

Pro-poor analysis of the Rwandan tourism value chain

An emerging picture and some strategic approaches for enhancing poverty impacts



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* Disclaimer: The views presented in this paper are those of the authors
and do not necessarily represent the views of SNV Rwanda

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1. Executive summary

1.1 Key findings

Creating economic linkages around tourism and sharing the benefits more widely are important policy objectives in Rwanda's tourism development. Different product mixes and business operating models will affect how many poor people participate in the tourism economy, and how much they earn.

A preliminary overview of poor people's participation in the tourism economy helps identify areas where their income can be increased. Rough estimates are that an annual flow of around 17,000 upmarket business tourists in Kigali generates around US\$1.5 million per year in income for 'poorish' households: semi-skilled and unskilled workers, food producers, and artisans. It is not clear exactly how 'poor' these earners are. Income from hotel employment and food sales is roughly equal.

Around 13,000 annual tourist visits to Parc National des Volcans (PNV) and Musanze area generates around US\$1 million per year in income for a wide range of poor workers and producers, plus further significant flows in the form of donations.

While the data is currently rough, it is clear that there is a wide agenda for action to increase poor people's incomes, aside from overall growth of the sector, including:

- Work on the food supply chain to hotels, lodges and restaurants to boost product quality and volume, and help poor farmers access this market;
- Assist poor households to access training, employment and promotion in hospitality;
- Pilot practical initiatives to help businesses enhance their own 'inclusive business' models, and create webs of businesses linkages in key destinations; and
- Partner with domestic and international tour operators, lodges and hotels, conference organisers, artisans and farmers to make a range of cultural experiences, shopping opportunities and handicraft products an integral part of a Rwandan visit.

1.2 Information is needed for making pro-poor decisions in tourism

Rwanda's tourism is developing rapidly. **Policy priorities** aim to increase arrivals, length of stay and spending per tourist, prioritising high-spending low-environmental impact tourists, developing new products, upgrading skills and standards, and stimulating private sector activity and investment. At many stages of policy development, the need for sharing the benefits of tourism is highlighted, along with the concept of building economic linkages.

So far, there has been little measurement of the pro-poor impact of current tourism or future options, in order to inform pro-poor tourism decision-making. This study hopes to provide small building blocks for that process to happen.

International experience is demonstrating the need to look across all aspects of tourism activity (or across the tourism 'value chain' which comprises all activities from production of inputs to consumption of final products), to identify where the poor participate or could be more involved. An important principle of this value chain approach is that all options are open: there is no prior assumption that a certain kind of tourism intervention is best for the poor. Interventions that increase the number of poor participants, or the income they earn ('pro-poor income'), can take place anywhere in the tourism economy and with any kind of stakeholder.

Sometimes, unblocking constraints to overall growth of tourism is the top priority. Other times, the priority is to alter the structure of that growth, by targeting specific barriers to poor people's participation (which is the focus on this work). Solid information on participation by the poor is required to make the right decisions on where to intervene.

This study looks at where the poor participate in tourism and tries to estimate cash flowing to poor people, or '**pro-poor income**' (**PPI**). While estimates are very rough, they help to quantify and compare options.

Included are:

- Direct earnings of poor employees and entrepreneurs that work in tourism: in hotels, on cultural tours, or selling curios. In Musanze and PNV, such income reaches around US\$300,000 per year, while in Kigali earnings of several hundred unskilled and semi-skilled hotel workers may total around US\$1 million per year; and
- Earnings of poor people who do not work in tourism but earn income by supplying goods or services (e.g. food). Hotels are spending roughly as much on Rwandan food as they are on their non-management workforce. Inputs during the construction phase can be significant but have not been measured.

The study does not assess other non-financial benefits and costs for the poor, aside from financial flows. It also does not capture a range of dynamic effects on the local or national economy that affect the poor, the non-poor, and the overall contribution of tourism to development. Tourism can affect overall skill levels, export patterns, enterprise development, prices, business attitudes to investment, international perceptions of Rwanda, and management of land and natural resources.

The study focuses on just two areas: 4 to 5 star business tourism in Kigali, and gorilla-viewing tourism around PNV and Musanze. Data for gorilla-viewing tourists ('gorilla tourists') relates only to their time (e.g. 2–4 nights) in Musanze. No estimates are made for Rwandan tourism as a whole.

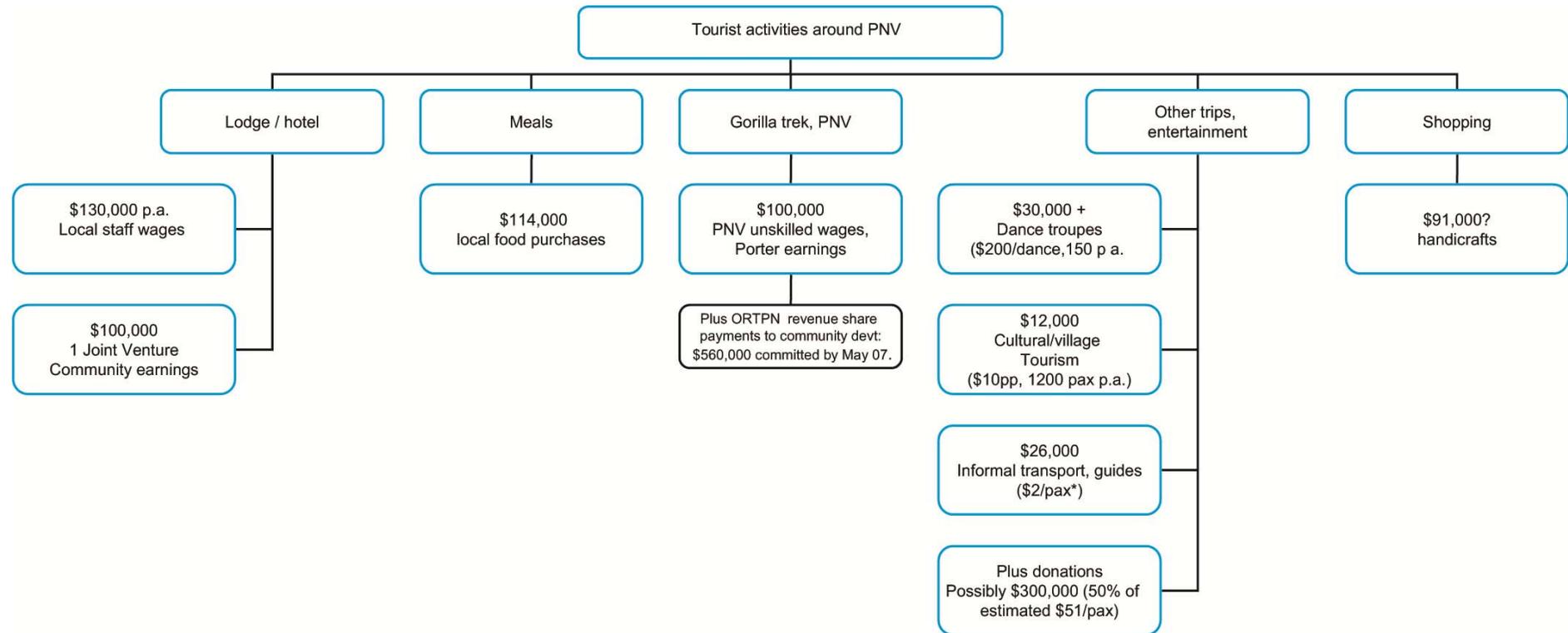
Box 1: Pro-poor income

Pro-poor income (PPI) is cash income flowing to poor(ish) people from tourism, directly (via employment or sales) or indirectly (by supplying inputs to tourism)

Estimating PPI depends, of course, on who counts as poor. Using the international poverty line of US\$1 per person per day, most Rwandan participants in tourism could be included. Using the Rwandan extreme poverty line of 250 RWF per day (± 0.50 US\$), only micro entrepreneurs selling a few pineapples or baskets would be included.

This study estimates PPI as earnings by un-skilled and semiskilled hotel staff, farmers and market vendors of food for lodges; artisans and farmers who make products bought by tourists, dancers who perform, villagers who host tours, unskilled staff and porters working in PNV. PPI estimates for gorilla tourism include lodge workers who earn up to US\$220 per month (though the average is around US\$130) and those who sell food to lodges at local markets, as well as those who cultivate it. PPI estimates for Kigali business tourism impose a fairly arbitrary cut-off in defining PPI. Wages of those who earn up to US\$240 per month are included. Wages of staff earning more than this are excluded, even though they are non-managerial. 80% of hotel food spending is estimated to be producer income (based on comparison of farm-gate and purchase prices) and is counted as PPI. But a major question remains whether the 'producer income' actually reaches poor producers.

Figure 1: Pro-poor income flows from tourist activities around PNV (rough estimates, US\$ p.a.)



Notes

p.a. = per annum (per year), BN = bed night, pax = passengers/visitors

All estimates based on 13,000 pax p.a. for an average of 2.5 BN. i.e. 33,000 BN p.a.

Wages to 'local' staff: From US\$5,000 per enterprise p.a. at a small lodge or budget hotel up to US\$140,000 p.a. from a largish midmarket lodge. So local wage per BN varies from US\$1 to US\$9 per BN. Assumed average of US\$4 per BN.

Joint Venture (JV): One JV exists and is not yet fully operational. Estimates, based on data from AWF (Africa Wildlife Foundation) facilitator, are for community bed night fee plus fixed rental fee plus percentage of net revenue, with operation at 50% occupancy. JV fees are equivalent to US\$44 per BN – the largest flow per BN.

Food: Mid/luxury lodge spending on Rwandan food is around US\$5 per BN. In budget hotels, around US\$1 per BN (but budget tourists also eat outside the hotel). Food is purchased locally, so 100% of spending on Rwandan food was counted as PPI. Actual earnings of poor farmers need checking and will be lower.

PNV unskilled wages: Around 63 unskilled workers earn around US\$124 per month each – equivalent to US\$94,000 p.a. Porters earn US\$8 per trip, possibly US\$9,000 p.a. in aggregate.

Revenue-sharing: 5% of tourist revenue is set aside for community development. This is not an 'income flow' as it is spent on projects not cash hand-outs, but it is substantial: US\$560,000 was committed by May 2007.

Dance: Evening dances arranged by lodges/operators can cost almost US\$200. Distribution of fees and tips among existing paid staff, local dance troupe, and lodge/operator is not known. Guesstimate: PPI of US\$200 per dance, 150 times per year in the region.

Cultural/village tours: Rural income from organised village visits: US\$70-US\$110 per half day tour (small or large group, includes fees, donations and craft purchases), or US\$8-12 per tourist. Guesstimate: average PPI of US\$10 per pax, @1200 pax p.a.

Donations: Grosspietch (2007) estimates average cash donations of US\$61 per tourist – extremely high by international standards. Where this goes is unknown, and thus whether it should count as PPI is debatable. The figure above assumes 50% of this is attributable to PNV visits.

Shopping: Grosspietch (2007) estimates US\$57 per upmarket tourist and US\$28 per budget tourist on shopping. Assuming: unweighted average of US\$42/pax, 50% attributable to PNV visit, 30% of spend reaches poor producer/vendor: gives guesstimate of US\$7 in PPI per pax.

General caveat: Tourist's length of stay, budget and activities around PNV vary enormously. So estimates of pro-poor income per tourist or per enterprise vary widely and are based on extremely small samples.

1.3 Gorilla-viewing tourism

Poor people earn income from many different aspects of tourist's visits to PNV and Musanze. There are broadly five areas of tourist expenditure around PNV each of which are probably generating around US\$100,000 per year in incomes to the poor (rough estimates shown Figure 1: double or half could be right):

- Wages of local staff (the largest flow);
- Sales of Rwandan food to hotels and restaurants;
- Community income from one joint venture lodge;
- Unskilled wages from working in PNV; and
- Income from producing and selling handicrafts bought by tourists.

In addition, a sixth category is income from cultural tours, village tourism, dancing and guides. This is probably slightly lower, but could grow to be around US\$100,000 p.a. These cash flows probably add up to a figure somewhere below US\$1 million per year in total. Additional donations and grants may be worth as much again. These comprise both contributions to community development from ORTPN's Revenue Sharing Programme, and donations by tourists. Important dynamic impacts of tourism in this area should not be forgotten, such as development of the road network and local economy in this region of Rwanda.

Issues that influence the flow of pro-poor income from gorilla-viewing tourism

While there is much to be done to improve the accuracy of the figures in the chart, they do indicate some critical factors.

The business model used by hotels and lodges strongly affects PPI

All the hotels and lodges purchase Rwandan food and at least half their workforce comprises local staff. Beyond that, there are enormous differences in how they interact with the local economy. Some enhance linkages via a legal partnership, investment in local staff, partnership with local dancers, or support for widows and disabled entrepreneurs. Two lodges are, alone, generating more than US\$100,000 for local people: one is a joint venture lodge and another is a mid-market lodge with a strong emphasis on local employment.

Very rough estimates suggest that total PPI per bed night from all sources varies enormously from about US\$2 in a budget hotel, US\$8–12 in mid/upper market lodges, up to an extreme of possibly US\$58 per BN in a joint venture lodge (once it is running at 50% occupancy). While the estimates are rough, the variability is clear and has some important implications:

- Most businesses already take some kind of pro-poor initiative or have positive elements in their business model. This is fertile ground for further discussion and action;
- Employment policy is critical. Local wage income is the flow that varies most widely between establishments, ranging from US\$1 to US\$8 per bed night. It is highest where there is a high share of local recruitment and promotion, a relatively high 'staff:bed' ratio, and relatively high wages for unskilled and semi-skilled staff. If every lodge could match the 'best performer' the local injection would be significant. This requires investment by government in local hospitality skills and commitment by hotels to staff training across grades;
- Smaller lodges can boost their impact by developing linkages with local enterprises. For example, one lodge has helped to train a local dance troupe that receives a monthly retainer. Their wages probably boost local staff wages from the lodge by around a third, while also reaching more local households. But it is clear that not all ideas for enterprise

linkages flourish. There are business constraints to microenterprises that need to be addressed; and

- A joint venture between an investor and community is the single most effective way of multiplying local impact. Because of a US\$50 bed night fee, and other agreed fees, it is likely to generate roughly three times as much community benefit per bed night as other forms of accommodation.

The tour component and product mix strongly affects PPI

Cultural tours, village visits and dance performances currently generate a relatively small share of PPI from PNV tourism. However, it is an important add-on component. Adding cultural tourism or community interaction into a tour makes relatively little difference to total tourist expenditure but a big difference to local income earned – equivalent to adding at least another bed night.

Strategic objectives have different implications for PPI

The highest-spending tourists, in terms of dollars per night, do not necessarily generate the highest pro-poor impact. Mid-market tourists around Musanze seem to be generating as much, or more, per bed night than high-end tourists. Mid-market professionals (teachers, doctors, chemists, surveyors) are an important market for interactive cultural tourism, even if they arrive by an overland route. Data is not yet sufficient to compare policy priorities in terms of impacts on the poor, but such assessment should inform decisions. Current data suggests that in aiming for increased tourism receipts, it is probably better to boost spending *per visitor*, by increasing *length of stay* and opportunities to spend, than by prioritising high-end over mid/budget tourists.

1.4 Business tourism

Business tourism data relates mainly to the three 4 or 5 star business hotels in Kigali (Mille Collines, Novotel, and Serena). It is clear that they inject substantial cash income into the local economy, mainly via wages of semi-skilled and un-skilled workers, and purchases of Rwandan food. What is not so clear is the share of these payments that can be counted as earned by 'the poor'.

While there is wide variation between hotels, we estimate roughly that business hotels generate around US\$8 per bed night in wages of relatively poor staff, and a similar amount (US\$10 per bed night) in income to food producers. These two flows may approach US\$0.5 million per hotel per year, around US\$1.5 million per year in total from the 18,000 recorded business tourists, and perhaps US\$2 million per year if business visitors to other hotels are included.

Wages

Wages are considerable: hotels spend around 15% of their revenue on payroll costs. More than half of this will be on the majority of staff who are unskilled or semiskilled and usually (but not always) earn less than US\$250 per month (so count as 'poorish' by international standards). Altogether, the 18,000 recorded business tourists in Kigali per year may be generating around US\$600,000 in wages for a few hundred such 'poorish' workers.

Food purchases

The restaurants in Kigali's business hotels are big business, serving not only tourists but residents too. A hotel restaurant can spend around US\$0.5 million per year on food. One chef estimates that around 70% of purchases are produced in Rwanda. In just one month he spent around US\$8,000 on Rwandan fruit and vegetables, US\$7,000 on meat, and US\$6,000 on dairy products. Over the

course of a year, and assuming around 80% of spending accrues to producers, then one hotel is generating around US\$250,000 in farmer earnings.

However, the main producers and suppliers are relatively large farmers, although they also purchase from other farmers. What is not known is whether this demand for food is generating income for poor farmers, particularly women.

Other business tourism impacts

Souvenir shopping by business tourists may contribute a few additional PPI dollars per business visitor. Excursions too will increase local spending. Beyond this, the main impacts are probably dynamic impacts. One argument is that simply by having 5 star hotels and capacity to host international conferences, this enables Rwanda to build its reputation and win business, with knock-on effects for longer-term development.

Issues that influence pro-poor income from business tourism

- Can poor households access the opportunities? We cannot assume that those growing or supplying hotel food are poor, nor those in low-paid hotel jobs. But the hotels are clearly an important domestic market for farmers and workers. For farmers, the hotel market has many advantages beyond the mere value of contracts: the market is reliable, close-by, and enables farmers to develop new specialities, such as strawberries and mushrooms. A collaborative effort between farmers, hotels, government and agricultural supporters could help bring poorer farmers into the food chain and enhance their sales; and
- There may be potential for a substantial increase in spending on hand-made artisanal products. Conference tourism is a growing market. Conferences usually include themed 'give-aways' for delegates. Personalised products could be developed by local entrepreneurs, in partnership with conference organisers. In addition, travelling professionals are often looking for portable distinctive presents in a hurry. Every time a business tourist buys duty free chocolate or alcohol as a present to take home, it is a missed opportunity for spending in Rwanda. Producers, customers and retailers could work together to enhance design, packaging and marketing of Rwandan products, so as to capture those dollars.

1.5 Recommended areas for action

As tourism grows, incomes earned by the poor will grow too. But tourism will do more to boost local economic development if a web of enterprises and opportunities is built up around it. There is not one single priority action, but several, to create options for the poor. Developing linkages is not a rigid set of steps, but adoption of a mentality: a willingness to think laterally and intertwine commercial opportunities with new options for local enterprise or labour.

Help poor farmers to sell to hotels

Tourists consume food worth a few million dollars a year. Much of this is sourced in Rwanda, but action is needed to: help local producers increase the quality, range, and seasonality of their production, so they can boost sales to hotels; and ensure smaller poor farmers, particularly women farmers, can access this important market. This will involve partnership with agriculturalists, chefs, and government, plus a more detailed analysis of the current food supply chain.

Help poor households access tourism employment

Non-management hotel staff in Kigali and Musanze are earning over US\$1 million per year. If workers from poor households can access these jobs, they can lift their family out of poverty. Hospitality and language training need to be accessible to poor and rural families. Hotels investment in training lower grades will help un-skilled staff including women secure promotion.

Promote innovative business models among hotels

Earnings of the poor from hotels does not just depend on the number of beds or rack rate (room price), but on how hotels and lodges do their business. Innovations in 'inclusive business' can substantially increase PPI while enhancing the commercial product too – whether via a local dance troupe, a joint venture, investment in local staff, enterprise development, or adding cultural tours to itineraries. To encourage inclusive business models:

- The Private Sector Federation and other private stakeholders could share different inclusive business models, and compare their impact on the poor;
- Government should actively encourage inclusive business, particularly by new investors. Governments can set clear expectations, publicise good practice, and make inclusive business one of the criteria when assessing new investments and applications; and
- Assess the potential for further joint ventures. They can multiply pro-poor impact, but also require considerable investment in policy and implementation up front.

Pilot destination-level initiatives for building linkages

Creating a web of enterprise opportunities around tourism requires hands-on work, with farmers, crafters, dancers, lodge managers, kitchen staff, tour operators, taxis, banks, NGOs and local government. Potential is high, but the barriers to small enterprise, must be realistically assessed and tackled. A facilitator needs to spur on communication between stakeholders. A destination-level linkage programme should be piloted in one or two areas to invest in building linkages between established tourism and the local/informal economy. This will need one or two champions, supportive government, supportive districts, a couple of 'quick wins' to build enthusiasm, and effective partnership to create long-term change.

Diversify the Rwandan product

A more diversified tourism product will create more options for participation by Rwandans. Diversification should include a range of activities such as walking trails, farm visits, village tours, and 'hands-on' activities (picking tea, weaving baskets, then buying the product). Another important activity is shopping – in parallel with development of the range of handicraft supply. A government–private sector partnership could do much to develop cultural tourism by marketing at ORTPN offices in Kigali and at PNV entrance, organising familiarisation trips for operators, working long-term with a couple of international tour operators on product development, developing half-day and day-trips for business tourists in and around Kigali. Wise facilitation is needed to ensure that local communities can secure a fair share of benefits, while also ensuring that market needs and commercial viability are never ignored.

Develop pro-poor business tourism

Business tourism is too often ignored in pro-poor plans, but in Rwanda business tourists exceed gorilla-viewers. Helping the poor to supply food or secure jobs is as important in Kigali as in Musanze. So pro-poor action should include a Kigali focus, working with leading hotels on food

supply, hospitality training, and souvenir development, and with conference organisers on locally-made 'give-aways.'

1.6 Pursuing pro-poor policy perspectives

Many strategic choices are being made for the future of Rwandan tourism. This is an ideal time to integrate a pro-poor perspective into all decisions. A pro-poor focus should not detract from the big picture challenges of building the competitiveness of the industry. Nor should it be separate from it, or confined just to niche areas where participation of the poor is most evident, such as community tourism. Building the sector and building linkages must go hand in hand. Some opportunities for the poor will materialise on their own, as tourism grows. But many more will need to be unblocked by intervention: light touch but sustained facilitation, based on ongoing dialogue, prioritisation, and innovation.

2. Introduction and purpose of the work

The aim of this report is to make recommendations on strategic approaches to increasing the benefits to the poor from tourism growth in Rwanda. It is written for the Rwandan government, which has set ambitious targets for tourism growth and its development impact, and for the Dutch development organisation, SNV, which supports ORTPN and aims to enhance poverty impacts of tourism.

This report is not an in-depth comprehensive analysis. It is a quick strategic input, based on an overview of what we know and don't know in Rwanda, current international understanding of tourism impacts, and consideration of strategic issues and options. It aims to feed into longer term in-depth work by ORTPN, SNV staff, and the forthcoming Master Plan process. The report starts to sketch out the tourism value chain and revenues that reach the poor through different links in the chain. This provides some data for current decision-making, and lays the basis for more detailed future policy-oriented value chain assessment. The report is littered with caveats about weaknesses in the data. Figures are used to illustratively, to compare and contrast, and sometimes speculate, but are entirely provisional.

The report focuses only on tourism in two areas: business tourism in mid/up-market hotels in Kigali, and gorilla-viewing tourism around PNV and Ruhengeri. While development of tourism outside these areas is important, the analysis could not be extended further at this time. This means that data relating to 'gorilla tourists' relate *only* to their time in the Ruhengeri area, and not to their entire trip in Rwanda.

This report focuses specifically on the benefits reaching poor people from tourism, either through direct employment, or indirectly through the supply chain. It focuses on 'pro poor income' or 'PPI' meaning net income that accrues directly to poor producers or un-skilled/semi-skilled workers. It does not explore the wider development impacts of the growth of tourism, but of course it is recognised that there are sound development reasons to promote tourism in Rwanda aside from impacts that can be directly linked to the poor¹. The need to boost exports and foreign exchange given Rwanda's very limited export base, the need to modernise economy, and to change image of the country, and to generate more formal sector employment²

¹ See, for example, a World Bank report (Kassahun 2007) that highlights the development potential of tourism in Rwanda, though as it says, '*due to lack of data, the real impact of tourism in Rwanda is not known*' (pp 9).

² It is said (reported by hotel manager) that only 100,000 people out of the 9 million Rwandans have a regular salary. In this context, the fact that each hotel can employ anything from 20 to 200 people on a regular basis is in itself a significant contribution to the emerging structure of the economy.

Heartfelt thanks are due to many stakeholders in the tourism sector who provided their time, ideas and information during the fieldwork for this report, which occurred from 2-9 October 2007. Particular thanks go to Straton Habyarimana of SNV who put aside regular work commitments to make the fieldwork possible.

3. Current context

3.7 Tourism arrivals

In 2006, it is estimated that Rwanda received 30,000 tourists, meaning business tourists or gorilla-viewing tourists (ORTPN tourism Statistics, December 2006).

Rwanda's Tourism Strategy (Minicom, 2006) emphasised the current growth of the tourism industry, reporting:

'Rwanda tourism industry has experienced a revival since 2002. For instance, Rwanda Tourism parks recorded almost 27,000 visitors in 2004 (more than its highest ever recorded level of 24,000 visitors in 1989). Rwanda Tourism Industry continued its strong rally in 2005 with park receipts up 42%. International visitors were up by 14% in 2005. Overall, Rwanda tourism industry generated US\$26 Millions in receipts. This strong growth follows the adoption of the new Rwanda Tourism strategy and the designation of tourism as a priority sectors in October 2002.'

Data and graphs from the draft Tourism Strategy (MINICOM 2007) suggest the growth continued from 2006 to 2007, with the total set to increase from 28,825 to 33,000. There is no single published source for tourism statistics, but recent detailed data from ORTPN (ORTPN 2007) indicates:

- Business travellers staying at the 3 largest up/mid market business hotels in Kigali totalled 17,788 in 2006, and over 10,000 in the first six months of 2007 (a 7% increase on the same period in 2006); and
- The number of entry permits sold at PNV which is taken as a proxy for the number of Park tourists (gorilla-viewing, or holiday tourists) was 13,704 in 2006, and 5,654 in 2007 (23% down on the same period in 2006).

These two categories of visitor are the basis for estimates of 'tourists' in Rwanda.

There are several important points to note here for our analysis. The first is that business tourists dominate arrivals. Secondly, that business tourists currently appear to be growing, while the data for the first six months of 2007 break the reported trend of growth in holiday tourists. The third is that data on arrivals is currently dependent on proxy indicators. Business arrivals exclude all the clients staying at other mid-market and ex-Kigali hotels. The use of PNV permits as a proxy for holiday tourists is sensible, but it does mean that some double-counting is included (for those tourists that buy 2 gorilla permits), while some tourists are not counted at all (those who come to Rwanda but do not go gorilla tracking). The two problems are assumed to roughly balance out. The data, sensibly, does not include numbers for permits sold at Nyungwe or taking eco-tourism add-ons, as these are assumed to also visit PNV. ORTPN is currently developing tourism statistics. In the meantime, we use the estimate of 30,000 arrivals annually, but in awareness of the source of this.

3.8 Tourism policy priorities: growth, investment, diversification and local linkages

Rwanda's tourism industry has been identified by the Government as a priority focus, given its potential to contribute to export diversification and growth, and thus contribute to Rwanda's national goals as set out in Vision 2020. As the draft strategy states:

'The overarching vision of Rwanda's tourism industry is to help diversify Rwanda's economy while creating high quality opportunities for private sector, communities and the overall population' (MINCOM 2007, pp 5)

There has been considerable investment made in developing tourism policy and analysing the appropriate path for development. The first tourism strategy was launched in 2002, the government-private sector Tourism Working Group in 2001, a new Tourism Policy (MINICOM 2006) in 2006, and a revised strategy is currently being developed (last draft, July 2007, MINICOM 2007).

The strategy is to focus on tourists that are high spending and have low environmental impact. Key themes are ambitious targets to increase arrivals and spending per tourist, developing new product and diversification of the product beyond gorilla tourism, expanding conference tourism, upgrading skills and standards, stimulating private sector activity and investment. The new draft strategy is somewhat different on the topic of diversification, emphasising the need to develop gorilla tourism as the Unique Selling Proposition (USP) and to market other products as 'add-ons' rather than develop a portfolio approach offering a range of products. Thus birding, hiking, other eco-tourism add-ons should be developed and actively marketed to those tourists coming for gorillas, conference or business.

A major investment programme is planned over the next three years. The draft strategy calls for investment of US\$9.4 million in 26 programmes (MINICOM 2007). While there are some concerns reported that foreign investors lack confidence, there are also clear signs of increasing investment and government seems keen to attract investment. Notably, October 2007 saw the announcement by RIEPA that Dubai World will invest US\$230 million in eight tourism facilities (reported in The New Times, October 4 2007). Serena took over the top Kigali hotel in late 2006 and is upgrading it. Mille Collines is also being renovated, with an loan from the International Finance Corporation. New hotels have been or are being developed outside Kigali, including notably the Kivu Serena.

Documents at each stage have made mention of community benefits, or sharing the benefits of tourism³. The draft strategy of July 2007 is interesting because it is much more explicit on this than previous documents, and does not equate wider benefit simply with community tourism:

- It recognises that 'many stakeholders have raised concerns about linkages with local communities' (pp 4) and that lack of concrete economic linkages may cause performance to suffer (pp 11);
- Of six principles, one is broad-based partnership, and another is community participation and benefit (pp 6);
- Creation of economic linkages with communities, particularly those in close proximity to tourism sites, is identified as one of the cross-cutting issues to address (pp 19); and
- Finally, and distinctively, it identifies the importance of the food supply chain: 'the integration of local firms into hotel and restaurant supply chains is an area that has been neglected and one that could have significant impact on the livelihoods of average Rwandans' (pp 21). Better still an action point and estimated cost for intervention on this is included in the tabular summary of action plans (pp 22).

³ See Verdugo 2007 for an overview of policy related to pro poor tourism, as of end 2006.

What the strategy does *not do*, is draw on evidence concerning the pro-poor impact of different options for its analysis of future priorities. At this point, the information has not been gathered to assess which options will most affect local livelihoods, or how exactly linkages should be built. This report hopes to provide some small building blocks for that process to happen.

Looking ahead, ORTPN is about to start on a Master Planning process, with UNWTO support, as from January 2008.

A number of different pieces of analysis and different consultants are or have been involved in the policy process. OTF has done considerable analysis of the tourism market and supply for the policy and strategy, while other groups have also advised on strategy. Consultants are now assisting with ORTPN statistics development, and with analysis of the feasibility of expanding PNV via carbon sequestration scheme and new consultants will be recruited for the master plan. There is relatively little sign of coordination or (aside from SNV's work) focus on pro poor impact to date. It is hoped that this report, preliminary as it is, will also be shared with future consultants and provide ideas on how they can further incorporate pro-poor analysis into their responsibilities.

4. Conceptual approaches to tourism poverty impacts

4.1 Pathways of impact on poor: direct, indirect and dynamic

Tourism affects different poor groups in many different ways, both positive and negative. These impacts can be broadly categorised as occurring through three pathways⁴:

- Direct effects on the poor: earnings from providing tourism goods and services, such as hotel work, cultural tours, sale of curios, or receipt of tourist donations;
- Secondary effects: these are mainly 'indirect' earnings, where people not working in the tourism sector (for instance, farmers) supply goods and services that meet demand in the tourism sector. In addition there are 'induced effects', where those earning salaries from tourism spend their income in ways that benefit the poor as a second round effect; and
- Dynamic effects on the local or national economy which affect the poor (and usually the non-poor too). These positive and negative longer term impacts are very varied, and include spending of tax collected from the tourist sector on public goods that benefit the poor; stimulation of export industries from knowledge of international tastes resulting from inbound tourism, decline in agricultural exports due to appreciation of the exchange rate; development of a more entrepreneurial local economy; degradation or conservation of natural resources; changes in labour market or land prices due to tourism. .

The first two together can be measured as PPI. The third cannot, but can ultimately affect the earnings of the poor as well as other aspects of their livelihoods. While these three may appear obvious, in fact there are no examples of an analysis in a destination that addresses all three. In the Rwandan context, it is indisputable that all three are essential parts of the picture:

- There are a number of different ways in which the poor can participate directly in the sector, including the very small but emerging sector of cultural tourism or rural tourism, as well as employees in mainstream enterprises;
- The supply chain is an essential area to consider, given that the majority of Rwanda's poor are farmers, and food purchase is a major item of hotel and restaurant expenditure; and
- Dynamic impacts may be particularly important in Rwanda compared to other destinations precisely because it is relatively underdeveloped but fast growing economy in which there

⁴ See ODI Briefing Paper for further explanation of these three (Mitchell and Ashley 2007).

is considerable fluidity and structural change occurring. Thus there is perhaps more potential for tourism to affect overall skills levels, knock-on impacts on local enterprises, business attitudes to investment, international perceptions of Rwanda, and decisions on natural resource use.

4.2 The value chain approach

Value chains are a way of representing the series of transactions involved in providing a good or service, starting with the provision of inputs to for production, and going through production, transformation, marketing to final consumption and subsequent recycling.

What this means in practice for those thinking about tourism and poverty, is that you don't just focus on the specific products that are currently produced by the poor (such as cultural tours). Instead, you understand the overall sector, the linkages between players, different places where the poor fit in, what markets they are catering to, what revenue flows down to them and what their earnings depends on.⁵

Understanding these helps to identify how to enhance the performance of the 'value chain' (or tourism sector) so that it works better for the poor. The *outcome* of this may be that poor participants are more productive and earn more, and/or that more people are able to enter the chain and earn income from tourism. The *means* of doing this may be very varied:

- It can mean working directly with poor producers to help them upgrade their product and better match demand;
- Or working with hotels, tour operators, ground handlers, on their demand, procurement systems, pricing, so they can work more effectively with poor entrepreneurs;
- Working with local or national government on regulations and business conditions, to remove blockages to micro entrepreneurs;
- Engaging with tourists and those doing tourism marketing, to influence tourism behaviour and spending patterns; and
- And it usually involves working with many different stakeholders in the tourism value chain, precisely so as to get communication and commercial linkages working more efficiently.

The shift to a value chain approach among many international practitioners comes partly from the need to *scale up impact* on poverty, beyond a few high-input local projects, and from recognition that a major focus should be on helping the poor to *access international markets*. SNV has adopted a value chain approach to a number of productive sectors, including tourism. This adoption does not just mean using value chain analysis as a mapping tool, a way to picture the sector. It means redefining the aim of intervention as one of making the value chain work better for the poor. This has two immediate implications. The first is that a good *understanding* of the current value chain is needed, both to act as a diagnosis (to determine what to do) and as a baseline (for measuring future impact). The second is that all *options* are open. There is no prior assumption that a certain kind of tourism intervention is best for the poor. Interventions may be at any point in the chain, in any sub-chain and with any stakeholders, if they increase access and returns for the poor.

4.3 Who counts as 'poor'?

In any discussion of poverty impacts of tourism, it is essential but very difficult to define who counts as poor. Tourism is not a means to reach the poorest of the poor. It is a commercial industry offering opportunities for the economically active, and often supplying a livelihood that keeps families just above the poverty line. Taking a very narrow definition of 'poor' will mean that tourism

⁵ See ODI Briefing Paper on revenues to the poor for further details (Ashley and Mitchell 2007).

appears not to benefit the poor at all, which puts all the attention back on macro economic impacts such as foreign exchange. Taking a very wide definition of poor means including most entrepreneurs in the sector, and provides an easy way to avoid having a specific pro poor focus on assisting the disadvantaged. A middle ground is essential but not easy.

Table 1: Poverty lines and tourism earnings

Poverty line	Consumption/income per person per day		Equivalent household income per month for family of 5 persons		Example in tourism
	FRW	US\$	FRW	US\$	
Rwandan Government extreme poverty line	150	0.27	22,500	41	Sale of 150 pineapples a month; or sale of 7 coloured woven baskets to tourists**
Rwandan Government upper poverty line	250	0.45	37,500	68	Gardener or cleaner in a mid market hotel (outside Kigali)
International US\$1 a day* basic poverty line	550	1	82,500	150	Waiter in a 4* Kigali hotel
International US\$2 a day* upper poverty line	1100	2	167,000	300	Head waiter/F&B dept head

* US\$1 and US\$2 a day were actually based on purchasing power parity at 1995 prices. For more precise conversions into today's dollar and FRW equivalent, conversion should be based on the purchasing power parity exchange rate not the market rate, and adjusted for price inflation since 1985.

** assumes baskets sells for 5,000 FRW, paint and inputs cost 1800 FRW per basket.

In Rwanda, the Government's upper poverty line⁶ is consumption of 250 FRW (Rwandan Francs) per adult per day, equivalent to just under US\$0.5 per person. The extreme poverty line is consumption falling under 150 FRW per adult per day (less than US\$0.3 cents per person). To keep a family of five just above the upper poverty line, the breadwinners would need to earn 37,500 FRW per month, or US\$68 per month. As table 1 shows, this is roughly the amount earned from an unskilled job in a mid market hotel outside Kigali. This can be interpreted in different ways: on the one hand, it means the lowest paid jobs in a decent hotel are enough to keep a family at or above the national upper poverty line, even if the breadwinner is supporting four others entirely. Looked at the other way, it means an even people with a secure hotel wage can still be counted as poor, because if they are the sold breadwinner, their family may be around the national poverty line.

The international poverty lines of US\$1 and US\$2 per day are much higher, as also shown in Table 1. US\$1 per day is more than double the Rwandan upper poverty line. This translates into a monthly income for a household of five of US\$150, while staying above the US\$2 line requires a household income of US\$300. If these boundaries are used, even quite well-skilled people in tourism can be included as 'poor', given that a headwaiter's family could fall within the US\$2 a day line, if his is the sole salary.

The approach used in this report is to consider two broad thresholds:

- Firstly, the clearly 'poor' earning up to approximately 40,000 FRW (around US\$70) per month. The lowest-paid hotel employees will be the best-off in this category. (Whether they are or are not in poor households will depend in practice on other earnings in the household); and
- All those earning less than approximately 120,000 FRW to 140,000 FRW per month (US\$215-250). These people may or may not count as 'poor' depending on which definition is used and whether they are sole breadwinner. They are above the Rwandan poverty

⁶ Source is documentation from SNV.

lines, but their household may fall below or around the international poverty lines. Whether they are above or below the international poverty line, they can be considered an important target group for broad-based development (and for SNV).

4.4 Types of poverty impacts to explore

Based on international analyses of participation of the poor in tourism value chains, we can identify the main types of impacts of tourism on the poor that need to be explored in Rwanda, at least for the direct and indirect impacts:

Direct earnings:

- Unskilled work in hotels, lodges, restaurants, tour and transport operators;
- Production and sale of carvings, weaving, art;
- Small scale tourism enterprises which may be run by a cooperative, NGO, a community association or an individual: dancing, village visits etc; and
- Non-labour income including fees from a community share in a joint venture lodge, and donations to orphanages, school, village institutions.

Indirect (supply chain) earnings:

- Production and supply of food for restaurants and hotels; and
- Supply of construction materials, furnishings, or raw materials for crafts.

Dynamic impacts of tourism are very variable, but in Rwanda it is particularly worth considering whether tourism does or can:

- Stimulate enterprise development in rural areas by providing new 'on the doorstep' markets;
- Develop of infrastructure (new roads, water, power) due to tourism which has knock-on affects elsewhere;
- Develop skills that are transferable to other sectors and stimulating further non-agricultural diversification;
- Cause upgrading of agricultural production for hotels (e.g. higher quality, longer seasons) which facilitate upgraded exports;
- Stimulate further business activity and foreign investment in Rwanda, by providing business facilities and enhancing the overall image of Rwanda; and
- Provide motivation for community groups or producer groups to form and mobilise in order to develop tourism businesses, which are then able to pursue wider collective interests.

And on the negative side:

- Stimulate investors to acquire ('grab') land rights which might otherwise rest with rural residents; and
- Result in prioritisation of conservation of habitat and species, supported by an influx of international conservation funds, at the expense of livelihoods of the poor.

Impacts may be quite different for gorilla tourism and business tourism, as these different products are produced and structured differently. Ideally, the poverty impact of both segments (and others) would be analysed separately, and compared, so as to assist with future prioritisation.

5. Emerging picture of benefits to the poor from Rwandan tourism from business tourism

Many 'business tourists' are in fact not 'businessmen' (or businesswomen) in a commercial sense, but are in Rwanda to work for a development organisation. They include consultants and volunteers, as well as visiting staff of bilateral, multilateral and nongovernmental organisations. Of the 15 'business tourists' interviewed in a small tourist survey, only two, a Ugandan surveyor and a Ugandan businessman, were in Rwanda for private business.

The likely picture is that 'Western' business tourists who stay at Mille Colline, Novotel, and Serena, and are currently counted in tourism statistics, are in Rwanda conducting development work. Regional 'business tourists' who stay at cheaper hotels, and are not currently counted in ORTPN statistics probably include a much higher proportion of commercial business people. The information gathered for this report relates mainly to the first type of western business tourist⁷, but information would also be useful on the second.

5.1 Direct benefits: wages to unskilled and semi-skilled staff

Hotels may spend around 15% of their revenue, or 25% of their expenditure, on payroll. Semi-skilled or un-skilled staff who earn less than 140,000 FRW (US\$250) per month will comprise the vast majority of these staff (and account for just about the larger half of salaries, though that varies considerably). Therefore this is a major avenue of income to fairly poor households.

Based on an analysis of up-market business hotels in Kigali (see Table 2), the rough picture is that:

- A business hotel of around 110 rooms is likely to employ around 130 people who are earning under 140,000 FRW per month (US\$250 per month). I.e. the ratio is just over one 'un-skilled and semi-skilled' (US&SS) person per room;
- The total **net** wages paid to these 130 people are **around US\$225,000 per year**. This is equivalent to an average of around US\$1,725 per un-skilled and semi-skilled employee, or an average of US\$150 net wage per month. Gross wages including taxes and other allowances are higher, and some would earn tips as well;
- This equates to nearly US\$2,000 in wages per year per hotel room available (while occupancy remains about 65%), **or US\$9 per bed night sold**; and
- If business tourists stay for an average of 4 nights, wages of US & SS per tourist are around US\$36.

Table 2: Earnings of 'semi-skilled' employees at one Kigali business hotel

Income of staff earning below US\$250 per month	US\$
Average net wage p.a. per employee	1,725.40
Total semi-skilled/unskilled wages:	
Per room available	1,985
Per room night sold	9
Per bed night sold	9
Per pax	35
As a percentage of:	
Total revenue p.a.	5%
Total costs p.a.	8%
Total payroll	55%

⁷ While interviews were conducted at all three of the leading business hotels, the more detailed data derives mainly from just one, and is assumed to apply, roughly, to the others.

What does this mean for earnings of the 'poor' from wages earned in all Kigali business hotels? If it can be assumed that these rough ratios are common across the upper end business hotels and are maintained over time⁸, then would mean that the current annual presence of around 17,800 business tourists (in 2006) creates wage income of around US\$622,000 to semi-skilled and unskilled people. This is equivalent to about 6% of the tourists' estimated hotel expenditure⁹ which is comparable, though a little high, compared to other international estimates. Other business tourists, not at the three main hotels (and thus not captured in statistics) add more.

In fact, data from another business hotel suggest that earnings of those on less than US\$250 are *lower* in the more up-market hotel, because wages are generally higher and thus a larger proportion of staff are earning over US\$250 per month so fall outside our category. Thus while non-managerial wages as a whole for the hotel are substantially higher (and most of these are Rwandans), the amount that could be counted as PPI is lower. This illustrates the influence of the decision on where to draw the poverty line.

Scaling up the data from one or two hotels to make estimates for business tourism in general is fraught with difficulties in the absence of data on the structure, pricing, visitor levels and employment status of other hotels. Rough examples of different methods of scaling up (by the number of enterprises, rooms, or tourists) are shown in Annex 5, making allowance for the fact that other hotels will have lower levels of wage PPI than the leading business hotels studies here. **They suggest that total PPI income from wages in Kigali will be very roughly, around US\$1 million per annum**, if PPI is counted as income accruing to workers who earn less than US\$250 per month.

5.2 Indirect benefits: Spending on Rwandan fresh food for hotel restaurants

The business hotels in Kigali also host restaurants, which are used not only by hotel guests but by other visitors and residents of Kigali too. It is therefore hard to allocate the full pro poor impact of these restaurants to the tourists, as opposed to all the clients. Ideally, we should understand the impact of different types of restaurants (not just hotel restaurants) used by tourists, and also know how much restaurant impact is attributable to tourism, rather than hungry residents¹⁰.

Based mainly on food and beverage data from a mid/up market business hotel in Kigali, the following picture emerges:

- The restaurants in one hotel generating around US\$1.6 million a year in turnover spend around 30%, or nearly US\$0.5 million on food. Of this, dry products are the largest line item, the majority of which is likely to be imported (cereal, oil etc);
- Analysing August 2007 food purchasing, around US\$38,000 was spent on dried and fresh food, of which US\$27,000 is estimated to be produced in Rwanda, i.e. 70%;
- Of this US\$27,000 the largest expenditures on Rwandan food are fruit and vegetables (US\$8mn), meat (US\$7mn) and dairy (US\$6mn);

⁸ Of course employment does not increase exactly as arrivals change, but increases are lagged and lumpy. The estimate assumes that over time similar ratios are maintained.

⁹ According to ORTPN estimates that they spend US\$155 per day, however, this is based only on hotel costs, and is therefore a low estimate.

¹⁰ This would require analysis within hotels of the share of F&B spending that is by resident guests, and analysis in restaurants of the share of turnover that comes from tourists. Or it would require analysis of PPI per type of meal, and then of the number of meal-types bought (in whatever place). For the purposes of this work, we have looked only at restaurants inside hotels. The small airport survey asked business tourists about meals taken *outside* the hotel, and there were surprisingly few (except for volunteer-type tourists). Thus the bulk of 'businessman' expenditure is probably captured from hotel restaurants. But figures for food chain purposed are will be inflated because they should be attributed to both tourists and Rwandan residents.

- Based on interviews with food suppliers to hotels, an estimated 80% of the price paid by hotels reaches food suppliers/producers. However, this varies by season and product, and, a larger caveat, the 'producers' are not necessarily small farmers. Although the suppliers do produce their own food, they often also buy from other farmers, thus acting as middle-men, and thus the producers further down the chain no doubt receive less; and
- Applying these ratios to hotel F&B spending for 2006 gives the estimate that F&B purchases by this hotel led to earnings for food producers of **around US\$250,000 per year**. This is equivalent to US\$10 per bed night sold, and remarkably similar to the estimates for wage income.

The spending figures could easily go up or down by 20%, as could the share of imports. But the more important question is whether this US\$250,000 reaches 'poor' farmers, or could do. Suppliers to hotels are relatively few (e.g. 3 to 5 suppliers might supply all the fresh fruit and vegetables to one hotel). They usually produce much of the supply themselves, and are clearly not 'typical' poor rural farmers. But they also purchase supplies from other middle man who purchase in turn from other farmers. Thus a key question to explore is whether and how much of the US\$250,000 per year can be said to reaching poor or poorish people.

The estimate that 80% of food expenditure accrues to producers is based on discussions with food suppliers, and a comparison of local market prices of vegetables with prices paid by hotels. For example, one hotel was paying 180 FRW per pineapple, at a time when the roadside price on the Kigali Ruhengeri road was 150 FRW. The share of hotel price received by fruit or vegetable producers seems to vary from 50% to 100%. The two suppliers interviewed produce part of the supply themselves. The rest they purchase from other farmers or middle-men, paying between 50% and 100% of the price paid by the hotel. Thus while it may be true that the large producers are earning an average of 80% of hotel spending on domestic food, it is likely this is partly a return on transport, and that poor producers that manage to enter into the chain they are selling through local middle-men who in turn sell to the suppliers who reported data. Further analysis of this requires farm-level interviews, farm-gate price data, and further exploration of the supply chain used by the food wholesalers.

5.3 Other financial flows

Other financial flows from business tourists to the poor appear to be fairly low. Business tourists reported low levels of spending on curios in the small airport survey. Hotels artisan shops seemed to be doing little, if any trade. However, PhD work by Grosspietsch (forthcoming) collected detailed tourism expenditure data, and indicated that business tourists spend an average of US\$23 per person on 'souvenirs'. In the case of handicrafts at a market it could be that 30%, but for other products, such as coffee, or outlets such as the airport shops, the share would be smaller.

The emerging conference tourism market makes some use of 'giveaways', such as Rwandan coffee and tea in handmade baskets, but is still relatively small. There is no use currently of tailor-made personalised conference gifts that can be more labour intensive and remunerative for the poor. Business tourists may squeeze in an excursion to the Genocide memorial, but sometimes not even that. Other spending is more likely to be on business services and internet connections than other services provided by the poor.

5.4 Dynamic impacts of business tourism

The most obvious externality of business tourism is the business that is done by the visitor: whether it is private trade or some form of development assistance, it can hopefully be assumed that business tourism facilities make it more feasible for business people to come to Rwanda and contribute to its economy or development. A refined version of this argument relates particularly to the upmarket business hotels: it is argued in Tunis, that the arrival of Sheraton helped to put Tunis

at a different level in the eyes of international businessmen – as the kind of capital city that can host a Sheraton and where they can do business. Other business hotels thus perceive that they have actually benefited from the arrival of Sheraton, due to its profile. It could be argued in Kigali that the emergence of Serena hotels similarly put Kigali onto the map for international business people. Equally, development of international conference venues help to promote Kigali and Rwanda as a destination where business can be done.

The long term affect of this on international attitudes, particularly given the worldwide tendency to associate Rwanda with genocide, can be a contribution to future development. But whether any knock on affect specifically on poverty can be traced is a challenging question.

5.5 Summary of PPI estimates from business tourism

Table 3 summarises the results of the PPI estimates, showing **very roughly** the scale of likely flows, taking a wide definition of poor. These are a baseline for further clarification, particularly to investigate how replicable the results are across the sector, and how much truly does reach ‘poor’ households.

Table 3: Summary PPI flows for business tourism

Business tourism	Data from enterprise level			Tourist expenditure data			Total rough US\$ p.a. per sector	
	US\$ p.a. per			US\$ per visitor	Multiplying up by number of			
	Enterprise	Business	Visitor		Enterprises	Tourists		
Wages as PPI, 4 star³	24,302	9	35		5		1,121,510	
5 star, wages below US\$250	150,420	5	20					
<i>All non-managerial wages⁴</i>	652,740	21	85					
Food and beverages income								
Estimated income to producer/local vendor	243,421	10	38		5		1,217,106	
Assume 80% of domestic food expenditure reaches producer, and 100% of this is PPI (debatable) ⁵	80%							
Shopping								
Est'd spend per visitor ⁶				23			-	
If assume % reaching poor producer ⁷				30%				
PPI per visitor ⁸				7		20,000	138,000	
Total wages, food and beverages, and shopping							2,476,616	<i>124 per visitor</i>

AssumptionsNumber of business tourists p.a. = 20,000¹Average nights/business tourist = 4²**Notes**¹ ORTPN data based on returns from 3 leading business hotels and PVN permit sales data² ORTPN data based on replies from business hotels³ Figures based on one hotel. There are 3 main business hotels used for tourism statistics. To calculate sector wages, a multiple of four is used to represent the 3 main hotels plus another 'one' for all the other smaller cheaper hotels. This is probably an underestimate⁴ This is the total for all non-management wages, most of which are above US\$250 per month, so are not counted as PPI⁵ 80% is low compared to data collected from wholesalers on price paid to suppliers and price charged to hotels. But it is very high by international norms.⁶ Grosspietsch 2007⁷ Guestimate⁸ In 2006, ORTPN data reports 17,788 business tourists, based on visitors to the three main business hotels. In 2007, Jan to June, there were 10,063 tourists. Assuming the previous pattern of roughly equal shares for first and second six months then 2007 estimated total is 20,000

6. Key issues in enhancing poverty impacts of business tourism

It appears that one substantial business hotel with restaurants and around 110 beds can generate around US\$225,000 per year in wages of SS&US staff, and around the same again as earnings to producers of fruit, vegetables, meat, dairy products and fish. The total PPI is nearly US\$500,000 per enterprise and nearly US\$20 per bed night sold. These are the main direct ways in which business tourism affects poorish people, leaving aside the large but one-off boost offered by construction. It could be estimated that the current business hotels (3 main ones and several others) are injecting over US\$2 million per year into semi-skilled, unskilled, and food-producing households. It suggests that any new upmarket business hotel of similar size could inject almost an additional half a million dollars a year into pockets of the possibly-poor.

6.1 Are the participants 'poor'?

The question is whether the beneficiaries of these flows are in fact poor, or poorish. How easily can poor people access the market, either to supply their products to chefs, or to get the jobs in hotels? It could be that the benefits stay concentrated among urban secure families, or it could be that they are reaching the urban poor or hundreds of more scattered rural and less secure families.

A problem here is that defining whether urban hotel employees are poor probably depends on the perspective of the organisation. To SNV, they are probably not a priority target group, but to an organisation seeking to make macro-economic growth more inclusive, their earnings are significant in doing this. The other problem is that defining people as poor or not poor by their *current salary* is of limited value. The development aim is to move people out of poverty, so what we really need to know is whether hotel workers come from poor backgrounds. A much more comprehensive value chain analysis in Cambodia by IFC did indeed explore this question. A fairly quick survey of a sample of workers in Kigali could help settle this question of the current share of the 'poor'. It would not necessarily answer the more interesting question of whether workers from poor backgrounds can access more of the jobs.

6.2 Understanding the food supply chain

The data above is sufficient to show the significant size of the food chain. Information gathered from wholesalers who supply hotels is sufficient to show that we **cannot assume that those growing or supplying hotel food are poor**. The two producers/suppliers we spoke to ran small businesses and do their own farming. But on the basis of their data, it seems that one can earn around US\$300 per week in gross margin on strawberries. Say half of this is net margin and can be earned 40 weeks a year, she would have an annual income of over US\$6,000 from strawberries so does not count as poor. The other may have annual turnover for meat and vegetable sales of around US\$9,000 per week (not just to hotels). If the profit margin is only 5% and this holds for 40 weeks per year, annual income is over US\$18,000, so also not poor.

But equally both supply only a small share of produce from their own farm, and have to buy from others. So we cannot assume that all produce is grown by a handful of large farmers. We simply don't know at this point the current share nor the constraints that need to be removed to tackle it.

Given the size of the food chain, and the possibility that hotel managers in Kigali would be open to discussion on an initiative that supported farmers (Serena is affiliated with the Aga Khan Development Network, Mille Collines is borrowing from IFC which likes to support clients with local linkage investments) this is a priority area for more attention. A rapid exploration of the agricultural supply chain by an agriculturalist is needed.

6.3 Changing the shares not the size

A pro-poor intervention on its own will not influence the size of the business market – that is determined by bigger trends. **Where intervention could help** is:

- Working with chefs and buyers in hotels and restaurants and with farmers to explore the food chain, and how poor farmers could better access the restaurant market. What changes in product, seasonality, quality and volume would be needed? Would chefs be interested in procuring from a wider base? How could it be done? Can poor farmers get into niche products such as mushrooms and strawberries? An agricultural supply, demand and marketing study is needed to understand the current system, and identify potential;
- Engaging with government authorities investing in tourism hospitality skills and basic language training, to ensure that hospitality and language skills needed for hotel employment reach rural areas; and
- Exploring potential to make a significant increase in business tourism spending on hand-made artisanal products. Two main areas stand out: one is focused work with producers and customers to develop products that are designed for men, needing presents that can be easily transported home. Businessmen are unlikely to buy gorillas or baskets, so if they don't pick up Rwandan tea or coffee, they probably end up making use of duty free chocolate and gifts on the aeroplane to meet family expectations on their return. Designing products for them does not necessarily mean investing entirely new products, but packaging current ones differently: for example, taster packs of different coffees, carefully labelled and packed in woven presentation case; locally made jewellery sold in a personalised typical Rwandan lidded basket. The other area to explore is personalised products for conference and incentive tourism. Sun City in South Africa helped a local recycling enterprise to upgrade its equipment and skills, so that it could produce personalised glasses or other products such as ashtrays. These products can be engraved with the words or logo of a conference, and included in the conference package provided by Sun City. This is labour intensive work, done by poor people, with relatively high returns given the 'just in time' production technique. This idea would first need to be explored with the relatively few commercial operators developing in the arena of MICE tourism.

Actions to take these issues further are discussed in Section 8 below, after consideration of gorilla tourism. But it is already evident from above that new kinds of partnerships – with agriculturalist, conference organisers, and training institutes, as well as business hotel owners, are important.

7. Emerging picture: direct and indirect impacts of gorilla-viewing tourism

This section considers data relating to tourist activities around Ruhengeri and PNV. As for business tourism, it makes estimates of some components of current PPI flowing to poor workers and producers, and explores what factors affect PPI flows or estimates. Other activities while in Rwanda of gorilla-viewing tourists are not explored.

A challenge in assessing PPI from these tourists is (1) the wide variability in budget ranges and types of tourist, ranging from back-packers who stay in dormitory beds, to clients who pay US\$500 per night in an exclusive lodge. While each type was included in the fieldwork, the sample size of each type is tiny. Another challenge is the diversity of activities and types of expenditure or PPI flow, compared to business tourists who tend to be more focused on work, food, and their hotel (of course some of the 'gorilla tourists' considered here may be business people on a short break).

7.1 Revenue flowing from hotels and lodges

Direct benefits: wages to un-skilled and semi-skilled staff

The ratio of staff per room varies considerably: it is under 1 in the budget market hotels/hostels, just over 2 staff per room in mid-market or up-market lodges, but reaches a surprising 4 in one new luxury lodge. The percentage of staff that are local also varies considerably, from around 50% or 60% to closer to 80%.

Wage levels in hotels in the Ruhengeri area are noticeably lower than in upmarket Kigali business hotels, which is not surprising given both the local labour market, and the nature of the operation. Some of the lowest paid jobs (e.g. cleaners, gardeners) earn around 20,000 FRW per month (US\$40 per month), although some hotels pay considerably more even for the lowest jobs. Those holding the jobs are more likely to be from poor households than in Kigali hotels, because of the rural nature of the area.

Based on rough estimates of the percentages of staff who are local and SS&US, and the average local wage, a first analysis was done of local wage income from different types of accommodation establishment. The figures are based roughly on net cash income received by staff, but do not deal adequately with issues of wages paid in food or board, gross versus net wages, and additional income from tips. Nevertheless, the picture suggests that:

- Total wages flows to local people are around US\$5,000 a year from a small upmarket lodge or a smallish budget hotel. They go up to around US\$14,000 a year for an upmarket lodge with very high staff ratios, but increase significantly for a mid market lodge with high employment ratios, local employment ratios and relatively high wages: US\$140,000 per year;
- In these estimates, the wage income per available room varies widely from around US\$300 in the budget hotel to US\$3000 in the labour-intensive mid market lodge. Differences are real, but data discrepancies no doubt play a part; and
- **Local wage income per bed night or per visitor therefore also varies widely, from US\$1 to US\$9 per night** (by comparison, it was estimated at US\$9 per bed night for business tourism). Thus for a 2 night stay near Ruhengeri, it is in the region of US\$2 to US\$18 per visitor,¹¹ while for a one week stay, it is in the region of US\$7 to US\$63.,

Aside from the need to check and firm up the data, this does suggest that the contribution via wage income is highly variable. It does not necessarily correlate with price or size of accommodation but depends on:

- Staff to bed ratio;
- Percentage of staff that are local; and
- Wages paid.

These then are the policy issues to explore to enhance local earnings. It is noticeable that in the hotel estimated to generating by far the most in wage income, the manager reported that the government 'expects' them to employ local people, and that is what they do. Exactly how this expectation or incentive works in practice was not clear, but it appears to be effective.

¹¹ So if we were to take an average of US\$10 per visitor, this would suggest about US\$100,000 per year being generated in local wages by 10,000 or so gorilla viewing tourists per year. But the data needs further tightening.

Direct income from joint ventures

There is only one joint venture lodge in Rwanda so far, an upmarket lodge with 8 cottages/suites. It has just opened although construction is still being finished. Data on community benefit is therefore a matter of making estimates based on the structure of the signed deal. Nevertheless, unless nothing at all goes to plan, it is clear from the structure of the deal that the community will be earning substantial income from its partnership.

The Kinigi community, in the form of its association, SACOLA, will receive US\$50 per bed night, in addition to a small fixed rental and a percentage of net revenue (net of booking fees and taxes)¹². Once the lodge is achieving 50% room occupancy, the bed night fee alone will generate around US\$110,000 per year. Until the loan is paid off (repayment starts only when community income flows), around US\$17,000 of this goes towards repayment, but nevertheless, **the community would be earning over US\$100,000 per year from its investment** (before any local employment is included). This sum is equivalent to **US\$44 per bed night** or over US\$12,000 per available room, both of which are far larger than any other pro poor income flow considered for the Rwandan tourism sector.

Indirect income: Local food purchases for hotels and lodges

The hotels and their restaurants in the Ruhengeri area appear to buy much of their food at the local market. It is therefore likely that a good share of their expenditure on local food reaches farming families directly. Perhaps 10% should be deducted from spending on local food to estimate incomes to farmers, but this figure should be better researched before being used in calculations. It is important to understand whether poor families take their own produce to market, and how, or sell to others at the 'farm gate'.

Rough data from a number of hotels with restaurants suggests that:

- Hotel/lodge spending on Rwandan food is around **US\$5 per bed night** for the mid market and upmarket tourists, and US\$1 per bed night in a budget hotel. But given that budget tourists are much more likely to take at least one meal somewhere else, total food spending per budget tourist may be close to US\$2 or US\$3 per day; and
- In some hotels or lodges the spending on local food was twice the spending on local wages, while in others it was nearer half. Much depends on the structure of the product and enterprise.

As with business tourism, the policy issue is not to increase total food consumption by tourists, but to assess whether poor farmers are able to supply the food, and whether the share of total food consumption that comes from within Rwanda can be increased.

Table 4: Rough estimates of revenue flowing into the local economy from gorilla-viewing accommodation

		Mid market lodge	Up market lodge	Up market JV lodge ²	Budget market hotel	Business hotel, Kigali
Beds		80	16	16	40	113
Rack rate	US\$ per room	120	500	300	27	160
Revenue flows into the local economy						
Local wages	US\$ p.a.	139,513 ¹	4,848	13,187	5,766	224,302
	US\$ / BN	8	1.84	6.02	0.8	9
	US\$ /AVR	2,968	606	1,648	303	1,985
Local food	US\$ p.a.	92,727	12,480		8,080	277,195
	US\$ / BN	5	4.75		1.1	11
	US\$ /AVR	1,973	1,560		425	2,453

¹² Information based on pers.comm from a facilitator with Africa Wildlife Foundation who was involved in the negotiation.

Dance	US\$ p.a.		5,171 ³		431	
	US\$ / BN		1.97		0.1	
	US\$ /AVR		646		23	
Bed night fee & rental	US\$ p.a.			114,500		
	US\$ / BN			52.28		
	US\$ /AVR			14,313		
Total	US\$ p.a.	232,240	22,500	127,687	14,278	501,497
	US\$ / BN	12.5	8.56	58.30	2.0	20
	US\$ /AVR	4,941	2,812	15,961	751	4,438

AVR = available room; BN = bed night

Notes

Plus tips (given up market client, tips may be large compared to wages); revenue share; school donations (structured by the lodge, so may be hefty) and support to community organisations

¹ Assuming over 80% staff local, with average wage 75,000 FRW per month – based on the data, but both relatively high

² Only just opening so no data for food. Bed night fee and rental based on information from Kenya-based facilitator

³ Assumes two dance shows per month

Table 4 summarises rough data for 5 different types of accommodation for gorilla-viewing tourists, estimating expenditure on local wages and food per year, per bed night and per available room. It also includes expenditure on dancers and on community fees, where relevant to the lodge. It shows that the 80-bed mid-market lodge generates substantially more than other enterprises. PPI per year is less than for a 110+ bed business hotel in Kigali, though the beneficiaries are likely to be poorer. In terms of PPI per bed night or available room, the estimated income from the joint venture lodge far out-performs the others.

7.2 Revenue flowing from beyond the hotels

Direct benefits: employment in PNV

In addition to wages of those who work in hotels, there are wages of unskilled workers in PNV. There are around 63 unskilled employees in PNV, earning around 69,000 FRW each (US\$124) net per month, making a total wage injection of US\$94,000. This is equivalent to local wages from a substantial hotel. In addition, former poachers have been brought in as porters for gorilla-trekking tourists. They are not paid a regular salary but earn US\$8 for each trip they do. Each of the eight gorilla groups has a group of porters (for example, Hero group has 17 porters) who take it in turns. The tourist pays US\$10 of which US\$2 goes to the group and US\$8 to the individual. If we guesstimates that 10% of tourists use a porter, then this amounts to US\$8,800 per year. **So total unskilled wages from PVN are around US\$100,000 per year (or US\$10 per tourist at the current level of around 10,000 tourists¹³ visit PNV per year, which is roughly similar to the estimated SS&US wages from hotels per 2-day visit).**

Direct benefits: revenue sharing from national parks

ORTPN has instituted a new system by which 5% of all revenues collected from tourist activities in national parks is set aside for community development. An ORTPN list of community projects funded nationally from GNC funds¹⁴ indicates that as of May 2007, over US\$560,000 had been committed. However, independent research (Sabuhoro 2006) found that villagers would prefer direct payments to households rather than an insistence on using funds for projects. This means the impact of the funds in terms of winning people over to conservation, as well as enhancing their well-being, is lower than it could be.

¹³ There are over 11,000 permits for gorilla tracking in 2006, but an unknown number of tourists take two treks.

¹⁴ ORTPN, Conservation à base Communautaire.

Direct benefits: donations

A number of hotel managers and tour operators report that they take guests to visit schools, orphanages or community groups and that a substantial minority (30-40%) of guests leave donations. Given that they refer to donations ranging from US\$10 to US\$300, and even long-term sponsorship of specific children or classes, these are not just 'loose change'. It was not possible to collect quantified data on this, but Grosspietsch (forthcoming) included questions on donations in a tourism expenditure survey of over 500 departing or recently-departed tourists. He found that donations are indeed sizeable: 31% of all tourists¹⁵ made donations. The average amount for cash donations was US\$61 per tourist¹⁶, and the average total value for cash and in-kind donations was US\$118. In practice the averages are likely to conceal a few very large donations and many smaller ones. Budget tourists contributed more than up-market tourists in cash (US\$70 compared to US\$31) but less in total (US\$80 to 128).

If we consider that the picture so far is that SS&US employment generated by gorilla tourism is in the region of US\$10 per day, and local food purchases may be a further US\$5 per day, then these figures for donations are startling. They could match or exceed total local income from wages and food supply for a one-week visit. Given their apparent scale, this is an area warranting further attention - to verify the figures and explore whether pro-poor impact can be increased.

Direct earnings from cultural tourism

Cultural tourism includes tourists watching local dancing (dancing drumming and singing, sometimes by Batwa people), visiting villages to learn about rural life (such as banana brewing, basket making), and visiting local schools and orphanages. Cultural tourism products are currently developing in the Ruhengeri area. A number of hotels and tour operators mentioned that their tourists get to see a traditional dance in the evening after gorilla trekking, but very few offer specific tours to villages.

Policy issues about the scale and development of cultural products are discussed further below. Here the emerging evidence of financial flows is first presented.

Dances

Lodges and tour operators report that the price paid by tourists for a traditional dance is often around 100,000 Frw (nearly US\$200). Some lodges maintain a regular dance troupe, comprising a mixture of existing staff, and nearby residents. The latter then earn either a retainer or a fee per dance. At one up market lodge, 20 local dancers get a small fixed salary per month of 10,000 (nearly US\$20), and have been trained by two staff brought in from outside. Dancing is arranged almost every other night when there are guests. This suggests that dancers' wages could be around US\$5,000 per year plus tips. In this instance, total wages of dancers outweigh wages of the lodge staff, even before tips are taken into account. However, in other hotels or lodges, many 'dancers' are actually paid staff, thus reducing the net additional impact on local residents.

Village visits, cultural interaction

Several hotels or lodges have informal arrangements where tourists visit nearby villages or schools. Grosspietsch (2007) reports that ten out of 15 Rwandan tour operators regularly offer their clients the possibility to visit a school or orphanage. These tend not to be for a fixed fee, but often lead to philanthropic donations, as outlined above. Three Rwandan tour operators operate more

¹⁵ Including holiday tourists, business tourists, VFR and other (Grosspietsch forthcoming).

¹⁶ All kinds of tourist, not just holiday tourists. This is an average across all tourists and not the average per donation.

formalised tour products, in which tourists can visit villages and interact with local people. Two of these focus on the Ruhengeri area – Amahoro Tours and Eco-Tours – while the other, New Dawn Associates, has projects in other parts of Rwanda. Some other Rwandan and international tour operators also send their clients to these operators for the purpose of the community tours.

This product is only recently emerging and currently operates at a small scale. Products offered by Amahoro include a village visit to see banana brewing, basket weaving, and other aspects of rural life, with the chance to buy handmade baskets; canoeing on a lake; visiting an orphanage; and enjoying a traditional dance. Fees paid per tourist are small (often only US\$5) but tourists spend as much again through either purchases of products, donations or tips. A rough estimate of fees plus discretionary spending for each type of product suggests that typically:

- Income to rural residents is around US\$70 per half day tour from a small tour group (6 pax) or US\$110 from a large tour group (such as an overland group of 14). This goes either to individual service providers or to group funds, which are used to cover costs and for purchases chosen by the group¹⁷;
- If each group does one (half day) visit and half see a dance, then average rural income per tourist is US\$14 to US\$23;
- This picture tallies with data from new 'Millennium Village' tours in south eastern Rwanda, which are longer (at least 1 day) more structured and higher priced tours, involving a number of stops. Average rural income per tourist is around US\$29. The larger share of this goes to service providers (entrepreneurs and groups) and the balance to a development fund; and
- A new cultural village is currently being built near Ruhengeri, where the community is already performing dances, and will be showing many aspects of traditional life. It is estimated that revenues of around US\$20 per tourist will be split between workers, household members and village projects.

The current scale of these tours is small: perhaps around 1500 or 2000 clients per year at present, but possibly increasing once the new cultural village is starting to operate, total local income from Amohoro and the cultural village could be in the region of **US\$2,500 - US\$3,000 per month**. Millennium Village tours and other tours elsewhere in Rwanda by NDA could be generating a similar amount or more in local income¹⁸.

While income per year is currently only around US\$30,000 in northern Rwanda (i.e. US\$3 per tourist visiting PNV) or double that or so across Rwanda, the potential to increase this form of income seems clear, and is discussed further below.

Shopping and curios

Handicrafts are often a key route for the poor to earn income from tourism, because they are often made by the poor, and given the right marketing structures, a high share of sales price can be captured by producers. For example, in The Gambia, it was estimated that half of tourist shopping expenditure goes to products of the poor, and this is a major reason why linkages are relatively high despite tourists coming on all-inclusive packages.

¹⁷ For example, a group of women weaving baskets in a village near Ruhengeri, visited by Amohoro Tours, put their sales money and donations into the group fund. Raw materials (straw and paint) are paid from this. In December 2006 they allocate a large share of their funds to members, most of whom bought a goat or pig. This year, they have already used a considerable share to help pay school fees for a child who could not attend school.

¹⁸ Assuming about 7 tours per month

Minimal data on artisanal production and tourist spending was collected during the limited field work¹⁹, but data is available in Grosspietsch 2007, and further information on the production system and earnings could be gathered from the cooperatives and projects involved in artisanal production. Grosspietsch (2007) found that 21% of holiday tourists had bought 'handicrafts'. Budget tourists purchased more items, but in terms of spend per person on all souvenirs, it averaged US\$57 for upmarket tourists and US\$28 for budget tourists²⁰. The main products were coffee, banana leaf art, weaving products, and wood carvings.

Further investigation would be needed to assess the market outlets and supply chain of each. Bags of prime coffee sell at around US\$6 in Kigali and international experience suggests that producer income will be just a few percent of that. For the handicrafts, items sold in lodges, hotels and shops may be sold at 3 times the producer price. For items bought at local markets and artisanal stalls, the bulk or all will generally reach the producer. If we assume that on average gorilla viewing tourists spend US\$40²¹ and one third of that reaches producers (whether coffee/tea farmers or artisans), then **pro poor income per tourist is an impressive US\$13 per tourist.**

Other direct and indirect flows

Aside from food supply, there will be other goods and services provided to the tourism sector that involve the poor. In particular, during construction, furniture and furnishings can be considerable generators of employment. The transport sector also requires semi-skilled inputs. In addition, Grosspietsch (forthcoming) notes that tourists spend around US\$0.54 per day per upmarket tourist and US\$0.80 per day per budget tourist on goods in the informal sector. Grosspietsch also includes private guides, private drivers, and drivers of motorbike taxis and normal taxis in the 'less advantaged' category, who have not been considered above. He reports that tourists spend around US\$4.20 per day on these.

7.3 Dynamic impacts on the rural economy

A range of dynamic impacts on the local economy are possible. Selecting those that are or could be most significant, it seems likely that there is one particularly positive, one potentially positive, and one potentially most negative.

Infrastructural development

The new tarmac road extending all the way to the Kinigi community (on the edge of PNV) is an example of how tourism stimulates development of infrastructure that has positive externalities. While there were no doubt many reasons to tar the road, one of the economic justifications was, I assume, the growing tourism travel to the area. All residents of the area will benefit from reduced travel costs for the goods that they buy or sell, and reduced travel time.

Another example of tourism assisting the rural poor with access to infrastructure comes from the new joint venture lodge (Sabinyo Silverback) of the Kinigi community²². As lodge construction is being completed, work is also taking place to pipe water from its source to the village, to supply tap water for the first time. It is not clear whether this is being paid for by the community from its lodge earnings, or is part of the construction cost of the lodge, or is part of an arrangement with government.

¹⁹ Need to calculate curio spending from airport survey and do an average.

²⁰ The 5 holiday tourists interviewed in our airport survey had all purchased souvenirs, and recorded higher spending, averaging US\$150 per person.

²¹ This is an unweighted average of budget and upmarket tourists, as weightings are not available.

²² The owner of the lodge is SACOLA – the Sabinyo Community Lodge Association.

Enterprise development

In an ideal world, the 11,000 tourists that enter the Ruhengeri region each year would spawn a network of small enterprises catering to their needs. It would provide a market to local entrepreneurs of customers with new tastes and a lot more purchasing power than local residents, who are usually keen to try new tastes and purchase souvenirs. From the briefest of visits to the area, the signs were that this impact is very limited. Passing through Ruhengeri in the daytime, a visitor could very easily be unaware that they are in the main tourist town of Rwanda aside from Kigali. Apart from a few tour operator offices, there is little visual evidence of a tourist-focused economy.

Examples of enterprise opportunities that have not been filled also came from lodge and hotel managers. Guests from one upmarket lodge walk down to a nearby lake. When they get there, they stand at the edge, gaze, and return back up the hill. In the 3 years of operation, no local person has come forward to take guests on boat trips on the lake. 'it is so sad. Four years down, no one can offer anything' said the manager. He had also made an offer to the local leader to sell handicrafts at the lodge, but nothing had happened. This has happened at a lodge that does in fact have a reputation for investing in local community relations.

On the other hand, tourism-related enterprise in the area is starting from a very low base, and some examples exist. The manager at Kinigi Guest House explained how she had shown a small gorilla carving to an elderly carpenter some years ago. He had copied it, developed it, others had joined in, and from that the now-established craft centre had grown

It is easy to blame a 'lack of creativity', 'lack of entrepreneurialism' and the strong preference for waged employment on the low level of tourism-related enterprise. No doubt these all play a part. But if the aim is to multiply impacts on the poor, the obstacles have to be carefully diagnosed and tackled. There may be constraints, such as lack of market information and working capital that prevent poor entrepreneurs tapping into the market. If tourism is to play a more significant role in the local economy, focused work on creating linkages and stimulating enterprise is needed.

Lost access to land and natural resources

Tourism can have a number of long-term negative impacts on poor people's livelihoods, particularly their access to natural resources. Around gorilla tourism the two main potential trade-offs are:

- Lost access to natural resource use in protected areas – or more precisely high risk and transaction costs of using the protected areas illegally. The key question is whether this opportunity cost of maintaining protected areas is outweighed by benefits that neighbours receive, financially and otherwise, from the ecosystem; and
- Loss of land or land rights to tourism investors for minimal compensation. It may be that investors 'buy' land from communities quite legally. But, but in the fluid land situation in Rwanda, there are neither secured land rights nor clear market-determined prices for land with high tourism potential. Thus there is minimal chance of a community knowing its full legal rights and market power, and every risk of them handing over high value land for a pittance. Over time, they will have lost agricultural resources and gained little return, thus be left worse off.

New exploration of the feasibility of expanding PVN as part of carbon sequestration highlights the need to gain a true assessment of community land and resource values, and the relative income they can make from farming, from selling it, or from using it themselves for tourism.

7.4 Summary of PPI flows in gorilla tourism

Table 5 summarises some of the main estimates generated for gorilla tourism. However, it would be wrong to take this as the basis for a 'total' figure for PPI from gorilla tourism, as each figure is no more than indicative.

Table 5: Summary of rough PPI estimates for tourism around PNV

Gorilla tourism ¹	Data from enterprise level			Tourist expenditure data			US\$ p.a. per sector
	US\$ p.a. per			US\$ per visitor	Multiplying up by number of		
	Enterprise	Business	Visitor		Enterprise	Tourists	
Wages							
Upmarket ²		4					
Mid market		8					
Budget		1					
Assume an average of ³		4	10		13,000	130,000	
Unskilled workers plus porters						100,000	
JV fee⁴	96,980				1	96,980	
Food chain							
Upmarket		5					
Mid market		5					
Budget		1					
Assume an average of ⁵		3.5	9		13,000	113,750	
Cultural dance income⁶							
Per dance night	200				150	30,000	
At one lodge per year	5000						
Cultural village tourism⁷			8 (large group)		1200	12000	
Near PNV			12 (small group)				
Unweighted average			10				
Handicrafts⁸							
Upmarket, spending US\$57/tourist ⁹				19			
Budget, spending US\$28 per tourist				9			
Unweighted average				14	13,000	184,167	
Informal transport and guides¹⁰				4	13,000	52,000	
Donations¹¹							
Upmarket				31			
Budget				70			
Unweighted average				51	13,000	656,500	
Partial total for gorilla tourism¹²						1,375,397	<i>106 per visitor</i>
Total excluding donations						718,897	<i>55 per visitor</i>

¹ PPI estimates relate only to the time spent near PNV not the whole Rwanda trip, with the exception of handicraft and donation data

² This is an average for 2 upmarket lodges with very different PPI flows

³ The PPI estimates are per bed night, the multiplication up to PPI per sector is by no. of visitors. Thus assumed bednights per visitor is key

⁴ Estimated PPI once the single JV lodge is fully operational

⁵ Estimates are based only on food purchase by the hotel, not other meals consumed, therefore the estimate for budget tourists may be low, as they are more likely to also eat outside the hotel

⁶ The number of dances per year is an illustrative guess

⁷ Payments for dances as part of a cultural tour are excluded to avoid double-counting, however some payment for handicrafts from villages visited are included, with a risk of minor double-counting with the handicraft line item

⁸ Grosspietsch 2007

⁹ A key issue here is the balance of upmarket versus budget tourists. Information is lacking. Grosspietsch 2007 finds that in his survey, there were 96 upmarket respondents (spending over US\$200 per day) compared to US\$175 budget tourists. But this result will depend on the sampling. Around PNV, the main mid-market lodge is likely to have 7,000 - 9,000 visitors a year (depending on assumptions re nights per visitor), which accounts for the bulk of 13,000 PVN visitors. So for current purposes, we assume equal budget and upmarket visitors, but this urgently requires clarification

¹⁰ Grosspietsch 2007 estimated that budget and upmarket tourists spend just over US\$6 each on guides, drivers, moto, taxi, boat and Kivu. Here we assume that US\$4 of this attributable to time spent while near PNV

¹¹ Grosspietsch 2007. These estimates are extremely high by international standards. It should also be debatable whether this should all be counted as PPI.

¹² Some PPI flows are not covered here. For example, Grosspietsch found that 15 interviewed tour operators (i.e. the bulk of them) had 144 employees earning an average of US\$187 per month. 26 restaurants interviewed employed 378 employees, earning an average of US\$56 per month. Seven transport companies had a total of 457 employees, earning US\$105 per month. It is impossible to aggregate this up, based on a total number of such enterprises, and impossible to attribute a share to 'gorilla' or business tourism. Nevertheless it should be noted that these indicate more than US\$100,000 in wages p.a.

8. Enhancing impacts of gorilla tourism: issues and policy implications

8.1 How does the business model affect pro poor impact in the accommodation sector?

In the accommodation sector, there are a number of different business models in action, in terms of how a hotel or lodge interacts with the local community and poor entrepreneurs. All employ local staff for at least half their workforce, and all purchase Rwandan food. But beyond that there are some clear differences in the following examples:

- Sabinyo Silverback is a **joint venture** lodge with community, the only one of its kind in Rwanda. It is small scale (8 cottages) and only just open, but with clear potential to deliver high community income due to community ownership. Estimated local income (of all types) per bed night (once running at 50% occupancy) is US\$50, or over US\$100,000 per year. Sacola has a number of other projects planned, in addition to this lodge;
- Virunga Lodge is another small exclusive lodge, engaging in a range of partnership with communities²³. The aim is to act as an anchor for dynamic growth of the tourism economy in an underdeveloped area. In its core business (procurement, local staffing,) it is not particularly pro-poor, but it has engaged in a **range of partnerships** and a business linkages. Volcanoes accessed donor funds from the UK which supported tourism enterprise development in other private sector businesses (e.g. Kinigi Guest House), with the aim to boosting the profile and capacity of the overall destination. It also invests in working with the community on, for example, the dance troupe, road repair, and visits to the orphanage or school. The wages paid to the dance troupe substantially boost total PPI from this enterprise. However, aside from this, direct enterprise linkages between the lodge and local entrepreneurs have proved disappointingly low. Donations by Virunga Lodge guests are likely to be substantial, because they are relatively affluent tourists going on personalised visits to the local school;
- Kinigi Guest House is a 38 bed lodge **owned by an association of widows**, ASOFERWA. It is run commercially, but with an eye to using its purchasing power and profits to assist the disadvantaged²⁴. For example, wood carvers and other artisans have been encouraged to develop products and now have a craft shop on site provided by the lodge. The manager explained how she showed an old man a small gorilla carving many years ago, and from that craft production and now the craft shop have grown. Profits have been used to buy sewing machines for tailors, who supply table cloths to the lodge. The Batwa dance troupe is called in whenever guests want performances, and the local taxi driver is called upon whenever needed. The manager has advised farmers on growing vegetables which they now purchase. In addition to the 20 permanent staff, there are around 30 extra people who usually get work for a few days per month;
- Gorilla Nest is one of the larger mid market lodges in the area. It does not have a specific partnership or community programme, but tries to employ local people. In this appears remarkably successful. Based on data reported by the General Manager²⁵ in October 2007, with a **high share of local staff and relatively high wages**, the incomes earned by local people from employment there are among the most substantial tourism earnings in the Ruhengeri region; and

²³ The main source of information on this is material posted by Volcanoes on their website or given to the UK donor, BLCF.

²⁴ The main source of information on this approach is an interview with the manager.

²⁵ Information provided in an interview in October 2007.

- Karisimbi lodge is a budget-oriented accommodation whose tourists spend relatively little per bed night inside the hotel, but are likely to engage more with the local economy of Ruhengeri. The lodge is providing **substantial support to a local community organisation** and is now trying to link the skills of widows, orphans and disabled people to the enterprise opportunities available, such as dancing for tourists²⁶.

It is important to note that the majority of enterprises interviewed had **some kind of pro-poor** initiative, though with substantial variation. It is not possible to say firmly which is better than another, simply on the basis of partial financial flows, without distributional issues, non-financial impacts, dynamic impacts, and local perspectives. In terms of just financial flows, it is clear where the most substantial impact is: (1) potential income at the joint venture lodge and (2) wages paid to SS&US staff at Gorilla Nest. These are the only two flows that amount to more than US\$100,000 per year, though local food purchases from Gorilla Nest are probably not far off. No analysis was done of which initiatives reach poorer households, though common sense would suggest that it is the other initiatives (links with widows, orphans, artisans, local dancers etc) that rank better on this.

There are some clear policy implications here:

Compared to other destinations, there appears to be relatively fertile ground for engaging with the private sector on pro poor action

Many hoteliers or lodge owners are already doing something they have developed on their own. Therefore, they may be receptive to SNV/ORTPN providing technical advice and practical support to enhance pro-poor impact. Many of the initiatives are philanthropic 'add-ons' to core business, rather than an attempt to restructure how core functions of staffing and procurement are done. For example, none reported an initiative to link with local farmers and help them produce more hotel food. Such an initiative probably requires more technical expertise and some direct facilitation with the farmers that hoteliers do not have. Implications for SNV action are discussed further below.

Joint venture arrangements where the community owns the land, and ideally the lodge, are the single most powerful means of substantially multiplying financial flows to the poor

The likely revenue to the poor per bed night at Sabinyo silverback is over US\$13,000. The highest at any other kind of lodge or hotel is under US\$5,000, and often less. Thus the joint venture lodge can generate roughly three times as much community benefit per bed night as other forms of accommodation.

The crucial question is whether this model can succeed and can be replicated in Rwanda? If so, there is a need for swift action as other investment sites are moving rapidly to development phase. Community land rights need to be secured before investors move in. If joint ventures seem to be a good idea, there is much to think about in terms of policy context and expertise required, discussed further below.

Employment of local staff

This is one of the largest flows of income to 'poor' people around PNV, but it is also the flow per bed night that shows highest variability between enterprises, ranging from US\$1 to US\$8 per bed night. The estimates of PPI above are based on an average of US\$4 per bed night accruing in PPI as wages. If that could be doubled to the reported level of the best performer, then that is an injection of US\$130,000 per annum to local households.

²⁶ Information on this approach was provided by one of the owners.

Wages to poor households reach substantial scale where there is:

- Relatively high staff to bed ratio;
- High percentage of local staff;
- Relatively good wages for unskilled and semi-skilled staff; and
- Sufficient bed capacity to be of substantial scale.

The last point is worth considering. The more exclusive upmarket lodges have high staff to bed ratios but are so small, that total employment is only around 15 or maximum 30. A larger mid-market lodge has potential to employ more local people.

This suggests that a valuable area for further exploration is the factors that encourage or prevent local staff recruitment, and how a coordinated action programme involving ORTPN, government training agencies, hotel managers/owners, SNV and other support agencies on the ground, could increase local recruitment and promotion. Whatever emerges from the master plan in terms of human resource development needs to be sure to encourage this.

Business linkages with local entrepreneurs and performers

The smaller upmarket and budget ventures cannot hope to match the larger or partnership ones for local revenue flow, but the examples indicate that hotels can multiply their own local economic impact by developing enterprise linkages, and supporting positive dynamic change in the economy. Take the example of the dance troupe at Virunga lodge. The wages paid to the 20-strong dance troupe appear to roughly increase total local income from the lodge by a third. If all hotels and lodges could increase their impact by a third through some form of local enterprise linkage, that would be welcomed. At Kinigi guest house, what is noticeable is the mentality of seeking out opportunities: a conventional business identifies a need, such as for new uniforms, and seeks out the cheapest source. A business with a linkage mentality thinks laterally, and in almost any new need can see an opportunity for local entrepreneurs.

The implication here is that **stimulating business linkages should be a focus of a destination level programme**. There are enough small-scale examples of what can be done to demonstrate some good practice and show that it is commercially practicable. For this approach to work it is essential to have strong government buy in (not necessarily leadership) and to have a facilitator to get involved at local level and catalyse communication and change. Possible roles in this are discussed further below.

8.2 How does the tour model and product mix affect incomes to the poor?

Cultural tourism such as village visits and watching traditional dance may currently be generating over US\$40,000 per year in PPI (two thirds from dance). While this is a small share of current PPI from tourism around PNK (possibly 5 to 10%), the figures indicate important potential to increase this.

Let's compare two different tour types. The first is a tour group that includes a 2 – 3 day gorilla trip added onto their East African holiday. They travel, go gorilla trekking, relax, eat, and leave. The second is a tour that has one or two days focused on trekking to see gorillas or other nature based activities, and a day in which the main activity is a half or whole day community interaction or tour.

Adding cultural tourism or community interaction into a tour makes relatively little difference to total tourist expenditure but a big difference to local income earned. The data above suggests that (excluding the joint venture lodge), each bed night at a lodge or hotel in the Ruhengeri area generates around US\$2 to US\$12 in local income. Curio shopping may add a further US\$13 or so, and donations even more. By comparison, if every PNK tourists did a half day

community tour and if half of them also saw a traditional dance, then extra community income would be around US\$21 per tourist²⁷. i.e. this suggests that **making this a core feature of the product could generate almost as much income per tourist as current lodge wages, hotel food, and handicrafts sales combined.**

This is a surprising finding. Cultural excursions have emerged as small in relative terms in other pro-poor value chain analyses (Luang Prabang, the Gambia, Vietnam). That this pattern emerges from Rwandan figures probably reflects the relatively short length of stay estimated around PNV (with a longer stay, accommodation-related PPI flows increase compared to one-off PPI flows such as a cultural tour) and the high share of cultural tourism spending that is currently estimated to reach the poor.

In Rwanda this is a time when tourist products based around interaction with local people are just developing. The next few years are the time when the experiments will either sink into the mire and join the littering of failed community tourism projects around the world, or when they will become sophisticated, varied, and dynamic elements of the core Rwandan product. Ensuring the latter is not easy, but it is the right time to try. Tourist opinions, gathered by OTF for the visitor profile (2007) and by Grosspietsch (2007) tourism survey, both convey a high degree of interest among tourists for cultural interaction and satisfaction with the interaction gained so far. But during the fieldwork for this study, a number of tourists said that they had not received any information about such opportunities, and/or that they would have liked to have done something if they had known about it.

International thinking on community tourism has evolved considerably in recent years, and is now viewed with considerably more scepticism than before.²⁸ Thus in developing **cultural** tourism and interaction, it is important to avoid the classic failings of **community** tourism. This is explored further below.

Aside from a tour operator itinerary that includes village visits and performances, there are many other emerging types of cultural tourism in Rwanda:

- Visits to schools and orphanages facilitated by a hotel or lodge, as an optional guest activity;
- Possible walking trails and treks that would take tourists outside the protected areas and thus enable them to experience the rural areas on foot; and
- Tourism that is not holiday tourism, but comprises volunteers coming to work in Rwanda. In our airport survey we classified this as business tourism, but it is also certainly cultural interaction. It is not clear however that there is an agenda for intervention here.

The scale of the first and third is distinctive in Rwanda. The figures for tourist donations collected by Grosspietsch (2007) are remarkable, and if correct and if donations can be counted as all or substantially pro poor, then donations far outweigh any other single flow of income. It is not clear if there is an agenda for intervention, but the scale is so significant, that this flow should not be ignored. While donations might be so high precisely *because* tourists are able to directly visit the projects without any intermediation from an agency or administrative process, it might also be that some oversight and accountability is needed to enhance effectiveness of the funds. At the minimum, it might be worth facilitating a discussion with private operators on this topic.

²⁷ Assuming the current structure remained. In practice, if the products were so widespread, the share remaining with communities would go down, as more middlemen and operators would be involved, but equally the price per tourist would go up. If anything, particularly if facilitators are involved to help communities protect their interests, local revenue per tour could go up over time.

²⁸ See Mitchell and Ashley (forthcoming) which summarises problems such as identified by Dixey in Tanzania, the EU in South Africa.

9. Strategic action areas

9.1 Overall objectives

If tourism is to have a substantially different impact on the local economy, particularly around Ruhengeri, a very different enterprise map is needed. The aim is a web of enterprises, not a few nodes. Tourist arrivals, gorilla treks and foreign investment in new developments, need to be the mean to an end of local economic development, not an end in themselves.

This section outlines ideas on 8 areas of strategic action that ORTPN and SNV could tackle. First, a few general principles. The aim of any intervention should not be to prescribe a single mode for pro-poor business. But it would be useful to, for example:

- Summarise and share information on how different business approaches affect the flow of income reaching the poor;
- Investigate further which poor people (and how poor) benefit from the different approaches, and gather their own views on the benefits they accrue²⁹;
- Facilitate a workshop or discussion amongst lodge and hotel owners to explore different approaches, their impact, and how they can be done. Present factual evidence. Explain the concept of adapting core business versus adding on philanthropy (while leaving both options open); and
- Identify if there are business strategies that are potential high impact, in terms of pro-poor impact, but also score high on risk or difficulty of intervention – these are the areas where SNV could intervene. Interventions may help by reducing the transaction costs (e.g. the time needed to identify who to work with or what local skills are available), getting communication going between poor producers and the businesses, bringing a number of businesses together to achieve what cannot be achieved by one (e.g. an investment in training), or complementing demand side change by business with investment on the supply side – with farmers, potential workers, or micro entrepreneurs.

9.2 Helping poor households access the food chain

Tourist hotels and restaurants are likely to be spending a few million dollars a year on food supply, much of it on food produced in Rwanda.³⁰ Although a relatively high percentage seems to be sourced from Rwanda (an estimated 73% in one business hotel), there does not appear to be any initiative that is either assisting local producers to extend the range, quality or seasonal coverage of their production to meet more of the needs of the hotel and restaurant sector³¹; nor to help smaller poor farmers access this important market. A pro-poor intervention won't get tourists eating more, but it could get them eating more produce from poor households. Given the size of this market, the fact that agriculture is an important activity for the majority of poor households, it is important to pursue further for potential pro-poor intervention.

A first step is to further explore the food supply chain, particularly:

²⁹ Which were not gathered in this short piece of work.

³⁰ A Kigali business hotel is spending over US\$200,000 per year on domestic food, and a Ruhengeri mid-market hotel is spending almost US\$100,000 (both around 110 – 120 rooms). Thus we can estimate that Kigali business hotels are spending well over a million. Restaurants plus all hotels outside Kigali need to be added to this for a total that will certainly be above US\$2 million on Rwandan food and probably substantially more.

³¹ It may be that an initiative exists and I am simply not aware of it. It was noticeable that in 2006, discussion at the ORTPN/SNV workshop raised the problem that Rwandan tea is not used in 5 star hotels, because it is not produced in the individual packages required. By October 2007, individual packages of Rwandan tea were in the hotels.

- The balance between imports and domestic supplies, and the reasons some goods are imported: i.e. whether they could feasibly be produced in Rwanda given some agricultural investment; and
- The share of food supply that currently comes from small-holder farms, and the reasons why some (or much) comes from larger farmers: i.e. is it a matter of access to transport, access to market networks and information, technical agricultural capacity, ability to invest in unusual crops such as mushrooms etc?

This should of course be done by agricultural experts and in collaboration with the agriculture department, but must also involve dialogue with purchasing officers and chefs in hotels, and many small-holder farmers.

This analysis then leads to a diagnosis of whether there is potential to help poor farmers to access the hotel and restaurant market, whether they would be substituting for supplies from imports or from large producers. While displacing established existing suppliers would always be a challenge for small-holder, the fact that the sector is currently growing, makes it a good time to develop market links. Any planned intervention must tackle four levels (see the SNV/ODI Toolkit, Ashley 2006) for more:

- Supply capacity of small-holders;
- Demand from hotels; encouraging chefs to want to buy local and reap benefits from it;
- The communication and market linkage between them; and
- The policy context that affects this market, in relation to small-holder agriculture, trade regime, agricultural and hygiene regulations, transport and credit.

As a first step, it would be useful for ORTPN to start a dialogue with the agricultural ministry, SNV to identify other organisations that already work in the agricultural field (and in agro-tourism interventions if they do exist) and what information they have, and a quadripartite discussion to be had with the two government bodies, SNV and agricultural NGOs or bodies. Results from this report should be used to show the significance of the issue, then new information gathered and limited existing experience used to develop a way forward³².

9.3 Helping poor households access employment

The first question to decide is whether workers who have potential to obtain an un-skilled or semi-skilled job in a hotel or lodge are sufficiently poor to fall into the target group for a pro-poor intervention. If they already have a hotel job, even if they come from a poor background, they might not fall in the target group. But the more strategic question is whether households that are in the pro-poor target group could be helped out of poverty by accessing formal sector tourism employment. To answer this will require a little more work to understand the background of existing employees and whether they include those with poor backgrounds, the skills required by hotels compared to typical poor household skills, and some clarification of the question of a 'target group.'

If it is concluded that there is potential to increase the share of hospitality jobs that are obtained by poor households, then this is a sensible priority for attention, because the wage flow is significant. It will make a dent in poverty, albeit for a relatively concentrated set of households. The two main areas for attention would be:

³² There is relatively little written information on this topic. The UN's International Trade Centre has a module on agricultural linkages, which is 'restricted' but probably available. Oxfam in the Caribbean have some useful but relatively undocumented experience, though some information is available on the successful Sandals approach.

- Language skills and other skills needed by poor workers in order to qualify for waged employment in hotels, lodges and restaurants. Discussions should be had with current training institutions (in tourism and in general) to discuss innovative ways to reach poor households (for example by radio), and to incorporate hospitality skills (which are very specific) into whatever training is currently accessible to poor households. Other countries have well established schemes for tourism training – for example in Tunisia there are diplomas for every function, from chambermaid to gardener – so opportunities to draw on international networks should be explored; and
- The recruitment, training and promotion practice of businesses. This is much harder to tackle, as managers will want to continue the most easy and effective system, which is generally to recruit by word-of-mouth, and not invest too much in training for risk that employees will be poached. Issues to explore would be: the current government incentives to recruit local people in all new rural projects, and any lessons that can be learnt or improvements made; setting up new linkages, such as between hotels and local training institutes, or through apprenticeship schemes, so that hotels have new networks to use when they come to recruit; catalysing discussion across several hotels so that they can jointly invest, so that all share the risk and cost equally. For example, they could all contribute to supporting a local training institute, or all agree to take a few short-term apprentices per year from an institute that has mainly poor students.

Thus as a first step it would be useful for SNV to explore further the access of poor households to formal sector tourism jobs, and the current incentive for local employment. The forthcoming Master Plan work will no doubt cover human resource development, and ORTPN could include in the terms of reference the need to consider: training that is specifically targeted at poor households and enabling them to enter the industry; and initiatives with the private sector on how they contribute to developing skills of workers from poor backgrounds.

9.4 Promoting pro-poor business models in the accommodation sector

As noted above, several hotels or lodges are already demonstrating some kind of commitment to pro-poor or pro-community action, thus the climate for supporting further adoption of 'local linkages' or 'inclusive business' models might be quite positive. If the goal is to achieve poverty impact at scale, encouraging adoption of business linkages and better business practice has both risks and returns. The risk would be getting bogged down in one or two micro interventions, which affect only a small community and have no wider impact on business practice. The high returns come if interventions at either policy or enterprise level can encourage several private operators to adapt their core business practice in a way that is commercially sensible and also multiplies the development impact of their business.

The rough estimates in this report already provide a basis for illustrating just how much different business models affect the pro-poor impact of an enterprise: the dance troupe that doubles local income; the Joint Venture that should generate three to five times more per bed than a typical hotel; the fact that a half day cultural tour in all itineraries would almost double local impact per visitor; the remarkable levels of donations reported. A first step is to use these to prompt a discussion of business models and development impact. An important theme to introduce here is the idea of 'doing business differently' or 'adapting core business' as opposed to only doing philanthropic add-ons. The add-ons, or donations, may be important, but the potential to really change PPI flows lies in adapting food purchasing, procurement processes and MSE relations, staff recruitment, tour package composition, visitor information, construction and investment decisions etc.

Beyond this, there are at least three specific elements worth developing:

1. With the Government: Government expectations and the investment climate for new investments;
2. With the Government: Options for a policy to encourage further joint ventures; and
3. With the private sector: Understanding and adoption of business linkage approaches.

Government expectations

No guide has yet been written for government on how to encourage pro-poor development impact from their tourism investors, and of course these days the emphasis is all on measuring the business climate in terms of the ease of doing business. But there are measures that government can take to encourage investors and operators to enhance their impact. Indeed the Rwandan government already seems to be doing some of this, through , for example, setting incentives for local employment, and possibly through the stake that it takes in new tourism ventures such as the Serena hotel. These policy tools were not explored for this work, but would need to be for any discussion of how to further develop incentives for inclusive business models.

It is important to consider potential trade-offs with the evident desire to attract foreign investment rapidly. Government does not want to make it hard for investors and thus scare them away. But it does need to ensure that Rwanda is capturing most benefit from investments. Investors are not necessarily averse to business models that increase local benefit, as they can capture a number of commercial benefits in return. Indeed the policy climate can enhance these commercial returns by, for example, making inclusive commitments is a criteria for allocation of new sites or for government procurement, supporting awards that profile and publicise good practice, and making it a stated practice to profile good performers in national marketing.

What businesses do not like is (1) uncertainty (2) being told what to do rather than finding their own way to do it. So useful principles here are for government to lay out clearly their expectations of investors, in terms of delivering a better business model for local impacts. But secondly, not to prescribe exactly how they should maximise that impact, but ask them to innovate and work out how their own core competencies can be most useful in the local economy. For example in South Africa, when new sites were tendered in Kruger National Park, SanParks did not prescribe exactly what black economic empowerment measures were required, but encouraged bidders to develop innovative models, by informing them how this would be taken into account in scoring (Spenceley 2005).

The first step would be a dialogue between SNV and ORTPN to establish how government wants to proceed on this topic. If there is a commitment to further developing a supportive policy environment for inclusive business, then this should be reflected in the TOR of the Master Plan, which will no doubt be looking at tourism investment and tourism policy.

Joint Ventures

Joint ventures between business and communities are just one type of pro-poor business model. They qualify for specific treatment here because: they are the business model that will *multiply* PPI per enterprise; and they cannot be undertaken lightly, as one small element of an approach – if they are going to be developed, they need to be done well, and thus with some dedicated policy focus in government and NGOs.

There is considerable experience with joint ventures in southern Africa. Experience and a limited literature show reasons why can they be very significant, not only in dollar terms, but also that they present practical problems. On the negative side, they require highly complex arrangements and thus facilitation if they are to be done well (PPT Toolkit Task Team 2005). This is a substantial problem because there are plenty of joint ventures that are done badly, at detriment to the community (Weru 2007, Mtui 2007, Spenceley 2001). In addition, they appear to generate highly

variable and often fairly low returns in the short to medium term for the community; and funds that are generated do not always reach poor households. Thus there is a risk of failure.

On the positive side, when they work, they work well both in financial terms, and in catalysing other linkages and social benefits. In Namibia, for example, many agreements include development of non-financial social infrastructure, such as schools and clinics (NACSO 2006). At Lekgophong Lodge, in Madikwe Game Reserve (RSA), the community earns around US\$94,000 per year in concession fees for the lodge site, which represents an additional 50% on top of local wage earnings. What is noticeable is that wage and small enterprises earnings are *also* higher at Lekgophong than at other private lodges in Madikwe, due to the community's stronger bargaining power. Total local earnings per bed are nearly three times higher than at the other lodges. This one lodge brings in more local income than four other lodges put together (Massyn and Koch 2004a).

Thus joint ventures are not something to enter into lightly. If they are going to be done, they need a supportive policy context and experienced facilitation. The first joint ventures always require intensive support and donors funds, but as the concept rolls out this input can proportionately reduce. A number of NGOs, particularly AWF, now have experience in setting up joint ventures and thus future interventions could be more 'economical' by drawing on the extensive past experience. Technically, much has been learnt about how to facilitate JVs. The questions about potential in Rwanda perhaps concern more political feasibility.

SNV and ORTPN could work with various stakeholders in the Rwandan government, along with others with experience of JVs, to explore feasibility for replication of this model. Although one already exists, it would only become a common business model if there was a clear legal framework that puts assets of commercial tourism value into the hands of local communities. Thus policy-makers on land law are central to discussions. While this might be messy and complex, in fact the ideal time to have these discussions is exactly when land policy is being developed.

Engaging the private sector

A priority for any further work on the development impact of business models is to catalyse a discussion with the private sector. Summarising some results from this report, showing how different business models can boost benefits to the poor from tourism, and presenting these to the tourism branch of the Private Sector Federation might be a place to start. (It would also no doubt help to correct some of the figures.) It is unlikely that any business have actually mapped or counted their impact on the local economy. Some, particularly the leaders in inclusive business, might actually welcome SNV providing such a role - doing a business 'audit' on local impact - , which would give them information they need for planning, and also give SNV and the pro-poor tourism practitioners invaluable material and ideas³³. To facilitate actual implementation of ideas, the focus would have to be at destination level, as discussed next.

9.5 Creating business linkages within a destination

It is clear that there are multiple options for enhancing business linkages around tourism, in food, handicrafts, dancing, boating and more. But also that the barriers to creating a web of enterprises are considerable. Therefore one or two destinations should be selected for focused hands-on work, working day to day with a range of stakeholders to get communication going and building business linkages.

³³ This idea of an audit is done elsewhere, though often as a sustainability audit, which is mainly environmental with some socio-economic issues included, but not usually a tracking and counting of PPI. (www.thetravelfoundation.org.uk) The UK Travel Foundation offers a 'hotel makeover' service. One of the UK's leading tour operators, First Choice (now merging with My Travel), does a sustainability of audit of hotels in destinations.

This would not be just about engaging with business. Nor about setting up community tourism or small producer enterprises. It would need to be a multi- partnership at destination level, which works with farmers, artisans, other poor producers, hotel managers and chefs, government officials, micro-enterprise NGOs, financial institutions and other institutions relevant to business development.

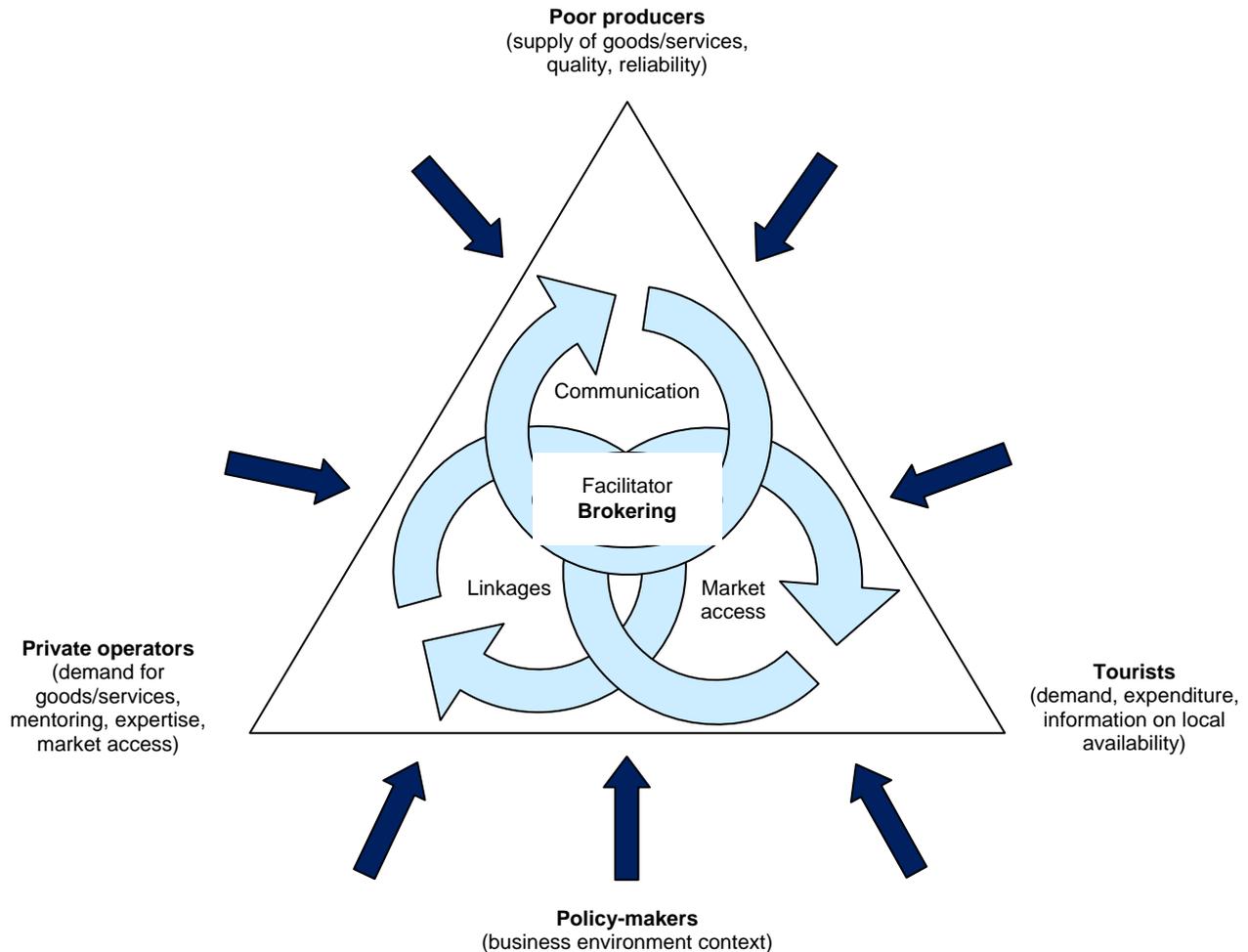
The goal would be to develop a destination that delivered a better product to tourists, captured more tourist spending, and involved a richer, deeper, network of local linkages to multiply financial, social, and dynamic benefits to the local economy. Two key elements would be:

- Enhancement of *quality* all along the chain, from the vegetable producer to the tour guide and lodge experience. This is essential for enabling poor producers to upgrade production and returns and providing commercial gains to the tourism service providers; and
- Development of communication and active support between players, particularly *mentoring* by established companies of emerging entrepreneurs.

Mentoring by established business is generally much more important than provision of funds, but is so often overlooked. Through mentoring a hotel or tour operator makes use of its knowledge of tourist tastes, market requirements, and standard business planning, to share some of this with emerging entrepreneurs. It can also use its own contacts, or its own facilities (such as notice boards, guest information) to help them access the tourism market. It may well be that good examples of mentoring already exist, such as in the partnership between Virunga Lodge and other enterprises, or between Karisimbi lodge and widow's groups.

A destination programme would need to tackle three points of a triangle, *and* the communication between them, *and* the policy context that shapes them, as illustrated in Figure 1. The three points are:

- Tourist demand (what tourists expect when they arrive, what they choose to do and spend their money on;
- Formal sector operations and demand for services/goods of the poor (what local services they promote to their guests, what local goods and services they procure themselves, what mentoring and marketing support they provide); and
- Supply side capacity of local enterprises: what goods and services they produce, to what quality, how they can market, package, adapt, and manage them. While this may be the greatest challenge, and may be the element least suited to implementation by SNV, it should not be the only priority.

Figure 2: Stakeholders and linkages in a destination approach

The Gambian linkage programme that was completed in 2002 has already shown how a multi-stakeholder approach can work, and the impacts on local producers that can be gained by helping them organise themselves and engage with the formal sector (Bah and Goodwin 2003). A very useful first action is to study the methodology of the Gambia programme, particularly the way in which each stakeholder group was asked to do its own assessment, and report back to other stakeholders (Goodwin et al 2002). The starting point of any initiative has to be to identify its vision (the reason we come together), and the current obstacles (the things we need to tackle together). In The Gambia, each group reported their perceptions and constraints, as a way to start this process.

Such initiatives need a champion, or better, a few champions. They cannot get far if government is not supportive. But equally, they do not have to be led by government. The same goes for private sector companies, and certainly a champion within the private sector is needed who is able to demonstrate action and motivate others. Success will also need organisations and leaders amongst the producer groups. SNV could play a key role in brokering, facilitating, catalysing action, and finding a way to move forward despite inevitable competition between players. The only way to overcome competition is to ensure that there are benefits for everyone, thus it is important to choose some short term 'quick wins' while developing the longer term 'big impact' changes. For example, a rubbish clear-up, a one day local festival, or a suite of short-term training courses can bring people together, while strategies for developing a stronger local food chain or cultural product are being developed.

If there is interest to proceed amongst a small number of potential champions, in ORTPN, one or two private sector companies, and SNV, then this ambitious idea should be pushed further. It need not wait for the Master Plan, as it will take time to develop the first discussions and linkages, and the dialogue that emerges would usefully feed in ideas to the Master Plan.

9.6 Diversification of the Rwandan product

Tourism based only on gorillas is not enough, either for Rwanda or for pro-poor impact. The most recent version of the new strategy suggests that diversification has not worked, and a shift to a more narrower 'gorillas plus' is needed, although it is not actually clear to what extent diversification has been tried and failed or has not actually been tried in terms of implementation.

Whether it is called diversification or gorillas plus, it is evident that Rwanda needs tourists to do more than see gorillas and that widely-defined cultural tourism is one way of enhancing tourists interaction with local people and the local economy. Diversification takes time, but right now there are signs that the product development and degree of market interest are at a point where increases could be achieved. If this is correct (i.e. borne out by much more detailed study) then it is worth investing. Both geographic diversification and cultural diversification are needed for deepening participation in tourism.

Useful elements could include:

- New activities for tourists, such as village tours, walking trails, farm visits³⁴;
- Further development of the handicraft sector, and opportunities for tourists to go shopping, and branding of products as a key part of the Rwandan experience; and
- Linkages between what tourists do and what they buy: in several countries tours to coffee-farms or artisanal centres are being developed, where tourists can 'have a go' as well as watch the professionals at work, learn about their production, and buy the outputs³⁵.

The Master Plan will doubtless be looking at diversification of the Rwandan product. From a pro-poor perspective it is important that it looks at this as widely as possible, and explores realistically how products of the poor can be developed in ways that match market demand.

'Community tourism' is one element of cultural tourism and of product diversification. IN the Rwandan context it has been flagged as an important element by government (e.g. in the new community tourism guidelines) and certainly much of the emerging cultural tourism product is based on a CBT approach. The failure of many community projects internationally raises questions as to why Rwanda should try and how could it be done successfully. This issue is addressed in much more detail in Rwanda's new community based tourism guidelines, so here a few strategic issues only are flagged:

- One of the major failings of community tourism initiative is that they develop a product without a market, To avoid this, Rwanda needs to focus from the start on working with and through commercial tour operators, developing the market at the same time as the product. Several comments were made during fieldwork for this report that the product needs to be developed first, before more attention is paid to marketing. And yet the product that was evident during the brief field work seemed an adequate basis for engaging a wider range of tour operators, and once market linkages strengthen they should support further product development;
- The second common failing is that massive input and set-up costs are never matched by the micro returns generated. Avoiding this is difficult in a context where communities will

³⁴ See Travers' report for more on this.

³⁵ See examples from the Caribbean in Ashley et al, 2006.

need fairly intensive business support, and the incomes they earn will always be tiny compared to the cost of professional business support. Ways to balance costs versus benefits include making sure benefits are sustainable (i.e. commercially robust) and don't just stop as soon as input stops, not trying to work with everyone but being willing to prioritise those with greater commercial potential, finding 'light touch' inputs done by locally based people, perhaps volunteers, and drawing on the mentoring and skills of people in the private sector, particularly tour operators;

- A third major failing is that community tourism is pursued as a social welfare objective for remote areas with no other options, rather than as a business opportunity for entrepreneurs. While any development must be sensitive to the social and institutional structures that rural residents have in place, it should focus on achieving structures that are commercially viable. Often this will not mean a cooperative (or 'communitaire') structure, but a structure in which returns are clearly linked to personal input; and
- The target should not be to set up 3, 4, or 5 community tourism projects. The target should be to adapt the structure of the Rwandan product, so that cultural interaction opportunities are scheduled into itineraries. Product pricing need to be structured, in turn, so that poor people capture a fair share and are not just unpaid objects of 'look-see.' This involves intensive work with tour operators, as well as working out a great many practical transactional issues over time.

ORTPN is investing heavily in promoting Rwanda's tourism image and has committed to diversifying the tourism product. There appears to be a perception, however, that the priority on up-market tourism and attracting investment is taking attention away from what could be done to promote more culturally interactive tourism. Some actions that could be taken to address this would be:

- Senior and junior ORTPN staff trying out the existing cultural tourism products on the ground;
- Setting up systems for active marketing of cultural and community products at ORTPN in Kigali, the ORTPN PNV office where tourists congregate for their gorilla trek, and other outlets where tourists seek information. At present there are a few brochures about craft and culture in Kigali and three postcard sized flyers for Amohoro Tours and EcoTours on the wall at the Ruhengeri office. Massively more could be done;
- Organise or sponsor familiarisation trips for international and domestic tour operators with the existing products, and seek their views and engagement in developing the products further. Small niche international tour operators should be explicitly included (a perception that niche operators are not as welcomed as big operators was picked up); and
- Identify one or two international operators with the greatest chance of scheduling interactive tours in their itinerary, and work with them over the year or two needed to help it to happen³⁶.

In addition to the holiday tourists, there is also the market segment of captive professionals. They are the many business (i.e. development) tourists or foreign residents that are in Rwanda because of work, but like weekend breaks and excursions. These are a captive market – not one that needs to be lured to Rwanda, but one that needs leisure products to spend their time and money on. For them, a 'beginner's introduction' to rural life might be inappropriate, but products such as boating, local trekking, or local volunteering, that combine leisure with some discovery, could take off.

³⁶ In the past, clients of Exodus and some other overland tours have taken Amohoro trips, but it has been an option, to be chosen during the trip, not a scheduled part of the itinerary. Exodus have in fact now stopped offering their Gorilla Safari, which explicitly mentioned the chance to visit communities. The reasons for this being stopped would be useful to explore. The current Gorilla-Massaai tour has only two days to arrive in Ruhengeri and see gorillas, and does not list a village visit inside Rwanda as part of the optional extras (Exodus Trip Notes, 2007)

As with enterprise development, the only way to act effectively is a partnership approach, so as to develop supply and demand hand in hand. Government leadership and vision is important, as are private sector champions, though a full-time catalyst or facilitator could be independent, acting as a broker between all parties.

9.7 Market segment – how high is high end?

The focus on 'high end' tourism needs to be carefully considered from a pro-poor perspective. The aim is presumably to secure 'high impact' tourism, not just the 'highest-spending' tourists. A number of indicators suggest that mid market tourists can be just as valuable to the poor as high end, and that 'budget tourists' are not bad news. For example, mid market tourists stay in larger establishments but without noticeably lower staff to room ratios. Much depends on how 'high end' is defined, but Gorilla Nest is a good example of a type of accommodation that appears to be generating comparatively good PPI flows but may count as somewhat below the 'high end' product that policy aims for. Budget tourists spread their spending out more in the local economy, particularly in local restaurants, shops, and the informal sector. Despite their 'budget' label, they still seem to spend significantly on handicrafts and donations.

There may be a trade-off to consider between the prioritisation of 'up-market' tourists and promotion of interactive tourism. This depends on just how high is 'up' market and whether it excludes mid-market overlanders. High-end tourists paying hundreds of dollars a night may well be interested in cultural visits, as already seen in their visits to the local school at Virunga Lodge, and among the clientele of the Millennium Village Tours elsewhere in Rwanda. But a slightly lower market of mid-range professionals is also important, and possibly bigger in size. The tourists using Amahoro tours are professional but many are not in the league that would pay hundreds of dollars a night and they come in an overland truck. They include teachers, engineers, architects, bankers³⁷. And yet they could easily be dismissed in tourism strategy as 'low end' tourists because they are overlanders. This seems to be an important market segment for the development of interactive tourism. Whether there is a strong difference between these two segments, in terms of their interest in cultural tourism, should be explored in the Master Plan process so that it can feed into strategic decisions on segment prioritisation.

The implication is that choices to prioritise one segment over another require careful assessment of pro-poor impact, and that a better way to achieved increased spending *per visitor* is by increasing *length of stay*.

However, there is a great deal more information needed to really assess economic impact by type of visitor and market segment. The PPI calculations for gorilla-viewing tourists in this report do not calculate averages of total PPI for upmarket, midmarket and budget tourists. To do this would require more interviews in each category (the current sample size is 1 to 2 in each!), and further analysis of each type of expenditure, including spending outside the hotel (otherwise budget tourism PPI is particularly underestimated) and of donations (which using current data will heavily affect results). But beyond mapping current PPI, policy should be based on potential to expand market segments, which expansion requires most public investment, and whether expanding one is at the expense of another.

9.8 Not forgetting business and conference tourism

An interesting question is whether business or gorilla tourism should receive more attention from a pro-poor perspective. Certainly business tourism should not be ignored, as is often the case. As

³⁷ For example, one Exodus tour sheet from 2003 included 3 travel consultants, 2 network engineers, 1 accountant, 1 mac operator, 1 in marketing, 1 building surveyor, 1 chemist and 1 in banking. They are clearly not 'back-packers' in the conventional meaning of the term.

outlined above, business tourism is currently larger in total numbers, and probably delivering greater impact to fairly poor people per tourist, if the 'poorish' boundary is drawn relatively high.

In business tourism there is little potential to change the shape of the product, but there are very specific areas of possible intervention as outlined above: helping poorer farmers access the food chain (covered in 8.2 above); developing artisanal products targeted at business travellers and conferences. The latter should be assessed for feasibility in conjunction with those with expertise in MICE tourism and artisanal production. If the idea of locally-made and branded artisanal products for conferences and incentive tourism takes off, it is likely that another NGO more involved in handicrafts would take the main implementation role. The role that SNV could play is to catalyse discussion, bringing players together.

9.9 Assessing the role of donations

The reported scale of donations (Grosspietsch 2007) is unusual and striking. Given their scale, it is important to understand more about where the funds go to, how they are managed, whether they are concentrated in a very few institutions or whether benefits are dispersed. In other contexts, tourism businesses that channel tourist funds to communities quickly find that the operation becomes a diversion on the core business, and needs its own institutional mechanism.³⁸ However, one factor that leads tourists to contribute generously is the sense that they are giving 'directly' and not via intermediaries. Thus there is a balance to be found between ensuring good management, transparency, and sufficient dispersion of funds among needy groups, while maintaining the tourists' satisfaction at giving funds directly to the beneficiaries. This might be an area not requiring any intervention, but as it is a major flow that could be counted as PPI, it is worth some exploration.

9.10 Ensuring the information base for diagnosis, planning and monitoring impact

SNV as an organisation is increasingly emphasising the need to deliver greater *impact* on the poor, and to measure and demonstrate impact. The need to scale up impact is part of the drive to shift to an approach of intervening in value chains (not just in tourism) rather than micro initiatives, as a way to reach more poor people. The need to measure impact leads to increased emphasis on conducting baselines, monitoring, and impact assessment.

For SNV's tourism work in Rwanda, the good news is that it's easy to have a vision of a tourism chain that is different – and more pro poor – than now. There clearly is scope for initiatives that enhance performance of the value chain from the perspective of poor people. The bad news is paucity of data for constructing a current baseline against which future changes can be compared – although the forthcoming master plan will probably invest considerably resources in data collection.

A baseline report or data inventory is somewhat different from a diagnostic. The purpose of this report is to contribute to the diagnosis of what kind of pro-poor intervention should be undertaken. It is nevertheless, efficient to consider the extent to which it can also serve as a baseline for SNV. A baseline of a tourism value chain needs information at two levels:

- A general picture of the value chain, key market segments (regional, internationals, leisure versus business etc), growth rates and trends in demand; key supply chains or sub-chains within tourism, such as accommodation, transport etc; the policy context and business environment, the main types and numbers of businesses and other participants; the

³⁸ See the example of Calabash Tours which helped set up the Calabash Foundation in South Africa (Ashley et al 2005, Guide 2).

- different areas of the chain where the poor participate; the broad outline of revenue flows through the chain; and
- Specific information on those parts of the tourism value chain that are selected for intervention. This may be a specific sub-chain, such as food and beverage, or a specific destination, or a specific type of action, such as adoption of inclusive business by the private sector. For each area of focus, much greater detail is needed on both quantitative (particularly financial) matters, and qualitative. The returns to the poor and other actors needs unpacking, as do market relations, non-financial costs and benefits, market access and barriers, policy influences; and much more on perspectives of (or ideally ranking by) different stakeholders. It would be impossible to go into this level of detail for all aspects of the chain, which is why it can only be done for areas of intervention.

In terms of conducting the general overview, some is provided by parts of this report, particularly on flows to the poor, and by Verdugo 2006, particularly on the current policy context. For the stocktaking of arrivals and demand, figures are available and need to be documented. But the source and method of measurement also needs to be just as clearly noted, so that when making future comparisons it will be clear whether it is the arrivals volume or the method that has changed. Thus rather than noting a 'total arrivals', it is more useful to note current levels of '*estimated arrivals at 3 main business hotels (based on reported length of stay of x nights)*', and '*numbers of permits sold at 3 national parks (of which xxx are at PNV)*.' In this way it is easier to find comparative figures later.

The overview data in the baseline needs to include an inventory of types of businesses, broken down by category. Given that lists of accommodation suppliers and tour operators already exist, this should not be a difficult task to collect basis information on them to categorise them by type/rate/size. Finally, the general part of the overview needs more on trends, drivers, views of participants, and some quantified but not financial indicators, such as number of events per year that bring together private sector operators and poor producers, numbers of private companies and of NGOs/development organisations that contact SNV about tourism, the level of priority placed on pro poor issues in policy drafts and statements, the number of private companies that mention local business linkages in their internet or printed customer-facing material.

The more detailed part of the baseline cannot be done until intervention areas are chosen.

It should be noted that as tourism statistics develop over the next year, some data that is apparently 'baseline' will change – not due to real changes but due to changes in collection methods. Estimates of arrivals, length of stay, or spend per day may change. It is important not to get hooked onto current 'baseline' information and risk apparently going backwards over time. For pro-poor intervention, the main focus should be on how among the poor is participating, how revenue flows to them, and what links in the chain determine these flows. But it is important to always understand how arrivals or spending data is gathered to that it can be interpreted correctly.

Finally, the financial estimates in this report are extremely rough. It would be sensible to verify some of the main items, either validating or correcting them. For example, on food chain flows, wage levels, and donations. As an immediate next step, one suggestions is to develop a draft, shorter, public, reader-friendly version of the analysis in this document concerning the tourism value chain. This could then be discussed with stakeholders in the industry. Letting them tear the numbers and weaknesses apart, or discover why patterns emerge as they do, is the best way to both improve the quality of the information and to engage their talent in working out the way forward.

10. Conclusion

Despite the flimsy data that exists on current benefits to the poor from tourism, it is clear that there is a wide agenda for action and potential to structure a tourism industry with significantly stronger linkages.

Very roughly, it is likely that poorish producers and workers are earning somewhere around US\$2 million per year from upmarket business tourism in Kigali, and somewhere around US\$1 million per year from tourists around PNV and Ruhengeri. These flows take a fairly wide definition of 'poor'. The major sources of income are waged employment in hotels, possibly supply of food (if the poor are in this supply chain), and donations. It is not possible at this time to scale up these estimates to make estimates of PPI for all of Rwanda's tourism. Quite the reverse – the existing estimates need further work to make sure they are robust.

Whatever the exact nature of current PPI flows, it seems clear that there is potential to *increase PPI*. The considerable diversity in PPI by type of enterprise is a nuisance for calculating averages but invaluable for demonstrating how PPI can increase. Some key variables include the level of recruitment of local staff from poor backgrounds for formal sector jobs, the degree of access that poor farmers have to the food chain for hotels and restaurants, the degree to which donations reach the poor, the share of retail price of crafts that reaches producers, and the degree to which cultural tourism becomes a core part of the product.

Nine areas for strategic intervention are highlighted. Each will require more detailed analysis of current stakeholders roles and views, financial and non-financial benefits:

- Helping poor households access the food chain;
- Helping poor households access employment;
- Promoting pro-poor business models in the accommodation sector;
- Creating business linkages within a destination;
- Diversification of the Rwandan product;
- Assessing market segment priorities from a pro-poor perspective;
- Building linkages around business tourism, particularly conference tourism;
- Assessing donation flows; and
- Ensuring the information base for diagnosis, planning and monitoring impact.

The immediate priority for ORTPN is to ensure that the forthcoming Master Plan process is tasked with the responsibility to further develop the evidence base on pro-poor impact, and in particular applies a pro-poor lens to assessing the returns to various strategic options proposed. Options should be ranked not only according to their national impact and feasibility and priority, but according to their impact on incomes and livelihoods of the poor. Doing the calculation for this will require the type of information that is contained in here, though with greater detail and validity. The draft strategy has taken the excellent step of specifically identifying the food chain as a potential area of greater impact. The TOR should certainly include this. The master plan process is bound to address training and human resource development. The evidence presented here shows how important it is to ensure that workers from poor backgrounds have access to hospitality skills.

A key part of the strategy and planning process is to prioritise market segments and shape the product offer. The evidence here suggests that a pro-poor lens is also needed here. It confirms that diversification of the product around cultural tourism is very important for boosting local spending and thus PPI. However, it offers a warning that focusing too much on the highest-end of tourism might cut out an important mid market – this is not conclusive but needs further exploration.

How business does its business has a strong influence on its development impact. Thus engagement with the private sector to discuss the whole concept of local linkages or inclusive business practice is a priority. Presented correctly, the private sector may well be open to new ideas and the benefit of tangible evidence, as there are already several examples of operators trying to 'do good' without necessarily analysing the impact of their effort.

For SNV, there are a number of priorities, beyond the obvious one of sharing the findings of the report and discussing them with SNV's main partner, ORTPN. Two possible areas of strategic action appear particularly important, and perhaps appropriate to SNV's role. One is to stimulate discussion with the private sector on inclusive business, presenting evidence, international examples, and acting as prompt. The other, is to seriously consider embarking on support for a destination-level multi-stakeholder initiative. The role here would be to catalyse, broker, facilitate and bring champions and followers together. Beyond these two tasks, SNV should further develop the baseline data needed for assessing impact over time, and of course continue close engagement with ORTPN over the design and content of the Master Plan.

There is much that the private sector can do to support pro-poor impact, particularly in their recruitment of staff and sourcing of food. Different business models should be considered and compared. TO move ahead with reforming business practice (always in commercially viable ways), there is greatest chance of success where complementary simultaneous actions are being taken by others, on the policy framework and on the supply side capacity of poor producers. This is why a destination level initiative is an ideal option.

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