

# INCLUSIVE TOURISM

## LINKING AGRICULTURE TO TOURISM MARKETS





**INCLUSIVE TOURISM**

**LINKING AGRICULTURE  
TO TOURISM MARKET**

## Abstract for trade information services

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### **Inclusive Tourism: Linking Agriculture to Tourism Market**

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Training module focusing on the agricultural sector and the potential linkages that can be created between poor farmers and the tourism sector, with prospective costs and benefits - covers accessing tourism markets and identifying the needs of buyers; selling products to tourism businesses; understanding the agricultural supply chain to tourism market; identifying potential constraints to the business; learning from the experiences and challenges of producers; presents the ITC-EPRP Berimbau Programme, Brazil, as a case study; includes bibliography (pp. 67-69).

Descriptors: **Tourism and Travel Services, Agriculture, Supply Chain, Case Studies, Brazil**

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English

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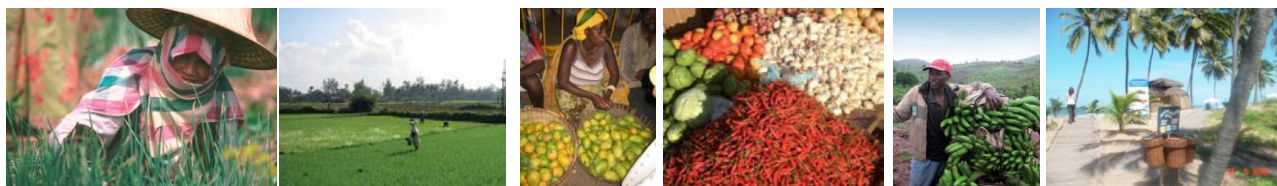
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## About the International Trade Centre and its Inclusive Tourism Programme



The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations. ITC's mission is to enable small business export success in developing and transition-economy countries, by providing, with partners, sustainable and inclusive development solutions to the private sector, trade support institutions and policymakers.

The Inclusive Tourism Programme was established to foster the tourism industry's potential to contribute to development and poverty reduction. It aims to reduce the negative impact of tourism and instead enhance linkages between local vulnerable men and women living in and adjacent to tourism destinations and the tourism sector. The programme promotes interventions that create inclusive tourism business models, promoting stakeholder partnerships and the inclusion of local producers and service providers into tourism supply chains. It enables local producers and service providers to supply the required goods and services and provides buyers with the skills to develop sustainable partnerships with local producers. The programme assesses potential local supply capacity and facilitates access to markets, thus reducing the amount of products and services imported from external suppliers.

The Programme emerged from the Export-led Poverty Reduction Programme (EPRP) that was initiated in 2002 and has been implemented in 27 countries in three main sectors: agriculture, crafts, and tourism. EPRP assisted vulnerable producer communities in developing countries in gaining access to international and tourist markets so as to increase pro-poor income, create jobs and contribute to improving livelihoods.

The potential value chains are numerous and relate to all the products and services that an international tourist may require while enjoying holidays. By matching labour-intensive products and services in demand with the capacities of poor communities, the Programme creates new job and income opportunities, develops a basis for the accumulation of capital and technology and provides the foundations for fostering other dimensions of economic and social development in the beneficiary communities.

Adopting a local approach to economic development, it works directly with the poor to integrate them into the tourism value chains. In this context it has a focus on 'mainstreaming', that is, to link poor communities to major tourism destinations in contrast to community-based tourism (CBT) that tend to deal with isolated rural communities which have little or no prior tourism development. Economies of scale indicate that such 'mainstreaming' has a greater capacity to reduce poverty than the pro poor tourism approach of much rural CBT development.

The **Inclusive Tourism Opportunity Study Guidelines** are used to guide counterparts and consultants to reveal suitable inclusive tourism project opportunities, using a value chain approach to identify linkages with tourism stakeholders and to integrate key sectors such as agriculture, crafts, artistic performance and services into the tourism value chain.

The **Inclusive Tourism Training Modules** are used in a train-the-trainer scheme at the implementation stage of projects to capacitate project stakeholders in the areas of agriculture, hospitality services and creative industries product development and linkages to the tourism industry as well as managing environmental impact.

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

The **Opportunity Study**, which will be undertaken in potential project areas, will determine where the training modules should be implemented, which of the modules (if not all) should be implemented, and to whom the training should be offered.

The Opportunity Study Guidelines and the training modules help facilitators in different project phases:

### **Project design**

- **Opportunity study guidelines**

Facilitated by:

- National and international ITC consultants
- Government and/or project partner

### **Project implementation**

- **Training modules**

Facilitated by:

- ITC project coordinator
- Project partner(s)
- National and international ITC consultants
- Resource persons

### **Project expansion/replication**

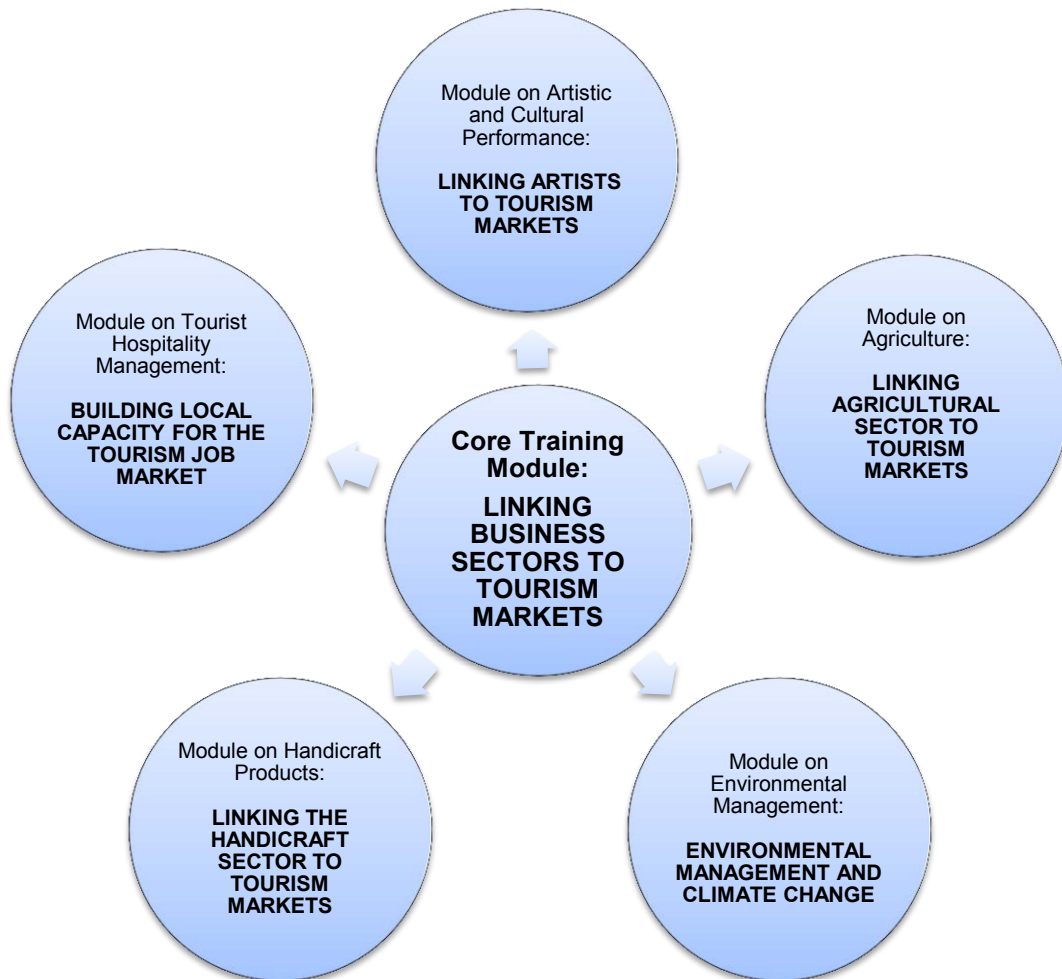
Facilitated by:

- Government
- Project partner(s)
- Trade promotion organizations

The target audience includes micro, small and medium-sized enterprises (MSME's), producer groups, association representatives, governmental bodies, community institutions and non-governmental organizations (NGOs) and the tourism industry (tour operators, Hotels, Restaurants) who will find useful information for developing their businesses.

For further information about the Inclusive Tourism Programme, please visit:  
<http://www.intracen.org/exporters/tourism/>

## Inclusive Tourism Programme Modules



The **Core Training Module** provides an introduction to the tourism sector, and how it can contribute to poverty reduction. It provides an overview of the 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 **Module on Environmental Management** 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 **Module on Tourist Hospitality Management** 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 **Module on Artistic and Cultural Performance** shows ways to develop local artistic and cultural talents as well as trade services in developing countries through the tourism value chain.





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## Symbols



Briefly stating the goals and **objective** of the following segment. Pointing out the knowledge that should be obtained at the end of the session.



Indicating the **heading**; how will the subject be covered and the links between this subject and others.



Providing **key definitions** and **reference** of issues.



Providing the “**recipe**” of concepts or instruments. Listing the different steps to be taken in the implementation of the concept.



Giving **examples** to illustrate statements and showing experiences, or introducing **exercises** for the practical application of subject.



Formulating a **summary** of the principal statements having been covered in a session in an effort to stress the most important facts in a checklist format.

## Acronyms

The following abbreviations are used:

CCC	Counter Culture Coffee
DEFRA	Department for Environment, Food and Rural Affairs: United Kingdom Government
EPRP	Export-led Poverty Reduction Programme
FAO	Food and Agriculture Organization
FEV	Finca Esperanza Verde
GiG	Gambia is Good
IMF	International Monetary Fund
ITC	International Trade Centre
NGOs	Non-governmental organizations
ODI	Overseas Development Institute
SWOT	Strengths, weaknesses, threats and opportunities
TSI	Trade Support Institution
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
VCA	Value chain analysis
WB	World Bank
WTO	World Trade Organization







## Module outline



The aim of this module is to provide:

- Agricultural farmers and fishermen with the tools they need to assess the viability of accessing tourism markets, and
- Buyers (i.e. tour operators, hotels and restaurants) with the skills to develop sustainable partnerships with local producers.

### 1. Aim of the agricultural module

This module uses international examples to provide a realistic account of what interventions and partnerships are possible, including the challenges that both producers and buyers may face. Whilst this module specifically focuses on agriculture in particular, it should be used with the other modules in the ITC tourism training course series. Indeed, the modules provide solutions to similar challenges faced by various tourism businesses apart from the perspectives of different sectors, such as agriculture, crafts and the service industry. The common theme of these modules is the use of tourism as a mechanism to benefit poor people.


#### 1.1. Why is this module important for you?

Agriculture accounts for 55% of employment in developing countries and is the main source of income for the rural poor (FAO 2005:61). Tourism is also growing, increasing from a mere 25 million international tourists in 1950 to 903 million in 2007. Forecasts predict that this figure will reach 1 billion international tourists by 2010 and 1.6 billion by 2020 (WTO, 2008). Tourism requires services including meals and beverages, accommodation and cultural experiences, which are services that, in some cases, can be provided by local farmers. This module reveals the conditions under which agriculture and tourism can develop sustainable linkages, to achieve the goal of poverty reduction. More specifically, the key stakeholders can benefit from this module in the following ways:

- Government representatives in developing countries should be interested in because:
  - Tourism is a large and growing service sector, which generates foreign exchange.
  - Tourism can be used to benefit farmers as the number of international tourists increase.
  - Strengthening the agricultural sector ensures that tourism enterprises choose to buy more locally produced foods rather than imported produce.
  - Agriculture can help diversify the tourism product to include home-stays, cultural experiences and facilitate the promotion of responsible tourism principles.
- Development agencies and donors should be interested because:
  - Agriculture is a labour intensive industry that can support a number of part-time and full-time employees, both skilled and unskilled.
  - Supporting and mediating partnerships between tourism enterprises and producers is a valuable role for development partners.
  - Development projects with agricultural – tourism linkages have, in the past, had a varied record, and it is important to learn from previous experiences.
  - Grants provided to the poor to support agricultural enterprises, can lead to a productive use of development aid.
- Non-governmental organizations are often interested because:
  - NGOs can assist farmers negotiate contracts with tourism enterprises.
  - The agricultural sector is an important source of employment for the rural poor, thus encouraging the end goals of job creation and poverty reduction.

- When poor communities obtain tangible benefits from tourism in areas where people’s livelihoods are dependent on natural resource, they may be more likely to support and value protected areas (i.e. it can reduce poaching and encroachment).
- The private sector is interested in agricultural linkages because:
  - It enables tourism enterprises to source more of their produce locally, which can in turn reduce their costs and increase the quality of their supplies.
  - Working with local farmers is a marketable asset to a tourism business that can enhance their ‘social license to operate’. Indeed, many tourism enterprises seek accreditation to demonstrate that their procurement activities are responsible.
- Small businesses and entrepreneurs find it attractive because:
  - Existing farmers that may not have considered the tourism industry as a potential customer realize the viability of accessing the tourism market.
  - Farmers can learn how to diversify their product base and add value to their business;
  - Farmers can learn new skills to enhance the sustainability of their business.
- Community representatives realize that:
  - Agriculture is a major contributor to employment in their areas and the development of tourism has the potential to benefit farmers and increase the communities’ revenues; and
  - Agritourism provides an opportunity for communities to preserve their natural and cultural heritage and expose it to international visitors.

## 2. Outcomes of the module



This module provides an understanding of how producers and fishermen can indirectly access tourism markets through agriculture. Specifically, participants have learned how to:

- Access tourism markets;
- Identify the needs of buyers;
- Sell products to tourism businesses;
- Understand the supply chain;
- Identify potential constraints to the business;
- Learn from the experiences and challenges of producers in other developing countries;
- Develop interventions to support local producers;
- Integrate agro-tourism in their business; and
- Develop a business plan.

This module also provides research activities for participants to better understand their local environment, the demands of the tourism industry and the potential constraints facing their business. The module provides sources for further information and templates for surveys and business plans.

*Duration:* The module is anticipated to take 4 days to complete.

<b>Day 1:</b>	<ul style="list-style-type: none"> <li>• Introduction to the module</li> <li>• Course Outline</li> <li>• Tourism and Agriculture</li> </ul>	<b>Day 3:</b>	<ul style="list-style-type: none"> <li>• Linking supply with demand</li> <li>• Developing interventions</li> </ul>
<b>Day 2:</b>	<ul style="list-style-type: none"> <li>• Tourism Demand for Agriculture</li> <li>• Mapping the Supply Chain</li> <li>• Agricultural Supply to tourism markets</li> </ul>	<b>Day 4:</b>	<ul style="list-style-type: none"> <li>• Agritourism</li> <li>• Developing business plans</li> <li>• Conclusions</li> <li>• Sources for further information</li> </ul>



## Section 1 Introduction



### Box 1 What is agriculture?

Agriculture refers to the production of food, fibre and other goods through farming and forestry. Agriculture – tourism linkages include the sale of produce to hotels, restaurants, cafes as well as the promotion of cultural experiences for tourists. Strengthening those linkages will foster the poverty reduction goals of the Inclusive Tourism.

## 1. Justification for agricultural linkages with tourism

Over the last 20 years, there has been an increase in least developing countries (LDCs) dependence on imported food products (FAO 2005). This is worrying because agriculture is the principal sector for employment in many LDCs but accounts for less than 10 per cent of total exports (FAO 2005:7). Still, tourism is the fourth largest export sector in the world and an important source of income for many developing countries (WTO 2008). Therefore, it is important to adapt the agricultural sectors of developing countries so that the tourism enterprises are able and willing to source production locally and the poor communities can benefit from the tourism industry. Linking the potential supply from the local farmers to the tourism industry's demand of food consumption is considered as a direct pro-poor tourism strategy.

### 1.1. The potential of agriculture is important for tourism enterprises

Tourism enterprises require food in order to make meals, but are often forced to buy from other regions or countries to fulfil the requirements of their customers. Studies have shown that there are actually few linkages between tourism activities and local agriculture. This can be illustrated by a study of the Cancun Area in Mexico, which revealed that little was produced in the tourism area and most of the food was sourced from other Mexican states (Torres 2003). The table below displays three scenarios from different tourism destinations: the Gambia, the Lao People's Democratic Republic and Cape Verde. The main lessons from these examples are that:

- Food represents roughly 30 per cent of the total tourist expenditure, meaning that there is vast potential for local producers if food was sourced locally; and
- Although, the proportion of food sourced locally varies considerably from one context to another, the demand for the supply of food is quite substantial in value.

	<b>The Gambia<sup>1</sup></b>	<b>Lao People's Democratic Republic – Luang Prabang</b>	<b>Cape Verde<sup>2</sup></b>
In country expenditure	US\$ 69.3 million	US\$ 22.5 million	US\$ 391.4 million
Food expenditure as % of total	32% of total	30% of total	32% of hotels costs
Value of food purchased by hotels	US\$ 5.1 million	US\$ 3.6 million	US\$ 20.2 million
% Sourced locally	<b>45%-50%</b>	<b>88%</b>	<b>20%</b>

Source: ODI – Projects reports - <http://www.odi.org.uk/tourism/index.html>.

Therefore, although there is great potential for agricultural-tourism linkages, past experiences have not been encouraging. This supports the argument that agricultural-tourism linkages should be strengthened to assist producers to further benefit from tourism. The issue to address is: **what is realistically achievable, and under what conditions?**

The benefits of hotels and restaurants to procure their produce more locally are highlighted below, in Table 2.

<b>Reason for developing new supply linkages</b>	<b>Implications for sourcing strategy and potential for local small and medium-sized enterprises</b>
<b>Cost-cutting</b>	Local suppliers may be more cost-efficient and are thus worth exploring.
<b>Quality improvement</b>	Can include high quality local suppliers of niche products (eg. specialty foods). Unlikely to include newly established suppliers.
<b>Government policy</b>	To increase enterprise development – support local entrepreneurs to upgrade to become suppliers.
<b>Product diversification and enrichment</b>	High potential for local suppliers of distinctive regional and cultural products.
<b>Enhance local social stability</b>	Target suppliers need to be in a geographically defined local area. A large number of small contracts are most likely to generate high visibility locally.
<b>Improved governance, more efficient procurement</b>	Likely to lead to a fresh look at who is supplying what, and how Contracts are decided. High potential to update the supplier network with local businesses.
<b>Out-sourcing, re-structuring around core business</b>	Driven by efficient gains. This usually leads to established companies coming in, unless 'in-sourcing' is chosen.
<b>In-sourcing</b>	Driven by both efficiency gains and the aim of supporting staff to become entrepreneurs. High potential for establishing local supply.

Source: Ashley et al (2005:8).

## **1.2. Challenges facing agricultural linkages with tourism**

Despite the table above, evidence shows that the amount of agricultural–tourism linkages vary by tourist destinations, but, are hard to strengthen. The Overseas Development Institute (ODI) has been involved in a series of projects linking agriculture to tourism in Brazil, the Lao People's Democratic Republic, Cambodia, Ethiopia, Cape Verde, Rwanda and The Gambia. These studies highlighted important blockages to strengthened-agriculture tourism linkages, namely those that are:

<sup>1</sup> <http://www.oanda.com/convert/classic> (accessed 7 January 2009).

<sup>2</sup> <http://www.oanda.com/convert/classic> (accessed 7 January 2009).

<b>Table 3 Challenges facing agricultural linkages with tourism</b>	
Supply related	<ul style="list-style-type: none"> <li>Local agricultural producers find it difficult to compete with imported produce on price and quality.</li> <li>Local agriculture is connected to other markets (e.g. export), rather than focused on the local tourism market.</li> <li>It is difficult for small producers to find investment (e.g. micro loans).</li> </ul>
Demand related	<ul style="list-style-type: none"> <li>Customer preferences are sometimes towards imported foods rather than trying new local meals.</li> <li>Hotels are not given the flexibility to choose their produce as the decision is made by centralized purchasing system for hotel chains.</li> <li>Tourism enterprises unaware about the requirements and preferences of tourists.</li> <li>Health and safety concerns.</li> </ul>
Connection between producers and buyers	<ul style="list-style-type: none"> <li>Cultural issues such as a lack of trust between foreign tourism enterprises and local farmers.</li> <li>Lack of effective local intermediaries to ensure linkages.</li> <li>Lack of marketing ability of local producers.</li> </ul>

Strengthening agriculture-tourism linkages is important but is not an “easy-win”. Successful projects require a market demand approach that incorporates lessons learnt from past experiences.



### **Box 2 Sandals Resort Farmers Programme: Jamaica**

Integrating poor farmers in the supply chain was one of the strategic goals of the Sandals resort group. In 1996, the Sandals Resort Farmers Programme was set-up supporting ten farmers to supply two hotels. By 2004, this had expanded to 80 farmers supplying hotels across the island. Farmers’ sales increased 55 times in three years, from US\$ 60,000 to US\$ 3.3 million within this period.

Source: Lengefeld & Stewart, 2004, cited in Ashley and Haysom (2008).



## Section 2 Tourism industry demand for agricultural products



The aim of this section is to:

- Show how to link local produce to the tourism market,
- Help producers to identify the needs of their buyers, and
- Understand the use and role of intermediaries.

### 1. Increasing agricultural market demand

Ensuring that there is a demand for agricultural products and services is critical to the survival of the local farming communities. In agriculture this is even more important due to the perishable nature of the produce. Links between buyers and sellers need to be developed prior to harvesting so as to reduce the risk of produce being spoilt. This section is designed to show what chefs and managers from hotels/restaurants can do (as well as development partners) to link the product market demand with local producers. The section also acknowledges that farmers will be able to identify and predict changes in demand as they become more experienced. It primarily aims to help buyers to accurately identify their demand and current practices, and to identify new suppliers.

### 2. Identifying the needs of buyers

#### 2.1. What products do you, as the buyer, require?

Working with the managers and chefs, lists of all of the products which the restaurant / hotel purchases should be developed, considering:

- What quantity of each product do you purchase?
- How often do you require each product to be delivered?
- What products do you require which you cannot currently source?

#### 2.2. What prices are you willing to pay?

Buying locally can have financial benefits over imported produce. The following assumptions have been made regarding small producers:

- They have lower transport costs than imported producers.
- They can provide fresher produce as the time from harvesting to sale is reduced.
- The buyer has greater influence and flexibility in the production of food because of the closer relationship with a local, rather than international, producer.

Therefore, consider:

- What price are you currently paying per unit/kg for each product? (e.g. 1 kg of apples per day at US\$ 2, or 2 kg of chicken per week at US\$ 4)



Poultry feed producers, Senegal

Photo: A. Spenceley

- What factors are most important and how much you will pay? (quality, quantity, reliability, importer determines price, speed of delivery)
- What price would you be willing to pay per unit/kg for each product?
- How often do you need each product delivered? (daily, weekly)



### Box 3 Willingness to pay

Chicken makes up an integral part of the Senegalese diet and therefore there is a high demand from customers for the product. The ACCOR group in Senegal required 60 chickens a week for each of their two hotels in Dakar. ACCOR currently pay between 1,700-1,800 CFAF per kilo for chicken (approximately US\$ 3.50<sup>3</sup>) but was prepared to pay up to 2,000 CFAF per kilo (US\$ 4.12<sup>4</sup>) for free range, high quality chickens. Currently, their chickens are bought from a single large producer of battery chickens. However, there are small farmers producing chickens using traditional techniques, which satisfy the free-range poultry standards defined by the United Kingdom Department for Environment, Food and Rural Affairs (DEFRA). Therefore, if ACCOR bought from the small local farmers they would receive free-range chickens, which would also be a possible marketing tool for the hotel group.

## 2.3. Mapping suppliers

Physically mapping where your produce is coming from enables your business to identify the effectiveness of their purchasing towards poverty reduction in the surrounding areas. A second exercise is to map producers in the area surrounding their business (e.g. within a 50 km radius).

Feel free to change the size of your survey area. If you have many producers in your area you may decrease area but if local producers are large distances from each other then expand your survey area.

The following information should be gathered about each new business:

- What products does it currently sell?
- Which businesses does it sell to?
- At what price does it sell each product?
- Does a local resident own it?
- Does it have the capacity to expand its production?
- Does it have the capacity to reliably produce throughout the year?
- What distance is it from the hotel / restaurant?
- Would it be willing to enter into formal contractual agreements with a hotel/restaurant?
- What are its business constraints?
- What assistance would it require to develop its business?

Answering these questions will enable your business to identify whether there are any opportunities to forge successful relationships with new producers. The section “*Mapping the supply chain*” will also help you to find opportunities for your business.

<sup>3</sup> [http://coinmill.com/USD\\_XOF.html#XOF=1800](http://coinmill.com/USD_XOF.html#XOF=1800) (accessed 16 December 2008).

<sup>4</sup> [http://coinmill.com/USD\\_XOF.html#XOF=1800](http://coinmill.com/USD_XOF.html#XOF=1800) (accessed 16 December 2008).



**Box 4 How to identify new suppliers and products**

Ashley et al (2005:11) provide the following ways for hotels and restaurants to identify new suppliers:

- Surveying your staff;
- Contacting local business associations and chambers of commerce;
- Contacting provincial government, small business support organizations, and local non-governmental organizations;
- Go walking, driving, visiting, shopping in the local area;
- Speak to your competitors (they may have similar purchasing constraints);
- Tap into local networks, particularly church networks; and
- Ask existing local suppliers to recommend others.

**2.4. Use of intermediaries or middlemen**

Intermediaries’ role is to create a link (or a series of links) between buyers and producers. Their importance in the value chain is dependent on the services provided. For instance, if a producer is a long distance from a potential buyer and has limited access to transport, an intermediary can provide a crucial link of selling produce that would otherwise not be marketable. However, if an intermediary charges a large commission on sales that damages the profit of your business without providing useful services in return then selling directly to the buyer may be an option worth exploring. The advantages and disadvantages of intermediaries or middlemen are explored in **Table 4**.

<b>Table 4 Advantages and disadvantages of Intermediaries</b>	
<b>Advantages</b>	<b>Disadvantages</b>
Links producers to buyers	Adds another link in the chain that reduces the potential revenue to producers (if producers are able to access markets directly without the services provided by intermediaries)
Reduces time spent by producers to find buyers	Intermediaries may use lack of market knowledge of producers to exploit them
Specialist expertise in marketing	Have the potential to strengthen their position by distancing producers from buyers. Producers therefore become dependent on the services of the intermediaries because they cannot access buyers directly
Have existing relationships with buyers	May behave in an unethical way (eg. provide kickbacks to chefs or procurement officials)
May be able to provide essential services such as market knowledge and technical support to producers; bulking up, sorting, grading and marketing output, transport of produce and market connections	
Producers in the same area can negotiate to share the cost of intermediaries if they are willing to use the same intermediary	





### 3. Exercise: Agricultural product demand survey

In groups, interview one chef from a hotel or restaurant that you know locally. Based on the previous sections, work through a product itinerary of exactly what the chef orders, their quantities, frequencies of deliveries and their prices.

Table 5 provides a template for developing your itinerary.

**Table 5 Construction of a product itinerary**

Product	Quantity (kg)	Delivery (daily / per week / per month)	Current price (per unit / per kg)	Willingness-to-pay (per unit / per kg)
Apples	1	Daily	US\$ 2 per kg	US\$ 3 per kg
Chicken	2	Weekly	US\$ 2 per kg	US\$ 2.50 per kg

**Consider the following:**

*What factors would encourage the buyer to pay a higher price?  
 E.g. Apples = less bruised, delivery at 6 am each day for breakfast  
 Chicken = free-range*



### Section 3 Mapping the supply chain



The aim of this section is to explain:

- What a supply chain is
- Describe an agricultural supply chain
- How to evaluate local spend on agricultural products



#### Box 5 What is a supply chain?

A supply chain is a system of organizations, people, technology, activities, information and resources involved in moving a product or service from a supplier to a consumer

Source: Andreas Springer-Heinze, 2006.

Figure 1 is an illustration of agricultural supply chain which is linked to the tourism industry. It demonstrates how a product moves through a chain of activities between the producer (i.e. a fisherman or farmer) and the consumer (the tourist).

**Figure 1 An agricultural supply chain between producers and tourists**



Source: Spenceley, 2008a.

The objective of interventions on tourism supply chain is to enhance the positive impacts of tourism on poor people by (Ashley Mitchell, and Spenceley, 2008):

- Removing barriers that prevent poor people entering the industry;
- Enhancing the terms on which they work;
- Improving the knock-on effects that tourism operations have on surrounding communities.

Taking the example in Figure 1, this might either include:

- Encouraging the middlemen and supplier to purchase produce from local suppliers at fair prices, rather than from suppliers in other destinations and from abroad. (This option reduces leakage of revenue out of the destination, and ensures that more money from tourism stays in the local economy.)
- In the case where middlemen are not providing a good value-added service (i.e. are exploiting producers) encouraging restaurants to source more of their produce directly from producers (i.e. the fishermen or farmer), so that more of the financial benefit reaches them.

## 1. How to map the supply chain

An example of how to map a supply chain is that of the Spier tourism resort in the Western Cape of South Africa. This company decided to make a strategic shift from providing donations to local people, to embedding poverty reduction into its policies and operational procedures. Therefore, Spier mapped its supply chain to determine where significant development and impacts on poverty could be made (Ashley and Haysom, 2008). Mapping and enhancing supply chain for a hotel can be done through three key stages: 1. Information gathering; 2. Cataloguing suppliers; and 3: Identifying opportunities for change. These stages are described below.

### Stage 1: Information gathering

- Recruit a facilitator to undertake the review of suppliers, and to map the supply chain (because hotel buyers will be very busy).
- Design a questionnaire for hotel suppliers to find out how much impact they have on local poverty reduction and livelihoods. For instance, ask about the size of the enterprise (is it an SME or a large business?), its location (is it based locally, or abroad?), its ownership (is it locally owned, or by foreigners?), the number of local employees, how the staff is treated, and the procurement practices (do they buy locally too?), and whether it undertakes environmentally and socially responsible activities. Remember to make the questionnaire simple and easy to use. Ask members of staff (e.g. buyers, chefs) to contribute to the questionnaire.
- Give the questionnaire to all of the hotel suppliers, and ask them to complete it and return it within a set time frame (e.g. 2 weeks).
- Cross check the information you receive, and fill in any gaps, with interviews.

### Stage 2: Cataloguing suppliers

Of the questionnaires returned, score the responses for each question (e.g. between a low of 1, and a high of 5) and add their scores together.

- The scores for ‘good’ and ‘bad’ responses can be debated and agreed on by a number of employees at the hotel.
- For example, if a question is “How far is your business from this hotel?”, and the answer is ‘5 km’, they might score 5 points, because they are local. If they answer ‘1,000 km’, they might only score 1 point, because they are far away.
- Enter the information into a database
- Set a target score for enterprises that are performing well on issues important to the company (e.g. the level of local procurement, location).
  - These target scores can be debated and agreed on by a number of employees at the hotel.
- Review which enterprises have reached the target scores, and which have not performed so well on different issues.

**Example:** Table shows ratings on different issues of a company used by Spier. The company scored 23.48 out of a possible 45, which was lower than the target score of 30.

**Table 6 Scores for one company used by Spier**

Categories	Company score	Target score (out of 5)	Max. score available	Overall score % score %
Employment Equity	1.55	3.50		
Black Economic Empowerment	3.00	2.50		
Procurement	0.00	2.50		
Human Resource Practices	4.29	4.00		
Labour Law Compliance	4.29	4.00		
Basic Conditions of Employment	3.33	3.00		
Corporate Social Investment	2.50	3.50		
Health & Safety Compliance	4.00	4.00		
Environmental	0.53	3.00		
<b>Total</b>	<b>23.48</b>	<b>30.00</b>	<b>45.00</b>	<b>52.18%</b>

Source: Ashley and Haysom, 2008.

**Stage 3: Identifying opportunities for change**

- Evaluate the amount spent by the hotel on enterprises that have performed well.
- Consider how to shift more procurement towards suppliers with higher scores by:
  - Offering larger contracts to companies that have performed well;
  - Providing guidance and assistance to poorly performing companies to improve their scores;
  - Looking for new companies to purchase from those that perform well on the questionnaire and scores.

**Example:** Spier found that by establishing a locally owned and run laundry, they could create more jobs, generate higher average wages, and increase local earnings for the same service all the while saving money in the process (see Table ).

<b>Table 7 Comparison of net benefits of developing a laundry, compared to an existing contract at Spier</b>				
	<b>Initial laundry</b>	<b>Enterprise development laundry</b>	<b>Saving to Spier in year 1</b>	
			<b>ZAR</b>	<b>US\$</b>
<i>Costs and savings to Spier in year 1</i>				
Annual spend by				
Spier (ZAR) <sup>a</sup>	472,000	270,000	202,000	26,933
Set-up cost	–	75,000	–	–
Sundry costs	–	10,000	–	–
Total year 1 cost	472,000	355,000	117,000	15,600
<i>Earnings into the community per year</i>			<i>Net community gain</i>	
			<i>ZAR</i>	<i>US\$</i>
Jobs <sup>b</sup>	2	7	–	–
Salary avg per person per month <sup>c</sup>	1,700	2,000	–	–
Months	12	12	–	–
Local earnings, ZAR	40,800	168,000	121,200	2,400
Local earnings, US\$	5,440	22,400		16,960
<i>Notes:</i>				
a The cost to Spier for the ED laundry is based on actual payments made over 12 months for the financial year ending 2006. Costs to Spier for laundry 1 are what Spier would have spent for a year if it had continued with laundry 1, based on the per item costs at which laundry 1 was contracted during the first 4 months of the restaurant, when Spier was using laundry 1, multiplied by the volume of items laundered by the ED laundry over the following year.				
b Number of employees includes 2 part-time, 4 full-time employees and 1 owner.				
c Salary per month is an average for all staff: full-time, part-time and owner (owner is a black male).				

Source: Ashley and Haysom, 2008.

As we will see in the next section, similar activities to evaluate the supply chain, and develop interventions, could be used to promote more local procurement of food for hotels and restaurants. A case study from Bwindi, Uganda, shows how an emerging initiative to supply the gorilla tourism industry. Despite supplying to a small market, the livelihoods of those involved are improving considerably (see Box 6).



### **Box 6 Bwindi Advanced Market Gardener's Association (AMAGRA), Uganda**

Bwindi Impenetrable National Park (BINP) in Uganda is known worldwide for being the home to half of the world population of critically endangered mountain gorillas, attracting thousands of tourists to the region annually. In theory, this tourism should bring benefits for in terms of conservation and to the local communities, helping to resolve conflicts between people and the park. However, in practice, the majority of revenue 'leaks' out of the area, leaving local people with little to show for the tourism activity. One factor contributing to this leakage is the procurement of perishable foods from outside the local area by tour camps at Bwindi.

Having recognized this problem, Bwindi Advanced Market Gardeners' Association (AMAGARA – 'life' in the local language Rukiga) was established with the aim of creating opportunities for local farmers to produce foods to supply the tourism industry. Under the original AMAGARA concept, this was to be achieved through the training of farmers, the bulking and grading of produce, and the marketing of that produce to the tour camps. Critical to this vision was the creation of a direct link between income for farmers and protection of the National Park for tourism, thereby providing a strong incentive for forest conservation, helping to ensure the future of both the forest and the local human population.

The Association now boasts over 100 member households. It supplies vegetables and other products to every tour camp at Bwindi, has trained several hundred members and other local people in land management and horticultural techniques, employs three full time staff and numerous casual workers, and is generates around US\$ 500 per month in sales revenue. All of these benefits are dependent on the tourism industry in the area, thereby ensuring that the project has created local incentives for natural resource conservation.

Whilst the successes of Bwindi AMAGARA are clear, progress has not always been easy, and there remain major challenges to be faced in the future. Foremost amongst these is achieving financial sustainability. The Association is now generating decent sales revenue, but as yet these are not sufficient to cover running costs. Rectifying this situation will require continued improvements in vegetable production and sales, as well as innovative strategies to develop new products and improve marketing. While these activities are being implemented, the project will also require modest further support from donors.

Source: Sandbrook, 2008: pp 1.

However, there are risks associated to the Bwindi initiative. The project reports that there are hardly ever more than 50 tourists per day in the area. Prospects for 2008-2009 are around US\$ 4,500 worth of sales annually, benefiting approximately 100 farmers, amounting to US\$ 45 per farmer per year worth of sales. This level of sales entails the risk that farmers will dropout due to the low returns to labour. In addition, the overall market is so small that there are important risks on the business.



## 2. Exercise: Evaluating local spend

Considering the example from Spier, develop a questionnaire that could be sent by a hotel buyer to food suppliers to evaluate local spend. Consider including questions that ask about:

- The number of local employees
- The value of local purchases of food, compared with purchases from other districts or countries
- Ownership of the company (i.e. is it locally owned or foreign owned?)

Remember:

- Make the questions simple and clear.
- Where possible, ask people for Yes/No answers, or to insert values and numbers, rather than descriptive answers (which are more difficult to analyse).

When you have finished, test the questionnaire by asking another person in the group to pretend to answer it.

Use their responses to review your questions, and change questions to improve it.



## Section 4 Agricultural supplies to tourism markets



The aim of this section is to:

- Provide an overview of the types of farming and how they relate to tourism,
- Introduce considerations when supplying tourism markets, and
- Explain how partnerships can be formed with tourism businesses.

### 1. Introduction

High quality food, regularly produced throughout the year, is essential to many hotels, lodges. In effect, often the food-purchasing bill of a tourism site is large in relation to the local economy, but surprisingly little is spent locally, even when farmers are nearby. The challenges of shifting towards buying from local farmers are considerable. If it can be done in a way that meets commercial needs and customer tastes, it will significantly increase their contribution to local economic development (Meyer, Ashley, and Poultney, 2004). The food supply chain can be an important mechanism for making sure that tourist expenditure reaches large numbers of poor rural households. However, it is likely that hotel food purchases in developing countries will have very little impact on poor local communities. Food may be imported or bought from rich commercial farmers – who may employ large numbers of poor labourers. Even when food is sourced from smallholders, producers may not benefit if they receive only a small amount of the price paid by the hotels. It is therefore important, not only to determine how much money hotels and restaurants are spending on food, but also who are their suppliers. On the safari route in the United Republic of Tanzania, for instance, some hotels employ intermediaries to go into local markets and fill orders by purchasing from several different stalls run by farmers. Other hotels purchased food inputs from the Shoprite wholesaler in Arusha whose supplies were largely imported from South African commercial farmers (Mitchell and Keane, 2008). South Africa provides a number of examples where tourism enterprises have tried to purchase more of their food produce from local, poor farmers. For example:

- Umngazi River Bungalows in South Africa buys all its fruit, vegetables and chicken from local farmers. This was achieved by investing in communication, training and practical help at the start (such as showing farmers how to cultivate seedlings on site) (Ashley and Haysom, 2008)
- Sun City in South Africa has assisted a local farmers' group to establish a hydroponics project, to supply the resort with lettuce and fresh herbs. Donations for capital investment plus the guarantee of a ready and massive market up the road enabled the local farmers to get established (Ashley and Haysom, 2008).
- Stormsrivier Adventures in South Africa assisted local women to establish an independent catering company to supply all meals for guests. This involved intensive input from the enterprise at first, in terms of training, mentoring, equipment, premises and administration (Ashley and Haysom, 2008).

However, there can be difficulties. In the Caribbean for instance, tourism is often criticized for relying on imports, even for fruits that are produced locally. A major problem was that initiatives to improve local food production focused either on supply, by working with farmers, or on demand, by working with chefs, but not on both (Torres 2003, 2004). Chefs were suspicious or ignorant of local farmers, and found it easier to buy



bulk food supplies from the capital city (Torres, 2004). In Trinidad and Tobago, for instance, business links with suppliers from the island were limited to fresh fish, lobsters and farm eggs. The absence of six critical success factors such as competitive prices, consistent quality, wide variety, reliability of supply, access to credit facilities and business acumen were found to be responsible for the poor performance of the local supply chain. These answer for the competitive advantage of Trinidad suppliers over Tobago businesses. Only few Tobago entrepreneurs have overcome these ‘barriers’ (Abdool & Carey, 2004).

## 2. Types of agriculture

There is a variety of types of agriculture that are key to the tourism industry. These include mixed farming, market gardening, animal husbandry, horticulture, fishing and niche farming.

### 2.1. Mixed farming

Mixed farming is where farmers use different types of agriculture within the same farming space so as to use space more efficiently and spreads risks, such as insects and climate conditions, more uniformly (FAO 2001). This includes cultivation of different crops on the same field, such as maize, corn or rice, or varieties of the same crop with different life cycles, Farmers may also keep livestock as well as crops on their land. Advantages of a mixed system include risk reduction and re-utilising of resources. However there are also disadvantages such as the need for low economies of scale as farming practices are altered to suit the different agricultural products. Keeping livestock can assist crop development by providing manure, or through weed control and disrupting soil and nutrients prior to sowing seeds.



Catfish farming in Viet Nam

Photo: J. Laidlaw

### 2.2. Market gardening

Market gardening is the general term for agriculture that produces mainly fruits and vegetables for sale rather than for household consumption. This is one of the most effective kinds of agriculture to link to tourism given the demand from hotels, resorts, restaurants, and cafes. The abovementioned facilities regularly require a wide range of agricultural products for the meals they provide to tourists. Note however, that hotels and restaurants depend on a consistent supply of fresh produce at a high quality standard. Therefore, the two key challenges of producing for the tourism industry are **reliability** and **quality**. Tourists



require a wider range of products than the more traditional crops eaten by local people. Thus, farmers may have to adapt and diversify their product variety in order to satisfy the needs of tourists.

Fresh produce market in South Africa

Photo: A. Rylance

**TALKING POINT:** Ask hotels, restaurants and tourists what fruit and vegetables they regularly consume and identify whether it is possible for you to produce these products.

### 2.3. Animal husbandry

Animal husbandry refers to the type of farming that focuses on breeding and raising of livestock. There are many societies around the world, which have specialized in this form of livestock farming. The Maasai of Kenya and the United Republic of Tanzania rely on cattle as it accounts for a large proportion of their diet, while the Nama people of Namibia herd sheep and goats. The uses of animal husbandry products include meat, milk, cheese, butter and yoghurt, fur and hide, feathers, horn and bone (e.g. for tools). The animals themselves can also be used for transport, farming (i.e. pulling equipment) or exchanged for alternative goods.



#### Donkey Cart rides for Tourists

Donkeys are an important means of transport for residents in the Richtersveld, South Africa.

They have also become attractions for tourists to experience traditional practices.

Photo: A. Rylance

### 2.4. Horticulture

Horticulture refers to that type of agriculture, which specializes in growing flowers, plants and spices for sale. Flowers and plants are purchased directly and indirectly by the tourism industry in the following ways:

- Hotels and resorts use flowers for decoration in entrance lobbies, dining rooms and guest rooms.
- Convention centres use flowers during conferences, exhibitions, receptions, weddings, and festivals.
- Restaurants use flowers as table decorations.
- Fruit and vegetable seeds are sold to producers for their next crops, who in turn sell their produce to tourism businesses.

In Hangzhou, China, a large horticulture cooperative has been established to grow cyclamens (above), orchids and bromeliads (right) for the cut flower market. These are high value flowers thus the cost of growing them is worthwhile.

Photos: Trevor Sofield



## 2.5. Fishing

Fishing is often the main livelihood activity for those living in coastal areas. Over 500 million people worldwide rely on coral reefs as a source of food and income. This industry contributed US\$ 375 billion to the world economy in 2001 (Wilkinson 2001). Coastal tourism provides opportunities for fishermen to sell their produce to restaurants and hotels, as well as directly to tourists.

However, the sustainability of fishing as a livelihood is dependent on managing the ecosystem. Over-fishing and improper management have led to reduced fish stocks in many developing countries. The FAO estimates that fish catches in eastern Africa have declined by 40 per cent between 1990 and 2000. If this trend persists the FAO forecasts that up to 50 per cent of East African fishermen will become unemployed (WWF 2001).

**Aquaculture** is a specialized form of fish farming. Throughout Asia for example, many farmers have fish and shrimp ponds, and often farm them in tandem with rice culture. In sheltered bays and coves, fish can be kept in pens. In some shallow estuaries, oysters can be cultivated on lines of wooden stakes. Mangrove crabs can be raised in pens in tropical tidal areas. As wild fish stocks all over the world decline because of increasing consumption, aquaculture continues to expand.



Fisherman in northern Mozambique

Photo: A. Rylance

Encouraging the sustainability of fishing areas can offer a wider range of economic activities for fishermen to access tourism markets. Alternative activities that fishermen can offer tourists include snorkelling, line fishing as well as boat trips to neighbouring islands. For example, private sector enterprises in northern Mozambique have encouraged fishermen to manage areas of coral reef in order to encourage a rejuvenation of fish stocks. As a substitute to fishing, tourists pay the fishermen to snorkel on the protected reef. The opportunity cost of not fishing is worthwhile, as it now provides a sustainable income for those that manage the site.

## 3. Considerations for supplying agricultural markets

There are a number of considerations that farmers should address when deciding which products or services to sell to the tourism industry. Table 8 highlights the key issues facing both producers and buyers.

<b>Issue</b>	<b>Producer</b>	<b>Buyer</b>
<b>Demand for the product</b>	<p>Only produce what you can sell.</p> <p>Ask buyers what they require and then plan your planting and harvesting around their demand.</p>	<p>Clear communication with a producer is vital so your business receives the right food at the right time.</p>
<b>Seasonality</b>	<p>There will be seasonality of supply due to climatic conditions, such as temperature and rainfall.</p> <p>As a consequence their demand for produce will reflect their seasonality. Farmers must identify the varying demand of their buyers and plan accordingly.</p>	<p>As the seasons for tourists change so does your demand for produce. Predict in advance these changes and alter your orders accordingly.</p> <p>Buyers need to plan menus according to the seasons and notify customers that you only stock in-season foods.</p>
<b>Perishability</b>	<p>Reducing the time period between harvesting and consumption is critical to small farmers.</p> <p>If demand is uncertain then a farmer should favour non-perishable items in order to reduce the risk of poor sales.</p>	<p>Working with producers to understand what produce they require and when to keep to reducing the amount of spoilt produce.</p>
<b>Transport</b>	<p>Transporting produce from the farm to the buyer can be an extremely costly exercise. Investing in transportation by a single farmer can be inefficient as the vehicle is unlikely to be utilized daily. Therefore, sharing the costs of purchasing a vehicle with neighbouring farmers is a way to ensure that the investment is in constant use.</p> <p>If costs for transport are too high then consider using an intermediary to deliver the produce on your behalf.</p>	<p>Does your business have drivers that could collect the produce for a fee?</p>
<b>Quality standards and certification</b>	<p>Certification or grading of produce provides buyers with the confidence of the quality of the produce and producers with a marketing tool for their business (i.e, free range chicken).</p> <p>The higher the quality or grade of produce the higher the price a buyer is willing to pay.</p> <p>However, certification can be costly to the producer.</p>	<p>Buyers may have to be able to prove the quality of the produce which they provide for tourists.</p> <p>Would your business be willing to pay more for food that has been certified?</p>
<b>Adding value to products</b>	<p>Providing services that boost the value of a product enable producers to sell their produce for higher prices.</p> <p>Consider developing new products and services from your existing products. For example, from fresh fruit one could make fruit juices, jams and sauces. Also from milk, yoghurt, ice cream and cheese can be produced.</p>	<p>Identify services which are time-consuming to your business which could be done by the producer.</p> <p>Plucking, quartering and packaging chickens provide a service to restaurants that eliminates an otherwise time-consuming activity.</p>

#### **4. Partnerships with tourism businesses**

One of the best ways to generate a stable income from the sale of produce to the tourism market is for a single producer or producer cooperative to enter into a semi-formal or formal arrangement with a tourism operator to meet their supply needs. Sometimes the operator seeking to source his/her products locally may initiate such an agreement.

<b>Table 9 Financial and social benefits to buyers and producers of partnerships</b>		
	<b>Buyer</b>	<b>Producer</b>
<b>Financial benefits</b>	<ul style="list-style-type: none"> <li>• Regular supply of fresh produce.</li> <li>• Savings in costs if transport from a distant supply centre is avoided by local purchasing.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular sales and cash flow.</li> <li>• Opportunities to plan ahead, invest in the future of the business, buy equipment.</li> <li>• Increased sales reduced the cost per unit to produce, reaching economies of scale.</li> </ul>
<b>Social benefits</b>	<ul style="list-style-type: none"> <li>• Building a sound relationship with the local community.</li> <li>• Improved educational standards and health standards of local community members through increased income thus assisting in local employment opportunities with the tourism operator.</li> <li>• Building new skills and expertise in the surrounding area.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a reputation, which can be marketed to other tourism businesses.</li> <li>• Provide employment to others as your business grows and demand for labour increases.</li> <li>• More families in the surrounding area benefit from increased income generating opportunities.</li> <li>• Outsourcing certain functions, such as transport or packaging, can provide income for other businesses in the area.</li> </ul>



## 5. Exercise: Visit to a fresh produce market

In small groups (approximately 2-3 people) interview a producer at a local fresh produce market. Try to find out:

- What type of agriculture they are involved in?
- What produce they sell and to who do they sell?
- Do they use intermediaries to sell their produce? If so, why?
- Do they currently sell to tourism businesses? If so, who? If not, why not?
- What are the constraints to their business?
- What do they need to grow their business?

Make a presentation to the group about the producer you interviewed. Based on findings what do you think the producer needs to do to become more profitable?



## Section 5 Bringing supply and demand together

Developing viable and pro-poor agricultural linkages involves much more than simply demonstrating that hotels and restaurants generate a demand for food and that local farmers can supply part of this demand. The following two sections bring supply and demand variables together to explain under what conditions an agricultural linkage intervention may be viable.

The basic elements of ‘what to do’ in a pro-poor value chain assessment, and ‘why do it’, are outlined in Table , with a series of steps. This framework is described in more detail in the Opportunity Study guidelines – another publication in this series. Sections 3 to 6 of these guidelines cover steps 2, 3 and 4 of the approach.

Section 7 focuses mainly on step 5 (Process) and section 8 considers how to develop interventions.

Phase	Step	What to do?	Why?
Phase 1: Diagnosis	Step 1	Preparation	To define the destination, target group of poor, and the project team
	Step 2	Map the big picture: enterprises and other actors in the tourism sector, links between them, demand and supply data, and the pertinent context	To organize a chaotic reality, understand the overall system
	Step 3	Map where the poor participate	To avoid erroneous assumptions about poor actors To take account of the less visible suppliers
	Step 4	Conduct fieldwork interviews in each node of the chain, with tourists and service providers	To provide data and insights for steps 5 to 8
	Step 5	Track revenue flows and pro poor income Estimate how expenditure flows through the chain and how much accrues to the poor. Consider their returns and factors that enable or inhibit earnings.	To follow the dollar through the chain down to the poor, and assess how returns can be increased
Phase 2: Opportunities	Step 6	Identify <i>where</i> in the tourism value chain to seek change: which node or nodes?	To use steps 1 to 5 to select areas ripe for change. To focus Steps 6 to 8 down to specific areas
	Step 7	Analyse blockages, options, and partners in the nodes selected, to generate a long list of possible interventions	To think laterally and rationally in generating the range of possible projects
	Step 8	Prioritize projects on the basis of their impact and feasibility	To generate a project shortlist, comprising projects most likely to deliver impact
Phase 3: Planning	Step 9	Project planning	How to package selected projects for funders.

Source: Ashley, Mitchell and Spenceley (2009).

Note: these steps have to be iterative and cannot be entirely sequential. For example, some initial thinking from step 6 (where to focus) will probably inform where you go into most detail in step 5. Some thinking on partners’ activity will inform step 6, but be more detailed in step 7.

## 1. Tracking revenue flows, pro-poor income and blockages

### 1.1. The tourism value chain and pro-poor income

Understanding the whole tourism value chain is an important start to any pro-poor analysis. This involves tracing the “tourism dollar” (i.e. money spent by tourists directly or by tour operators, hoteliers or others on their behalf) and examining who benefits.



#### Box 7 What is a pro-poor value chain

**Value chains analysis** describes the (1) interrelationships between a range of functional activities, service providers, customers, supporting institutions and supply chains. They allow representing (2) financial returns from a sequence of reproductive processes along the supply chains.

**Pro-poor value chains** are concentrating on mapping the participation of the poor, and especially the Pro-Poor Income.

**The big picture** - Is strengthening agriculture-tourism linkages a promising pro-poor strategy? The best way to answer this question is to examine the whole tourism value chain to see whether agricultural linkages are the most promising strategy to benefit the poor, or whether alternative strategies such as improving craft linkages, should be implemented.



### Box 8 Estimating flows of pro-poor income (PPI) – Key steps

Some essential first steps in estimating PPI are:

- **Know who you mean by ‘poor’.** Are all wages paid to hotel waiters to be included, or only wages that are below a certainly defined level, or paid to a certain type of person from a poor background?
- **List out the different types of PPI to be estimated** – boat driver fees, hotel wages, artisan’s income, food sellers... Each will need to be calculated separately.
- **Assess total tourism expenditure coming in at the top of the chain.** How much does a typical tourist spend on that node per trip, or per day? Or what is the expenditure of all tourists per year? Once you have the total amount, it is possible to use percentages to assess what flows to the producer.
- **Go upstream in the supply chain, to the level where the poor are active.** Poor people may not own craft shops and restaurants, but these shops are likely buying goods that are produced by the poor, and often traded by the poor.

**What you actually do:**

- In each node, define **the main types of enterprise for which you will assess PPI, and the sample** you will interview.
- **Estimate average PPI flows** for one type of enterprise based on interviews.
- **Work out how to aggregate that figure up to a total per year.** Usually this means multiplying by the number of enterprises of that type if possible. Sometimes you may need to estimate per tourist or per bed night, and so multiply up differently.
- **Do the estimate and aggregation** for all types of enterprises in the node, and then for each node.
- **Cross-check them your estimates,** see if they fit with common sense perceptions of others and with similar results from elsewhere. Once you are relatively confident, add them to the value chain map.

Do not just provide the final answer as an estimate of PPI. Do not forget to assess what factors this earning depends on – the barriers that could be tackled, or the chain linkages that could be strengthened or reformed.

Source: Ashley, Mitchell and Spenceley (2009).

Tracking pro-poor income as part of the analysis allows **identifying blockages and opportunities** by following the below logic:

1. Which supply chain nodes are the most important for pro-poor income?
2. Which nodes are large financially but poor performers for the poor?

As an example, Figure 2 summarizes the results of a pro-poor tourism analysis in the Gambia. This shows that tourist expenditure on food is the second largest component of expenditure and that about 25% of tourist food spending accrues to poor producers. This analysis suggests little scope for increasing agricultural linkages for two reasons.

First, supply chain analysis suggests that an average of US\$ 0.25 accrues to agricultural producers for each US\$ 1 spent by tourists. This is a high proportion, and is possible when the farm gate-price for a commodity is about half the level paid by the hotel or restaurant, and when the agricultural input costs are about half of the meal price charged to tourists. So there is a 4:1 ratio between what tourists spend and the pro-poor income which producers receive. In Ethiopia, research found that trying to increase the proportion of tourist food spending which reached the poor was unlikely to create significant benefits for the poor. Instead the challenge is to increase spending on food by increasing tourist numbers and encouraging a longer stay in Ethiopia (Mitchell and Coles 2009).

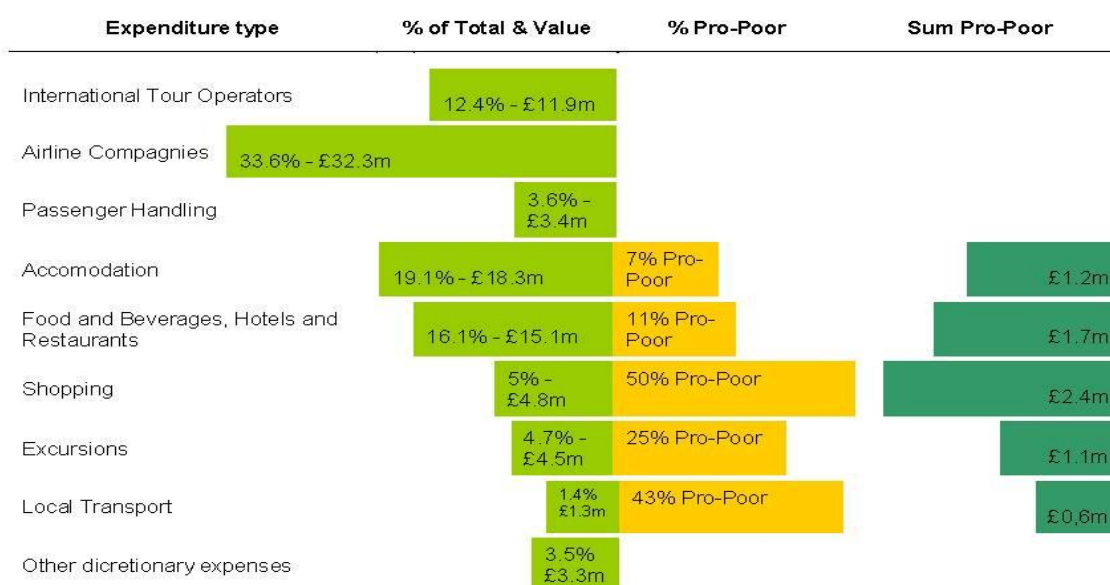


Often the pro-poor impact of food sales is much less than 25% of tourist spending because:

- Food supplies are imported from elsewhere, where farmers are not poor; and/or
- Agricultural supplies are purchased from non-poor producers (i.e. large-scale commercial farmers where farm labourer wages may make up only a small share of total sales); and / or
- Market intermediaries (traders, processors, hotels and restaurants) may absorb more of the end-value of agricultural commodities and / or
- Beverage sales are included and these tend to be much less pro-poor than food sales.

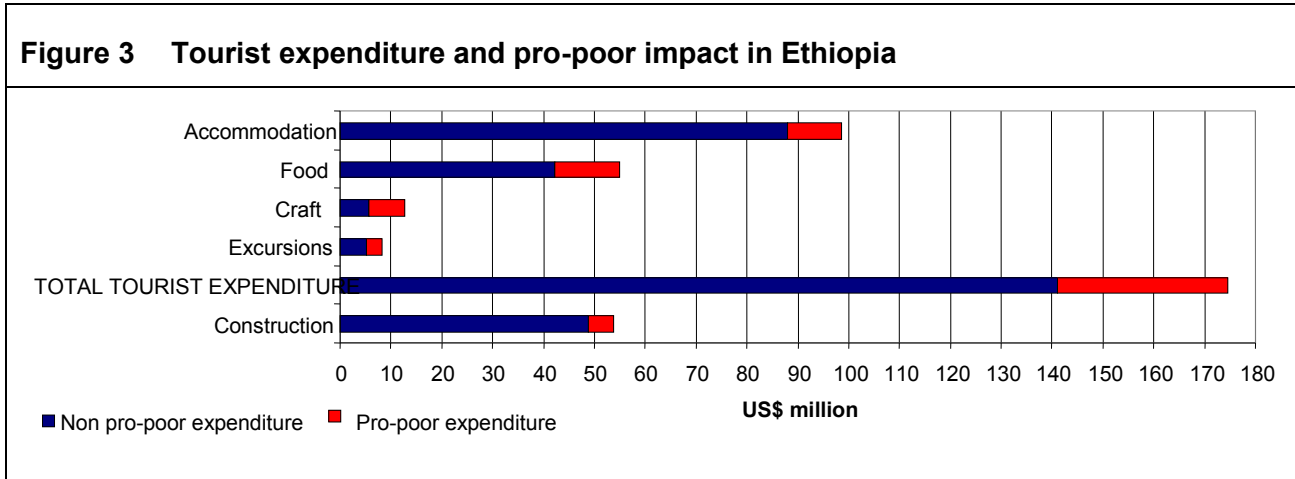
The example below of the Gambia presents a more typical picture of the pro-poor impact of food and beverage expenditure by tourists at a destination. As with Ethiopia, spending on food and drink accounts for a large proportion of total in-country tourists spending. However, a much lower proportion, where just 11%, of food and drink sales accrue to poor households, suggesting greater potential to increase pro-poor impact through agricultural linkages (Mitchell & Faal, 2008).

**Figure 2 Tourism value chain in the Gambia**



Source: Adapted from Mitchell & Faal 2008.

This difference partly reflects the inclusion of beverages in food spending statistics reported in the Gambia case, but it also indicates the level of food imports made by hotels (about 40% of total purchases). Tourist spending on food and beverages is less pro-poor than most other types of spending (except accommodation), but the potential for increasing the pro-poor impact of food spending is clear. However, in tourist destination of Ethiopia, around 20% of the food expenditure was assessed to be pro-poor (Figure 3). Most of the food itself was actually locally purchased and therefore classified as pro-poor. Increasing pro-poor revenue through strengthening agriculture – tourism linkages offered therefore much less promising prospects there.



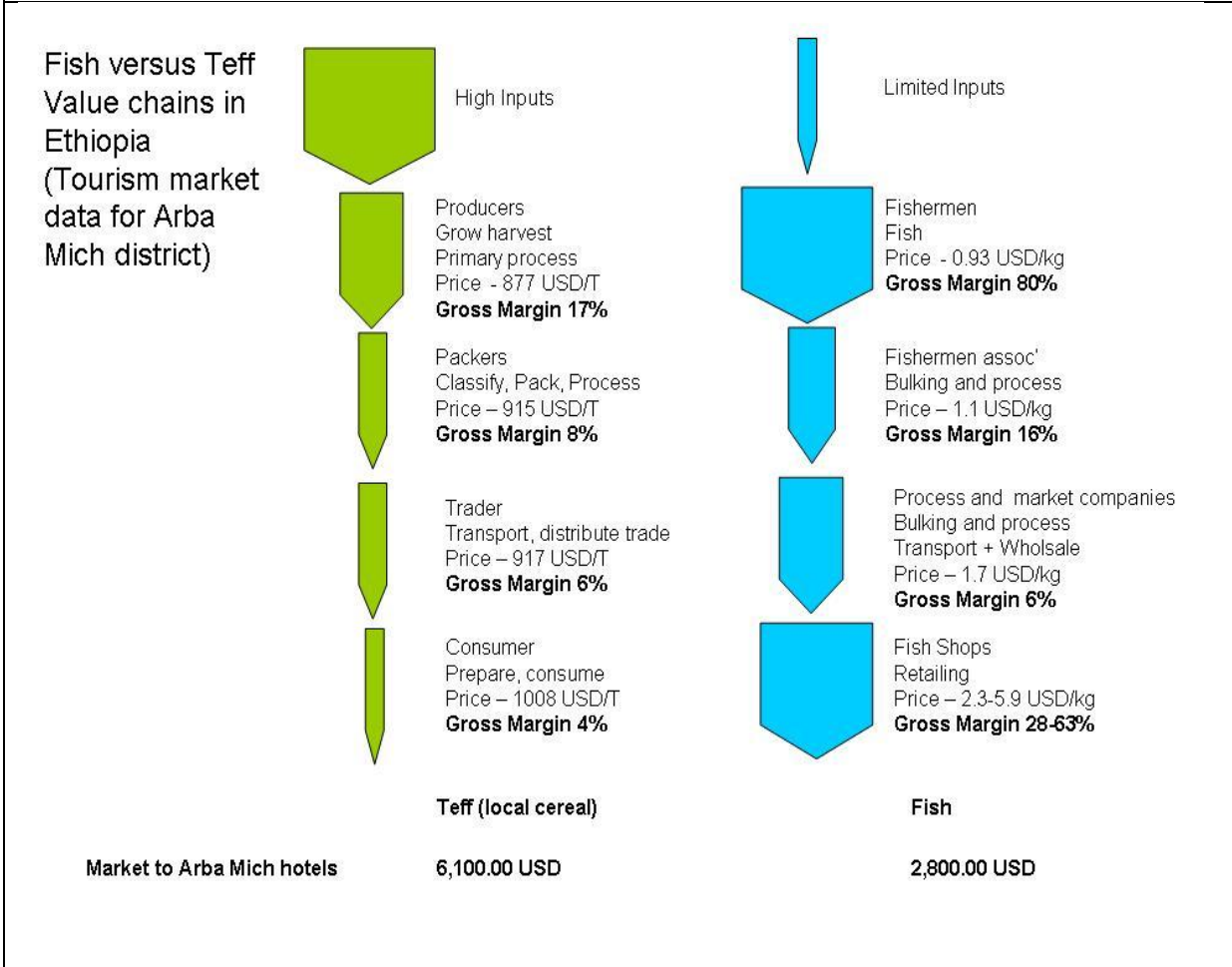
Source: Mitchell and Coles (2009).

## 2. Assessing the viability of specific supply chains

Assessing the share of the tourism related income that reaches poor people is useful but is too blunt an instrument for project planning. For chains of particular interest, more detailed investigation is needed to determine why food supply chains operate as they do. If income is very small, is this because of bad conditions that could be changed, or is it because of the low value of the product? What is the understanding of the poor on the obstacles they face? What do other stakeholders think? What barriers can be tackled or new trends exploited? The section below will examine some of these barriers. However, first we will consider a critical issue for agricultural supply chains, the difference between **revenue** and **gross margins**.

An analysis of agriculture–tourism linkages in Ethiopia, by different food categories, suggests a focus on farmers producing Teff, the main staple cereal crop. Hotels spend about twice as much on Teff than on fish and Teff farmers capture nearly 90% of the final price paid by hotels compared with about 25% for fishermen. However, as soon as the costs of production are included, the picture changes completely. Although fishers receive a lower share of the price paid by hotels than Teff farmers, fishing has much higher profitability than cereal farming for producers. Thus, the profit margin for producers is also a critical issue.

**Figure 4 Two food supply chains in Ethiopia compared**



Source: Adapted from Mitchell and Coles (2009).

Fishing in Ethiopia uses limited technology, involving hand-powered fishing and dug-out boats. The work is hard but fishermen keep about 80% of the average US\$ 3 a day sold to buyers at the lakeside. The average fisherman therefore has a gross margin (revenue minus costs) of about US\$ 1,000 a year.



An Ethiopian fisher

Photo: ODI

By contrast, Teff farmers on an average rain-fed household plot of 1 hectare will be able to produce about one tone of Teff per year – which generates about the US\$ 880 of total revenue, but only 17% of this figure, or US\$ 150 per year is profit after accounting for all productions costs. Thus, it is very important to not only drill down into each different component of the food supply chain, but also to understand the cost structure of production for each different form of agricultural production Mitchell and Coles (2009).

### 3. Blockages

Food is one of the major goods consumed by tourists. Due to the rural and largely agricultural nature of many developing economies, one would expect that sourcing food from the poor rural areas around tourist destinations would be simple. Surprisingly, much evidence shows this is often not the case. Agriculture–tourism linkages are not only generally weak, but experience suggests that they are not as easy as one can think to strengthen. This section is based on the experience gained from a series of projects on agriculture – tourism linkages in Brazil, the Lao People’s Democratic Republic, Cambodia, Ethiopia, Cape Verde, Uganda, and The Gambia. Most of these case studies, as well as others documented in the literature (e.g. Meyer 2006), highlight important blockages to strengthened agriculture - tourism linkages. This section highlights some of the common blockages to agriculture – tourism linkages and suggests a methodology for analysis to identify and examine these blockages prior to any intervention.

#### 3.1. Supply related blockages

**Lack of flexibility and investment capacity of agricultural production systems:** Local agriculture may be unable to adapt to emerging tourist demand. This could be due to physical limitations (e.g. high value products such as fruits and vegetable often demand specific conditions such as possibility for irrigation), but also to lack of investment capacity from local farmers. For a farmer, adapting his production system to an emerging demand often needs investment. When local farmers are not able to invest, other suppliers may capture potential markets.

The Berimbau project on the Coconut Coast of North East Brazil illustrates this blockage well. The area has increasing tourism demand; hotel managers were willing to buy local agricultural produce and a progressive agricultural cooperative with 350 members was formed. However, after three years of support the main linkage between local farmers and hotels are the 24 coconut farmers who sell US\$ 400 worth of coconuts each day – while the majority of farmers are simply unable to increase supply to meet tourist demand. The programme is now increasing financial and technical support to help the farmers meet the demand.

**Lack of competitiveness of local agriculture:** In some contexts, although there is potential of agriculture to supplying tourism demand; local agriculture might not be competitive enough to access the markets (i.e. compared with neighbouring countries, commercial farming, or other region in the same country). Lack of agricultural competitiveness is important in cases such as Cambodia where linkages are low, due to the weakness of the agriculture sector as a whole rather than to due to low linkages with any specific sector (such as tourism).

**Low returns offered by agriculture with respect to other sectors:** The availability of other economic opportunities in tourist destination is often seen as one of the reason reducing the potential for local supply of food products (e.g. Torres 2003).

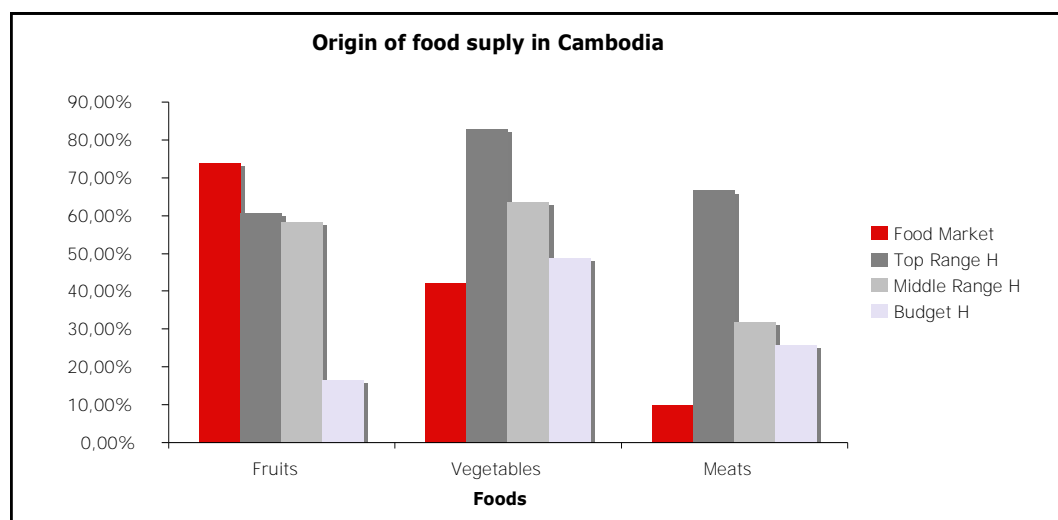
**Local agriculture connected to other markets:** Local agriculture could be well connected to other markets such as export products or supply of local food products. For instance, the Gambian agricultural sector has traditionally comprised ground-nut exporters and subsistence farmers – neither of whom are well-placed to supply the tourist industry.



**Box 9 Lack of competitiveness of the Cambodian agriculture**

In Cambodia, although there are disparities between the tourism related market and the general food market, high level of food imports are generalized (except for meat). This is due to the low competitiveness of Cambodian agriculture compared to the neighbouring countries, and can therefore hardly being addressed by a specific intervention of agriculture-tourism linkages. However, the contrasted levels of imports amongst different food categories suggest that targeted assistance at specific food might be justified.

This graph is too small – and needs to be big enough to read the numbers/text.



Source: FIAS (2006) Cambodia competitiveness report – Tourism sector.

**3.2. Demand related blockages**

**Customer habits:** International tourists tend to eat more international food than local people do. For this reason, but also because internationally trained chefs have not been trained to cook this food, they would tend to use products which are not necessarily eaten and produced locally (e.g. Caribbean, Meyer 2006).

**Centralized procurement system for some hotel chains:** Many hotels are part of large chains, which may have their own procurement arrangement (for instance the RUI resort in Cape Verde purchases almost everything from RUI centralized supply system and hotel managers have limited autonomy to make local purchases (Mitchell 2008). However, some hotels such as IBEROSTAR are entitled to make substantial local purchases.

**Maturity of the tourism industry:** In the Cancun area, the tourism industry has been progressively better connected to the rest of the Mexican economy. Hotels have shifted from imports to local sourcing of most food for lead-time and cost efficiency reasons. This suggests that better local linkages could develop over time (Torres 2003).

**Health and safety concerns:** Many hotels are very concerned about health and safety issues (particularly those served by Northern international tour operators). They may not wish to risk buying food from the local market without guarantees regarding compliance to health and safety standards. Low compliance to health and safety standards in Ethiopia is reported as one of the major reasons to explain the import propensity of top-end hotels. Generally food standards and certification generate significant barriers for poor, local producers to increase.

**Some tourism markets are relatively small food markets:**

Tourism projects in poor places often have very small flows of tourists for very short visits. The effect of this is that, even though tourism may be the only viable economic activity in the area, it may not be large enough to generate significant food demand locally. In the Bwindi project in Uganda (see Box 6), despite having successfully organized a community-based vegetable supply chain and captured significant share of the local tourist market, sales only total US\$ 500 a month (or US\$ 5 per month per participating household) owing to the low volume of tourists visiting the local lodges.



**Box 10 Example of demand side limitations**

A study of tourism related food supply chains in **Ethiopia** (Mitchell and Coles, 2009) highlights the importance of considering the relative size of tourism related food markets in emerging destination contexts. Although the absolute value of the tourism related market was significant, for most products, the relative volume was very small compared to the marketable surplus produced by the local agriculture (food demand from local people is much larger and much less volatile than tourist demand).

“Hotel demand for food supplies is a small percentage of the total marketable surpluses in secondary destinations, E.g. Lalibela 3%; in Axum 2%; in Arba Minch 0.4%. “

The issue there might therefore be related to *developing the tourism sector itself rather than linkages with agriculture.*

**3.3. Interface related blockages between supply and demand**

**Cultural issues:** Sometimes, barriers are also cultural. Hotel managers around Cancun are from the educated elite from Mexico City and are more comfortable sourcing supplies from metropolitan areas rather than contracting supplies from local indigenous suppliers, even if there is a clear business case for local supplies (Torres 2003).

**Lack of effective local intermediaries:** It is often difficult for a hotel to deal with large numbers of suppliers. Services offered by intermediaries (i.e. bulking up, market linkages, transport, processing, etc) are often needed to successfully connect supply to demand. Producers are often unable to provide these services themselves and, in the United Republic of Tanzania and Ethiopia, there are examples of hoteliers contracting purchasers to manage this interface between large numbers of small providers and small numbers of large buyers (Mitchell, Keane and Laidlaw 2009).

**Lack of marketing capacity by local producers:** Although local suppliers may be able to offer quality products, they can easily be excluded by large wholesalers who employ more competitive commercial practices (easy payment terms, service delivery, and superior quality standards).

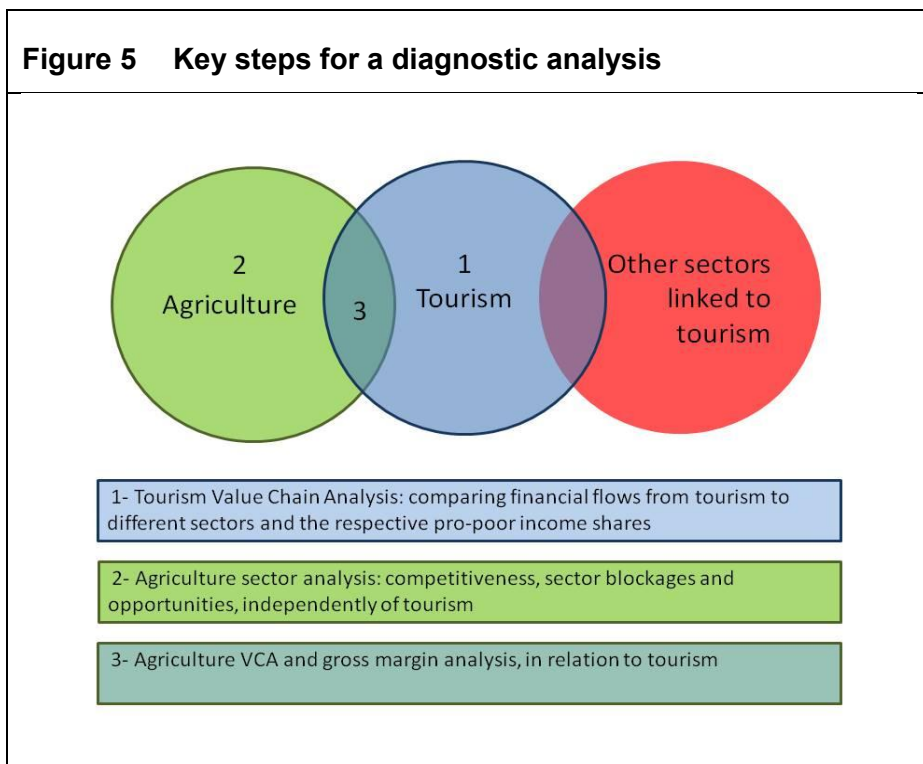
**Box 11 Examples of market-related leakages**

Although Vietnamese agriculture is very competitive, Metro - a large German-owned wholesaler with a global supply chain - has captured a large share of the tourist market in Central Viet Nam by offering easy payment terms and a delivery service to hoteliers. Metro does not source much of its food from local farmers. Another case is that of Shop-Rite, a South African company, which is supplying many of the hotels in the Northern Safari route in the United Republic of Tanzania by offering a service level against which small local producers are currently unable to compete.

Mitchell and Le Chi (2007).

Figure 5 displays the key steps to analyse the agricultural linkages with tourism. The stages for types of analysis are the following:

- A **tourism value chain analysis**, to be able to assess if the most promising pro-poor tourism intervention are likely to be related to agriculture or there is a more obvious opportunity in a different supply chain;
- An analysis of the **agriculture sector** to understand the competitiveness of the different categories of food in the sector, opportunities and constraints; and
- **Agriculture value chain and gross margin analyses** for the products used by the tourism sector and to be potentially considered for a pro-poor agriculture-tourism linkages intervention throughout the entire supply chain, from producers to intermediaries to end-markets.





## Section 6 Developing interventions



The aim of this section is to:

- Explain how to identify the main opportunities for interventions;
- Develop a list of potential interventions; and
- Select the most relevant intervention(s).

### 1. Principles, lateral thinking and logical assessment

One of the greatest dangers for tourism value chain research is that practitioners invest some time in describing the value chain and then leap to proposing exactly the same kind of intervention, as they would have without the value chain analysis (VCA).

However, it is not always easy to jump from the *descriptive* analysis of the tourism sector to the *set of recommendations*. Knowing which parts of the tourism value chain are currently pro-poor or not, does not, on its own, tell you where to intervene to generate *greater* benefits for the poor. This step requires assessment of where increases are feasible, and where blockages can be removed. In fact, the most critical part of the diagnostic and planning process is proper use of the information gathered so far, to identify first a long-list, and later a short-list, of possible interventions.

A common mistake in many diagnostic studies is to put too many resources into the initial mapping, leaving too little time and attention for working through the implications. Another mistake is to jump to assumptions: because something is pro-poor already, it is the best option for expansion (see Gambia). Whilst craft currently makes the largest contribution to pro-poor income, there is less scope for additional change in the craft supply chain than for food (which is currently less pro-poor and captures a large share of tourist expenditure).

### 2. Identifying where in the value chain to seek change

The diagnostic assessment provides the basis for deciding where in the tourism industry to intervene, and how, to enhance benefits to the poor. The mapping should show where the poor participate, where value is created, and why. The next step is to identify where there is scope for greater value creation by the poor and what blockages need to be removed. By the end of the VCA analysis, one should have a map – or several maps – of the tourism value chain: one that shows all the various stakeholders (supply chain), a version that shows where the poor participate, and a map, probably simplified into key nodes, showing flows of PPI to poor participants. The next step is to identify key nodes or strands in the chain where you could seek pro-poor change. This will be the basis for scoping possible interventions. While diagnostic value chain assessments vary in their approach and recommendations, there are usually five or so areas to focus on:

The selected areas could be highlighted on a map, or simply listed. The rationale for selection should be clear, and then discussed with key stakeholders. This is an essential step for developing interventions.

Note at this point, identifying where in the value chain you *seek change and pro-poor impact*, is not the same as identifying *where you should intervene*. The VCA diagnostic may conclude that a key area for change is the returns to the poor from vegetable production for the tourism market; you may nevertheless plan an intervention that works directly with tour operators to help achieve that this goal.





### Box 12 Key questions for a value chain assessment

- |  |   |
|--|---|
| 1. Parts of the value chain that are already fairly pro-poor (in % terms).                           | → Can production be expanded or producers' role upgraded? What are the blockages?   |
| 2. Parts of the chain that are big, high in value creation, but may be low in the share of the poor. | → Can the share accruing to the poor be increased?<br>Even if only at the margin, a 1% shift of mainstream industry production to a pattern that benefits the poor, can generate pro-poor income at volume. |
| 3. Parts of the chain where the share reaching the poor is low.                                      | → Why is it low? Are these factors fairly fixed, or amenable to influence?  |
| 4. Part of the chain where poor people are concentrated.   | → Can they be helped to upgrade their production or function in the chain?  |
| 5. Parts of the chain where change is currently occurring.   | → If volumes are going up, it may be easier to boost the share of the poor. If structures area already fluid, it's a good time to make pro-poor adaptations.  |

Source: Ashley, Mitchell and Spenceley (2009).

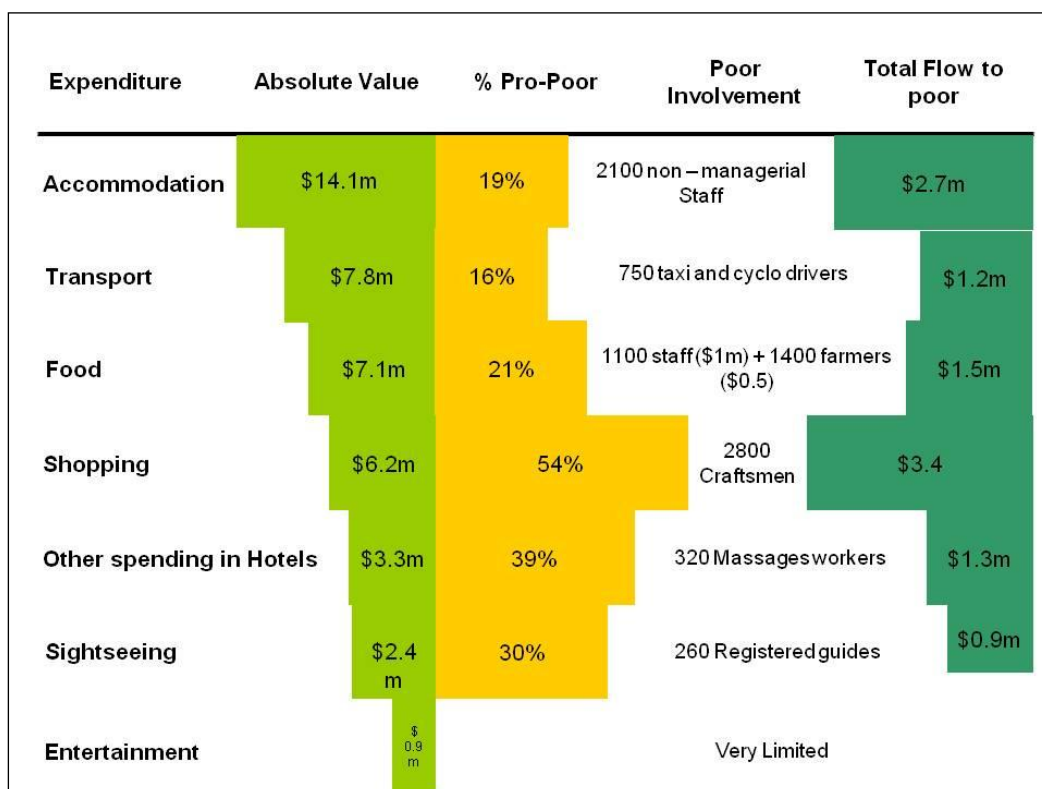


### 3. Exercise: Interpret a VCA

Based on the below pro-poor Tourism VCA from Na Dang in Central Viet Nam, you should be able to (consult box 8 (update) for more information on the context):

- If you were to recommend pro-poor tourism interventions, in which sector would you think the most promising prospects could be?
- Identify the information missing to precisely analyze agriculture-tourism linkages and prospects?

Develop a list of key questions to collect this missing information?



Source: Mitchell & Le Chi 2007.

## 4. Developing a list of potential interventions

### 4.1. Explore a wide range of options

The value chain map is an invaluable description of the current situation, but on its own is not sufficient to generate a long-list of intervention options. It is essential to draw on a range of inputs and analytical techniques:

- **Use local knowledge** - Opinions of stakeholders gathered during the mapping process, about blockages and opportunities that they perceive, and actions they would like to see;
- **Causal analysis** - Information gathered as to *why* the value chain operates as it does;
- **Keep all options open** - Consideration of the full-range of options – such as the ideas presented below- to ensure lateral thinking rather than a focus on the obvious;
- **Use lessons learnt** - Norms derived from other studies that could identify lessons learnt for each strategy;
- **Target impact for the poor** - Rough assessment of the scale of possible impact – the numbers of poor people, and the potential income to the poor;
- **Compare pro and cons** – Make sure you consider the Potential side or negative effects of an intervention; and,
- **Work in partnership** – Make sure you engage partners and government services in the project.

It is important that the option of not proposing any agricultural – linkage projects is seriously considered at this stage of the exercise. The history of interventions to enhance linkages is not a happy one. Often seemingly good ideas for linkage have failed, so the chances of a poor idea succeeding are very slim. Just because a practitioner has been asked by a donor or community to identify agricultural linkages with the tourist sector it is not enough reason to do so, when the case for intervention is weak. Table highlights types of interventions, which can be implemented by hotels, agencies or governmental departments.

**Table 11 Intervention strategies**

Hotels can	Agencies and/or Government services can
<p>Help farmers improve their production and delivery standards by <b>providing advice on quality, packaging, health and safety</b>, etc.</p> <p><b>Encourage chefs</b> and food and beverage managers to try local food and <b>adapt their procurement practices and recipes</b>.</p> <p><b>Reap the benefits through added value:</b> profile local food, provide interpretation and information to guests, incorporate food and farm-based activities into excursions and develop the brand.</p> <p><b>Plan for the seasonality of produce</b>, and offer seasonal recipes in hotels and restaurants.</p> <p>Collaborate with tour operators and farming communities to <b>develop new farm-based excursions</b> and services appropriate for the guests.</p>	<p><b>Support market development:</b> encourage producers' associations, commercial intermediary services and physical markets.</p> <p><b>Ensure a holistic approach:</b> initiatives that address food supply but not demand, or boost supply and demand but not the market linkage between farms and hotels, are unlikely to work.</p> <p><b>Advise and provide training</b> workshops on the issues, particularly regarding required standards (for cuts of meats, preferred sizing of fruit, etc.).</p> <p><b>Collaborate across sectors:</b> combine tourism, agriculture, business support, and marketing expertise. Bring in other hotels/restaurants and marketing channels to achieve economies of scale. Build strategic alliances.</p> <p><b>Discuss with farmers</b> how to develop further agricultural - based products or attractions and new ways of adding value.</p> <p><b>Support livelihoods</b> through tourist consumption of local produce, but do not create dependency. Encourage farmers to develop tourism as an additional market, rather than as the sole source of income.</p> <p><b>Promote the development of small scale local cooperatives</b> to provide the necessary volume and consistency of supply. The formation of co-operatives can also assist in developing investment in infrastructure such as refrigeration, packaging and transportation.</p>

Source: Ashley, Mitchell and Spencely (2009).

Strengthening agriculture – tourism linkages is rarely about supply or demand, but rather about both and how to facilitate the market. The box below suggests a range of potential strategies to strengthen linkages. Note that not all are necessarily appropriate nor have been successfully tested in every situations, this list just aims to offer ideas for the brainstorming that needs to happen when drawing up the list of possible interventions. The box below presents two case studies, illustrating original initiatives to link up local agriculture production with the tourism related demand: a tourism corporation initiative – Sandals in the Caribbean sourcing vegetables from local production, a farmers cooperative – Bellevue Farm in St Lucia supported by Oxfam GB, and a social enterprise - Gambia is Good, supported by Concern Universal, a United Kingdom based NGO. A review of these two initiatives gives a good sample of the possible strategies, but also highlights some of the difficulties in sustaining the linkages between local agriculture and tourism related demand.



**Box 13 Project case studies**

**Cooperative society** – Bellevue cooperative supported by Oxfam in St Lucia

**Objectives:**

- **Vision** – Developing a farmer-owned business that enables trade of fresh produce to St Lucian hotel will demonstrate how tourism as the largest economic sector in the Caribbean, can contribute to poverty reduction through agricultural development;
- **Value chain foreseen impact** - Increasing market share of locally-sourced food provided on St Lucia for 10% to 25% over 3 years; and
- **Impacts on poverty** - 800 farmers increase their income (+ 30% for 400 full time, and 10% for 400 part time farmers).

**Current funding:**

- US\$ 193,311<sup>5</sup> grant and S93,075<sup>6</sup> loan over 3 years.

**Reasons for successes**

- Bellevue cooperative pre-existing to the project;
- Strong involvement of Government services; and
- Committed support from Oxfam GB.

**Challenges:**

- Not yet clear how this experience will be replicated;
- Entering into a delicate support phase out period (from grant to loan).

Source: Oxfam GB - [https://www.oxfam.org.uk/donate/edp/st\\_lucia.html](https://www.oxfam.org.uk/donate/edp/st_lucia.html).

**A Social enterprise that is gradually shifting to a business – Gambia is Good**

Gambia is good (GiG) is a trading social enterprise, established, funded and supported by a United Kingdom based NGO from 2004: Concern Universal. GiG is supplying Fresh Fruits and vegetables to hotels and resorts in The Gambia.

**Objectives:**

- To stimulate a Gambian fresh produce market that develops local livelihoods, inspires entrepreneurship, and reduces the environmental and social cost of imported produce;
- To establish the best practice and up take of low cost, appropriate packing, storing, and grading of fresh produce by small scale farmers;
- To leverage technical excellence in horticulture to improve the livelihoods of the rural poor and to replicate the GiG approach in other countries.

**Impact:**

- From 2004 until now, it has gradually **increased its market share** (35% of the fruits and vegetable for the tourism related market are now marketed through GiG) and proportion of local purchase (86% of the products were produced locally in 2008, while products of adequate quality were unavailable in 2004). **Around 1000 small farmers** (90% of whom are women) have sold around US\$ 140,000 worth of fruits and vegetable through GiG in 2008.

**Funding:**

- Significant support and commitment from Concern Universal US\$ 282,090<sup>7</sup> funding from 2004 to 2007, and recently renewed. Also supported by the Travel Foundation (the charitable arm of the United Kingdom outbound travel industry).

**Successes:**

- Market share increase since the beginning of the project; and
- Interesting return to the farmers.

**Challenges:**

- Future transition from a social enterprise to SME; and
- GiG has so far been managed by international staff.

Source: GiG Monitoring Report, December 2008.

<sup>5</sup> Currency conversion (<http://www.oanda.com/convert/classic> - 01/03/09).

<sup>6</sup> Currency conversion (<http://www.oanda.com/convert/classic> - 01/03/09).

<sup>7</sup> Currency conversion (<http://www.oanda.com/convert/classic> - 01/03/09).

The two projects presented above are widely regarded as the most successful agriculture – tourism linkage projects currently in operation. The GiG project, for instance, won first prize at the 2008 World Travel Market for a responsible tourism project.

However, even for these award-winning projects, it is not possible to determine their performance against standard development criteria. It is not clear, for instance, the extent to which GiG has impacted on the pattern of sourcing food supplies by the Gambian tourist industry (have GiG sales substituted for imports or undermined existing Gambian suppliers?) Nor is it clear how GiG sales revenues translate into pro-poor income because the Organization sells the output of its own farm as well as the output of small producers. A problem is that four years into its development, the GiG project remains highly dependent on large volumes of grant aid and external technical support.

Whilst many agricultural-tourism linked projects have achieved some pro-poor benefits, very few have created significant and sustainable pro-poor benefit streams and there needs to be a detailed analysis that can demonstrate this success.

## 4.2. Estimate pro-poor income gains

When planning interventions, it is very important to keep the ultimate goal as a priority driver. How much extra pro-poor income is expected from the intervention?

One advantage of the value chain map is that it provides a baseline for rough “what if” estimation of each potential intervention can have on the financial flows and pro-poor income (see Box 14).



### Box 14 “What if” checks

- If fruits and vegetable eaten in the hotels would be purchased locally at current market prices (normally between wholesale and retail prices), what would it mean for the pro-poor income?
- What if one tourist out of ten would pay US\$ XX for a ½ day visit to a village?
- What if tourism related market is opening for local food such as plantain or local vegetables?

Rough estimates answering these questions are essential to check for potential profitability and pro-poor impacts. Not all ideas would be worth the efforts, and more importantly so for the farmer who would be advised to adapt their production systems (see Box 15).



### Box 15 Two projects with limited pro-poor gains

The **Uganda** Gorilla trail project reports constraints to strengthening linkages between local agriculture and lodges in the area. This project is quite recent (2007) and has therefore not yet achieved profitability for the farmers and sustainability. However, business prospects are limited. There are rarely more than 50 tourists per day in the zone. With such a low level of tourism related demand, it is doubtful this can offer a significant opportunity to more than a small number of local farmers. Prospect for 2008 - 2009 are around US\$ 4,500 / year worth of sales to the benefit of around 100 farmer households, which is around US\$ 45 sales per household per year (with an unknown level of profitability). At this level of operation, there are significant risks of farmers dropping-out because of dismal returns to labour. With market demand this small there are inevitable risks linking large numbers of poor farmers to the tourism business.

Several vegetable projects in Siem Reap, the City surrounding the Angkor Wat Temples in **Cambodia** seek to strengthen local economic linkages by supplying locally grown vegetables to hotels. However, even if local production can substitute for half the imported vegetables bought by a high-end restaurant, the IFC has concluded that this form of intervention is an ineffective way of transferring resources from tourists to the local community.

Typically, food and beverage purchases constitute 31.5 percent of total restaurant operating costs in Cambodia and hotel restaurants gross margin on food costs is about 100 percent. Therefore for a tourist spending US\$ 10 on a meal in a hotel restaurant:

- Half of the total bill (i.e. US\$ 5) is used to cover operating costs;
- 31.5% (or US\$ 1.58) is used for food purchases;
- 9.2% of the above food bill is used to buy vegetables (US\$ 0.14);
- Halving the level of imports implies an increase of 41% in local vegetable purchases by hotels (i.e. US\$ 0.06); and
- Assuming the farm gate price of vegetables is about half the wholesale price paid by the hotel implies US\$ 0.03 reaches the farmer).

This was the empirical basis for the International Finance Corporation to reject proposals to fund fresh produce linkage studies in Siem Reap. Even if the intervention worked, it would only transfer 0.3% of tourist spending in a restaurant to the beneficiary group.

Sources: Sandbrook (2008) and ODI (2009).

### 4.3. Consider potential indirect effects

A potential intervention may be positive for the main target group but may negatively impact other groups' income. Analysis of potential interventions needs to consider the indirect effects and balance them against likely benefits.

What if the farmers near the tourism destination are actually better off than those supplying inter-regional supply chains? The local economies of tourist destination are often stronger than those of non-tourist regions (e.g. General Equilibrium Model in Brazil - Blake et al, 2007). Promoting local food purchasing, against buying food from other parts of the country or the region could actually strengthen differences in income regionally that may have been caused by tourism.

Trying to connect the producers directly with the hotels is a common agriculture-linkage strategy that may or may not be relevant as a pro-poor strategy, depending on the situation. Services provided by intermediaries and local middlemen are often essential to local sourcing and producers are not necessarily able to provide them. Middlemen can be poor themselves. Many are women, especially in the food markets.

#### 4.4. Locate and consult potential partners for interventions

The initial stakeholder mapping is likely to identify some potential partners. At this stage, they should review and provide feedback on proposed interventions. A quick appraisal can identify local partners who are committed and capable to support the project, and to cooperate with the project team, even though they may currently be outside the tourism sector.

A key distinction should be made between partners within, and outside, the value chain. Partners inside the value chain include the lead firms that are the key purchasers of agricultural output, the market intermediaries and the actual (or potential) producers. A project which does not have the active support of (at least some) partners within the value chain is a very high risk intervention – because assuming support in supply, demand or the interface between the two represents a weak assumption in any project. Linkage projects need to have sufficient support from within the value chain in order to have a chance of success.

Partners external to the value chain can influence the environment in which the value chain operates and the extent to which the benefits of a successful project are replicated elsewhere. Key questions to ask are outlined in the box below.

There are different types of partner institutions, which include:

- **Government**, e.g. tourism promotion agencies, small business development centres, boards of investment, micro-finance institutions, concerned ministries and departments, public-private consultative bodies, tourism boards etc.
- **Development agencies**, e.g. the World Bank, International Finance Corporation, national development and aid agencies.
- **Business associations and NGOs**, e.g. chambers of commerce and industry, specialized tourism associations, NGOs working with the producer community, conservation areas and/or providing tourism-related support services, and humanitarian organizations.
- **Private sector service providers** e.g. consultancy firms, tourism-training institutions, etc.
- **Local community representatives** e.g. producer associations, local small businesses, community leaders etc.



#### Box 16 Key questions to ask potential partners

Whether done as part of the initial stakeholder mapping, or done later when assessing intervention options, key questions to ask potential partners are:

1. What are the related or similar projects in tourism (i.e. relating to objectives, activities, stakeholders)?
2. What are their timeframes, budgets, and human resources?
3. Is there a potential for synergies (e.g. information sharing, cross-marketing, complementary know-how, joint policy action, etc.)?
4. Can you think of joint-project activities?
5. Is there a risk of competition between agencies or duplication of efforts?
6. Which of these projects are you directly involved in?

#### 4.5. Consider different ways of achieving the same goal

To achieve change at any identified area of the value chain, several *different* interventions should be considered. There are many different ways of influencing value chain development, whether working on supply side issues (i.e. production), demand side issues (i.e. consumers, procurement) or on market functioning (i.e. information exchange, contracts) and the market environment (i.e. regulation, market norms).

Table displays a range of possible ways to address the same objective. For each identified area of focus, map the blockages, target group, desired change, and a range of interventions that could be used. The final column then becomes the list of potential interventions.

Desired change in value chain	Blockages and opportunities		Target group of intervention	Different forms of possible intervention
	...facing poor participants	...acing potential new entrants		
Increase local food supplies	<ul style="list-style-type: none"> <li>Seasonality of production</li> </ul>	<ul style="list-style-type: none"> <li>Unaffordable transport</li> <li>Lack of investment capacity</li> </ul>	<ul style="list-style-type: none"> <li>Traders</li> <li>Fruit and veg farmers</li> </ul>	<ul style="list-style-type: none"> <li>Farm extension on seasonality</li> <li>Short-term support to local traders to source product from new entrants</li> <li>Initiative to improve access to finance for emerging farmers</li> </ul>
		<ul style="list-style-type: none"> <li>Difficulties to meet quality standards</li> </ul>	<ul style="list-style-type: none"> <li>Intermediaries or farmers cooperative</li> </ul>	<ul style="list-style-type: none"> <li>Intervention to improve product quality through technical advice and support</li> </ul>
	<ul style="list-style-type: none"> <li>Hotel procurement managers prefer a single wholesale contract</li> </ul>		<ul style="list-style-type: none"> <li>Farmers organization</li> </ul>	<ul style="list-style-type: none"> <li>Horizontal coordination of producers to 'bulk up' small-holders output to achieve marketable surplus</li> </ul>
		<ul style="list-style-type: none"> <li>Low demand for local food</li> </ul>	<ul style="list-style-type: none"> <li>Tourism promotion agency</li> </ul>	<ul style="list-style-type: none"> <li>Increase demand by increasing arrivals and/or length of stay at destination</li> </ul>



**Box 17 Key messages - How to develop interventions?**

**Leave all options open** - Blockages are common and varied. There is no prior assumption of which kind of intervention is the most relevant.

**Start with the demand** – A pro-poor VCA analysis is needed to identify market prospects.

It is not about expenditure, which is already significant or already pro-poor. It is about **unblocking blockages and expanding opportunities**.

**Make sure the supply can respond** – There could be structural reasons for which the local agriculture is unable to respond to a demand associated to tourism (e.g. lack of competitiveness of the national agriculture). Investing in agriculture – tourism linkages in these situations is risky.



## 5. Selection of the proposed interventions

A short-list of potential interventions shall now be established. Local stakeholders and partners should be fully involved in this step. It is useful not to rush this phase too quickly after you establish the list of potential intervention. Assessing the different alternatives would need time and consultation that will reinforce the ownership of the agree intervention to move forward.

**A selection process** – For each potential intervention option listed, apply the key criteria outlined in the table below. These include:

- **Eligibility criteria** – criteria which must be met for a project to be included for consideration;
- **Selection criteria** – used for comparing and ranking between possible alternatives.

For the eligibility criteria, an option ‘unacceptable’ is available. If the assessment for scale of PPI, or commercial viability, falls into ‘unacceptable’ then the option can be deleted at once, without further analysis. The selection criteria are grouped into two categories:

- Overall scale of impact on the poor; and
- Feasibility of achieving impact.

Table does not propose weighting for each criterion in order to sum up a final score for impact and for the likely success of a project. Unless you wish to work out weightings with stakeholders, it is best to assess an intervention by the specific criteria, then your judgement and your team’s opinions, to give it an overall score for impact and for viability.

<b>Table 13 Short-listing intervention options with key criteria</b>						
Criteria	Eligibility	Feasibility	Impact			
			Unacceptable	Low	Med	High
<b>PRO POOR IMPACT</b>						
Total PPI increase, US\$ per annum			N/A			
No. of farmers targeted						
Likely lifetime of benefits (years)						
Benefit (PPI): Cost (US\$ cost of intervention) ratio						
Likelihood of indirect impact via replication / lesson learning			N/A			
Foreseen non-financial benefits			N/A			
<b>Overall pro poor impact</b>						
<b>LIKELIHOOD OF IMPACT</b>						
Impact sensible to other interventions?			N/A			
Ease of implementation: likelihood of success						
Commercial viability of the change						
Sensibility to context (market, policy...) change			N/A			
Capacity to mitigate main risks to non-achievement			N/A			
Availability of resources						
Availability/interest of appropriate partners			N/A			
<b>Overall likelihood of impact</b>						

To summarize, to analyse the list of potential interventions by key criteria, in order to choose a short list of proposed interventions for implementation, the steps are:

- Delete those options which cannot meet core selection criteria.
- Assess the rest by key criteria: do they rank low, medium or high?

- Compare options to choose those most suited.
- Assess whether and how combinations of options can deliver more.
- List short listed interventions.

The objective is to end up with a short-list of interventions that are most likely to work and, when they do, will have the biggest impact on poverty.



## 6. Exercise: Applying the key principles for developing interventions

Think of your own working context. Refer to a situation you are familiar with and think of how you would translate the key below principles to develop interventions into practice in your own work? In relation with each of the below guiding principles, list the key actions / approaches that you would use or (better) have already used in your own work when developing interventions. The aim is to share good practices with other trainees and to identify which are the key gaps you need to work on.

1. Use local knowledge
2. Base to diagnosis on value chain analysis
3. Keep all options open
4. Use lessons learnt
5. Target impact for the poor
6. Compare pro and cons
7. Don't plan in a vacuum

## 7. Evaluation of the impact



### Box 18 What is impact

The impact of a pro-poor tourism intervention refers how the tourism value chain is functioning now compared to before: How many more poor people are earning how much more from any increased participation? What other change in net benefits has occurred? What impact this has on household wellbeing, and what bottlenecks or opportunities have changed.

Measuring impact can be a very challenging task, and impact measurements are sometimes disappointing because they are too vague and not conclusive enough regarding the added value of the project. There is so much that can be measured, so honing on what is essential is important.

### 7.1. Listing the key questions for measuring impact

The best place to start is probably not with a long list of data, but rather with the overall questions that monitoring is trying to answer on an on-going basis throughout a project, and at the end. If too much information is collected, it is difficult to use. So it is always wise to start by defining the questions that need to be answered (in the final report conclusion), before defining the questions to ask (in the field), so that the first drives the second, and those doing the work are able to prioritize. Data should be sought that helps answer these key questions:

1. Are there changes in the number of poor people participating in the tourism value chain? Who, how, where, why?

2. Are poor participants in the tourism value chain experiencing any increase (or decrease) in income or livelihood? Who, what, and why?
3. How does participation in the tourism value chain impact the livelihoods and wellbeing of the families concerned? Has this changed?
4. What wider economic, social and environmental impacts are generated by the action (not just direct participants)? Why and how?
5. Are the beneficial impacts and outcomes likely to be sustainable (consider institutional, technical/knowledge, financial, and environmental issues as relevant)?

## 7.2. Drawing an evaluation framework

For each of the key questions, the approach is then to identify 2 or 3 key indicators (a mix of qualitative and quantitative is recommended when relevant), and identify the sources of information for these key indicators, as well as the resources needed to collect the information. Indicators need to be *specific* to the key question, but also *measurable* with the available means and source of information.

Key question	Indicator	Source of information	Resource needed
Are poor participants in the tourism value chain experiencing any increase in income or livelihood?	Gross return from the activity generated by project	Micro economic survey	X days surveyor
	Return to labour though activity generated by project versus other activities (in kind)	Micro economic survey	X days surveyor
	Target group satisfaction	Target group interviews (Gender balanced)	X days surveyor
	Has the vulnerability of the target group been reduced	Longitudinal <sup>8</sup> or recall <sup>9</sup> survey	X days of surveyor
	Have the pro-poor benefits continued after the end of the intervention – are they sustainable?	Longitudinal or recall survey	X days of surveyor

## 7.3. Sharing the analysis with partners and target groups

Once the information is collected and the information analysed, the outcomes of the Evaluation shall be shared with partners and target groups. There are 3 Objectives of sharing the Evaluation outcomes.

1. **Accountability** – the project must be accountable to target groups and local stakeholders, sharing its achievements and impact is a minimal good practice in that respect.
2. **Cross-check the analysis** – Who would be more able to feed back on your findings? Consulting them would benefit to the accuracy of the findings.
3. **Learning and moving forward** – Sharing your findings is a key time to share lessons learnt from the past passed of any intervention. It is an engaging time for target group and a critical moment to identify some of the project gaps and way forward to overcome them.

<sup>8</sup> Longitudinal survey: Monitoring specific indicators overtime so that evolution throughout and after the intervention can be detected.

<sup>9</sup> Recall survey: Asking for past information so that it can be compared to the current situation and therefore estimate overtime changes.



## 8. Exercise: Formulate an evaluation framework

Formulate an evaluation framework for 2 of the key question listed below and referring to any project of your choice – the best it to use a project you are involved in, otherwise you can use the project case studies documented in Box 12. At this stage, you are not expected to comment on the impact of these projects, but to be able to identify the information that would be needed to evaluate the impact, and based on that, formulate an evaluation framework. It is essential that this evaluation framework can realistically be informed, and that it includes source of verification as well as means.

1. Are there changes in the number of poor people participating in the tourism value chain? Who, how, where, why?
2. Are poor participants in the tourism value chain experiencing any increase (or decrease) in income or livelihood or vulnerability? Who, what, and why?
3. How does participation in the tourism value chain impact the livelihoods and wellbeing of the families concerned? Has this changed?
4. What wider economic, social and environmental impacts are generated by the action (not just direct participants)? Why and how?



## Section 7 Case study: EPRP in practice: The Berimbau Programme, Brazil

The state of Bahia, in North-East Brazil, relied on traditional agriculture until 1993 when a new road, Linha Verde, or Green Line, was built and connected the area to the state capital of Salvador, 100 km to the south. This expanded the economic opportunities available to members of the surrounding communities and by 1995 an all-inclusive resort, named Costa do Sauípe, was developed.

The Brazilian project comprises a package of different interventions from the EPRP support of US\$ 311,000 to a broad range of other private sector (Berimbau and Ciranda) and other public initiatives. The investment of approximately US\$ 1 million of non-EPRP resources into the Brazilian project is an important achievement, particularly as the bulk of the funds have come from tourism corporates. These resources have been applied to training of local communities to get jobs in the tourist industry to supporting enterprise to allow people to access the productive chains that supply the tourist industry.

The project graphically proves the main principle of EPRP, that rapid growth in international trade in tourism does not necessarily benefit poor local communities. Importantly, that an EPRP-type intervention can correct these market failures and allow the poor to access the tourism value chain successfully. The project also demonstrates the difficulties in promoting strengthened agricultural linkages – compared with other tourism supply chain linkage interventions.

The success with which resource-poor communities have been linked into supply chains varies. Providing training from the Berimbau Programme (a partnership led by the private sector around the huge Costa do Sauípe Resort) to enable low-skilled communities to access hotel and restaurant jobs has proved to be relatively quick and highly successful in terms of the number of beneficiaries and the sustainable pro-poor development impact. In 2003 there were weak links between the tourist sector and poor communities – only 10% of workers and few goods and services were sourced locally (meaning from the traditionally deprived coast rather than Salvador). As a direct result of the Brazilian project, the scale of benefits flowing to local communities has demonstrably increased by an estimated US\$ 1.3 million per year.

By the time of the baseline survey in August 2004 already over half of all jobs in the area around the resort were private sector employees (2,976 jobs in a population with just 1,828 families). Jobs in tourism dwarf the number of 'traditional' occupations, such as farmers (3%) and craftsmen (5%). Tourism has not just created many direct jobs, it has also created well-remunerated jobs. The average monthly hotel salary of US\$ 200 is roughly twice the average family income in the area surrounding the resort in 2004.

This case study also clearly illustrates that there is a diversity of ways in which, the poor can access the tourism value chain – in addition to the success with direct jobs in hotels and restaurants outlined above. Table illustrates, the success with which supply chains have allowed poor people to access the tourism value chain is less striking than the direct labour market initiative – but there have been some notable supply chain successes, particularly in the craft sector.

<b>Supply chain:</b>	<b>No. beneficiaries</b>	<b>Extent of pro-poor benefit per year</b>	<b>Intervention</b>
Direct labour for Costa do Sauipe Resort	1,100 workers	US\$ 1.32 million	Training local communities to access formal sector tourism jobs
Artisanal products	352 handicraft workers in 6 associations	US\$ 0.85 million	Opened handicraft store in Costa do Sauipe in 2003, developed market in business tourist handicrafts, trade fairs and some training
Fresh fruit and vegetables	24 coconut farmers	US\$ 0.14 million	Cooperative forms interface between farmers and the purchasing hotels.
Shampoo and soap; clothing; fishing	None		
<b>Total:</b>		<b>US\$ 2.31 million</b>	

Source: Mitchell and Ashley (2008).

The craft supply chain has been supported by the Brazilian project with a craft centre at Porto Sauipe and transportation. Relatively large numbers of artisans have benefited from this intervention and the poverty reducing impact of benefiting people who would be unlikely to get jobs in hotels (too old, sick or ill-educated) is important. There is, however, significant potential to increase craft sales in the area.

As of today, only one product – coconuts – are being regularly supplied to hotels on the Coconut Coast from just 24 local farmers at a value of about US\$ 400 per day. 80 of the 150 beekeepers have started selling their output, but cannot access the tourism value chain until they receive a quality seal. The membership of the co-operative has grown from 20 to 350 in two years, but there are no tourism-related agricultural sales other than the coconuts. The issue is how to assess the performance of the agricultural supply chain in the four years since the viability study identified it in January 2004 and two years since the co-operative started running in September 2005.

There does not seem to be a demand-side problem on the Coconut Coast. Hotel managers appear to be willing to buy local produce and even, through the Tourism Cluster, offering advance purchasing contracts and themselves identifying the types of produce on which local farmers should focus their efforts. Coopevaes (Cooperative Agroindustrial of the Valley of the Sauipe) also seems to be doing a good job trying to interface between farmers and the hotels (although there is a serious concern with the sustainability of the institution with its current management working on a voluntary basis).

The pressing constraint seems to be on the supply side, that the 176 small vegetable farmers wanting to sell fresh fruit and vegetables (other than coconuts) to hotels and restaurants are finding the transition from subsistence cultivation to cash cropping difficult (although many are now participating in period farmers markets in the area). Constraints include the poverty of beneficiaries and lack of access to credit. Perhaps this expenditure just underlines the general experience that accessing food supply chains is a much more time consuming strategy to generate pro-poor benefits than using the resort labour market, or crafts sales.

At the other end of the scale, although the shampoo and soap, textile and fish were identified as three viable supply chains (the viability studies for cosmetics and fishing could not be located), there has been very limited progress in implementing them. This could be because these are not particularly viable supply chains.

Fishing should be a viable supply chain in Bahia and small-scale fishermen have accessed the tourism value chain in many destinations much less developed than North East Brazil. In addition, the seas are rich and fish is a high-value and highly perishable commodity in high demand at beach tourist resorts. In this area the fishermen are highly politicized and dependent upon the state to a bizarre extent – expecting, for instance, for the government to provide them with fishing boats. The roughness of the sea is seen as a major constraint by fishermen who appear to be unaware that artisan fishermen beach-launch into the Atlantic is just as hazardous seas in Southern and Western Africa. These barriers to participation in the tourism value chain might well be impervious to EPRP support.

## **1. Assessment of EPRP contribution**

The initiative to provide training support to localize recruitment of tourist workers was initially driven by the private sector with later training support for the local community by EPRP. This initiative has clearly been very successful. Amongst the supply chains, the work in craft is impressive and the results of the food supply chain illustrate the very real constraints to achieving 'quick wins' in this sector.

Even the February 2007 report on the organic fertilizer production unit has no information on the affordability of the fertilizer produced to farmers; misleading data on costs and their comparison with other sources of crop nutrition; and nothing approaching standard project appraisal analysis. Whilst the project has undoubtedly environmental benefits, the social benefit of selling cheap fertilizer to already-affluent farmers using innovative technology does sit comfortably in a pilot project whose aim is to engage the poor into the tourism value chain.

Some of the really important lessons from the Brazilian project also need to be elevated in the lesson learning documentation. For instance, the use of extensive training and the tourist labour market to very quickly and effectively make the largest pro-poor transfer is an important finding. This implies that the poor can benefit as much from tourism in the role of workers as producers. The successes in the craft supply chain are no less important to recognize than the distinctly mixed results in the food supply chain. Documentation could make it clearer that the success of the Brazilian project is due to a supportive and progressive private sector – it is a model for inclusive business development.



## Section 8 Agritourism



The aim of this section is to explain:

- What agritourism is
- Introduce different examples of agritourism
- The economic impacts of different forms of agritourism in developing countries
- How to plan an agritourism enterprise



### Box 19 What is agritourism?

Agritourism is defined as “a business conducted by a producer for the enjoyment and education of the public, to promote the products and thereby generate additional income (Sustainable Agriculture, 1998). It is essentially the economic activity that occurs when people link travel with products, services, and experiences of agriculture.

Agricultural tourism is an expanding sector around the world. Agricultural tourism is also referred to as “Agritourism” and “Agriculturally based leisure attractions.” Agritourism, as a direct marketing activity, may provide special opportunities to growers to reduce risks by diversifying into competing economic sectors. This activity may share some of the equipment and resource inputs (e.g., information, machinery, labour, etc.) with other enterprises and enhance business efficiency and profitability. These visitors may also buy meals, lodging, and items from businesses in the local economy that serve tourists (Brumfield, 2004). Agritourism can also provide an educational experience for visitors building support for agriculture (Maetzold, 2002). A number of types of agritourism are listed in Box 18. Some of these can be undertaken by the poor farmers namely, spice tours, catering and cooking classes, farm stays and camping.



### Box 20 Types of agritourism enterprise and activity

Nursery trails and tours	Planting demonstrations	Tastings (wine, fruit)
Picnics	Equipment and garden displays	Catering (using farm produce)
Camping grounds	Greenhouse museums	Direct sales (wine, fruit, plants)
Farmers markets	Spice tours	Flower fairs, shows and festivals
Farm stays / bed and breakfasts	Wine estate tours	Weddings and events
Animal ‘petting’ areas	Catering classes	“Pick-your-own” flowers or fruit
	Tea and coffee estate tours	



## 1. Advantages of agritourism

Significant benefits can be gained from spreading costs (e.g. depreciation, interest, taxes, insurance, rental, or advertising costs) that are fixed in the short term over additional income generating activities such as agritourism. Agritourism may require minimal additional investment and may use excess capacity of labour, capital, land, and natural resources (Brumfield, 2004).

### 1.1. Disadvantages of agritourism

Agritourism is not a source of revenue that should replace a producer's income from sales of products, but should be seen as a complementary activity. Agritourism can be an 'add on' product, rather than a replacement.

Some disadvantages of agritourism are increased traffic, the need for more parking, and conflicts with non-farming neighbours. It may also require additional investment in farm stands, and visitor infrastructure. The owner or employee who deals with the public must be people-oriented. Agritourism may require hiring and training more people with different skills. When inviting the public to a farm, owners and managers need to make the property as safe as possible to avoid accidents and insurance policies need to be changed (adapted from Brumfield, 2004). Additional skills that are needed for agritourism include hospitality, marketing, and reservations. Poor people may need training in these skills to develop agritourism.

## 2. Types of agritourism and their economic impact

More detailed information on specific types of agritourism are provided here, focussing on farm stays, wine tourism, spice tours, flower tours, and tea and coffee tours.

### 2.1. Farmstays

Farmstays typically provide accommodation (e.g. guest house or bed and breakfast) on a working farm. These facilities provide farmers with additional sources of income, and an opportunity to provide an educational experience to their visitors.

The online travel booking service, [www.responsibletravel.com](http://www.responsibletravel.com), links travellers and responsible tourism operators, and provides information on their environmental and social responsibility to their destination. As an example of the number of farmstays available, their website lists 80 farmstays in 19 countries including a number of developing countries (i.e. Argentina, Egypt, India, Nicaragua, South Africa, Sri Lanka, and Thailand).

Box describes a farmstay in Egypt, where visitors stay on a small organic farm. Here visitors can travel the desert and valley tracks among antiquities and villages on horseback to about the lives of the farming families, their work, their futures, and their histories.



### Box 21 A farmstay at Abu Sir, in Giza, Egypt

The farm is worked according to principles of organic gardening with the fertilizer for the gardens coming from the composted horse, poultry and rabbit manure. No pesticides are used as they would cause serious problems for the animals if ingested. While much of the food consumed at the farm is grown on site, the remainder is bought from local markets rather than the urban grocery stores.

The farmstay uses well water and recycle our waste, most of which ends up consumed by the farm animals or composted. The enterprise also tries to limit the amount of plastic that is brought out here and we collect what does come for the local recycling plant.

Tours of the villages are conducted on horseback or by donkeycart which allow them to use the dirt tracks along canals and between farms rather than the asphalt roads, and to have more intimate contact with the villagers.



All of the staff come from the local villages and the enterprise is part of a local group working at educating the villagers about environmental issues such as the pressing need for better recycling of waste materials. In addition to offering accommodation to visitors to the area, the farm is a centre for educating urban people from Cairo about their rural roots, their rural history and the importance of the farming communities of the Nile Valley. They host families and small group gatherings to introduce visitors to village cooking, herbal remedies, flora and fauna.

Source: <http://www.responsibletravel.com/Accommodation/Accommodation900187.htm>.

## 2.2. Spice tours

Spice tours take place in developing countries including the United Republic of Tanzania (Zanzibar) and the Seychelles.

In Zanzibar these tours illustrate the history of the spice trade that took place in the 19th Century, and how the introduction and exploitation of different forms of spices between the Zanzibaris and other civilizations of the Indian Ocean. Historically, the spice industry provided a source of the wealth and increased trade and economic growth of the Middle East in the middle ages. Currently, individual farmers own small spice plots on Zanzibar, previously however there were large plantations worked by slaves (Rove Africa, 2008).

Typically a 4-hour tour would cost US\$ 70, including transport, guide and lunch. During the tour tourists would see how people cultivate cinnamon, nutmeg, cloves, vanilla, chillies, pepper, and many other spices and also see fruits such as jackfruit, breadfruit, pineapple, bananas and coconuts (Beyond Reach Africa, 2008). The tours also offer opportunity for sales of spices, food and drink by local producers.

In the Seychelles, On the island of Mahe in the Seychelles, a the Jardin du Roi is a private sector development covering 65 acres (37 hectares) that includes an organic spice and fruit garden, a small museum, pens with Seychelles tortoises, caged birds and a café. The Jardin charges €5 entrance for foreigners and 25 Seychelles Rupees for local people, and children are free. Activities and facilities include a self-guided trail with a map to view spice and fruit plants around the property, with numbered trees and plans for reference, a small museum and a restaurant. The garden employs 9 people full time in the café and garden, who are all from the Seychelles. The Jardin buys local produce from the district where possible (e.g. fish, chicken) and fruit and vegetables come from the garden itself. For example, café processes fruit and spices to make fruit juices, ice creams, and preserves. The restaurant has capacity for 30 people, and is on average visited by 15-20 people per day. People come independently, but two local

tour operators also bring people for lunch, although they are limited to 15 people per day (so that there is capacity to take walk-in visitors) (Spenceley, 2008b).



Cocoa trees at the Jardin du Roi



Traditional meal at Jardin du Roi

### 2.3. Tea and coffee estate tourism

Tea and coffee plantations often provide opportunities for tours, tastings and to purchase processed tea and coffee. These take place in tea and coffee producing countries such as Kenya, Uganda, India and Nicaragua.

Some tour operators' offer visits to tea and coffee estates as part of a package. For example, offer a visit to a tea estate in Fort Portal, Uganda, which includes a lecture on tea husbandry, tea processing and testing of fresh tea ([http://www.advantagesafaris.com/?jc=Student\\_Tour](http://www.advantagesafaris.com/?jc=Student_Tour)). Other operators offer more intensive tours. Namatse tours offers a full 10 day tea tour in India, where visitors travel to tea estates across the country to experience plantations of different varieties of tea. During their visits they learn about the cultivation and processing of tea, and even visit a tea auction house ([www.namastetoursindia.com/tea-tour-india.html](http://www.namastetoursindia.com/tea-tour-india.html))

Coffee plantations offer similar experiences for holidaymakers. For example, the Finca Esperanza Verde (FEV) Ecolodge in Nicaragua is an organic shade-grown coffee plantation that provides accommodation (including homestays in local communities), agricultural and nature tours (see Box 22). This enterprise contributes tangibly to the local economy and host communities.



## Box 22 Finca Esperanza Verde Ec lodge and coffee plantation

This ec lodge is in a private forest reserve and certified organic, shade-grown coffee farm set in a wet tropical forest with 4 nature trails located in the mountainous heart of Nicaragua.

Finca Esperanza Verde (or 'Green Hope Farm') was created in 1998 by a non-profit organization called Sister Communities of San Ramón, Nicaragua (SCSRN), based in Durham, North Carolina (United States). The 100 hectare certified organic farm has 12 hectares of arabica coffee that flourishes under the shade of the farm's extensive tropical forest canopy. Shade grown and organic coffee protects forest habitat and watersheds. When visiting the farm tourist can learn all about growing coffee in an environmentally responsible way, by participating in the care of the coffee bushes, making compost and during the coffee harvest season, November through February, picking, processing, and sorting the green coffee. Visitors can also follow the coffee to Matagalpa where it is sun dried, sorted, graded, cupped and exported.

Finca Esperanza Verde has cabins built of hand made brick and other local materials accommodate 26 people. It also offers homestays in the town of San Ramón, for visitors to enjoy time with a typical Nicaraguan family.

The lodge dedicates 10% of group and package tour income (not just profits) to community projects. Completed projects include a potable water system for a nearby coffee cooperative community, a new local elementary school and major improvements to the San Ramon municipal water system.

Activities for visitors include: Cultural exchange with the people and community of San Ramón

- Observe and participate in the cultivation of shade grown, organic coffee, including coffee picking sorting and processing (December – February).
- Learn about tropical forests and the struggle of subsistence farmers.
- Observe over 200 species of birds, plus numerous animals, tropical and medicinal plants Guided visits to the butterfly house and breeding project, and other guided hikes and walks.
- Cooking class in a traditional kitchen.

This tourism business won an Award in the 2007 Virgin Holidays Responsible Tourism awards, organized by responsibletravel.com in association with The Times, World Travel Market and Geographical Magazine, of the Royal Geographical Society.

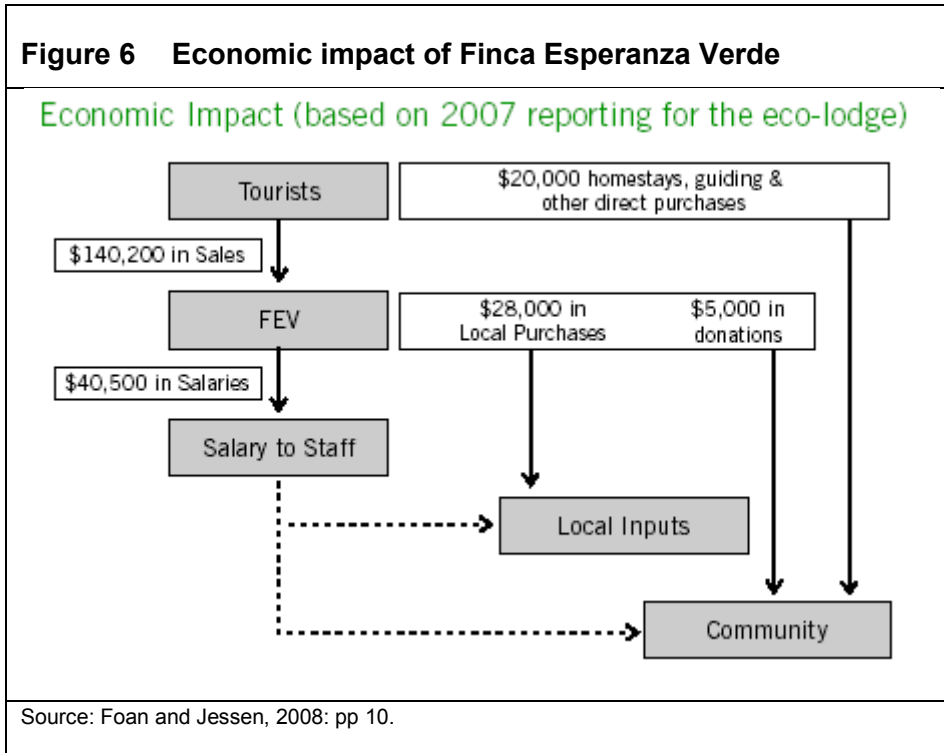
Sources: Foan and Jessen, 2008; [www.fincaesperanzaverde.org](http://www.fincaesperanzaverde.org).

<http://www.responsibletravel.com/Accommodation/Accommodation900485.htm>.

The FEV ec lodge has 25 full time employees (8 men, 17 women) in tourism and client services, who receive an average wage of US\$ 135 per month (which is higher than alternative local salaries for unskilled labour – of US\$ 55-US\$ 70 for women per month). The coffee-production side of the business employs 10 men full time, and 30 seasonal workers (mostly women) (Foan and Jessen, 2008).

In the first six months of 2008, the lodge spent approximately US\$ 24,000 locally at supermarkets, gas stations, and fruit and vegetable stands (70% of the total operational expenses). This practice of sourcing locally promotes FEV's own sustainability and contributes to a positive economic impact and distribution of benefits for the entire community; FEV has used its coffee business to provide similar positive economic impact for local farmers. In 2000 FEV, working with the local coffee cooperative, introduced local farmers to Counter Culture Coffee (CCC). CCC buys coffee from small producers around the world and sells to retailers in the United States. By eliminating middlemen, CCC was able to offer the farmers significantly higher prices for their product than the US\$ 1.55/lb set by local buyers. CCC purchased coffee from the farmers at US\$ 1.80/lb (a 16% increase) for mixed beans and a premium price of US\$ 2.05/lb (a 32% increase) for high-quality coffee earning a cupping score of 88 and above (Foan and Jessen, 2008).

In summary, in 2007 the lodge contributed US\$ 40,500 in salaries, US\$ 28,000 in local purchases and US\$ 5,000 in donations (Foan and Jessen, 2008: see Figure 6).



### 2.4. Flower estate tours

In Seychelles, a local entrepreneur and his sister have transformed his garden into a small plantation for exotic, non-invasive flowers, called Jardin Kot Man-ya. Giant tortoises consume waste vegetation cleared from the garden, and in return produce fertilizer that is used on the garden. The gardens are open to visitors, with foreign visitors charged a €10 entrance fee for adults, €5 for children, and lower rates are offered to Seychelles residents in Seychelles Rupees. Visitors can choose from a self-guided or guided tour of the garden. The entrepreneur also sells flowers to hotels in the area, including the Seychelles Tourism Board, the luxurious Banyan Tree, three major tour operators and the largest bank in the country. The garden is expanding, and employing 2 local people to develop another flower garden in the Anse Royale district.



Giant tortoises creating organic fertilizer from garden waste

Orchids at the Jardin Kot Manya



A guided tour by the local owner of Jardin Kot Many



### 3. Exercise: Planning agritourism

In groups, discuss how you would go about developing a small operating farm for agritourism. Pick a successful farming operation that you know locally, to use as an example.

Discuss:

- What activities could tourists do? (e.g. tours, tastings).
- What kind of tourist facilities could be offered? (e.g. accommodation, catering).
- What additional agricultural products could be sold? (e.g. direct sales of fruit/vegetables, sales of processed food in a restaurant or café).
- Could some of these be provided by local entrepreneurs and small businesses?

When you have made a list of what you might offer tourists, think about how you would promote your operation. Would you:

- Develop a website providing information about the facilities, and including a booking form?
- Link to tour operators already bringing visitors to the area, who could also offer this farm as a destination?
- Develop brochures and flyers?
- Use another way to promote the operation?

Make a presentation to the rest of the group on your ideas for the agritourism business, and include:

- An overview of the activities, facilities and products that might be offered.
- How it would be promoted.
- The challenges to adding tourism to an operating farm business (considering issues outlined in the section 1.1).
- What the benefits might be to local entrepreneurs and small businesses.

On balance, whether the benefits outweigh the challenges.



## Section 9 Developing business plans



The aim of this exercise is to:

- Provide a step-by-step guide for a producer to develop a business plan,
- Encourage the producer to plan the future of their business, predict problems and design ways of dealing with them,
- Develop a greater understanding of their business, and
- Produce a plan that can be used to access financing (ie, micro loan) and attract more customers.



### Box 23 What is a business plan?

A business plan is a proposal of a business venture. It reviews its current status and sets an overall business strategy for the company over a specific time period (Stutely 2002:8).

### 1. Planning your produce

A business plan helps you to plan (month-by-month) when you receive income and when you incur costs. The following table highlights some issues around income and costs, which are worth considering when planning your business. Although, it has been developed for a crop farmer, it can be altered for any type of agricultural business.

Income	Costs
When do your customers pay for their produce? (upon receipt, end or start of the month, every two months)	When do you plant your crops and how much do the seeds costs?
How much income will you have at the start of each month?	Plot how often you pay for something ( <i>weekly, monthly, annually</i> ) and how much you pay each time for the following: <ul style="list-style-type: none"> <li>• Loan repayment</li> <li>• Employee wages</li> <li>• Land rental</li> <li>• Equipment repayments / rental</li> <li>• Electricity</li> </ul>
How much is each instalment of your loan and when is it paid to you?	Plan the one-off costs, such as purchasing new equipment. When is the best time financially to buy these?



The most important function of the business plan is to guide the business in its development:

- ✓ It shows its future course: where do you want to go, what is your goal?
- ✓ It states the strategy of the business that will be followed to reach that goal.
- ✓ It identifies potential problems and indicates how they can be overcome.

Note that the business plan is a 'living document'. It must be reviewed and updated regularly so that it always reflects the current goals and strategies of the company. **Don't get someone else to write your business plan for you. Only you know what you want your business to achieve.** A business plan helps you to work through a problem and develop a way forward.

## 2. How to write a business plan: a step-by-step guide

This guide describes steps to conduct a business plan. It helps the producer to map their business, decide their objectives and create a strategy to achieve their goals. The steps are amalgamated from 'The Definitive Business Plan' (Stutely 2002).

### Step 1: Define your business activities

- Who are you? Describe what your organization is doing.
- What do you do? Describe your products and services.

### Step 2: Define the current position of your business

- Are you a new or established business?
- If already established, what has been the performance of your business to date? (*ie. number of customers, total monthly sales and costs*).

### Step 3: Market demand study

Conduct a questionnaire of tourism businesses in your surrounding area to identify what the current purchasing patterns of your clients and their demand for products. A template for this questionnaire is appended in Appendix 2.

### Step 4: Define the external market conditions, your competition and how you fit into the market.

- Who are your customers?
- How large is your potential customer base?
- Which farmers are your competitors?
- Is there a demand for diversifying your products? Do your customers request different types of food that you do not currently produce?

Conduct a brief strengths, weaknesses, opportunities and threats (**SWOT**) analysis of your business:

- **Strengths and weaknesses** are internal factors over which you have some control or influence.
- **Opportunities and threats** are external issues that you cannot control. However, you can develop a strategy to deal with them when they arise.

Table 17 provides an example of a SWOT analysis for a small producer.

<b>Table 17 Example of SWOT analysis for a small producer</b>	
<b>Strengths</b>	<b>Weaknesses</b>
Location close to tourism resort	Limited space to expand business
Formal contract with tourism business to provide fresh vegetables each week	Unable to add a large mark-up on produce
Good reputation in area with business	High loan repayments
Strong relationship with customers	Unable to afford farming equipment
<b>Opportunities</b>	<b>Threats</b>
Increase in potential customers as number of tourism businesses has increased	Many emerging farmers are competing to same customers
Demand from customers to increase types of product offered	Land rental due to increase next year
Customer willingness-to-pay more for higher quality produce	Flooding threatens crops each year

**Step 5:** Define your core objectives

- What do you want to achieve? (more customers, more revenue, payback loan).
- What are the short, medium and long-term objectives of your business?

**Step 6:** Define a strategy for achieving the core objectives

- Introduce the strategy you have devised to achieve your objectives.
- What competitive advantage does your business have compared to them? What makes your agricultural business more likely to succeed than your competitor?
- How will you find more customers?
- How will you reduce the cost of production to make your business more profitable?

**Step 7:** Develop a strategy for limiting threats and exploiting opportunities

- From your SWOT analysis, how will you minimize the threats and make use of the opportunities?

**Step 8:** Include business costs, revenues and cash flows into a financial plan

- Monthly plan that accounts for the past revenue and costs of the business and forecasts into the future (1 year in advance).
- The following template provides guidance on form of a cash flow sheet:

			January (present)	February	March	April
Revenue	1	Cash at the start of the month	US\$ 300			
	2	Sales in cash	US\$ 150			
	3	Sales on credit	US\$ 0			
	4	Micro loan payment	US\$ 25	US\$ 25	US\$ 25	US\$ 25
	5	<b>GROSS REVENUE (1+2+3+4)</b>	<b>US\$ 475</b>			
Costs	6	Overhead costs	US\$ 40	US\$ 40	US\$ 40	US\$ 40
	7	Employee wages	US\$ 80	US\$ 80	US\$ 80	US\$ 80
	8	Capital equipment costs	US\$ 0	US\$ 0	US\$ 100	US\$ 0
	9	Loan re-payments	US\$ 5	US\$ 5	US\$ 5	US\$ 5
	10	<b>GROSS COSTS (6+7+8+9)</b>	<b>US\$ 125</b>			
	11	<b>REVENUE AT END OF MONTH (5-10)</b>	<b>US\$ 350</b>			
	12	<b>PROFIT / LOSS (11-1)</b>	<b>US\$ 50</b>			

**Note:** The cash flow helps you predict the future costs of a business, such as the same amount needs to be paid each month for wages, overheads and loan re-payment. You can predict when you will have to purchase equipment (March) and if there is a constant stream of income (i.e., micro loan payment).



### 3. Exercise: Conducting a SWOT analysis

In groups, pick a farming operation that you know well and conduct a SWOT analysis. Use table 16: example of SWOT analysis for a small produce as guidance and remember that:

- **Strengths and weaknesses** are internal factors over which you have some control or influence.
- **Opportunities and threats** are external issues that you cannot control. However, you can develop a strategy to deal with them when they arise.

Develop the SWOT table and present your observations to the group. Consider the following:

- ✓ Did the strengths outweigh the weaknesses of the business?
- ✓ Are there any threats common to all of the businesses?
- ✓ Was tourism identified as an opportunity?
- ✓ How do you think this business should move forward?

#### 4. Further reading

Organization	Website
UN World Tourism Organization	<a href="http://www.unwto.org/sdt/index.php">www.unwto.org/sdt/index.php</a>
Policy research on tourism and poverty	<a href="http://www.odi.org.uk/tourism">www.odi.org.uk/tourism</a>
Pro-poor tourism	<a href="http://www.propoortourism.org.uk">www.propoortourism.org.uk</a>
Making markets work for the poor	<a href="http://www.markets4poor.org">www.markets4poor.org</a>
International Centre for Responsible Tourism	<a href="http://www.icrtourism.org">www.icrtourism.org</a>

## Appendix I Summary of EPRP



### What is the EPRP?

“Making trade work for the poor”

EPRP Mission and Vision

**Vision:**

Poor women and men in developing countries are autonomous, develop themselves and their communities through trade.

**Mission:**

Link through technical support promising products/services from poor communities to markets, in order to achieve a direct impact on their economic development

The Export-Led Poverty Reduction Programme (EPRP) was initiated in 2002 by the International Trade Centre, a joint agency of the World Trade Organization and the United Nations to promote sustainable development, enhance economic development and reduce poverty by improving the links between local producers in developing countries and export markets. The focus is on products and services offered by small-scale enterprises that can be exported (ITC, 2006).

The EPRP aims to enable people in developing countries to improve their socio-economic circumstances through access to trade opportunities and expanding the supply chains to include local people as producers and service providers. The EPRP links people in developing countries with world markets through integration in supply-chains and the development of products and services. EPRP projects are implemented at the formal request of countries and ITC works in conjunction with local partners to ensure the sustainable implementation of the projects. Projects have been implemented in 27 countries in three main sectors: agriculture, textile, and tourism (ITC, 2008a). Benefits to date have included increased income and employment opportunities, improved self-confidence amongst producers and the promotion of environmentally friendly production methods (ITC, 2006).

The ITC works with the following groups to implement EPRP interventions:

- Producers and producer groups.
- Trade support institutions and NGOs.
- Micro-finance institutions.
- Exporters, subcontractors, and investors (to link producers to market demand, requirements, product adaptation, quality, pricing and delivery schedules).
- National project counterparts (ITC, 2002).

ITC EPRP, in conjunction with local partners, provides the producers with the support and information required to enable to participate in the export market. This includes providing market information, access to credit, production techniques and quality management, marketing tools, management skills and networking opportunities. EPRP also creates a support network for the producers by raising awareness of their needs amongst trade organizations, support organizations and government authorities (ITC, 2006).

The development of the ITC’s Inclusive Tourism Programme results from the EPRP and focuses upon expanding the product and service supply chain in the tourism sector to enhance opportunities for local economic development. This programme will be rolled-out over the next five years and will include the provision of technical assistance and training to link local communities to the tourism markets (ITC, 2008a).



### **Building blocks**

Ten “building blocks” have been identified as critical to the success of EPRP interventions. The sequence of these ‘building blocks’ varies from case to case.

- **Identifying products and markets:** Assessment of potential products and markets.
- **Identifying and organizing producers:** Identifying producer groups, assessing production capacities, skills, organizational capacity, and environmental and social considerations.
- **Matching products markets and producers:** Product development and determining whether the producers can sustain production under competitive conditions.
- **Developing the appropriate product for the community:** And identifying the support required to enable them to participate in the market.
- **Developing human resources:** Providing training and skills development in key areas, such as management production.
- **Linking producers and buyers:** Ensuring a proven track record of the export partner and formalising contractual arrangements.
- **Micro-finance and credit:** Providing access to finance to assist producers.
- **Support Service providers:** Identifying the needs for support services and working with local NGOs and government to provide these.
- **Gender:** Promoting involvement of women.
- **Environment:** Assessing environmental impact and promoting environmentally sensitive production methods.

Inherent in the implementation of these building blocks is strong project coordination by the involved partners, where each partner has an assigned role (ITC, 2002).

For more information, visit: <http://www.intracen.org/poverty-reduction/en/welcome.htm>



## Appendix II Conducting a restaurant / hotel questionnaire



### Role of a questionnaire:

- It is a set of specially designed questions to which answers are written on a prepared form
- It is a way of corroborating or disproving perceptions
- It tells you certain things about your audience's behaviour and experience

### Points to consider when designing a questionnaire:

- Questionnaire should be clearly laid out and easy to read
- Ensure that the questions directly address the information you require
- Start off with easy questions and gradually progress to ones which require more thought
- Each question should ask for one piece of information
- Keep it short!

Source: Gutierrez et al (2005:49).

Pilot the questionnaire and request feedback. Which questions were too complicated and did the answers address the research objectives directly? Alter the questionnaire accordingly!

### RESTAURANT / HOTEL SURVEY

#### ENTERPRISE INFORMATION

1. **What is the name of the enterprise?** \_\_\_\_\_

Name of person being interviewed: \_\_\_\_\_

Phone number: \_\_\_\_\_ E-mail: \_\_\_\_\_

2. **What is your average monthly sales (US\$)?** \_\_\_\_\_

3. **Number of similar establishments in the area / market?** \_\_\_\_\_

#### PRODUCE

4. **From where do you get your supplies and what is your average spending on supplies (each month)?**

- |                    |                 |                      |
|--------------------|-----------------|----------------------|
| - Meat             | from .....      | and spend US\$ ..... |
| - Fish             | from .....      | and spend US\$ ..... |
| - Vegetables       | from .....      | and spend US\$ ..... |
| - Fruit            | from .....      | and spend US\$ ..... |
| - Cereals          | from .....      | and spend US\$ ..... |
| - Dry goods        | from .....      | and spend US\$ ..... |
| - Water and juices | from .....      | and spend US\$ ..... |
| - Alcohol          | from .....      | and spend US\$ ..... |
| - Other            | (specify) ..... |                      |

5. **Is there a high and low season for your business? If so, when to when?** \_\_\_\_\_

6. **Please describe PRODUCTS that are purchased from local people by your business:**  
(within 50 km of your business)

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7. **Please describe the SERVICES that are provided to your business or the tourists by local people:**  
(within 50 km of your business)

\_\_\_\_\_

\_\_\_\_\_

8. **For each item identified in 7 and 8 please fill in the following:**

Product / Services	Quantity required (per week/month)	Willingness to pay (per unit/kg)
1.		
2.		
3.		

9. **Please estimate how much money the enterprise spends each year on local products and services (US\$)** \_\_\_\_\_

**YOUR CUSTOMERS**

10. **What proportion of your market is:**

Independent Travelers \_\_\_\_\_ %                      Other \_\_\_\_\_ %  
 Organized Tours \_\_\_\_\_ %  
 Business Travelers \_\_\_\_\_ %

11. **Where are most of your guests from:**

Proportion \_\_\_\_%    Country #1 \_\_\_\_\_  
 Proportion \_\_\_\_%    Country #2 \_\_\_\_\_  
 Proportion \_\_\_\_%    Country #3 \_\_\_\_\_  
 Proportion \_\_\_\_%    Others \_\_\_\_\_

12. **How many people visited your restaurant / hotel over the past year (12 months)?** \_\_\_\_\_

**MARKER ACCESS AND MARKETING**

13. **How do you market/advertise your business?**

*Please tick as many as necessary.*

- Signposts
- Posters
- Flyers
- Internet (Specify which websites) \_\_\_\_\_
- Guide books (specify which) \_\_\_\_\_
- Through local tourism enterprises
- Government
- Tour Operators (Specify which) \_\_\_\_\_
- NGOs (Specify which) \_\_\_\_\_
- Word of mouth
- Through local people
- Newspapers / magazines (Specify which) \_\_\_\_\_
- Tradeshows (Specify which) \_\_\_\_\_
- Other: How? (explain) \_\_\_\_\_



**14. Which other locations compete with your business for tourists?**

**15. What are the problems associated with starting and operating a small business in the area? (i.e. barriers to investment)**

	Yes/No	Comment
Land		
Planning permission		
Access to finance		
Liaison with stakeholders		
Skills		
Understanding of tourism / opportunities		
Desire to start small businesses (entrepreneurialism)		
Marketing / Promotion		
Other...		
Other...		

**16. What are the problems facing your food and drinks procurement?**

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**17. Do you have any further comments?**

---



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***Thank you very much for your time.***





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