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In what ways do the poor participate in the tourism economy?

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ODI Tourism Event: Pathways to Prosperity? Mainstreaming pro-poor approaches in tourism, 15 June
2007



Connecting People's Capacities



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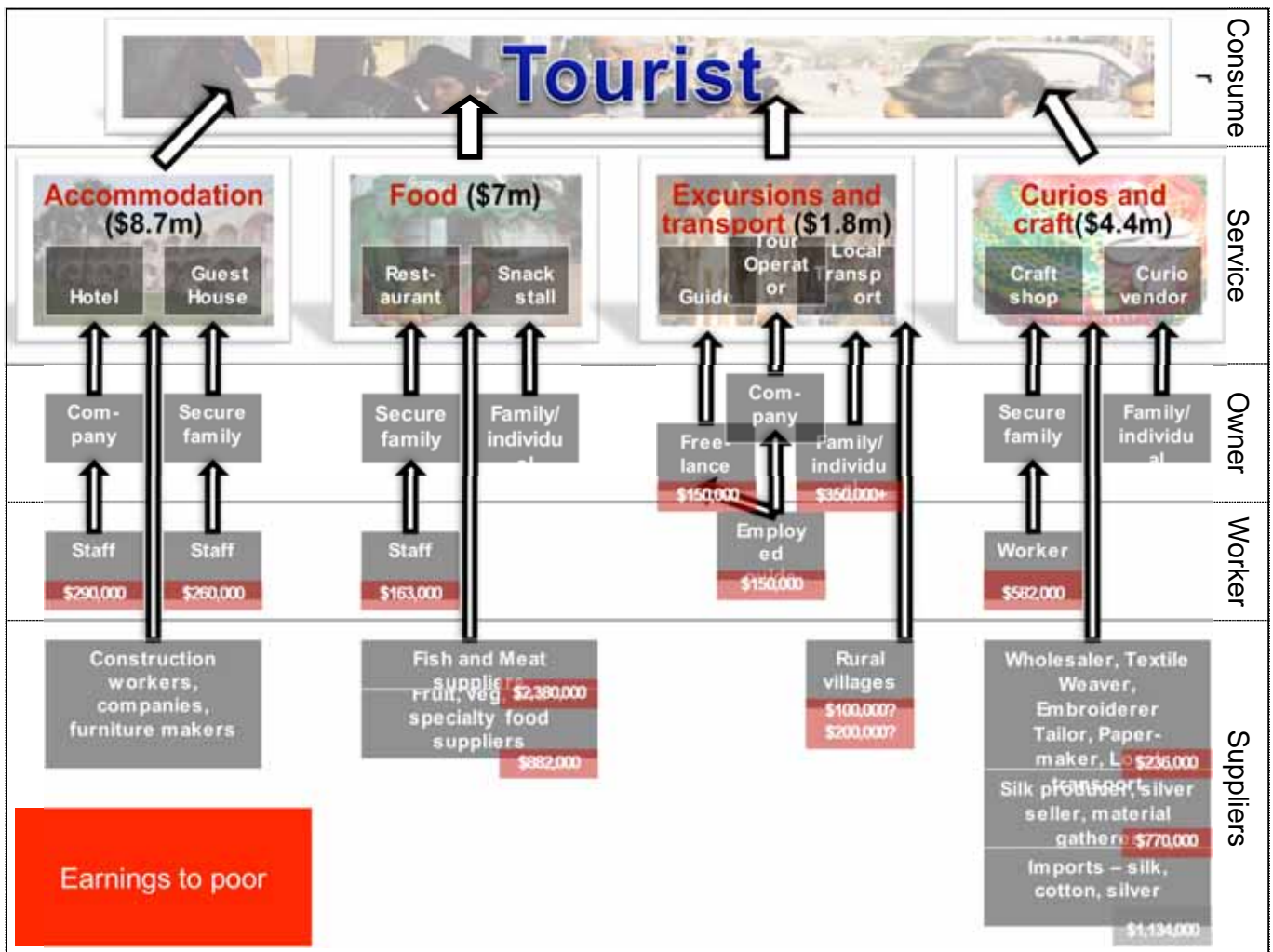
Q: where do the poor participate in the tourism economy?

BEFORE

- They participate...
 - As **unskilled** workers;
 - As food **vendors**, chai stall **operators**, rickshaw **drivers**;
 - In **community tourism** and community partnerships;
 - Etc etc

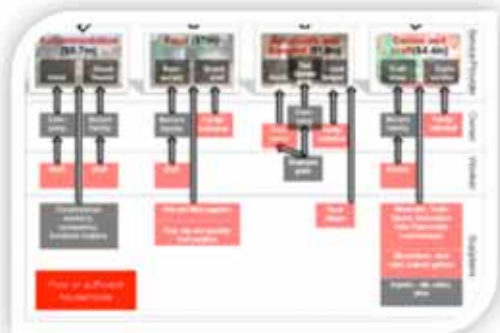
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- We don't have the picture, so let's map the tourism economy and the income reaching poor participants.



Using value chains to assess returns to the poor

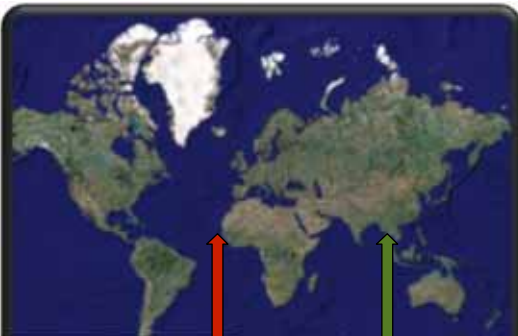
The value chain describes the full range of activities which are required to bring a product or service from conception, through the different phases of production (...), delivery to final consumers and final disposal after use.'
(Kaplinksy and Morris 2002).



- Value chain analysis focuses on the **inter-linkages** between elements of the value chain, and usually **addresses both economic flows and governance issues** between levels.

2 case studies to assess and enhance earnings of the poor

- First two applications in **Luang Prabang**, Laos, and **The Gambia**
- Used tools of value chain analysis and local economic mapping to identify:
 - Where the poor participate; and
 - Where participation could be increased.



The Gambia	Luang Prabang, Laos
Winter sun beach holiday	Cultural heritage town – temples, river, ethnic minority
110,000 p.a. European holidaymakers. Majority on packages.	125,000 tourist p.a. Majority independent travellers. Regional tour groups.



Luang Prabang tourism and opportunities for poor

A multicultural international development agency, based in the Netherlands providing advisory services in 33 countries.

Pro-poor sustainable tourism in Asia aims to:

- Strengthen **linkages** between the **tourism industry, local livelihoods and the wider economy**
- Strengthen **participatory tourism planning** processes and **multi-stakeholder collaboration**
- Support **training, research and knowledge providers** and incorporate their services in the further development of sustainable tourism
- Support government agencies in developing tourism **strategy, policy and legal frameworks** in line with PRSP's and the 2015 MDG Framework.

Why we needed to assess the Luang Prabang tourism economy

- SNV has been working in Luang Prabang for six years
- SNV's client has been the Provincial Tourism Office. Main focus was community tourism and eco-tourism.
- **Time to review SNV's activity:** perhaps mainstream tourism might offer more opportunities to help poor people?
Need more impact for the poor.
- Tourism Value Chain Analysis – May 2006 - ODI

Focus: current earnings and future potential



- Key questions:
 - How poor people are currently participating in the tourism economy?
 - What opportunities exist for increasing their participation and earnings, in different parts of the tourism chain?
- 'Poor' defined as unskilled and semi-skilled people
- Assessed four sub-chains: accommodation, food and beverage, excursions, handicrafts

Earnings of the semi-skilled and un-skilled in four chains

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

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

Key findings on who earns what

- Revenues of semi-skilled and un-skilled are 27% of total tourist expenditure
- Up to half of earnings of the poor come from the food supply chain.
- Importance of craft income – particularly for benefiting minority groups.
- Aside from the supply chain, most benefits are concentrated around LPB town

Priority recommendations proposed from the analysis

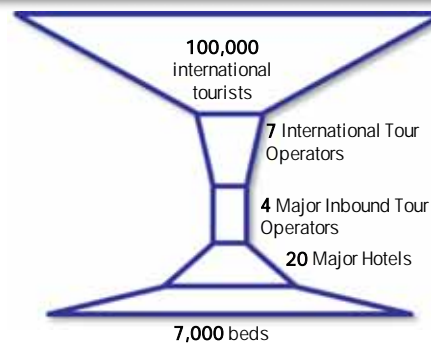
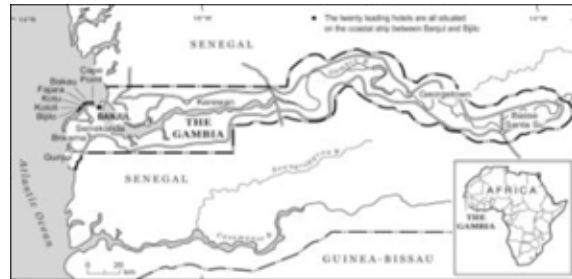
- Increasing the supply of fresh fruit and vegetables from Lao farmers to restaurants
- Increasing the supply of Lao silk and cotton for handicraft production (replacing imports)
- Restructuring product offer in rural villages and increasing tourist time and expenditure in rural areas.

How SNV Luang Prabang is translating findings into strategic interventions

1. Food chain – collaboration between tourism & market access advisors
 - Strengthen backward linkages from restaurants and hotels
 - Tourism-agriculture collaboration to develop riverweed value chain as a 'learning experience'
 - Product development of 'Lane Xang Heritage food' as a speciality food and event
2. Analysis & development of excursions value chain and rural product offer.
3. Future: silk supply

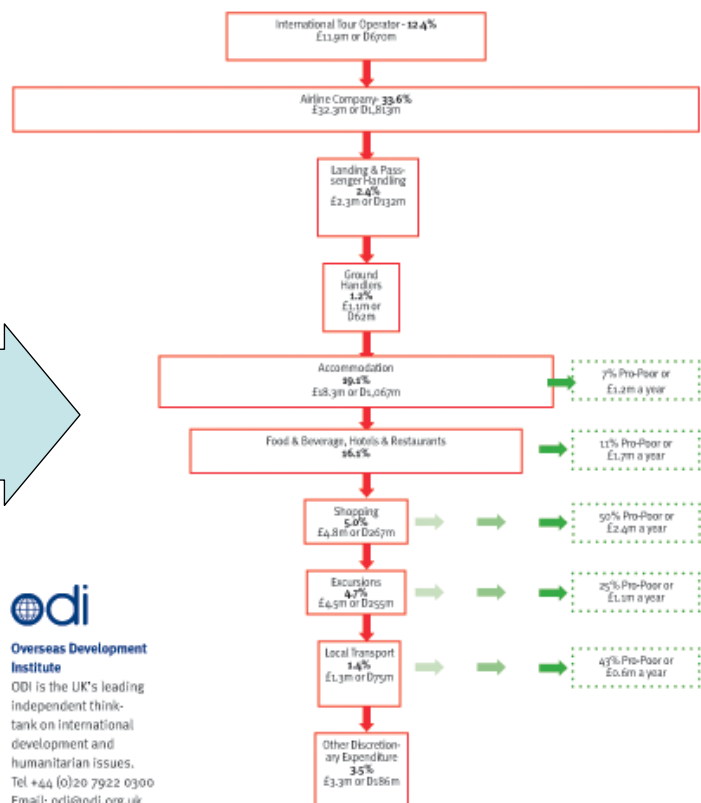
Why pro-poor tourism in The Gambia should not happen

- Small and poor country
- Classic tourist 'enclave'
- Low-end European package tourism
- Buyer driven supply chain
- 'winter sun' destination
- Very poor infrastructure and human resources
- Political instability



Where are poor accessing Gambian tourism value chain?

Greatest Pro-Poor Impact

Policy implications for The Gambia

- Be careful about All-Inclusive impact on discretionary spend
- Move upmarket may be premature
- Improving enabling environment is key priority
- Ability of the poor to access value chain is no accident (sustainable?)
- Inter-sector linkages probably have major pro-poor potential

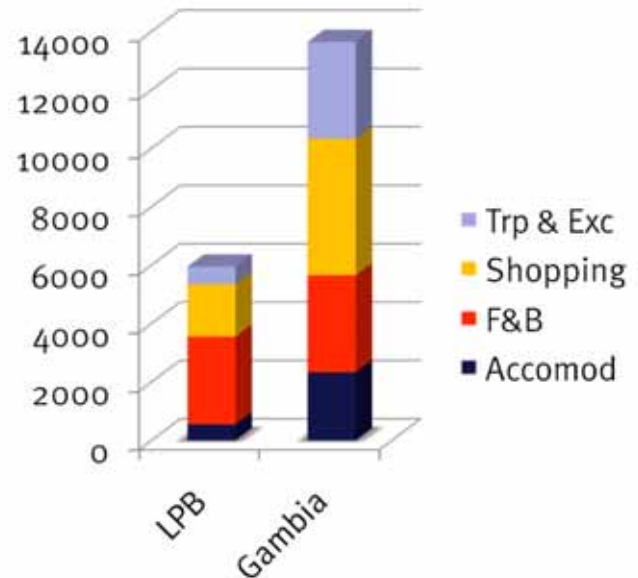


**Assessing and boosting revenues from
tourism for the poor
– initial lessons**

1. Where do the poor participate?

Striking similarities as well as differences:

- Discretionary spending on craft and shopping
- Food chain can have big / more dispersed impact
- Overall percentages vary considerably.



2. Lessons about the application and value of the tools

- VCA can be applied in different ways
- Different definitions of 'poor' and methodology have big impact on results
- Main value is in the 'big picture' and comparisons generated
- 'Big picture' depends on having most pieces of the jigsaw in place – thus on masses of triangulated data.
- Must move beyond the 'picture' of current flows to areas of potential.
- Recognise the gaps – what is not covered in this analytical step along the way.



Most recommendations are destination-specific, but some wider implications:

- Emerging evidence of substantial linkages to poor people, plus potential to boost them.
- **Key areas:** out-of-pocket spending, shopping/handicraft products, expand local inputs to the food chain.
- **Cannot assume** which kind of tourism is best for poverty impact.
- Do not focus PPT in one specific **niche**.
- Expanding both the overall **sector** and the **slice** accruing to the poor are important for poverty impact.



Questions and answers