INCLUSIVE TOURISM
LINKING THE POOR TO VIBRANT TOURISM MARKETS - ITERATIVE PROCESS
THE CONTEXT

Between 2010 and 2020, the contribution of the Travel and Tourism Economy to total employment is expected to rise from 8.1% to 9.2% (WTTC). However, local communities do not automatically benefit from tourism. High “economic leakage” rates are due to the purchasing decisions of the key industry players governing the tourism value chain who rather than buying locally, choose to import supplies and services. To turn leakages into linkages, it is essential to consider the different levels of intervention, namely producers and key buyers, support institutions, and national policymakers.

The tourism industry is dependent on the goodwill of the local hosts. A clean and pristine environment, with authentic local culture, and friendly people are among the reasons why people travel. In order to respond to the travellers’ motivations, it is essential to develop, maintain and strengthen effective partnerships with the local community. All partners must play their role in creating a conducive environment not just for tourists but for the locals as well.

THE APPROACH

ITC’s Inclusive Tourism (IT) programme is an innovative trade promotion approach that aims to integrate local community producers into promising tourism industry value chains, harnessing their entrepreneurial capacities and generating income and employment for the poor.

Inclusive Tourism is understood as a sustainable approach to tourism development, adopting a local approach to economic development, that is, it identifies products and services supplied by poor communities that have a potential to be integrated into the tourism value chain and thus generating income for the poor. IT creates and strengthens linkages between local producers, particularly women, and the tourism markets by integrating local producers into existing tourism value chains and by reconfiguring these value chains to ensure more equitable redistribution of revenue. IT works with both, the producers and the tourism industry (tour operators, hotel, tourism boards etc.) to improve supply capacity on one hand side and create awareness for win-win situations on the other. The linkages created enable the poor rural communities to export their products, first on local national markets through the channel of tourism, and then on international markets, while creating value-addition along the value chain.

IT focuses on poverty impacts as well as on the promotion of gender equality and the empowerment of women, complementing the more environmental focus of much Corporate Social Responsibility and Sustainable Tourism work, and on market-oriented business issues.

THE GOLDEN RULES

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<thead>
<tr>
<th>IT creates linkages and interactions between</th>
<th>IT stimulate the local economy by</th>
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<tbody>
<tr>
<td>➢ public sector</td>
<td>➢ enhancing the wellbeing of communities</td>
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<tr>
<td>➢ private sector</td>
<td>➢ offering education and training to local communities</td>
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<tr>
<td>➢ NGOs</td>
<td>➢ improving working conditions, access to the industry to locals, especially women, and standards of products</td>
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<tr>
<td>➢ communities</td>
<td>➢ increasing employment, directly and indirectly</td>
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<td>➢ tourists</td>
<td>➢ including local community in the tourism supply chain</td>
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<td>➢ services to meet industry needs</td>
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IT promotes preservation and communication by

➢ making a positive contribution to preserve local heritage (culture and environment)
➢ involving communities in decisions that concern their lives
PROJECT CYCLE

INCEPTION PHASE

Inclusive Tourism projects are initiated with an inception phase, which carefully examines the potential success of the project. While the different elements (value chain analysis, needs assessment, baseline survey, etc.) are separate steps, they are mostly undertaken jointly as parts of a bigger opportunity study exercise.

After the ITC has been invited to work in a specific country on inclusive tourism, the first step is the identification of most suitable sites in terms of current tourism flows and infrastructure, so as to achieve the best possible impact for the local poor.

The next step consists of an analysis of promising value chains, assessing the demand from hotels, tour operators and tourists. The objective is to identify the most labour-intensive products and services with the shortest cycle and best profit margin possible. This helps to ensure a regular and sizeable flow of revenue to the beneficiaries of the project. It is then necessary to identify the parts of the value chain where pro-poor changes are likely to occur and where eventual blockages can be removed through TPRP interventions. It is also important to engage the actors (e.g. public authorities) to work towards the progressive mitigation of these issues.

The third step relates to the supply side. For each of the selected products and services, possible suppliers are identified and selected based on their level of qualification, group organisation and equipment. Information will be gathered through a baseline survey using a dedicated impact measurement method developed by ITC’s Inclusive Tourism Programme.

Producers may subsequently require the assistance of the ITC to help them group themselves into commercial associations or cooperatives in order to gain bargaining power for purchasing inputs and the sale of their outputs. ITC can also help small producers and service providers to meet buyer requirements.

IMPLEMENTATION PHASE

The implementation of the Inclusive Tourism interventions remains on three strategic principles, with regard to different stakeholders: (i) creating effective demand for local products and services with responsible buyers; (ii) building the supply capacity of poor communities to match market requirements; and (iii) developing institutional capacity that will facilitate inclusive tourism.

(i)  Creating effective demand for local products and services with responsible buyers

Analysing the procurement patterns of hotels, resorts and restaurants can reveal numerous value chains that can be linked to local communities. However, not all owners of tourism establishments are aware of the possibility of sourcing locally. Many believe that local suppliers cannot meet their rigorous quality requirements, lot sizes and delivery deadlines. On the other hand, more and more key stakeholders in the value chain are interested in socially and environmentally sustainable business practices as part of their corporate responsibility strategies. ITC helps to translate this interest into actual business with local communities through the market development expertise of ITC.
Farming and fishing, including simple agricultural processing as well as organic and fair trade markets are occupations, which have a large potential for local economic development including the poor. The ITC’s Sector Competitiveness Experts have a deep understanding of these markets and have access to a network of key buyers and experts.

The services sector is the other large opportunity for linking the poor to tourism markets. Human capacity development to deliver quality services is a key for success in these markets. Supporting the tourism sector also implies providing training to hotel staff or tour operators in order to improve tourism standards and satisfy demand, as these organisations are major contributors in raising the level of value-addition within a destination.

Altogether, IT develops not only tailor-made local sourcing strategies with the industry partners to maximise the benefit for the local communities, but equally for the private sector.

(ii) Building the supply capacity of poor communities matching market requirements

Supply capacity development often addresses one or several of the following areas of intervention:

- Product and service development including design, packaging, labelling
- Efficient procurement of quality inputs
- Improvement of the production processes through quality management techniques
- Upgrading of marketing and negotiation skills
- Access to finance
- General management and business skills

Intrinsic to capacity building is addressing the issue of ownership. This element contributes to sustainability of poverty reduction, which is higher when the poor are a driving force behind their own development.

The capacity development benefiting the local population will be supported according to the country and destination context. Where vocational training for tourism jobs or business management is available, the programme will use and reinforce it. In other cases, workshops or training activities will be organised in priority with local or at times with international consultants and in collaboration with private sector partners and institutions in order to ensure content quality. To fit with seasonal patterns of tourism demand, complementing sectors can also be developed such as agriculture, fishing and construction, thereby involving local communities. At all times, long term and sustainable solutions will be preferred to quick fixes.
(iii) Institutional capacity development facilitating inclusive tourism

As a third important strategic principle, ITC helps to reduce the transaction costs of doing business. This is strongly related to the institutional environment supporting more transparency and trust between buyers and sellers in tourism markets.

ITC engages with certain intermediaries to better manage supply relationships and facilitate a mutual flow of information. The supporting institutions need to address potential know-how gaps and to aggregate production capacity in order to establish more long-term relationships and to serve bigger orders.

ITC strengthens responsible intermediaries through IT-based solutions, such as web-based matchmaking and payment tools or the ITC’s Trade-at-Hands mobile technology. Another important role for support institutions is to guarantee the quality of tourism offers through local (national/international) certification schemes. These often include social and environmental standards fostering sustainable tourism.

SCALING-UP AND REPLICAATION PHASE

Finally, ITC’s Inclusive Tourism programme will strive for replication at the national or regional level, either by scaling-up the size of the project and number of beneficiaries and/or by launching similar projects in additional communities with the ultimate aim to mainstream the inclusive tourism approach into the poverty reduction and tourism strategies of the country.

To achieve the goal of an amplified outreach, elements of replication have to be built in from the beginning into the project plan through a package of activities aimed at encouraging nationwide replication in partnership with national authorities.

Possible activities fostering an institutionalisation and mainstreaming of the approach are:

- **Forging project implementation partnerships** further, with Trade Support Institutions and Trade Promotion Organisations on the one hand, and with NGOs and/or other development agencies (UNCTAD, ILO, SNV, IFC, etc.) that have a field presence and can implement the work of ITC’s Inclusive tourism programme on the other hand.

- **Adding value to projects initiated by other organisations** in tourism or local economic development. ITC’s input will be its market development and inclusive business competences. ITC will also catalyse the engagement of women entrepreneurs by drawing on ITC’s network of contacts.

- **Conducting capacity building measures** to improve the operational excellence of institutions offering business development services to the tourism and hospitality sector.

- **Building a network with leading private sector organisations** to help them further enhance their participation in inclusive tourism.

- **Collaborating with policymakers in project countries** so as to modify the policy framework to reduce some of the barriers to poor small producers’ involvement in tourism-related activities. Policies that encourage companies to train employees for management positions and that integrate young women and men into training programmes, should also be considered.
The Inclusive Tourism Opportunity Study Guidelines explains how to carry out a value chain based Inclusive Tourism needs assessment. It provides indication of the type of information to be gathered fundamentally for conducting an Inclusive Tourism pilot project, namely: the identification of “winner” tourism products and services with market potential as well as the community that produce or could produce the selected tourism products and services; building partnerships with the tourism industry players as Tour operators, Hotels and Restaurants, as well as with tourism support institutions fully committed with the Inclusive Tourism objectives and capable of replicating the pilot project; explains how to develop a work plan and project document.

The Core Training Module - linking business sectors to tourism markets provides an introduction to the tourism sector, and how it can contribute to poverty reduction. It provides an overview of potential involvement of local people and ways to expand the tourism supply chains, while recognising socially and environmentally sustainable practices.

The Module on Agriculture uses international examples to provide a realistic account of what interventions and partnerships are possible between agro products and the tourism industry, including the challenges that both producers and buyers may face. The aim of the module is to provide farmers and fishermen with the tools they need to assess the viability of accessing tourism markets, and buyers with the skills to develop sustainable partnerships with local producers.

The Environment Management and climate change module is a tool on how to manage tourism developments optimally in terms of the environment, especially in the context of climate change and global warming, with the need for governments, businesses, communities and people to ‘act locally while thinking globally’.
The Module on Handicraft products indicates ways for handicraft producers in developing countries on how to become better integrated in the tourism value chain in order to increase their income, and to provide facilitators with the know-how to develop sustainable business linkages between handicraft producers and tourism markets.

The Local Capacity for the Tourism Market manual is a tool to train employees in the hospitality sector. It describes how the hospitality and catering industry operates optimally while fulfilling guest expectations and needs.

The Linking Artists to Tourism Markets module shows ways to develop local artistic and cultural talents as well as trade services in developing countries through the tourism value chain.

The Impact Measurement Tool (IMT) measures the impact of inclusive tourism project in terms of economic, community, social and project-specific indicators. Data is collected by community surveys - usually inquired by a national consultant or the project partner at three project stages: beginning, intermediate and final. While the survey is undertaken by standardized questionnaires, data entry and analysis is done in an Excel and SAS tool. The data collection process allows the project partner furthermore to interact with the beneficiaries, especially at the beginning of the project and to learn more about their situation, strengths, weaknesses and needs.

FOR FURTHER INFORMATION, PLEASE CONTACT

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