

How can governments boost the local economic impacts of tourism?

Options and tools



tourism

Caroline Ashley, November 2006

For SNV East and Southern Africa

Preface

The tourism sector becomes increasingly important in the thinking about development in Africa. Most governments now have included tourism in their national development strategies. Many efforts are under way to increase understanding of how tourism can contribute to poverty reduction and of how to translate this understanding into concrete action. The objectives of these efforts include increased tourism arrivals and overnights, more out-of-pocket spending, and a bigger share of the tourist economy benefiting to the poor.

SNV Netherlands Development Organization subscribes to these developments and devotes considerable part of its advisory services for capacity development in the tourism sector. SNV advisors work with a variety of organizations, stakeholders and actors, such as Ministries of Tourism, Tourism Boards, Hotel Associations, Community Based Tourism Organizations as well as with Associations of Tour Operators and many others. Against this background SNV East and Southern Africa brought together practitioners in the tourism sector to present and exchange experiences around the issue of Government Incentives to Boost Local Economic Impacts of Tourism.

This document is the outcome of that initiative. SNV and Rwanda's ORTPN hosted a regional tourism workshop in Kigali Rwanda in October 2006. The workshop drew on 'action research' by SNV advisors in 6 countries and brought together SNV partners and advisors from East and Southern African countries.

The workshop also drew on technical input by the Overseas Development Institute. This in turn drew on the emerging strands of international research, by ODI and others, which are helping to reveal how tourism affects local participants, and which contextual factors or initiatives can enhance those impacts.

The 'toolbox' of incentives presented here, which draws on the workshop materials and discussions, is intended to be of use to decision-makers in Africa, particularly in Government, who wish to harness tourism more effectively for local economic development.

Quirin Laumans

SNV Country Director Mozambique and Zimbabwe
Sustainable and Pro Poor Tourism Practice Area Leader
qlaumans@snvworld.org

Caroline Ashley

Senior Research Associate
Tourism Programme, Overseas Development Institute
c.ashley@odi.org.uk

Acknowledgements

Thanks go to many people who contributed to this work, particularly SNV Advisors - [Dominique Verdugo](#), [James Weru](#), [Abdurahiman Kubsu](#), [Luis Sarmiento](#), [Elibariki Mtui](#), [Birgit Steck](#), [Onesimus Muhwezi](#), [Anthony Mwanje](#) and [Kristjan Suurna](#). Thanks also to colleagues at ODI – [Gemma Jones](#), [Jojoh Faal](#), [Jonathan Mitchell](#) and [Swapna Nair](#).

Thanks also to [UNWTO](#) for contributing support to this project on government incentives.

© SNV and ODI. November 2006.

Readers are encouraged to quote from this publication, but as copyright holder, ODI and SNV request due acknowledgement.

SNV Head Office, (from 1st December 2006), Dr. Kuyperstraat 5, 2514 BA The Hague, The Netherlands
ODI, 111 Westminster Bridge Road, London SE1 7JD, United Kingdom

Table of Contents

1	Introduction	1
2	Developing incentives for PPT: Core Principles	2
2.1	PPT action can be applied – with adaptations – to any tourism economy	2
2.2	Combine and balance three objectives: more tourists, higher spend per tourist, and a greater share reaching the poor	2
2.3	Take a balanced approach	2
2.4	Potential for pro-poor tourism depends on wider conditions for pro-poor growth	3
2.5	Assess who are ‘the poor’ you want to benefit?	3
2.6	Not just jobs, not just community tourism, but linkages and Local Economic Development	3
2.7	Do not assume – assess	3
2.8	Unleash creativity and remove blockages	4
3	Local economic linkages, benefits to the poor and influence of government	5
3.1	Ethiopia: Emerging cultural package destination, low linkages	5
3.1.1	<i>Benefits to the Poor</i>	5
3.1.2	<i>Reasons for low benefits</i>	6
3.1.3	<i>How government can influence pro poor flows</i>	6
3.2	Luang Prabang, Lao PDR: rapidly-growing high-linkage cultural destination	7
3.2.1	<i>Benefits to the poor</i>	7
3.2.2	<i>Reasons for high benefits</i>	7
3.2.3	<i>How government can influence pro poor flows</i>	8
3.3	Tunisia: mature beach destination, high impacts plus missed potential	8
3.3.1	<i>Benefits to the poor</i>	8
3.3.2	<i>Reasons for strong supply chain and weak complementary spend</i>	8
3.3.3	<i>How government can influence pro poor flows</i>	8
3.4	The Gambia: small beach destination with strong linkages	9
3.4.1	<i>Benefits to the Poor</i>	9
3.4.2	<i>Reasons for strong local linkages</i>	9
3.4.3	<i>How government can influence pro poor flows</i>	10
3.5	Findings from the 4 case studies on pro poor benefits	10
3.5.1	<i>The same type of tourism can have high or low local economic linkages</i>	10
3.5.2	<i>The importance of out-of-pocket expenditure</i>	10
3.5.3	<i>The importance of the food chain</i>	11
3.5.4	<i>Policy approaches to boosting pro poor impact</i>	11
4	TOOLS: Approaches and tools that Government can use	12
TOOL 1	Boosting local inputs into the hotel supply chain	12
	<i>Do not ignore supply chains</i>	12
	<i>Help to link the buyers and suppliers</i>	12
	<i>Help SMMEs become reliable suppliers</i>	14
	<i>Develop the supply chain as bed capacity expands</i>	14
	<i>Help ensure economies of scale</i>	15
	<i>Give businesses every reason and tool to revise their procurement</i>	15
TOOL 2	Stimulating micro and small tourism enterprises	17
	<i>Business support: training, credit and business development services</i>	18
	<i>Ensure licensing and regulations do not exclude small entrepreneurs</i>	19
	<i>Establish and monitor a scheme for ‘local guides’</i>	19
	<i>Provide simple infrastructure to catalyse SMMEs</i>	21
	<i>Facilitate access to private sector linkages and mentoring</i>	21
	<i>Stimulate market demand</i>	22
	<i>Create events to bring tourists and service providers together</i>	22
	<i>Community based tourism vs micro entrepreneurs: clarity not confusion</i>	23

TOOL 3	Boosting local craft and tourist shopping	25
	<i>Upgrade product quality, supply and fit with tourist tastes</i>	25
	<i>Develop locally distinctive products</i>	25
	<i>Create sales venues</i>	25
	<i>Ensure tourists have information, incentives and capacity to spend more locally</i>	26
TOOL 4	Boosting employment opportunities of the poor	27
	<i>Expand the tourism sector and expanding employment</i>	27
	<i>Invest in hospitality skills of unskilled & semi-skilled people</i>	28
	<i>More and better jobs for local people</i>	28
TOOL 5	Facilitating destination-level partnerships	30
	<i>Governments should use their unique convening power</i>	30
	<i>Gather views, get communication going</i>	30
	<i>Take positive concrete steps</i>	30
TOOL 6	Diversifying the destination, including more products of the poor	32
	<i>Assess options for product diversification</i>	32
	<i>Create opportunities through rural cultural tourism</i>	32
	<i>Urban tourism, township tours and more</i>	34
	<i>Focus on how the poor can benefit. Don't just assume</i>	34
TOOL 7	Use government roles to influence private sector behaviour	36
	<i>Use concession processes and investment deals to encourage pro poor actions</i>	36
	<i>Other levers: awards, codes, certification, communication and local initiatives</i>	37
TOOL 8	Facilitate joint venture partnerships, private sector and community	38
TOOL 9	Other ways to channel financial flows to communities	40
	<i>Revenue sharing with communities from protected areas</i>	40
	<i>Facilitate philanthropic flows</i>	41
TOOL 10	Addressing cultural, social and physical impacts	42
	<i>Maximise local benefit from tourism infrastructure development</i>	42
	<i>Manage trade-offs over local resources</i>	42
	<i>Minimise disruption, environmental damage and cultural infringements</i>	42
	<i>Set up systems to prevent sex tourism and particularly child prostitution.</i>	43
TOOL 11	Pro-Poor policy making	44
	<i>Participation by the poor in policy</i>	44
	<i>Strategic evidence-based decision-making</i>	44
TOOL 12	Strategic choices: Which segments, markets, investors?	45
	<i>Targeting specific markets and segments.</i>	45
	<i>Investors: foreign and domestic, large and small</i>	47
5	Being effective: Ensuring implementation	48
5.1	Build commitment and support	48
5.1.1	<i>Opt for the feasible over the ideal</i>	48
5.1.2	<i>Achieve something rather than trying nothing</i>	48
5.1.3	<i>Plan for implementation</i>	49
5.1.4	<i>Harness the full range of levers available to government</i>	49
5.1.5	<i>Work across sectors, levels of government, and outside government</i>	50
6	Conclusion	51
7	Appendices	53
7.1	References and sources of information	53
7.2	Four case study assessments of pro poor financial flows	55
7.2.1	<i>Ethiopia</i>	55
7.2.2	<i>Luang Prabang, Lao PDR</i>	56
7.2.3	<i>Tunisia</i>	58
7.2.4	<i>The Gambia</i>	59

Boxes

Box 1:	Definition of Pro-Poor Tourism	1
Box 2:	Ethiopia is losing potential tourism spending!	6
Box 3:	Supply chain can be as important as direct earnings from tourism	12
Box 4:	Facilitating supply chain linkages at lodge level	13
Box 5:	Challenges and opportunities relating to SMMEs	13
Box 6:	Instead of not buying local, tell the suppliers what the problem is!	14
Box 7:	A mismatch between tourism type and local supply capacity in Mozambique	14
Box 8:	Economies of scale and early action benefit suppliers at Madikwe Game reserve	15
Box 9:	Revising hotel procurement – in the absence of government support	16
Box 10:	Encouraging business action on local procurement	16
Box 11:	Kenya - Tourism Trust Fund supporting small enterprises	18
Box 12:	Quality and market issues in Tanzanian village cultural products	18
Box 13:	Local guides: challenges and actions in Ethiopia, Kenya and Tanzania	20
Box 14:	Rwandan communities and a local tour operator work together	22
Box 15:	No one to keep marketing information up to date	22
Box 16:	Using festivals to stimulate supply and demand	22
Box 17:	Very low deliverables from a massive community tourism programme	23
Box 18:	Lessons on CBT success and failure from Zambia	24
Box 19:	Useful Resources on CBT – make use of lessons learnt by others	24
Box 20:	Providing space for craft sales	25
Box 21:	Further resources on crafts and tourist shopping	26
Box 22:	Substantial employment impacts of tourism	27
Box 23:	Ensuring long term investments in training	28
Box 24:	Do the poor get jobs in tourism?	29
Box 25:	Micro-level partnerships in Ethiopia	30
Box 26:	Destination partnerships in The Gambia	31
Box 27:	Proposed beach management framework and stakeholder collaboration in Kenya	31
Box 28:	Further resources on destination partnerships	31
Box 29:	Emergence of rural cultural products	32
Box 30:	10 years experience of cultural tourism in Tanzania	33
Box 31:	How can the poor benefit from cultural tourism?	34
Box 32:	Further resources on diversifying the destination	35
Box 33:	Using concessions to leverage pro-poor action in Kruger National Park	36
Box 34:	Inserting pro-poor conditions in investment and concession agreements	37
Box 35:	Influencing the private sector in South Africa	37
Box 36:	Community private sector partnerships are spreading	38
Box 37:	Draw on joint venture lessons learnt by others	39
Box 38:	Differing approaches to revenue-sharing from protected areas	40
Box 39:	An established system for channelling donations to Tanzanian villages	41
Box 40:	Proliferation of codes of conduct	42
Box 41:	Widespread concern about sex tourism and cultural damage	43
Box 42:	Involving local people in tourism decision	44
Box 43:	South African example of different types of tourists	45
Box 44:	2* as good as 5* for the Gambian poor	46
Box 45:	Challenging the trend for up-market wilderness tourism?	46
Box 46:	Good policies exist but don't get implemented	48
Box 47:	Challenges to implementing PPT in each country	49
Box 48:	Change Management	50

Figures

Figure 1:	Different types of linkages between tourism and the local economy	4
Figure 2:	Approximate comparative cost allocation for a 12 day high season package from the UK to various African Destinations	10
Figure 3:	A range of linkages between micro/small enterprises and established private operators	21
Figure 4:	The Gambian tourism value chain	61

Tables

Table 1:	Overview of case study countries	5
Table 2:	High and low linkages around cultural and beach products	5
Table 3:	Major constraints facing tourism micro and small enterprises in the tourism sector	17
Table 4:	Overview of PPT Tools that are currently implemented	52
Table 5:	Summary of semi-skilled and un-skilled incomes across 4 chains	57

Acronyms

BEE	Black Economic Empowerment
CBT	Community-Based Tourism
CT	Cultural Tourism
KECOBAT	Kenya Community Based Tourism Association
LPB	Luang Prabang, Lao PDR
MSE	Micro and Small Enterprise
NGO	Non-Governmental Organisations
PPT	Pro-Poor Tourism
SMME	Small, Medium and Micro Enterprises
SS	Semi-skilled
ST-EP	Sustainable Tourism - Poverty Reduction
TTF	Tourism Trust Fund
UNWTO	United Nations World Tourism Organisation
US	Un-skilled

1 Introduction

The poor can participate in the tourism industry in many ways - as workers, entrepreneurs, and neighbours. They gain new opportunities but also face constraints. They earn incomes, but also suffer costs of tourism. These impacts vary enormously from destination to destination. Enhancing the opportunities and impacts for the poor is the concern of this document.

Many governments in Eastern and Southern Africa have declared their policy to harness tourism for poverty reduction. The question for most governments though, is what should they do in practice to boost the benefits to the poor?

The language varies: harnessing tourism for poverty reduction, implementing pro poor tourism, or boosting the impacts of tourism on the local economy. But whatever it is called, the principle is to adapt how tourism is done to generate more benefits for the local economy and poor people. In this toolbox, 'pro-poor tourism' or 'PPT,' is used for short.

PPT is about how the business of tourism is done. The impacts of tourism on the poor depend very much on the behaviour of private companies and individual tourists. Yet these are strongly influenced by Government, through its policies, regulations, public investment, expectations, and actions, not only in tourism but in other sectors too.

Box 1: Definition of Pro-Poor Tourism

What is Pro-poor Tourism?

Pro-poor tourism is about increasing the positive impacts of tourism on poor people. PPT is not a specific product but an approach to the industry. It is an approach that seeks to increase participation of poor people at many points in the sector, and that aims to increase their economic and social benefits from tourism while reducing the negative impacts on the poor.

See www.propoortourism.org.uk

2 Developing incentives for PPT: Core Principles

2.1 PPT action can be applied – with adaptations – to any tourism economy

An emerging destination with a small economy has different pro-poor potential to a well-established destination with a developed manufacturing supply chain and skilled workforce. Thus there is no blueprint, but there is always scope to assess poor people's participation and identify how to enhance it. Whether the destination is a beach resort for package tourists or a wilderness for a few, the principle is the same: think laterally on how to create linkages with the local economy.

2.2 Combine and balance three objectives: more tourists, higher spend per tourist, and a greater share reaching the poor

If the overall goal is for the poor to earn more from tourism, this can be done via three routes: more tourists, so total tourism spending goes up; each tourist spending more, so that total tourism spending goes up; and a change in the pattern of tourist expenditure so that the fraction that reaches the poor goes up.

Increasing the share of spend that enters the local economy

Herein lays the challenge of PPT.

The tourism supply chains need extend far into the local economy - not just benefiting tour operators, hoteliers and transport companies, but involving many workers and entrepreneurs from different sectors. This depends on the type of tourist, type of product offered, but also on the operating environment for large and small businesses.

Increasing average expenditure per tourist

The three most obvious ways to increase tourist spending are:

- Increase length of stay
- Increase availability of quality goods and services to spend money on during a trip
- Service and target more high-spending markets rather than budget tourists. But this is not necessarily pro-poor.

Boosting tourist numbers

- A PPT approach does not mean ignoring the need to maintain or boost tourism numbers. The bigger the destination, the bigger the cash benefits. Indeed PPT measures are easier to implement if there is growth all around. But PPT does mean being clear that this is not enough to maximize opportunities for the poor.

2.3 Take a balanced approach

Although it is impossible to tackle everything at once, it is also important to not take just one initiative in isolation. Success is more likely if interventions are balanced by:

- Combining interventions on supply of goods and services by the poor (e.g. via training and SMME support) with action on demand (marketing, tourist information)
- Addressing private sector responsibilities while adapting public sector roles
- Boosting financial flows to the poor and exploring how to boost non-financial impacts, such as social, cultural and physical change.

Be realistic and clear about benefiting 'the poor', to avoid losing focus.

2.4 Potential for pro-poor tourism depends on wider conditions for pro-poor growth

Growth is more likely to be broad-based and involve the poor if they have decent education and training, health care, access to infrastructure and market information, and do not face too many barriers to entrepreneurship.

The literature on ‘pro poor growth’ identifies many factors that can make growth (in any sector) less broad-based and inclusive of the poor, including macro instability, low human resources, inadequate infrastructure, asset inequality, gender inequality, and insecurity.¹ The experience of Asian development over the decades suggests that interventions to increase the human capital of the poor can have a dramatic influence on their ability to participate in the mainstream economy. These strategic interventions need to be balanced with changes specific to the tourist sector.

2.5 Assess who are ‘the poor’ you want to benefit?

The poor can be defined narrowly or broadly: are they only the un-skilled? Or also the semi-skilled? Micro-entrepreneurs? Small businesses? Are there specific target groups for policy makers? Rural households? Women? Least developed regions? Rural migrants?

If policy-makers want to boost benefits to poor people, then ‘poor’ needs to be defined. Otherwise, ‘business as usual’ is likely. But there are policy choices to make about who to target.

Recognise the trade-offs between helping those with some skills and assets (who can more quickly take up entrepreneurial opportunities) and reaching poorer people who have so far had little chance to participate in tourism. Different types of tourism activity will suit different groups (see the tools on the ‘supply chain’ as one way to reach poorer farming households who do not have the assets to work as tourism entrepreneurs). Information must be gathered about who is participating in tourism (by income, gender, type of participant) and how this changes over time.

Practitioners need to be realistic about who benefits not idealistic. But, at the same time, focused so as not to get diverted from pro-poor action.

2.6 Not just jobs, not just community tourism, but linkages and Local Economic Development

Some people see direct employment as the pro poor impact of tourism. Formal employment, particularly in accommodation, may indeed provide the major local cash flow. But indirect participation in the tourism value chain is important: supply chains, enterprise linkages and non-financial partnerships may reach more people, and be more accessible to the poor.

Others focus only on Community Based Tourism. But community run enterprises are only one tiny, and difficult, aspect of participation by the poor in tourism value chains. They account for a very small percentage of incomes earned by poor-ish people in a tourism economy.

A strategic approach to maximising local economic impacts means assessing all of the tourism chain to see where linkages with the local economy can be boosted. Figure 1 shows different types of linkages, each of which can be enhanced for local benefit.

2.7 Do not assume – assess

Many myths and assumptions exist about tourism and its impacts on the poor (see Section 3.5.4 below). High-end or low end, mass market or eco-tourism... each has been assumed to be best for development. But policy decisions are often made on assumptions not assessments.

Only recently is there a growing set of quantitative data about how different tourism economies affect the poor. These challenge assumptions and show the advantages of making assessments.

¹ See for example Klasen, S. (2003)

Figure 1: Different types of linkages between tourism and the local economy



Extracted from Making Tourism Count for the Local Economy in the Caribbean, Ashley et al 2006.

2.8 Unleash creativity and remove blockages

Government cannot and should not try to do everything. It is often commented by tourism departments and boards that they lack personnel skills and resources for developing tourism or devoting extra time to pro poor action. Yet there are often initiatives by individuals, businesses and communities to stimulate local linkages that are stifled by government inaction or bureaucracy.

A cost-effective use of government resources is to work out how to unleash the creativity of others. Instead of developing complex new procedures that risk creating new obstacles, look first at how to remove obstacles to action by others.

Tourism is a private-sector activity. A major challenge is finding the appropriate role for the state: influencing the sector without trying to run it.



Bicycle rally in Rwanda, September 2006. This new event created a thriving local economy for 2-3 days, involving cyclists, two to three thousand spectators, hoteliers, food suppliers, security guards, bicycle repairers. But the organisers found that the multiple procedures involved in working with different parts of government were a big challenge.

Tom Ritchey, Ritchey Logic/Ritchey Design, and Védaste Karyiranga, Mercator.

3 Local economic linkages, benefits to the poor and influence of government

There are no fixed rules about how different types of tourism generate benefits to the poor. The little quantitative data that exists already illustrates quite clearly that what matters is not the type or size of tourism, but how the tourism economy is structured, how supply chains work, how far linkages extend into different parts of the local economy, and how tourists spend their money when they arrive. In other words, there is a great deal that government can do to influence flows to the poor, whatever type of tourism they have.

This section presents findings on financial benefits to the poor from 4 contrasting case studies in Ethiopia, Lao PDR, The Gambia, and Tunisia. Ethiopia and Luang Prabang are primarily cultural destinations but one has high spending in the local economy and one does not. Tunisia and The Gambia are beach package destinations of very different sizes. Tunisia’s tourism creates many jobs and a market for local food, but little revenue for artisans and vendors, while the tiny Gambian economy has surprisingly strong linkages in food supply and shopping. The case studies are shown in Table 1, with more details on each in Appendix 7.2. All except Tunisia are in the UN’s list of 50 ‘least developed countries’.²

Table 1: Overview of case study countries

	Ethiopia East Africa	Luang Prabang (LPB), Lao PDR, S E Asia	Tunisia, N Africa	The Gambia, W Africa
Arrivals p.a. (approx)	210,000	Lao PDR- 1.1mn LPB town – 135,000	6 mn	111,000
Main product	Culture – the Historic Route	LPB – culture, temples, way of life	Beach, sun	Winter sun
GNI per capita (US\$)	160	440	28,990	290

At the risk of over-simplification, Table 2 illustrates the comparisons and contrasts that can be made between them in terms of the benefit flow to the poor. Exploring why these differences in linkages exist, helps to reveal how the structure of tourism affects the poor and what governments can do.

Table 2: High and low linkages around cultural and beach products

	Cultural Tourism	Package Beach Tourism
High out-of-pocket spending in the local economy	Luang Prabang	The Gambia
Low out-of-pocket spending in the local economy	Ethiopia	Tunisia
<i>High Local Procurement</i>		Tunisia
<i>Medium Local Procurement</i>	Luang Prabang	The Gambia

3.1 Ethiopia: Emerging cultural package destination, low linkages

3.1.1 Benefits to the Poor

A recent World Bank study of tourism in Ethiopia³ concluded that:

‘Currently, the supply chains throughout the sector afford very little opportunity for benefits from tourism to disperse into the broader economy’

Aside from the employment generated in the formal sector (hotels, transport, tour operations), there are few opportunities for poorer Ethiopians to be involved. In Lalibela (the main cultural site visited by 90% of tourists), craft sellers earn only 1% of tourist revenue.

² <http://www.un.org/special-rep/ohrls/ldc/list.htm>. Accessed October 16 2006

³ Mann, S. 2006: Ethiopia, In Makeda’s Footsteps: Towards a Strategy for Pro-poor tourism development. World Bank report to Ethiopian Government

3.1.2 *Reasons for low benefits*

The prime reason is the low out of pocket expenditure by tourists, which is up to five times less than in some neighbouring countries. Why is their expenditure so low? This is a result of:

- There is not much to spend money on: there are limited sales outlets and limited variety of handicrafts.
- It is difficult to use credit cards or change money, so spending money locally is difficult.
- Crafts are low value and low quality. Few are specific to the local area.
- Interpretation and guiding skills are low.
- There are few facilities such as information stands, toilets, shops, or banks, at the sites, which would enable tourists to linger.

Box 2: Ethiopia is losing potential tourism spending!

A willingness to pay survey in 2003 showed 42% of tourists would have spent more if facilities and products at tourist sites were available. Average 'loss' was US\$15 per visitor day, which means Ethiopia is losing out on US\$3.1 million from holiday visitors in 2004, and around \$4 million if business tourists are included.

It is estimated that tourists would spend US\$100 more, each, if credit card use was easy. Thus Ethiopia is losing roughly US\$10 million per year in hard currency spending from lack of credit card facilities.

3.1.3 *How government can influence pro poor flows*

To date, the policy priority is to get the tourism sector on track for rapid development. The World Bank report makes a series of recommendations about how to develop the overall Ethiopian product and destination image, including upgrading marketing, facilities and institutional governance. Integral to this are a set of strategies on how government can enhance local economic linkages:

1. Improve access to handicrafts by auditing existing local products, training producers, supporting enterprise formation and expansion; introducing a 'Made in Lalibela' kite mark; supporting retailing through a craft market and cooperative outlet.
2. Support local tourism enterprise by: encouraging hotels to audit and link with local suppliers; working with agricultural NGOs on potential new supplies; supporting production communities if feasible; strengthening links between handicraft sellers and hotels;
3. Strengthen informal tourism service provision by: supporting guide association, upgrading quality of cheaper hotels and food outlets, providing cultural events and services in town; and operating a 3-5 year capacity building and small enterprise support programme.
4. Replace begging with a system for philanthropy, combined with support to former-beggars and skills training.



90% of tourists in Ethiopia visit historic sites in Lalibela such as this church. But they spend little money on local goods and services. © S Mann

3.2 Luang Prabang, Lao PDR: rapidly-growing high-linkage cultural destination

3.2.1 Benefits to the poor

A recent local economic mapping exercise explored the tourism value chain and sub-chains within Luang Prabang town, in order to determine how much is being earned by semi-skilled and unskilled people, and in which parts of the chain.⁴ The 135,000 tourists spend around US\$ 23 million per year in LPB. Of this around \$6 million (27%) accrues to skilled and semi-skilled people (SS&US). Using data, estimates, and assumptions, the analysis found (see Table 5 in Appendix 7.2):

- Supply chain: The food and beverage sub-chain is the largest source of earnings for the poor, with restaurants spending around 3.4 US\$ million per year on supplies from producers and vendors.
- Handicrafts: Crafts are the second most important sub-chain, generating around \$1.8 million in SS&US earnings per year.
- Excursions: generate much lower amounts – probably around US\$600,000 per year – as income for the poor. Of this, the amount accruing to rural residents is probably only \$100,000 to \$200,000. However, there is considerable potential to upgrade the rural product, to the benefit of the destination, the customer, and rural residents.
- Although accommodation is the sub-chain with the highest turnover, it has by far the lowest percentage of turnover accruing to the semi-skilled and unskilled, at just 6%. This is because of low wage rates plus the high use of family labour (in guest houses), and the high share of turnover spent on operational costs such as energy and marketing (in hotels).
- The semi-skilled vs. the unskilled: most of the SS&US who are direct participants are actually semi-skilled, with some capital or skills, and mainly within the immediate environs of LPB town. However, the supply chains for food and silk represent more than half the cash flow to the poor, and they also involve many poorer and more rural households. Women are the majority or a significant majority at several points in the supply chain, particularly in agriculture, silk production, and craft sales. Ethnic minorities are strongly represented in the crafts chain, in both production and marketing.



Shopping for hats, an example of handicrafts for sale in Lao PDR. © D Harrison

3.2.2 Reasons for high benefits

Local linkages are strong due to the structure of the tourism economy:

- The handicrafts sector is very strong. The night market has become world famous and shopping is part of the product that tourists expect.
- There are many small and locally-owned enterprises – guest houses, tuk-tuks and wooden boats, street vendors.
- The majority of tourists are independent travellers, but even those on tours use local services, walk the streets and travel by local transport and shop.
- Tourists (including tour groups) eat in local restaurants (around \$5 per meal) which use local food
- Local goods and services are of a high quality.
- Tourists are not hassled and tourists walk around safely at all times of day or night.

⁴ Ashley C, 2006: Participation by the Poor in Luang Prabang Tourism Economy: Current Earnings and Opportunities for Expansion. ODI Working Paper 273, ODI and SNV

3.2.3 *How government can influence pro poor flows*

To date, the mass of micro enterprises have sprung up relatively independently of government, though government actions such as registering the full range of guest houses, and creating the night market are important preconditions. There are three areas where government could take action to further boost the flow of benefits to the poor:

1. Facilitate more Lao fruit and vegetables in the supply chain to replace imports.
2. Facilitate more Lao silk and cotton in the supply chain to replace imports.
3. Support development of rural tourism products and ways to capture tourist spend in villages

3.3 Tunisia: mature beach destination, high impacts plus missed potential

3.3.1 *Benefits to the poor*

As one of the largest tourism destinations in Africa, in terms of visitor numbers, it is not surprising that tourism is important to the economy, contributing around 15% of exports. However, a major problem for Tunisia is that receipts per visitor are less than half that in Morocco and Egypt. Tourists come for a cheap beach and spend little money once there. This limits benefits to the economy, particularly to the poor.

On the positive side, there are two very large impacts, even if estimates are rough:

- Government estimates over 90,000 jobs are created directly in hotels, which would generate a wage flow to staff of around US\$160 mn per year.⁵ It is likely that a good share of this flows to women but there is a lack of gender-disaggregated data.
- Hoteliers estimate that around 90% of their food and beverage (F&B) supplies are made in Tunisia, and much of their furnishings, fittings and consumables. The F&B expenditure alone from 3, 4, and 5 star hotels is likely to be around US\$140 million per year.

On the negative side, spending outside hotels on shopping and activities appears to be very low, with very little reaching the informal sector. Out-of-pocket spending may be as little as \$8 per day or even less.⁶

3.3.2 *Reasons for strong supply chain and weak complementary spend*

The supply chain to Tunisian hotels is local because Tunisia has relatively well developed economy with agriculture and light manufacturing, plus an array of import restrictions. Hospitality employment is also nearly all local (some exceptions among chefs and managers) as the workforce benefits from decades of educational investment, complemented by a strong tourism training programme for all types of workers (all hotels pay a training tax or can opt to provide their own training).

Out-of-pocket spending is low because:

- Resorts are physically separate from towns and local life.
- There is a shortage of quality facilities, such as car hire and entertainment.
- The range of handicrafts and artisanal products is limited.
- Hassle from vendors deters tourists from shopping.
- Beach tourists (many on all-inclusive packages) have little incentive to leave the hotel, other than on an organised excursion.

3.3.3 *How government can influence pro poor flows*

Over 4 decades of state investment in tourism, Tunisian policy has focused on boosting hotel capacity and arrivals, rather than influencing the nature of tourist activities and spending. In order to boost impacts at local economic level, a first policy step would be go gather more information about pro-poor impacts, particularly tourist out-of-pocket spending and where it goes.

⁵ Government estimate is based on an assumed 0.4 jobs per bed. Wage estimate assumes staff earn around US\$220 per month for 8 months of the year on average (some staff are permanent but some are seasonal).

⁶ Estimates based on calculations by the author using data from the Ministry of Tourism (ONTT 2005) and from hotels.

Strategies to boost total tourist expenditure and boost the existing financial flows include:

- Restoring profitability of accommodation sector, balancing demand and supply.
- Continuing diversification out of beach package tourism into higher spending and less-enclaved tourism.

But beyond this, action to boost local spending opportunities and local economic linkages would involve a range of interventions to develop the supply side (work with artisans, adapt plans for zoning and infrastructure), boost demand (by working with tour operators and target emerging market segments), and action to develop market linkages, such as via improved information and transport.

3.4 The Gambia: small beach destination with strong linkages

3.4.1 Benefits to the Poor

Most tourists to the Gambia are Europeans who buy a package holiday. Recent research⁷ confirms, as expected, that little of the actual package cost directly reaches the poor. Between 20% and 35% (varying by season) of the package costs accrues to hoteliers (a substantial percentage by international comparison) and the rest to ground handlers, tour operators, airlines etc. However, what is striking in The Gambia is:

- Although it is a small country, around 50% of food supply is local.
- Out-of-pocket expenditure is relatively high, and high proportion of that reaches the poor.

In addition, tourism creates around 3,000 direct jobs (hotels and restaurants) and a little over 1,000 direct tourism workers in the tourism sector. In addition, it is estimated that at least 4,500 Gambian households benefit from agricultural sales to the tourism sector.

Thus despite the fact it is a package holiday destination controlled by a few international operators, in a very poor economy, local earnings are considerable (see the value chain diagram in Appendix 7.2.4). It is also important to note that the research found relatively little difference between upmarket and mid-market tourists in terms of their local expenditure, and hence their impact on the poor. It also found little difference between package and non-package tourists in their out-of-pocket expenditure, once the accommodation costs of non-package tourists were taken into account.



With well-organised craft markets, and an organised informal sector, there is a high capture of out-of-pocket expenditure, The Gambia © J Mitchell

3.4.2 Reasons for strong local linkages

Out-of-pocket expenditure averages US\$53 per tourist per day – or US\$ 574 per person over the typical 10.8 day length of stay. This is high both internationally, and also in comparison with the cost of the holiday package. It is a major source of income to the poor. For example, it is estimated that 50% of all shopping (69% of gifts and souvenir shopping⁸) come from the informal sector.

40-50% of fruit and vegetables for hotels and restaurants are supplied from within The Gambia (up to 90% in some hotels). It is estimated that hotels and restaurants spend around US\$5.6 mn per year on food, of which US\$3.0 mn goes on local food supplies.

Local initiatives have helped to boost these local linkages. A three year project worked with informal sector operators (juicers, crafters, guides) and hotels to upgrade production and support sales.⁹ More recently an agricultural supply chain project is boosting the local fruit and vegetable supply.

⁷ Jonathan Mitchell & Jojob Faal, forthcoming. *The Gambian Tourist Value Chain and Prospects for Pro-Poor Tourism. Report to Commonwealth Secretariat*

⁸ Bah, A and Goodwin, H (2003). *Improving Access for the Informal Sector to Tourism in The Gambia. PPT Working Paper 15*

⁹ Details in Bah and Goodwin (2003)

3.4.3 How government can influence pro poor flows

To date, relatively strong local linkages appear to have developed *despite* government. The linkage initiatives have been led by non-governmental actors with support from outsiders. Nevertheless, there is considerable scope for government to further enhance pro-poor flows. The report recommends:

1. Develop local linkages further by supporting and building on the good agricultural, craft and transport initiatives that exist.
2. Increasing local input into the food supply chain holds the greatest potential for boosting pro-poor cash flow.
3. Increasing arrivals numbers should be done via strategic marketing and balancing supply and demand, rather than just increasing airlift or bed capacity, which would risk lower spend per visitor.
4. Increase spend-per-visitor by boosting product quality and product offer, rather than targeting up-market tourists per se.

3.5 Findings from the 4 case studies on pro poor benefits

3.5.1 The same type of tourism can have high or low local economic linkages

The case studies illustrate two ‘cultural’ destinations, one (Luang Prabang) with strong local linkages, and one (Ethiopia) with weak local linkages. There are many factors explaining this difference, but it is not the fact that the main product is culture that determines linkages.

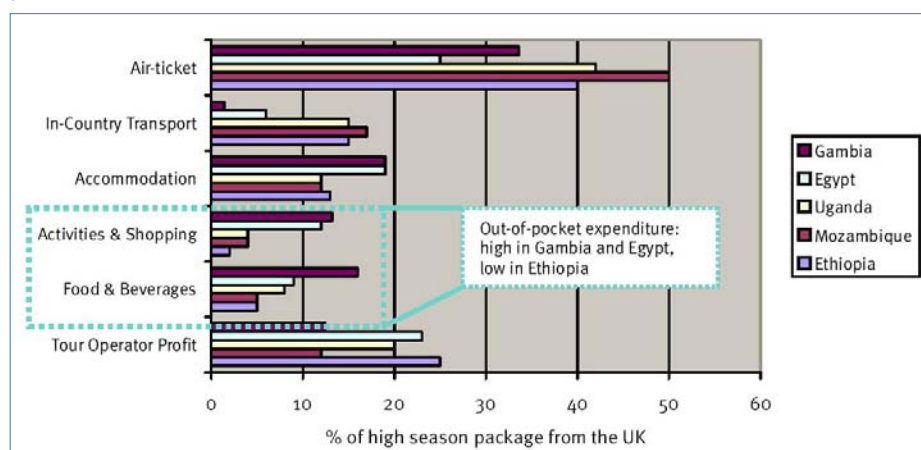
The studies also illustrate two beach destinations, where the majority of tourists are on sun, sand and sea packages. The Gambia has strong pro poor flows via local shopping and out of pocket expenditure. Tunisia is very weak on these linkages, but has strong pro-poor impacts via the supply chain and hospitality employment.

3.5.2 The importance of out-of-pocket expenditure

Tourists’ out-of-pocket expenditure is very important for boosting spending that reaches the poor. Figure 2 overleaf compares the breakdown of tourist expenditure in a number of destinations. The comparison between The Gambia and Ethiopia is clear, where activities and shopping are high in the former, but low in the latter. This leads to strong financial flows to the poor in the Gambia, but very limited participation in the tourism economy in Ethiopia.

Tourists need help to spend money. In Luang Prabang they have every encouragement to spend, in Ethiopia they do not. A range of quality goods and services, preferably with a distinctive local flavour are needed, plus all the things that make shopping or touring easier (shade, a market, security, currency exchange, information).

Figure 2: Approximate comparative cost allocation for a 12 day high season package from the UK to various African Destinations



Global Development Solutions (2006) Value Chain Analysis for the Tourism Sector in Ethiopia prepared for the Government of Ethiopia and The World Bank. Gambian figures from Mitchell J and Faal J, forthcoming. Note: figures are based on limited data, thus are indications only.

3.5.3 The importance of the food chain

In Luang Prabang, supply of food to the tourism sector is the single largest source of income to the poor. In The Gambia, it is one of the largest and boosting it is the intervention which offers greatest potential to boost incomes of the poor. In Tunisia, earnings from the food chain are roughly equivalent to the wages from the 90,000 hotel jobs. These flows are particularly important as income (or at least a large part of it) reaches farming households, where more poor people and women are likely to be benefiting.

Many analyses of financial flows in tourism stop at the level of the hotel. It is essential to dig below that to understand how much of this 'hotel' expenditure goes on buying food from local people, and how much tourist spending outside the hotel also goes on farm products.

3.5.4 Policy approaches to boosting pro poor impact

Good destination management

Pro poor action is intertwined with good management of the destination and product offer. They are not separate issues but they should reinforce each other: enhancing the supply of quality local services enhances the destination, customer satisfaction, and pro poor benefits. Addressing weaknesses in the tourism product will help bring more tourists spending more money. In Ethiopia and The Gambia, upgrading the destination and its market image are priorities for everyone, including the poor.

But good management of the destination and increasing arrivals are not on their own are not sufficient for a pro poor approach. Boost spending that reaches the poor. Tunisia is one of the most visited destinations in Africa but artisans are missing out on potential benefits of tourist spending power. It is important to assess where the poor participate, or could participate, and how this can be boosted.

Therefore a sound PPT strategy involves a combination of:

- An increase in the share of spending reaching the poor
- More expenditure per tourist
- More tourists

Myths or facts

There are many assumptions and myths about pro poor impacts that are often wrong. For example that:¹⁰

- community tourism is the answer to rural development;
- employment in hotels is the panacea for poverty;
- jobs in hotels are not worth having;
- up-market tourism is the way to go;
- reliance on tour operators leaves nothing left for local people;
- mass tourism is good/bad;
- pro-poor tourism requires cultural tourism.

**Do not make
assumptions
but assess
the options!**

In fact, in both Luang Prabang and Ethiopia, the data questioned whether policy focusing on up-market tourists would benefit the poor. In Tunisia and other sites, employment benefits are clear, but are clearly only part of the picture. In Luang Prabang, community tourism initiatives supported by the Provincial Tourism Office turned out to be a tiny fraction of total financial flows to the unskilled and semi-skilled. The Gambia is dependent on just 7 tour operators yet local benefits from tourism are relatively high. Cultural tourism can be important for boosting participation of the poor, as in Luang Prabang. But just because tourists come to witness your culture, does not mean the tourism economy is pro-poor, as seen in Ethiopia.

Multiple levers for governments

The case studies also show that there are many different ways in which government action shapes the pro-poor impact of tourism: from where resorts are located and where roads or toilets are built, to how the destination is sold, investors are regulated, and how SMMEs are supported.

¹⁰ Source: J.Mitchell

4 TOOLS: Approaches and tools that Government can use

This section presents a menu or ‘toolbox’ that governments can use to boost local economic impacts of tourism. No government can take up all twelve approaches. Priorities must be made. But priorities should not be selected simply on the basis of ‘business as usual’. There may be some issues here that have high potential, but had not been considered previously. Thus it is important to consider all the areas of the toolbox and to think laterally, before focusing on the few areas of action.

TOOL 1 Boosting local inputs into the hotel supply chain

The term ‘hotel supply chain’ is used here to refer to all the supplies that are purchased by accommodation providers in order to run their operations. Poor people’s engagement in the supply chain is contrasted with sales of goods and services directly to tourists, although some small entrepreneurs may sell the same product (e.g. a wall hanging, fresh fruit) both into the tourism supply chain to hotels and direct to tourists. The supply of inputs to tourism businesses is also known as backward or upstream linkages, or is described as ‘indirect’ impacts in contrast to the direct benefits of obtaining employment in tourism.

Do not ignore supply chains

Participation in the supply chain is less visible than participation in other parts of the tourism chain economy, and its benefits are more dispersed. It is easy to see where the poor are selling tea or crafts to tourists, working in hotels, or getting guide training. But their role in supplying goods and services to hotels and other established businesses is less evident. Nevertheless, it can be vitally important to boosting local economic linkages.

In some economies, the supply chain can provide the largest cash flow to poor people. Even if local supply chain inputs are currently insignificant, boosting local inputs into the supply chain may well be the change that could lead to the largest boost in poor people’s incomes. And yet, there is virtually no analysis of local earnings from the tourism supply chain in Africa, nor examples of government taking action to boost those earnings.

A first step for governments is to assess the supply chain and opportunities for pro-poor intervention.

The F&B supply chain can be the most important, but most ignored, aspect of pro poor tourism.

Box 3: Supply chain can be as important as direct earnings from tourism

In Luang Prabang, (Lao PDR) the supply chain is more important to poor producers than direct sales to tourists or employment. As outlined in Section 3.2, of the US\$6 million per year earned by poorish participants, over half comes from the supply of food and drink. The second biggest source of income for poorish people is in the handicrafts sector, and also in this sector, the supply chain matters: approximately half of the US\$1.8 million per year earned by poorish people from the craft chain is earned by those who supply silk for textiles and other raw materials for handicrafts and not by the actual weavers, producers and vendors.

But this pattern does not always apply. In Madikwe Game Reserve (South Africa) by contrast, located in a low productivity agricultural region, local supplies to lodges are negligible, and it is wages that matter. A chicken here, a few vegetables there, is all that is sourced locally.

Ashley 2006, Relly 2004

Help to link the buyers and suppliers

There may be local producers with goods or services to sell; and hotels or resorts with substantial demand. But if they do not know of each other, or there is not a well functioning market to link them, the hotels will buy from distant suppliers.

The most important first step is to get suppliers and buyers talking together. Government can:

- Bring them together in the hotels, farms, workshops or at an event.
- Stimulate regular communication, such as through monthly newsletters, meetings, radio programmes.
- Encourage established businesses to mentor small suppliers: recognise their mentoring inputs, perhaps in the same way as training investment is accredited.
- Ensure there is a functioning market –ways in which suppliers and buyers can agree contracts, negotiate prices, adjust quantities and prices over time, deal with transport and insurance.

Box 4: Facilitating supply chain linkages at lodge level

A new initiative of UNWTO's ST-EP program in Ethiopia is seeking to facilitate supply chain linkages at local level in a very direct way.

Historically, Ethiopia's economy has been government-based. Now the private sector is developing, but the hospitality culture of only selling bed nights has primarily remained. A number of potential micro entrepreneurs have not entered into the sector. To address this the project is seeking to help lodges to set up local linkages by providing short term facilitators. The facilitators work on site for 8 weeks. The aim is to identify local entrepreneurial opportunities based on tourist and lodge demand. The facilitators will then work with members of the local community to develop their goods or services, and will be able to draw on an equipment fund where necessary.

Tim Foggin, Regional Coordinator, Eastern and Southern Africa, ST-EP Programme, UN-WTO

Box 5: Challenges and opportunities relating to SMMEs

THE CHALLENGES TO CONSIDER

Opportunities to purchase goods and services locally are often not exploited because:

- Local people produce goods but the quality, quantity and reliability of supply are often inadequate.
- Local producers are not sufficiently aware of hotel requirements, health and safety regulations, and how to match tourist preferences to the required quality.
- Local producers often cannot access credit unless they have secure contracts to show banks.
- Skills are lost as cheap imports devalue local craftsmanship.
- Hotel managers and purchasing officers have grown used to securing products from long-standing existing suppliers.
- Hotels pay for goods received typically after 30 or 90 days. Local producers cannot operate to this timetable, as they lack working capital, and therefore cannot afford to sell to hotels.
- There is no operating 'market' that would put parties in touch with each other, share information and negotiate contracts and delivery.
- The seasonality of local goods often does not coincide with the tourist season.
- In some countries, changes in government policy are required to encourage farmers to facilitate the development of local economic linkages and to maximise national revenues from tourism.

THE OPPORTUNITIES TO UNDERSTAND

For hotels, buying from local producers creates opportunities through:

- Stimulating local enterprises and economic growth.
- Building networks of local collaboration.
- Utilizing more distinctive products that differentiate the hotel environment and enhance the brand.
- Increasing the range of local activities increases motivation to stay and contributes to extended length of stay.
- Enabling cost-savings, if local goods or services are less expensive.
- For small and micro businesses, selling products to hotels can provide an invaluable market and the opportunities to expand and improve their product quality, range and business.
- For government, helping SMMEs to enter the tourism supply chain is a way of upgrading local economic production, and expanding local markets, sometimes serving as a stepping stone to meeting requirements of international markets.

Adapted from 'Bringing Local Producers into the Supply Chain,' Brief 2 in Ashley et al 2006.

Help SMMEs become reliable suppliers

Often small producers produce goods that hotels want, but cannot provide the quality, quantity, or reliability that is needed. Production upgrading can be essential for them to establish supplier contracts.

Government can help directly, or engage others to assist:

- Identify the barriers that are obstacles to entering the supply chain (see box overleaf).
- Assist suppliers to meet the standards and volumes required by hotels.
- Credit is essential for expansion. Explore whether credit can be given on the basis of a secure hotel contract for those lacking conventional collateral.
- For farmers to be able to supply hotels they may need extension advice on improving quality, volume, or out-of-season production. This requires tourism-agriculture collaboration.

It is just as important to persuade the established tourism sector to help local producers become reliable suppliers. With advice on what products are needed, when, and how, suppliers can upgrade. But if they don't have that information they can do nothing! Examples in Box 6 shows how suppliers can adapt if they get feedback, but can't if they don't! Box 9 on Spier, below, also highlights the importance of feedback and mentoring.

Box 6: Instead of not buying local, tell the suppliers what the problem is!

In South Africa's Western Cape, a hotel chef stopped buying eggs from a local supplier and started buying them with the big wholesale order. This was because the eggs kept cracking and breakages were too high. When the local supplier was told of the problem he explained that he had changed the chicken feed recently. Once he knew the problem, he adapted the chicken feed again, soon resulting in eggshells of normal strength. Local supply was resumed.

At the Kigali Intercontinental, host to the workshop on Government incentives that is reflected in this document, Management was asked why Kenyan tea not Rwandan tea was on offer. The answer was that hygiene standards of a 5 star hotel require tea bags in cellophane and on a string, and as yet Rwandan tea is not packaged in this way. A similar issue arose over chicken: local producers like to sell chickens whole, but the hotel likes to buy packages of cut pieces such as wings and thighs. Thus a meeting was convened involving Ministry of Agriculture, hotel chefs, and farmers to explore solutions.

Gareth Haysom, PPT Facilitator South Africa; Rosette Rugamba, Director General ORTPN Rwanda

Develop the supply chain as bed capacity expands

Once tourism businesses have their supply chains established, it is disruptive for them to change to new, smaller, less known suppliers. So where new accommodation establishments are being developed, it is important to upgrade potential local suppliers at the same time, so that they can be part of the supply chain from the start (as shown in the Madikwe box below). This means that support to local suppliers should be integrated into tourism development plans.

Box 7: A mismatch between tourism type and local supply capacity in Mozambique

In Mozambique, the private sector began developing its role in the economy from 1985. Tourism has grown significantly in the last ten years, and the Ministry of Tourism was established in 2000. Although the Strategic Plan for the Development of Tourism (SPDP) 2004-20013 refers to the role of tourism in stimulating demand for locally provided services and produced goods, in fact there is a mismatch between the needs of "quality" tourism and the capacity of the local economy.

Local producers have difficulty in meeting requirements due to poor transportation, storage infrastructure, lack of processing and conditioning facilities and inadequate access to credit and inputs. By contrast, South Africa provides an easy and unavoidable supply chain. As a result, it is estimated by the Hotel Association of Southern Mozambique that more than 95% of food products, equipments and specialized services are imported or supplied by foreign businesses.

A question to consider is how can Mozambique develop tourism products that match the local supply capacity, so as to boost national inclusion in the tourism sector?

Luis Sarmiento, SNV Tourism Advisor, Mozambique

Conversely, tourism development plans should take into account the existing capacity of local suppliers – there may be good reasons to start with the type of tourism that can be supplied with local food and products rather than up-market tourism that will rely more on imports (as argued for Mozambique in the box overleaf).

Help ensure economies of scale

One reason big companies don't buy from little suppliers is that quantities are too small, and dealing with multiple buyers is too demanding for their procurement officer. Producers lack the economies of scale in marketing. Conversely, sometimes new local suppliers don't develop because the market provided by just one or two lodges is too small. There are insufficient economies of scale to invest in upgrading production.

Government can help producers and hotels to buy and sell in bulk, for example, by supporting Farmers Wholesale Associations or other marketing mechanisms that enable a hotel to deal with one outlet rather than many producers. Equally in rural areas, it can be important to encourage hotels to work together to provide a big enough market for local suppliers that makes it worth them investing in upgrading their production (as in the Madikwe example, Box 8).

Box 8: Economies of scale and early action benefit suppliers at Madikwe Game reserve

An assessment of Madikwe Game Reserve (North West Province, South Africa) showed that once a substantial number of lodges were operating, a considerable increase in development of local suppliers became feasible. In 2003, 79 local people were employed in SMMEs and peripheral establishments in the Madikwe area as a direct consequence of the Reserve's establishment. The percentage of lodge procurement from SMMEs was still low and constrained by limited skills, but nevertheless notably higher than averages for other lodges in 'Big Five' wildlife areas. This was largely due to the concentration of lodges providing economies of scale and also due to the fact that supplier support was available from an early stage, while the lodges were being developed.

Employment and Investment in Madikwe Game Reserve, South Africa. P Relly, 2004.

Give businesses every reason and tool to revise their procurement

For hotels and resorts, there will be considerable short term transaction costs to switching to new local suppliers, even if they gain lower prices or better products in the long term. Governments should reduce the costs and increase the business benefits.

Government can reduce transaction costs with information and advice by:

- Providing a mechanism to inform companies of all available suppliers; e.g. a suppliers' database.
- Ensuring there is a unit, fund, project or NGO that can provide the technical input and mentoring that new suppliers need, so that the full burden does not fall on the hotels/lodges.
- Considering options for a project or input that actually facilitates creation of new linkages (see ST-EP example in Box 4).

If government leaves hotels to do all the work of finding and mentoring new suppliers, it is likely to be only a few particularly committed companies that will attempt change.

Government can increase the commercial benefits to business by:

- Introducing a 'made local' brand so that guests can see the distinctive products;
- Encouraging hotels to make a theme of local goods, enhancing the product offer;
- Providing hoteliers with information on other business benefits they can capture and guidance on how to make the switch (as in South Africa - see Box 10).

Box 9: Revising hotel procurement – in the absence of government support

An example from a hotel in the winelands of South Africa (the Village at Spier, in Stellenbosch) illustrates how much a business can change its impact through changes in procurement, but also how high the transaction costs are in the absence of government support.

In August 2004 Spier began shifting its procurement to local small black enterprises, starting with laundry services. Within a year, 7 new contracts generating 30 new jobs were up and running, and Spier had adopted a new procurement approach which continues to be applied to new procurement. Continued reform of the supply chain is likely to generate more local gain than any feasible increase in employment of local people: Spier estimates that if reaches its target of shifting 10% of procurement to small black businesses, this would generate new SMME income of around \$7.5 million per year. An equivalent boost in wages earned by local people would require a 50% increase in local staffing levels or wage levels - neither would be as commercially viable as the supply chain shift.

Spier is gaining business benefits from the shift, including cost saving, local social licence, staff morale, public recognition and business bookings from government. However, the procurement initiative took time and resources. A PPT facilitator literally walked the pavements in the townships to find new suppliers as there was no public database of SMMEs. He also provided considerable mentoring of new suppliers and liaising with purchasers within the hotel. This was feasible for Spier because the initiative was driven by corporate commitments to sustainability with backing from the very top. But for other companies, it would be important for government to reduce some of the transaction costs by facilitating contact between hotels and suppliers. In the Stellenbosch area, a donor-backed initiative to enhance supply chains across many hotels has not got off the ground. But exactly such an initiative is needed if impacts are to spread.

Ashley and Haysom 2006. Also see more lessons from Spier in 'Boosting Procurement from Local Business', How To...? Guide No 1

Box 10: Encouraging business action on local procurement

In South Africa there is a 'How To...?' guide on increasing local procurement, co-produced by two government departments and the national tourism business association. It provides tourism companies on a dozen tips on how they can reform their procurement to buy more from small black local producers. While giving companies tools to make the shift easier, Government is also providing strong incentives: when each company is scored on its performance towards 'Black Economic Empowerment' (BEE), one of the scores is specifically for BEE procurement.

See http://www.odi.org.uk/propoortourism/publications/howto/howto_1.pdf and
http://www.tbcsa.org.za/downloads/initiatives/tourism_bee_charter_scorecard.pdf

TOOL 2 Stimulating micro and small tourism enterprises

There are many different types of tourism products and services that can be delivered directly by small entrepreneurs such as small or micro businesses, informal sector operators, community cooperatives. For example: food and juice producers and sellers, local guides, providers of homestays, camping and bed and breakfast, taxi and boat operators, musicians, bands and dance troupes, etc. (Craft makers and artisans are also sell direct to tourists and are covered separately in the next section, Tool 3)

Micro and small tourism enterprises face a range of constraints. Table 3 shows some of the major constraints they face in some southern and eastern African countries. This provides plenty of scope for government action.

The tools below all relate, in different ways, to encouraging participation by a wide range of tourism entrepreneurs whether these are micro and small enterprises (MSEs) or community run enterprises.

MSEs = micro and small enterprises = the main focus here. An MSE may be an individual entrepreneur, a small enterprise of a few employees, or a community based enterprise.

SMMEs = small, medium and micro enterprises. A common target group for enterprise development initiatives. An SMME can have up to 10, 20, or 50 employees, depending on whose definition is used.

Table 3: Major constraints facing tourism micro and small enterprises in the tourism sector

Ethiopia	Kenya	Mozambique	Rwanda	Tanzania	Uganda
Lack of skills for tourism: the hardware but not the software is there	Regulations impose big requirements on small enterprises	Lack of English skills Lack of basic knowledge in entrepreneurial skills	Absence of tourism culture	Low understanding of tourism and its requirements. Low level of entrepreneurship	Not well informed about tourist tastes: produce anyhow
Lack of credit and collateral	Curio sellers have to sell along the tourist roads	Lack of access to credit	Dependence syndrome on international aid	Stringent credit requirements. Lack of credit culture. Overdependence on free aid/ services	Lack of public information about visitor types and their needs
Lack of collaboration between tour operators and SMMEs	Lack of entrepreneurial education	Business national tourism environment “polluted” by foreign small entrepreneurs	Limited knowledge in understanding visitors’ needs by micro enterprises	Lack of collaboration to solve common problems (e.g. marketing) or advocate common interests	Lack of funding and credit. High interest on loans
	Excessive competition between SME due to lack of product diversification	Lack of national recognition of “low quality” tourism products, created, managed and supplied by the “poor”	Limited access to capital (high interest rate and no long term credits)	Copy cat business competition using same areas & same attractions.	Tourism is a ‘by the way’ – an afterthought
	Lack of capital	Land title deeds not recognised as collateral capital by constitution	Lack of business and entrepreneurial skills for micro and small enterprises	Can face cumbersome formalisation processes with numerous fees, taxes, regulations/ bylaws at local level	Product are below standard so demand is low

SNV Advisors: Abdurahiman Kubsu, James Weru, Luis Sarmiento, Dominique Verdugo, Elibariki Mtui, Anthony Mwanje.

Business support: training, credit and business development services

Provide Training

Training is normally essential for micro-entrepreneurs to meet the standards that tourists require, and to assist them with business management, marketing, or product development. This is quite different from conventional hospitality training that is targeted at staff and managers in hotels.

Box 11: Kenya - Tourism Trust Fund supporting small enterprises

The Tourism Trust Fund, established by the Kenyan Government and European Union in 2001, provides a range of support to SMMEs and Community Based Organisations in tourism. It is not just training, not just finance, but a package of measures designed to be complementary. These include:

Micro level:

- Training and capacity building
- SMME financing
- Engaging consultants to help SMMEs to develop proposals and business plans to access TTF funds

Macro level:

- Creation of an enabling sectoral environment (policy, legal and fiscal framework) to spur SMME growth
- Institutional support for KECOBAT (Kenya Community Based Tourism Association), funding for Kenya Tourism Board to market SMME products internationally.

As of late 2006, approximately US\$10 million has been spent on around 200 SMMEs.

The TTF has also funded more general tourism development initiatives, including regional tourism plans, a Tourism Policy paper, an integrated beach management framework, and more aggressive marketing to both local and international markets.

James Weru, SNV Tourism Advisor, Kenya, and Taiko Lemanyian, KECOBAT co-ordinator.

See also <http://www.ttfkenya.org>

Enhance Quality

The low quality of the product is often a major constraint. Entrepreneurs need help to upgrade their product, whether this is via training, exchange visits, gaining feedback from tourists or accessing new equipment and technology. Improving quality requires an understanding of how tourists view quality.

Box 12: Quality and market issues in Tanzanian village cultural products

The Tanzanian Cultural Tourism Program (CTP) (see Box 30 below) formally finished in 2001, tours continue at around 24 sites. An assessment of cultural tourism products in 2006 identified many quality issues, particularly relating to standards of accommodation, hygiene for toilets and food preparation, interpretation skills of guides, and an imbalance of nature-based activities over ones that engage with local culture. The CTP now plans to develop guidelines and standards for quality.

Marketing problems have also arisen. There is a lack of aggressive marketing by the 'modules' (enterprises) themselves but a reliance on others has not proved successful. The Tanzania Association of Cultural Tour Operators (TACTO), which was set up as an umbrella organisation, has done little on marketing, the CTP website was stopped for lack of subscription fees, and Government holds out-of-date information on the products. The Tanzanian Tourist Board does not even have information on the CTP sites on its own website. Few modules provide information on other modules or keep each others brochures. The different sites are not well combined into packages to boost their marketing appeal to tourists and tour operators. Those far from tourist hubs particularly suffer from lack of tourists.

Birgit Steck and Mtui Elibariki, SNV Advisors, Tanzania, and the Tanzanian Cultural Tourism Program (2006)

Boost market access and marketing skills

Micro and small enterprises cannot create a new market. They must tap into an existing one. Lack of marketing and inadequate marketing skills is the most common reason for failure, particularly for community based enterprises. When providing MSE support, governments should be realistic about where support is targeted: start with an assessment of the size of the market, the percentage of tourists that are likely to be interested in the MSE product, and how the enterprise will be incorporated into marketing channels. It is essential to develop skills in understanding the tourist market and tapping into market networks.

Develop business skills

Many small entrepreneurs need training in business management skills, such as how to do a business plan, how to manage pricing, reinvestment, market fluctuations and stock control. In the tourist sector, they also particularly need techniques for keeping records and getting feedback from tourists.

Credit and finance

Emerging micro businesses need access to capital and a range of business services if they are to thrive. This support is not just a matter for the tourism sector, but cross-sector collaboration with those with micro enterprise expertise is needed. Credit needs to be available at relatively low interest rates, to those with no or little collateral, to women and men.

Sometimes, there are schemes for supporting small tourism business that are limited to community tourism enterprises. Sometimes there are credit schemes for SMMEs in general, but no involvement of tourism enterprises. Perhaps the market chain for tourism and the nature of the service sector is unfamiliar to those trained in micro-finance. The answer is for tourism staff and micro-finance personnel to work together to boost access to finance for tourism MSEs.

Ensure licensing and regulations do not exclude small entrepreneurs

All registered businesses have to cope with regulations and paperwork, but the burden is relatively much higher for MSEs. What's more, some small enterprises simply can't register at all as the recognised categories of tourist business do not accommodate the small and simple ones. But if they stay in the informal sector, their growth is constrained: it is harder to get finance, enter legal agreements with tour operators, establish legitimacy in the eyes of tourists, or be marketed officially by government. For example, the 'modules' in the Tanzanian Cultural Tourism Program (Box 12 above) are not formally registered so cannot access finance. By contrast, in The Gambia (Section 3.4 above), self-regulatory charters have formalised the informal sector without raising barriers to entry so high that the poor are excluded.

Governments should make it feasible for MSEs to register but at the same time ensure this does not mean a mass of taxes and compliance requirements. It is particularly important to:

- Set grading systems to include basic categories that meet minimum standards, such as for home-stay accommodation, local guides.
- Have a registration system that can be completed in the local town, cheaply and easily, by those with limited literacy.
- Enable micro businesses to register without immediately being liable for fees and bureaucracy.
- Coordinate between village, district, provincial and national governments, so that MSEs are not subject to multiple taxes and fees.

Establish and monitor a scheme for 'local guides'

Few poor people can qualify as national guides, but they have much to offer as local guides. However, if this category is not recognised, they must operate informally (illegally) and thus usually at low quality. In most countries there is tension between local guides and guides employed by national tour operators. Tour operators arrive with their tourists and own guide, and do not welcome attempts by local guides to take over the tour in the locality.

This conflict over local guides is almost inevitable in an unregulated market and it is up to government to step in, bring stakeholders together, and find a workable solution. Often this is a matter for local government. This generally means:

- Introducing a recognized category of ‘local’ guide, with appropriate training and certification.
- Establishing rules about what local guides can do and how they can market – e.g. on the street, with badges, at the tourism office etc.
- Deciding whether to oblige tour operators to use step-on local guides in addition to their own guide. If so, under what terms and for what.
- Deciding how to encourage tourists to use local guides.
- This system requires commitment from government to provide or accredit the training and register guides, not on a once-off basis, but on an on-going basis, and to handle disputes.

Creating a category of ‘local guide’ is a simple, practical and concrete action that government can take to enable local people to develop tourism services in their own area.

Box 13: Local guides: challenges and actions in Ethiopia, Kenya and Tanzania

Training plus recognition in Southern Ethiopia

In Ethiopia, the Tourism Parks and Hotels Commission of the Southern Nation Nationalities and Peoples Regional State trained a cadre of local guides in 2006. This was seen as important for three reasons: (1) local people are very interested to become guides and earn income; (2) community members are concerned that national guides give tourists wrong information about their area; (3) there was conflict with tour operators using only their own guides and not local guides.

The measures that have been taken include:

- Training of local guides
- Recognition as important actors
- Organizing local guides at local level
- Setting fee for local guides
- Cooperation between tourism office and local guides

The guides are now (Nov 2006) in the process of being recognised by government, getting badges, and setting standard fees. Badges and fees make life easier for tourists too – less hassle from hopeful guides and less haggling over rates.

Training but not yet wide recognition in Kenya

In Kenya, most training institutions admit students with completed secondary school education however; Kioyaki Guiding School in Maasai Mara is pioneering new courses to equip locals with guiding skills. The next challenge is to ensure that trained ‘local guides’ are officially recognised by Government and private sector.

Use of national not local guides in Tanzania

When tourists visit sites of Tanzania’s the Cultural Tourism (CT) Program, having a local guide is an important part of the experience. However, there are cases where mainstream tour operators and hotels use their own guides inside CT areas. This not only causes problems for the community but dilutes the product for the tourist.

Abdurahiman Kubsa, SNV Tourism Advisor, Ethiopia. James Weru, SNV Tourism Advisor, Kenya. CTP Program Tanzania, 2006.

Local guides have a big influence on how tourists enjoy a destination, and also on how deep the opportunities for interaction with local people are and who benefits locally. It is therefore important to pay attention to:

- Who has access to guide training: can the poor get trained?
- Ensuring guides are well trained to be sympathetic interlocutors between local people and their culture and tourists.
- Avoiding the situation where a small handful of local guides have all the control over where tourists go and spend their money, with potential to abuse their situation.



Which would you want to be your guide? Local guide training helps develop skilled and recognised ‘local guides’, and reduces the problems of local people – and children – scouting for casual work. © A Kubsa

Provide simple infrastructure to catalyse SMMEs

Parking, toilet facilities, energy, water, picnic tables, steps at a boat landing, litter bins ... small infrastructure can make a big difference to what tourists do and whether small entrepreneurs can operate. Tourists need to be able to stop. Entrepreneurs need to be able to operate without having to purchase their own generator, transport goods across washed away roads etc.

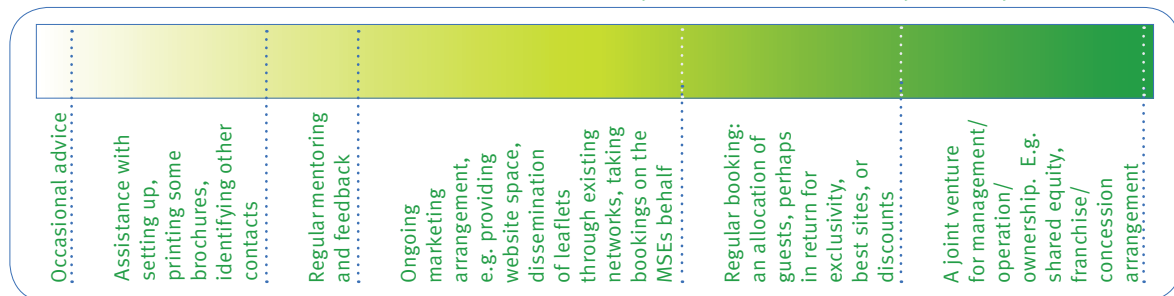
Especially in countries where tourists travel some distance by land, a small amount of rural infrastructure provided by government can catalyse an expanding cluster of private business on tourism routes. If government puts in a toilet, and perhaps a sign then entrepreneurs can supply the café, craft sales, and hopefully much more. This needs to be planned locally, so is an important area for local government.

Facilitate access to private sector linkages and mentoring

There are many different ways in which small entrepreneurs can link up with private sector operators. Figure 3 presents a range of linkages, ranging from the casual to the formal. Established operators have assets that small entrepreneurs usually lack – access to the ‘channel’ and a range of market networks, good understanding of the tastes of their clients based on years’ of experience, finance capital, and a network of contacts. And of course, if they are a tour operator, they have control over the itinerary of their clients. MSEs need to tap into their expertise as much as possible, and make business deals that link their product to the tour operator’s market. Government can use its power – as a trainer, a convenor of local partnerships, or a provider of business support – to ensure such linkages happen.

Advice from a successful tourism professional is invaluable. Mentoring schemes work. But successful private tourism operators are busy. They need incentives to spend time advising others. For some, personal or long term business interest may provide sufficient incentive. But Government can do more to encourage widespread mentoring. Working in collaboration with a hotel association or chamber of commerce, Government can set up a mechanism at local level to put SMMEs in touch with mentors.

Figure 3: A range of linkages between micro/small enterprises and established private operators



Amahoro Tourism Allies Association members performing in front of one of their first group of clients, Rwanda, December 2005. © D Verdugo

Box 14: Rwandan communities and a local tour operator work together

In Rwanda's Northern Province, at the foothills of the Virunga (Volcanoes National Park), international tourists visiting the gorillas are being encouraged to visit local communities, thus generating income for local people, via a new partnership with a local tour operator.

Amahoro Tours, a small Rwanda tour operator (established 2003) helped local communities to set up an umbrella association of 13 community associations. The umbrella association is now converting itself to a business, called Amahoro Tourism Allies. The 13 communities have 180 members. Some of these 13 receive tourists, others focus on food production and tree nurseries, and some are not yet involved in the tourism supply chain. Amahoro Tours sells gorilla permits, transports guests to the park, and also offers his guests the chance to take community tours. So far, 20% of his guests take such community tours, ranging from half a day to 3 days. They are paid fees directly by the tour operator and/or by the tourist. For example, a one day community trip by a group of 3 people will bring US\$80 into around 3 communities, reaching 51 people directly.

Establishment of community tours has been successful with very little new investment. Progress has rested on (1) the anchor product of gorillas to attract tourists to the area, (2) giving local people some new ideas and confidence via an SNV-organised tourism-training visit and capacity building over a year, and 3-month support from 2 volunteers from Sustainable Development through Tourism, (3) an open and regular relationship with the local tour operator. However, the tour operator points out that ATA faces difficulties in developing tourism business skills, and this requires government to either provide local training, or support private operators to provide it.

Dominique Verdugo, SNV Tourism Advisor, Rwanda and Greg Bakunzi, Amahoro Tours. See also <http://www.amahoro-tours.com>

Stimulate market demand

Tourists are more likely to use local providers if they have information about them, can access them easily, and have appropriate expectations. Government has a big influence because of its important role in running local Tourism Information Centres, producing maps and material, running the national website, and doing international promotion. Thus many different arms of government are involved and need to be coordinated.

What is most important is not a few months' intensive work to publicise local and community enterprises, but a mechanism that will ensure that local providers continue to be included in tourist information, and that information is updated. For this, responsibility needs to be assigned to someone.

Box 15: No one to keep marketing information up to date

In Tanzania, a problem has been that information of cultural tourism enterprises (modules in the Cultural Tourism Program) has not been updated. Fortunately a RETOSA project now requires a consultant to gather updated information. This will enable the new information to be loaded onto the web.

Birgit Steck, SNV Advisor, Tanzania.

Create events to bring tourists and service providers together

Festivals, carnivals, exhibitions and local events help to bring tourists out into the community and give local people a focal point around which to offer their services. They can help to draw tourists out of season, or away from their regular route, and give them a new excuse for spending time and money locally.

Box 16: Using festivals to stimulate supply and demand

In the Caribbean, festivals and other events have proved a very successful way of enhancing the tourism product, while stimulating local providers. The St Lucia Government's Heritage Tourism Programme helped to create regular events. Every Friday evening St Lucian's and visitors are provided a range of sea food on the village sea front while being entertained by local artists. The event supports about forty vendors who are mostly women.

'Encouraging Tourists to Spend in the Local Economy'. Brief 6 of Ashley et al 2006

Community based tourism vs micro entrepreneurs: clarity not confusion

‘Community based tourism’, ‘community tourism enterprise’ or ‘community based organisation’ normally refers to a particular type of small tourism enterprise. A CBT is distinguished from other MSEs in that:

- It is owned and often run collectively by a group of residents (e.g. residents in a village, members of a women’s association, a crafters collective etc).
- It aims to make a profit but also has explicit social development objectives – improving livelihoods, supporting community investment etc

Governments often have a commitment to support CBT rather than a policy to support micro and small enterprises (MSEs) in general. While CBT support is positive, this also can also create problems:

- CBTs are likely to be a very small proportion of all actual or potential MSEs in tourism. Support for CBTs should not prevent attention to the other enterprises that also enable the poor to engage in the industry.
- There are too many failed CBTs around the world, many of which have consumed government or donor grants. CBT support should be carefully done drawing on lessons of failure: for example, that social objectives must not preclude a hard business head; success requires a good product, market and entrepreneurial management; and CBTs that link with private operators have most chance of success (see box below).
- If the difference between CBTs and other MSEs is not clear to everyone, this can lead to tensions and failures: for example, failure to appreciate their different needs and market options, and conflict if individual entrepreneurs pretend to be CBTs in order to gain access to benefits. Clarity at the start is needed.

Box 17: Very low deliverables from a massive community tourism programme

The Wild Coast Spatial Development Initiative Pilot Programme was a substantial EU-funded community based tourism programme South Africa’s Wild Coast. The four year programme started in March 2000 under an €12.8 million (US\$13.9 mn) financing agreement. It aimed to develop and replicate the Amadiba hiking trail, a community run project, and create new enterprises and jobs along the coast. However, the mid-term review in 2003 found that achievements were negligible: revenue from community projects was less than 2% of the target and employment was just 4% to 11% of target (excluding or including part time jobs). Major problem in the business approach included: excessive focus on one community enterprise, lack of focus on linkages with the private sector and alternative business models, inadequate attention to market demand, continued reliance on an NGO for marketing, low capacity in communities, and no evidence of commercial sustainability. These were compounded by political and management constraints, such as unresolved land tenure constraints, institutional tensions, and management weaknesses in a highly complex programme. As a result of the review, the programme shifted to a much stronger focus on sustainability and private sector linkages in its final phase.

European Union, Republic of South Africa (2003). “Support to the Wild Coast Spatial Development Initiative Pilot Programme” Mid-Term Review Report

Thus if governments are to support CBT, it is important that they do not ignore the need for private MSEs to flourish and receive support; and also draw on the recent lessons and literature concerning commercial success and failure of CBTs (see Box 18 below).

Box 18: Lessons on CBT success and failure from Zambia

An appraisal of community based tourism enterprises in Zambia concluded:

1. *Reasons for failure:*

‘There is more CBT than stakeholders are aware of but the income generated is extremely small. A few CBT projects have failed and many will struggle to be profitable resulting in disillusioned communities. The main reason for this is that much CBT has been inappropriately donor-driven not market-led. CBT has performed poorly due to multiple and conflicting objectives and vested interests, a lack of market research, weak linkages to the tourism industry, small marketing profile, low product quality and development levels in communities, internal community disputes and poor local governance, and a lack of information dissemination, coordination and planning and sharing of common lessons and good practice.’

2. *Factors that contribute to success*

‘CBT has been most successful when it has been private sector driven ensuring commercial viability. Several tourism companies advise and promote highly successful CBT enterprises as a high proportion of tourists are interested in community and cultural activities.’

‘A combination of factors that show a strong positive correlation with success are:

- Market linkages to tourism companies
- Proximity to the tourism market
- Competitive advantage
- Financial management
- Visitor handling
- Community motivation

Factors that show a slight positive correlation with success are:

- Product quality
- Community investment

External investment (donor funding) has a very strong negative correlation with success and infrastructure basis has a modest negative correlation with success. This is a result of inappropriate donor interventions and does not necessarily mean that external assistance cannot be effective.’

Extracted from Inventory and Analysis of Community Based Tourism in Zambia. Dixey, L. (November 2005).

Box 19: Useful Resources on CBT – make use of lessons learnt by others

There are a growing number of materials that governments can draw on to help support CBT in a more commercially realistic fashion.

Forthcoming guidelines include:

- Manual on market access for CBT
Retosa is producing a manual focusing specifically on how CBTs can access the market: ‘Market access is about making sure you have all of the proper information and procedures in place in order to work with ‘intermediary’ organizations that bring you tourists.’ (Rozga, Z and Spenceley 2006). Contact unwto.retosa@gmail.com or timstep@mweb.co.za
- Guidelines for Community-based Tourism in Rwanda.
ORTPN with support from UNWTO ST-EP is producing new guidelines for Rwanda. These include a summary of lessons learnt internationally and 15 useful principles for CBT. The guidelines will be posted on www.rwandagateway.org (UNWTO, ORTPN, Townsend, C. forthcoming).

For case studies with very strong lessons learnt see:

- The SNV experience in three community-tourism projects: Community-Based Tourism in Botswana. Rozemeijer et al (undated), SNV/IUCN.
- Community-based Tourism in Namibia. Hitchens and Highstead (2005). <http://www.commark.org/Downloads/ResearchAndLearning/Community-based%20Tourism%20in%20Namibia.pdf>
- Making community-based tourism work: An assessment of factors contributing to successful community-owned tourism development in Caprivi, Namibia. Halstead (2003). <http://www.met.gov.na/programmes/wild/WILDresearchdiscussionpapers/RDP%2060%20-%20Making%20CBT%20work%20Halstead.pdf>
- Mid-term review report of “Support to the Wild Coast Spatial Development Initiative Pilot Programme” EU and Republic of South Africa 2003. http://www.environment.gov.za/ProjProg/2003jun17/sdi_review_report_17062003.html

RETOSA, with support from UNWTO, have developed an online directory of over 150 CBT accommodation enterprises in Southern Africa. This includes information on their facilities, attractions, activities - and also their rates and how to make bookings. <http://www.retosa.org>

TOOL 3 Boosting local craft and tourist shopping

Tourists want to shop and buy presents. Even the business tourist is not expected to return home empty-handed. Buying souvenirs and curios can substantially increase the amount of money that stays in the local economy, and particularly with women. Thus ensuring that poor people can take advantage of these customers, and that tourists have ample opportunity to spend their money, is a critical part of PPT.

Many of the points already outlined for tourism service providers (above) also apply to craft makers – such as the need for credit, training, business support, mentoring, and infrastructure. In addition, there are some actions particularly relevant to crafts and shopping.

Upgrade product quality, supply and fit with tourist tastes

If local products are not of sufficient quality, no amount of marketing will help. Training for artisans is often essential if they are to sell to tourists. This may be done by NGOs but should be supported by government. It is not just the quality, but producers also need to understand tourist tastes, and also what size or weight, they can carry what packaging or transport they need and what pricing they will regard as value for money.

Develop locally distinctive products

Tourists want to buy products that are unique to their destination. Government and non government agencies can work with producers to develop these and ensure tourists are informed. Information on where it was made, by whom, and how, adds significantly to the value of a product, and thus the price.

Government can support and oversee development of a ‘made local’ brand. This brand can be applied to a range of goods and services, giving the products higher value and giving the tourist more information and satisfaction. For example, in Jamaica, government and the private sector collaborated in establishing ‘Taste of Jamaica’ branding, which helps promote local foods.

Create sales venues

One of the easiest ways to boost market access for local producers is to establish, equip and promote market sites where vendors can sell and tourists can shop in safety. Tourists need an accessible place where they feel secure, and about which they have information. Vendors need a place with reasonable transport access, particularly if their wares are bulky, and a rental system that is affordable even for part-timers. A government-supported site is one important way forward.

Box 20: Providing space for craft sales

RWANDA

Government of Rwanda provided a piece of land for handicrafts street vendors to relocate their businesses after expelling them from Kigali City Centre. In the process, vendors organised themselves as an association CAPLAKI regrouping around 25 shops and providing parking space. This new market place being the first one in Rwanda helped their business development. The Kigali City Tour actually stops there on their way back.

Vendors also get access to tourists and tourists shops inside large hotels; i.e. NOVOTEL has two permanent shops and temporary exhibitions on a regular basis for handicrafts and art (painting, photography, sculpture ...).

KENYA

The local government especially in Nairobi City has allocated space for makeshift curio markets on Tuesdays and Saturdays. The markets are popularly known as “Maasai markets”, the sellers pay a small fee and are able to sell their wares for a whole day. Popular shopping malls, such as Village Market, have followed suit and are staging these makeshift curio markets in their premises. Authorised venues for craft sales are very important because most lodges are located far away from commercial centres and the only thing that locals can do is to sell their wares along the tourist roads. Curio brokers have also hijacked the trade and have strategically placed curio shops along the roads and thereby denying locals a chance to sell their wares.

Dominique Verdugo, SNV Tourism Advisor, Rwanda; James Weru, SNV Tourism Advisor, Kenya

Sales in and around protected areas are often important. Instead of having vendors compete for sales at the gate, an organised site inside or just outside the park can be open to all.

Competition for the best selling spots is inevitable, particularly if they are in short supply. The question is whether government leaves this to the bigger sellers to sort out, or sets up a mechanism which increases access for the many, particularly the poor, women, and the craft-makers themselves.

The location of such sites matters a great deal. They should, of course, be at points that are on a tourist route or easily accessible. The crafts must come to where tourists congregate. But craft producers will earn more if they can sell to tourists directly rather than sell to a wholesaler who transports the products to towns or parks. Furthermore, some tourists spend more if they are buying directly from a producer, particularly if they can watch and photograph the product being made. Therefore it is invaluable to establish craft markets that are accessible to producers as well as tourists.

Ensure tourists have information, incentives and capacity to spend more locally

Tourists should not return home with loose change in their pocket or disappointment at their shopping. The local environment should encourage them to spend more, rather than leave them feeling restricted in their browsing and spending. There are many factors in the local environment which government, particularly local government, can influence.

How much tourists spend is influenced by:

- Safety and security in the local environment. Local police should collaborate with shop owners, residents, youth and hoteliers to ensure this, to the benefit of all.
- Low levels of tourist hassle.
- Easy money-changing facilities.
- Easy transport to local sites.
- Good sites for shopping and browsing – with some shade, sale of drinks.
- Information about local products, or a ‘made local’ brand.



Crafts on sale for tourists in Rwanda. © D Verdugo

Box 21: Further resources on crafts and tourist shopping

Stimulating local cultural and heritage products. Brief 2 of the South African ‘How to..?’ Series, Ashley et al 2005. http://www.odi.org.uk/propoortourism/publications/howto/howto_2.pdf

Involving local people and products in tours, packages and excursions. Brief 5 of Caribbean PPT Guidelines, Ashley et al 2006. <http://www.propoortourism.org.uk/caribbean/brief5w.pdf>

Encouraging tourists to spend in the local economy. Brief 6 of Caribbean PPT Guidelines, Ashley et al 2006. <http://www.propoortourism.org.uk/caribbean/brief6w.pdf>

TOOL 4 Boosting employment opportunities of the poor

Employment in the hospitality sector is generally the most widely recognised contribution of tourism to local livelihoods. Local wages can be the largest, most desired, and most tangible benefit from tourism.

Jobs in hotels are widely sought after and despite poor pay, may be enough to lift a household over the poverty line. But can poor people get them? When they do, are they exploited? What can governments do to increase the wage flow and enhance working conditions for the poor?

Expand the tourism sector and expanding employment

The first issue is the most obvious: as the tourism sector expands, as new hotels come on line, total employment increases. So long as poor and local people can access a good share of the jobs, this can have a substantial impact on the local economy. Tourism usually has a high percentage of jobs available for women and relatively unskilled people, such as in cleaning, gardening, and laundry.

Particularly when tourism develops in places that are remote, the impact is great (see Box 22).

Box 22: Substantial employment impacts of tourism

At the macro level:

Big picture employment figures that are quoted are generally impressive: for example, in Kenya: the National Tourism Policy (p12) estimates (1998 data) that the sector generates 500,000 jobs of which 360,000 are in the formal sector. It estimates that doubling arrivals over a decade will create at least an additional 25,000 direct jobs per year, and as many more indirectly.

At the destination level:

A new cluster of tourism facilities can transform livelihoods in an area. In the nineties, local village households around newly-established Madikwe Game Reserve earned roughly ZAR 20 million (US\$2.6 mn) per year (all activities, excludes commercial farmers). By 2003, bed capacity in the Reserve had reached 386 in a number of safari lodges, and it was estimated that local residents were earning between R10 and R12 million (US\$1.3 – 1.6 mn) per year from tourism. Thus incremental local earnings from tourism had boosted total village income by around 60% in nominal terms, or 40% once adjusted for inflation. With 392 local employees and a dependency ratio of 1:6, this means livelihoods of over 2,300 people were enhanced by development of the Madikwe cluster.

More detailed results from Madikwe confirms the great importance of employment for local benefit:

- Employment in commercial lodges accounts for 68% of all financial flows to local people, and 68% of beneficiaries.
- Employment is generally the priority of poor people. Efforts to stimulate SMME linkages have been bedevilled by community preferences for wage contracts.

It is clear that local people are in the lower paying jobs: they account for 70% of staff but earn 41% of the wage bill. But there are signs that their earnings can be enhanced:

- In two of the longer established lodges, the earnings of local people, and particularly women, increased markedly between 1999 and 2003 (by 49% and 26% in real terms). During this period there was proactive policy change by management on staff pay.
- At one lodge which is owned by the community, local people capture a higher share of the wage bill (1999 data). This is because they have been able to use their stronger bargaining rights to good effect.

Madikwe represents an extreme example of the impact of employment, given that South African unskilled wage rates are comparatively high, and local enterprise activity in the area comparatively low. Nevertheless, the transformational impact of wages on poor households is clear.

Madikwe Game Reserve: The Local Impacts of Wildlife Tourism, P Relly (2004), supplemented by 1999 data from Koch and Massyn (2004)

Invest in hospitality skills of unskilled & semi-skilled people

Training

Training the poor so they can take up tourism jobs is critical. Investment in hospitality skills can have substantive impacts over the long term. But it may be hard to fund in the short term. A country or district with strong hospitality skills is more likely to be able to develop its own businesses, keep employment local, and adapt to changing markets.

Employment Skills are a basis for much else

If the poor want jobs, and if they are to progress to better pay, they must have the skills. What's more, local people who work for a while in hotels, lodges, and tour operators, often then become the entrepreneurs best able to set up small enterprises in tourism. Skill and jobs are the stepping stone to other linkages.

Include the un-skilled and facilitate job progression

It is important to ensure that that training includes those with less education, and not just school graduates. Skill development for those who have a job but want progression is important.

Funding

Training can be hard to fund, but needs long term commitment. A common way to fund training is through a levy applied across the industry, or via donor funds. However, these funds can be fiercely contested and sometimes flop.

Box 23: Ensuring long term investments in training

In *Tunisia*, there has been high investment in training of Tunisians since the sixties, both by government and the private sector. As a result, the vast majority of jobs are held by Tunisians and some have worked their way up the chain within a hotel. Courses and diplomas are available for even the low-level jobs such as chambermaids and gardeners. A training levy (2% of turnover) is imposed on all hotels, but hotels can opt to spend the money themselves on training, and deduct this from what they pay government. This therefore is a direct incentive for hotels to invest in training.

In *Rwanda*, international companies allocate a specific annual budget to training. There is no official requirement but a hotel investing in training benefits from a 100% tax rebate on the money spent as long as there is prior approval for training plan (which has to be audited with certificates of training etc).

But compare:

In *Tanzania*, there used to be a special levy/tax for tourism development (workers training and skills improvement) of 2%, but it was abolished for lack of focus on how it should be used.

In *South Africa*, the government theoretically reimburses companies for providing training, so long as the training is accredited by them. However, the scheme has been dogged by delays and developed a bad name with companies. For example, Stormsriver Adventures in the Western Cape has developed forest tours led by local people, with the single biggest investment to date being ZAR 1 million borrowed for training. But by July 2002, the training agency, THETA owed ZAR 450,000 for training and the cost of training became a greater burden.

UNCTAD forthcoming; Dominique Verdugo, SNV Tourism Advisor Rwanda; Elibariki Mtui, SNV Tourism Advisor, Tanzania; Ashley et al 2005 How To guide no. 1.

More and better jobs for local people

The proportion of tourism jobs that are secured by local people is a major variable affecting the impact of tourism on a local economy. Anything to increase the proportion helps. Aside from getting more poor people into jobs, working conditions also need to be addressed.

Government can:

- Target training at poor people and poor areas so that they are qualified for hotel jobs.
- Assess working conditions in hospitality. Set standards for hotels than tackle exploitation without taking jobs out of reach of un-skilled people.

- Encourage concessionaires and operators to employ local people when operating in rural areas, rather than transport their own staff. If necessary contribute towards their initial costs of training up local people or facilitate cost-sharing between hotels in an area.
- Ensure government's own policy in protected areas maximises opportunities for local people and relatively un-skilled people, including women, to access employment.
- Assess the employment impact of different types of tourism, and what determines the number and type of jobs, so that labour-intensive tourism can be encouraged.

Box 24: Do the poor get jobs in tourism?

Little is known about the extent to which the poor benefit from the considerable employment generated by tourism. However, one analysis done in 2002 on nature tourism in northeast Kwazulu Natal, South Africa (an area rich in wildlife and protected areas), found that:

- The impacts on labour go proportionately more to unskilled workers and semi-skilled workers when compared to other sectors. In nature tourism 46% of jobs were filled by un-skilled workers, compared to 32% in the economy as a whole, and 24% to semi-skilled workers compared to 15%).
- In total, tourism supplied 30% of jobs in the study area (7,000 jobs in total in an area of 2.5 mn ha). The vast majority of these were direct jobs in nature tourism, and only 8% were indirect in linked sectors.
- Comparing high-price and lower-price lodges: there were more lower-skilled jobs per bed in the higher price lodges (not surprisingly as higher quality service is expected). But conversely, the lower-price lodges generate more employment per Rand spent. Beds costing R50 and less generate twice the employment per Rand of those costing over R250.

The Actual and Potential Contribution of Nature Tourism in Zululand: Considerations for Development, Equity, and Conservation. Aylward, B (2003), World Bank

TOOL 5 Facilitating destination-level partnerships

A destination partnership is a way to bring all stakeholders together - accommodation suppliers, international and domestic tour operators, ground handlers, taxi drivers and transport operators, local artisans, guides, food suppliers, other tourism entrepreneurs, and of course local government. It is invaluable to get stakeholders communicating and learning from each other.

Once the talking is underway, destination-level initiatives can become the channel to action on an array of issues:

- resolving disputes over guides, commission or sales spots.
- widening supply chains.
- agreeing how to develop roads, gardens, sea fronts, pedestrian zones, or parking.
- tackling challenges of water supply, power supply, and waste management in tourism.
- tackling cultural impacts of tourism and developing joint codes of conduct.
- mechanisms for mentoring small tourism businesses.

A multi-stakeholder destination partnership is useful for developing virtually all pro-poor linkages covered in this document.

Governments should use their unique convening power

Government must use its convening power. Destination networks can be in the interest of everyone, but no one else is likely to have the credibility or ability to convene it with full participation.

Gather views, get communication going

Collect reliable information about what tourists think of the destination and what each stakeholder group thinks. The Gambia initiative (see box below) used a structured survey approach to gather information from each group about the destination, product and stakeholder roles, as a start for discussion. Share the information around to develop a shared understanding – of the problems and potential solutions.

It is important to include tour operators. Test ideas and their market potential with tour operators along the value chain early on.

Box 25: Micro-level partnerships in Ethiopia

In Ethiopia, at local level, there are a couple of ecotourism associations that bring together local guides, hut keepers, assistant guides, horse providers and boat providers. Members can discuss destination management, set a code of conduct and jointly manage the routine activities. Government officials, local guides and community members share experience together.

Abdurahiman Kubsa, SNV Tourism Advisor, Ethiopia

Take positive concrete steps

Identify ways to improve the destination to the benefits of tourists, entrepreneurs and residents. This may be through developing parks or beach front, events, or dealing with litter and waste.

A destination partnership can be used to explore how everyone can benefit from a bigger cake, rather than fighting for shares. For example:

- Encourage each stakeholder group to develop and regulate their own code of conduct.
- Use the destination partnership to have frank and open discussions about commission systems and fees.

Box 26: Destination partnerships in The Gambia

The Responsible Tourism Partnership in the Gambia grew out of the Tourism Challenge Fund Project which engaged hoteliers, local and international tour operator and the informal sector organised through the Association of Small Scale Enterprises in Tourism (ASSET). The project began with stakeholder consultation, followed by stakeholder workshops. This helped identify key issues, gather the contrasting views of stakeholders, and start finding solutions.

The project tackled many barriers to participation by the informal sector, such as juicers and crafters. Actions that proved effective included badging and licensing, codes of conduct created and enforced by the informal sector vendors, free market days in hotels, advertising local products in hotels, and development of simple wooden facilities on the beach.

Results included increased incomes for informal sector operators (by a third for licensed guide, more than doubling for juice pressers, and doubling or tripling for craft makers), reduced hassle on the beach, and tourists spent more time there. Thus livelihoods and the destination improved.

Bah & Goodwin 2003

Box 27: Proposed beach management framework and stakeholder collaboration in Kenya

In Kenya, a new approach to managing the seafront has been proposed which will certainly require collaboration among many types of stakeholders if it is to be successfully implemented

A report for the Tourism Trustfund in May 2006 (Liaison Development Consultants 2006) identified severe management problems on the beach including low income and stiff competition for the various beach operators, feelings of insecurity for tourists, environmental degradation of the beach and marine resources, and the perpetuation of poverty among the majority of residents in the coastal province. The study involved interviews with tourists, hoteliers, and the many different kinds of beach operators identified:

'Beach operators are involved in diverse economic activities such as: fishing , curios , boat operators , vendors of various goods especially food stuffs, safari sellers , Massage Operators, Tube Renters, Photographers , Letting tables, beds and chairs, money changers, translators, drugs traffickers and commercial sex workers. Vetting exercise done by the MOTW (Ministry of Tourism and Wildlife) recognized only curio sellers, boat operators, safari sellers and fishermen.'

The recommendations include an entirely new approach to business registration, management of the beach, access for operators, and collaboration among stakeholders. It finds that many associations based on economic activity have already been formed, usually with their own code of conduct. These have already increased security, cleanliness, and dialogue among groups of stakeholders. The report calls for strengthening of such associations with a clear role in destination management. It concludes that:

'There is need to develop comprehensive management plan of the beaches, identify a lead agency in the management and coordination of activities and identify responsibilities for the various agencies including the beach operator's associations.'

Improving The Beach Management Regulatory Environment And Legitimization Of Beach Operators Project. Liaison Development Consultants 2006. report to Ministry of Tourism and Wildlife

Box 28: Further resources on destination partnerships

Building Neighbourhood Partnerships. Brief 7 of Caribbean PPT Guidelines

<http://www.propoortourism.org.uk/caribbean/brief7w.pdf>

Encouraging tourists to spend in the local economy. Brief 6 of Caribbean PPT Guidelines.

<http://www.propoortourism.org.uk/caribbean/brief6w.pdf>

Powerpoint presentation on neighbourhood partnerships, Goodwin:

<http://www.propoortourism.org.uk/caribbean/partnerships.pdf>

Improving Access to Tourism for the Informal Sector in The Gambia. Bah & Goodwin 2003:

http://www.propoortourism.org.uk/15_Gambia.pdf

TOOL 6 Diversifying the destination, including more products of the poor

Assess options for product diversification

Every destination has its core product (whether it is the coast, gorillas, a temple or a forest) plus accommodation. But some destinations have a great deal more. A more diverse destination is likely to be better for everyone – more opportunities for entrepreneurs, large and small, more to do for tourists, increased length of stay for hoteliers. It is particularly important for the poor because they are less likely to be involved in the hotel sector or in operating the main attraction, but will have more chance of participating in the ‘add-ons’.

Product diversification that is likely to involve the poor includes:

- Agro-tourism: making a feature of food products, other agricultural products (health remedies) or making excursions and activities related to agriculture and farms.
- Rural tourism: creating activities in rural areas, whether it is visiting a traditional homestead or more adventurous sport on bikes, rivers and mountains.
- Cultural tourism and entertainment: this may be witnessing living culture in rural areas, learning about historic sites, or enjoying urban night life.
- Shopping: arts, crafts, tailoring
- Use of local transport: boats, bicycle rickshaws, tuk-tuks, horse and cart, donkeys ... for touring an area or getting place to place.

While there may be some overlap between these five (excursions focused on cocoa farming could fall into all five groups) it is important to remember that diversification into music, dance, night life and shopping can just as easily be in urban areas and is equally important for the urban poor.

Create opportunities through rural cultural tourism

Tourism that involves visiting cultural sites, rural villages, or engaging with the living culture provides many opportunities for participation by poor people. If the product potential exists, it can be invaluable to encourage this kind of tourism, so long as it is structured in ways that expand opportunities for the poor.

It is of course wrong to pigeon-hole poor people into one segment of the tourism industry or to make assumptions about cultural tourism benefiting the poor. On the other hand, there are some businesses that are clearly not within the means of those with little financial capital and marketing skills, such as hotels, tour operation and car hire. There are other businesses which do require the assets that the poor often have, which is cultural knowledge, handicraft expertise, access to traditional raw materials, and their own land, natural resources, culture and a village way of life which are themselves tourist attractions for some.

Influence the environment for cultural and rural tourism development

Box 29: Emergence of rural cultural products

RWANDA

Rwanda is starting to develop rural tourism. For the first time in 2006 ORTPN began encouraging tour operators to take tourists down to the community. They are doing this in a structured way, encourage tourists to go with tour operators not individually, and to visit through registered associations of local residents.

KENYA

In Kenya, local communities have started to embrace tourism as an alternative means of livelihood. Many of the initiatives include elements of cultural and rural tourism: ecolodges, walking safaris, camel rides, sanctuaries, curio shops, cultural lectures, cultural manyattas, traditional dishes, cultural dances and homestays to mention but a few. Most of these products are just taken by international travellers as excursions outside their main itinerary. So finding ways to sell these projects into special itineraries is key to their development.

Dominique Verdugo, SNV Tourism Advisor, Rwanda. James Weru, SNV Tourism Advisor, Kenya.

Government influences the overall strength of cultural products by how it:

- Defines the national tourism product and brand image
- Profiles cultural and rural products in tourism marketing
- Prioritises investments in transport and tourism-related infrastructure investments
- Prioritises areas for new hotels and other private sector investments
- Funds restoration and interpretation of historical sites

Sometimes it is important to get people thinking differently. Cultural heritage tourism is about making a product and excursion that builds on, and interprets, the local way of life. The very idea of making an excursion from how normal people live can be totally new. But it is an idea that is catching on in many destinations, whether based on tea factories, cocoa or coffee plantations, traditional medicine, indigenous cooking or simple homestays.

Box 30: 10 years experience of cultural tourism in Tanzania

From 1996 to 2001, the Tanzanian Tourist Board and SNV facilitated a Cultural Tourism Programme to develop village-based cultural tourism products, to the benefit of both tourists and local people. The concept was that:

- visitors could enrich their stay through interaction with local people and authentic cultures.
- rural life would be an attraction itself, enriched by people's colourful dresses, farms, livestock, beautiful landscapes, development project, traditional techniques, arts and crafts.
- local people would gain income and employment in their own area, and would be directly involved in guiding tours.

The products available include campsites, home-stays, traditional food and beverage, trained guides, and local tours. Tours can involve forests, waterfalls, caves, mounting climbing, cycling, canoeing, fishing, dhow trips, visiting healers, story tellers, craftsmen, historical sites, and women using traditional or modern techniques of food preparation.

The number of enterprises, known as modules, continued to increase even after the programme formally stopped. An assessment in January 2006 found that the original enterprises were all still going, though with varying quality. More tours based on nature continued rather than activities based on cultural interaction. Table A shows the fees earned to date at village level in Mto-wa-Mbu Cultural Tourism Programme. These include a donation to the Village Development Fund built into all tour prices. In total, over US\$90,000 has been earned over 5 years from 7,675 tourists, with increasing amounts per year. The largest payments are to local guides and contact people (farmers, warriors).

Table A: Fees Earned in the Cultural Tourism Programme at Mto-wa-Mbu, 2002 to 2005

Fees in TZS	2001	2002	2003	2004	2005	Total	Total in US\$	%
Number of tourists	551 Pax	1,116 Pax	1,207 Pax	2,624 Pax	3,177 Pax	7,675 Pax		
Village Development Fund	828,000	1,673,000	1,810,500	3,936,000	4,765,500	13,013,000	11,713	13%
Guide fees	1,002,000	2,150,000	2,938,000	6,100,000	9,135,500	21,325,500	19,195	21%
Administration Fee	749,000	2,232,000	2,413,000	5,248,000	6,354,000	16,996,000	15,298	17%
Contact person fee (Warriors, Farmers)	475,000	2,330,000	4,752,500	6,865,500	8,574,000	22,997,000	20,699	23%
Traditional food	644,000	1,292,000	2,950,195	4,034,000	3,102,000	12,022,195	10,821	12%
Biking (MTB, local)	355,000	781,000	856,000	1,769,000	2,878,000	6,639,000	5,976	7%
Souvenirs/Makonde			1,675,000	1,851,000	4,086,500	7,612,500	6,852	8%
Total amount of money income	4,053,000	10,458,000	17,396,195	29,803,500	38,895,500	100,606,195	90,555	100%
Total in US\$	3,648	9,413	15,658	26,826	35,009	90,555		

The average earning per tourists was US\$7-8 in earlier years and now is around US\$10-12. This will be tiny fraction of their total holiday cost, but can be significant at local level. To put it another way, if 10% of Tanzania's half a million tourists a year did a cultural tour, this would inject over half a million dollars into local economies.

Current challenges are:

- Different levels of performance with some doing quite well and others struggling
- Limited facilities and services (accommodation, showers and toilets)
- Not enough trained tour guides
- Inadequate promotion materials (brochures, website)
- Lack of umbrella organisation
- Problems with management of VDF
- Modules lack formal legal status

In response the programme, which is now being reconstituted by the Government with SNV support, is focusing on enhancing the modules, establishing guidelines and standards for cultural tourism in the country, forming strategic alliances, including the private sector, in capacity building, quality control and marketing.

Birgit Steck and Elibariki Mtui, SNV Tourism Advisors, Tanzania

As outlined in Tool 2 above, there is also a great deal of support that can be given to new enterprises at micro level. This should complement the policy work at macro level. Such inputs can involve high investment for low return. For example, even the US\$90,000 in local income generated in the Tanzanian Cultural Tourism Programme (CTP) is probably much less than total donor and government input. So the key challenge is to invest in ways that generate ongoing returns in the future (as is happening in CTP) and that influence how the wider market develops, beyond the confines of the project. For this reason, inputs at micro level alone are unlikely to be efficient.

Urban tourism, township tours and more

In some ways it is easier for government to stimulate diversification in towns and cities because the strength of municipal organisation can be used. Government can:

- Organise municipal events and entertainment, giving a platform to local musicians and talent.
- Facilitate ‘township tours’ or other tours to poorer parts of the city and to projects. This involves attention to transport, parking and security issues.
- Licence different kinds of transport and take them into account in urban planning.
- Develop shopping venues, such markets, with the backing of municipal advertising.

Box 31: How can the poor benefit from cultural tourism?

Warning from Ethiopia: cultural tourism that currently exists is not seen as particularly benefiting the poor. The tourists visit historic cultural sites but spend little locally.

In Laos, tourism to rural villages, particularly ethnic minority villages is popular. But there is concern that village people actually earn little from the visitors who generally walk around and look, but do not engage in paying activities. The product is simply seeing a village, literally.

Analysis of different tours offered by a tour operator found that the percentage of the fee paid to the tour operator varied that reaches villages varies from 2% to 30%, with the norm being at the lower end. The key variables affecting the percentage were whether the lunch and water are brought from town or bought locally, whether a village fee is paid (for hospitality, access, a porter, and or a welcoming/baci ceremony), and most importantly whether tourists actually stay overnight in the rural areas. If they do, this involves dinner, breakfast and simple accommodation and is a much greater source of revenue than the day-lookers.

Mann S (2006), Ashley C (2006)

Focus on how the poor can benefit. Don't just assume

Cultural tourism, rural tourism and urban tourism do not necessarily generate cash flow for the poor. It all depends how it is done, as can be seen in the data from Ethiopia and Laos. Therefore, government needs to establish mechanisms that ensure local people can provide services directly, do not get cut out by more established operators, and can, where appropriate, charge fees for accessing their resources. For example:

- Work with private operators to establish a common system for paying fees to villagers or settlements when they themselves are the ‘product’, or their facilities are used.
- Help villagers reach standards and economies of scale so they can supply food and water to tourists and operators.
- Encourage longer visits involving rural overnights so that local people become accommodation providers.
- Review entrance fees for rural natural or cultural attractions to ensure local people get fair shares.
- Support local people to develop a wider range of quality products for sale to tourists.
- Develop fee-paying activities that enable tourists to experience an aspect of local life first hand.

Box 32: Further resources on diversifying the destination

Stimulating local cultural and heritage products. Brief 2 of the South African ‘How to..?’ Series. http://www.odi.org.uk/propoortourism/publications/howto/howto_2.pdf

Involving local people and products in tours, packages and excursions. Brief 5 of Caribbean PPT Guidelines. <http://www.propoortourism.org.uk/caribbean/brief5w.pdf>

TOOL 7 Use government roles to influence private sector behaviour

The private sector can do an enormous amount to create linkages with the local economy and drive local development. From mentoring SMMEs to revising their own supply chain and informing their tourists about local services, the scope is vast. *The question is how can government best influence them?*

Use concession processes and investment deals to encourage pro poor actions

Many new investments and operations in the tourism industry require government to give formal approval, a license, or a concession. At the time of giving out approval Government is in a strong position – they are more able to influence operators than at any other time. This influence should be used to encourage pro poor action:

Box 33: Using concessions to leverage pro-poor action in Kruger National Park

During the Kruger National Park commercialisation process in South Africa, seven concession sites for lodges were put out to tender. In scoring bids, 20% of the points were based on the concessionaire's commitments to 'empowerment.' This included shareholding for historically disadvantaged individuals (HDIs), affirmative action in employment and training, and creation of economic opportunities for communities. The commitments had to be quantified (value and duration), reported on every six months, and formed part of the concession contract. Financial penalties can be imposed for failure to deliver. Contracts were agreed in December 2000, with HDI's holding (or committed to hold within three years) 54% of shares.

Table B summarises the annual anticipated revenue for proposed local community initiatives from four of the private sector operators. By 2004 it was clear that the lodges were not performing well financially, due to lower than anticipated occupancies, and that empowerment achievements also needed to be audited. Nevertheless, it is clear from Table B that the process led concessionaries to plan and develop a wide variety of local linkages. None of them, aside from potential construction revenue, are enormous on their own but the combination could deliver in the region of \$105,000 to \$237,000 per year into local economies after construction has finished, or up to \$636,000 in a year including construction.

Table B: Annual anticipated revenue from proposed local community empowerment initiatives from four private sector operators bidding for KNP's concessions

Empowerment initiative	Range of revenue, ZAR p.a	Thousands of US\$ p.a. ¹
Construction Contract	R23,500 - R3,200,000	3 - 419
Transport to and from lodging	R30,000 - R350,000	8 - 12
Accommodation in local villages	R60,000 - R900,000	4 - 46
Curios	R6,3000 - R240,000	8 - 31
Food supplies	R2,000 - R300,000	0.2 - 39
Laundry services	R60,000 - R200,000	8 - 26
Game drives	R50,000	7
Waste disposal	R60,000 - R100,000	8 - 13
Maintenance	R4,8,000 - R120,000	6 - 16
Catering	R160,000	21
Furniture	R115,000	15
Visits to local villages	R50,000	7
Recycling	R30,000	4
Creche/aftercare	R20,000	3
Environmental education organisation	R16,000	2
Printing	R2,000	0.2
Theatre	R1,500	2
TOTAL	R 804,000 - 5,008,000	105 - 656
Total excluding construction	R 781,000 - 1, 808,000	102 - 237

1: Rounded to the nearest thousand dollars. Calculated at the ZAR:US\$ exchange rate for December 2000

Extracted and adapted from 'Tourism investment in the Great Limpopo Transfrontier Conservation Area. Scoping report', A Spenceley (2005)

Government can require new investors to develop their own plans for stimulating the local economy. Pro-poor commitments should be one criterion for choosing between competing bids. Whatever commitments are made by the investor must then be translated into the final contractual agreement and then monitored. Alternatively, Government itself can insert clauses requiring pro poor action into new concession or investment contracts.

Other levers: awards, codes, certification, communication and local initiatives

Companies continually search for competitiveness, a distinctive product, high customer satisfaction, operational efficiency, word of mouth marketing and national promotion. By helping ensure that pro-poor action contributes to these. Government creates incentives for implementation:

- Awards for responsible tourism give a marketing boost to good performers. So does national marketing that profiles pro poor approaches.
- Codes of conduct for hoteliers makes it clearer what needs to be done and how.
- The business case for change must be very clear. Share examples of how businesses benefit from local goods, enhanced local relations and a more culturally diverse product offering.

More subtly, government can set expectations, which in turn influence the agenda, what is discussed by senior executives, and their long term thinking. Simply requiring information from companies on their pro poor commercial practices (e.g. on their procurement) gets ideas flowing.

Box 34: Inserting pro-poor conditions in investment and concession agreements

RWANDA

The Investment and Export Promotion Agency, RIEPA, lays down conditions for foreign investors above 100 000 US\$. A project has to show the number of jobs created. The number of expatriates depends on importance of the investment and the field of expertise needed. Expatriates have to train other staff. To be allowed a bank loan an investor has to show the socio-economic impact of her/his project, although for any bank in Rwanda the major criteria remains the return on investments.

ETHIOPIA

When government concludes concession agreements with investors, the issue of community benefit is usually discussed. However, implementation is often poor. For example, when concessions of controlled hunting areas are given to outfitters, the contractual agreements contain articles about employing local residents. However, it is reported that the degree of personal interest is more influential than enforcement of the agreement in determining how much contribution to livelihoods is made.

Dominique Verdugo, SNV Tourism Advisor, Rwanda. Abdurahiman Kubsu, SNV Tourism Advisor, Ethiopia.

Box 35: Influencing the private sector in South Africa

Given the challenge of restricting the industry post-democratising, South Africa has the most entailed suite of measures for influencing private sector behaviour:

South Africa's awards (e.g. Imvelo awards for responsible tourism, provincial level awards) highlight those who implement responsible tourism, giving them higher profile and free media attention. This brings in new bookings and rewards good practice.

In 2001, Government led creation of 'Responsible Tourism Guidelines' which outlined expectations of how companies should contribute to local development.

The Black Economic Empowerment agenda creates expectations that businesses adapt.

Government's own procurement of accommodation is influenced by how hotels perform on BEE. In arranging conferences and workshops, good performing hotels are more likely to be used.

Government has backed publication of a series which gives companies practical tips on how to develop local linkages. The aim is to actively support implementation of change. The executive summary for CEOs focuses very much on the 10 business benefits to be gained.

TOOL 8 Facilitate joint venture partnerships, private sector and community

Formal partnerships usually involve an investor providing capital and commercial expertise, and communities providing land or other resources. Most commonly they build a lodge, though the type and legal form of agreements varies enormously.

The basis for most partnerships is the allocation by government of some rights to communities, which give them an asset of marketable value. This may be over land, or usage rights over wildlife, or tourist access rights.

Aside from granting tenure, government has other key roles to play:

- Ensuring financing, particularly grant financing, is available for communities to invest in the partnership.
- Sorting out the legalities, oversight of the process and the negotiated contract, monitoring of implementation.
- Facilitation of the negotiation may be done by non-governmental partners rather than by Government. But governments should ensure that communities do have access to facilitation and solid technical expertise and do not enter contracts without this.

**Do not obstruct
the process!**

Box 36: Community private sector partnerships are spreading

Tanzania: There are Community Business Ventures between communities and Private Tour Operators where pieces of reserve land are subleased to an investor at a base fee, and bed-night fees that are paid directly to the village governments. A positive example is the Village of Ololosokwan in western part of Serengeti where the village is earning above USD 130,000 per annum from fees and jobs alone. NGOs play a role of honest broker by bringing issues to the table and raising community awareness. Local governments are supposed to oversee the processes. There are commercial benefits for operators to invest in community areas rather than protected areas, such as lower fees, fewer restrictions, and the chance to include interaction with local people.

South Africa, a variety of partnerships and array of legal and financial mechanisms exist. Several communities have gained ownership of land in a prime site (e.g. in a National Park) through land restitution, and then partner an investor who builds a lodge. In Madikwe Game Reserve, the Parks Board has given a local community a long term concession for the site for Lekgophong Lodge. The lodge itself is owned by the community and sub-leased to a private company. The cash flow to the community is predicted at ZAR 1.7 million per year (US\$224,000). This is equivalent to the *total cash flow* to the local residents estimated from all four of the 'normal' lodges in the Reserve. It is not only the income from ownership that makes a difference. But because of their structural and legal position, the community have been able to secure higher incomes from wages and small enterprise than from the other lodges in the same reserve.

However, not all partnerships are so successful. A review of all public private partnerships in tourism in South Africa found that delays to partnerships caused by government procedures are a major constraint. The review also made a very strong recommendation to government: communities not only need a third party to facilitate the negotiation process, but an outsider to monitor implementation and address any deficiencies on either side.

Uganda is introducing the approach.

The tourism policy requires that Government actively support a concession policy where beneficiary concessions are granted for entrepreneurs and developers to undertake development of natural and cultural resources jointly with UWA/local communities. Agreements must give emphasis to local community involvement and poverty reduction.

Mtui Elibariki, SNV Tourism Advisor, Tanzania; Koch and Massyn (2004), Onesimus Muhwezi, SNV Tourism Advisor Uganda.

There are many legalities to be sorted out in legalizing community rights, thus there is enormous scope for government to obstruct the process by being painfully slow. Experience in South Africa reveals just how time-consuming the process can be, often due to government procedures (see box above). The CEO of Wilderness Safaris (a leading safari company with many community partnerships in Southern Africa) estimates that in Greater St Lucia Wilderness, it will take 5 years from the first site visit to opening the doors to guests. Government procedures, the problems of working with Conservation Authority staff, and across both Conservation and Treasury, have imposed many delays.

Joint ventures are ferociously complicated and time-consuming. Benefits can be high, but so can losses. It should not be undertaken lightly. It is essential to learn from the experience of those countries that have already learnt the hard way.

Warning!!

There are plenty of countries and sites where partnerships have been developed in principle but either not been implemented, or run into difficulties.

Communities risk investing a lot of time and running high expectations.

So it is unwise for Governments to catalyse a partnership process if they do not have the resources to see it through.

Box 37: Draw on joint venture lessons learnt by others

In Southern Africa there is considerable experience in partnerships, and various documents that learn lessons or analyse different legal approaches or financial deals. Some useful documents follow but note that different countries have very different types of joint ventures. Some of the early documents about what should go in a contract remain highly relevant, while for technical and financial details it is always worth checking for more up to date work in this evolving field:

Private Public Partnerships in the tourism sector: Report 1. An analytical review of public private partnerships to date. PPT Toolkit Task Team (2005), South Africa.

http://www.ppp.gov.za/Toolkits/Report_1_Analytical_review_tourism_PPPs_FINAL_01Feb05.pdf

The African Safari Lodge And Sustainable Rural Development, Koch And Massyn 2004. From MAFISA, South Africa. (mafisa@icon.co.za)

Building Local Partnerships. Brief 3 of the 'How To..?' series, Ashley et al 2005.

http://www.odi.org.uk/propoortourism/publications/howto/howto_3.pdf

Getting the Lion's Share from Tourism: Private Sector- Community Partnerships in Namibia. Roe et al 2001. See particularly Volume II which is the Guidelines. www.iied.org-pubs-pdf-full-9057IIED.pdf

Joint venture options for communities and safari operators in Botswana. T. Gujadhur. 2001.

http://www.snvworld.org/cds/rgTUR/documents_1.htm - 34k

TOOL 9 Other ways to channel financial flows to communities

Revenue sharing with communities from protected areas

Sharing entrance fees from protected areas is one very direct way to get funds flowing to local communities. It clearly conveys that they are stakeholders in the park and are entitled to some benefits. And in principle the revenue can reach everyone, not only the entrepreneurs or staff. However, there are often difficulties in how the cash is disbursed.

Revenue sharing is one of the few PPT actions that is already implemented in many African countries in different ways. The principle of sharing revenue has been widely accepted for some time because park managers want local people to see that they get some benefit from protected land. The more contentious issues are around who gets the funds, the mechanism for allocation, and whether they ever reach the local level.

Governments can:

- Review and adapt disbursement mechanisms so that funds go directly to the local level, such as to Village Funds or Village Committees. It is worth investing in participatory consultation to establish a scheme that different villages and local government consider fair.
- Maximise transparency. Publish information on park revenue, on the amount given to local communities and to whom.
- Facilitate discussions with communities and local government on the process they will use to decide on how to spend the funds, and how to account for them.

Box 38: Differing approaches to revenue-sharing from protected areas

In *Tanzania*, 25% of revenues from tourism activities in protected areas (national parks & game reserves) are ploughed back to the surrounding local communities. But benefits often do not reach or reach the intended beneficiary (household, community very late due to bureaucratic procedure of disbursement. Different procedures are used for hunting areas and national parks:

In hunting tourism, the intent is that 25% of revenues from hunting fees are channelled back to the activity communities through the District Councils. However, many villages do not receive these funds at all, or receives it too late and too little. The fees must pass through a long chain, from the Treasury to Region, then District Council, where it is distributed across the board to all villages in the ward or district.

TANAPA (National Parks Authority) has a policy to direct 7.5% (which is proposed to increase further) of their budget to neighbouring adjacent communities and these tourism revenues do go directly to adjacent communities.

In *Ethiopia*, the entrance fee to the protected and species fee from the controlled hunting areas are set aside to be used for the national park management in some regions. Here it is possible to allocate some money for community projects. Getting the approval of the regional government took quite considerable time and resource.

In *Rwanda*: for the first time in 2005, revenue sharing of 5% has been implemented on all three national parks fees. The share goes to local residents through the Districts. The amount of 70 million Rwandan Francs (±125 000 US\$) was shared on different projects around national parks. Projects were established by the Districts.

In *Kenya*, national parks are under the management of Kenya wildlife Service (KWS). KWS does not hand over a revenue share but has a Community Service Department which initiates community projects such as cattle dips and clinics for communities leaving next to conservations areas. National Reserves, managed by local county councils, operate differently. They give about 19% of their earnings back to communities in the form of school bursaries, health facilities, roads, and human-wildlife compensation.

Mtui Elibariki, SNV Tourism Advisor, Tanzania; . Abdurahiman Kubsa, SNV Tourism Advisor, Ethiopia. Dominique Verdugo, SNV Tourism Advisor, Rwanda; James Weru, SNV Tourism Advisor, Kenya.

Facilitate philanthropic flows

Tourism philanthropy is booming. Tourists make donations to projects in the destinations that they visit, and a small but growing minority volunteer their own time and skills. Many tourism companies now facilitate this flow, by providing information and donation options to tourists, including visits to projects in itineraries, or making their own cash or in kind donations.

It is generally much better for tourists to make donations through structured processes, rather than doing their own give-aways in the street. A structured approach can be part of a strategy for reducing tourist begging.

Most of these initiatives do not involve government and do not need government. If it is happening privately, relatively effectively and equitably, do not intervene. But government may wish to consider:

- Facilitating such initiatives in areas where it is not happening, for example by accrediting a project as legitimate, or joining a network of operators to provide some oversight and legitimacy to the process.
- Directly providing information to tourists on how they can donate to local causes, within local tourism information. Informing them that this is preferable to handing out sweets or coins to beggars.

Box 39: An established system for channelling donations to Tanzanian villages

In Tanzania, the Cultural Tourism Programme facilitates donations by visitors to rural projects. A contribution to the Village Development Fund is structured into the cultural tour fee. In addition, tourists may wish to contribute further to the school, clinic, water project, or other initiative that they visit. Funds go towards items such as classrooms, books, desks, water supply, dispensary rooms, and maternal wards. The Village Development Fund (VDF) is jointly managed by the Village Government and the Cultural Tourism Coordinators in the area, with involvement of local tour operators.

In 2005, the contribution to VDF from the cultural tours totalled 4.8 million TZ\$ (almost US\$0.5 million). And over the period 2001 to 2005, total VDF earnings were over 13 million TZ\$ (US\$1.3 million). This equated to 13% of total earnings at village level (fees and sales).

Mtui Elibariki and Birgit Steck, SNV Tourism Advisors, Tanzania

TOOL 10 Addressing cultural, social and physical impacts

Maximise local benefit from tourism infrastructure development

Tourism is often a driver of infrastructure development. One of the least recognized benefits of tourism to the poor is the infrastructural gains it can motivate, such as from new roads and spread of mobile phone networks. But one of the most distressing juxtapositions of tourism in a poor country is the sight of a hotel with clean water and electricity, surrounded by poor people without either. When developing infrastructure and services for tourism, it is important always to seek to maximize benefits for both residents and tourists.

- Roads, electrical services, water supplies, should be built for ‘dual use’ by hotels and local people.
- When diggers and other heavy equipment are in place to develop tourist infrastructure, see if at the same time they can get small but important jobs done for local people.
- Discuss with hoteliers about a maintenance service, for water or electricians that can pool private, government, and local resources and extend benefits beyond the hotel perimeter.

Manage trade-offs over local resources

Often it is the poor who suffer most from environmental damage caused by tourists (e.g. to water sources, grazing land). It is also the farmers who suffer from wildlife damage to crops and livestock, while it is the tourist industry that benefits from the wildlife.

Governments can:

- Explore how to ensure that the people who suffer the most can also gain benefits from tourism.
- Can SMME support, revenue shares, or small-scale infrastructure to facilitate tourist stop-offs be targeted towards them?
- Incorporate standards for natural resource use into codes of conduct (see below under culture and codes).
- Control environmental use and damage via regulations.
- In some cases, voluntary codes of conduct are not enough. Regulations limiting how, or how much, tour groups can use natural resources may be needed. These can be locally issued regulations, or can be written into concession contracts. If all operators are clear that they apply equally to everyone, their acceptance is more likely.

Minimise disruption, environmental damage and cultural infringements

Negative impacts of tourism are a problem in many countries. While tourism alone cannot be blamed for intrusion of ‘modern’ or ‘western’ habits, cultural change is often exacerbated by tourism, such as drugs and prostitution.

- Understand the negatives: In order to reduce negative impacts on the poor, the first step is to at the very least understand them. Listen to local people’s concerns, particularly women.
- With local people and private operators, develop codes of conduct that will reduce the problems.

Box 40: Proliferation of codes of conduct

Tourism in Kenya has been associated with a number of cultural degradation issues, namely; master-servant dichotomy, cultural erosion, cultural shock, commercialization of culture, child prostitution, names them. The government through collaboration with other stakeholders have initiated codes of conduct for travellers, some non profit making organisations have also developed codes of conduct and this has seen the proliferation of non coordinated set of the codes. The government needs to come up with one code of conduct for travellers so as to avoid duplication of efforts and confusion among travellers.

James Weru, SNV Tourism Advisor, Kenya

Codes for appropriate behaviour need to be backed and disseminated by government, tour operators and hotels, if they are to be effective. Codes for tour drivers, tour operators, taxis, and also for local people may well also be needed to make the new measures work.

Box 41: Widespread concern about sex tourism and cultural damage

In Ethiopia, discussion is underway about disruption and cultural infringement caused by tourism. There are cases where sexual exploitation, begging, increased school drop outs, etc have become a concern for the community, the government and others.

In Mozambique, National Tourism Law specifically outlaws child sex abuse and sex tourism as a product. Child prostitution is a crime.

Abdurahiman Kubsa, SNV Tourism Advisor, Ethiopia; Luis Sarmento, SNV Tourism Advisor, Mozambique

Set up systems to prevent sex tourism and particularly child prostitution.

Many countries have already passed laws and some work with ECPAT, (End Child Prostitution, Child Pornography And the Trafficking of children for sexual purposes) to implement measures. For further resources on controlling child sex tourism see ECPAT at <http://www.ecpat.org.uk/>

TOOL 11 Pro-Poor policy making

Participation by the poor in policy

The most obvious way to ensure the needs of the poor are taken into account in policy and planning, is to give them a voice. Participation can be at different levels, from local government to national, and is particularly important when destination tourism development plans are being developed.

However, consultation and participation is not easy. For Government officials it can be time-consuming and disruptive of the plans they had. For local people, it is also time-consuming and they may lack sufficient information to make good use of the opportunity. There is always the problem of representation: who speaks on behalf of 'the poor'?

Strategic evidence-based decision-making

There are a great many governments and countries that are committed to using tourism for development and poverty reduction, but little information on what tourism is actually contributing to poverty reduction above the micro level of a lodge and below the macro level of foreign exchange/ aggregate employment. Most strategic decisions in tourism are not based on any evidence about their development impact!

The case study data presented in Section 3 above showed how quantitative data that exists contradicts many of the myths that prevail.

Gather information and views: know where the poor are engaging, where they would like to do engage, what are the constraints and bottlenecks to increased participation, and what the likely impacts of different policy decisions are.

Box 42: Involving local people in tourism decision

Mozambique:

In trans-frontier conservation areas there has been considerable emphasis on involvement of local communities in the process. In local community areas, there is public awareness of the need to include civil society, but this is constrained by the fact that communities have little understanding and information regarding tourism. A great effort is put on public awareness by pressure groups and public sector agencies, to include civil society but the system is slow to allow effective participation resulting in actions.

Uganda:

Development of the national policy involved consultations with local governments, community protected area institutions and Uganda Community Tourism Association as a representative of community tourism groups. In developing local level tourism plans, individual residents are consulted through interviews and assessment as part of policy analysis. In addition, residents are consulted at different levels especially local government level along with tourism players such as tour operators, guides and hoteliers.

Kenya:

The views of small community tourism initiatives for a long time have been dwarfed by the views of major tourism operators, but slowly communities are being empowered and are able to air their views. This situation has greatly improved with the creation of Kenya Community Based Tourism Network which seeks to create a forum where these community tourism initiatives can speak in one voice.

Tanzania:

Current Policy reviews, guidelines are becoming more participative to limited degrees depending on the stage involvement is invited and what input is eventually incorporate in the final documents. Examples of involvement of representatives of poor groups/community groups are: Wildlife Management Area (WMA) regulations and guidelines (mainly for awareness creation), review of the Wildlife Act 2002, CTP guidelines (will be participatory at all stages), and the NTDP. Residents are fully consulted in the processes of developing local level tourism plans e.g. District Tourism Master Plans, WMA General Management planning, CBNRMAs, CBVs.

Luis Sarmento, SNV Tourism Advisor, Mozambique; Onesimus Muhwezi, SNV Tourism Advisor, Uganda; James Weru, SNV Tourism Advisor, Kenya; Elibariki Mtui, SNV Tourism Advisor, Tanzania.

TOOL 12 Strategic choices: Which segments, markets, investors?

Targeting specific markets and segments.

All developing countries face hard questions over where to allocate their scarce resources. A big question in tourism destinations is which type of tourism to prioritise for development? Which market segment - adventure, coastal, cultural etc? Which type of tourist - first timer, repeat, backpacker, FIT, package, up-market, mid range? And what type of investor - foreign, local, large, small/medium? And which parts of the country to prioritise - current destination, emerging ones or hopeful, often poorer, ones?

No single type of tourism

The case studies in Section 3, above, showed that there is no one type of tourism that is better for the poor, and any type can have strong or weak linkages. There is no fixed answer to what type of tourism is best. Tool 6, above, outlined the value of having diverse products in a destination. This often means adding cultural, rural, or adventure products onto existing products, whatever the core product is. However, it was also clear that these types of tourism can exist without wide participation by the poor.

International, regional and domestic tourists

So much tourism policy is focused on the international or 'western' tourist, and yet in so many countries they are actually the minority in terms of numbers of visitors. Domestic and regional tourists spend less per person, and are often less visible because they stay with friends and family rather than hotels. Because of this, they are often ignored in tourism statistics and hence priorities. However, they may spend plenty of time and money in the local economy. What's more, if activities and products are not geared towards encouraging their excursions and activities, their expenditure will remain very low. As in the South African domestic tourism strategy, encouraging more residents to become domestic holiday-makers is a good way to increase tourism expenditure while stimulating demand across the wider industry, particularly in low season.

An important starting point is to capture data on domestic and regional tourists, assess their current spending patterns, their unmet needs, and options to increase their numbers, activities and expenditure.

Box 43: South African example of different types of tourists

In South Africa there are around 49.3 million domestic tourists per year, compared to 6.5 million international tourists. Their estimated total value of is less than half the value of internationals, (R23.4 million compared to R53.9 million). Nevertheless, this R23.4 million or US\$3.1 million is significant. The South African Domestic Tourism Strategy finds that:

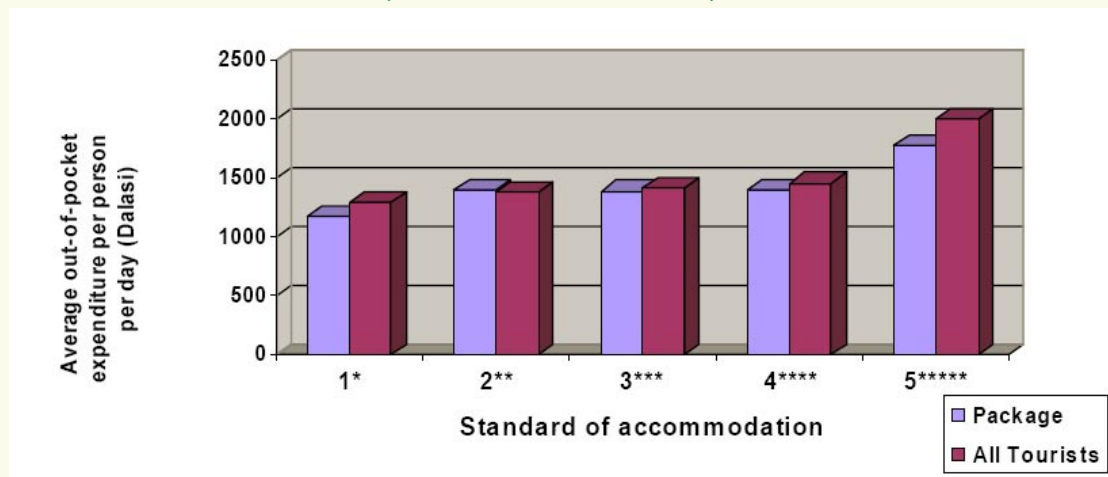
- Action is needed to 'grow the number of domestic trips undertaken, increase the value of the market and combat issues of seasonality, geographic spread and limited trip expenditure'.
- A key strategy for growing the domestic market is 'on the basis of developing more of a holiday travel culture with the South African population and converting non-holiday travellers to holiday travellers.'
- The benefits of domestic tourism run far beyond its Rand value as it supports the wider industry: 'Support of the local industry by residents can realise improved quality in product and services, maintenance of occupancy levels and ultimately the confidence of international visitors. It can also reduce the exposure of the industry to fluctuations in international demand, which is extremely sensitive to global, political and economic issues.'

South Africa Domestic Tourism Strategy (South African Tourism, 2004).

<http://www.southafrica.net/satourism/research/viewResearchDocument.cfm?ResearchDocumentID=354>

Box 44: 2* as good as 5* for the Gambian poor

In The Gambia (see section 3.4), data shows that a four star package holiday costs over 25% more than a three star package. However, out-of-pocket spend per tourist differs little between tourists in 2, 3, 4 and 5 star accommodation as shown in this chart. It is the latter that most reaches the poor. So up-market tourists are not necessarily better for the local economy.



Source: The Gambia Tourism Development Master Plan Technical Report No.3 Visitor Survey at Banjul Airport, reproduced in Mitchell and Faal forthcoming.

Up-market tourists?

There are many governments that have decided to target up-market (high value low impact) tourism because they are high spenders, or because fewer tourists impose less environmental pressure. But this is usually with little data on the relative economic impact of different segments.

‘High value’ tourists are often defined by the total holiday spend by tourists, or the price of accommodation that they use. But these are not the most important indicators for local economic impact because:

- Regional tourists may stay in cheaper accommodation but do more shopping. For example in Luang Prabang, data show many instances of Thai tourists spending well above the average on shopping, although the general lack of data on regional tourists makes generalisations impossible so far.
- Budget tourists may stay in cheaper accommodation but may make greater use of local food and transport.
- High quality hotels may make good use of local foods, décor, guest amenities, while employing more staff per bed and with better employment standards and more commitment to corporate responsibility. On the other hand, their business guests or up-market holiday-makers may be less included to spend time in the neighbourhood spending money on local goods.

Assumptions cannot be made.

Much depends on how the services for each segment are structured.

Data is needed.

Box 45: Challenging the trend for up-market wilderness tourism?

Many African destinations, particularly in Sub-Saharan Africa, see themselves as long-haul destinations playing to the comparative advantage of their wildlife and wilderness, and for those reasons prioritise upmarket nature/safari travellers. Like others, Mozambique has always been anti ‘low quality’ tourism and back-packers. But now Government is considering developing one mass tourism regional destination area, in order to put Mozambique on the map. This is contrary to the general direction in southern Africa of encouraging the high end long-haul safari traveller.

Luis Sarmiento, SNV Tourism Advisor, Mozambique;

Investors: foreign and domestic, large and small

Some countries prioritise attracting foreign investment, given the shortage of domestic finance for investing in the sector. Others are deeply suspicious of foreign investment, assuming it only benefits the foreign company, results in higher use of imports and expatriates, and leaves little behind for the local economy.

The reality is more subtle. Foreign investment can inject much needed finance, and also bring technological upgrades, introduce new approaches and higher standards, invest more in wages and training, and strengthen links with some outbound markets. But companies that receive massive tax breaks and sweeteners from government will pay very little tax, and of course will repatriate profits once they flow. While foreign companies can help upgrade the product, whether they do so depends on local circumstance - the personal interest of the investor, the expectations imposed by government, and the business case for good practice locally.

Thus, while attracting foreign investment with sweeteners; government should also set requirements to maximize positive impacts. More importantly, commitments made by the investor at planning stage should be monitored and implemented. If investors promise high investment in training, this should be entered in the contract and enforced. Other benefits, such as to infrastructure, sharing new technologies, or paying local fees should also be discussed and documented.

Don't make assumptions pro or anti different investors.

Maximise the benefits of any investors

5 Being effective: Ensuring implementation

There are too many well-intentioned policies that lead nowhere, or end up benefiting the wrong people. Perhaps the most important question of all, is how can implementation of PPT measures be reasonably successful?

Implementation issues must be assessed and addressed right from the start

5.1 Build commitment and support

Nothing will be achieved unless policy-makers and operational staff believe in it. If they are not committed, they will not spend the extra time needed to change the status quo, or to make trade-offs.

Building commitment can be via:

- *Visits*: letting officials experience for themselves how pro poor approaches work.
- *Hard numbers*: is it remarkable how much more convincing an argument is if it is backed by numbers. Calculate the impacts of tourism on poverty.
- *Training*, to raise their awareness and skills.
- *Public pressures*: particularly by hearing directly from the poor.
- *Linking PPT to wider objectives*: if officials can see how PPT measures help them meet their own goals, such as for boosting arrivals, revenue, or the destination, they can buy in more easily.
- *Political pressures*: if PPT fits with national political priorities, such as related to poverty, or specific deprived areas, or a big push on training or SMMEs, this will increase its political relevance.
- *Making it easier*: by providing tools, examples, funds, permission to take risks.

5.1.1 Opt for the feasible over the ideal

The system that is ideal in theory is not necessarily the best in practice. A complex process may create too many opportunities for others to create blockages or capture benefits. Sometimes it is more efficient to opt for the 'second best'.

For example, highly complex targeting of who should receive training or SMME support can be difficult to implement in practice. Sometimes it is better to define it by area, even if some non-poor participants get involved.

5.1.2 Achieve something rather than trying nothing

Government should not try to adopt every PPT tool at once, achieving implementation of none. There are many examples of pro-poor policies that are in place but not actually implemented. Any of the tools outlined below take time to put in place correctly, and take time to bed down. It is important to prioritise.

Too often eager policy-makers start a new approach, but then shift attention to the next good idea before implementation is secure. It is important that dynamic staff stay with seeing implementation through.

Box 46: Good policies exist but don't get implemented

Analysis by SNV advisors of PPT in 6 countries reports several examples of good policies that lack implementation.

- *Tanzania*: Some incentives for entering into partnership with local communities are mentioned in the guidelines on tourism licensing, but not well translated into compelling regulations or not enforced in actual practice. Foreign investors enter into agreement for also employing and invest in local staff training. But in practice these are agreement are like loose directives that are not really enforced.
- *Uganda*: contracts with government are signed, but most of the investors do not comply with the terms of the contract. Government action is also limited by the drive to encourage foreign investment and therefore it cannot enforce the contract.

Elibariki Mtui, SNV Tourism Advisor, Tanzania; Onesimus Muhwezi, SNV Tourism Advisor, Uganda.

5.1.3 Plan for implementation

When a company changes part of its operation, it plans the roll out, and the change management process required – leadership, timing, resources, motivation, responsibilities. Change cannot just be expected to happen. This principles applies equally to adoption of PPT practices an equally to rolling out change within government.

It is important to start by assessing the likely obstacles to implementing PPT and then working out a strategy to tackle them.

When setting up new systems, the key thing it to set up a mechanism that will continue year after year, with updates and adaptations as needed. There is no point having a burst of new marketing for local SMMEs which then remains unchanged for years to come.

Be realistic

Select a few priority tools to start and focus on good implementation

Box 47: Challenges to implementing PPT in each country

Ethiopia	Kenya	Mozambique	Rwanda	Tanzania	Uganda
PPT concept is new. Lack of awareness	Leakage of tourism earnings to tourist source countries	Tourism is largely perceived as a major contribution for national treasury, rather than spreading benefits for the “poor”	PPT is a new concept and therefore there is no knowledge on how the poor could benefit from tourism	PPT is a new approach. Needs to be explained over and over to Government and Private Sector	Implementation is The challenge. Concept is not yet properly disseminated to stakeholders
It will be challenged by private sector – saying we already do it	Minimal trickling of tourism revenue to locals	Need to involve many stakeholders in a proactive attitude	No reference made to PPT in policy documents	It may be challenged by PS as to its real impact on their businesses	Documents exist but people don’t know they are there
Procedural issues are difficult to change. E.g. financial regulation	Lack of entrepreneurial education	Option for very “high income – low impact” type of tourism development creates difficulties for inclusion of “poor” products and services	Need for mainstreaming PPT principles in tourism industry	Need to work out how to introduce PPT at different levels - macro, meso, local. With specific challenges to be met and overcome at each	Donors fund production of report, but dissemination and implementation is not financed
Lack of community coherence. Need for capacity; potential for conflict	Signing of exploitive agreements between communities and tourism private investors	Tourism still largely related to colonial past by policy makers	Need for setting up mechanisms for implementing PPT at all levels, from national to local	Lack of community comprehension of what tourism is all about.	Need for seed capital. Districts need a financial kick-start to implement PPT

SNV Advisors: Abdurahiman Kubsa, James Weru, Luis Sarmiento, Dominique Verdugo, Elibariki Mtui, Anthony Mwanje.

5.1.4 Harness the full range of levers available to government

Often governments focus on policy documents and regulations. But government influences the shape of the tourism sector in many ways, and all different levers should be considered including:

- Government’s own ‘tourism’ practice – which hotels are used for workshops, what tours are offered to visiting delegates, what handicrafts are used in government building?
- Investment in infrastructure: where and what kind is funded?
- Marketing of the destination: what information does government give to tourists about rural or cultural tourism, use of local guides, opportunities for shopping, codes of conduct, and choosing responsible operators? What destination image is promoted?
- Capacity of local government: many actions to link tourism to the local economy need to be developed at implemented at local level: does local government have the mandate and skills to do this?

Build partnerships with others from the start

Develop plans with them

Box 48: Change Management

In South Africa's How To...? Series on local procurement, products and partnerships, a whole guide is devoted to the issue of how to manage corporate change in order to implement linkages. This was because there was no point providing tips on how to buy local goods and boost tourist spend without also including tips on how to make change happen. Tips include, for example:

- Build buy-in at the top.
- Analyse existing practices before initiating change.
- Turn challenges into opportunities and energy for change.
- Appoint a champion and facilitator.
- Motivate staff and deal with resistance.
- Integrate new measures into routine daily operations.

Setting corporate priorities and managing internal change. Brief 4 of 'How To...?' series, Ashley et al 2005

5.1.5 Work across sectors, levels of government, and outside government

Linking tourism with local economic development cannot be done without complementary action at national and local level, between government and private sectors, and between the tourism sector and other sectors including agriculture, transport, environment, land use, and industry. Partnerships are essential

6 Conclusion

There is a great deal that government can do to increase the local economic impacts of tourism. Each country must prioritise its own direction of change. However, in conclusion three points should be borne in mind:

It is time to shift beyond the micro projects and the vocabulary of community based enterprise. Governments in Africa are at an ideal time to consider how to enhance pro poor linkages across the board in their tourism sector.

Tools that are already used need to be used better. This whole toolbox cannot be used by any one government. But that said, it is **time to think laterally and creatively**.

Toolbox users should at least consider the full range of tools before choosing priorities. This is the way to avoid business as usual. Some of the tools here, particularly on the supply chain, seem to not be in use at all by African governments. This is not because they are not needed. For example, action across 6 countries where SNV works is so far concentrated in a few areas: revenue sharing from parks, legislation and regulations against sex tourism, and SMME programmes, as table 4 shows.

Experimentation is essential, and lessons from those experiments should be shared.

For all those who seek to move forward with the agenda here, the following reminders are given:

- Unleash the creativity of others. Don't block. Government should not try to do it all.
- Developing linkages is a mindset: its about using any type of tourism, any new problem or opportunity, to find ways to draw on local skills and enterprise.
- Don't just think jobs. Don't just think small enterprise. Don't just think supply chain. Don't just think people. Think laterally about them all.
- Implementation is neglected. Implementation matters.

Table 4: Overview of PPT Tools that are currently implemented

Is there government action to:	Ethiopia	Kenya	Mozambique	Rwanda	Tanzania	Uganda
Boost local inputs into the tourism supply chain?						
Support micro/small/community tourism entrepreneurs	✓ Training	✓ Tourism Trust Fund	✓ FUTUR – National Tourism Fund	✓ PPIMER support	✓	✓ recog. UCOTA
Accredit a ‘local guide’ category	✓	≈ Licensing of free-lance guides			✓	✓
Support craft makers & vendors		✓ Local Gov’t	✓ Local Municipal Government	✓	✓	✓
Provide a market space for tourist craft sales		✓ Local Gov’t		✓ One only for now	✓	✓
Include un-skilled and semi-skilled people in hospitality training	✓ Some					
Apply a training levy or rebate to hotels		✓		✓ Rebate	Previously	
Apply a minimum wage		✓			✓ Compliance?	
Stimulate partnerships between private sector and communities			≈ Suggested by Govt.		≈ Some mention in guidelines	≈ In concessions policy
Influence private sector behaviour via concessions, licensing, or codes	≈ In theory		≈ In theory		Good intentions on paper	
Catalyse destination linkages between stakeholders	✓ At very local level	≈ Planned beach mgt initiative	✓ Local level initiatives		Some efforts by NGOs	
Share PA revenue with local communities	✓	✓	✓	✓	✓	✓
Channel donations from tourists to communities					✓ Part of Cultural Tourism Programme	
Address cultural/social costs of tourism	Under discussion		✓ Firm approach by law		✓	
Address environmental / physical costs of tourism		✓ NEMA	✓ Surveillance by Min. of Environment	REMA	✓	✓ Wildlife damage
Involve poor people in plans and policy making	✓ Federal & regional	✓ KECOBAT	≈ Occasionally		≈ Sometimes at different stages	✓
Make strategic choices based on evidence re. pro poor impact?			≈ Already some awareness		≈ Influence from Cultural Tourism experiences	

✓ = there is some action on this issue

≈ = there is some initiative or discussion on this but rare or not really at implementation

UCOTA = Ugandan Community Based Tourism Association

KECOBAT = Kenyan Community Based Tourism Association

NEMA = National Environmental Management Authority

REMA = Rwanda Environment Management Agency

SNV Advisors: Abdurahiman Kubsu, James Weru, Luis Sarmiento, Dominique Verdugo, Elibariki Mtui, Anthony Mwanje.

7 Appendices

7.1 References and sources of information

- Ashley, C., Poultney, P., Haysom, G., McNab, D., and Harris, A. (2005) 'How To...?' series: Tips and Tools for South African Tourism Companies on Local Procurement, Products and Partnerships. Executive Summary
- Brief 1: Boosting procurement from local businesses
- Brief 2: Stimulating local cultural and heritage products
- Brief 3: Building local partnerships
- Brief 4: Setting corporate priorities and managing internal change.
- Produced by Overseas Development Institute and Business Linkages in Tourism. Published by Tourism Business Council of South Africa, the Department of Environment and Tourism (SA), the Department of Trade and Industry (SA). Commissioned by International Finance Corporation.
- <http://www.odi.org.uk/propoortourism/projects/howto/index.html>
- Ashley C, 2006: Participation by the Poor in Luang Prabang Tourism Economy: Current Earnings and Opportunities for Expansion. ODI Working Paper 273, ODI and SNV.
- Ashley C, Goodwin H., McNab, D., Chaves, L., and Scott, M.: (2006) Making Tourism Count for the Local Economy in the Caribbean; Guidelines for Good Practice, PPT-P and CTO, April 2006 <http://www.propoortourism.org.uk/caribbean/brief3w.pdf>
- Ashley, C. and Haysom, G (2006). From philanthropy to a different way of doing business: strategies and challenges in integrating pro-poor approaches into tourism business. In Development Southern Africa Vol 23. No. 2. June 2006.
- Atos KPMB Consulting and South Africa Tourism (2006): South African Domestic Tourism Growth Strategy, Final report, revised value. Pretoria. <http://www.southafrica.net/satourism/research/viewResearchDocument.cfm?ResearchDocumentID=354>
- Aylward, B (2003) The Actual and Potential Contribution of Nature Tourism in Zululand: Considerations for Development, Equity, and Conservation. In 'Nature Tourism, conservation and Development in Kwazulu-natal, South Africa'. Aylward, B. and Lutz, E. World Bank Washington DC.
- Bah, A and Goodwin, H (2003). Improving Access for the Informal Sector to Tourism in The Gambia. PPT Working Paper 15. http://www.propoortourism.org.uk/15_Gambia.pdf
- Dixey, L. (November 2005). Inventory and Analysis of Community Based Tourism in Zambia. Prepared for Production, Finance and Technology (PROFIT)
- European Union, Republic of South Africa (2003). "Support to the Wild Coast Spatial Development Initiative Pilot Programme" Mid-term Review Report 16 JUNE 2003 Version 4.0. Authored by Booth, V., Elliffe, S., Phillips, T., Naidoo, V. http://www.environment.gov.za/ProjProg/2003jun17/sdi_review_report_17062003.html
- Global Development Solutions (2006) Value Chain Analysis for the Tourism Sector in Ethiopia prepared for the Government of Ethiopia and The World Bank.
- Gujadhur, T. (2001). Joint venture options for communities and safari operators in Botswana. (Botswana CBNRM Support Programme web edition) www.snvworld.org/cds/rgTUR/documents_1.htm - 34k
- Halstead, L (2003). Making community-based tourism work: An assessment of factors contributing to successful community-owned tourism development in Caprivi, Namibia. Dea Research Discussion Paper , Number 60. Ministry Of Environment And Tourism, Namibia. <http://www.met.gov.na/programmes/wild/WILDresearchdiscussionpapers/RDP%2060%20-%20Making%20CBT%20work%20Halstead.pdf>
- Hitchins, R., Highstead, J. (2005) Community-based Tourism in Namibia. ComMark Trust, South Africa. <http://www.commark.org/Downloads/ResearchAndLearning/Community-based%20Tourism%20in%20Namibia.pdf>
- Klasen, S. (2003) Policies to promote pro poor growth: Research Findings, Consensus Policies, and Remaining Debates. 'In Search of the Holy Grail', Ibero- America Institute for Economic Research
- Koch, E., And Massyn, P., With Support From Relly, P., Van Der Meulen, N., Chage, Z., And Ruempol, E. (2004). The African Safari Lodge And Sustainable Rural Development: Lessons Learnt From Six Case Studies In Southern Africa And Proposals About How To Extend These To Other Asls. Mafisa, South Africa.

- Liaison Development Consultants 2006. Improving The Beach Management Regulatory Environment And Legitimization Of Beach Operators Project. Report to Ministry of Tourism and Wildlife, Nairobi.
- Mann, S. 2006: Ethiopia, In Makeda's Footsteps: Towards a Strategy for Pro-poor tourism development. World Bank report to Ethiopian Government.
- Office National du Tourisme Tunisien (2005), Le tourisme Tunisien en chiffres, 2004. Tunis
- PPT Toolkit Task Team (2005). Private Public Partnerships in the tourism sector: Report 1. An analytical review of public private partnerships to date. National Treasury, Republic of South Africa.
- Relly, P. (2004a). Madikwe Game Reserve: The Local Impacts of Wildlife Tourism. In Tourism Development Issues in Contemporary South Africa, Rogerson C. M., and Visser, G, (eds) (2004) African Institute of South Africa, Pretoria.
- Relly, P. (2004b). Employment and Investment in Madikwe Game Reserve, South Africa. Unpublished MA thesis, University of Witwatersrand, Johannesburg.
- Republic of Kenya 2005. National Tourism Policy. Ministry of Tourism and Wildlife, Republic of Kenya. Nairobi.
- Rozemeijer, N (ed.), Gujadhur, T., Motshubi, C., van den Berg, E., Vosa Flyman, M. (undated). The SNV experience in three community-tourism projects: Community-Based Tourism in Botswana. SNV/IUCN CBNRM Support Programme, Botswana
- Rozga, Z, and Spenceley, A. . 2006 Welcome to the Community-based tourism market access program. RETOSA, UNWTO
- SAMEF (2003), Diagnostic stratégique du secteur hôtelier tunisien : problématiques et orientations de redressement
- Spenceley, A (2005). Tourism investment in the Great Limpopo Transfrontier Conservation Area. Scoping report. University of the Witwatersrand, South Africa.
- Spenceley, A. (2006). Tourism Certification Tools in Africa: A review and implications for the RETOSA/UNWTO community-based tourism directory for Southern Africa. Report to UNWTO and RETOSA.
- Tanzania Tourism Board (2006). Cultural Tourism Programme Baseline Inventory 2005. Baseline Inventory Report Conducted By Tanzania Tourist Board (TTB) And Ministry Of Natural Resources & Tourism (MNRT) With The Assistance And Facilitation Of SNV Netherlands
- 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.
- UNWTO, ORTPN, Townsend, C. (forthcoming) Guidelines for Community-based Tourism in Rwanda. Prepared for ORTPN by Claudia Townsend. Funded by the World Tourism Organisation's Sustainable Tourism Eliminating Poverty (ST-EP) programme
- World Bank (2002), Stratégie de développement touristique en Tunisie : Rapport phase I.

For a more detailed list of publications on pro poor tourism see:

www.odi.org.uk/propoortourism
and
www.propoortourism.org.uk

7.2 Four case study assessments of pro poor financial flows

This appendix provides a little more information on the four case studies used to illustrate impacts on the poor in Section 3. For further information, the principal source should be consulted. It is important to bear in mind that data is rough in most cases, and the four studies were not coordinated so methodological differences are inevitable.

7.2.1 Ethiopia

<p>Country Background</p> <p>Population: 71 mn GDP per capita 160 Area: 1.1 mn km² Tourist arrivals p.a.: 210,000 (2004) Rank in Africa: 19th (by arrivals)</p>	<p>The Destination: Current Situation</p> <p>Main products: Leisure – culture and history Target arrivals growth: 50% over 5 years Tourism receipts: US\$132 mn p.a. Av receipts per tourist: \$494 (IMF 2002) Avg spend per day: \$95</p>
<p>Strengths</p> <ul style="list-style-type: none"> • Cultural heritage assets, including 7 World Heritage Sites. 80-90% of foreign tourists that visit Ethiopia visit Lalibela. • Government commitment to develop tourism with poverty alleviation goals • 90% say they would return and 99% would recommend Ethiopia to friends 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Weak demand and marketing. • Poor infrastructure: e.g. lack of payment facilities, visitor information, telecoms. • Weak sector management capacity, unfocused institutional structure • V low levels of discretionary spending – up to 5 times lower than neighbouring countries. • Few linkages with local economy • Dearth of hospitality skills • Foreign tour operators not allowed, nor are payment of commissions to overseas booking agents. Thus hotels must book via travel agents paying higher commission
<p>Government approach</p> <ul style="list-style-type: none"> • Developing new policy, with WB input • Aims to be An African top 10 by 2020 • Short of resources and institutional capacity 	

Main source of information and source for all quotes is: Ethiopia, In Makeda's Footsteps: Towards a Strategy for Pro-poor tourism development. World Bank (S Mann) 2006.

What is known about benefits to the poor?

'Currently, the supply chains throughout the sector afford very little opportunity for benefits from tourism to disperse into the broader economy. The low levels of discretionary spending by tourists (up to five times less than neighbouring countries) are a factor of the lack of opportunities to do so.'

Employment: estimated 12.430 direct jobs in hotel and catering (wages around \$2.400 p.a.), plus more in transport and tour operations (wages around \$1,600 p.a.).

Small enterprise: beyond direct employment, linkages appear very low. e.g. in Lalibela: Craft sellers earn only 1% of tourist revenue. Beggars earn more.

Why are pro poor impacts so low?

1. There's not much to spend money on!

'The lack of available handicraft and gift items or souvenirs disappoints tourists and undermines the poverty impact of tourism. There are limited sales outlets for the items with inadequate variety and choice of items as a result of lack of handicraft production system together with trained personnel. Similarly, non-existence or limited opportunities for entertainment and other diversions and activities in the vicinities of the historical sites is not helping the sector to obtain more from the tourist spending. Moreover, poor shopping opportunities with limited choices and varieties of items further withhold tourist spending. The disappointment created by the unavailability of handicraft items and materials that serve as souvenirs and mementos for tourists decreases much of the possible promotional work that could have been done by the tourists themselves.'

A willingness to pay survey in 2003 showed 42% of tourists would have spent more if facilities and products at tourist sites were available. Average ‘loss’ was US\$15 per visitor day, equivalent to US\$3.1 million ‘lost’ from holiday visitors in 2004, and around \$4 million if business tourists are included.

2. Difficult to use credit cards and change currency means spending is constrained, and confined to fewer top-end hotels. It is estimated that tourists would spend US\$100 more, each, if credit card use was easy. Thus Ethiopia is losing roughly US\$10 million per year in hard currency spending
3. Crafts are low value and quality. Producers make little profit. 80% of what is sold on the northern cultural heritage route comes from Addis thus with value added accruing to the trader and no direct relationship to the tourism product
4. Lack of interpretation and guiding skills. ‘All research results indicate that the level of interpretation of history and cultural heritage is very poor in Ethiopia. Particularly, guides are singled out as being poorly trained. This source of employment is key in many other countries and is an area where Ethiopia should focus’
5. Few facilities at sites: information, toilets, shops, banks, places to eat or say.

World Bank recommendations to Government for overall strategy:

- Strategic marketing to maximise impact of tight budget; improve demand and Ethiopia’s image.
- Build sector management capacity.
- Conserve well known cultural sites while developing the others.
- Improve the quality and variety of Ethiopia’s tourism products and supply chain linkages.
- Develop transport links, infrastructure, ICT.
- Allow foreign investment.

Recommendations specifically for increasing employment and pro-poor impacts:

- Improved access to handicrafts: audit local products, train producers, support enterprise formation and expansion; introduce ‘Made in Lalibela’ kite mark; support retailing, craft market and cooperative outlet.
- Support local tourism enterprise: encourage hotels to audit and link with local suppliers; work with agricultural NGOs on potential new supplies; support production communities if feasible; strengthen links between handicraft sellers and hotels.
- Strengthen informal tourism service provision: support guide association, upgrade quality of cheaper hotels and food outlets, provide cultural events and services in town; 3-5 year capacity building and small enterprise support.
- Replace begging with a system for philanthropy, support to former-beggars and skills training.

7.2.2 Luang Prabang, Lao PDR

Country Background	The Destination: Current Situation
Population: 5.9 mn Poverty/income: 440 GDP per capita Area: 237,000 km ² Tourist arrivals per year: 1.1 mn (2005, LNTA) Revenue from tourism: US\$1.47 mn p.a. Av length of stay: International: 7 days; Regional: 4.3 days Av spend per person per day: International - US\$50; regional US\$ 37	Population of LPB heritage town = 78,000. LPB is one of the main tourist destinations in Laos, due to its cultural heritage.

<p>Demand</p> <ul style="list-style-type: none"> • Arrivals per year 135,000 (2005) • 72% western, 28% Asian • 58% are budget independent tourists. Remainder are mid and upper range fly-in visitors, some on packages. • Growing demand: 27% increase in arrivals 2004 to 2005 	<p>Supply</p> <ul style="list-style-type: none"> • Main products: Buddhist temples, relaxed way of life, ethnic minority villages, river based leisure. LPB Old town is a UNESCO World Heritage Site • Accommodation supply :17 hotels, 131 guest houses • Large number of local enterprises involved in tourism sector • Strong handicraft sector and expanding range of other tourism services (massage, excursions etc)
<p>Government approach</p> <p>Provincial Tourism Office, with SNV support, is managing tourism development, including supporting new community tourism products, looking at other pro poor opportunities. National government is training new guides.</p>	

Main source of information: Ashley C, 2006: Participation by the Poor in Luang Prabang Tourism Economy: Current Earnings and Opportunities for Expansion. ODI Working Paper 273, ODI and SNV.

What is known about benefits to the poor?

Tourists spend around \$40 per day, or \$177 per trip, on average in LPB. Thus total tourism expenditure into LPB is around \$23 million per year (excludes commission, booking fees etc). Of this around \$6 million (27%) accrues to skilled and semi-skilled people (SS&US).

Supply chain: The food and beverage sub-chain is the largest source of earnings for the poor, generating around 3.4 US\$ million per year.

Handicrafts: Crafts are the second most important sub-chain, generating around \$1.8 million in SS&US earnings per year.

Excursions: generate much lower amounts – probably around US\$600,000 per year – as income for the poor. Of this, the amount accruing to rural residents is probably only \$100,000 to \$200,000. However, there is considerable potential to upgrade the rural product, to the benefit of the destination, the customer, and rural residents.

Although accommodation is the sub-chain with the highest turnover, it has by far the lowest percentage of turnover accruing to the semi-skilled and un-skilled, at just 6%. This is because of low wage rates plus the high use of family labour (in guest houses), and the high share of turnover spent on operational costs such as energy and marketing (in hotels).

Who gains?

Most of the SS&US who are direct participants are actually semi-skilled, with some capital or skills, and mainly within the immediate environs of LPB town. However, the supply chains for food and silk represent more than half the cash flow, and they also involve many poorer and more rural households.

The groups earning most dollars are meat and fish producers, textile weavers, raw material suppliers, and transport owners.

Table 5: Summary of semi-skilled and un-skilled incomes across 4 chains

Sector	Accommodation	Food and drink	Curios and craft	Transport, excursions
Approx. LPB turnover p.a.	\$8.7 mn	\$ 7 mn	\$4.4 mn	\$1.8 mn
% accruing to SS&US	6%	45-50%	40%	33% +
Approx earnings of SS&US, p.a.)	\$ 555,000	\$ 3,000,000	\$1,800,000	\$600,000
Main SS&US earners (with approx income per group per year)	Hotel workers (\$290,000) Guest house workers (\$215,000)	Meat and fish producers (\$2,400,000). Fresh food producers (up to \$883,000)	Weavers (\$550,000) Silver and other suppliers (\$505,000) Silk suppliers \$(265,000) Vendors (\$200,000)	Tuk-tuk drivers (\$300,000) Boat owners (\$110,000) Guides (\$150,000)
Income to the 'poor'	Very little. Some poor relatives employed.	Farmers (rice, veg, fruit) producing \$883,000 worth of fresh produce (wholesale prices)	Suppliers of silk, wood products, and Hmong silver, selling around \$770,000 of raw material p.a.	Villagers – fees, shopping, bacci, homestay. Possibly \$100,000 p.a. or \$200,000.

p.a. = per annum. Mn = million. SS&US = semi-skilled and un-skilled people. Veg = vegetables

<p>What enables relatively high shares of income to the poor?</p> <ul style="list-style-type: none"> • Economic structure: many small and locally-owned enterprises – guest houses, tuk-tuks and wooden boats, street vendors. • Tourists eat in local restaurants (around \$5 per meal) which use local food • Strong handicrafts sector, world-famous night market. 	<p>How could government help increase income of the poor?</p> <ul style="list-style-type: none"> • Facilitate more Laos fruit and vegetables in the supply chain • Facilitate more Lao silk and cotton in the supply chain • Support development of rural tourism products and ways to capture tourist spend in villages
---	--

7.2.3 Tunisia

<p>Country Background</p> <p>Population: 9.9 million Poverty/income: \$2.240 (GDP per capita) Area: 162,155 km² Tourist arrivals: 6 million (per year:) Revenue from tourism: US\$1.582 million (2004) (\$307 per tourist) Tourism: approx 14-18% of exports of goods and services</p>	<p>The Destination: Current Situation</p> <p>Main product: 3S – sun, sand and sea. Main tourists: Europeans</p>
<p>Supply</p> <ul style="list-style-type: none"> • Resort development began in 1960s, government led investment in hotels and transport. • 1960: 74 hotels and 4,000 beds. By 2004: 800 hotels, 227,000 beds (average 283 beds per hotel). Average bed occupancy: 48.7%. 44% beds are classified as 4 or 5 star. • Total investment in tourism, 1962 to 2004: US\$3.1 billion (10% foreign). • One third of beds now managed by international hotel chains 	<p>Demands</p> <ul style="list-style-type: none"> • Bed nights per year 30.6 million • 82% of bed nights are European. Vast majority are package beach tourists. • Highly seasonal. • Majority are in three resort areas around Djerba, Sousse and Hamamet. • Demand slumped 2001-2-3 due to September 11th, Djerba bombings, Gulf war.
<p>Government approach</p> <ul style="list-style-type: none"> • Major focus on expanding volume • Incentives for building hotels, tax breaks, subsidised land, loans and debt forgiveness • Strong spatial planning and zonation • Incentives for training • Now, seeking diversification and upgrading 	
<p>Weaknesses</p> <ul style="list-style-type: none"> • Low profitability of hotel sector. Unpaid debts, occupancy rates below 50% • Price-cutting. Falling revenue per bed: lower in 2004 than in 1987 (in Dinars at market prices). • 25% occupancy in low season • Receipts per visitor are a fraction of those in Egypt and Morocco: • Shortage of local restaurants, nightlife, entertainment, car hire etc • Under-development of cultural heritage assets • Under-investment in renovation • Dissatisfaction with low standards, exacerbated by all-inclusives and price cutting 	<p>Strengths</p> <ul style="list-style-type: none"> • Arrivals are recovering from 2001-3. • Good core assets: climate, coastline, proximity to Europe • Emerging new assets: thalassotherapy, desert tourism, conferences

Main sources of information: unpublished field work plus ONTT (2005), SAMEF (2003), World Bank (2002), UNCTAD forthcoming study on FDI in tourism (Tunisian case study).

Major problem: low receipts per visitor:

International tourism receipts in 2004 = US\$307 per visitor

Compared with: Egypt: \$705. Morocco: \$677.

In constant 1990 prices, receipts per visitor were \$349 in 1980 and \$223 in 2003 – a 36% drop.

What is known about impacts on the poor?

Surprisingly little is known.

On the positive side:

Employment creation: Based on an assumed ratio of 0.4 staff per bed, Government estimates 90,461 direct jobs were created by the tourism industry in 2004. If we assume staff earn an average of US\$220 (300 TND) pm for 8 months, total annual wage earnings from hotels are around US\$160 mn per year.

In addition, government estimates that 271,383 indirect jobs are created.

Supply chains: hotel managers estimate that around 90% of food and beverage is from Tunisia (including alcohol). Much of the furnishings, fittings and consumables are also Tunisian-made. Based on very sketchy expenditure data from hotels, purchases of Tunisian food and drink from 3, 4 and 5 star hotels are likely to be worth around US\$140 million per year.

On the negative side:

There seems to be very little spending outside hotels, though there is no data on this. Rough calculations based on receipts per visitor, hotel contract prices and excursion prices suggest that for each beach visitor, only around US\$80 per visit goes outside the hotel, tour operator, or supply chain (an average of \$8 per day).

Why is complementary spend so low for package tourists?

- Resorts are physically separate from towns and local life
- There is a shortage of quality facilities, such as car hire and entertainment.
- The range of handicrafts and artisanal products is limited.
- Beach tourists have little incentives to leave the hotel, other than on an organised excursion.

Issues for Government

- Lack of data re pro poor impacts, particularly complementary spend
- Restoring profitability of accommodation sector, balancing demand and supply
- Continuing diversification out of beach package tourism
- Boosting local spending opportunities and local economic linkages.

7.2.4 The Gambia

Country Background	The Destination: Current Situation
Population: 1.5 million Poverty/income: GDP per capita of \$290 (world ranking 189) Official aid equiv to: 15% of GDP Area: 11,300 km ² Tourist arrivals per year: 110,815 Contribution of tourism: approx 13% of national income, 20% of private sector formal jobs.	Main product: winter sun for Europeans

<p>Supply</p> <ul style="list-style-type: none"> • Bed stock of 7000 beds, mainly in 20 hotels, in a 10km strip (Greater Banjul) • 1.22 million bed nights per year; average hotel occupancy is just under 50% 	<p>Demand</p> <ul style="list-style-type: none"> • Arrivals almost doubled 2001 to 2005. • Main tourists: British package holiday makers, plus other Europeans, arriving via 7 tour operators. • Average length of stay, 11 nights. Nov to April
<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of marketing, poor image. Dependence on tour operators for supply • Excess supply of beds, downward pressure on prices, low season occupancy very low • Lack of infrastructure. Very high operating costs of hotels. Mediocre/poor standards 	<p>Strengths</p> <ul style="list-style-type: none"> • Increasing arrivals, emerging low-season trend. • High complementary spend
<p>Government approach</p> <p>There have been many consultancies and master plans, but the same recommendations are often repeated. Capacity and implementation appear very limited. Marketing is done mainly by tour operators rather than government, thus leaving the destination dependent on winter sun packages. Destination initiatives, such as with crafters, vendors, or fruit suppliers, have been implemented by NGOs, companies, and outsiders. Strategy is to both increase volume and go up-market, but neither being implemented strategically.</p>	

Main source of information: Mitchell J and Faal J, forthcoming. The Gambian Tourist Value Chain and Prospects for Pro-Poor Tourism. Report to Commonwealth Secretariat.

What is known about benefits reaching the poor?

Little of the actual package cost directly reaches the poor. But, despite the fact it is a package holiday destination controlled by a few international operators, in a very poor economy; local earnings are considerable, as shown in the value chain diagram.

Why are local earnings high?

1. Out-of-pocket expenditure averages £27 per tourist per day – or £291 per person over the typical 10.8 day length of stay. This is high both internationally, and also in comparison with the cost of the holiday package. And is a major source of income to the poor. E.g. 50% of crafts and shopping items come from the informal sector.
2. 45-50% of fruit and vegetables for hotels and restaurants are supplied from within The Gambia (up to 90% in some cases). Total local food supplies are around £1.94 million per year. Food supply is the most positive pro poor impact of tourism to date.
3. In addition, tourism creates around 5,000 direct jobs (hotels and restaurants) and 9,000 indirect jobs.

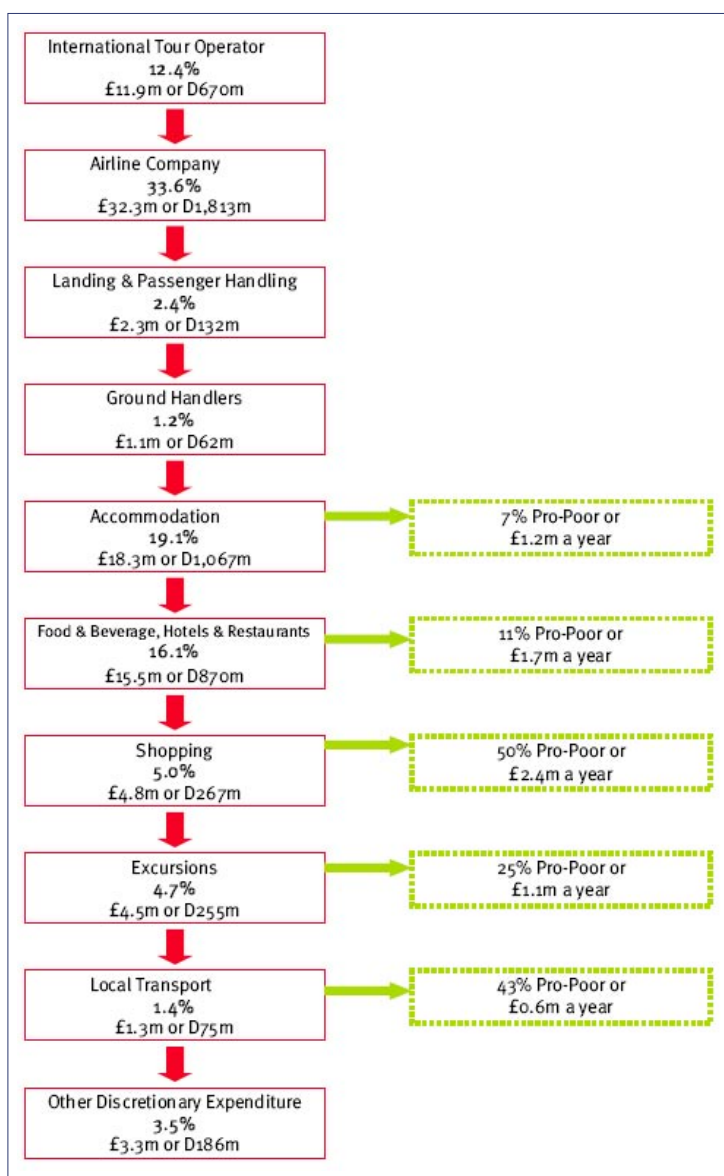
Conclusions re pro poor earnings:

- Critical to pro-poor tourism is discretionary tourist expenditure, rather than the two-thirds of resources spent on the larger elements of the package holiday (such as the tour operator, flights and accommodation);
- A large proportion of several small expenditure items, such as shopping, excursions and transportation, are highly pro-poor; and
- The larger sector with most potential for increasing its already significant pro-poor impact is the agricultural supply chain for the food and beverage sales to tourists. Government should not leave supply chain linkages to NGOs.

Recommendations:

1. Increase numbers? Yes but via strategic marketing and balancing supply and demand.
2. Increase spend per visitor? Yes but via product quality and product offer, rather than targeting up-market tourists per se.
3. Increase linkages? Yes, build on good agricultural, craft and transport linkages further.
4. Focus on implementation not more policies

Figure 4: The Gambian tourism value chain



'This study finds little evidence to support the view that small, up-country tourist product will necessarily be more pro-poor than the current product. The key mechanisms for poverty reduction through tourism are in activities like staffing and supplying large hotels and restaurants and the operation of craft markets, excursions and local transportation facilities. If product development focuses upon dispersing the tourism product across the country in a shotgun approach there is a danger that the mechanisms which link the poor to the benefits of tourism will not reach a critical mass for viability and, therefore, will not take place. In this sense, mass tourism could be more accessible to the poor than niche ecotourism operations.'

'Many tourism policy-makers want theirs to become more exclusive destinations, attracting higher standard facilities and higher spending tourists. Whilst this may be an effective way of achieving important objectives like, for instance, increasing aggregate tourism receipts, it is argued [below] that this unlikely to increase the impact of tourism on the poor'. This is because up-market and other tourists have very similar patterns of out-of-pocket expenditure.

'One of the ironies of Gambian tourism is that so much good practice is apparent with so little apparent incentive framework from the state. It would appear that most of key pro-poor activities have been generated by private or civil society interests often with the support of overseas finance.'

SNV

Head Office
Dr. Kuiperstraat 5
2514 BA The Hague
The Netherlands

Tel: + 31 70 3440244
Fax: + 31 70 3855531
Web: www.snvworld.org

SNV is a Netherlands-based, international development organisation that provides advisory services to nearly 1800 local organisations in over 30 developing countries to support their fight against poverty. SNV believes the basic purpose of development is to enlarge people's choices; to create an enabling environment for people to enjoy long, healthy and creative lives.

SNV works with organisations that operate at district and provincial level and function as linking pins between national policies and frameworks and the people living in towns and communities. Its clients include private, governmental and civil society organisations.

Overseas Development Institute

111 Westminster Bridge Road
London SE1 7JD

Tel: +44 (0)20 7922 0300
Fax: +44 (0)20 7922 0399
Email: publications@odi.org.uk
Web: www.odi.org.uk

The Overseas Development Institute's Tourism Programme has been examining the link between tourism and poverty reduction since 1999. Since then ODI has sought ways to apply principles of pro-poor growth to the tourism sector – making a significant contribution to the study of pro-poor tourism. We are committed to use these findings to inform policy and practice and thus enable the private, public and civil society sectors to work more effectively to enhance the benefits to local people in tourism destination areas.

ISBN 13: 978 0 85003 831 6

ISBN 10: 0 85003 831 6