ITC's Approach to Tourism Development

« Making Trade work for the poor »

Fabrice Leclercq
International Trade Centre (ITC)

Established in 1964 as the joint implementing agency of the WTO and the UN, ITC specializes in trade development and export promotion activities in developing and transition economies.

Mission
Promote the growth of small business exports from developing and transition countries by providing, with partners, sustainable and inclusive trade development solutions.

ITC has designed and implemented successful export promotion programmes worldwide, serving the business community, trade support institutions and policymakers.
Export Impact for Good

ITC OUTPUTS

Economic Growth & Related Distribution of Wealth

Equal access for Women Youth Poor Communities

Job Creation

Social, Economic & Environmental Sustainability

IMPACTS

MDG Goals

1. ERADICATE EXTREME POVERTY AND HUNGER

3. PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

8. A GLOBAL PARTNERSHIP FOR DEVELOPMENT

7. ENSURE ENVIRONMENTAL SUSTAINABILITY

EXPORT IMPACT FOR GOOD
The Export-led Poverty Reduction Programme
Globalization and Poverty

- International awareness to make globalization work for the poor
- Benefits of economic growth do not automatically trickle down to the poor
- Therefore, the poor need to be brought into the growth process through employment and entrepreneurship
Basic Concept of our Poverty Reduction Programmes

Fundamental Belief

- Poor communities have the will and the basic capacity to offer marketable products or services

Idea

- Reducing poverty through the integration of poor communities into the value chains of national and international trade
EPRP Approach

- Addressing directly priority needs of the poor
- Bottom-up approach
- Built on existing strengths
- Cooperation with local institutions (TSIs), NGOs, and development agencies
- Long term sustainable improvement
- Scaling-up and replication to increase impact
Implementing EPRP: Project Cycle

1. National EDRP Strategy
2. Replication / Scaling Up
3. Implementation / Monitoring
4. Government Request
5. Opportunity Study / Needs Assessment
6. Participatory Project Design

Flow:
- National EDRP Strategy to Replication / Scaling Up
- Replication / Scaling Up to Implementation / Monitoring
- Implementation / Monitoring to Government Request
- Government Request to Opportunity Study / Needs Assessment
- Opportunity Study / Needs Assessment to Participatory Project Design
- Participatory Project Design to National EDRP Strategy
Impact and Assessment

• EPRP strives for **DIRECT IMPACT** on poor communities’ livelihoods

• **DIRECT IMPACT** assessed through IT-based Impact Measurement Tool (survey at the beginning of intervention, halfway and at the completion) by examining social, economic, community development and sector-specific indicators
Impact Measurement

WHY is it crucial?

- Fundamental EPRP approach: to know the impact of projects on living conditions at the community level (group of households)
- In line with the MDGs: poverty reduction measurement
- Credibility amongst donors
- Communication/EPRP Promotion
-Development through Tourism-
The Tourism Industry: Facts and Figures

- Fastest growing industry worldwide
- Accounted for 11% of total world exports in 2008
- Principal export for 1/3 of developing countries
- Generated 238 million jobs in 2008 (1 in every 12 jobs)
Tourism and FDI

- Development of tourism in LDCs
  - Even before 2002 tourism receipts in LDCs exceeded US$ 200 billion
  - Significant Increase in Investment over the past 2 decades

However...

- Statistics suggest that 60-75% of revenues related to tourism leak away from LDCs as a result of:
  - Foreign Ownership
  - Choice of importing rather than sourcing locally
  - Belief in local inability to cope with international hotel chain requirements

ITC

EXPORT IMPACT FOR GOOD
TPRP Objectives

• TPRP is a market-led approach aiming to integrate poor local communities in LDCs in the value chain of trade through tourism

• Facilitate an increase in the income along with an improvement of the livelihoods of poor women and men through active entrepreneurial participation in tourism value chains

Achieved by:

• Involve the poor by linking them to tourist market value chains

• Ensure tourism products and services meet international requirements

• Provide market expertise, capacity building, policy advocacy, and formal market linkages

• Work with existing tourism destinations and supply sectors
The Tourism value chain

- The 4 main tourism sub-chains:
  - Accommodation (Hotels)
  - Food (Restaurants, intermediaries, farmers)
  - Excursions (Tour operators, transports, communities)
  - Handicraft (producers, vendors)
The Tourism value chain

**Service Provider**
- **Owner**
  - Company
  - Private investor
  - Foreign/local
  - Local
- **Worker**
  - Wholesale and producers (W&P)
  - Fairly poor
  - Fairly poor/poor
- **Direct Supplier**
  - Construction and equipment companies
  - Fruit and vegetable vendor
  - Meat producer/vendor
  - Fisherman
  - Local transport
  - Food (dry) vendor
  - (W&P)
- **Indirect Supplier**
  - Construction workers
  - Furniture makers
  - Transport companies
  - Individual farmers
  - Farmers groups and organizations

**Accommodation**
- Resort
- Hotel
- Garden house

**Food**
- Restaurants
- Stalls
- Markets
- Local

**Tours/Excursions**
- OT
- Guide
- Transport
- Private
- Farm
- Family/individual
- Family/individual
- Family/individual
- Cooperatives
- Family/individual

**Handicraft**
- Shops
- Stalls
- Family/individual
- Family/individual
- Company
- Local
- Fairly poor/poor or rural poor
- G&P/International Markets (IM)
- IM/local market wholesalers (LMW)
- Sufficient or fairly poor
- Sufficient/fairly poor/poor
- Sufficient/fairly poor/poor
- Handicraft producers and raw material intermediaries
Current Inclusive tourism projects

- Main beneficiaries: poor communities neighboring tourist destinations/resorts

- Goal: thousands of beneficiaries can experience improvements in their livelihoods as a result of TPRP projects

- Projects:
  - Benin
  - Brazil
  - Colombia
  - Mozambique
  - Senegal
  - The Philippines
Partnership with International Hotel Chains

- TPRP is starting to work with SIXSENSES, MARRIOTT (Brazil) & FIESTA:
  - to help them create local economic development by sourcing directly from the local businesses
  - to improve their competitive edge
-Case Study-
TPRP in Brazil
Project’s Triangle of Sustainability

Local Communities
- 7 municipalities along CC (193Km)

Market Link
- International Hotels

Committed TSIs
- Banco Santander

TPRP
Technical Inputs
Investments on the Costa dos Coqueiros

<table>
<thead>
<tr>
<th>INVESTOR</th>
<th>INVESTMENT VALUE (US$)</th>
<th>COUNTRY OF ORIGIN</th>
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<tbody>
<tr>
<td>Reta Atlântico</td>
<td>100 million</td>
<td>Portugal</td>
</tr>
<tr>
<td>Iberostar</td>
<td>300 million</td>
<td>Spain</td>
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<td>Trusam</td>
<td>1.30 billion</td>
<td>Spain</td>
</tr>
<tr>
<td>Orissio</td>
<td>300 million</td>
<td>Italy</td>
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<td>Sol Meliá</td>
<td>337 million</td>
<td>Spain</td>
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<td><strong>Grupo Ace</strong></td>
<td>320 million</td>
<td>Spain</td>
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<tr>
<td><strong>Grupo Invisa</strong></td>
<td>70 million</td>
<td>Spain</td>
</tr>
<tr>
<td><strong>Total Investment</strong></td>
<td><strong>2.7 billion</strong></td>
<td></td>
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</tbody>
</table>
Investments on the Costa dos Coqueiros
Achievements of TPRP in Brazil

- Organic waste Recycling plant
- Increase in the production of fruits and vegetables, to be sold to hotels, restaurants, and self catering apartments
- Organization of Women’s cooperative
- Skills’ enhancement of women craft producers & linkages to the market
- Development Training and Advanced Leadership Courses
- Organize courses on computer science and foreign languages
- Ongoing replication in 2 other resorts en route to the rest of CC
- These results and others were facilitated by other partners funding and infrastructure development.
Impact on the Poor

New jobs
• 3000 new jobs at hotels through preferential hiring policy for community members

New markets
• 600 farmers, using organic fertilizer, supply organic fruits and vegetables to committed hotels & other tourism markets

Higher salaries
• 3 to 10-fold increase in artisan income
Thank You!

Website: www.intracen.org/poverty-reduction

Contact Information:
Fabrice Leclercq
Email: leclercq@intracen.org
Phone: +41 (0) 22 730 0417