



Overseas Development
Institute

Presentation 5



International Trade Centre
UNCTAD / WTO

Step 3 continued: Upgrading –
How the Poor Can Participate

Step 3

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

How the poor can upgrade their position in the tourism value chain: theory to practice

Type of pro-poor VC development	Example	Increase income of current participants	Brings more poor into tourism
1. Expansion of demand for products and services of the poor	Tourism growth in Tanzania and Rwanda; <ul style="list-style-type: none"> •more income for current seasonal hotel workers, craft sellers, food sellers and; •opportunities for new poor to enter the chain 	✓	✓
2. Product upgrade by poor participants	Ethiopia: craft producer training improved product and increased income; Zanzibari farmers grow food demanded by Italian resorts	✓	
3. Functional upgrade by poor participants (or new entrants)	Tanzania and Ghana: fishers take tourists on boat excursions; guides in Tanzania upgrade to ground handling enterprise role	✓	✓
4. Contractualisation to enhance the terms of current engagement <ul style="list-style-type: none"> •Horizontally (among producers) •Vertically (e.g. with a hotel) 	Tanzania: Kilimanjaro porters formed trade association to promote their interests; farmers group to increase negotiating power with hotel buyers All countries: tendering by smallholders with hotels for agricultural products	✓ ✓	

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<p>5. Entry of new participants into the chain due to: reduced barriers to entry and/or investment in human capacity of the poor to meet requirements</p>	<p>Hotels in Zanzibar change procurement practices and offer material support to establish crab fattening initiative In-house training in Ethiopian hotels; very high % of local staff</p>	<p>Possible Possible</p>	<p>✓ ✓</p>
<p>6. Exit or diversification from tourism activity</p>	<p>Ghanaian craft producers export in addition to selling to visitors, reducing their dependence on the tourism market</p>	<p>✓</p>	
<p>7, Enhanced links between the value chain and host society better access to infrastructure and services investment in human capital stronger local institutions collaboration on resource management</p>	<p>Tanzanian road and water infrastructure around tourism developments benefit farmers Ethiopia: tourism encourages return of diaspora to invest and less emigration Commissions/boards set up or strengthened to govern tourism development (all countries) Community revenues from visitor fees from forests and islands in Zanzibar archipelago</p>	<p>?</p> <p>Beneficiaries go <i>beyond</i> those who are economically active in tourism, to include a wide range of local residents</p>	

Generic typology of value chain actor upgrading strategies

- Volume upgrading: e.g. Fruit/craft/occupancy
- Process upgrading: e.g. better intra/inter node coordination
- Product upgrading: better quality service
- Functional upgrading: take on new functions
- Horizontal contractualisation: association
- Vertical contractualisation: formalisation of transactions
- + acting on enabling environment (not upgrading strategy but strongly linked)