



ECONOMIC OPPORTUNITY SERIES

The Role of the Tourism Sector in Expanding Economic Opportunity

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Preface

Beth Jenkins, CSR Initiative, Kennedy School of Government, Harvard University

The past fifty years have witnessed a “revolution” in global economic growth. Yet not everyone has participated in this revolution. More than 65% of the world’s population, over four billion people, still lives on the equivalent of less than \$4 per person per day. Even worse, the world’s poor are severely constrained – and often completely lacking – in opportunity to do better for themselves.

The business community has both the capabilities and the strategic, business reasons to play a major role in creating these opportunities. The CSR Initiative’s Economic Opportunity Series, a product of our Economic Opportunity Program, explores this role across a range of industries.

“Economic opportunity enables people to manage their assets in ways that generate incomes and options.”

For the poor, livelihood choices – in employment and entrepreneurship – are constrained by a wide range of interdependent obstacles, ranging from geographic isolation to market failures to political exclusion. This suggests that when we think about eradicating poverty, we should think broadly about creating economic opportunity. Economic opportunity is not, in itself, a solution; instead it is a context in which individuals can create their own solutions. It is a combination of factors that enables the poor to manage their assets in ways that generate incomes and options.

Creating or expanding economic opportunity could rightly be considered a responsibility of governments toward their citizens. But in today’s global market environment, various risks and opportunities provide reason for business to engage.

One key reason, across industries, is for business to leverage its own comparative advantage in society. As Milton Friedman might say, “the business of business is business” – and this is exactly what gives firms the capability and credibility to expand economic opportunity. Business activity creates jobs, cultivates inter-firm linkages, enables technology transfer, builds human capital and physical infrastructure, generates tax revenues for governments, and, of course offers a variety of products and services to consumers and other businesses. Each of these contributions has multiplier effects on development.

In developing countries, companies’ multipliers often fail to reach the scale or leverage of which they might be capable – often due to market failures and governance gaps. More deliberate management attention is required to unlock their full potential.

The Economic Opportunity Series explores four key strategies companies can use to expand economic opportunity:

Creating Inclusive Business Models	Involving the poor as employees, entrepreneurs, suppliers, distributors, retailers, customers, and sources of innovation in financially viable ways
Developing Human Capital	Improving the health, education, experience, and skills of employees, business partners, and members of the community
Building Institutional Capacity	Strengthening the industry associations, market intermediaries, universities, governments, civil society organizations, and grassroots groups who must all be able to play their roles effectively within the system
Helping to Optimize the “Rules of the Game”	Shaping the regulatory and policy frameworks and business norms that help determine how well the economic opportunity system works and the extent to which it is inclusive of the poor

There is enormous variation in the roles companies can play, depending on their industries, their particular business models and relationships, and the contexts in which they operate. The industry reports in the Economic Opportunity Series explore this variation, offering more specific and detailed examples for different industry sectors. The research suggests, in general, that inclusive business models can be the most effective and sustainable ways companies can contribute. Complementary strategies such as developing human capital, building institutional capacity, and helping to optimize the “rules of the game” can also have significant impacts. These strategies are often used in combination with inclusive business models, to enhance both their commercial viability and their development impact.

The research that has gone into this series also suggests that company efforts to expand economic opportunity can draw upon core business, philanthropic, and public donor funding, depending on the balance of business and social benefits expected, the likely timeframe for their realization, and the level of uncertainty or risk involved. Hybrid approaches are increasingly common.

So is collaboration. Complex, systemic challenges like expanding economic opportunity present frustratingly frequent bottlenecks to unilateral action, corporate or otherwise. Even the best-resourced efforts eventually run into limitations on scale somewhere. Collaboration allows parties to share knowledge and information, pool scarce or diverse assets and resources, access new sources of innovation, create economies of scale, and enhance the legitimacy of the parties’ own individual activities. In addition to assembling the necessary resources and capabilities, collaboration can generate new capabilities and change operating environments in ways that create new strategic opportunities.

The Economic Opportunity Series is part of a growing effort within the business and development communities to make the links between business activity and poverty alleviation. Experimentation and learning are happening fast. As a result, the series must be considered a work-in-progress, and readers are invited to share their experience and reflections with us. We look forward to being part of the dynamic growth and development occurring in this field.

1 ■ Introduction

Tourism's current role in expanding economic opportunity in developing countries presents a paradox. Resolving this paradox offers tourism companies the potential to play a leadership role within the industry and the business community as a whole.

On the one hand, the past decade has seen marked growth in the attention paid by policymakers, development experts, and industry leaders to the contributions made by the tourism sector in many countries, especially in the developing world. For example, within the United Nations (UN) alone, the UN Commission on Trade and Development promotes the importance of tourism to Least Developed Countries; the UN Environment Programme promotes sustainable tourism; and the UN World Tourism Organization is not only exclusively devoted to tourism, but has even created an international foundation to enhance its contribution to development (Sustainable Tourism – Eliminating Poverty, or ST-EP).

There are also some widely-cited examples of individual tourism ventures and companies – both large- and small-scale operators – that partner with communities and bring economic prosperity to remote areas. These include local business linkage initiatives for sourcing fresh produce and crafts, training community tour guides and other local tourism workers, and providing health care services and education programs to surrounding communities.

Yet on the other hand, research by the World Bank and PriceWaterhouseCoopers that compares corporate responsibility practices across industry sectors shows tourism lagging behind other industries (see Box 1). Despite growing evidence of the beneficial impacts of tourism in developing countries and good practices by some individual firms, critics still question whether the overall balance of impacts is positive, particularly as regards large holiday complexes and international hotel chains.

As has been the case in many other industries, tourism companies have thus far focused most of their corporate responsibility efforts on environmental issues and philanthropic contributions to social programs. Much less attention has been paid to managing their economic multipliers and impacts along local and global value chains. The potential for innovative business practices that deliberately expand economic opportunities for the disadvantaged has not been fully realized.

It is taken as given that tourism already has substantial impact on developing economies. And yet, tourism companies are not development agencies. Tourism is a fiercely competitive, specialized, rapidly evolving commercial sector. It is composed of a diversity of large companies and a plethora of small owner-operated enterprises functioning on tight profit margins. Neither is flush with cash nor privy to shareholder enthusiasm for prioritizing development over profit. When CEOs have to consider strategic societal issues, there are plenty of other candidates for attention: the industry's carbon emissions, maintaining health and safety, and respecting human rights.

The crux of the matter is how to combine commercial reality with enhanced development impact: how can tourism companies adapt their business practices in ways that make long-term commercial sense and deliver greater benefits to the local economies their guests visit?

Adding to the challenge, a diverse range of actors constitutes the tourism industry, so there is no one-size-fits-all, broadly applicable model. Actors include small hostels, large hotels, tour operators, travel agents, ground handlers, cruise ships, airlines, car hire and transportation, local guides, and a range of leisure and entertainment services. Governments are key players in infrastructure, marketing, licensing, and regulation. What suits a small owner-operated lodge may be less applicable to an international hotel chain. The levers available to accommodation suppliers to enhance local impacts are quite different from those available to tour operators. Additionally, tourism companies operate in many countries with different regulatory structures with varying requirements for internal corporate governance, labor, health, and safety.

This report examines how tourism companies can enhance their contribution to economic opportunity in developing countries. It argues that the potential for action is substantial. While tourism overall may be lagging other sectors in CSR, it is experiencing a time of rapid experimentation and change, with some proven strategies and business returns. Indeed, the case studies that exist suggest that there are additional business motivations for action in tourism, relative to other industries, due to the nature of the product. Because customers physically go to the place of production, they encounter suppliers, employees, and communities as part of their vacation experiences. Tourism products and customers' experiences can be enhanced by combining commercial practice and local investment.

The report draws from case studies covering both large- and small-scale operators mainly in the accommodation sector. Section 2 briefly reviews the development impact that tourism as a sector already makes. Section 3 then considers factors that can constrain companies from enhancing that impact and the business case for taking action. Section 4 explores the business strategies that can be used to expand economic opportunity, including, specifically, how the concept of "inclusive business models" applies in tourism. Section 5 presents a number of recommendations focusing primarily on larger-scale, mainstream resorts and hotels, which have opportunities to lead the rest of the sector by helping to define and implement best practices.

BOX 1 INDEPENDENT RESEARCH FINDS THAT TOURISM LAGS OTHER SECTORS IN ADOPTION OF CSR PRACTICES

A 2006 review of CSR in 14 of Europe's leading hotels noted that:

- "Some progress has been made, but the sector lags behind other European industries in responding to Corporate Responsibility challenges.
- Because of the complexity of the sector it is not easy for hotel companies, and others in the industry value chain, to respond to many of the issues without engaging with business partners;
- Long term, there is a clear business advantage for those who get their Corporate Responsibility response right but real risks for those that don't."¹

A 2003 World Bank review of company codes of conducts and international standards across sectors concluded:

"Of all the industry sectors examined in this project, the tourism industry was the least 'developed' both in terms of CSR initiatives and codes of conduct. Very few codes of conduct were identified akin to those used in light manufacturing and textiles industry, the agribusiness sector, or the 'principles' used in lieu of codes of conduct in the extractive industries. Although some firms have carved out a specific niche in providing tourism services with a focus on environmental conservation, and other multinationals have put in place specific practices and programs which are socially or environmentally responsible, the use of codes of conduct is far from widespread in the tourism sector."²

2 ■ The Role of the Tourism Sector in Expanding Economic Opportunity

Extensive data and literature point to the particular and growing importance of tourism in developing countries. The UN's World Tourism Organization (UNWTO) cites the following statistics:³

- **Growth in tourism arrivals:** The annual average growth rate of international tourism arrivals in developing countries for the years 1990-2005 was 6.5%, compared to 4.1% growth worldwide over the same period.
- **Growth in tourism revenues:** The average annual growth rate of international tourism receipts in developing countries for the years 1990-2005 was 9.7% compared to 6.3% worldwide over the same period. In 2005, developing countries recorded \$205 billion in international tourism receipts.
- **Contribution to gross domestic product (GDP):** The UNWTO does not have data on the global contribution of tourism to GDP, but estimates that at the country level broadly-defined tourism accounts for between two and 12% of GDP in advanced, diversified economies, and up to 40% of GDP in developing economies, and up to 70% of GDP in small island economies.

A recent literature review for the World Bank by the Overseas Development Institute concludes that rigorous, empirical national- and global-level analysis of tourism's economic and poverty alleviation impacts is lacking, but nevertheless it is clear that the industry is having substantial impact on local people and local economies in many developing countries.⁴ In the "best case" destinations, estimates show that earnings of local unskilled and semi-skilled people are equivalent to approximately a quarter of tourist spending at the destination level. However, in other destinations – for example those with less vibrant small enterprise sectors – the fraction may be 10% or lower. The differences highlight the importance of supportive enabling environments.⁵

The ODI World Bank review identifies three main pathways through which tourism affects poverty reduction:⁶

First are tourism's **direct effects**, the wages and earnings of those who participate directly in the sector as workers or entrepreneurs. International evidence shows that tourism is more labor-intensive than other non-agricultural sectors. It also uses a relatively high proportion of unskilled or semi-skilled labor.⁷ For these reasons, in some countries, tourism is an important source of employment for poor people. Many examples of responsible tourism come from rural areas, where tourism may be the only formal sector employment option. As agrarian systems decline, tourism may also offer rural dwellers an alternative to unemployment or migration to urban areas. Tourism's employment impact can also be highly significant in urban and coastal areas with higher population densities.

Secondly, **indirect effects** occur through the tourism value chain. Tourism draws on inputs from the food and beverage, construction, transportation, furniture, and many other sectors. Evidence suggests that in developing countries, this inter-sectoral impact adds an extra 60-70% on top of the direct effects of tourism.⁸

There are some destinations, such as Namibia and Luang Prabang in Laos, where one third to one half of the income poor people derive from tourism comes via the supply chain.⁹

Finally, tourism has a wide range of **dynamic effects**. Tourism development can affect the livelihood strategies of local households, the business climate for small enterprise development, patterns of growth of the local or national economy, and the infrastructure or natural resource base of the destination. Tourism also tends to employ a relatively high proportion of women and to purchase products, such as foods and crafts, produced by women in the informal sector – and as a result, may be able to enhance women’s economic positions and help overcome gender barriers. Finally, in certain locations, the tourism sector has a key role to play in planning for and responding to natural disasters, which often have particularly serious effects on poor communities.

It is important to note that tourism can also have negative impacts on local livelihoods and economies. By pushing up local prices and the country’s exchange rate, for example, it can leave those outside the tourism sector worse off. It can also deprive local people of access to the natural resources on which they rely, such as fishing grounds, forests, and water. Although there are many examples in which the improvements in infrastructure that accompany tourism development – such as electricity, water, transport, and telecommunications – have benefited the poor, in certain situations they can cause harm. For instance, if a certain resource is scarce, such as water, constructing hotels, golf courses, and other world-class facilities can come at the expense of the local (and particularly the local poor) population.

It is essential that tourism companies understand and seek to influence the dynamic effects of their operations. Some of these effects will be within the company’s own control. Others will result from systemic and governance factors that companies cannot address alone, suggesting a need for collaborative strategies among tourism operators, governments, and other development partners.

In each of these categories – direct, indirect and dynamic – scale of impact will be affected by conditions in the host economy, supply side factors, government policies, the type of tourist, and, of course, by tourism companies’ business practices. The table below shows some of the business practices that can affect the scale and distribution of impact within these three categories.

BOX 2 EFFECTS ON LOCAL ECONOMIC OPPORTUNITY

Type of effect on local economic opportunity	Business practice that will affect scale and distribution of impact
<p>Direct: employment and enterprise opportunities for those working in the tourism sector</p>	<ul style="list-style-type: none"> • Local recruiting, training, and promotion of staff. • Access of disenfranchised groups such as women, youth and minorities to employment. • Linkages with SMEs producing tourism products or services. • Encouragement and assistance for guests to enjoy activities in the local economy. • Joint ventures, profit shares, or regular channels for donations to local people.
<p>Indirect: employment and enterprise opportunities for those in other sectors that supply tourism</p>	<ul style="list-style-type: none"> • Linkages with local and/or small businesses supplying food and other goods and services. • Mentoring local businesses to meet procurement standards.
<p>Dynamic: effects on the economy and society more generally</p>	<ul style="list-style-type: none"> • Development of new infrastructure in ways that complement or help fulfill local needs (e.g. for water, transport, and electricity). • Supporting small enterprises and clusters to take advantage of growing markets and economies of scale provided by tourism. • Recognition of and action to address specific barriers to women in employment and enterprise. • Usage of natural resources in ways that respect local traditions and needs, and involvement of local residents in joint planning. • Planning and support for local economies in case of natural disaster. • Support for local business associations and other local institutions such as universities and training centers. • Investment in human resource skills that can be transferred from tourism to other areas.

3 ■ The Business Case for Engagement

The social and environmental impacts of tourism are increasingly prominent on the radar screens of consumers and the media, and the industry has begun to respond. Market research demonstrates that consumers are increasingly taking social impact into account when designing their vacations.¹⁰ Growing interest in concepts such as ecotourism, pro-poor tourism and responsible tourism testify to this. Honing in on this trend, leading companies have begun to explore ways in which they can benefit local communities not only through philanthropy, but also by integrating development objectives into core business models and practices. The business benefits for doing so center around the two key issues of mitigating risk and building opportunity.

3.1 Mitigating Business Risk

Tourism companies, like those in other industries with a physical presence on-the-ground, face various forms of risk where economic opportunities are lacking. Although most of the evidence is anecdotal, this can be a particular challenge for relatively luxurious facilities located in highly impoverished or unequal locations, even if they themselves are not directly responsible for poverty or inequality. These conditions can lead to crime, dependence, and unrealistic expectations of assistance, often coupled with resentment at needing that assistance – as well as, in extreme cases, instability and conflict. Whether directly linked to tourism or not, these circumstances can present security risks, reputation risks, and regulatory or policy risks for tourism companies. While certainly only a piece of the solution, efforts to spread the economic benefits of tourism can play a role in risk mitigation and management.

3.1.1 Security Risk

Most industries suffer in situations of sustained local opposition, terrorist threats, and more generalized civil unrest. However, a tourist destination can be drawn to a complete halt if locals are openly hostile, if crime is too frequent or too violent, or if terrorism or conflict threatens in the general vicinity. While a mine may increase security and continue to operate profitably in a conflict zone, a tourist-oriented hotel will probably suffer heavy financial losses and even close. Conflict can also devastate natural and historical treasures, permanently diminishing the value of a place as a tourist destination. This level of risk is usually general, affecting the entire destination rather than an individual hotel, and calls for collective risk management at the industry level in concert with governments and others. Public-private partnerships to share tourism revenues and other economic benefits more directly with citizens can be part of such efforts.

3.1.2 Reputation Risk

Limited local economic benefit and high income inequality can also contribute to hostile employees and unfriendly locals, leading to poor levels of service and, more seriously, theft and harassment when guests leave

hotel premises. Negative vacation experiences are easily communicated to other prospective guests and to journalists through online hotel reviews. Even one or two isolated incidents involving staff misbehavior or the experience of theft can severely undermine a hotel's reputation.

3.1.3 Regulatory and Policy Risk

In locations where income inequality is high or where luxury tourist facilities contrast too starkly with stagnant surrounding economies, public support from politicians and regulators may be limited, even if they themselves use the facilities. In rare instances, negative public views of tourism and its impact on the local economy, culture, and environment can lead to the imposition of heavy-handed or inappropriate regulation, restricted planning permission, or other types of blocking by government. Such situations can give rise to significant costs or constraints on growth. In contrast, efforts to catalyze local economic development in their surroundings can create the space for politicians and officials to support and even partner with tourism companies.

3.2 Building Business Opportunities

Expanding economic opportunity – particularly through core business and hybrid mechanisms, in addition to strategic, sustained, and targeted philanthropy – can benefit tourism companies in a number of ways, ranging from enhancing the customer experience to decreasing costs and improving access to finance.

3.2.1 Enhancing Customer Satisfaction

Enhancing customer satisfaction is of particular importance to the tourism industry. Expanding economic opportunity can improve customer service in the following ways:

- **Improving staff morale and service quality.**¹¹ Employees who receive opportunities for training and personal development are more likely to feel positively about their jobs and are more inclined, as well as better equipped, to provide high-quality service to guests. Staff also report higher levels of job satisfaction when they feel that they are part of an organization that contributes to the greater good. Local employees are well aware of a company's effects on the communities they come from. In addition, when a tourism company starts to systematically benefit its community, attitudes about employment in the industry are likely to improve, attracting better and more motivated staff and leading to improved service and guest experiences.
- **Offering a more diverse range of unique products for customers.**¹² Tourism companies can develop better products for tourists by incorporating local services, goods, and cultural experiences into vacation options. This can help companies differentiate themselves from local competitors or other geographic locations that share similar physical characteristics. For example, hotels can link tourists to cultural experiences such as the 'Ruta del Cacao' in the Dominican Republic, which takes guests to an organic cocoa farm where they can see how beans are grown and processed, buy locally manufactured arts, watch folk dancing, and taste and buy the cocoa, while gaining an understanding of the role cocoa cultivation plays in the island's socio-economic landscape.¹³ The tour operator First Choice provides another example of a company that has developed rural excursions and volun-tourism programs, through which guests gain a hands-on experience and opportunity to engage in a mutually beneficial manner with people in host communities.

- **Improving community attitudes and interactions with guests.** Working with local suppliers and communities to expand economic opportunity can help increase appreciation of the tourism industry and strengthen a company's social license to operate. Tourists are likely to have a more welcoming, friendly experience with locals if their host hotel or resort is seen in a positive light by local inhabitants, taxi drivers, business owners, and public officials. In the Gambia, for example, hotels started allowing craft market producers and vendors to sell on designated days within the hotel and juice pressers to deliver juice to guests. Relations between sellers and guests have improved, and levels of hassle on the beach and in the markets have dropped.¹⁴

3.2.2 Building the Brand and Improving Marketing Capacity¹⁵

Tourism companies can help create more distinct niches for themselves in the market through economic opportunity efforts. Purveyors of sun and sand are many in number, so incorporating local culture, supplies, and services into the guest experience can help provide product differentiation and branding. The Haciendas in Mexico offer one example of how a luxury spa holiday experience has effectively incorporated traditional treatments based on local cultures and history. This, in turn, opens up new marketing opportunities. Good initiatives may receive awards and free publicity through the burgeoning number of travel and lifestyle magazines, in addition to business publications. In some cases, lodges and hotels offering unique experiences are promoted alongside five-star hotels because of the unusual packages that they offer.

Companies can also tap into specific marketing advantages created by organizations helping consumers identify ethical tourism products. These range from the Fair Trade in Tourism trademark to specialist websites such as the Responsible Tourism site (www.responsibletravel.com). Spier Estate in South Africa, for example, estimates that its FTTSA certification led to more than 52 mentions in print between October 2003 and December 2004.¹⁶

3.2.3 Decreasing Operating Costs

Sourcing locally can help reduce costs in the long run. Some tourist destinations are in remote areas with underdeveloped infrastructure. Companies are forced, usually at significant expense, to import needed goods. If local supplies can be developed, these costs can be reduced, although developing adequate local suppliers often requires initial inputs of training and resources.

3.2.4 Increasing Access to Financing¹⁷

A few pioneering hotels have obtained funding from organizations such as the International Finance Corporation (IFC), regional and national development banks, and foundations. These investors often require adherence to social and environmental criteria. Tourism companies proactively pursuing inclusive business models that benefit the poor are more likely to be able to access such funds. The IFC's support of the SIWA Sustainable Development Initiative in Egypt offers a good example, as does the longstanding relationship between the Aga Khan Development Network and Serena hotels in locations as diverse and challenging as Rwanda and Afghanistan.

3.2.5 Collaborating more Effectively with Government¹⁸

Working proactively with communities to expand economic opportunity can also lead to better relationships with local, national, and regional policy-makers. Governments may explicitly or implicitly favor companies with positive social and economic development impacts when deciding whether to grant planning permission, operating licenses, and other opportunities. For example, authorities may allow a company's guests access to publicly-owned natural resources and cultural landmarks, thus helping it market itself as providing unique experiences.

3.3 Addressing Obstacles to the Business Case

Despite the growing business case for greater engagement, most tourism companies have only started to scratch the surface when it comes to explicit efforts to expand economic opportunity. The initiatives that do exist tend to be philanthropic actions rather than core business operations. This tends to limit their sustainability and scale, although strategic and targeted philanthropy can still make an important contribution in many cases. There are a number of reasons that progress has not been more marked, as outlined below. Addressing these challenges will be essential if tourism companies are to increase their development impacts, as well as manage their business risks and opportunities better.

Community economic development is viewed as a philanthropic cause rather than a core business risk or source of opportunity. Companies' community economic development strategies span a spectrum from pure philanthropy to core business practices and other levers. Most companies in the tourism industry are still at the philanthropic end of the spectrum. While charitable giving can play a useful role and is relatively simple to carry out, it fails to leverage the tourism sector's core competencies to their full potential with respect to increasing economic opportunity and alleviating poverty.

Economic impact is a relatively small, isolated piece of the CSR agenda. When the social responsibility of a company is evaluated by investment analysts, potential employees, and guests, the analysis often includes environmental and social policies, stakeholder engagement practices, public reporting, and external assurance.¹⁹ Compared with environmental issues, which often lend themselves to technical solutions that are easier to measure, economic issues require broader, more relationship-based solutions that are hard to measure especially in the short term. As a result, economic impacts receive little in the way of attention from analysts and others evaluating the company. A company can score very well based on labor practices, environment, and philanthropic donations, while doing little to expand economic opportunity in surrounding local economies. This form of evaluation makes it less likely that companies will see creating economic opportunity as a key part of their agendas, even though it may in fact be one of the greatest contributions they can make to the countries and communities where they operate.

Companies face operational constraints in local employment and procurement. Even when tourism companies make explicit commitments to expanding economic opportunity, their efforts can run up against operational constraints, such as lack of local capacity. Hiring locally, for example, can be challenging if residents lack essential qualifications such as literacy. In procurement, tourism companies, like any others, need reliable,

high-quality, low-cost goods and services. This combination of attributes is often more readily available from large national or regional wholesalers than from small, local entrepreneurs, who tend to lack management skills, technologies, capital, and other resources.

External pressure is limited. In some industry sectors, local communities, civil society groups, governments, consumers, and investors have put strong pressure on companies to minimize their negative impacts and increase their positive ones. To date there has been less of a spotlight on tourism. In part, this reflects the fact that there have not been major crises in the industry. However, external pressure has started to grow. This has focused in particular on the industry's environmental impacts and working conditions, but is also starting to highlight the conditions of poverty surrounding many popular tourism destinations.

Highly competitive value chains limit incentives and opportunities to enhance development impacts. Traditionally, mass tourism has been driven by low prices. In countries where tour operators still play a key role, those running on business models of tiny margins per passenger plus high volume often put pressure on hotels to provide low-cost options. This can make it difficult for hoteliers to allocate resources for supporting local economic development activities.²⁰ Until recently, whether booking through tour operators or the Internet, consumer demand for such activities has not been sufficient to drive change in the industry.

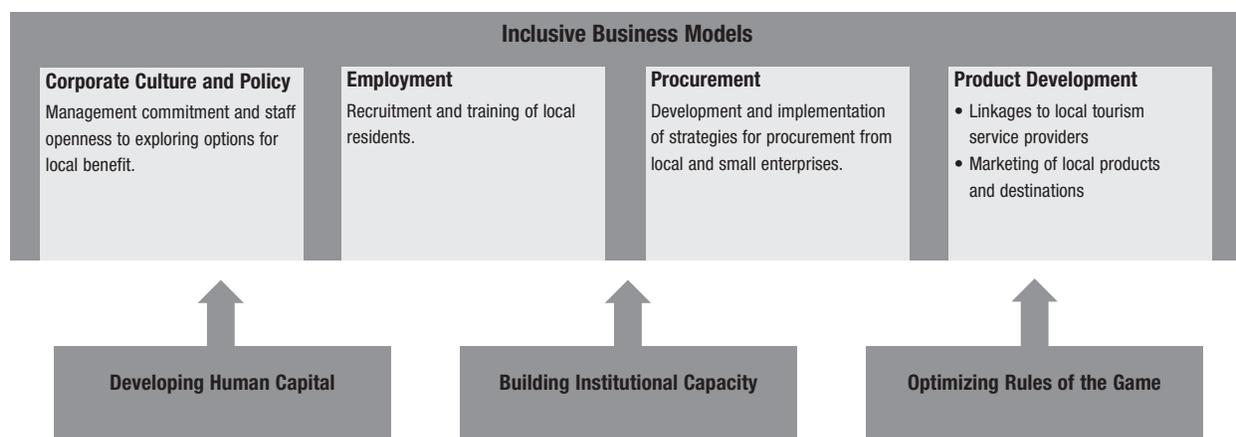
As outlined at the beginning of this section, despite these challenges, the incentives shaping the tourism industry are beginning to change. The number of niche operators (even if now owned by mainstream companies) who operate on smaller numbers, higher margins, and stronger destination-level relations is increasing. The business case for tourism companies to expand economic opportunity beyond the efforts already underway is growing, offering great potential to both the companies and the locales in which they operate. Section 4 outlines four of the key strategies that companies can use to turn this potential into practice.

4 ■ Business Strategies for Expanding Economic Opportunity

Tourism companies can enhance their benefits to local communities, while also enhancing customer satisfaction, by consciously developing inclusive business models – going beyond philanthropy to explicitly use their value chains to create and expand local economic opportunities. Such approaches require senior-level leadership and commitment, and include comprehensive local employment practices and business linkages between hotels and local enterprises in tourism and other markets, whether in the formal or informal sector.

In many cases, inclusive business models need to be supplemented by other strategies that overcome local market failures and lack of capacity. These include efforts to develop human capital; build local institutional capacity, for example in business associations and shared training facilities; and improve the “rules of the game” or broader enabling environment. This section looks at these strategies in more detail.

BOX 3 INCLUSIVE BUSINESS MODELS



4.1 Creating Inclusive Business Models

The United Nations Development Programme (UNDP) defines “inclusive business models” as business models that include the poor as employees, entrepreneurs, suppliers, distributors, retailers, customers, or sources of innovation, in ways that further their human development and that are financially, environmentally, and socially sustainable.²¹ Tourism companies can build such models in a number of ways, in particular by increasing the quantity and quality of local employment and procurement.

4.1.1 Improving Employment Practices

The extent to which local hiring enhances economic opportunity and builds human capital assets depends on a company’s recruitment practices and willingness to train. Many tourism companies already employ relatively large numbers of local people.²² This alone has significant local economic impact. Such impact becomes even

more significant when companies offer reasonable wages, working hours, and job security. Complying with international labor standards in these and other areas can help tourism companies ensure that workers are building appropriate skills and financial assets, while also mitigating their own reputation risk. Some companies, such as Serena hotels, have gone even further, paying above minimum wage and offering employees pensions, life insurance, and other financial support services. Companies' economic opportunity impact can also be enhanced by hiring and training local residents for management positions in addition to low-paid, unskilled jobs.

4.1.2 Building Business Linkages to Local Tourism Products and Services

Hotels and other tourism companies can help small-scale tourist product and service providers in both the formal and informal sectors to market themselves by linking their guests with local restaurants, artisans, tour guides, museums, natural healers, and traditional performing artists. Hotels can accomplish this by:

- directly advertising the goods and services
- using local products in their décor and informing guests of their source via labels and other material
- allowing local small businesses to sell within their establishments, and
- establishing contractual agreements with local cultural entrepreneurs to bring interested guests to cultural events or workshops.²³

Such initiatives are not always commercially viable. On the island of St. Lucia, for example, it has proven challenging to draw tourists to cultural events because they have come specifically for all-inclusive sun and beach experiences.²⁴ If cultural products seem unlikely to appeal to the clientele, sourcing other products locally and providing employment and training may be better methods by which to grow economic opportunities.

4.1.3 Procuring Other Supplies and Services Locally

Sourcing other products and services from local suppliers is often an effective and under-utilized way to expand economic opportunities through core business activities. Products can include food, furnishings, guest amenities, and other local items.²⁵ A hotel can also contract local companies to provide a variety of services, from laundry and gardening to transportation and maintenance. During construction phases, hotels can use local contractors, providing significant, though short-term, employment and income generation options. With an added ingredient of mentoring for small firms and training for workers, this can be translated into creation of a more skilled local enterprise base in the long term.

A relatively small increase in local procurement can often inject more money into a local economy than would be possible through philanthropy.²⁶ Spier Estate, for example, realized that shifting 10% of its total procurement to local small enterprises would inject as much money into the local economy per year as its traditional substantial philanthropy program, and with more dynamic impacts on local economic development. It proceeded to overhaul its procurement practices as a result.²⁷

In some instances, incorporating local enterprises into hotel supply chains supports more households than direct employment.²⁸ In addition, some hotels that buy local agricultural products have had substantial enough

impact to lift farmers above the poverty line, as in the case of a Sandals resort in the Caribbean whose melon purchases helped raise 70 farming families out of poverty.²⁹

Not only can local procurement help farmers and non-agricultural enterprises move from subsistence into surplus income generation, it also can have dynamic effects. For example, it can help small farmers and enterprises open bank accounts and improve their creditworthiness. It can stimulate entrepreneurs to produce new items and/or sell existing products to other markets, thereby reducing dependence on the tourism industry. In some cases, local procurement initiatives can result in the creation of small industry clusters and entirely new value chains.

Detailed analysis of the extent to which hotels use local products and services is still lacking in many countries. Although anecdotal evidence suggests the number is increasing, research in southern Africa suggests that most resorts and hotels do not yet maximize their use of local products and services.³⁰ In many cases there are challenges to sourcing locally, even if a hotel operator is willing. Local products may not be diversified enough, the quality may be too poor, or the quantities supplied may be inadequate or unreliable.³¹ Local residents may also lack the requisite business skills or understanding of tourists' tastes. Larger companies can help local suppliers develop business management systems, such as stock plans and quality assurance systems, and advise on packaging and marketing. They can also help local enterprises understand what quality is required and how to rise to that standard. Mentoring is often critical to success in this area. While mentoring can be time-consuming, it offers an opportunity for employees to volunteer in their local communities and can make a significant difference in the transfer of new skills and business practices.

In summary, local procurement strategies, while not always easy to implement, offer a high-potential approach to expanding economic opportunity, and one that many companies can further develop.

4.1.4 Establishing Community Revenue or Profit-Sharing Schemes

Another kind of inclusive business model offers local communities direct ownership options or financial stakes in the venture's success. This model is currently being explored by a number of extractive industry companies, with some interesting mechanisms being established that may have relevance for the tourism industry. Mechanisms can range from full-fledged joint venture agreements to community-based foundations and trust funds. Some tourism facilities have created joint ventures, with a share of the profits accruing to communities, including individuals or vulnerable groups who might not have the capacity to participate in the tourism industry through employment or procurement. Such initiatives offer great potential, but can be challenging to establish, especially when it comes to determining appropriate profit-sharing structures and fair allocation of funds within the community itself.

4.1.5 Sharing the Distribution of Opportunities Among Different Groups

Distribution of opportunities among different income and ethnic groups is an important issue for hotels to consider as it can create negative or positive dynamic effects depending on how it is managed. Hotels can play leadership roles in ensuring that their management and operational staff profiles reflect the diversity of surrounding areas. This can be challenging because after initial relationships and processes are established with

employees and suppliers, the social networks of those individuals often play key roles in recruitment and bidding pools, whether or not the company explicitly favors one group over another.³² While there is no easy answer, simply being aware of this challenge can help improve practices.

4.2 Developing Human Capital

The degree to which a hotel or resort invests in the training of its employees and the development of skills more widely significantly influences its long-term economic opportunity impact.

First, effective on-the-job technical and management training programs not only help to improve customer service, but also enable employees to develop transferable skills that can improve their future employability within the tourism industry and beyond. In some cases, former employees leave to establish their own small enterprises that become suppliers to their former employers.

Second, many hotels need to train their staff on public health and hygiene to protect the wellbeing and safety of guests. This learning is often then applied at home, helping to improve household and community health and build human capital, enabling greater productivity and economic security. In locations facing diseases such as avian flu, HIV/AIDS, tuberculosis, and malaria, for example, hotels are developing policies and practices that can be shared more widely in local communities. Many hotels also carry out driver safety training for staff responsible for transporting guests, and this can also benefit local communities, especially in emerging markets where road traffic injuries are growing rapidly as a health burden.

Third, as outlined earlier, companies wishing to procure locally often need to provide training and mentoring to suppliers in the areas of management systems, customer relations, and marketing in order to obtain goods and services that meet quantity, quality, and reliability requirements.³³ Once again, wider dissemination of such skills and competencies can benefit both the company and the local economy over the longer term.

Fourth, hotels and tourism companies can support industry-wide efforts to train young people and support schools and universities. For example, they can contribute their knowledge or scholarship money to college courses and training centers so that training is provided for large numbers of people, strengthening the talent pool and saving themselves the direct costs of training. The American Express Foundation, for example, founded and contributes to the Global Travel & Tourism Partnership. This Partnership works together with education authorities, tourism ministries, and companies to provide in-depth tourism sector training to young people around the world. The Partnership currently serves more than 418,000 secondary school students and young adults.³⁴

4.3 Building Institutional Capacity

Effective institutions are essential to the success of any industry and economy. These can include traditional institutions such as public sector bodies, local business associations, chambers of commerce, associations of tour guides, community-based organizations, NGOs, universities, and training centers. Increasingly, they also

include multi-stakeholder or cross-sector alliances in which companies, donors, government bodies, and civil society organizations come together to tackle particular development challenges or sets of challenges.

In the Gambia, for example, the British Department for International Development (DfID) supported the facilitation of a multi-stakeholder initiative that included the Gambian Tourism Authority and formal and informal tourism industry enterprises. The initiative led to the creation of codes of conduct for crafts and juice sellers, which helped create cohesion and self-regulation in those parts of the informal sector, while reducing harassment of tourists. The initiative was seen to be sufficiently helpful that after the DfID project ended, the group involved (composed of the Gambian Hotel Association, the Ground Handlers, an association of informal sector members, the Gambian Tourism Authority, and four representatives of the foreign tour operators) chose to create a Responsible Tourism Partnership to continue the work.³⁵

In South Africa, the Business Trust has partnered with the Department of Environment and Tourism since 2000 to establish a comprehensive Tourism Enterprise Program (TEP) aimed at supporting firms in this sector to develop commercially viable transactions that will help to create jobs and thereby reduce unemployment and poverty. The TEP provides institutional support and services that help emerging tourism enterprises gain access to finance, skills, technical support, and markets, often by creating business linkages between these enterprises and established companies in the sector. The Business Trust is itself an interesting new model of partnership between business and government, which brings together the senior executives of many of the country's major corporations with government cabinet ministers to identify priorities and implement projects aimed at stimulating employment, building capacity, and enhancing trust in South Africa. Although few of its member companies are active in the tourism sector, the Business Trust identified tourism as a priority sector for job creation and one that needed greater institutional capacity in order to achieve its potential. TEP estimates that tourism growth created over 30,000 full-time equivalent job opportunities between July 2000 and June 2006 and that its partnerships assisted some 3,000 enterprises during the same period.³⁶

Such multi-stakeholder alliances, whether at national or regional levels, constitute one of the most interesting areas of institutional innovation in the field of international development. Companies from many industry sectors are starting to create or participate in such alliances, either within their own sectors, as in the Gambian tourism example, or more broadly, as in the case of the Business Trust. Companies in the tourism sector have an opportunity to play leadership roles in helping to strengthen and establish such structures more widely.

The tourism sector can also play an important role in working collectively to help strengthen the more traditional institutions that are critical to expanding economic opportunity. For example:

- **Mentoring programs for SMEs:** Joint mentoring initiatives targeted at specific small, medium and micro-entrepreneurs and/or at addressing specific sets of challenges that these entrepreneurs face is a key area for greater collaboration. Spending time with entrepreneurs to provide commercial advice, share contacts, explore customer needs, review quality excellence, and discuss health and safety standards are all invaluable contributions tourism companies can make.
- **Training institutions:** Tourism companies can work collectively through business associations or establish dedicated training centers or hotel schools to train local employees and suppliers, transfer international quality standards, and build other tourism skills that will enhance the reputation of the overall destination.

Joint programs can not only be more efficient, but also reach larger numbers of people and help standardize effective training methods.

- **Financial and business service institutions:** Tourism companies can work with local business associations, business development services providers, and community-based organizations to enhance their capacity to provide micro-credit and other financial services; credit ratings for local entrepreneurs within the tourism value chain; business and technical advice; and mentoring and networking opportunities.³⁷
- **Producer associations:** Tourism companies can support the formation or strengthening of local producer associations, which can provide marketing and wholesale facilities that individual entrepreneurs cannot afford.³⁸
- **Research institutes:** In developing countries where tourism is a major industry, industry leaders could do more to support research to evaluate tourism's development impact, identify key risk areas, and explore ways of enhancing impact.
- **Industry codes of conduct:** Tourism companies can work jointly with local associations to develop codes of conduct for themselves and for local entrepreneurs in order to ensure that the destination complies with the best international standards, helping to manage risk and to improve the region or country's reputation.
- **Community representation and leadership:** Partnerships or joint ventures with local communities may require strengthening community institutions and developing leadership and negotiation skills and decision-making capacity. As well, it can be important to help community and public sector leaders to develop an appreciation for the commercial challenges and realities of the industry so that expectations are realistic.

4.4 Helping to Optimize the “Rules of the Game”

Regulatory and policy frameworks help determine how well a local or national economic system works, and often how successful a particular industry can be in terms of competitiveness and inclusiveness of the poor. Hotels and tourism associations that aim to create inclusive business models may find that they must engage more proactively in shaping policy and legal environment to support their efforts. They can also help local community leaders to gain more effective voice in decision-making.

Areas where tourism companies can play a useful role in optimizing the “rules of the game” include the following:

4.4.1 Improving the Enabling Environment for Small Enterprise Development

Hotels that try to source locally often find that laws penalize small-scale entrepreneurs in the informal sector and make it excessively difficult to enter the formal sector. In Zambia, 74 different licenses were required to establish a small local tourism business.³⁹ Hotels can work with governments to create regulatory environments that allow small businesses to formalize and to operate more efficiently.

4.4.2 Preserving National Heritage and Wildlife Assets

These assets are essential components of the tourism experience in many countries, but legal and regulatory incentives for local communities to preserve them can be lacking. For example, in locations where wildlife poaching is a threat to both the security and success of tourist operations, poachers often come from local communities and undertake this activity because they have no other source of income or in some cases even food. In such situations, the success of anti-poaching efforts may depend on government, industry, and/or donors helping to establish economic alternatives. In some cases, the challenge is a lack of property rights – if local communities have no sense of ownership, or receive no benefit from the natural and cultural assets in the areas where they live, they have little incentive to protect them. Joint delegations of tourism companies and community leaders can sometimes be effective in gaining government support for more effective and equitable approaches to land tenure and other property rights issues.

4.4.3 Encouraging Government Incentives and Guidelines for Responsible Tourism

Tourism companies can also advocate for governments to adopt policies and offer incentives that reward enterprises that can demonstrate they have explicit policies and practices to expand economic opportunity in the communities where they operate.⁴⁰

While driven more by the government than by advocacy from the tourism industry, South Africa has strongly emphasized a pro-poor approach to tourism. The government's *Responsible Tourism Guidelines* encourage companies to give communities stakes in their projects, and the Broad-based Black Economic Empowerment Scorecard assesses companies on a range of actions aimed at racial equity, including support for enterprise development and community development. The South African National Parks department requires those bidding for concessions within national parks to submit not only business plans but also empowerment plans explaining how their projects will provide business opportunities for emerging entrepreneurs and historically disadvantaged people. Some valuable concessions have been granted to companies that provide equity stakes to communities as a result of this framework. Although the specific history and conditions are unique to South Africa, such frameworks can be adapted for expanding economic opportunity in other countries.⁴¹

4.4.4 Mobilizing Multi-Stakeholder Public Policy Alliances

Efforts to shape and improve tourism environments through better policy are often most successful when many different stakeholders work together as advocates for change. The credibility of multi-stakeholder efforts is greatly augmented when major hotels and tour operators participate and provide leadership. At the same time, such alliances can help community leaders gain more active and legitimate voices in public policy processes. In many situations, community leaders may lack the confidence or understanding to interact with policy-makers, and may not even be able to get a “seat at the table” without external support.⁴² By including and supporting local community leaders, the tourism industry can help them develop their leadership skills, while supporting more participatory decision-making processes that – over time – create more sustainable tourism destinations where all the key players feel they have stakes in the industry's success.

5 ■ Conclusions and Lessons

The tourism industry has a great deal of untapped potential to help expand economic opportunities in local communities. This potential hinges upon inclusive business models that integrate the poor into value chains as employees, suppliers, retailers, customers, and beneficiaries, thereby enabling them to build their economic and human capital assets. Because tourism is often the main industry in otherwise isolated locations, relatively small changes can have disproportionate benefits.

Tourism companies have the opportunity to move from traditional philanthropic programs to the integration of development concerns into their core business models. This can reduce risk, enhance a wide array of stakeholder relations, and in some cases enable the development of new products and business opportunities.

It cannot be assumed that the same combination of methods will work everywhere. Companies must consider the preferences of tourists and characteristics of local communities and regulatory frameworks in their particular locales in order to develop business models that are appropriate. The following lessons from effective initiatives merit further analysis and research:

5.1 Lessons for the Tourism Sector

Shift mindset: Create a corporate culture that actively seeks business approaches that expand economic opportunity along the value chain. Such efforts should focus on situations where there is synergy between the commercial interests driving the business and mechanisms to advance development goals.

Focus on employment and training: Continue to support local economies by employing community members whenever possible, and by providing effective training programs to bolster employee motivation, customer satisfaction, and local human capital development.

Improve procurement practices: Revisit and revise procurement policies and practices to grow your business with local farmers and small enterprises, while recognizing that they may need support in the form of credit, technology transfer, and mentoring in the early stages to raise product quality, reliability, and quantity.

Link tourists to local cultural products and experiences: Allow advertising that helps guests become aware of local artisans, cultural events, businesses, and guides which have the potential to make their vacation experiences more memorable.

Pay attention to the distribution patterns of tourism-related economic opportunities: Consider ways to structure opportunities so that they reach smaller local enterprises with more limited available capital, workers with limited skills, and depending on the situation, marginalized groups such as women, youth, and ethnic minorities.

Work to create an enabling environment that helps tourism expand economic opportunity: Address property rights issues, accreditation of suppliers and tourism entrepreneurs, and increase government understanding of how its policies can favor development-friendly tourism.

Collaborate with others to maximize impact: Co-invest in efforts to build local capacity to enhance efficiency. Consider seeking seed funding from governments, NGOs, or international financial institutions. Partner with local organizations to provide needed levels of training and support for local small enterprises. Participate in joint advocacy for policy change. Support and build multi-stakeholder partnerships that cultivate vibrant, entrepreneurial destinations.

Share best practices: Share and build upon best practices, adapting them to different actors within the tourism industry and in the public and private sectors, including international donors and NGOs.

5.2 Lessons for Governments

Encourage inclusive business models through regulatory and fiscal policy and public contracts: Regulation and public policy should provide incentives for companies to initiate business models that increase economic opportunities for the disadvantaged. These can include preferred status for new contracts, planning permission, tax incentives, and government procurement of conference and accommodation facilities.

Build public-private partnerships to increase training capacity: Coordination and support for dedicated institutions or other mechanisms for local employee and supplier training can help to achieve the scale needed and, over time, enable these institutions to become economically viable as the industry – and its training needs – grows.

Partner with the national tourism sector to facilitate the shift to inclusive business models and greater development impact. Governments, sometimes with external grants assistance, can help reduce the transaction costs to companies of shifting to inclusive business practice. Providing information on local suppliers and serving as a third-party facilitator or “honest broker” can make the difference between a nice idea and real change. Governments can also help tourism companies by developing joint approaches to international development agencies and foundations with co-funding proposals specifically targeted at achieving development goals through tourism.

Create a conducive environment for small and micro entrepreneurs. If large companies are to work more with small and micro entrepreneurs, supply side constraints must simultaneously be addressed. Access to capital, business services, markets, and information are needed, plus support to enhance quality and reliability of production.

Engage at local and provincial levels, not just national. At the level of a local destination, local government can catalyze partnerships between hotels, tour operators, transport operators, different government departments, artisans, vendors, and other entrepreneurs, and help all parties address obstacles to inclusive business partnerships.

6 ■ Case Profiles

The case studies in the following section provide a small sample of the innovation and experimentation that is already underway among large- and small-scale tourism companies operating in a variety of developing countries. They give some indication of the potential for achieving both commercial success and development impact by implementing business practices that explicitly take into account the goal of expanding local economic opportunity.

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6.1 SERENA HOTELS AND THE AGA KHAN DEVELOPMENT NETWORK, EAST AFRICA

Overview

The Aga Khan Fund for Economic Development (AKFED) is an international development agency that promotes private sector entrepreneurship in specific regions of the developing world.⁴³ AKFED is part of the Aga Khan Development Network (AKDN), whose work spans health, education, culture and the built environment, rural development, institution-building, and economic development,⁴⁴ and it is the only agency in the network incorporated as a commercial entity. AKFED has five main subsidiaries including Tourism Promotion Services (TPS), which owns and manages 26 hotels, resorts, lodges, and camps – 19 in Africa and seven in Asia – under the Serena brand name. AKFED is the majority shareholder in TPS Eastern Africa Limited.

AKFED's primary goal is to act as a catalyst, strengthening the role of the private sector in local economic development by bringing international investment and know-how together with local experience and entrepreneurial skills. As an AKFED subsidiary, TPS's mandate is to develop the tourism sector. TPS undertakes its investments in close consultation with governments, often helping them to lay out integrated tourism development plans for specific regions. For instance, it uses its membership in the Kenya Association of Hotel Keepers and Caterers to contribute to the Government's National Tourism Sector Development Strategy.

TPS's first hotel ventures were established in the 1970s in Kenya. Its involvement in East African tourism now extends to Tanzania, with safari lodges, a luxury tented camp in a national park, and a hotel in Zanzibar's historic Stone Town. Serena East Africa also has established projects in Mozambique, Uganda and Rwanda.⁴⁵ In its most recent phase of development, TPS's Kenyan holding company, TPS Limited, floated its shares on the Nairobi Stock Exchange to broaden ownership of the properties, and it has plans to list on other East African exchanges as well.

As His Highness the Aga Khan stated at the official opening of the Kampala Serena Hotel in Uganda on November 10, 2006:

*"In all of these places, our goal is not merely to build an attractive building or to fill its rooms with visitors, but also to make a strategic investment which many private investors might be reluctant to make, but which promises to produce a magnificent multiplier effect as its impact ripples through the local communities. The multiplier effect is in part an economic one –measured in jobs created in building, maintaining and operating the new facility – but these ripple effects need not be limited to the economic sector. Their impact can also be a social and a cultural one, as this project works to re-enforce the values of hospitality and courtesy, of excellence and efficiency, of community and confidence, of self-reliance and self-improvement."*⁴⁶

Serena reports that it seeks to develop and maintain positive, ethical and accountable relationships with all stakeholders including local communities, customers, shareholders and providers of capital, suppliers, employees, trade unions the public sector and other partners. As a result, Serena has won a number of awards,⁴⁷ and in a survey conducted by PricewaterhouseCoopers and the Nation Media Group in 2006, Serena hotels were voted Most Respected Company in East Africa in the Tourism Sector for the fourth year running.⁴⁸

Activities

AKFED looks for projects that are commercially sound and have the potential to spur long-term development. It focuses on tourism and leisure as one of the few industries, especially in many rural areas, that currently have both prospects.

Boosting direct employment. Serena employs about 3,000 staff in East Africa, including only one expatriate. The hotel chain believes that its strong focus on employee development is integral to maintaining world-class service and customer satisfaction.⁴⁹ As such, it provides comprehensive training and development for staff at all levels, for example in management, technical, marketing, and financial skills. Serena actively promotes women in management and awards employees for long-standing service.

Serena also reports that it strives to exceed regulatory requirements related to labor and employment in many countries where it operates. For example, salaries may exceed legal minimum wages, and a variety of benefits

may be available. These can include pensions, life insurance, financial services, and health and wellness programs. For example, every property operates a Savings and Credit Society for employees and has a staff clinic with a full-time nurse. The recently established Serena Employee Wellness Programme aims to address the health needs of both employees and surrounding communities.⁵⁰ Employees are made aware of their legal rights, benefits, and terms of employment as part of mandatory induction and training.⁵¹

Local procurement. Serena has a policy of using local, national, or regional suppliers wherever possible in order to boost local economic development. Most food and beverage items are sourced locally.⁵² The hotels advise and train local suppliers to meet its quality standards. In Tanzania, for example, Serena has worked with bottled water manufacturers and local fruit and vegetable growers. Now these items can be sourced locally, rather than imported from Kenya and elsewhere. Where hotels procure from larger companies, they prefer those that work with smallholders to purchase their main agricultural inputs. For instance, Farmer's Choice Limited, a meat supplier, provides technical assistance, pays farmers promptly, and reimburses their transport costs.⁵³

Preserving local heritage through linkages to local tourism products. Serena hotels are located in some of the most beautiful areas of East Africa. In addition to preserving the natural environment, part of their mission is to support the numerous local communities and ethnic groups by reinforcing their unique cultural heritages. The hotels purchase a range of products for use in furnishing and decorating their properties and for sale to their guests. These include handmade ceramic jewelry, traditional African dolls, table settings, bags, and a wide array of other handicrafts.⁵⁴

Youth development. The hotel chain works with hospitality colleges to provide internship opportunities for their students. It also supports organizations such as Students in Free Enterprise and Junior Achievement, which are focused on helping young people access economic opportunities and reach their full potential.

Building infrastructure. Serena considers local communities' infrastructure needs as it builds its properties. Many of these communities lack access to clean drinking water, for instance, which the hotels often provide in order to reduce incidence of water-borne diseases which can affect their employees. At Lake Manyara Safari Lodge, Serena has supplied water to over 10,000 people for the past seven years, some of whom used to travel as far as 15 kilometers to reach the taps. In Arusha, the hotel has helped to construct, and now helps maintain, a road from a mountain village to the local market.⁵⁵ Such infrastructure improvements can improve the investment climates in the countries concerned. In addition, creating high-quality accommodation and leisure facilities for business travelers and tourists can bring in foreign exchange revenues and stimulate further investment.

Key Lessons Learned⁵⁶

Serena focuses on both the enabling environment (including infrastructure and the human resource base) and access to markets, finance, and services (including alliances and networks). The hotel chain acts as a demand driver regionally, much as "clustering" has been found elsewhere to be effective in promoting economies of scale and the market viability of small and medium enterprises.

Serena's commitment to corporate social responsibility is part and parcel of the Group's business model, which includes a range of forward and backward linkages with local suppliers, tourism enterprises, communities, and residents. Linkages such as procurement, local employment, local cultural and heritage products, and local partnerships have been identified as critical to Serena's impact on local communities. Serena's impact can also be measured in the motivating effect it has on other local enterprises.

6.2 STARWOOD HOTELS & RESORTS AND THE HACIENDAS OF THE MAYAN WORLD FOUNDATION

Overview

At the beginning of the twentieth century, the Henequen Haciendas in Mexico's Yucatan Peninsula were prosperous sisal plantations that supported local communities through large-scale employment. But during the 1950s and 1970s, many of the Haciendas were abandoned after "complex disputes over ownership,"⁵⁷ leaving the rural communities with high unemployment and extreme poverty.

While collaborating in a joint venture to build a luxury hotel in Mexico City, Grupo Plan approached Starwood to be its operating partner for the Haciendas project. Starwood believed that the Haciendas properties would be strong additions to its portfolio with their mix of architectural and cultural heritage. Working with specialist restorers and architects, the Haciendas were restored to offer luxury tourist accommodation. Starwood Hotels & Resorts Worldwide currently operates five of the approximately 15 Haciendas owned by Grupo Plan, a Mexican company with experience in developing historical buildings.⁵⁸

Activities

The first phase of the project involved rebuilding five Haciendas. The second phase expanded to include community housing, health, education, and environmental projects, encouraging local people to take active roles in the development process and in the preservation of Mayan cultural identity.

Employment. The Haciendas project boosted local employment both in the construction phase and subsequently in permanent hotel positions. These positions offer better working conditions than many other local forms of employment, such as agricultural labor, and also provide personal development opportunities. For example, Starwood provides staff training that includes English, computer literacy, and hospitality skills. The company also supports health programs for staff and their families.⁵⁹ These programs not only build the human capital assets of Haciendas employees, but also improve service delivery in the hotels. Approximately 90% -100% of the Haciendas' employees come from the surrounding villages. According to Starwood, the majority are descended from those who worked the Haciendas during the Henequen period.⁶⁰

Local procurement. Starwood sources approximately 90% of its fresh fruits, vegetables and herbs and 100% of poultry and pork locally. The Yucatán is well known for its poultry and pork, which is exported to Japan.⁶¹

Development and inclusion of local cultural products and services. With help from the Haciendas of the Mayan World Foundation, which was set up in 2002 to promote economic, social, and cultural development in the Yucatan, 21 people from four communities have trained as masseuses and organized into cooperatives to provide services through the Haciendas' spa facilities, where they are able to earn twice the Mexican minimum wage.⁶² Several of these masseuses are descended from Mayan *sobadoras* or bone healers. Also in collaboration with the Foundation, 17 micro-enterprise development workshops have been set up to revive traditional jewelry-making and other handicrafts such as sisal weaving and embroidery.⁶³ Villagers are trained and encouraged to use native materials and traditional methods. The Haciendas not only provide markets for their final products – for decoration, guest amenities, and sale in hotel stores – but also for guest experiences visiting the workshops. For example, in Hacienda Ochil, guests can visit wood and stone carving workshops.⁶⁴ These businesses support approximately 180 women, and are now being turned into cooperatives to enable them to tap into new markets for their products.⁶⁵

Local community empowerment. The Haciendas of the Mayan World Foundation helped to set up a Civil Corporation and Community Savings Fund, which have enabled community members to decide on and contribute funds for development projects, reducing their dependence on external decision-making and funding.⁶⁶ One hundred and twenty families in three communities contribute to the community fund, making possible projects such as roof reconstruction, the purchase of a community vehicle, a toilet project, and a stationery shop.⁶⁷ Importantly, the Foundation has also helped to secure legal land ownership for thousands of villagers.

Overcoming cultural challenges. Starwood encountered a number of cultural challenges working in villages of the Yucatan. Local people are proud of their heritage, but also sometimes shy, as they may not have had much prior contact with foreigners. The general manager at Hacienda Temozon describes the need to provide ongoing encouragement for employees and other residents to take more initiative in the decisions in which they are involved.⁶⁸ In addition, due to a combination of modesty and *machismo*, employees' families initially resisted the idea of massage; however, these attitudes softened with time as additional incomes came in.⁶⁹

Results

Starwood's Haciendas project is a viable business model that supports at-risk cultural heritage. It has enabled properties of unique historical importance to be restored and valued, helping retain cultural assets for local residents and guests to enjoy. From a guest perspective, management has received positive guest feedback about the botanical garden in Santa Rosa, where local healing plants and regional fruits and vegetables are grown, and about massages offered in *cenotes* or natural sinkholes. The general manager at Hacienda Temozon also reports that guests frequently inquire about how they can get involved and contribute to the local community.⁷⁰ These authentic heritage experiences are enabling Starwood to deliver a differentiated product. Feedback would suggest that guests regard it as a premium offering.

The Haciendas network actively shares experiences among its five hotels, for example, through combined staff training sessions and exchange programs sending star employees to other properties. Starwood also runs exchanges with other properties in Mexico and beyond, such as sending chefs to food festivals to promote regional food.⁷¹

Starwood is interested in replicating the project, as it meets increasing customer demand for responsible tourism that supports socio-economic development in surrounding communities. Another three properties are in the pipeline.

6.3 ENVIRONMENTAL QUALITY INTERNATIONAL AND THE INTERNATIONAL FINANCE CORPORATION, EGYPT

Overview

Founded in 1981, Environmental Quality International (EQI) is a Cairo-based consultancy specializing in natural resource management, governance and policy, and enterprise development services.⁷²

In 1997, through an existing relationship with the Canadian International Development Agency (CIDA), EQI identified Siwa, the largest oasis in Egypt, 70 kilometers east of the Libyan border, as an ideal location for a direct investment in sustainable development.

EQI's vision for the Siwa Sustainable Development Initiative (SSDI) was an integrated collection of "commercial ventures aimed at promoting economic development in Siwa that is in harmony with its sensitive environment and revitalizes its unique cultural heritage."⁷³ The company wanted to demonstrate that sustainable economic development could also conserve the cultural and natural assets of Siwa. EQI was the primary investor and catalyst but partnered with the local community, local governorate, and international organizations in design and implementation.

The first phase of the project involved two lodges and a women's handicraft project. In 2005, partnership with the International Finance Corporation (IFC) enabled EQI to expand its activities. The current portfolio of enterprises and projects includes three lodges, a women's artisanship development initiative, organic farming and food production, and community art projects.⁷⁴

The Siwa Sustainable Development Initiative has won a number of awards, including the International Chamber of Commerce and United Nations Development Programme's World Business Award for best practice in alleviating poverty (2006), the British Airways Tourism for Tomorrow Award, and a Certificate of Appreciation from the Ministry of Tourism for "a remarkable effort in promoting tourism in Egypt" on the occasion of World Tourism Day (2004).

Activities

Reviving traditional skills and creating employment. The first phase of the SSDI created two lodges: Adrère Amellal, a nature lodge located in a rural location, and Shali Lodge, a village lodge located in the center of town. Both began operating in 2001.

Construction of these two lodges provided employment and other income-generating opportunities for local Siwans. The Adrère Amellal eco-lodge is a low-impact structure built from *kershef*, or a mixture of rock salt and mud, by master builders using traditional techniques. EQI reports that both the government and private business are now more frequently choosing to build in the traditional Siwan style using *kershef*. This renewed interest is providing more job opportunities for the craftsmen.⁷⁵

Adrère Amellal employs 57 people, about 80% of total staff, from the local community. Shali Lodge employs a smaller, but still predominantly Siwan, staff. The IFC partnership enabled a third lodge or heritage hotel called Albabenshal to be built around a historic fortress in Shali. Dilapidated structures around the fortress were restored and expanded to create an 11-room lodge which will offer permanent job opportunities for 15 more people.⁷⁶ The most senior position currently held by a Siwan is Hotel Manager. All employees receive insurance, holiday and sick leaves, and on-the-job training.⁷⁷

Preserving local heritage through linkages with women's handicraft enterprises. In 2001, EQI established the Siwa Women's Artisanship Development Initiative. The British Embassy provided funding to train 50 women, and IFC later provided training sites, materials, trainers' salaries, and daily stipends for participants through the multi-donor Private Enterprise Partnership for the Middle East and North Africa.⁷⁸

The Siwa Women's Artisanship Development Initiative has two main production lines. The first is the Siwa Creations line of garments and household linens. The second is jewelry made primarily of silver and embroidered leather. These products are sold at the Adrère Amellal lodge and in boutiques and department stores in several

European countries, including Italy, France, and England.⁷⁹ Approximately 350 Siwan women are now employed in this work,⁸⁰ where they earn steady incomes comparable in size to the average incomes of men.⁸¹ The business skills, independence, and sense of pride this gives them are invaluable benefits, above and beyond the incomes themselves.⁸²

Local agricultural procurement and alternative revenue streams. Under the partnership with IFC, EQI initiated an Organic Agriculture and Agro-Culinary Production Initiative to generate higher-quality produce to be sold in its lodges, elsewhere in Egypt, and abroad. Siwans are traditionally farmers. Typically, traders approach farmers and offer to pre-purchase their crops at a price below expected market value. In need of liquidity, farmers accept the traders' terms. If they are unable to deliver the agreed quantity and quality at harvest time, they are forced to find other ways of repaying, sometimes even by selling their land. This is a relatively common occurrence in the agricultural sector because of the vagaries of weather.⁸³

EQI has introduced alternative financing arrangements for Siwan farmers. EQI offers to certify their land as organic and pre-purchase their crops at fair market value, including the appropriate organic mark-up. This typically results in a 40-50% increase in what farmers receive.⁸⁴ EQI is also financing cattle purchases, expected to increase local cattle stocks by approximately 650 cows over seven years.⁸⁵

The Organic Agriculture and Agro-Culinary Production Initiative is also helping Siwans move into higher value-added lines. The initiative has created a range of organic agro-culinary products such as organic olive oil, olive and date jams, tapenades and dressings.⁸⁶

Approximately 70 farmers currently benefit from access to markets through EQI's agricultural initiative, and an additional 30 Siwans are employed seasonally in its harvest center.⁸⁷ EQI expects that between 300 and 450 farmers and 50 "off-farm workers" will eventually be involved.⁸⁸

Engaging with partners to build social capital and institutional capacity. In addition to the direct economic benefits associated with employment and procurement opportunities, described above, the SSDI has boosted institutional capacity and catalyzed broader human capital development in Siwa. For instance, in collaboration with the Friends of Siwa Association, EQI brought the USAID-registered HOPE health and wellness program to Siwa to provide medical services. EQI has also supported personal hygiene awareness programs, helped bring the first bank to Siwa, and built a library.⁸⁹

Partnership Dynamics

In the SSDI, EQI has partnered with the local community, local government authorities, international development organizations including CIDA, IFC, the United Nations Council on Human Settlement (UNCHS), United Nations Development Programme (UNDP), the Ford Foundation, and the British Embassy to address the special needs of the Siwan community.

IFC provided a \$880,000 loan and a \$468,000 technical assistance grant to fund the expansion of the SSDI. Under the terms of the partnership agreement, EQI is required to provide matching funds and an additional investment of at least \$573,000 for core project areas.⁹⁰

Aside from the partnership with the IFC, other relationships have been on a smaller, project-by-project basis. For example, CIDA supports small and medium sized enterprise development in Siwa in partnership with the Siwa Community Development & Environmental Protection Association as part of a broader Business Development Services Support Project (BDSSP) it administers in Egypt.⁹¹ Arts projects are financed by an international group of art advocates and the Prince Klaus Foundation.

Challenges

SSDI has faced a number of technical, financial, socio-cultural, natural resource, and legal hurdles throughout its lifetime.

For instance, there were initially relatively few Siwans trained in the traditional *kershef* building techniques. EQI had to establish a contracting company to undertake the construction of its lodges. In the end, this created job

opportunities for those that did have the skills, and also increased the number of Siwans trained in these traditional building techniques.⁹²

In addition, Siwa's remote location meant that some costs were higher than EQI anticipated and that liaising with the government in Cairo was more difficult.⁹³ The credit line from IFC helped address SSDI's financial constraints, but EQI reports that all of its the projects are now financially sustainable, with the exception of a new biogas project currently in the pilot stages.⁹⁴ Partnering with local organizations such as the Society Development Association, Siwa Development Association, and Association of Cultural Preservation helped increase the manpower and leverage available to interact with the government.⁹⁵

The socio-cultural challenges that EQI encountered included managing the balance between preserving the integrity of Siwa's cultural heritage, while simultaneously appealing to a mix of tourists from around the world. Similarly, the different cultures, traditions and interests of the SSDI's various stakeholders had to be balanced.⁹⁶

Finally, as the local economy grew, demand for scarce resources such as water and power increased. Major land reclamation companies moved in and some fragile deep aquifers were damaged. EQI and the Friends of Siwa Association worked with local authorities to raise awareness of the issue, and land reclamation has since been limited from 250,000 to 25,000 feddans.⁹⁷ EQI believes the experience also strengthened civil society, which is now more able to engage in resource discussions.

**Factors
Supporting
Success**

EQI believes that a number of factors have contributed to the SSDI's success, starting with its engagement with the local community in a participatory and collaborative approach to build on its existing cultural heritage and natural environmental assets.

The rejuvenation of traditional crafts and skills has been the "unique selling point" of the eco-tourism and artisan development projects, and environmental and economic sustainability have been at the heart of the agricultural and agro-culinary initiatives. Key to the long-term prospects of both have been EQI's efforts to create linkages with international markets.

EQI is now looking to establish similar projects elsewhere in Egypt and the Middle East region. The company believes that the model can be adapted to other arid zones.

6.4 SPIER ESTATE, SOUTH AFRICA

Overview

The 17th century Spier Estate was purchased in 1993 by the Enthoven family, who restored and extended the property. There are now two core businesses. The first is Spier Leisure Holdings, a property developer, which owns a hotel located in the Stellenbosch-Winelands, restaurants, conference facilities, a golf course, and retail outlets. The second is Winecorp Holdings, which includes vineyards, winemaking, and bottling facilities. Spier also has interests in various other businesses, including golf, recycled plastic, film production, resorts, and the treatment and production of organic waste.

The Enthoven family's vision was for Spier to become a model of transparency, accountability, corporate governance, citizenship, and sustainable development within the private sector. The goal has always been to integrate sustainable principles and practices into daily business operations.⁹⁸

Along with a strong commitment to environmental conservation, the Spier Annual Report 2006 sets out employment equity, employee wellness, and economic development as key areas of focus. Employees and shareholders are both stakeholders in defining these issues.

Spier's commitment to social justice strongly reflects the historical context and legacy of Apartheid in South Africa in accordance with the Black Economic Empowerment Act. Spier's employment equity goals for new recruits and management positions reflect both Black Economic Empowerment (BEE) legislation and the Fair Trade and Tourism South Africa (FTTSA) guidelines. Employee health and wellness efforts are also specific to the local context, with HIV/AIDS awareness receiving particular attention. Spier sees supporting economic and enterprise development as an integral part of its business.

As the company relates in its 2006 corporate social responsibility report:

"Businesses are going to find it increasingly difficult to survive in a market where the customer base is extremely limited by a lack of resources and opportunity, where the population is being overwhelmed by disease, where opportunities for social upliftment via education or economic opportunity are limited, and where access to beauty and the chance to dream are limited to the wealthy. Every business in South Africa, including Spier, has a responsibility to enhance access to education, the arts, economic opportunity, and to prevent the spread of HIV/AIDS."⁹⁹

Activities

Local procurement from small and medium BEE enterprises. In 2004, Spier began a systematic and strategic overhaul of its supply chain, with the intention of increasing procurement from small, local, black-owned and -managed suppliers. The process involved:

- Reviewing current company priorities and approaches,
- Assessing supply chain practices and policies,
- Setting new policy objectives and a new approach to the supply chain,
- Identifying potential new suppliers,
- Implementing new linkages with suppliers and getting contractors established, and
- Reviewing progress and adapting accordingly.

Questionnaires were sent out to 357 of Spier Leisure's suppliers. Information was sought for two different purposes. One was to categorize suppliers according to size, proximity to Spier (local, regional or national), and degree of black ownership. This would enable the company assess its current supply base and set targets for increasing sourcing from local small and BEE enterprises. The second purpose was to assess suppliers' performance on a range of social, economic, and environmental criteria. Questions explored nine key areas, ranging from compliance with basic employment regulations to support for community development to energy and water usage.¹⁰⁰

Based on the data collected, Spier defined a set of indicators and created a baseline from which to establish future targets. The company now reports on these indicators via its core management reporting system and staff performance reviews. Progress is published in an annual sustainable development report.

The survey revealed that Spier Leisure had only 34 BEE suppliers, accounting for approximately 12% of its supply base, and only 4 of them were local.¹⁰¹ The company realized that it would be necessary, but still not sufficient, to broaden its procurement criteria beyond price, quality, and quantity to draw more local BEE suppliers into its supply chain. It also needed to take a proactive role in developing these suppliers.

Spier targeted a number of areas where it believed it could best support enterprise creation and development.¹⁰² Since 2005, the company has helped create new enterprises in laundry, land-clearing, catering, and brick-making, for a total of 30 new jobs. The new brick-making business, currently majority-owned by Spier and 30% owned by a local ecological architect and a local builder, is intended to be sold back to employees in the longer term. To ensure that it is sustainable after Spier exits, the company is training and mentoring its employees in business and financial management skills and sustainable construction techniques.¹⁰³

For 2007, Spier is targeting 80% small, medium, and micro enterprise (SMME) procurement spend; 75% local (within 60 kilometers); and 25% BEE.¹⁰⁴ The company also plans to work with its suppliers to address social and environmental performance gaps identified in its survey and agree on remedial measures as appropriate. Finally, the company intends to initiate two new enterprise development projects to enable small, local, BEE businesses to become Spier suppliers.¹⁰⁵

Results

Spier Leisure doubled its proportion of BEE or otherwise previously disadvantaged suppliers between 2003 and 2006, to 27%.¹⁰⁶ In 2006, 89% of the company's procurement was with SMMEs of fewer than 50 employees. Over 90% was with local and regional suppliers.¹⁰⁷ This represents a significant shift in favor of local suppliers between 2003 and 2006.¹⁰⁸ A similar approach is now being rolled out in Spier's wine and golf businesses.¹⁰⁹

Spier Leisure received FTTSA accreditation in January 2004 and is now one of 29 accredited organizations. FTTSA is an independent, not-for-profit organization that "encourages and publicizes fair and responsible business practice by South African tourism establishments."¹¹⁰

Lessons Learned

With Spier's systematic changes to the procurement process – engaging with new suppliers who are often smaller and require mentoring, and working with existing suppliers to encourage them to adopt more sustainable business practices – the company's annual procurement spending of more than R300 million (approximately \$44 million US) in 2006 promises to be an effective tool for change. Procurement spending dwarfs the resources available for philanthropic corporate social investment, which in 2006 was equivalent to R10.3 million (approximately \$1.5 million US).¹¹¹ As a result, a relatively small shift in procurement spending can have a much bigger impact than a similarly proportioned philanthropic donation. "Beyond our employment equity and training and development practices, one of the most powerful tools Spier has at its disposal to redress the legacy of Apartheid is how we spend our money," says Tanner Methvin, Director of Sustainable Development.¹¹² This represents a shift in approach from philanthropy to a pro-active, pro-poor procurement strategy.

Spier does operate within a specific context, where the political framework and historical legacy in South Africa converge with the company's strong societal values. However, the Spier experience demonstrates that a strategic shift in procurement policy, led from the top with transparent targets, can make significant progress in a relatively short space of time.

6.5 WILDERNESS SAFARIS AND THE MAKULEKE LAND RESTITUTION AND CONSERVATION PROJECT

Overview

South Africa's Makuleke people were forcibly removed from their ancestral lands in what is now South Africa's Kruger National Park in 1969. In 1996, land restitution laws were passed establishing a formal claims process, and in 1998, the Makuleke were one of the first groups to win their land back.

After the decision, the Makuleke people opted to continue to reside in the three villages to which they had been forcibly removed, and negotiated to commit their ancestral lands to conservation as a contract park attached to the Kruger, which is South Africa's largest game park. They formed a Community Property Association to co-manage the contract park with SANParks, the national parks agency, and to ensure an equitable flow of benefits to the community.¹¹³

The collection of efforts around this agreement is known as the Makuleke Land Restitution and Conservation Project. The project is a collaborative effort among the Makuleke community, SANParks, private sector lodges, and various non-governmental organizations (NGOs) and donors that have contributed at various times – including the Ford Foundation, the Endangered Wildlife Trust, and the German Development Corporation (GTZ).¹¹⁴

Under the terms of the co-management agreement with SANParks, the Makuleke have agreed to keep their ancestral land as a conservation area for at least 50 years. They have exclusive commercial and sustainable use rights to their land and its associated natural resources, and they have entered into tourism and hunting ventures with private sector operators.¹¹⁵ The community has granted such operators concessions to run lodges on a build-operate-transfer model, in return for 9% of turnover and a guarantee of employment for local workers. After the concession period, lodge ownership will revert to the Makuleke people.¹¹⁶

Wilderness Safaris is one of the private sector lodge operators involved in the project. The company has partnered with the Makuleke community in a mutually beneficial 45-year lease. The benefits to the local community are cash, training, skills transfers, jobs, and enterprise development projects that count the lodges among their customers. For Wilderness Safaris, the benefit is being able to operate in perhaps the most remote, pristine, and diverse area in Kruger National Park and to share this with its guests.

Activities

Wildlife restoration and conservation. The Makuleke contract park has magnificent biodiversity across a range of eco-zones, and thus has the potential to be a highly attractive tourist destination. However, in the past, hunting was legally permitted and open borders with Zimbabwe and Mozambique meant that poaching for subsistence and income generation was common. These activities significantly reduced game stocks and led to limited game viewing.

In response to this problem, vigorous anti-poaching efforts have been implemented, at relatively high cost. It will take time for all species to recover to levels where the park can compete with other wildlife destinations such as Botswana. But the effort seems to be paying off: stock levels of wild animals, particularly “high-impact viewing species” for tourists, seem to be recovering. This substantially enhances the tourism product.¹¹⁷

To maintain the integrity of the park and its “wilderness” value proposition, Wilderness Safaris' concession agreements also limit the development of additional lodges. As company advisor Clive Poultney points out, “although the community would probably like as many developments on the concession as possible, the type of high-end market Wilderness Safaris caters to is competitive in Southern Africa, and there is better game viewing in other countries.”¹¹⁸ To compete with the better wildlife at other destinations, the Wilderness Safari lodges in Kruger National Park must also explore other options to appeal to tourists, such as such as volun-tourism (allowing guests to combine participation in community projects with leisure), a walking trails camp, and additional cultural activities.¹¹⁹

Developing small businesses. Feeding into Wilderness Safaris' efforts to strengthen its guest appeal, a small business development company has been established to initiate and support local tourism-related enterprises. The company is a joint venture between Wilderness Safaris and the Community Property Association, and each

has appointed two directors. Poultney notes that co-branding locks both parties into a shared commitment to the enterprise. They both need to succeed, as the failure of one would come at the expense of the other.¹²⁰

The Makuleke Small Business Support Company is tasked with planning, training, and supporting community-based enterprises to develop their products and services for the tourism market so that they are profitable and diversified, serving both company and community partners. Support agencies such as GTZ have provided substantial infrastructure, equipment, and facilities.

Examples of community-based tourism enterprises that have been established include a Community Cultural Centre and a bed and breakfast homestay, which give guests the opportunity to participate in local cultural activities. Traditional medicine and healing, animal husbandry and farming, learning about ancestral belief systems, arts and crafts, social and political expression through the performing arts, customary events, and historical institutions are all on offer. Guest trips to local schools, churches, markets, and bars have been introduced. In addition to the cultural center and homestay, a hydroponic farm grows produce such as lettuce, spinach, and tomatoes for the lodges and for local markets.¹²¹

In order to improve the operating capacity of the Makuleke-based enterprises and introduce a sustainable resource use program, the Wilderness Trust has supported the Makuleke Small Business Support Company to develop a multi-functional facility consisting of a Market Place Operator to coordinate enterprise activities and an Information Technology and Communications (ITC) Station that can be used for research, documentation, education, and training. The facility also monitors and measures the benefits of enterprise development to help inform the Small Business Support Company's future direction.¹²²

Employment. Direct employment impacts can be significant. For example, research conducted by Poultney and Spenceley in 2000 found that Rocktail Bay, a 20-bed Wilderness Safaris lodge on the coast, employed about 2% of the local community of 1,500 people, with each employee supporting a family of six people.¹²³ Since operations began in July 2005, employment with Wilderness Safaris in the Makuleke contract park has generated R3.6 million (approximately \$520,000 US) in income for those working in the lodge and R3.4 million (approximately \$487,000 US) for those working in the anti-poaching unit.¹²⁴

Through the wider Makuleke Land Restitution and Conservation Project, community members receive a variety of training from private sector partners. For instance, in collaboration with the Endangered Wildlife Trust, the Makuleke set up a skills development program for leadership, conservation management, hospitality, and commercial skills training. The 20 students that graduated from the program each received a formal diploma and some have been hired by Wilderness Safaris as full-time guides and lodge personnel.¹²⁵

Revenue-sharing. From July 2005 to August 2007, concession fees paid by Wilderness Safaris to the Makuleke Community Property Association have amounted to R1.2 million (approximately \$175,000 US).¹²⁶ This amount compares with Wilderness Safaris' investment in the project of R30 million (approximately \$4,270,000 US) in fixed assets and anti-poaching activities.¹²⁷

Lessons Learned Wilderness Safaris has learned that for revenue-sharing to benefit local communities, the company must be able to partner with an efficient, legitimate, representative community structure to distribute and reinvest the dividends equitably. The Makuleke Community Property Association has used its dividends to bolster infrastructure, including classrooms, an agricultural irrigation system, and other community facilities. In contrast, in the local community around another Wilderness Safaris lodge in the Ndumu game reserve, the tribal chiefs council generally appropriated any dividends for themselves. Of course, the extent to which revenue-sharing can help to alleviate poverty is also linked to the commercial viability and market competitiveness of the project and to the size of the beneficiary community. Even if the dividends from the Ndumu lodge – a small, exclusive, 16-bed facility located in a community of more than 21,000 people – had been distributed evenly, each citizen would have received less than one rand (approximately \$0.15 US) per annum.¹²⁸

Wilderness Safaris partnered in the Practise Southern Africa Pro-Poor Tourism program and has helped establish a Business Linkages in Tourism Unit in an attempt to increase the benefits and expand the opportunities its investments generate for local communities. However, as Clive Poultney points out, "it is not possible for three whole villages, resettled some 100 kilometers away from the contract concession, to become wealthy through a 52-bed lodge."¹²⁹

Perhaps a more significant, longer-term contribution has been the building of local institutional capacity in the Maruleke community. The Community Property Association and Small Business Support Company have been able to acquire useful commercial skills such as running an open and transparent tendering process, conflict mediation, conservation management, and hospitality. In addition, with formal and secure land title, the Makuleke were able to participate on a more equal footing with parks authorities and private partners. They also learned to engage in partnerships using "hard" legal frameworks.¹³⁰ This has motivated the government to draft a community-based natural resource management policy. For Wilderness Safaris, it has both facilitated the company's dealings with the local community and necessitated adaptive management as the capacity of its community partners changed.

6.6 SANDALS GROUP, CARIBBEAN

Overview

Sandals is a chain of luxury all-inclusive resorts for couples with properties in Jamaica, Bahamas, St. Lucia, and Antigua. Sandals Group, including its family resort brand, Beaches, is one of the largest employers in the Caribbean, with almost 10,000 direct employees. Sandals' corporate mission statement is to provide a holiday experience while "attaching a premium to human resources and being among the most environmentally responsible and community-friendly groups in the hospitality industry."¹³¹

Historically, high-end hotels have often imported much of the food they serve to their guests, even in destinations where there is a substantial agricultural base. Some of the factors that prevent the development of linkages between the accommodation sector and local farmers include poor quality, limited variety, and mismatches between peak supply and demand for produce.¹³²

Working with the Rural Agricultural Development Authority (RADA) in Jamaica, Sandals set up a program in 1996 to improve the quality and diversity of produce local farmers could supply to the accommodation sector, develop formal pricing arrangements, and improve communication links between farmers and hotels.¹³³

Prior Constraints

Before the program began, hotels were reluctant to source produce locally because of inconsistent volume, quality, and price of supply. Poor packaging and transportation sometimes led to damaged produce. The farmers themselves faced challenges in terms of the production and distribution of their goods. Often farmers faced water shortages or lack of seeds, supplies, and equipment, or simply did not know what the tourism sector wanted. Food and beverage managers require specific types of fruit and vegetables, often specially processed, at internationally competitive prices and quality levels. Distribution issues were largely a function of communication problems and inconsistent orders.¹³⁴

Activities

Sandals and RADA undertook a number of activities to address these constraints. Participation by hotels was facilitated by the changing tastes of tourists, who have become more curious about local cuisine, and of hotel chefs, who have become more adventurous in their menu choices and more willing to experiment with local produce.

Improving quality and diversity of agricultural production. Sandals works with a number of government support programs led by RADA to provide seeds, supplies, and equipment through a combination of grants and loans to be repaid when produce is sold. Support covered traditional vegetable crops at first and has since been expanded to more exotic, previously imported crops.

Sandals also works with RADA to tackle ongoing challenges in production, packaging, distribution, and sales. The Ministry of Agriculture assists with irrigation and land preparation through its Domestic Food Crop Program (DFCP).¹³⁵ RADA's main role is to improve communications and provide training in collective farming, marketing, production, and processing. For example, RADA produces leaflets about new crops such as cantaloupe, broccoli, and tomatoes. Meat and fish producers need training on Hazard Analysis and Critical Control Point (HACCP) requirements. Fruit and vegetable growers require technical training to improve washing, packaging, storage, and transportation.¹³⁶ Management teams from Sandals hotels then visit farmers to explain quality standards and marketing procedures, and farmers visit hotels to see how their produce is used in the hotels' menus.

Developing human and institutional capacity in farmers cooperatives. RADA facilitates training for farmers cooperatives covering cooperative management, group dynamics, strategic marketing, record-keeping, and basic accounting.¹³⁷ This training enables farmers and their representative structures to improve their leadership and interpersonal abilities as well as their core business and technical skills.¹³⁸

Supporting local procurement by improving access to markets. A number of measures have been introduced to improve distribution networks and access to markets for farmers. For instance, aggregating supply from a number of small producers helps increase the small volumes and smooth the seasonal cycles that previously caused supply bottlenecks. Two weeks prior to delivery, hotels are informed as to what crops and volumes are

available. Hotels and farmer groups negotiate monthly supply orders specifying type, volume, and price of goods. The Inter-American Institute for Cooperation on Agriculture helps broker communication between the hotels and the farmers, and hotels can report issues such as poor quality to RADA. RADA observes that these arrangements are helping to bridge the institutional gaps that previously existed between small farmers and the markets for their goods.¹³⁹

Results

The project began with 10 farmers and has since expanded to six farming groups representing approximately 70 farmers. Produce sales for the period April 2002 to March 2003 were valued at about \$5.5 million.¹⁴⁰ Sales have also diversified to include non-traditional crops such as sweet peppers, cauliflower, snow peas, broccoli, and cantaloupe, which has reduced the amount of food hotels must import. Flexible access to credit and established supply contracts with hoteliers helps farmers plan and budget to invest in diversification and expansion to build economies of scale.

The program has been expanded to St. Lucia and Sandals' resorts in Antigua. In St. Lucia, Sandals provides a secure and guaranteed market for farmers' produce. A dedicated liaison officer oversees this process, working directly with the farmers to monitor quality, pricing, and production. Similar programs have been undertaken in Trinidad and Tobago.

Success is often closely linked with personal champions in the various hotels, so it is important to work to preserve momentum as managers change. But for many tourism destinations, initiatives such as this have the potential to improve linkages with local economies and facilitate diversification away from mono-crop agriculture, thus boosting rural incomes and enabling people to stay on the land.

6.7 YOUTH CAREER INITIATIVE¹⁴¹

Overview

The Youth Career Initiative (YCI) enables international hotels to provide a five- to six-month education program for high school graduates from disadvantaged backgrounds. The initiative began as the Youth Career Development program at the Pan Pacific Hotel in Bangkok, Thailand, in 1995. It was later re-branded as YCI. YCI uses a partnership model that is led by the private sector but facilitates effective collaboration across the private, public and non-profit sectors. The aim is to give participants, typically between 18 and 21 years of age, a chance to improve their employability and thus their long-term social and economic opportunities through vocational training and education.

YCI tackles local issues such as youth unemployment, social exclusion, poverty, and youth exploitation. The initiative provides a practical platform for governments, companies, and non-governmental organizations (NGOs) to work collaboratively towards the Millennium Development Goals – including poverty alleviation in particular.

YCI has become a sustainable, worldwide program of the Prince of Wales' International Business Leaders Forum (IBLF). It operates on five continents. This profile will focus on YCI's activities in Brazil.

Activities

YCI started as a pilot in Brazil in 2005, implemented in all six Brazilian properties of Marriott Hotels International: the Marriott Resort & Spa and the Renaissance Resort in Costa do Sauipe, Bahia; the JW Marriott Hotel in Rio de Janeiro; and the Marriott Executive Apartments, the Airport Marriott Hotel and the Renaissance Hotel in São Paulo. Marriott has adopted YCI as part of its "Spirit To Serve Our Community" outreach program.

The YCI global team sets up the program in new countries by assessing potential partners from the private, public and non-profit sectors and by facilitating and supporting the implementation stages in-country. Each program is tailored to suit the country and the needs of its youth. For example, in Thailand, the program targets young girls at risk of sexual exploitation, offering them formal sector employment opportunities. In Brazil, YCI targets participants from shantytowns or *favelas* to try to break the poverty cycle. Participants must be able to commit full-time for the duration of the program and have no other opportunities to improve their employability.

Hotels that participate in YCI show strong commitment from top management. The General Manager and Director of Human Resources usually become YCI's primary champions. Hotel management provides the time, environment, and resources to implement the program, with senior managers delivering classroom instruction and acting as mentors to participants. On average, between 40 and 60 staff members are involved in training and mentoring at each hotel.

Developing human capital. Participating hotels commit to taking 10 participants for six months. A YCI global team member works with a designated coordinator at the hotel to develop a YCI curriculum that leverages the hotel's existing training materials and methods, and also to manage program delivery. The curriculum consists of four key sections: a core global life skills program; job-specific sessions; departmental training; and complementary education sessions. Each program aims to provide over 750 training hours. YCI advises that hotels devote 50% of training hours to classroom-based education and 50% to practical experience in over 15 different skill areas or departments. The program is designed to be delivered as part of the regular, day-to-day operations of a full-service hotel.

Collaboration. The YCI global team coaches all partners involved in the implementation process in order to ensure that its operating standards are met and that the program fulfills its goal of empowering young people. Local non-profit partners act as in-country coordinators, assisting participating hotels with recruiting and with the development, implementation, and monitoring of the programs. These in-country coordinators also liaise with local educational authorities, other non-profit organizations, and a variety of businesses in order to arrange extra lectures that complement the YCI curriculum. In Brazil, the in-country coordinator is the Institute for the Development of Social Investment (IDIS), a civil society organization committed to social development.

In various regions of the world, YCI programs are funded by international development agencies working with IBLF. Initial in-country coordination is funded and managed through IBLF's YCI global team. Ongoing project funding comes from a pool of financial and in-kind resources provided by different partners, depending on the local context. The hotels themselves generally provide uniforms, duty meals, and access to computers and training facilities.

The role of hotels in YCI. For hotels, YCI is a community engagement program that enables them to build stronger relationships with different socio-economic actors in their local communities. In addition, YCI programs can be a means of identifying and evaluating candidates for staff positions. Upon graduation, participants understand the hotel industry and have experienced the day-to-day routine of a full-service hotel.

YCI also supports life-long learning and staff personal development programs in hotels. In some hotels, a YCI committee is responsible for the implementation of YCI activities. The committee is made up of people with the potential to develop leadership and management skills from a variety of hotel departments.

More generally, YCI supports the development of an educated, skilled workforce for the local tourism sector and other service-based industries. Although between 40 and 50% of YCI graduates find employment in the hospitality industry, the program's objective is to furnish participants with the confidence and the skills they need to work in any service industry.

Results

YCI program results vary by country. In Brazil, the first YCI program graduated 38 young people. In 2006, the program graduated 48, after InterContinental and the Copacabana Palace joined in Rio de Janeiro. The third program in 2007 will graduate 93 participants in 11 hotels. Five different hotel chains now work together on YCI in Brazil.

Graduates gain transferable life and business skills with experience in over 15 areas of an international business operation and a recognized qualification that increases eligibility for further education and future employment. The program also increases the confidence and self-esteem of participants by giving them access to working professionals and broadening their horizons.

For participating hotels, the program is a tangible and measurable corporate social responsibility initiative that presents an opportunity to tackle major country issues including poverty, unemployment, and youth exploitation by optimizing the use of a hotel's resources.

Lessons Learned

In each country, YCI faces different challenges, based on cultural, social, and economic issues. The YCI global team emphasizes that buy-in and support from participants' parents is invariably important and may even determine whether the participant will be able to stay throughout the duration of the course. To bolster their support, YCI encourages its partner hotels and in-country coordinators to organize sessions introducing the initiative to parents and promoting their understanding and commitment.

According to the YCI global team, the program in Brazil owes its success to a number of factors:

- There is a real need for the program, as thousands of young people in Brazil lack opportunities to enter the labor market. YCI's comprehensive training program helps improve their employability.
- Leading hotels have effectively championed the program and are committed to developing their local communities.
- Bureaucracy has not affected or delayed implementation of the program.
- There seems to be a growing trend in Brazil for private sector companies to become more involved in development programs.

6.8 DEVELOPING HUMAN CAPITAL FOR THE TOURISM SECTOR: INTERCONTINENTAL HOTELS GROUP'S IHG ACADEMY IN CHINA AND THE GLOBAL TRAVEL & TOURISM PARTNERSHIP

Background

As the main body of the paper demonstrates, the tourism sector is growing, particularly in developing countries. Increasing numbers of qualified staff are needed to sustain this growth. While labor is readily available in most developing countries, there is often a knowledge and skills gap that keeps supply from matching demand. Many hoteliers and other tourism sector companies are stepping up to fill this gap, often in collaboration with one another and with stakeholders in government and civil society.

InterContinental Hotels Group's IHG Academy in China and the Global Travel & Tourism Partnership provide two models for human capital development in the tourism sector. The IHG Academy is a highly intensive, targeted effort by IHG and educational institutions to increase the quality and practical applicability of hotel management and related programs, and to link such programs more closely to the job market – increasing their value to graduates and to the hotel industry. The Global Travel & Tourism Partnership (GTTP) is a more broadly-based effort to educate secondary school students about travel and tourism and introduce them to employment opportunities within it. GTTP provides an umbrella for multiple national programs in which a range of companies and national school systems participate.

InterContinental Hotels Group's IHG Academy¹⁴²

InterContinental Hotels Group (IHG) has more than 80 hotels in China, and its growth is accelerating. The company expects to add more than 40 additional hotels in 2008, more than double the number for 2007. To help meet its growing need for qualified human resources, IHG has partnered with educational institutions to provide training and experiential learning opportunities it hopes will both create talent and attract that talent to IHG hotels. These partnerships are known collectively as the "IHG Academy."

The IHG Academy involves 11 schools that offer hotel management and other travel and tourism-related courses in 5 cities: Shanghai, Chongqing, Jinan, Shunde, and Zhengzhou. These schools provide the basic infrastructure, including classrooms, teachers, and curriculum, and IHG provides executive lecturers, guaranteed on-site training in its hotels, and guaranteed job placement upon graduation.

IHG's executive lecturers provide students with valuable practitioner perspectives and the opportunity to interact via questions and dialogue. Depending on the school's curriculum, students receive up to three hours of executive lectures per week, and more than 30 executives currently participate. IHG on-site training also varies with the school's curriculum, from six to 12 months. On occasion, IHG also makes scholarships available from funds collected during charity events.

Most students come from middle income families in second-tier cities (the exception being Shanghai). The skills they develop through the IHG Academy will open doors both in the fast-growing hospitality industry and elsewhere. Transferable skills include sales and finance, English language, human relations, and personal grooming and hygiene. Students learn to interact with both local and international guests and colleagues.

The first class of 12 IHG Academy graduates will complete their courses in June 2008, and all of them will work for IHG. Approximately 1,600 students are currently enrolled across all 11 partner schools and are expected to graduate in two years' time. IHG is working to expand the program to an additional 10 schools and 2,000-3,000 students in 2008.

The Global Travel & Tourism Partnership

The Global Travel & Tourism Partnership (GTTP) is a coalition of national travel & tourism education programs (TTPs) whose mission "is to introduce secondary school students to the travel & tourism industry, to broaden their understanding of tourism's economic impact and cultural implications for their communities and the world, and to develop their appreciation of the industry's many career options at a time when they, their parents, and teachers are making decisions about their career choices."¹⁴³ The coalition current serves more than 418,000 secondary

school students and young adults in Brazil, Canada, Hong Kong, Hungary, Ireland, Jamaica, Russia, South Africa, and the United Kingdom. Since its creation in 1986, more than 800,000 students have been participated in its programs.

GTTP was founded by the American Express Foundation, which continues to support it. Other major sponsors at the global level include Amadeus, American Express, Hertz, HRG, KLM, Lufthansa, Starwood and the World Travel & Tourism Council (WTTC). These global sponsors provide financial support and strategic guidance through membership on the GTTP Advisory Board. At the national level, over 400 companies support their national TTPs through financial and in-kind support. At the local level, approximately 2,200 business partners participate by providing students with opportunities to see how businesses really operate.¹⁴⁴

The GTTP's national TTPs develop curricula in collaboration with their ministries of education and tourism and with companies in the tourism industry, in accordance with local educational standards. TTPs can supplement their national curricula with the global GTTP curriculum, "Passport to the World: An Introduction to Travel & Tourism," and some have even adopted it outright.¹⁴⁵ The GTTP curriculum provides an introduction to the travel & tourism industry, and is intended to impart an appreciation of students' own heritages and cultures as well as an understanding of the global economic and environmental impacts of tourism. GTTP also offers internships, in a variety of different forms, with local travel & tourism companies.¹⁴⁶

National school systems provide the basic infrastructure of teachers and classrooms. Class time varies, ranging from 100 hours over the course of one year to 300 hours for each of two years, and the material can be taught on its own or as part of the general curriculum. Students are predominantly from secondary school, with adult education programs offered in some countries, such as South Africa and Brazil.

6.9 THE UNITED NATIONS WORLD TOURISM ORGANIZATION'S BUSINESS COUNCIL AND ST-EP PROGRAM

Overview

The World Tourism Organization was set up in 1976 as an intergovernmental body intended to serve as a global forum for tourism policy issues and a practical source of tourism know-how. In 2003, it was transformed into a specialized agency of the United Nations, and its acronym was changed to UNWTO.¹⁴⁷

The UNWTO promotes responsible, sustainable, and universally accessible tourism, particularly for developing countries, in support of the United Nations Millennium Development Goals on poverty alleviation and sustainable development. The organization also implements the Global Code of Ethics for Tourism to minimize the negative social and environmental impacts of tourism and increase the positive benefits for businesses, destinations, and countries.

The UNWTO is governed by member countries and territories, currently totaling 157, but it has increasingly recognized the vital role of the private sector and civil society in addressing many of the challenges associated with tourism. As such, it has set up a framework that allows companies and institutions representing all aspects of the tourism industry, ranging from industry associations to airlines, travel agencies to consultants, trade unions to universities and non-governmental organizations (NGOs), to participate as Affiliate Members. At the beginning of 2007, there were more than 300 Affiliate Members.¹⁴⁸

The role of the Affiliate Members is "to be the worldwide platform for those seeking to shape the future of tourism in direct interaction with UNWTO, its Member States Governments and global civil society."¹⁴⁹

The members are divided into three councils: the Business Council; the Destination Council and the Education Council. These councils help shape the codes of behavior and business practice in the industry.

The Business Council: The UNWTO regards the private sector as "the driving force of tourism growth."¹⁵⁰

The Business Council brings together private sector actors including corporations, industry associations, and consultants to promote public-private cooperation and dialogue at the local and national levels. The Business Council's objectives include ensuring private sector participation in UNWTO organs, meetings, and seminars, and to help create the global framework within which the tourism industry operates through engagement in public policy dialogue. The Spanish Government finances a full-time Chief Executive Officer for the Business Council at the Madrid headquarters.

The UNWTO also works to capture, codify, and record best practice in collaboration with business. For example, the 10-point Global Code of Ethics for Tourism (GCET) is a comprehensive set of principles intended to guide the diverse stakeholders in tourism development. As part of an extensive consultation process, the UNWTO sought input from the private sector, NGOs, and labor organizations. Written comments on the code were received from more than 70 entities.¹⁵¹ The GCET is referenced in the 2005 declaration "Harnessing Tourism for the Millennium Development Goals," which was adopted by a representative group of governments, UN agencies, and industry and civil society leaders.

The Destination Council: This is the operational body of the UNWTO that supports the destination management program with members from tourism destination management/marketing organizations or similar institutions at local, regional and national level. The councils provide a platform for exchange of information on "good practices" with the aim of stimulating all tourism stakeholders in developing a destination vision and applying effective management tools. The Council also raises awareness of the importance of credible, consistent and comparable research (qualitative and quantitative analysis) for the performance of tourism destinations.

The Education Council: This is made up of leading business schools, tourism education, training and research institutions. With over 100 members, its aim is to improve the quality and efficiency in the education and training of tourism professionals in the public and private sectors.

Activities

The UNWTO's Development Assistance department supports member states to develop and promote tourism as an engine for socio-economic growth and poverty alleviation through the creation of employment. The department undertakes research and publication, provides technical assistance, and manages the Sustainable Tourism – Eliminating Poverty (ST-EP) program.

ST-EP was launched at the World Summit for Sustainable Development in Johannesburg in 2002.¹⁵² Its program of work provides technical assistance on sustainable tourism development in many developing countries. Short-term missions, undertaken upon request, assess national or regional technical assistance needs and provide policy recommendations. Some recommendations can be implemented by members themselves; others lead to proposals for funding. Longer-term projects help governments acquire strategic planning, product development, marketing, and human resource development capabilities specific to the tourism industry, working to build the capacity of national tourism administrations, local authorities, and business networks.¹⁵³

The ST-EP program of work is supported by two funding bodies, the ST-EP Foundation and the ST-EP Trust Fund, established in 2004.¹⁵⁴

Results

Since the ST-EP Foundation and ST-EP Trust Fund were founded, short-term missions to approximately 30 developing countries have identified more than 150 potential ST-EP projects. The ST-EP Foundation has approved 13 projects for funding and the ST-EP Trust Fund has approved 35.¹⁵⁵

Thirteen capacity-building seminars on tourism and poverty alleviation have taken place in Africa, South East Asia, and Central and South America, with more than 1,000 business, government, and civil society leaders from more than 60 countries participating.¹⁵⁶

Finally, the UNWTO has published four reports on tourism and poverty alleviation, including a compilation of good practice and a guide to microfinance in tourism. Available in English, French, and Spanish, these reports have been disseminated to diverse tourism sector stakeholders.¹⁵⁷

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ODI is Britain's leading independent think tank on international development and humanitarian issues. It undertakes high-quality applied research, practical policy advice, and policy-focused dissemination and debate, working with partners in the public and private sectors, in both developing and developed countries. It aims to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods in developing countries. www.odi.org/tourism

About the International Tourism Partnership (ITP)

The International Tourism Partnership (ITP) was founded by HRH The Prince of Wales to inspire global leaders in the travel and tourism industry on a non-competitive platform, to share knowledge and resources, develop policy and actively implement programs and initiatives that have a positive impact on social, economic and environmental issues. Now in its 15th year, the ITP assists stakeholders in the industry to make valuable contributions to the countries and cultures in which they operate, to their customers, their shareholders and future generations. It is a key program of the International Business Leaders Forum. In 1996, ITP launched the green hotelier magazine. It has become the leading source of practical information on environmental and socio-economic issues affecting the sector and a showcase of best practice around the world. For example, the summer 2007 issue of the magazine features 'Ethical Tourism,' describing who the leading practitioners are and how hoteliers can convert the theory of ethical tourism into practice. www.tourismpartnership.org

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Under the direction of John Ruggie (Faculty Chair) and Jane Nelson (Director), the CSR Initiative at Harvard's Kennedy School of Government is a multi-disciplinary and multi-stakeholder program that seeks to study and enhance the public contributions of private enterprise. It explores the intersection of corporate responsibility, corporate governance, and public policy, with a focus on the role of business in addressing global development issues. The Initiative undertakes research, education, and outreach activities that aim to bridge theory and practice, build leadership skills, and support constructive dialogue and collaboration among different sectors. It was founded in 2004 with the support of Walter H. Shorenstein, Chevron Corporation, The Coca-Cola Company, and General Motors and is now also supported by Abbott Laboratories, Cisco Systems, Inc., InBev, InterContinental Hotels Group, Microsoft Corporation, Pfizer, Shell Exploration and Production, and the United Nations Industrial Development Organization (UNIDO). Visit the Initiative's homepage at <http://www.ksg.harvard.edu/m-rcbg/CSRI>

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