Rural Tourism in Latvia: Rauna Tourism Association

Case Study Analysis for WP3

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1. Introduction and problem statement

Since the beginning of 1990s, together with the transformations in the country in general, Latvian countryside has experienced decollectivisation, privatisation, reestablishment of free market economy and at the end the EU accession related novelties. Those transformations have economic and political, as well as social consequences on rural communities and individuals. Still accompanied by the past experience of the soviet period and rooted in the local historical cultural patterns, they form the framework for socio-economic activities of rural people.

There is awareness among rural stakeholders about the many negative economic and socio-cultural trends (depopulation, unemployment, social exclusion, etc.) that hamper rural development, reduce the attraction of rural livelihoods and might drive even to further decline of rural resources. In response to them, recently there are developed policy programmes and there are forming initiatives at local level aimed to overpass rural backwardness and to stimulate innovative activities that in turn would lead to broader institutional change at local informal level. Often those institutional changes depend on integration of different institutional levels, on coordination of institutions and agents from various sectors and on cooperation among them. The case study turns to the exploration of institutional change from the point of view of the development of cooperation at local level.

The capacity to act and to reach the settled goals in the changing new environment depends a lot on individuals’ or communities’ ability to mobilise, to use and to develop resources: material and social ones. Social capital – as application of trust, norms and social links (Putnam, 1995) – is one amongst pillars of action and, as follows, of the whole governance structure of rural reality. Cooperation, as an expression of sufficient social capital, within rural communities and between local agents and other rural development institutions becomes an important precondition for the successful implementation of development initiatives.

On the base of rural tourism initiative – Rauna Tourism Association – which serves as an example of cooperative action, we tend to demonstrate the formation of cooperation as an instrument for rural development leading further to broader institutional changes in rural areas. In order to understand the process, such dimensions of cooperation as trust, communication,
learning, governance, role of formal and informal as well as market institutions will be explored.

1.1. Tourism: new rural development perspective

Since a couple of years there can be observed new development trends in Latvian countryside, which fit in the broader framework of integrated rural development. Diversification of rural economy through small business development in processing and service sectors, strengthening of primary agricultural production and development of non-traditional and multifunctional farming, increasing activity of civil society are the basic expressions of this trend.

Those new realities are incorporated in new rural policy discourse, which is reoriented from agriculture-based rural development towards more balanced regional development, support to disadvantaged territories, environmental protection, landscape management, infrastructure improvement, attraction of investments, participation of residents in governing process. Such rural and agricultural policy documents as “Latvia Rural Development Programme”, “Agricultural Development Conception”, and “Agricultural Development Programme” include several policy objectives, which presume measures of sustainable and integrated rural development: increase competitiveness and export potential of Latvian agriculture and to facilitate sustainable agricultural and forestry activities; support development of non-agricultural business; preserve rural environment, landscape and population; facilitate agricultural development by using Latvia’s natural and socio-economic potential; facilitate multifunctional agriculture, thus increasing employment possibilities in rural areas; introduce administrative mechanisms to implement structural transformations in agricultural and rural development.

Rural tourism is acknowledged as one of the activities to be supported to ensure rural development. In various policy documents there is recognised its multifunctional aspects and potential in valorising and improving various dimensions of rural life: rural tourism as one of non-agricultural activities ensures the availability of the cultural and historical heritage and landscape qualities featuring the rural environment of Latvia to everyone (Rural Tourism Development Programme); ensures the good quality and environmentally adequate economic infrastructure for the needs of mobility, communications and economic activity of the population
(National Investment Programme); improves, enhances and diversifies professional skills of the rural population (National Employment Plan and the Strategy for Investments into Welfare Sector for the Years 2003-2007 and the Student Loan Concept); creates and supports groups / organisations of economic cooperation promoting and supporting the economic development of rural areas, involving socially excluded groups of population into business activity thus reducing the poverty (Commercial Law of the Republic of Latvia, Cooperative Societies Law, Agriculture and Rural Development Law, the Strategy for Investments into Welfare Sector for the Years 2003-2007).

With a view to encourage agricultural holdings to restructure actively their operations, to establish additional and stable sources of income and to encourage the local initiative and the training both national and the EU co-financed support programmes are being implemented in the country. Several important activities recently carried out to promote specifically tourism development should be mentioned:

- development and implementation of the national eco-label "Green Certificate" for rural tourism accommodations within the EC LIFE environment program co-financed project (2001-2004); currently 50 accommodations are eco-labelled in Latvia;
- project "New approach to training for quality in European rural tourism" (2002-2004) carried out with the support of the EU Leonardo da Vinci program invites to arrive at common understanding of rural tourism quality in Europe based on similarities (common criteria) in European rural tourism quality schemes and finding out expectations of international customers;

In the meantime tourism activities are becoming more present also in rural reality characterising the shift towards multifunctionality in both countryside and agriculture. Together with forestry, wood processing, aquaculture and processing of agricultural products, rural tourism is one of the major non-agricultural activities at agricultural holdings (see Table 1 in Annex C). It is an
expression of the awareness that the increase of farms’ incomes might be reached not only by the modernisation of production processes or reorientation to alternative agricultural sectors, but also by the development of services not related to agriculture at agricultural holdings. It is particularly important in the case of semi-subsistence farms, the number of which in Latvia has, by now, reached nearly 34 thousands.

However, altogether the socio-economic activity of rural population in searching for and implementing new development initiatives is rather limited. The number of active companies and the number of population employed therewith indicate that the entrepreneurial activity in the countryside in Latvia is generally low. The number of active companies (excluding farmers and household plots) does not exceed five in almost one-half of the Latvian municipalities. Moreover, there are 12 municipalities in Latvia, where there are no active companies. Entrepreneurship mostly develops in such directions as trade, transport services, agricultural service, processing and wood processing. In some places, the companies of providing services develop, but the low purchasing power of the rural population is an important obstacle to the development.

As the key problems for starting up and developing rural tourism business in the countryside there are acknowledged as follows:
lack of experience and skills for starting up a business as well as insufficient knowledge about product sales markets, which thus entail great difficulties in elaborating business plans and development prospects;
insufficiency of the accumulated capital, limited availability of loans, lack of business start-up capital;
lack of entrepreneurial capacity, e.g., insecurity, lack of ideas, non-willingness to take risk;
underdeveloped technical infrastructure (roads, telecommunications, Internet access, etc.);
poor social infrastructure (lack of support organisations, professional cooperation, etc.)
insufficient and/or not adapted to the specific needs and social capacities of local communities state support.

Due to low incomes in agricultural sector and limited possibilities to start other business activity, the current level of rural population decreases year by year, for economically active residents are moving to towns, where there are wider employment opportunities, better living conditions as
well as a better environment for commencing business activities. The failure to halt this trend would jeopardise the socio-economic viability and landscape qualities of rural areas. Development of rural tourism would stimulate agricultural holdings not only to meet the environmental standards and to maintain fostered biologically diverse environmental quality, but also provide preconditions for utilisation thereof for the development of non-agricultural activities, especially in the sector of services. Having regard to the current trends in the central part of the country – within 50 km range around Riga, especially in the change of attitudes among urban population, it may be anticipated that an attractive rural environment, providing for a good-quality infrastructure satisfying the needs of daily mobility and sustainable economic activity will certainly promote a gradual “returning” of population to that environment for permanent or seasonal residence, as well as render it aesthetically attractive both to the residents of the country and foreign tourists for recreational purposes.

Altogether tourism is perceived as an activity that would improve economic situation of rural areas, contribute to social capital, animate socio-cultural life and environmental management. As such it is related to various sectors of society and presumably requires collaboration between various rural development stakeholders.

2. Objectives of the case study and case study hypotheses

The general objective of the case is to study the role of cooperative action in rural development. Or transmitted in empirical terms: to investigate the role of Rauna Tourism Association as cooperative action in development of rural tourism in Cesis district and particularly in Rauna municipality.

There are various aspects relevant to the development of co-operative action, based on which the main research hypothesis are defined:

Trust, reciprocity and reputation. New initiatives are subjugated to various risks that appear at various phases of innovative projects: implementation, performance, viability, outcomes etc. Often those risks are associated with the uncertainty about the behaviours of other agents. The research questions: what is the general level of trust in the community and specifically among the group members? If and how does it affect the cooperation?
Hypothesis – Mutual trust, based on previous experience, knowledge and mental attitude, reduces the risks and encourages interactions among the agents.

**Communication and learning on the cooperation process.** Communication serves to reach internal cohesion within an initiative (mutually sharing mental models) as well as to attract new resources and to stabilise it in a broader institutional environment. It is followed by a constant learning process and accumulation of knowledge, building trust and reciprocity.

The research question: How do communication structure and strategies shape the development of cooperative action?

Hypothesis – transparent and horizontal communication facilitates cooperation.

**Transaction costs** and the choice and changes in governance structures on cooperation.

Introduction of cooperative action is related to various costs that influence the agents decision to participate.

Research question: how do transaction costs affect the choice of the particular governance structure?

Hypothesis: Higher transaction costs have a negative impact on participation in collective initiative. Collective action saves transaction costs as compared to the sum of the costs if each member worked separately.

**The State (formal institutions) and its affect on cooperation.** The institutional environment where the initiative emerges forms another framework that can have influence on it by setting rules, creating opportunities and supportive measures or in opposite putting barriers.

The research question: what is the role of the State in enhancing or hampering new rural development initiatives? Do initiative members benefit from the rural development programs?

Hypothesis: Institutional innovation depends on public support.

**Communities, social networks and informal institutions amongst agents.** Sufficient social infrastructure and intensive social networking in communities form favourable conditions for the spread of new collective initiatives.

The research questions: How do socio-cultural setting and traditions of the community influence cooperation? How does the particular cooperative action contribute to local social capital?
Hypothesis – Intensive social networking within community has positive impact on cooperation.

The market and competition to cooperation. In economic terms, start-up of cooperation is a way to increase the competitiveness of the involved agents, region, community, etc.

The research question: what is the importance of the market in the initiating of a cooperative action? Has co-operation improved the economic performance of individual members?

Hypothesis - Co-operative action stimulates economic growth of individual agents and contributes to their individual and collective competitiveness. Economic considerations and expected economic benefits from the collective action stimulate agents to join.

3. Unit of analysis - presentation of the Region/Community

To analyse the development of cooperative action for rural development, as a case unit we have chosen Rauna Tourism Association (RTA). It is a local tourism initiative that unites farms and other organisations engaged in rural tourism in a small rural community Rauna. Established on 2004, it is a newly started collective action to promote tourism and rural development in Rauna municipality.

Nevertheless, the Rauna Tourism Association should be analysed in a broader context. The start-up of the association is much related to general socio-economic situation, historical and cultural background and tourism development in the district, the latter of which recently is becoming very animated. Rauna municipality’s social and economic life, including tourism activities, is much embedded in the general framework of Cesis district. Therefore in this section we will present both the whole Cesis district and Rauna community, stressing their characteristics relevant to tourism development, and will introduce with the agents involved in tourism development in Cesis district and more particularly those ones related to Rauna tourism initiative.

3.1. General description of Cesis district and Rauna municipality

Rauna municipality is located in Cesis district, which lies in the central part of Latvia, to the North-East from the capital Riga. It is geographically well placed – the distances to the nearest bigger towns and development centres are not far: Cesis town – 23 km, Valmiera – 27 km,
Smiltene – 20 km and Riga – 105 km. The district’s total area is 3062 km² (it is the 3rd largest district in the country taking up 4,8% from the whole territory) of which 152,4 km² belong to Rauna municipality.

In total, in Cesis district there are 2 towns and 24 municipalities. In 2003 there were 59599 habitants in the district, around 18 000 of them residing in Cesis, 3311 in Rauna municipality. The population is decreasing in the district (because both of negative population growth and migration) and as such it fits in the general depopulation trend in the country. (Therefore the animation of rural social and economic life is crucial to keep the municipality populated and to not loose more human capital.) Half of Rauna municipality population is residing in the village, the rest – at farmsteads. The population density in Rauna municipality reaches 22 persons per km² that is average in Latvia. (See data in Annex C.)

Latvia is a multi-ethnic country and the ethnic variety has different implications on social, cultural, economic and political processes (it is a source both of cultural richness as well as possible conflicts). Diversity of ethnic cultures and traditions can be well incorporated in tourism development strategies. Comparatively, Cesis district and Rauna municipality are ethnically homogenous: a big majority - 85,2% of habitants are Latvians, Russians comprise 9,6%.

Most of Cesis district territory - 1610,7 km² or 52,6% - is covered by forests. In Rauna
municipality this proportion is a bit less: 6887 ha or 45,20%. Forests are important natural resource in the district and form the base of various economic activities, tourism among them. Regarding other natural resources, similarly as in the country in general, Cesis district is not rich of any minerals and energy resources that could form a base for the development of some industry. Still there are some fields of clay, quartz sand and glass.

The district is rather rural. Most of the residents live in countryside. 1047,1 km² or 34,2% of the territory is agricultural land (7117 ha or 46,71% in Rauna). However, because of erosion processes, hilly relief and complicated technological obstacles the soil’s fertility has decreased. Despite to the decreasing tendencies in agricultural production volumes, in its contribution to GDP and to the provision of employment, agriculture is still an important economic sector in the district. Similarly as in the whole North-East part of the country, it constitutes a bit less than 8% of gross value added. The basic specialisation of farms is dairy farming. Recently there are developing non-traditional agriculture forms, like organic farming, deer-breeding, herbs growing, etc. As well as farmers start up additional economic activities and tourism is among them.

All together Cesis district is among the most economically active regions in the country regarding the number of economically active enterprises, investments, industrial output. In 2002 there were registered 3947 enterprises in the district, 2522 of them were farms. The economy sectors, which recently have been successfully developing in the district, are forestry and wood processing, furniture production, brick and tile production, construction. In food production the biggest enterprises are two dairies (cooperative society Straupe, a branch of stock company Smiltenes piens Rauna dairy) meat processing (stock company Ruks), five bakeries and two well known in the country breweries (LLC Piebalgas alus and LLC Cēsu alus). In the biggest municipalities and on the crossroads of larger roads there are developing various services. In Rauna there are provided several services, which would be advantageous for further tourism development: shops, cafes, petrol stations, auto service, post office, lodging, ambulance.

Sufficient infrastructure is an important precondition for the maintenance and development of social and economic activities. Cesis district is covered by a good road infrastructure in terms of the density of the roads, even if the quality often is not decent. It is crossed also by railways.
From the economical point of view, those municipalities that are located closer to the district’s centre and to arterial trunk roads have more advantages. Unlike, the road quality in Rauna municipality is estimated as non-sufficient, often there is no asphalt paving. It is considered as an obstacle to maintain rural population and development.

Cesis district is rich in terms of historical and cultural resources and natural sites.
- The district’s capital Cesis is one of the oldest towns of Latvia. Firstly mentioned in the annals in 1206, over the centuries it has kept a strategically important place in the country’s history. It has been the capital of Livonia Order and a member of Hanseatic League. In the town there is well-preserved heritage from many centuries: Cesis castle ruins, old town, manor houses, traditions.
- Similarly a lot of historical and natural sites are situated all across the district: f.i., Araisi Lake Fortress - an ancient Latgallian residential site of the 9th century, based on the building remains and artefacts discovered in archaeological excavation, the first Baltic’s archaeological open-air museum; the only Latvian subterranean lakes in Vejini; one of Latvia’s most picturesque Devonian rock exposures Zvartas iezis; 19th century Dutch-type windmill in Araisi; several castles and manors; etc.
- There are 12 museums in the region that stores district’s historical materials.
- Piebalga municipality in Cesis district is the place of life and work of several important cultural persons. In the end of 19th it was one of the Latvian culture centers with active social and cultural life.
- The hilly relief of the district together with rivers constitutes an attractive landscape and place of various recreational activities.
- As it was mentioned above, a considerable area is covered by forests, where tourism routes, camping are established.
- The district is crossed by the river Gauja. As its valley holds rich fauna and flora, in the river’s territory there is established Gauja National Park that all together includes more than 1/5 of the district’s area. The park serves both as environment protection as well as a recreational area.
- There are several lakes and smaller rivers in the region that are used also for tourism and recreational activities – boating, swimming, fishing.
Thanks to many cultural and natural sites and objects the district is favourable for the
development of various tourism activities.

Rauna municipality fits well into the historical, cultural and natural sight of the district. It is rich of historical and cultural heritage. There are located several cultural, natural and historical sites in Rauna municipality that are attractive for tourists: Rauna Castle ruins, started to built in 1262, the Rauna Bridge which is the highest railroad bridge in the entire Baltic region, Raunas Staburags - the slope of dense fresh-water travertine, the Rauna Devil’s Cave – a 13,6m deep sandstone cave, bakery in Rozes village, parks of rectory and Baizkalni, etc. They are also the municipality’s natural, cultural, social resources, which have stimulated to develop the tourism association. Despite the beautiful landscape and the presence of several natural sites, there are also some problematic issues. Due to restructuration in agriculture, many agricultural lands have been abandoned and they damage the landscape. It suffers also from some other economic activities – like timber cutting.

Thus, both Cesis district and Rauna municipality posses considerable economic, cultural and natural resources to develop tourism.

3.2. Tourism sector in Cesis district

Those favourable preconditions of tourism development in the district are aware both by authorities - local municipalities and district’s government and local people – entrepreneurs, farmers, and communities. Tourism is considered as one of the promising local development paths. Also when looking at tourism sector development in the district, it is evident that its role has been gradually increasing during the last decade together with the decline in more traditional economy sectors, like agriculture and food processing. Tourism initiatives receive support from government. And it is perceived as a source of income and well-being among economic agents.
The available statistics on tourism in Cesis district (See Annex C) approve that it is a growing sector. Both the number of visitors has been increasing and also the number of various lodgings – hotels, guest houses, camping, etc. However, there have not been done economic calculations about the sectors contribution in the district’s budget, neither of separate economic units.

The research about tourism services in Cesis district carried out by the Vidzeme High school within EU PHARE project “Baltic visitors’ centres” includes the evaluation of tourism sector quality in the district by local residents and visitors. The research approves that Cesis region is an attractive place for visitors and, first of all, for local tourists: most of the Latvian tourists (90%) confirmed that they were visiting Cesis repeatedly and all of them have acknowledged that would return. The research marks also the preferred sites of visitors – Cesis town with its castle ruins and old town, natural sites of Gauja National Park, various recreational activities – biking, hiking, boating; as well as Rauna municipality is one of the most visited places. The research indicates several problems in tourism service sector in the district, which are relevant also for tourism development in Rauna – lack of information in foreign languages, lack of contemporary expositions, reconstruction of buildings and roads.

3.3. Actors involved with the tourism in Cesis district

There are several agents who are taking part and/or facilitates tourism activities in Cesis district and Rauna municipality. At districts and regional level there can be identified the following ones: Cesis Tourism Information Centre, Vidzeme History and Tourism Centre, Vidzeme Tourism Association, Vidzeme Bureau of State Agency for Tourism Development, Piebalga regional tourism information centre, Straupe Tourism Association, Visitors Centre of Gauja National Park, Zvarta Rock Visitors Centre. Also some national-level agents, like Latvian Country Tourism Association, Latvian Hotels and Restaurants Association are linked to Cesis district. As well as there is developing international collaboration and Cesis engages in international projects. Except for this presence of various tourism development agents in the district, till now Rauna Tourism Association has developed collaboration only with Cesis Tourism Information Centre.

3.3.1. Tourism and authorities

Cesis district’s development strategy developed by Cesis district council outlines tourism as one
of the district’s development priorities. Under the tourism development goal the strategy states that, thanks to the district’s natural and cultural richness, it is an attractive area for tourism activities. It marks the favourable natural and historical preconditions of the region - like Gauja National Park, Vecpiebalga Protected landscape area, lakes, district’s history – for tourism development. In the meantime the strategy identifies the shortages in tourism development - underdeveloped tourism services, need for personnel training and insufficient district’s tourism marketing activities.

Also several other development priorities stated in the district’s development strategy are relevant to tourism. For instance, preservation of environmental and natural resources for the next generations includes a statement that increasing number of tourism visit natural and historical protected sights that should be conserved; preservation of cultural and historical heritage that makes region attractive for living and economic activities; development of public transport and district’s infrastructure; development of public services – trade, auto service, hotels, catering etc, that is important precondition for tourism development; development of sport and recreational industry.

Cesis district council and Cesis city council have established Cesis Tourism Information Centre (TIC) that accumulates information about district’s tourism, plans and coordinates tourism activities, carries out various tourism marketing activities, cooperates with other tourism information centres and tourism entrepreneurs. (More in detail the TIC functions with respect to tourism development and collaboration with Rauna Tourism Association are elaborated in the next section.)

The district council makes efforts to attract newly available European funds to promote tourism. Among the recent tourism projects there can be mentioned a project developed within the Interreg/Phare program “Sustainable development – high quality tourism 2”. It is a continuation of a previous Interreg/IIC/Phare project “High quality tourism – Sustainable regional development in ecological territories in four Baltic Sea countries” carried out in 2000. Within the project there will be established regional and trans-national tourism information network, prepared thematical tourism routes, created structure for regional products’ marketing, trained
tourist guides, created new products in culture and nature tourism sectors. The total budget of the project is 200 000 EUR. 160 000 EUR of which is covered by Phare, 40 000 EUR invested by Cesis district council.

The acknowledgment of tourism by the district’s authorities finds reflection also in several public and professional engagements. Cesis town has supported a national conference on tourism development. It has become also a member of the Commission of Tourism, which has been established in 1996 to promote tourism in the Baltic Sea Region. The Commission focuses on education and development of sustainable tourism. Among its goals there is increase of the value and understanding about questions concerning tourism in the political system, building up a network of people working in the field of tourism, develop mutual activities in exchange, education, initiating EU – projects, informing the member cities about possibilities and other international networks dealing with the same kind of questions and cooperation with them.

The tourism potential is recognised in **Rauna municipality**. Recently developed municipality development plan envisages a future vision of the municipality. Among the other components of the general vision “Rauna municipality develops as the most beautiful part of Vidzeme region in conformity with the nature, economic needs and cultural and historical heritage ensuring to all its inhabitants favourable living conditions” there are several ones relevant to the tourism development: “Rauna is well known and hospitable community” and “Well preserved natural, historical and cultural heritage, which is the base for tourism development.”

Tourism is seen as one of the preconditions for the economic development of the municipality: it might raise the income, stimulate the development of entrepreneurship, increase the employment by creating new jobs. Besides it would attract means to sustain historical and cultural heritage and to preserve the natural sites and environment. The development plan states that there should be raised interest among people about the services and recreational possibilities offered by local entrepreneurs and farmers.

The defined main Rauna municipality development directions – infrastructure, entrepreneurship, culture and sport – include several activities and measures, which are related to tourism. For
instance, among the priorities in entrepreneurship development there is stated the promotion of qualitative tourism services: “All around the world there is attributed a great importance to tourism for its economic, welfare and recreational potential. Nowadays this growing sector concerns also Rauna, which is more and more often visited by domestic and foreign tourists. The number of the interested and tourists might be even more increased by setting up more qualitative tourism services – lodging (a hotel), tourism information centre, resting places.” The infrastructure development includes improvement of road coverage, within the cultural and sport strategy there is envisaged the preservation and maintenance of local historical and natural sites.

3.3.2. Tourism and private sector: local entrepreneurs

District’s potential in tourism sector has been utilized also by local entrepreneurs. Recently in the district there are developing various economic activities related to tourism – lodgings, catering, recreational activities etc. There are 87 lodgings in Cesis district (7 hotels, 8 guest houses, 1 motel, 5 hostels, 25 weekend houses, 15 countryhouses, 9 recreation centres, 3 campings, 13 tenting places and 1 village house). There are varied active tourism possibilities. Tourism routes, riding, hunting, fishing, various sport activities. In Cesis district there are located six skiing complexes that offer downhill ski runs and/or cross country skiing routes. Besides there are introduced several new activities like paintball, panorama flights and parachute jumps, hot-air balloon rides, carting.

In the countryside there is developing rural tourism. In many farms tourism has been developed as additional economic activity and there are offered various tourism services – catering, accommodation, riding, angling, tent sites, etc. In Rauna municipality there are several farms engaged in rural tourism activities. More in detail they are presented in the next chapter. As well as there is developing service sector important for tourism.

3.3.3. NGOs

There are several NGOs engaged in tourism and rural tourism, like Latvian Hotels and Restaurants Association, Latvian Youth Hostels Association, Latvian Association of Tourism
Information Organisations. One of the central agents in the development of rural tourism in Latvia in general is **Latvian Country Tourism Association** (LCTA), founded in 1993. LCTA is a non-governmental, non-profit organization associating 250 members (~3800 bed places) - owners of rural tourism accommodations and attractions in Latvia. The main aim of the Association is to promote and facilitate sustainable rural tourism development, which means creating new jobs, preserving rural landscape, encouraging responsible employment of local resources, creating market for farm produce, basic or additional farm income, local and state budget revenue.

Providers of rural tourism services - family farms are current and potential members of the Association. The main rural tourism products of the Association are: accommodations in the countryside and small towns of Latvia, Lithuania and Estonia; country homes (B&B), self-catering vacation cottages; guest houses and small hotels; campings; castle-hotels; active-, eco- and agri-tours through the Baltic States for groups and individuals (bicycling, boating, fishing, hiking, horse riding, agricultural study tours).

LCTA activities aimed at providers are the following:
- collection of information about the rural tourism accommodations in Latvia (also Lithuania and Estonia) and maintaining a common rural tourism accommodation database;
- development of quality criteria and grading of rural tourism establishments;
- on-site inspections and consultations for rural tourism entrepreneurs;
- assignation of the national eco-label "Green Certificate";
- training and consulting rural tourism providers in Latvia in entrepreneurship, product development and promotion and quality improvement.

Clients of rural tourism services are tourists from Latvia and abroad (accordingly about 2/3 and 1/3). There are 34 members of LCTA in Cesis district, one in Rauna municipality (a member of RTA).

### 3.3.3.4. Rauna Tourism Association

As it was stated above, RTA is a new collective initiative, formed to promote tourism
development. In the base of the association there has been the idea to co-operate in information exchange and in rendering rural tourism services as well as to carry out collective marketing activities and to provide information about tourism possibilities in Rauna. Initiated by a farmer engaged in rural tourism business, the association was found by local entrepreneurs and farmers who intended to start up or who already have launched their tourism business. For now there are seven active members in the association – the Evangelistic Lutheran Church, farms and a cafe-recreational centre. The support of the local government has been important at the start-up of the initiative – it has provided financial means for the association’s administration and office. Later RTA has developed a good cooperation with Cesis Tourism Information Centre, especially regarding information exchange and publicity, and with also Vidzeme Region Development Agency. These agents form the core network of the initiative. Still the association is small scale: it is operating at local level and there are still few agents engaged.

4. Methodology and analytical framework

Formation of collective action is a complex process that involves various individual and structural elements. Converging various cooperation study models (from Murray, 2005), it can be stated that cooperative action is emerging on the base of reciprocity, shared norms and values, which are channelled by communication processes in mutually beneficial collective action. Trust reputation and reciprocity, influenced by the historical norms, community structure and interactions and shared mental models (all of which are elements of community social capital) are the base of cooperation.
Focusing on community level, this approach offers a tool to study cooperation at micro-level: how it is reached (or not) through interactions between local agents. Although macro processes shape the actions of individual agents, it is at the local level where their various impacts can be observed and where they find expressions in concrete cooperative behaviours. This model incorporates not only individual strategies, but sooner takes into account the community networks and local social framework that influence the participation of individual agents in collective problem solving.

To analyse the cooperative action there was used the case study approach within which there was included a set of supplementary research methods. The basic method applied to obtain the information was interviews with the stakeholders. They were semi-structured interviews based on the questions on the six major research themes – trust, communication and learning, governance, role of formal and informal as well as market institutions – elaborated in the general questionnaire of IDARI WP3, which was revised and adopted to the local situation (See Annex A). The choice of semi-structured interviews as the basic method was determined by the amplitude of the case study subject – the community under the study, and the specific research interest. Rauna Tourism Association is a small-scope and micro-scale initiative and quantitative
methods, like a survey, with some numeric results would not be applicable. As well as the very research interest was more focused on the understanding of the process of the development of collective cooperative action and on the meanings that the stakeholders attribute to its dimensions than to summarise its attributes. Qualitative methods are better suited in such cases. However, there were included also some quantitative measures – questions of scales – to obtain quantifiable estimations of some cooperation dimensions.

Besides, interviewing in the setting (most of the interviews were conducted in the place where tourism services were offered: farms, the church, café) provided an opportunity to do field observations and therefore to get better understanding and confirmation of the real situation in tourism sector in Rauna.

Before the interviews there was done also a desk study, which included the revision of relevant policy documents, statistics, literature and on-line information.

To organise the fieldwork and to identify the interviewees there were contacted the bureaus of Cesis Tourism Information Centre and Rauna Tourism Association. Rauna Tourism Association provided a list of its members and their contacts. As the association is small, each member was addressed and invited to the interview. (Two of them refused to take part.) Besides the association members there were interviewed their collaboration partners and relevant agents in tourism development in the district. In total the interviewees represented agents from various sectors involved in tourism development in Cesis district and Rauna municipality: Rauna tourism association and farms and entrepreneurs involved in tourism business, local municipality representatives, tourism agents at district level and the church that also takes part in tourism initiative. (See Annex B.)

The fieldwork was carried out in June, 2005. All the interviews were conducted by experienced researchers and recorded.
5. Visual presentation of the actors

Several agents who influence the community actions for tourism development in Rauna have been introduced already in the previous chapter. In this part there will be described more in detail their attributes and characteristics as well as their role in cooperation.

Cesis Tourism Information Centre (TIC) is Cesis district council’s agency founded in 1998 on the basis of agreement between Cesis district council and Cesis city council. It is the central institution, which plans and coordinates tourism development in the district. The centre carries out various functions:

- **Tourism marketing** is among its basic tasks. The centre has published informative materials (brochures, maps, guides, CDs) about the tourism activities in the district. It has developed a good cooperation with media – regularly there are prepared press releases, interviews, news. TIC maintains a homepage about tourism in Cesis district, puts publicity in tourism catalogues and portals, takes part in national and international expositions and fairs, organises actions to attract tourists, works on portal www.latviatourism.lv on Unified System of Tourism Information Centres.

- **Rendering services** to clients who address the centre: giving information about tourism opportunities, cultural events, lodgings, etc. in Cesis district.

- **Planning**, coordinating and popularising seasonal cultural, recreational and sport events. It develops its own strategic plan, as well as the tourism development plan for the whole district. It organises the work of Cesis Tourism Council ad participates in Vidzeme Tourism Association seminars, workshops, discussions and similar events.

One of the basic centre’s task is cooperation with other tourism organisations – Department of Tourism at the Ministry of Economy, State Tourism Development Agency, Latvian Hotels and Restaurants Association, Latvian Country Tourism Association, tourism information centres in other districts and municipalities, tourism specialists, Latvian tourism bureaus abroad, etc. They exchange information relative for tourism development, develop and carry out common projects. There is developed also international collaboration – within PHARE projects “Baltic visitors’ centres” and “High Quality Tourism” the centre is working together with Swedish, German, Norwegian and Polish partners; there are developed common marketing projects with Estonia,
Lithuania, other Scandinavian and Baltic Sea countries.

Updating and maintenance of database about tourism objects in Cesis district, that includes monitoring those tourism objects. Collection and analysis of statistical data about tourism development in the district (number of tourists, natural, historical and cultural sites, lodgings and other tourism infrastructure objects.)

TIC performs also an educational function: it organises training seminars, informing and consulting local entrepreneurs about tourism. In cooperation with Vidzeme Tourism Association, adults’ education centre and agricultural advisory bureau there have been organised training seminars for local tourism entrepreneurs. As well as the employees of the TIC themselves are participating in seminars, training modules and conferences about tourism.

In Rauna municipality the key agents related to tourism development are local government, Rauna Evangelic Lutheran church and several farms, which offer various rural tourism services.

Rauna municipality represents the governance at local level. As it was stated above, tourism potential is well recognised by the officials of local government: it is included in the local development plan. Nevertheless the many functions of local government and limited financial means in the situation of severe socio-economic problems eliminate tourism from the main priorities of the municipality’s work. However, Rauna municipality is supportive and responsive to tourism development initiatives even if it is not proactive. It has funded the formation and operation of tourism information centre during the first year; it responds to the propositions of RTA regarding tourism development activities in Rauna. Rauna municipality is taking part also in several interregional projects related to tourism development: it is a partner in project “Tourism development in Hanseatic region” and European velo tourism project and takes part in planning of rural territories of regional importance Vidzeme Belt.

Rauna Evangelic Lutheran Church is a historical monument, built in 1262. Because of its cultural values, it is opened to tourist visits. However, as local authorities recognise, to make it more attractive to tourists as well as to preserve its artistic and historical values, there is needed
reconstruction. As the church is receiving tourists it seemed natural for them to join the RTA.

Farm **Lubuzi**, located near the Lubuzis lake, offers recreation at farmstead, boat rental, fishing, camping, as well as there are possibilities to pick up berries and mushrooms, to skate, ski, and to try ice fishing. Owners are residing in the farm since 25 years. As the land was not appropriate for cultivating they have decided to start up tourism business. The beautiful landscape with hills, forest and a lake around the farm was additional motivating factor. They are working in tourism business already since the very beginnings of 1990s. Till the establishment of RTA last year, the farm has obtained already considerable experience and developed its own business network, they are receiving regular clients. Therefore Lubuzi farmers confess that personally for them RTA could not offer not much new: there is reached some optimum in their tourism business. Nevertheless, they see the association beneficial for Rauna community in general.

![Jaunievinas Farm](image)

**Jaunievinas:** The owner of Jaunievinas is the initiator of Rauna Tourism Association: an active farmer whose entrepreneurial skills have found expression in his multifunctional farm business. Established in 1992, his farm has started to search for specialization
in agricultural production (quince) and gradually has taken up several economic activities. Since 1996 it produces successfully charcoal. After the enlargement in 1999, the farm develops forestry. Simultaneously with the start-up of non-agricultural economic activities the role of agricultural production decreases. The farm gets down to tourism in 2001 when there is developed tourism development plan for the farm’s territory. The tourism plan envisages developing the farm as a healthy environment and tourism farm that produces organic products and offers tourism services. Accordingly to the tourism development project there has been built a guesthouse and sauna. As it is built in the front of a pond, there are possibilities of various water amusements – water cycle, swimming, fishing. As well there are organized guided tours to wild horses living in the farm’s territory since 2002 and poultries garden. One can participate in the baking of traditional bread. There are laid out a route near Licupite river and playgrounds.

**Jaunlubuzi** farm offers fishing, camping, fireplace and a place for swimming.

Rerecreation centre **Satekle** located near Gauja river, at the foot of Taniss hill was opened in 2004. For now in the centre there is working a café and nearby there is a fireplace with a beautiful view on Gauja river meeting, camping place and foot-ball playground. During weekends there are organised concerts, balls and parties. Since the cultural centre in Rauna is closed, Satekle is an important place for social interactions of local people. As it employs 8 people and offers also seasonal jobs it is also a considerable contribution for local employment. Satekle is still taking up new tourism businesses. There is a guesthouse under construction. There will be places for 20 people, sauna, recreational and banquet halls, and an open-air fire place. RTA they consider as a more efficient way in comparison to individual initiatives how to introduce people with the rich cultural and natural resources of Rauna.

**Kramstali** provides rides with horses and promenades in horse-teams.

**Voldemari** is a family farm established five years ago, thanks to restitution process. Till now tourism is an additional economic activity in the farm, there is developed also forestry and both the wife and the husband has job outside the farm. Voldemari provide the services of a guest


house and bath house and fishing. The main driving force to start up tourism business has been the attractive landscape with a lake around the farm. However, for now the farmers hesitate to develop tourism as the main economic activity because of difficulties to get regular incomes from that. Voldemari farmers have joined RTA first of all for publicity reasons. As association members they hope to attract more clients. Because of busyness in other activities, they do not take active part in the associations activities. Nevertheless, they keep personal contacts with other members between the association’s meetings to exchange information. Voldemari farmers have a vision of how and what the association might contribute to their tourism business. Planning of common tourism routes and training is the first tasks they consider to be performed.

Thus, as presented hereby, the association is a small scale initiative formed by local tourism entrepreneurs and operating at local level. The major activities of RTA are still involving mostly the association members, and its external links are limited to the cooperation with the local municipality and Cesis Tourism Information Centre. Other local, national and international tourism agents are indirectly linked to RTA activities by forming institutional context – like formulation of tourism policy (and other relevant policies to tourism development) and introduction of support measures at national or European level, development of tourism infrastructure, etc. At one hand, the narrow RTA network corresponds to its target region – local municipality – and to the short period of its performance – it is recently established and still considered as new and under construction of cooperative links. Nevertheless, it is evident that on a big extent the scaling up of the initiative and development of cooperation with other tourism agents and institutions are hampered by the insufficient resources – both human, social and financial – at RTA disposal that considerably reduces its capacity to take more active role and launch new activities.
6. Determinants, Effects and Processes of Cooperation and Social Capital formation

6.1. Role of trust/mistrust and opportunism (social and institutional)

Few people in Latvia express trust towards political decision-making institutions, which include Saeima (Parliament), the Cabinet, and political parties. During the last 10 years a deep divide has
developed between society and its power structures. The statement about alienated society from political decision makers’ already has become traditional in Latvia; both civil society and social dialogue is in the process of formation and development. According to surveys majority of Latvia’s inhabitants believe that they are not able to influence decision making process nor at governmental, nor at municipal level, however the level of trust increases as the scale of political power structure decreases. The research also indicates that people more often tend to think that it is better to be cautious than to trust other people. Trust is one of the social capital indicators and number of surveys carried out in Latvia proves that the level of trust is low: both into political decision-makers and other members of society (e.g. European Value Survey 1999; Human Security in Latvia 2002). Similarly, the RTA case bears evidence of moderate trust towards and critical and sceptic evaluation of state institutions. However, the attitude differs accordingly to governance level: there is a clear trend that closer to local level is the state institution more trustful to it the local agents are. The RTA members expressed rather great trust to local government, whereas they were the most resilient regarding the EU institutions.

It is generally acknowledged that trust among group members is essential component for successful cooperation and achievement of the group’s aims. Cooperative and trustful atmosphere should be developed and maintained otherwise group fails to be successful. However, the question we came across during the field-work was whether trust is main precondition for all kinds of cooperative initiatives?

RTA initiative is specific case in the sense that it is directed and aimed to create a basis for local tourism entrepreneurs to cooperate in order to attract tourists, to advertise themselves, to exchange information and to develop local tourism infrastructure. Involved agents do not perceive each other as competitors but as business partners and stakeholders that are united by common goal. Initiative is based on shared agreement that involved agents and local community will gain from the activities carried out by association both directly and/or indirectly. Initiative is also supported by municipality by means of providing facilities and financial support to association’s coordinator. Nevertheless, since the establishment of RTA the number of its members has decreased and the active members we interviewed tended to evaluate RTA performance as ‘satisfactory’, ‘something is missing’, ‘something more should be done’. Our
respondents rather emphasised that successful cooperation is hampered by the lack of members’ motivation and lack of immediate results of activity than by the lack of trust or opportunism of members.

Members of association recognized that trust is important component to cooperate with other people. Their viewpoint can be represented by a following quote: „one should trust the people and it is necessary, otherwise it is not possible to cooperate”. At the same time they recognized that in case of RTA it is comparatively easier to build trust in other members of the group because local community is small, more or less people know each other or are related to each other in one or other way. One of the respondents said: „We live in too small place to dare or to afford deceiving somebody, because it would not be gainfully”. Members of the initiative recognize meaning of reputation in local community, however, they did not put forward the concept of trust for successful cooperation in RTA, but rather the agent’s motivation to participate in the activities of the group. One can conclude that trust and issue of trustworthiness becomes relevant in those cases where risk and uncertainty factors are present, but in the case of RTA the members acknowledged that they did not see any potential of danger or loss resulting from the activities carried out by the other members of the group. If agents’ interests are completely correspondent, there is no risk and no basis for inferring trustworthiness. Acts of trust can be evolved only in those cases when the partner has both the incentive and the opportunity to exploit another partner. We can conclude that trust was not perceived as important as motivation because at the current stage the involved agents lack risk in their relationships, there are no opportunities for agents to demonstrate trustworthiness to one another or to put into other words: there is a lack of reciprocal exchanges between the association members within the association. At the moment RTA activities are mainly directed towards information distribution to the members and tourism infrastructure elaboration and improvement that is perceived as beneficial initiative for all: active group members and local community as well. In this case relationships lack reciprocity – the initiative is aimed towards one common goal and parties involved rather cooperate with RTA leaders than strive to create relationships among each other: the RTA members do not have binding agreements or contracts among each other. Members cooperate and communicate both at the RTA meetings and outside them, although not on regular basis and most often initiative come from group leader or coordinator, but almost never from other group members as was stated by RTA coordinator. In these circumstances issue of trust is not perceived
as a topical question and nobody from the involved agents could identify any sources or reasons for a conflict. Group members are not dependent on each other. As it was recognized by some agents they could run their business also without being members of RTA, therefore the threat for RTA is lack of strategic long-term thinking, lack of motivation of agents to participate actively in its pursuits, but not the lack of trust among members. At the moment members cooperate because they know it is in their interests and also in the interests of local community, but also non-material considerations play their role: local identity and wish to participate in local community life. There are also material results from cooperation like participation at annual tourism exhibition in Riga and double-page spread in the tourism booklet about Cesis district; however the members feel that currently there is not enough gain from the participation in RTA.

Evidence outlined above indicates towards low level of social capital at the moment, however market forces make agents to look for and to undertake new initiatives and to find new solutions (including cooperation) in the circumstances of increasing competition in the market. RTA initiative has contributed towards social capital development at the level of local community: people negotiate and communicate more often and they have developed network for mutual support. However, still there is a lack of motivation to cooperate and lack of knowledge and understanding why and how to cooperate. People rather prefer to be on their own than to develop joint activities that would involve risk, trust and reciprocity. Therefore we should separate interpersonal trust and trust in the group which is built on attitude towards the group as a collective unit. Even if interpersonal trust is high and people believe that other persons can be trusted, cooperation of the group is likely not to be successful if members do not feel attached to the group, nor identify themselves with that group.

6.2. Role of communication and learning

This subsection is devoted to the analysis of the pattern of frequency and duration of interaction among RTA members in order to assess interplay between communication, cooperation and collective learning.

One of the reasons why people cooperate and form groups is to achieve the goals they cannot
achieve on their own. In order to define aims of the group, to reach agreements, to make decisions and to find solutions a group can choose among various communication channels that are recognized as most suitable for its members. In most cases groups use both formal and informal communication channels, as it is also in the case of RTA. One specific feature of RTA communication practise is that there are no shared responsibilities for maintaining communication structure of the group; RTA communication and information exchange to a large extent is dependent on coordinator activities and initiative.

**Purpose of communication in RTA**

Main purposes of communication in RTA are to share information, to express feelings and to solve problems:

1) To share information about:
   - current tasks
   - decision-making
   - information about training seminars/courses
   - updating about members activities, offers and needs
2) To express feelings and emotions
3) To solve problems. RTA represents cooperative problem solving model:
   - all members of RTA are free to express their view
   - agreement is achieved during the process of debates and negotiations
   - everybody is involved in the seeking for solution
   - problem is solved when all involved agents agree
   - informative language dominates over directives

However there are several important issues that are not addressed during the meetings like organization goals, directions and perspectives as well as performance appraisal. Research respondents shared understanding of RTA tasks, they could not describe future perspectives and development of the organization.

**Communication channels, types of interactions and frequency of exchange**

There are differences with respect to the information transfer channels. Communication structure
illustrates who communicates with whom, how the control system works, who is in control of the flow of information and who has the authority. RTA management has looked for most effective and less costly medium to deliver the information and to debate with members. There are both formal and informal information channels operating in RTA. Formal RTA communication channels are following:

Between Management and Members:
- Regular meetings every three months organized by RTA coordinator by the initiative of RTA director or coordinator;
- Telephone conversations/ sms-es occasionally, accordingly to the meeting organization or upcoming seminars/courses.

Among members:
- Regular meetings every three months organized by RTA coordinator by the initiative of RTA director or coordinator;
- Telephone conversations for business support;
- Telephone conversations occasionally, accordingly to the appeal by RTA coordinator or director.

Management and other stakeholders:
- Meetings/telephone conversations with local municipality representatives occasionally;
- Regular exchange of information with Cesis Tourism Information Bureau on telephone or by e-mail;
- Regular exchange of information with Vidzeme Development Agency on telephone or by e-mail.

RTA and local community:
- Information board at the village centre provides local community with information about RTA initiated activities, for example, about joint work;
- Occasional publications in local newspaper about RTA activities and tourism news.

Informal communication channels are used among all involved parties if there is necessity or
Members of RTA mentioned that when they have time they exchange information with their neighbors, friends, relatives and acquaintances by the telephone conversations, visiting each other or by encountering at the village. However, so far informal communication is too random in order to make a difference towards networking and strengthening cooperation.

The information access is equal to all members as it is mainly distributed during the regular meetings and information radiate evenly to all members of RTA if only they attend the meetings and are interested in receiving news about RTA activities. Members and management of RTA described communication frequency as satisfactory for the needs of exchange of information. RTA members support management in information distribution to each other, although there are no specifically assigned tasks in information distribution.

Communicative process in the case of RTA is not hampered by opportunism or other cooperation ruinous reasons, but it also cannot be described as efficient. Cooperation and communication between members by the largest part is hampered by the low motivation of members’ to participate actively, which in its turn is hindered by the unclear perspectives of future development of RTA to its members, lack of prompt results, lack of time and scarce experience in cooperative activities. On the other side the positive impact of the joining RTA can be summarized in the concept of collective learning. Collective learning among other components includes continuous learning opportunities; eases inquiry and dialogue making people share their ideas, communicate and take on new chances and risks. The RTA group has rather high level of trust between the members that facilitates communication, learning and and serves as a substantial resource for cooperative activities. Research respondents were very enthusiastic about opportunities provided by RTA to enrich own experience with other entrepreneurs’ experience, to visit each other’s rural tourism business sites and also about that the initiative is open to other potential entrepreneurs in local tourism. The collective learning benefits were recognized as ones of most important RTA activity results.

Herein we can conclude that substantial facilitators of cooperation in the case of RTA are trust and social learning. At this stage of RTA development and performance respondents by the largest part had difficulties to define attainments from joining RTA. Nevertheless the opportunities of social learning, benefits resulting from it and increase of social capital are
amongst corner-stones that can contribute towards organization’s sustainability.

6.3. Role of transaction costs and governance structures of cooperation

6.3.1. The governing structure: cooperation for accumulation and management of local resources

As it was mentioned, Rauna is rich of attractive natural and cultural sites, some of them – like Staburags and the well conserved castle ruins – are of exceptional value – that could be favourable for tourism development in this community. In the meantime several local people have started to offer various rural tourism services – camping places, horse riding, saunas, fishing, etc. Nevertheless, for a long time period those local resources relevant for tourism development have remained rather dispersed and fragmented – the tourism sites were not well recognised and promoted, there was no common tourism strategy, no united information was available about the tourism services in Rauna. There was no institution, neither common rules that would guide the tourism development and marketing of local tourism products. Following, the link to tourists was week as there was no any information for them available. All that made the considerable tourism potential in Rauna rather limited and untapped. To consolidate, to put in value and to make use of those tourism resources and to optimise the individual strategies of rural tourism there was seen the solution in the start-up of a collective initiative – Rauna Tourism Association.

The idea to create the association was proposed by one of the farmers engaged in rural tourism. In 2004 there was organised the first meeting. It was well attended – in total around 30 people had expressed their interest in rural tourism. Nevertheless, just few of them have started some tourism activities. For now there are seven active members in the association.

The basic idea of the association is to improve the tourism system in Rauna. In practice it means the introduction of united information system. First of all, it is aimed to serve the very tourism agents in Rauna: to facilitate the exchange of all kind of relevant information between those people and organisations related to tourism sector. As well as the unified information system is supposed to coordinate and to improve the external communication of tourism information to
various interested bodies: accumulation, updating and dissemination of the information about the
tourism possibilities and services in Rauna in broader tourism information networks and
providing information to tourists.

As the association’s administrator states, for now the association does not have any economic
goals or business plans. It is focused on more soft goals, like communication, information,
training, networking, and cooperation, whereas tourism business rests the business of individual
members. Nevertheless, the association’s positive impact on tourism growth probably might be
indirect. There has not been developed any strategic action plan how to reach RTA goals. The
members have regular meetings every three months during which they discuss the live issues and
decide collectively what and how to do. Among the first tasks that RTA has performed during its
first year there has been the survey and of local tourism possibilities and resources in Rauna. The
association has visited the tourism sites and service places. In the result there is created a
database of tourism sector in Rauna, which is regularly updated – the association carries out
“inspections” of the tourism services. There is done also some evaluation of the tourism services
– the finding is that there is no sufficient number of lodgings in Rauna. Further, RTA organises
joint works with community people to do up the tourist sites. RTA has integrated in broader
tourism information and infrastructure networks. There is established link and developed
cooperation with Cesis Tourist Information Centre in information exchange. It has resulted in the
representation of Rauna tourism services in a tourism catalogue about Cesis district. RTA is a
partner of Vidzeme Region Development Agency in the project about establishment of regional
tourism information centres.

Thus, till now the association is working for those purposes it was created. There is improved
communication between the rural tourism agents and the external communication towards clients
and other tourism agencies. For those purposes the collective initiative – the association is better
than individual one to reach the common goals. However, there is a need of public support, as the
association possesses limited financial and also human resources to sustain its work.
6.3.2. The costs of governance structure

The market costs in the case of RTA relates both to the institutional context and the very RTA. There are favourable natural preconditions for tourism development in Rauna – presence of natural and cultural sites, advantageous geographical location – the presence of important regional towns. Nevertheless the rest of tourism infrastructure – lodgings, roads, catering services – is still rather limited and would require investments. Still the competition in the sector is low – the market is not saturated and there is even a need for supplementary tourism initiatives.

The association needs an administrative staff. During the first year the local government financed the administrator; this year, it is not the case anymore and the administrator is working on the voluntary base. As well as there are other costs related to the maintenance of the administrative and strategic work – telephone, office rent and equipment, etc.

The basic costs of organising the association’s work are the non-market ones – those related to consolidation and development of interpersonal cooperation among the members. Each member has developed rather successful marketing strategy and tourism business. Even if the association has improved exchanges among the members still the individual members keep on with more individual strategies.

The information costs is another set of costs relevant in RTA. They are more related to the maintaining membership of the group than to the entrance: RTA is an opened organisation and there are no any specific limits to become its member. One needs to express interest to offer some tourism services and/or facilitate tourism development, the introduced membership fee is moderate and varies between individual members or juridical persons. Moreover, at the present situation the association express willingness to accept new members. It is reflected also in its transparent external communication strategy – since the very beginning the information about the association’s activities is made public – there are put announcements in the local and district’s newspapers and on the hoarding. More complicated is the issue of the costs to maintain the membership in the association. Not every member is ready to invest enough time to take part in joint activities: meetings, visiting other members, taking part in seminars. Most of the time it is
because of the other preference – the busyness in the individual business – that creates some misbalance between individual and collective performance.

Some costs are associated with creating trust within the group. In general the interviewees demonstrated rather high trustfulness with respect to the other members. Some members knew each other before the association was created. Also the location of RTA is advantageous for trust building – Rauna municipality is a small locality that means that people frequent daily and therefore know each other rather well that lets them be (dis)trustful with respect to other community members. Thus the situation itself - the proximity, belonging to the same locality, knowing each other and daily exchanges might positively contribute to this high trustfulness. In the meantime there is also external pressure – reputation at local community – to keep the trust of others: “Rauna is a small community, and if you wish to keep living here it is in everybody’s interest to not cheat and to not disappoint the others.” The trust among the RTA members is reflected in its informal governance structure – instead of formal codified rules, the interactions are based on mutually acceptable rules of social engagement.

6.3.3. The benefits of governance structure

In general all the interviewed members expressed satisfaction of being a member in RTA. Even if none of them recognised that there would have been some important benefit or great positive impact (mostly expected by the members in economic terms) on their rural tourism business: for now the number of clients and visitors has not increased and rural tourism businesses have not much expanded (or, accordingly to the respondents, at least not thanks to RTA). However, it was recognised by some members that the association has provided new publicity possibilities through printed and electronic catalogues. It stimulates also to keep up and to develop tourism business. And there were expectations that the association further might bring some benefits – mostly in terms of visitors. The members saw indirect benefits from the association’s work – they also would gain from the animated local life.

The moderate benefits from the participation in RTA correspond to the members’ involvement. As the association’s administrator estimated, “those who are themselves more active, also might
benefit more from the association” as it requires individual interest, initiative and investments to make RTA more efficient. Many members stay restrained. So, there are moderate costs and following moderate benefits. The administrator’s situation is different. She is performing the great coordinating function both between RTA members and towards external partners and the association depends a lot on her. Nevertheless, there are no apparent benefits for the administrator from her engagement: financially supported by the local municipality during the first year, at the moment her contribution to RTA has become benevolent as she does not receive any salary for her work. Neither she has own tourism business that could profit from her position at RTA. So, apparently there are high costs with no benefits. Her engagement can be explained by the social responsibility in front of RTA and community, as well as by her professional interest regarding local development and tourism business. Moreover, her mother is the owner of a recreational centre and member of RTA and provides support. By her way comes also one of the possible solutions to this unbalanced costs-benefits situation: there is an idea to transmit the tourist information centre and RTA office to the premises of the recreational centre. (As RTA does not have any other sources of revenues and because of the small number of the members, it is doubtable that the administrator’s work could be paid from membership fees.)

Even if the members of RTA do not see yet big outcomes of the association’s work, there can be observed already several positive impacts on tourism and local development. We can talk about those impacts also as the elements of institutional change brought about by this cooperation process. The association contributes to participatory and collaborative local resource management – recognition of local cultural, natural, social resources; setting of tourism infrastructure, strengthened collaboration between various local agents and institutions. In a longer perspective it means also the attraction of new resources brought by tourists (the administrator witness that there is a rather high interest from the side of potential clients) and new tourism projects: as RTA has contributed to build external community links, it becomes more integrated in broader tourism and local development networks that in turn provides good possibilities of starting up and engage in new initiatives.

6.4. Role of the State - national, regional EU laws - and the formal institutional environment on cooperation

According to Latvian Sustainable Development Strategy (2002) and Long-term Economic
Strategy of Latvia (2001) tourism sector is recognized as one of the priorities in order to contribute to the strategic development of the state. Tourism development policy is based on the guidelines provided by European Union, European Council, World Tourism Organisation, World Travel and Tourism Council, The Hague Declaration on Tourism, Agenda 21 for Travel and Tourism Industry, Baltic 21 - An Agenda 21 for the Baltic Sea Region and on other relevant documents. Legislation and policy for sustainable tourism development in Latvia is in the process of its development.

The development of tourism policy in Latvia started with the restoration of independence of Republic of Latvia in 1991. Changes came with the elimination of tourism monopoly-system, privatization of state tourism enterprises and creating environment for new tourism business.

In order to coordinate and manage tourism sector in Latvia at the beginning of 1990ties at The Ministry of Transport and Communications was established the Department of Tourism, but in 1993 the task to elaborate and implement unified tourism development policy became a responsibility of Ministry of Environmental Protection and Regional Development. In 1997 the reform in tourism sector took place: existing system was evaluated as inefficient. In 1998 the Cabinet of Ministers passed Tourism law that created legal basis for tourism sector development and activities. In 1999 Latvian Tourism Development Agency was established, but in 2002 it was reorganized into Latvian Tourism Development Agency (LTDA). Since 2003 LTDA and Tourism Department is under the monitoring of the Ministry of Economics that has announced tourism industry development as one of its priorities. Dynamics of institutional change brings evidence that tourism sector has gone through major and difficult changes: tourism policy development had to be developed anew since beginning of 1990ties; involved agents at all levels faced problems related to lack of experience. Besides, there was a “heritage” from Soviet period – huge collapsed recreation industry that attracted tourists from all over Soviet Union (in 1988 it served about one million tourists). New political and economic situation advanced other approach to tourism industry development: from monopoly to decentralization and principle of subsidiarity. Today Latvian tourism state policy is based on the following policy planning documents:
Latvian Tourism Development Strategy (2004);
Latvian Tourism Development Action Plan for year 2005;
Latvian Tourism Development Conception (1997); – not enforced
Latvian Tourism Development National Program 2001 to 2010; - not enforced
Law of Tourism (1998)

Main problems that tourism policy developers have to face are related to the weak image of Latvia as tourism destination, unvoiced tourism product of Latvia, low compete ability of the industry, low level of foreign and local investment in the tourism in Latvia as well as insufficient partnership and cooperation among economic sectors in order to facilitate tourism development in the country.

In 2004 the financing allocated for tourism has increased significantly (2.3 times more than previous year). The major part of tourism budged is allocated to various marketing activities in order to attract foreign and local tourists to Latvia. Although since 2000 the number of incoming tourists is increasing with each year, still the balance of tourism is negative and about 80% of travel agencies in Latvia were involved in tourism services import.

Cooperation is one of the major problems in tourism industry in Latvia – not only among the economic branches, but also cooperation problems are evident in the process of elaboration of tourism policy. There is insufficient involvement of regional tourism experts in planning and policy development. More, they are not participating enough in developing Latvian tourism marketing and research strategy. Although state has declared the importance of cooperation among all relevant parties – state, private and public sector and recognized its role for successful tourism development in the country, however its implementation is not efficient and also legal basis of cooperation is underdeveloped therefore there is a lack of competencies division among involved parties. For example, Law of Tourism prescribe certain competencies for municipalities in the branch of tourism development, but at the same time the law ”About municipalities” does not include any of responsibilities or functions of municipalities in this regard and consequently there is no direct funding allocated for these activities. This is one of the examples that illustrate lack of institutionalized cooperation in the country that hampers tourism development and
particularly disadvantageous the situation is for rural tourism development.

The most significant partnership mechanism, according to Latvian Tourism Development Strategy, is Latvian Tourism Consultative Council (established in 1997), where representatives from the state, municipalities and tourism industry come together, however our respondents evaluated their collaboration as insufficient and regional agents as underrepresented in decision making process.

Latvian Tourism Development Strategy includes tourism development policy for the next five years and three general directions of action are:

- to position and advertise Latvia internationally as a unique, safe and popular tourist destination by popularising Latvia's image and participation in major tourism fairs;
- to promote local and incoming tourism in Latvia by ensuring a favourable business climate, developing an appropriate and functional infrastructure, promotion of a diverse range of products and services in line with tourists' interests, and the development of a common tourism information system and development of human resources;
- Cooperation facilitation by encouraging public-private sector partnership projects, international cooperation, and Latvia's participation in the elaboration of the European and global tourism development policy.

State and other relevant institutional stakeholders can provide different forms of support to entrepreneurs and individual undertakers involved in tourism. There are several programs that operate in Latvia – SAPARD, Structural funds; PHARE etc. The programmes mentioned above serve as a valuable tool for developing rural tourism, fostering rural development and partnership in the countryside. However in the case of RTA, respondents were rather resistant when describing the role of the state and support from the state on rural tourism development. Often the respondents described the process of applying for the support as complicated, time-consuming and know-how skills requiring. In most cases respondents mentioned that people tend to care more for their own business and are cautious to cooperate as well as they do not have enough time to explore possibilities for support provided by the state and EU institutions and programmes. One of the reasons is underdeveloped infrastructure – for example, Internet, where one could get
necessary information about existing support programmes, is not available easily to rural entrepreneurs. There are a number of organizations and associations that aim to facilitate regional and rural tourism and to represent interests of agents involved in tourism industry at political level in Latvia; however, according to the respondents we interviewed, the cooperation is not sufficient. One can conclude that cooperation at different levels and directions is one of the major challenges for the tourism industry in Latvia. There is a need to define the competencies of all involved parties and to adjust legislative basis for cooperation.

6.5. Role of communities, social networks and informal institutions on cooperation

Rauna community bears evidence of the rather low social capital in Latvian countryside: the interviewees characterise Rauna people as rather singleton, who look distrustfully towards cooperative initiatives and prefer to keep on alone. There are no active NGOs or informal organisations in Rauna. Moreover, many young and active people prefer to move to towns where there are better living conditions, more animated social and cultural life and better job opportunities. In the result such mobility decreases even more the social capital of the community. At some extent the passivity and low social networking among Rauna community people can be explained by the negative experience and the consequences of the forced cooperation during the Soviet period. As well as they are personal characteristics and bad socio-economic conditions that seclude people and restrict their social activities. In such a situation the question arise if and in what way informal institutions have been important to achieve cooperation.

The people who are engaged in RTA are situated in nodes or epicentres of socio-economic and information networks: among them there are local municipality employees and farmers – people who take more or less active part in socio-economic life. Supposedly it means broader individual networks, access to information, developed social skills and knowledge – attributes that are preconditions of cooperative action. However, except for professional networks, few members of the association are involved in any other social organisations. Most of the association members are people around the age of 40 to 50 – independent, started their own business and reached some economic stability that means possess of economic resources.
Even if in the association there are involved farm-families, most of the interviewees were women, which support the observations from other studies that they are mostly women who are more active in animating rural social life. Nevertheless the initiator and the leader of RTA is a man that in turns bears the evidence of the tradition of man leadership. However, accordingly to the association’s administrator, each member of the association possesses qualities to be the leader and might perform that function, moreover because for now this post does not include any specific tasks or obligations, it is more informal facilitating and mobilisation of other members.

Evidently, the network is organised in participatory manner on equality and voluntary principles. There are no formal rules, neither procedures, the interactions are based on interpersonal respect and trust. The decisions are taken on the base of common agreement after opened discussions at meetings. Between the meetings it is the administrator who coordinates the associations work – both delivers the information to RTA members, communicates with partners and serves the clients. Accordingly to her, between the meetings the members remain rather passive: “The members do not come and do not express their interest. I am calling them and informing about the seminars. They could be more active.” However, they meet and communicate also between the meetings both during their daily trajectories and also with some special professional reasons – like consultation between the members owning similar businesses or “exchange” of clients.

So, as the community social capital is rather low in Rauna, sooner it would be the association that could contribute to facilitate social capital increase than to benefit from the existing one. The creation of the association per se is an act to animate civic society. Afterwards, the association accumulates the local social capital – for instance, Satekle owner is a student of local history and she collects the oral folklore about Rauna. The tourism and recreational services the members provide are used to animate social life in Rauna. RTA has organised also events – joint works where people from Rauna community were invited to take part. Nevertheless, the responsiveness has been low. “Few residents take part in such events. They do not want to participate in such activities.” Despite the moderate social activity and support from side of the local community, the members demonstrate generosity towards it. They would be ready to invest the time and money (if they would have free one) in community projects also if themselves would not benefit.

More fruitful has been the collaboration with the local officials whom RTA members estimate as
rather supportive. Already Rauna municipality has funded the office equipment at the start-up and during one year paid salary for RTA administrator. The association informs the municipality about its activities in Rauna, on RTA initiative the municipality has organised the removal of decaying trees.

The case of RTA bears twofold evidence about informal institutions as determinants to achieve cooperation. On one hand, it is evident that there is a lack of informal institutions, few collective affairs and joint activities in Rauna and therefore this could not be used as an explanatory argument for the emergence of cooperation here. However, in the situation of poor collective social capital they are separate individuals who have accumulated personal capital, developed individual networks in and outside the community and who drive the start up of cooperation. In the meantime there is a need for some social infrastructure and crossing points that makes the meeting and interchanges of such persons possible.

6.6. Role of the market and competition in fostering/hindering cooperation

RTA is a comparatively new initiative and rural tourism facilities are still developing in this area. Although Rauna’s municipality is rich in places of interest - beautiful natural sites and some rural recreation facilities, tourism infrastructure is still underdeveloped that is a hindering factor for making the place attractive for tourists, especially for a longer staying there.

RTA initiative has contributed to the networking of rural tourism entrepreneurs and to the getting to now each other. At the moment the number of rural tourism entrepreneurs is low in Rauna and the respondents neglected the concept of competition when thinking about other local entrepreneurs involved in rural tourism. They rather pointed towards cooperation. Why is it so? Although rural tourism is developing fast lately - new facilities, improved service and new tourism routes, still demand exceeds the offer in the rural tourism market in Rauna, therefore local entrepreneurs do not perceive each other as competitors but as partners. They offer different services as each site has different profile according to the owners’ vision, possibilities and wishes: bathing-house, camping site, guest house, wild horses, horse rides etc. As it was stated by respondents, together they create different recreational possibilities for visitors and their interests do not overlap with other entrepreneurs in the branch. They all share one interest: to attract
visitors for a possibly longer time in the area.

The concept of competition is relevant and respondents applied it when referring to other regions or even countries when tourism developers and entrepreneurs plan and build strategy for competitiveness with other regions and countries – how to make a region, or country attractive and accessible to the tourists both from Latvia and other countries. Thinking and planning in these terms enforce cooperation both vertically and horizontally: cooperation between policy-makers, municipalities, regional tourism and development agencies, local tourism associations, entrepreneurs and other involved parties. Tourism industry agents realise that success in the market requires cooperative skills in order to ensure and provide qualitative service to the customer. Therefore with the increase of competition in the market the agents realize and strive for cooperation and herein the role of competition and market forces become important factors when speaking about fostering cooperation.

The manager of Cesis district Tourism information centre stated that even in the case of Latvia and Baltic states in general one must rather think in terms of cooperation than competition when developing strategy how to attract tourists to the region. Tourists from other countries than Baltic States often are interested to see all three countries and to visit several places in each country and to enjoy holidays that are rich of impressions and nature sites. Therefore the cooperation between tourism service providers in these countries is highly relevant and increases profit for tourism entrepreneurs in all three countries.

Cooperative relationships can be built both on formal and informal agreements about tasks and activities to be performed and resources to be used by different involved parties. During the process of the enterprise growth the share of formal agreements tend to increase but the agreements based on solely informal basis tend to decrease. For example, Cesis Tourism information Centre is involved in a number of projects where the roles, duties and resources are clearly described and distributed, while RTA still has not developed such extensive documentation of its activities and member role and task description.

Definitely RTA contributes towards networking and competitiveness of local entrepreneurs with
other areas in Latvia: it provides information about recreation possibilities and Rauna’s nature sites at tourism exhibitions in the capital of Latvia. In the nearest time RTA will develop its own Internet site and the local tourism information centre is open since July, 2005. More, RTA puts up such questions to the members as “What makes Rauna special in the eyes of tourists?”, “What can I do more to increase my skills and knowledge?” “How can we cooperate for our and Rauna’s benefit?”, therefore rising awareness of various opportunities to increase private and local community’s benefit. This brings the evidence how market economy and competition improves social interaction and quality of services. Market agents are aware that market activity involves repeat transactions where notions of reputation and high quality are essential and plan their activities and services accordingly.

7. Conclusion

The case of Rauna Tourism Association presents the formation of cooperative action in post-socialist countryside and the transformative processes that rural areas experience. As it is presented by the case, cooperation as collective action is a suitable mechanism to generate broader changes in rural livelihood; it is a mean to mobilise resources of various agents and strategically channel them to solve collective problems. Nevertheless, despite this potential, there were identified several hindering factors that restrict and hamper formation and performance of cooperative action.

RTA case demonstrates that collective action leads to transformation in several ways. Firstly, it is intertwined with learning processes – accumulation, dissemination, exchange, application and creation of new knowledge, both technical-professional and so called soft or social – communication, cooperation skills, etc. (As the case witnesses, collective project brings together agents with their specific knowledge that during their further interactions are exchanged and developed. Moreover, the need for and opportunities to acquire new knowledge are emerging.) Thus, it contributes to develop the local knowledge base and to apply those knowledge in practice. Collective action relates also to the restructuration of governance system towards greater inclusion of local social groups. Often by mobilising local people and increasing their negotiation power, collective action becomes a base of their engagement in local development processes, thus local governance process becomes more participatory. (For instance, RTA members inform the
local government about the problems related to tourism sector.) As such, potentially it is facilitating collaboration between various governance levels. Collective action is positive also regarding transformations in the very community. It increases and strengthens links between community members, animates rural life, and is a source to increase local social capital.

However, the formation of cooperation is not self-evident. It relates and depends on various factors. The source of collective initiatives both conceals to individual base and it is rooted in broader context (social, cultural, economic and political frameworks). The case approves that cooperation is often initiated and driven by separate individuals – local development leaders who possess relevant individual capital (economic and financial means, broad social links, knowledge, specific personal characteristics) that provides them some social and economic stability and that can be invested in collective affaire. It bears evidence that collective action cannot emerge in a desert milieu; it requires individual (or public) investments. Moreover, the lower is community social capital more the collective action will depend on individual efforts.

The case illustrates that the success of collective project depends on the capability of local development leaders to attract public support (moral, material, consultancy, financial) both from the other local community members and from the state institutions. Because of possible social and financial shortcomings, the available public support (financial aid from the local government in RTA case) is an important support base for new initiatives, especially at their start-up and when individual members lack means to sustain the new built infrastructure. However, on the other hand it puts forward the problem of dependence on public support – the stop of the support from the local government has evoked some but turbulences in RTA performance. Regarding individual and community level, the balance between possible costs and benefits, as they are estimated from the side of individuals, is a decisive factor to support and to engage or not in a collective project. As well as, the notion that to reach some goals participation in the collective action might include fewer costs than individual performance is motivating to join – for instance, some RTA members expected that through collective action it would be easier to attract new clients. Nevertheless, even if potential costs and benefits are important decisive factors, the philanthropic intentions should not be underestimated – RTA members are an example that often local entrepreneurs are motivated to invest in public interests without receiving direct personal
benefits. Besides the recruitment of new members that potentially increases initiative’s amplitude and longitudinality, the legitimating and acceptance of collective action in the broader local community is crucial; moreover if the new project presents a new approach and way to deal with issues and to solve problems. However, legitimating might be strained by local socio-cultural system: perceptions, values, knowledge, habits, etc. Effective explanatory communication may reduce such risks. Up to know RTA with changing success have attracted community people to support their initiatives.

With respect to the state support, the case manifest its importance, albeit as a negative example: the lack of state support to the initiative and the initiative’s moderate capacity to attract it are another factors that restrict its performance. There are several reasons hindering more effective investment and use of the state support. One of them is the alienation between local agents and the state institutions which includes a complex of factors: the trust in state institutions is comparatively low, the communication between state and local agents is limited; following the information exchange is low, local stakeholders are not well informed about the relevant state policies and the available support measures and the collaboration between informal and formal institutions is insufficient. (The exception is the local government which both keeps the trust and cooperates with the local people and therefore offers a crucial support. Nevertheless the limited financial budget and a burden of responsibilities considerably reduce the capacity to provide the needed support more effectively.) As well as the capacity of local development initiatives to apply for and to receive the state support is moderate - RTA miss social and financial resources.

The internal organisation of a new collective project is another crucial aspect of its success. As the case of RTA witnesses, clear and shared aims, participatory governance, interest and devotion from the side of members, clear definition of roles and obligations, transparency are some of organisational aspects that improve its performance. Trust among participants is the uniting factor of those aspects and it is reasonably considered as one of the main preconditions to launch and to maintain collective initiatives. Nevertheless, alone, without other stimulus, trust does not necessarily lead to a collective project. There are needed another motivating factors – like benefits, needs and expectations that can be met through participation, clear procedures and rules – that encourage people to cooperate with others and that therefore transform the shared trust in
action. For that communication appears as a tool to identify common needs, fine-tune mutual expectations, discuss possible solutions and further leads to the decision about collective action. In RTA case, the high trustfulness among the members is somewhat in contrast to the moderate joint actions and insufficient communication between them is one of the explanations.

Innovation, expressed in collective action, is stimulated also by the market situation: increased competition leads individual agents to cooperate and to organise themselves in collective action to solve a common problem. The growth of tourism business in Latvia and the considerable but not yet valorised tourism resources in Rauna stimulated local agents to develop collective project. By that, market forces not only stimulate to improve the quality of product but also contribute to social interactions.

Therefore the case illustrates collective action leading to innovation as a holistic complex system: it unites individuals with their characteristics, skills, resources, local community and broader social, political and economic context. It is related to three basic sectors of society: civil society as a millieu where collective innovative action is rooted and emerges, regulatory and support framework represented by the state institutions and the market where collective project carries out its activities aiming to increase competitiveness of individual agents and community in general.

The future of Rauna Tourism Association thus also depends on various institutional, organisational and individual factors. The association still might need some public support to consolidate and to scale-up its activities: for instance, to cover administration and office costs and to develop local tourism routes. However, as stated above, RTA misses capacity to search for and to use the existing support measures. Therefore, better communication with and at least some technical support regarding project development and more specifically tourism development from the side of rural support organisations could be useful. Probably, such new possibilities provided by external sources and including new benefits would also motivate the lay members to engage more actively in the association’s work as for now apparently many of them just partly engaged in tourism business or developed good individual business networks do not see how to use the association in their interests and remain rather reserved. Then, besides financial and technical
support, the commenced good collaboration with the local government will be encouraging for RTA and probably would make it appreciate more at local community.
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European Value Survey 1999
Human Security in Latvia 2002
Latvia Rural Development Programme
Latvian Sustainable Development Strategy (2002)
Ministry of Agriculture. Agricultural Development Conception
Ministry of Agriculture. Agricultural Development Programme
Murray, Catherine (2005) Social Capital and Cooperation in Central and Eastern Europe – A Theoretical Perspective. IDARI WP3 working paper. Humboldt University, Berlin
Raunas pagasta teritoriālais plānojums. 1.variants
Rural Tourism Development Programme

Internet resources:

Central Statistical Bureau http://www.csb.lv
Cesis district council http://www.cesurp.apollo.lv/
Cesis town http://www.cesis.lv/
The Commission on Tourism http://www.ubc.net/commissions/tourism.html
Lauku Ceļotājs http://www.ortis.celotajs.lv/
Annex A Interview Guidelines

IDARI

WP3 SOCIAL CAPITAL, GOVERNANCE AND RURAL INSTITUTIONAL INNOVATIONS

Cooperation in and between communities

Questionnaire for Latvian case study of collective rural tourism initiative in Rauna

Before to ask more specific questions about the initiative we asked every respondent to introduce with themselves: to tell about themselves, their professional background, business, etc.

**COOPERATION**

How did you become a member of RTA? How did you get to know about it?

Why did you get engaged in Rauna Tourism Association (RTA)? Why do you cooperate with its members?

How long and well do you know the members of RTA? Were you acquainted with them before you engaged in RTA?

Have you developed some cooperation with the other RTA members before it was found? If yes, what kind of cooperation it was?

Are you satisfied with the cooperation in RTA? Don’t you regret that you have become its member? Would your business be more profitable if working individually?

On the base of your experience, what would you change in the operation of RTA to improve its performance?

Do you cooperate with other people who are not currently part of the group? Would you be willing to start such cooperation? With whom?

Would you be interested to increase the number of members of RTA?

How would you rank (on a scale from 1 to 5) the importance of the following factors affecting the cooperation in RTA?

- High levels of trust among the members
- Past experience of all stakeholders with working together
- Having a highly motivated group of people who are willing to cooperate
- Having good communication between all agents
- Keeping well informed and having enough information to make decisions
Agents understanding each other and sharing the same objectives
Involvement of governmental agencies in the process
Active involvement of local community
Market driven incentives for cooperation

A TRUST

Generally speaking, would you say that most people can be trusted or you cannot be too careful in dealing with people?

Have you had any problems in dealing with members of RTA? If so, please explain. How has that changed your behaviour towards them, your relations and attitudes?

Have there been any other problems between the members of the group?

What would be your reaction if RTA members broke your trust?

Do you see some changes in the relations with other people, state agencies in comparison to the soviet period?

Conflicts

Do you have had some problems, conflicts in RTA? If yes, what were they about? How did you solve them?

Who would you go first if you experienced a problem within RTA?

Motivation and opportunism

Can you identify any problems associated with your involvement in the initiative? (time, money, having to cooperate or deal with others?)

Does RTA have some positive change for local community? What it is? Has it raised the competitiveness of the region/community? Is it an important factor for you to be the member of RTA?

If the project were beginning again, and knowing what you know about how it works, would you still join it again?

B ROLE OF COMMUNICATION AND LEARNING

How frequent do you meet and discuss with other RTA members? Where? Is it sufficient?

Do you feel that you share common understandings with the other members of RTA (toward what you are trying to achieve, how it should be achieved)?
What are the main issues that you discuss?
What information you would like to share more? Do you think you have enough information?
What are the main difficulties you experience in communicating with other group members?
Does RTA have contacts with other similar groups? State agencies, other partners (who they are)? Why do you communicate with those groups, institutions, people?
Can you identify other groups or people that RTA would benefit from through greater collaboration?

Collective Learning

What would you consider the most important thing that you have learnt in RTA?
Are there conflicting opinions within RTA how it should conduct their activities? How do you deal with them?

C ROLE OF TRANSACTION COSTS AND GOVERNANCE STRUCTURES

What are the main gains from your participation in RTA? And losses?
What would happen if RTA was not found and group members would not cooperate? Would your situation and that of Rauna community would be different?
How is RTA work organised? Is it the RTA leader who takes up initiatives, mobilises, informs the other members?
What are the facilitating and hampering factors of RTA work?
If RTA were not found, would your situation be different? That one of community?

D ROLE OF THE STATE

Does RTA receive some support from the state? Have you tried to get and/or used help from the government or state agencies?
Do you think and expect that the government should support rural tourism development? Should it help your group to achieve its objectives? If yes, how?
What are your main sources of information about what the government and the EU are doing?
   Relatives, friends and family
   Community bulletin board
Local market/local shops
Community or local newspapers
National newspaper
Radio
Television
Internet
Community leaders
Groups or associations I am involved with
Business or work colleagues
Government agencies
Political parties I am involved with
NGOs I am involved with

Do you trust the EU and its laws more than the national government and its laws?

Did you vote in last local, national elections? Referendum for joining the EU?

What experience have you personally had in dealing with state agencies (f.i., Ministry of Agriculture, police, local government, agricultural advisory service)?

How would you rank and estimate your experience with those state agencies?

How much do you trust:
  Local government
  National government
  The EU
  Cesis Tourism Information Centre

If and how EU accession has affected RTA? How do you see the future of RTA in the context of the EU?

E ROLE OF COMMUNITIES

How well established and active is cooperation among people in Rauna?

How many different social organisations are you involved in? (including recreational, religious, voluntary, community groups, NGOs, etc.)

If a community project does not directly benefit you, but has benefits for others in the community would you 1) contribute money, 2) time?

If there was a problem within your community, which required different people coming together to solve it, how likely do you think they would be successful?
  Very likely
  Somewhat likely
  Neither likely nor unlikely
Somewhat unlikely
Very unlikely

What are your main sources of information what is happening within your community?

- Relatives, friends and family
- Community bulletin board
- Local market/local shops
- Community or local newspapers
- National newspaper
- Radio
- Television
- Internet
- Community leaders
- Groups or associations I am involved with
- Business or work colleagues
- Government agencies
- Political parties I am involved with
- NGOs I am involved with

F ROLE OF MARKET

Can you identify some trends in rural tourism development in Latvia, Cesis district, Rauna?

How competitive is RTA within the market?

Do and what marketing activities RTA carries out?
Annex B List of Interviews

Linda, administrator of local municipality social service
Alda, local government
Ilona, owner of a recreational centre and café, local government
Edijs, priest
Evija, Cesis District Agency Cesis Tourism Information Centre
Ilze, farmer
xxx, farmer
Uldis, farmer
Annex C Statistical Data relevant to case study

Table 1. Number of agricultural holdings per sources of additional income and proportion of sales of agricultural produce

<table>
<thead>
<tr>
<th>Industry providing additional income:</th>
<th>Group of proportion of sales of agricultural produce</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>do not sell</td>
<td>sell up to 50%</td>
</tr>
<tr>
<td>rural tourism</td>
<td>193</td>
<td>59</td>
</tr>
<tr>
<td>crafts</td>
<td>228</td>
<td>81</td>
</tr>
<tr>
<td>processing of agricultural products</td>
<td>124</td>
<td>124</td>
</tr>
<tr>
<td>forestry</td>
<td>4182</td>
<td>1681</td>
</tr>
<tr>
<td>wood processing</td>
<td>589</td>
<td>234</td>
</tr>
<tr>
<td>growing of fish, crayfish, etc.</td>
<td>70</td>
<td>36</td>
</tr>
<tr>
<td>fishing</td>
<td>126</td>
<td>42</td>
</tr>
<tr>
<td>energy production</td>
<td>36</td>
<td>5</td>
</tr>
<tr>
<td>contract work using machinery and equipment of agricultural holdings</td>
<td>831</td>
<td>684</td>
</tr>
<tr>
<td>other industry</td>
<td>5757</td>
<td>1673</td>
</tr>
<tr>
<td>Total</td>
<td>11437</td>
<td>4240</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau 2002, provisional results of the 2001 agricultural census in Latvia

Table 2. Number of inhabitants in Rauna municipality

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of residents in total</td>
<td>3311</td>
<td>3315</td>
</tr>
<tr>
<td>Employees (at working age)</td>
<td>1884</td>
<td>1888</td>
</tr>
<tr>
<td>Unemployed persons</td>
<td>80</td>
<td>76</td>
</tr>
<tr>
<td>Children</td>
<td>711</td>
<td>711</td>
</tr>
<tr>
<td>Pensioners</td>
<td>636</td>
<td>614</td>
</tr>
<tr>
<td>Number of residents in Rauna parish</td>
<td>1935</td>
<td>1940</td>
</tr>
<tr>
<td>Number of residents in Rozes parish</td>
<td>175</td>
<td>180</td>
</tr>
</tbody>
</table>

Source: Raunas pagasta teritoriālais plānojums. 1.variants

Table 3. Registered unemployment in Latvia and Cesis district
<table>
<thead>
<tr>
<th>Year</th>
<th>Number of unemployees</th>
<th>Unemployment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cesis</td>
<td>Latvia</td>
</tr>
<tr>
<td>1992</td>
<td>1154</td>
<td>31284</td>
</tr>
<tr>
<td>1996</td>
<td>1713</td>
<td>90819</td>
</tr>
<tr>
<td>2000</td>
<td>1690</td>
<td>93283</td>
</tr>
<tr>
<td>2004</td>
<td>1833</td>
<td>90800</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau

*Table 4. Foreign visitors in Latvia*

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of visiter (ths)</th>
<th>Duration of visit (days)</th>
<th>Expenditures per person per day (lats)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>1713</td>
<td>2.9</td>
<td>22</td>
</tr>
<tr>
<td>2000</td>
<td>1914</td>
<td>1.8</td>
<td>22</td>
</tr>
<tr>
<td>2004</td>
<td>3033</td>
<td>1.7</td>
<td>27</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau

*Number of tourists in Cesis town and Cesis district (ths)*

Source: Cesis tourism information centre
Number of lodgings in Cesis district

Source: Cesis tourism information centre