory legal acts in the field of tourism:

- law of the Republic of Belarus of November 25, 1999 No. 326-3 "On Tourism";
- the state program "Belarus hospitable" for 2016-2020, approved by the resolution of the Council of Ministers of March 23, 2016 No. 232;
- decree of January 09, 2017 No. 8 "On the establishment of a visa-free procedure for entry and exit of foreign citizens";
- decree of June 02, 2006 No. 372 "On measures for the development of agro-ecotourism in the Republic of Belarus";
- decree of October 09, 2017 No. 365 "On the development of agro-ecotourism".

2. Conditions for issuing loans for agro-estates

JSC "Belagroprombank" in 2010–2020 provided loans to agro-ecotourism entities in the amount of up to 2000 base units for a period of up to five years (individuals - up to seven years) in Belarusian rubles with a payment of 5% per annum.¹⁴

According to the resolution of the Council of Ministers of December 13, 2019 No. 861, the base unit value is set at 27 BYN from January 1, 2020. Thus, the maximum loan amount can reach 54,000 BYN, or about 18,500 EUR at the rate of the National Bank on August 17, 2020.

The loan can be secured by a forfeit (with the requested amount up to 500 base units), surety and (or) property pledge. To attract debt financing, it is necessary to obtain a positive conclusion of the working group on the effectiveness of the project, approval from the district executive committee, as well as a positive decision of Belagroprombank¹⁵.

Note that during the period of the program of lending to agro-ecotourism entities, the refinancing rate of the National Bank fluctuated significantly, including at the end of 2011 - beginning of 2012 it reached a maximum value of 45% per annum (from July 1, 2020 - 7.75%). Considering that the cost of commercial loans exceeded the refinancing rate,

¹⁴ Decree of June 02, 2006 No. 372 "On measures for the development of agro-ecotourism in the Republic of Belarus".

¹⁵ Clarified terms of lending to individuals by Belagroprombank (<https://www.belapb.by/rus/malomu-i-srednemu-biznesu/agroekoturizm/fizicheskim-licam/>).

lending to agro-estates by Belagroprombank in accordance with Decree No. 372 had a clearly preferential nature.

Compensation of Belagroprombank's losses associated with the provision of loans to agricultural estates has been carried out annually from 2010 from the republican budget in the amount of half of the refinancing rate of the National Bank established on the date of compensation, increased by one percentage point. Budgetary support reduces the risks of the bank and makes the entire model of lending to agro-ecotourism entities quite stable.

Since 2007, Belagroprombank has been running a Program for participation in the development of agro-ecotourism in the Republic of Belarus, within the framework of which the bank provides soft loans to agro-ecotourism entities which are farmers and individuals.

Since the moment when Belagroprombank launched a program to support agro-ecotourism, over 600 agro-estates have been financed in the country. The total volume of loans exceeded 7.5 million BYN (3.2 million EUR at the average rate of the National Bank for 2019).

Activities for the provision of services of agro-ecotourism may be carried out by:

- individuals permanently residing in a single-family or a block-off residential building, including an apartment in a block-off residential building, in rural areas, small urban settlements, producing agricultural products on land plots provided for the construction and (or) maintenance of a residential building, or leading a personal subsidiary farming on land plots provided for these purposes;
- agricultural firms¹⁶.

The activity of individuals and agricultural firms in the provision of services of agro-ecotourism is not entrepreneurial. Citizens do not need to register an individual entrepreneur or establish a legal entity.

To provide services, agro-ecotourism entities can attract employees (individuals) under labor or civil law contracts.

At the same time, agro-ecotourism entities have a minimum tax burden in the form of an annual fee in the amount of one basic unit (27 BYN, or about 9 EUR).

Thus, in our opinion, Belarus has created quite favorable legal conditions for the development of agro-ecotourism. Including several factors combined: affordable and cheap financing, facilitated market entry, minimal tax burden and the ability to attract employees.

¹⁶ Decree of October 09, 2017 No. 365 "On the development of agro-ecotourism".

3. Results of a survey of agro-ecotourism entities in Polesie

As part of the preparation of this report, a survey was conducted of the owners of 32 agro-estates in the Homel region (Zhytkavichy, Lelchytsy, Petrykaw, Mazyr districts) and Brest region (Luninets, Stolin, Pinsk, Ivanava, Kobryn districts).

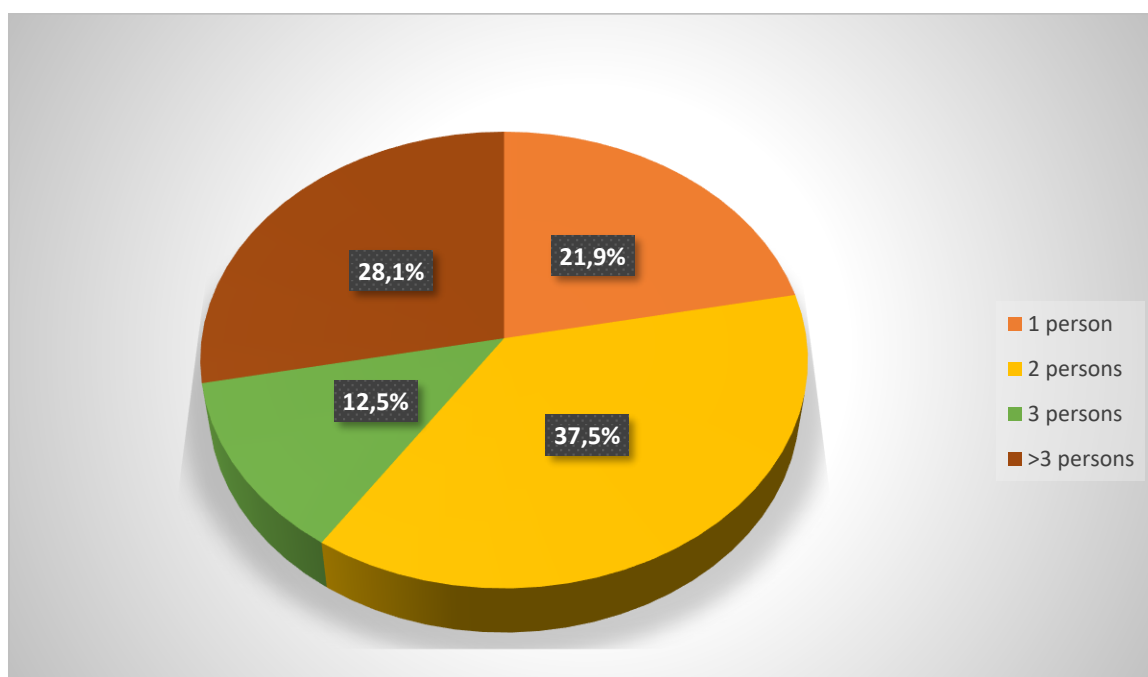
Half of the respondents (50%) rated the conditions for doing business in agro-ecotourism as good, almost the same (46.9%) - as satisfactory. Only one respondent gave a negative assessment.

All agro-estates, with the exception of one, began to work in 2007 and later, when the promotion of this type of tourism began in the country and a targeted lending program was launched. Most of the surveyed agro-ecotourism entities (65.6%) attracted bank financing, which indicates the importance of credit support.

At the same time, starting from 2015, only four agro-estates (12.5%) of those who took part in the study entered the market.

As a rule, several people are involved in the provision of services on the basis of an agro-estate, on average three people per one agro-ecotourism entity (Fig. 7).

Fig. 7. The number of people involved in the provision of services on the basis of an agro-estate (survey results)

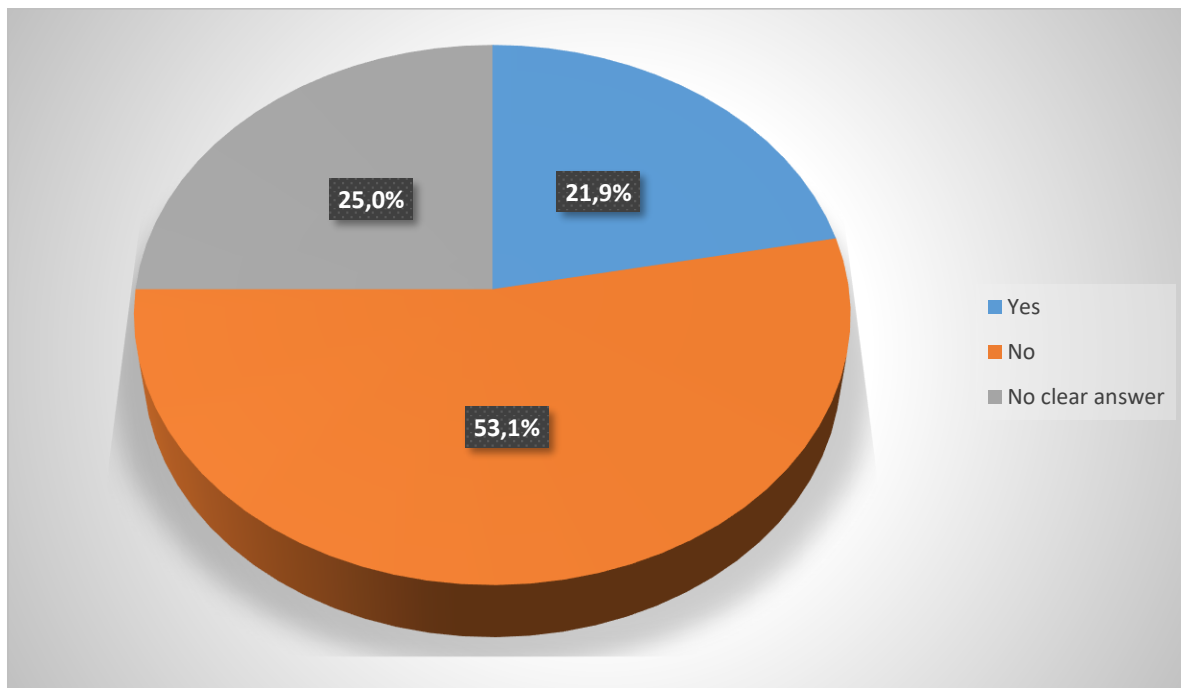


Most of the agro-estates (62.5%) are ready to provide services to foreign tourists; 87.5% of the respondents noted that they are ready to serve tourists who do not speak Russian.

Representatives of the majority of agro-estates (56.3%) reported that they provide ecotourism services (organization of hiking along green paths, visiting protected areas, observing wild birds and animals, etc.).

It is noteworthy that more than half of the respondents (53.1%) said they did not want to expand their business. Only 21.9% of the respondents have such a goal (Fig. 8).

Fig. 8. Would you like to expand your business: increase the area of the agro-estate or build a new one? (survey results)



The research data confirm that the market has entered a stage of maturity, the rate of creation of new agro-estates has slowed down and in the future will depend on the dynamics of demand for tourism products in the region. To support further market growth, it is necessary to expand demand by popularizing the tourism potential of Polesie, including abroad, to improve infrastructure and develop tourism products.

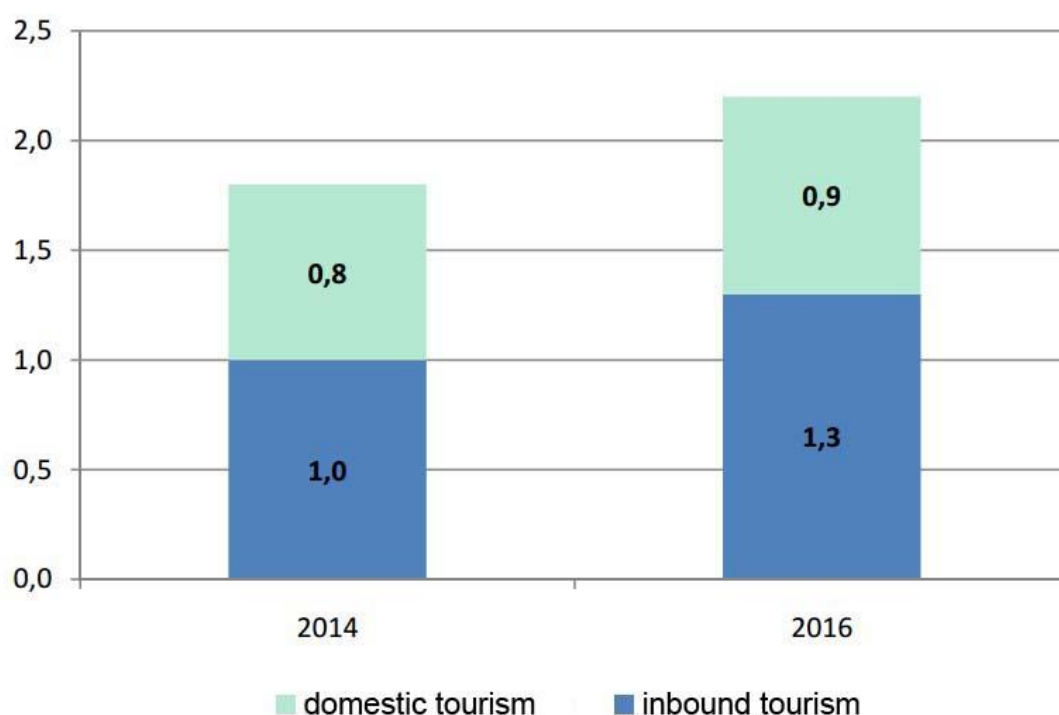
Agro-ecotourism entities are generally ready to work with foreign tourists and provide narrowly focused ecotourism services. Probably, the share of agro-estates involved in the provision of ecotourism services can increase if the region is targeted to popularize ecotourism and the demand for such services from tourists increases.

At the same time, the fact that the majority of the respondents do not want to expand their business may indicate not only the transition of the market to the saturation stage, but also the presence of hidden legislative difficulties in doing business, as well as restrictions on expanding business without losing preferential terms of business.

III TOURISM ECONOMICS

The contribution of tourism to the Belarusian economy remains relatively insignificant, but the sector's growth rate is significantly ahead of the GDP growth rate. According to Belstat, from 2014 to 2016 the share of tourism in GDP increased from 1.8% to 2.2% (Fig. 9). Such dynamics characterizes the industry as one of the drivers of economic growth, indirectly testifies to the undiscovered potential and corresponds to the global trend of the formation of a post-industrial economy, in the structure of which the share of services is increasing.

Fig. 9. Direct contribution of tourism to the country's economy



Inbound tourism is becoming a key growth driver, which is undoubtedly a positive sign and testifies to the gradual development of export potential.

The World Tourism Organization predicts that by 2030 there will be a change in tourism priorities, with the result that more than half of all tourist visits will be in emerging economies. Belarus occupies an advantageous geographical position at the junction of the EU and Eurasia. This circumstance suggests that by supporting the development of tourism, the country can attract significant flows of tourists and receive a significant amount of foreign exchange earnings.

In tourism, value added is formed mainly at the stage of providing transport services, purchasing consumer goods and food, accommodation services, and catering services (Fig. 10). The role of catering services, sports and recreational facilities, as well as transport is especially important for foreign tourists, which in these segments provide more than half of tourist consumption (Fig. 11).

Thus, the decisive role in achieving economic effect is played by the availability of infrastructure: roads and transport, accommodation facilities (hotels, guest houses, estates), facilities of catering, sport and recreation.

Fig. 10. The structure of gross value added in tourism, created by certain types of economic activity, % of the total (Belstat data)

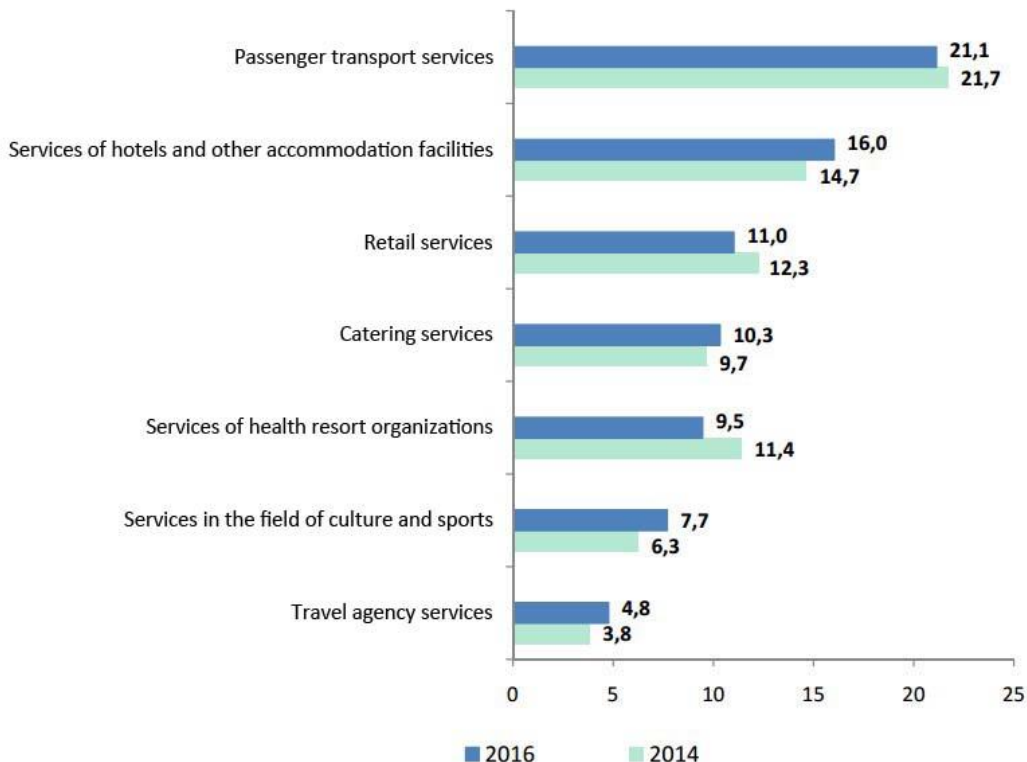
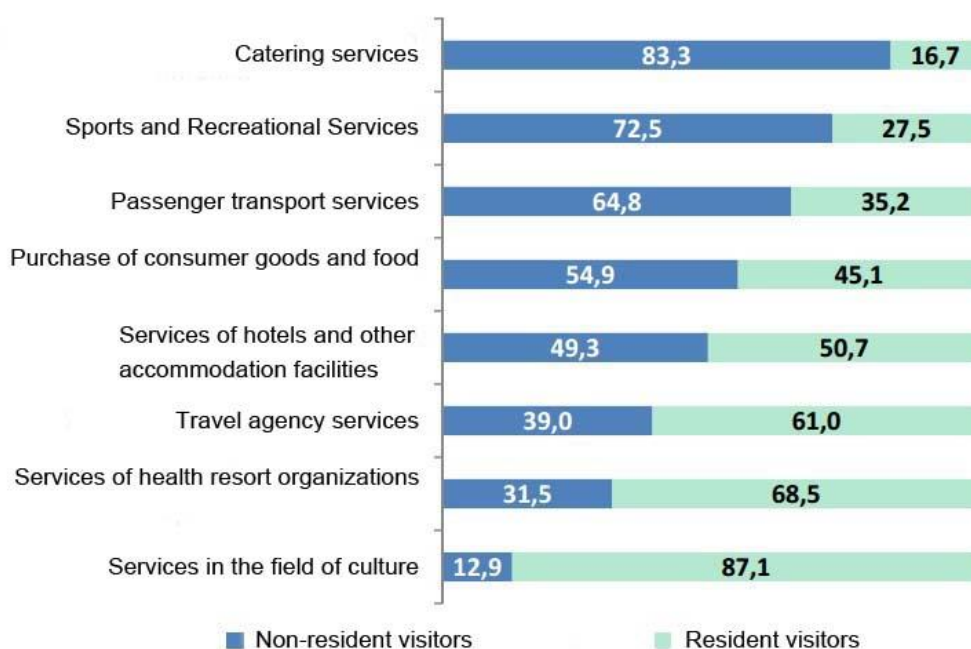


Fig. 11. Structure of tourist consumption by categories of visitors in 2016, % of the total (Belstat data)



The creation of highly productive jobs is fundamentally important for the economy, which contributes to the acceleration of GDP growth and an increase in the well-being of citizens. Now the added value per one employee in tourism is slightly lower than in a number of key industries (Table 3). However, when assessing the socio-economic potential of tourism, several factors must be taken into account at once:

1. with the development of the tourism sector, an increase in the flow of tourists and the development of products, the added value per employee will grow;
2. many people employed in the tourism sector form here not the main, but an additional income to that which they receive at the main place of work, which contributes to the general growth of the population's income;
3. In recent years, there has been a decrease in the number of people employed in the economy in Belarus. The development of tourism will contribute to the creation of new jobs and the absorption of labor resources released in other industries.

Tab. 3. Average indicator of value added per employee in 2019, (Belstat data, own calculations)

Sectors	Number of employed people	Added value, BYN mln	Added value per employee, BYN.
Industry	1,021,903	29,057.8	28,435
Construction	268,466	7,378.7	27,485
Transport and logistics	294,447	7,830.1	26,592
Wholesale and retail trade	632,195	12,339.1	19,519
Tourism	242,800	2,117.7	8,722
inbound tourism	x	1,234.3	x
domestic tourism	x	854.5	x
Agro-ecotourism	8,280	25.5	3,080

Note: in the sections "Tourism" and "Domestic tourism" Belstat data for 2016 are given. The construction of the Tourism Satellite Account of the Republic of Belarus is carried out by the National Statistical Committee once every two years. Data for 2018 will be available in December 2020.

Belstat does not highlight the gross value added and the number of people employed in the agro-ecotourism sector. In our own assessment of the indicators, we proceeded from the fact that value added in this sector is close to 100% of revenue, and one agro-ecotourism entity creates three jobs.

We believe that in the agro-ecotourism sector, which is mainly represented by self-employed, value added is almost entirely distributed in the form of personal income of those involved in the provision of services. Thus, based on the estimated value added per employee, we conclude that an **additional average monthly income of those employed in agro-ecotourism is formed in the amount of approximately 250 BYN, or about 100 EUR** at the average rate of the National Bank for 2019.

In addition, since the agro-ecotourism entities from among individuals do not submit state statistical reports, and the data on the proceeds of agro-estates determined by the tax authorities are approximate, we believe that the real incomes of agro-ecotourism entities are higher than those reflected in the official statistics. Consequently, at the end of 2019,

the average monthly income of those employed in the sector could be significantly higher than 250 BYN (≈ 100 EUR). That is, we assume that the sector makes a higher contribution to the growth of citizens' well-being than the official statistics show.

Tourism, in particular agro-ecotourism, requires significantly lower specific investments per unit of value added than projects in industry, construction, transport and other material-intensive sectors. The creation of new jobs in tourism is also much cheaper.

Tab. 4. Comparison of indicators of some investment projects and calculated indicators of agro-ecotourism (Resolution of the Council of Ministers No. 689, own calculations)

Companies	Projects	The cost of creating one job, thousand BYN	Investments required for generation 1 thousand BYN value added per year, thousand BYN
Vitebsk bacon	Construction of a reproducer for 500 sows	1,343	6.1
Vitebsk broiler poultry farm	Строительство цеха № 2 племенного молодняка	1,371	59.6
Belkali	Industrial development of the Petrykaw potash fertilizer deposit	1,883	7.8
Belkali-Migao	Construction of a plant for the production of potassium nitrate	1,253	6.7
Krasnyj pishchevik-Slavgorod	Production of new types of confectionery	260	2.1
Agro-ecotourism	x	10	3.2

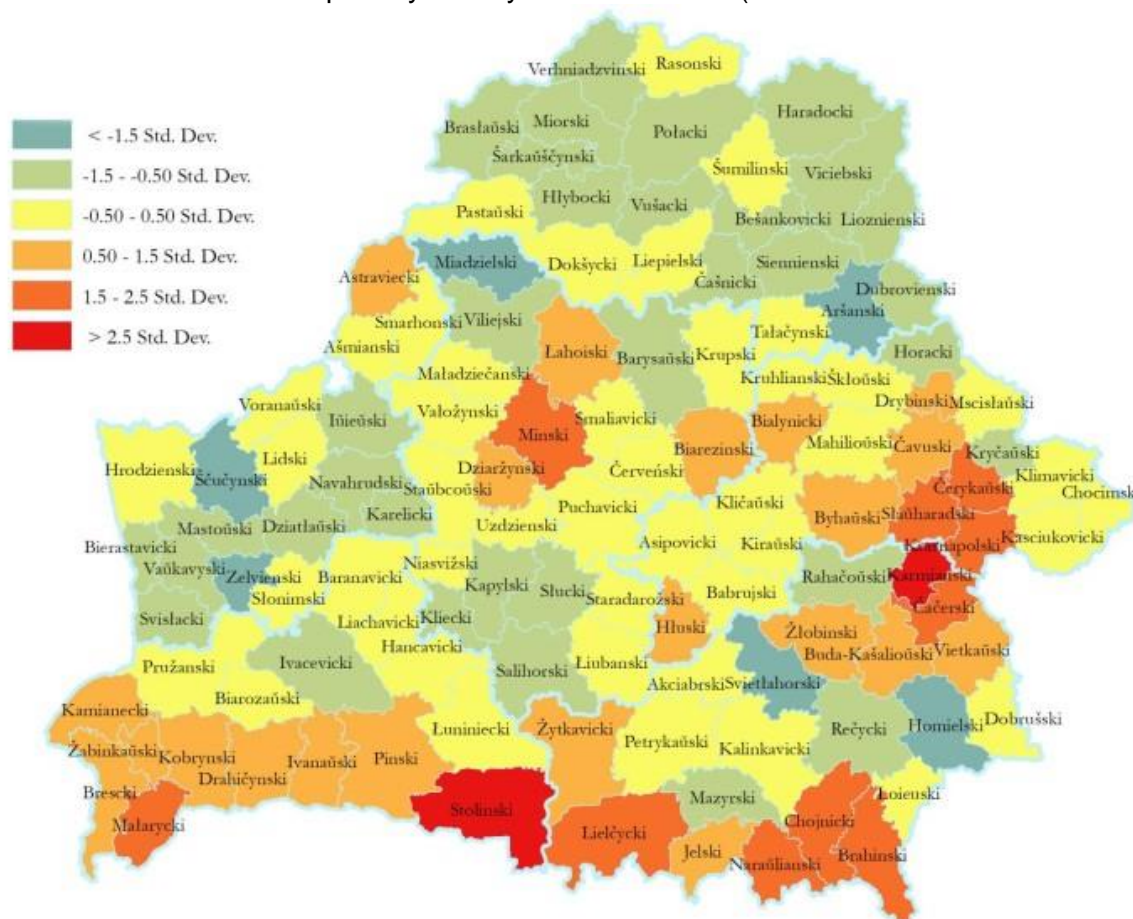
How much in modern conditions it costs to create one job and what is the efficiency of investments can be judged from the data presented in the Development plan for some regions lagging behind in terms of socio-economic development¹⁷.

Comparison of indicators for some projects with our calculations showed that job creation in the agro-ecotourism sector is much cheaper than in industry and the agro-industrial complex. Significantly less funds are required for the subsequent generation of a unit of value added (Tab. 4).

In other words, the same amount of investment in the tourism sector can create significantly more jobs and lead to a more significant increase in value added (GDP growth) than in industry and the agro-industrial complex.

¹⁷ Resolution of the Council of Ministers dated October 09, 2019 No. 689 "On approval of the development plan for certain regions lagging behind in terms of socio-economic development."

Fig. 12. Assessment of the poverty risk by district in 2018 (data of the IPM Research Center)



Intensification of tourism can be a relatively cheap way to accelerate economic growth in Polesie, where the government estimates six regions lagging behind in socio-economic development. In Brest Polesie, such areas include Hantsavichy, Drahichyn, Malaryta regions, in Homel Polesie are Petrykaw, Lelchytsy, Narowlya regions.

It should also be noted that Polesie is a region with a high risk of poverty (Fig. 12). This feature is mainly due to two factors:

1. the level of employment of the adult population is below the national average. The problem concerns most of the districts of Brest Polesie (especially Pinsk and Hantsavichy districts), as well as Zhytkavichy, Lelchytsy, Mazyr, Kalinkavichy, Narowlya and Khoyniki districts of Homel Polesie.
2. the proportion of children in the population structure and the birth rate are high¹⁸.

Polesie is in dire need of creating new jobs. Otherwise, the growing up of children, who now constitute a significant proportion of the population, and their entry into working age in the future may lead to an increase in actual poverty, exacerbate the problem of unemployment and accelerate migration processes.

The development of tourism in Polesie can be one of the vectors of economic policy designed to improve the socio-economic situation and increase the well-being of citizens.

¹⁸ Бедность и социально уязвимые группы населения в Беларуси. Демографические и экономические факторы бедности. – IPM Research Center, 2019.

In our opinion, projects in the tourism sector can also be seen as an alternative to capital-intensive and environmentally risky projects such as plans to develop the E40 waterway, which runs along the Polesie rivers.

According to preliminary estimates, the development of the Belarusian section of the E40 waterway in accordance with IV class of navigation will require at least 1 billion EUR. If we take as a basis the estimated data on the cost of creating a job in agro-ecotourism, it can be assumed that the reorientation of such a volume of investment could theoretically provide employment for up to 300,000 people.

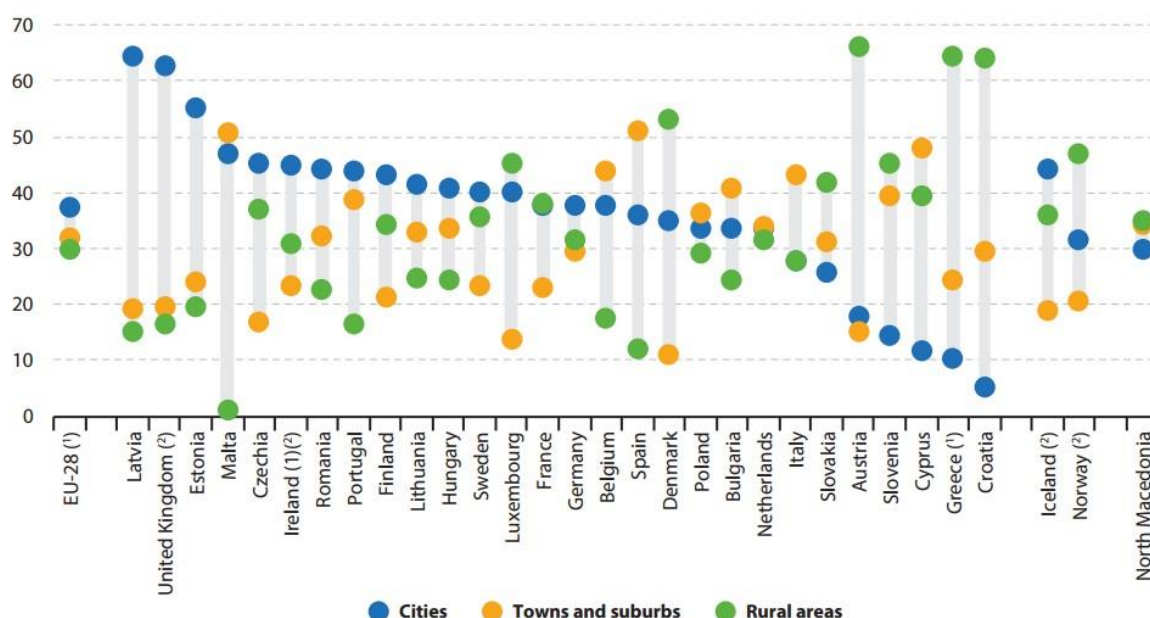
The current level of demand does not allow creating such a number of jobs in the agro-tourism sector in Polesie. However, the investment of 1 billion euros can no doubt be used if we consider the integrated development of tourism in the region, including the construction of sanatoriums, recreation centers, collective accommodation facilities, the arrangement of tourism and recreation infrastructure, the development of information products and their promotion. At the same time, the socio-economic return in the form of creating new jobs and accelerating economic growth can be significantly higher than from similar investments in transport or industry.

IV RURAL TOURISM AND ECOTOURISM IN THE EU

In 2017, in the EU countries, the total number of nights spent by tourists in accommodation facilities was fairly evenly distributed among large cities (37.7%), small towns and suburbs (32.2%), and rural areas (30.1%)¹⁹.

A significant part of the tourist flow in the EU regions is linked to the coastal zone. In 2017, coastal areas accounted for 45.7% of total nights spent at accommodations. However, regional tourism dominates not only in many coastal countries, but also in Austria and Slovakia, which, like Belarus, are landlocked. In the Czech Republic, the number of rural tourists is comparable to the flow of guests to the capital Prague, which is rich in historical and cultural heritage. The situation is similar in Poland, the climatic conditions of which are similar to those in Belarus (Fig. 13).

Fig. 13. Number of nights spent by tourists in accommodation places in 2017, % (Eurostat data)



In 2017, in the regions of the EU close to Belarus, the tourism density was estimated at about 200 overnight stays per sq. km. If this figure is extrapolated to the area of Belarus (207.6 thousand square kilometers), then **the target figure for the tourism industry of the republic could be 41.5 million overnight stays per year**. With the average number of overnight stays in hotels and similar accommodation facilities in Belarus (about two overnight stays in 2019), **the target flow of tourists can be designated within 20 million people per year**.

If we assume that in Belarus, as in neighboring EU countries, at least one third of the tourist flow will fall to the rural area, then **the target for the development of tourism in rural areas may be to serve up to 6 million tourists a year**. That is, the sector can focus on a five-fold increase in indicators relative to 2019, when 514.8 thousand tourists used the services of agro-ecotourism entities, 710 thousand people visited protected areas.

¹⁹ Eurostat regional yearbook 2019.

The European results of tourism activities based on the forest fund should be taken as benchmarks. In Poland, the national annual cost of forest recreation in 2005 was estimated at 5–8.5 billion EUR, or 570–970 EUR/hectare.²⁰

A simplified extrapolation of these indicators to the size of the forest fund in Belarus gives figures of 4.7–8.1 billion EUR per year. In our opinion, the achievement of such indicators in the republic in the foreseeable future is unrealistic. Nonetheless, the data show a huge potential for sector growth.

²⁰ Bartczak A., Lindhjem H., Navrud S., Zandersen M., Zylicz T. Valuing forest recreation on the national level in a transition economy: The case of Poland // Forest Policy and Economics, 2008.

CONCLUSIONS

There is an obvious expediency in accelerating the development of tourism as a sector of the national economy. From 2014 to 2016, its share in GDP increased from 1.8 to 2.2%. Such dynamics characterizes the industry as one of the growth drivers, indirectly testifies to the undiscovered potential and corresponds to the global trend in the formation of a post-industrial economy, in the structure of which the share of services is increasing.

The development of the industry in the EU testifies to the significant potential of tourism in Belarus in general and in Polesie in particular. Extrapolation of data from neighboring regions of Europe allows us to conclude that the target indicator for our country can be to serve up to 6 million tourists a year in rural areas. That is, there is a potential for the growth of the sector of agro-ecotourism and ecotourism several times.

The same amount of investment can create significantly more jobs in the tourism sector and lead to a more significant increase in value added (GDP growth) than similar investments in industry and agriculture.

Tourism should be considered as one of the instruments for sustainable development of the Polesie region, which, on the one hand, is unique for its natural potential, and on the other hand, it faces development difficulties. It should be taken into account that six regions of Polesie are recognized as lagging behind in socio-economic development. In addition, the region as a whole is characterized by increased risks of poverty.

Types of tourism based on the use of natural potential have different degrees of development in Belarus.

I. Agro-ecotourism. It is a steadily growing segment, which at the end of 2019 provided almost 10% of the revenue of the entire tourism industry. However, there are a number of imbalances in the sector:

1. 70% of the flow of tourists were citizens of the Russian Federation, while the share of the EU and other non-CIS countries in total was only about 20%;
2. Homel region, on whose territory a significant part of Polesye is located, noticeably lags behind other regions of Belarus in terms of the number of agro-ecotourism entities and the number of tourists served;
3. Homel region also significantly lags behind in work with foreign tourists, whose share here amounted to only 2.1%.

The agro-ecotourism service market is entering a state of maturity and is consolidating. Agro-ecotourism entities have reduced the demand for bank lending, but the need for expert and consulting support is growing. Further growth of the sector will directly depend on the demand for tourism services.

II. Ecotourism based on protected areas. The administrations of protected areas are developing new directions of ecotourism for Belarus, on the basis of which it is possible to form full-fledged tourist products: excursions to eco-trails and swamps, tracking the tracks of wild animals, diving training, rafting trips, observing wild animals, photo hunting, etc.

The country's national parks are much more focused on the provision of tourist services than wildlife reserves. The potential of the reserves remains undiscovered, including in Polesie.

The statistics of incomes of protected areas from tourist activities includes income from the organization of hunting, which does not allow to single out income from ecotourism and more or less accurately assess the development of this direction.

III. Ecotourism based on the forest fund. This sector of tourism is at an early stage of development, does not have a pronounced compliance with the TIES criteria and is often mixed with hunting and fishing services.

The volume of tourist services not related to hunting is relatively small: in 2017, for all forestry enterprises, it amounted to slightly more than 100,000 BYN, or 46,000 EUR at the average annual rate of the National Bank. At the same time, the extrapolation of european data on the cost of forest recreation allows us to conclude that for our country the indicators in this sector can be increased many times over.

The Ministry of Forestry does not collect generalized statistics on tourism activities in the subordinate forest fund, which complicates the analysis. At present, the forestry enterprises of Belarus act mainly as nominal ecotourism entities and do not show real interest in the development of this direction.

Nevertheless, the experience of some forestry enterprises indicates the possibility of sustainable generation of revenue from ecotourism in the forest fund. As an example, we can take the experience of the republican reserve "Naliboksky", whose revenue from the provision of ecotourism services has steadily grown. The experience of the reserve can be extended to the forest fund in other regions of Belarus, including Polesie.

Polesie is one of the richest in forest regions of the country. However, some experts believe that due to the boggy and inaccessibility of many territories, the recreational potential of local forests is reduced. In our opinion, the implementation of the tourism potential of the forest fund of Polesie depends to a greater extent on:

- creating an adequate tourism infrastructure that does not disrupt the ecosystem;
- popularization of Polesie as a region close to the natural state, including promotion of the region's tourism opportunities abroad;
- popularization of ecotourism and its directions close to extreme sports (rafting on rivers, excursions in swamps and hard-to-reach areas).

IV. Water tourism. This direction of tourism in Belarus, in particular in Polesie, is developing quite spontaneously, which does not allow us to speak of system capitalization. However, there are examples of an organized approach.

Since April 2017, the cruise ship "White Rus" has been operating in Pripyat. An analysis of the cruise schedule and prices allows us to conclude that the revenue potential from the operation of only one motor ship on the Polesie rivers during one season is about 0.5 million EUR. Taking into account the possible rapid construction of the fleet and the scaling of services, we believe that the target for organized water tourism in Polesie could be several million EUR per year.

The rivers Pripyat, Pina, Mukhavets, the Dnieper-Bug canal and the adjacent territories have an exceptionally high tourism potential, the correct use of which can become a noticeable driver for the development of the Polesie region, including promoting the formation of small and medium-sized businesses.

A legal framework for the tourism sector has been formed in Belarus. The goal is to become one of the top 50 countries in terms of tourism development. Foreign citizens have the opportunity to visit the country for up to 30 days without a visa, which increases the potential of inbound tourism. Quite favorable conditions have been created for the development of agro-ecotourism, including the agro-estates have access to preferential loans.

However, the fact that the majority of the respondents do not want to expand their business may indicate not only the transition of the market to the saturation stage, but also the presence of hidden legislative difficulties in doing business, as well as restrictions on expanding without losing preferential terms of business.

The value added per person employed in tourism is slightly lower than in a number of key industries. However, taking into account other factors, the role of tourism in socio-economic development, including in the growth of citizens' incomes, is clearly great.

The same amount of investment in the tourism sector can create significantly more jobs and lead to a more significant increase in value added (GDP growth) than in industry and transport.

Intensification of tourism can be a relatively cheap way to accelerate the development of Polesie, where, according to the government, there are six regions lagging behind in socio-economic development and in general there are high risks of poverty.

Projects in the tourism sector can be seen as an alternative to capital-intensive and environmentally risky projects such as reconstruction of the E40 waterway that runs along the Polesie rivers.

If investments of 1 billion EUR (this is how much the arrangement of the Belarusian section of the E40 waterway for compliance with the IV class of navigation was previously estimated) is reoriented to the implementation of tourism projects in Polesie, then the socio-economic return in the form of creating new jobs and accelerating economic growth can be significantly increased.

RECOMMENDATIONS

The analysis allows us to give some initial recommendations for the development of agro-ecotourism in Polesie.

I. With the participation of interested tourism entities, republican and local authorities, as well as international donors, to develop a regional plan (program) for the development of agro-ecotourism with details by districts and objects. Including:

- draw up a register of agro-estates, forestry enterprises, protected areas (including local ones), promising objects of nature and historical and cultural heritage, on the basis of which complex services of agro-ecotourism can be implemented;
- promote the improvement of existing and development of new tourism products, including those in the implementation of which several tourism entities may be involved at once;
- contribute to the arrangement of recreational infrastructure (information centers, a system of signs, gazebos, huts, sheds, enclosures for keeping wild animals; tourist routes, observation and other thematic recreation areas, equipped fireplaces, marsh decks, etc.);
- contribute to the formation of a network of tourist accommodation facilities (hotels, guest houses, estates), catering facilities, sports and recreational services on the basis of tourism entities, in tourist zones and on tourist routes;
- provide educational and methodological support to tourism entities, promote professional development of workers providing tourism services;
- develop and implement an advertising and marketing strategy aimed at popularizing Polesie as a region with pristine nature, as well as selling tourist products in Belarus and abroad.

II. The Ministry of Natural Resources, the Ministry of Forestry, the Ministry of Sports and Tourism shall separate the statistical accounting of income from services for organizing hunting and fishing and income from ecotourism.

III. Promote the development of tourism clusters. Such structures, based on close cooperation, mutual interest and exchange of experience, will contribute to the growth of the tourism sector and improve the quality of services.

Cluster initiatives can use the methodological support provided within the framework of the Polish-Belarusian international technical assistance project "Implementation of the cluster system in Belarus". In particular, such support is provided on the clusterland.by portal.

The formation of clusters will contribute to the emergence of modern forms of cooperation in the tourism sector, including helping to involve small and medium-sized businesses (SMEs). We recommend that the Ministry of Forestry implement several pilot projects with the involvement of SMEs to provide ecotourism services on the basis of the forest fund with the payments per item or royalties to the forestry enterprises. If a positive result is achieved, this approach can be scaled across the country.

IV. The Ministry of Taxes to study the possibility of enlarging the ecotourism entities from among individuals (by the number of land plots and buildings) without losing simplified business environment and preferential tax regime.

V. International donors to allocate grant funds for:

- conducting a large-scale study in terms of the non-depleting use of the tourism potential of Polesie and substantiating a program for financing ecotourism entities in the region;
- arrangement of tourist infrastructure;
- training and professional development of persons involved in the provision of ecotourism services;
- organization of pilot projects in the field of ecotourism.

VI. The European Bank for Reconstruction and Development to provide loans to Belarusian banks to finance commercial projects in the agro-ecotourism sector in Belarus.

To study the possibility of providing loans for the development of water tourism, including for the expansion of the fleet of cruise ships of the state company "Dnepro-Bug Waterway". This company is one of the key beneficiaries of the reconstruction of the Belarusian section of the E40 waterway. The development of water tourism services on its basis will neutralize the conflict of interests around the dubious E40 project.

VII. Government agencies to support the preparation of an application for granting the Polesie the status of a UNESCO World Heritage Site. The implementation of this project will provide additional protection for the region as an integral natural complex, will have positive image consequences, and will strengthen the tourism potential.