



Overseas Development
Institute

Presentation 7



International Trade Centre
UNCTAD / WTO

Step 5 : Tracking Revenue Flows and Pro-Poor Income

Step 5

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

‘Pro-poor income’ (PPI)

Income that accrues to any poor or low-income participant in the tourism chain

- Staff: wages/salaries plus tips
- Micro business (e.g. boat man, guide): net revenue
- Vendor, producer, processor (fruit seller, artisan): sales revenue or net revenue, value capture
- Community business or partnership: collective income received

NB: avoid double counting

Can be renamed as ‘Income to Low-income People (ILIP)!’

Who is poor?

If based on *current* income (a pragmatic approach but consider argument about trajectories as a caveat):

- Extreme poverty line: fish porters and cleaners in Zanzibar, farm hands and fishers' assistants in Ethiopia
- Basic poverty line: gardener in mid-market rural hotel
- International poverty line (\$1 pp, p day, or \$150 pm for family of 5): waiter in 4* hotel
- Or based on the area and HH that they come from?



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PPI – example 1: beef in Ethiopia

Farmer	<ul style="list-style-type: none">• Price \$283• % final value captured 52%• % gross margin 18%
Local market trader	<ul style="list-style-type: none">• Price \$311• % final value captured 5%• % gross margin 9%
Ababa market trader	<ul style="list-style-type: none">• Price \$424• % final value captured 21%• % gross margin 27%
Butcher (sells to hotel)	<ul style="list-style-type: none">• Price \$547• % final value captured 22%• % gross margin 22%



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PPI – example 2: craft in Accra

Carver	<ul style="list-style-type: none">• Price \$2• % final value captured 40%• % gross margin 97%
Trader	<ul style="list-style-type: none">• Price \$2.50• % final value captured 10%• % gross margin 20%
Finisher	<ul style="list-style-type: none">• Price \$3.50• % final value captured 20%• % gross margin 29%
Retailer	<ul style="list-style-type: none">• Price \$4.00• % final value captured 30%• % gross margin 30%

PPI – example 3: conference excursions in Accra

Costs in USD of three excursions offered to delegates

Destination	Transport	Driver	Guides	Entry fees	Boat trip	Food & drink	Margin	Total
Cape Coast	14	1	3.67	20	0	17.3	14.0	70.0
Lake Volta	8	1	3.67	0	10	17.3	8.0	40.0
Accra City	5	0.5	3.67	0	0	0	5.0	25.0