

### No. 3: **Tourism-agricultural linkages: Boosting inputs from local farmers**

**In essence:** High quality food, every day of the year, is essential to hotels, lodges and resorts. Often the food purchasing bill of a tourism site is large in the context of the local economy, but surprisingly little is spent locally, even when farmers are nearby. The challenges of shifting food-sourcing to local farmers are considerable, yet if it can be done in a way that meets commercial needs and customer tastes, this is one way in which tourism operations can significantly increase their contribution to local economic development.

Common problems of sourcing products locally are well known – inadequate quality, reliability, or volume of produce, exacerbated by poor transport and lack of communication and information between supplier and purchaser. The many factors affecting linkages between tourism and agriculture are summarised in Table 1. The strategies to overcome them are less familiar and implementation is an on-going challenge. Various initiatives have been undertaken, often by public bodies or NGOs, occasionally by the private sector, entailing a variety of approaches to strengthening supply chain linkages. There are examples of both failed and successful initiatives, as outlined below.

**Table 1: Factors influencing the strength and type of linkages between tourism and agriculture**

Demand related factors	Supply related factors	Marketing and intermediary factors
<ul style="list-style-type: none"> <li>▪ the type of visitor accommodation with respect to ownership, size and class</li> <li>▪ tourism industry maturity</li> <li>▪ the type of tourist</li> <li>▪ the promotion of local cuisine</li> </ul>	<ul style="list-style-type: none"> <li>▪ physical limitations</li> <li>▪ entrenched production patterns (e.g.: plantation crops for export)</li> <li>▪ the quantity and quality of local production</li> <li>▪ high prices of locally produced food</li> <li>▪ technological and processing limitations</li> </ul>	<ul style="list-style-type: none"> <li>▪ marketing and infrastructure constraints</li> <li>▪ supply poorly adjusted to demand</li> <li>▪ spatial patterns of supply</li> </ul>

In order to create and maintain sustainable and beneficial linkages between tourism and agriculture all factors need to be taken into account. A frequent problem in increasing inter-sector linkages is often the mismatch between supply and demand and the lack of intermediary support structures that enable buyers and suppliers to come together. The Farmers Programme initiated and supported by the Sandals Group in the Caribbean is a good example whereby a private sector entity focuses on all three categories by becoming engaged in a) channelling and creating demand for local products among its staff and customers; b) supporting the supply side to deliver quality and quantity required; and c) establishing workable communication structures between supply and demand (see Box 1).

**Box 1: Sandals - success in sourcing local food from farmers**

The Sandals Group is a large all-inclusive resort chain with properties in Jamaica, Bahamas, St. Lucia and Antigua. With 6,000 employees, Sandals is one of the largest employers in the Caribbean. Their approach to developing agricultural supply linkages has been quite distinctive, going beyond just increasing their own demand for local products.

Sandals' Farmer Programme in Jamaica began in 1996, with the aim of developing good working relationships between farmers and hotels by improving the quality of produce, developing proper pricing arrangements, and improving communications between farmers and hotels. Thus the initiative works across supply, demand and marketing.

Key elements of the approach include:

- A farmer extension officer, funded by Sandals, who works directly with farmers on improving production.
- Collaboration with various other organisations, particularly on agricultural support, including the Rural Agricultural Development Authority (RADA) and Continuing Education Program in Agricultural Technology (CEPAT).
- Management teams from the hotels visit farmers, holding and attending workshop days with them to discuss quality and marketing procedures. Farmers visit the hotels to see how their products are being utilised and why Sandals' specifications are important.
- A focus on improving pricing and contractual arrangements concerning volumes to be traded.

Problems have also been encountered. The initial problems for farmers were a) problems relating to production (e.g. lack of water supply; lack of packing material); and b) problems relating to sale of the produce (e.g. inconsistent supply orders; lack of communication). RADA is now playing an active part in ensuring that the communication lines are active and the hotels are being informed two weeks before the delivery date as to what crops and volumes are available, thus guaranteeing supplies to the hotels while informing the farmers of demand in due time. In addition, a list of types, volumes and delivery prices of produce was agreed to by individual hotels and the respective farmer groups. This corresponded to a monthly supply order. Despite initial problems, progress has been made. The project began with ten farmers supplying two hotels, but now involves 80 farmers across the island. Within three years sales have risen from US\$60,000 to \$3.3 million. Farmers' income has increased and is more reliable, while hotels have gained from a wider variety of good quality local produce and cost savings. The programme is now being expanded to St Lucia and Antigua.

*Sources:* All-inclusive resorts and local development: Sandals as best practice in the Caribbean. Presentation by Klaus Lengefeld (GTZ Caribbean) and Robert Stewart (MD, Sandals UK) at WTM London, November 10 2004; IBLF, IHEI, Tyler Consulting Ltd 2002; [www.radajamaica.com.jm/Marketing/Sandals.htm](http://www.radajamaica.com.jm/Marketing/Sandals.htm) (accessed May 2004)

Another example of an effective integrated approach to increase the use of local produce in the tourism supply chain is provided by SuperClubs and the 'Eat Jamaican' campaign, described in box 2.

### **Box 2: SuperClubs and the 'Eat Jamaican' campaign**

The "Eat Jamaican" campaign was launched in November 2003 by several Jamaican associations and businesses in the productive sector, including the Jamaica Agricultural Society (JAS) and the Jamaica Manufacturers' Association (JMA) to promote locally-produced goods to residents, visitors and exporters. Since its launch the JAS reported an increase in demand (5.6% growth of the agricultural sector in the last quarter of 2003 compared to 4% in 2002), linked to companies like SuperClubs having made commitments to support the produce of local farmers. SuperClubs is one of the leading all-inclusive tourism companies globally. In addition to buying fresh fruits and vegetables from the JAS' marketing company, and promoting the 'Eat Jamaican' campaign in their resorts, SuperClubs is also actively involved in promoting the ideas to tourism industry members and appealing to colleagues to participate.

In February 2004 SuperClubs, signed a Memorandum of Understanding with the JAS to promote greater collaboration for the development of the agricultural and tourism sectors by promoting and participating in the "Eat Jamaican" campaign. Under the MOU, the JAS will trade with SuperClubs through the JAS proposed Central Marketing Company. SuperClubs will work with the JAS to provide incentives for local farmers and assist with designing technical assistance programmes for JAS members. The hotel will also provide Government with policy guidelines for initiatives that will benefit both the agricultural and tourism industries. Currently, SuperClubs purchases just over \$110 million worth of local produce annually, but a key issue for the company has been the maintenance of high quality produce.

Such co-ordinated initiatives build on approaches that have been taken at hotel-level already. One of SuperClubs premier resorts, Hedonism III, started in 2002 with its Jerkfest events showcasing Jamaican cooking. Creating a unique tourist attraction, Hedonism III brings together local culinary delights, music display and arts and crafts displays to attract tourists for a long weekend under the heading: CELEBRATE JAMAICAN CUISINE AND CULTURE.

Festival activities include:

- A local group of expert “jerkers” demonstrating their skills;
- Guest chefs from the island providing cooking classes and tips on how to add a Caribbean flair to everyday meals by using local products;
- Friday night fish fry beachside event boasting several cooking stations;
- Saturday marketplace at the resort featuring local artisans;
- Paintings and sculptures from island artists on display all weekend;
- Guests also have the opportunity to interact with representatives from Walkerswood and Busha Brown authentic spices and sauces, Tastee patties, Appleton rum and liquors, Jablum coffee, Barron Hall’s coffees and liquors; and
- Mento and steel bands entertain.

Sources: [www.caribbeannetnews.com/2004/02/08/campaign.htm](http://www.caribbeannetnews.com/2004/02/08/campaign.htm) (accessed May 2004);

[www.jamaicaobserver.com/news/html/20040503T010000-](http://www.jamaicaobserver.com/news/html/20040503T010000-0500_59335_OBS_ISSA_SEES_TOURISM_ENHANCEMENT_FEE_AS_NEW_HEAD_TAX_.asp)

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The examples of Sandals and SuperClubs suggest that increasing the use of local produce in the tourism supply chain is a practical and viable approach for tourism businesses. However, there are numerous obstacles that must be planned for and negotiated, as illustrated by box 3 overleaf.

### **Box 3: Inadequate and failed initiatives in Cancun**

A review of agriculture-tourism linkages in Cancun (Mexico) argues that '*creating tourism and agriculture linkages represents perhaps the greatest opportunity to channel tourism industry benefits to the rural poor living on the periphery*' (Torres, 2004). That said, experience to date is disappointing. Although virtually all Cancun's procurement is from within Mexico, it is not local. Currently only 4.5% of fruit, 3.4% of vegetables, and 1% of meat consumed by hotels is supplied by producers in Quintana Roo (the area around Cancun). Torres (2004) identifies various disparate efforts to promote local agricultural production for the tourism industry, mainly undertaken by government bodies. But she argues that '*without exception, each of the projects ... either did not materialise, died quickly after start-up or is predicted to fail*'.

The disparate projects that have been tried include:

- expanding irrigation infrastructure to promote horticulture;
- introducing hydroponics, rustic greenhouses, and other new agricultural technologies for tourism-oriented produce;
- establishing post-harvest handling, storage and wholesale marketing facilities; and
- establishing a state government middle man dedicated to procuring local products and delivering them to Cancun hotels and suppliers.

According to Torres (2004), these efforts have, however, been isolated, inconsistent and discontinuous.

Several reasons for failure are identified.

- The main reason is that the various projects tend to address only one element - production *or* marketing - rather than take an integrated approach which tackles the multiple facets of tourism and agriculture linkages.
- Projects have operated in isolation, with narrow implementation, rather than through a strategic alliance of hotels, chefs, Cancun suppliers, farmers, and government bodies.
- Constraints on producers: With their existing capital and difficult environmental conditions, local producers have not given chefs adequate cause to think otherwise. Agriculture is chronically under-capitalised, partly because of the exclusive focus on one sector, tourism.

- Purchasers' lack of trust of suppliers: Hotels and restaurants do not trust local producers. The few experiences they have had with local producers have been negative. Many chefs hold a stereotypical view that the only local production possible in the arid state is milpa shifting cultivation and are not aware of agricultural practice. 'Insufficient local production' and 'insufficient quantity' of local supply were the most common reasons given by chefs for purchasing products from outside the region. Investment in production without changing purchasers' perceptions is therefore futile.
- Great contention over payments and terms, whether government or private intermediaries act as middle-man: Farmers are highly suspicious of intermediaries, having seen many examples of farmers being cheated. Corruption perpetuates the monopoly of existing suppliers, as kickbacks are paid to hotel chefs and purchasers.
- Poorly planned projects resulting in, for example, a market glut of cucumbers well in excess of hotel purchases, leading to farmer losses.
- Apart from the isolated initiatives, planners counted on a 'trickle down' effect of tourism growth to stimulate local agriculture, rather than investing in an integrated programme as tourism developed.

There are, however, a few success pointers to draw on. Don Calvo is a medium scale (50 ha) fruit farmer supplying Cancun. He participated in a state government initiative to bring together farmers, hotels and intermediaries. Other farmers dropped out due to the terms and prices offered, while Don Calvo stayed in for a while, staggering his planting to smooth supply over the year. After 5 years he left, believing government employees were cheating him, but was then able to supply Cancun's market on his own using a rented truck. After a successful 'fruit exposition' he was able to sell directly to hotels, with one hotel sending its own truck out to the farms.

Two farmers who have managed to break into the Cancun market nevertheless have clear views on the obstacles that block many farmers. According to Don Calvo (medium size fruit farmer) and Manual Pec (son-in-law of a small scale citrus, radish and cilantro farmer) key constraints are:

- inability to produce year round
- lack of transport for individual farmers
- lack of organisation among producers: 'I alone cannot transport products, but between 8-10 of us we could'
- 'unfortunately there is no communication between farmers and hotels'
- Cancun intermediaries do not want competition and make it difficult for farmers to market directly
- Small farmers who operate 'informally' (to avoid tax) cannot provide a receipt to hotels

Farmers in the neighbouring Yucatan Region have been more successful in linking to tourism, supplying 20% of fruits, 23% of vegetables and 20% of meat. This can be attributed to a regional agro-industry established by a strong entrepreneurial elite, plus the fact that agricultural wages are lower (not driven up by tourism).

The implications of the Cancun review is that to effectively stimulate linkages requires a co-ordinated effort across both the agriculture and tourism sectors; intensive investment in agriculture; establishment of strategic alliances; establishment of marketing links that are robust enough to break into existing patterns and respected as fair and reliable; and an integrated approach that covers all aspects of production, producer organisation, post-harvest handling infrastructure, and marketing.

*Source:* Torres, R (2004): Challenges and Potential for Linking Tourism and Agriculture to Achieve Pro-Poor Tourism Objectives. *Progress in Development Studies*, 4(4): 294-318.

Whilst obstacles clearly do exist, attempts at increasing the use of local produce in tourism enterprises are diverse and are being experimented with in many different parts of the world. Examples of recent initiatives in the Caribbean, the Gambia and the UK are outlined in boxes 4-6 below. All of these practical examples demonstrate that projects can be established that meet both commercial needs and customer tastes, and that tourism operations can significantly increase their contribution to local economic development.

#### **Box 4: Oxfam Caribbean: working with farmers, hotels and policy-makers**

In St Lucia, Oxfam Caribbean is focusing specifically on agriculture-tourism linkages, and is working with farmers to increase their capacity to supply tourism businesses. Oxfam's goal is to boost the livelihoods of poor farmers. As an international NGO, their approach is to work at three levels:

- On the ground, on production, marketing, and purchasing;
- At the national level, on the policy framework;
- At the regional level to influence Caribbean trade policy.

The work on the ground explicitly addresses all three essential aspects of linkage: supply, demand, and marketing, by focusing on:

- Quality production by farmers
- Increased demand for local products by hotels and tourists that influence buying behaviour of hotels
- A marketing company in the middle to act as broker and facilitate purchase and supply

The marketing company is seen as critical to make the linkages happen because neither the farmers nor the hotels would otherwise have the capacity to translate willingness into sales.

To encourage hotels to purchase from local farmers, incentives are being developed including accreditation for hotels that buy locally, marketing material for hotels to put in their brochures about their local purchasing, and governmental incentives (e.g. tax benefits) for those that contribute to poverty-reducing objectives.

Source: Bright, D. (2004) Oxfam, pers comm.;

[www.oxfam.org.uk/what we do/where we work/esc/programme.htm](http://www.oxfam.org.uk/what_we_do/where_we_work/esc/programme.htm) (accessed May 2004)

#### **Box 5: The Gambia – Haygrove and Concern Universal**

The 'Gambian is Good' project is led by Haygrove Development Ltd, a leading horticultural business in the UK. It is operated in partnership with Concern Universal, a development charity. The project aims to establish a Fair Trade Marketing Company that will benefit small gardeners & community groups in The Gambia by improving their agricultural production and linking them to the hotel and urban markets. The project started in September 2003 and is currently implementing market and technical research both in the UK and The Gambia.

Market research shows that over 75% of local hotels, shops and restaurants would prefer to buy directly from local growers if quality of supply could be assured. However, at present, the thousands of women gardeners in The Gambia produce with minimal technical input. What they can sell is sold to middlemen at the garden gate.

The aim of Gambian is Good is therefore to marry good standards of production with a market driven approach. In this first phase, there are specific objectives relating both producers and customers. Specifically these are:

- *For producers:* To implement systems for post harvest grading and packing and to provide market information back to producers.
- *For customers:* To provide a cross section of vegetables to initially four customers, increasing supply where possible to cover other products and clients.

So far 26 producers have been selected to work on the project, based on their willingness and capacity to meet production and quality requirements and previous involvement with horticultural support projects. Each of these producers has signed a 'Loan Agreement' with Gambian is Good for essential inputs such as seed and fertiliser that the project has supplied. Extension workers are working with the farmers and assisting with grading and sorting of produce.

The first delivery of potatoes, carrots, cabbage, cucumber, egg plants, onions and hot peppers was made on 23<sup>rd</sup> February 2004 to the Safari Garden Hotel. Produce was sorted and graded prior to delivery by Gambian is Good staff, resulting in very positive feedback from the Safari Garden Hotel on produce quality. Other initial customers include a restaurant, supermarket, wholesale market, and another hotel.

Source: Haygrove Development Ltd, pers. comm.; [www.haygrove.co.uk/development.php](http://www.haygrove.co.uk/development.php) (accessed May 2004)

### **Box 6: Youth Hostel Association (UK): up-grading via a focus on local produce**

Youth Hostels in the UK traditionally catered to a young market, seeking cheap dormitory accommodation. They provided large communal kitchens (venue for many a fry-up or all-day bowl of cereal) and a budget-priced three course meal.

As part of the repositioning of Youth Hostels to provide smaller rooms, licensed premises and quality food and facilities for families and a wider range of guests, they are revising their menus. The Youth Hostel Association has now employed a Food and Beverage Manager, whose job it is to make it standard practice for hostels across the country to source and serve local produce.

The emphasis on local produce is a key part of the market realignment, appealing as it does to gastronomic senses, environmental and social conscience, and to the desire for non-standardised and freshly-made meals. A key strategy to achieve the shift is to persuade and train managers and other staff. YHA has 12 Regional Food Champions, and they in turn assist other staff in how to replace traditional YHA fare with improved and localised menus.

YHA are currently researching the use of local produce in Peak District youth hostels. The Countryside Agency have funded the project as part of their national 'Eat the View' initiative and forms part of the programme for New Environmental Economy research into local procurement. If successful, the initiative will be expanded to youth hostels throughout England and Wales.

Sources: [www.yha.org.uk/Stay\\_at\\_YHA/Regional/The\\_Peak\\_District\\_and\\_Sherwood\\_Forest.html](http://www.yha.org.uk/Stay_at_YHA/Regional/The_Peak_District_and_Sherwood_Forest.html);  
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There are eight briefs so far in the Business Implementation of Pro-Poor Tourism Series. They cover a diverse range of topics from branding to supply chains and tourism-agriculture linkages. Several rely on material extracted from websites of companies and other organisations, which is provided in good faith but cannot be taken as verification of pro poor impact. The briefs were written by Dorothea Meyer, Caroline Ashley and Clive Poultney (first versions produced May 2004, revised versions uploaded December 2004).

Further programme information and the full set of briefs are on [www.pptpilot.org.za](http://www.pptpilot.org.za). Further background on PPT internationally is on [www.propoortourism.org.uk](http://www.propoortourism.org.uk).