

Conservation and Tourism A Value Chain Approach

Tourism in the Developing World

Tourism is now the world's largest industry, capturing 10% of the global economy. Specifically, tourism in developing countries:

- Forms the principal source of foreign exchange in 37 developing countries
- Grows at over 4% annually, 5% in many less developed regions
- Comprises 35.6% of international tourists
- Includes roughly a quarter of a billion of the wealthiest people traveling to some of the least developed countries in the world
- Accounts for 14 of the top 20 long-haul destinations

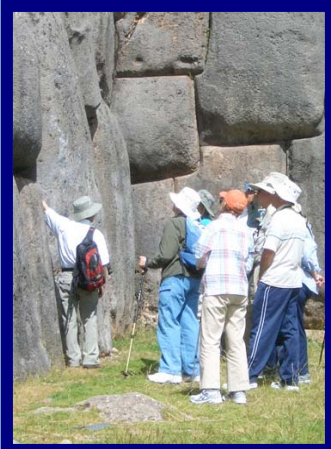
Tourism as a tool for sustained socio-economic development is increasingly utilized by donors and beneficiary countries. Frequently, Poverty Reduction Strategy Papers incorporate tourism activities as a means to generate alternative incomes in rural areas, finance infrastructure improvements, diversify employment opportunities, and attract foreign direct investment. Along with generating revenue, tourism also acts as a driver for general economic development, supporting a variety of local and national businesses, such as restaurants, hotels, transportation and guiding within areas of high biodiversity.

Tourism and Conservation

With 700 million people traveling each year and over 33,000 protected areas (PAs) worldwide, nature-based tourism is a growing source of revenue for the management of Protected Areas, and the communities living within and around them. While poorly planned tourism can lead to problems such as waste, habitat destruction and the displacement of local people and wildlife, with sound planning nature-based tourism can provide tremendous incentives for conservation. Biodiversity conservation planners around the world need to work with nature-based tourism stakeholders, as they are an important ally in the struggle to preserve the natural environment.

PAs receive millions of visitors and for some PAs, the fees charged for entry or for recreational activities, generate significant revenue. In South Africa for example, approximately 60% of all foreign tourists visit a national park or game reserve. With this income, the South African National Parks Board finances up to 80% of its annual budget from tourism receipts alone.

Nature-based tourism can generate viable economic alternatives for local people living near Biodiversity Hotspots and areas of high biodiversity. Thoughtful tourism policies, strategic planning, and community involvement in nature-based tourism development can help ensure sustainable use of natural resources with maximum benefits for the local communities who are their stewards. Without alternative economic opportunities natural resources will most likely continue to be threatened or degraded and local communities stuck in a poverty cycle.



CI's Approach

Conservation International (CI) has over 18 years of experience working in nature-based tourism in the areas of:

- ✦ planning and developing community-based enterprises
- ✦ creating protected area public-use management plans
- ✦ training and capacity building
- ✦ developing competitiveness strategies with stakeholders
- ✦ working with the private sector to develop good practice guidelines
- ✦ creating strategic partnerships within the tourism industry

Building on our extensive experience engaging the private sector, local communities, governments and others as stakeholders in tourism development, CI uses a precise and comprehensive value chain- based approach to tourism development. This approach enables stakeholders to strategically prioritize opportunities, constraints and develop high- impact upgrading activities. This approach also ensures that threats to natural resources and opportunities to generate more income for conservation are incorporated explicitly.



The Nature-Based Tourism Value Chain Project Cycle

The Nature-Based Tourism Value Chain Project Cycle (see diagram at left) serves as the framework for designing competitive, sustainable tourism projects.

CI uses these five stages of a nature-based tourism value chain project cycle to systematically develop comprehensive and effective strategies to increase the business incentives to conserve biodiversity. This allows us to:

- ✦ Engage in tourism in a systematic way
- ✦ Ensure that the private sector is driving the process
- ✦ Utilize end-market information to inform upgrading strategies
- ✦ Diagnose and evaluate constraints and opportunities
- ✦ Prioritize addressing the key constraints with stakeholders
- ✦ Design interventions that are both high-impact and sustainable
- ✦ Develop multi-year strategies with stakeholders to sustain competitiveness
- ✦ Monitor performance and assess impact of tourism on conservation by clearly linking tourism activities to conservation efforts

In essence, the Nature-Based Tourism Value Chain Project Cycle is a uniform methodology that is replicable and clearly delineates how and why interventions are chosen. The interventions are prioritized by the stakeholders and are decided only after a thorough value chain analysis, including benchmarking key determinants of success, is completed.



Nature-Based Tourism Value Chain Analysis

Nature-Based Tourism Value Chain Analysis (TVCA) identifies actors, roles, relationships, costs, opportunities and constraints, incentives for upgrading and flows of information and benefits among critical actors in the tourism value chain.

TVCA focuses on increasing the value of the natural resource capital found in many Biodiversity Hotspots. This is achieved by improving the competitiveness of micro and small enterprises in the tourism sector with an innovative approach to yield economic growth, poverty reduction and increased conservation.

The TVCA framework provides the methodology to organize and understand the constraints to competitiveness of nature-based tourism and to systematically identify key interventions.

Using the Power of End- Market Information

CI understands that end-markets determine the viability of tourism products and services. CI's partnerships with leading tourism enterprises and associations enables our partners to access end-market information, create linkages with growing end-markets, and access up-to-date information on trends and actors shaping tourism. To ensure that tourism strategy plans and upgrading strategies are based on sound end-market analysis as well as to facilitate market linkages, CI partners with industry leaders such as Responsible Travel, the Adventure Travel and Trade Association, and Mountain Travel Sobek.

A Competitiveness Strategy and Implementation Action Plan

Long-term competitiveness depends on the protection of the natural resource base for which nature-based tourism depends on. A part of the competitiveness of any destination, concept or product must include a thorough analysis of the social and environmental impacts that tourism may have. CI's TVCA ensures that this analysis is incorporated and informs strategy development.

The implementation action plan provides a road map to increase the competitiveness of the tourism sector and is derived from the competitiveness strategy. Where the implementation action plan receives donor or private sector support, it serves as a project design document. Even without external support, the implementation action plan can function as an

action plan for the industry stakeholders who participated in its development.

The goal under CI's framework is to complement CI's strong social and environmental impact analysis tools (as contained in the CI Tourism Toolkit, including the *'Tourism Assessment Manual'*) with improved economic analysis tools, in order to understand the current and potential impacts of tourism in local communities. With this additional understanding, there is greater ability to quickly react to opportunities and threats generated by tourism in or near protected areas and to more effectively and efficiently tailor appropriate interventions.

Addressing Key Tourism Constraints

Common constraints hindering the development of nature-based tourism in areas of high biodiversity include:

- ✿ Policy constraints (e.g. land tenure)
- ✿ Lack of/ poor links to higher yielding end- markets and tour operators
- ✿ Short visitor stays at sites/destinations, few benefits retained at sites/ destinations
- ✿ Poor backward linkages to agriculture, local labor force, other inputs
- ✿ Lack of appropriate financing options, low-quality financial products and services

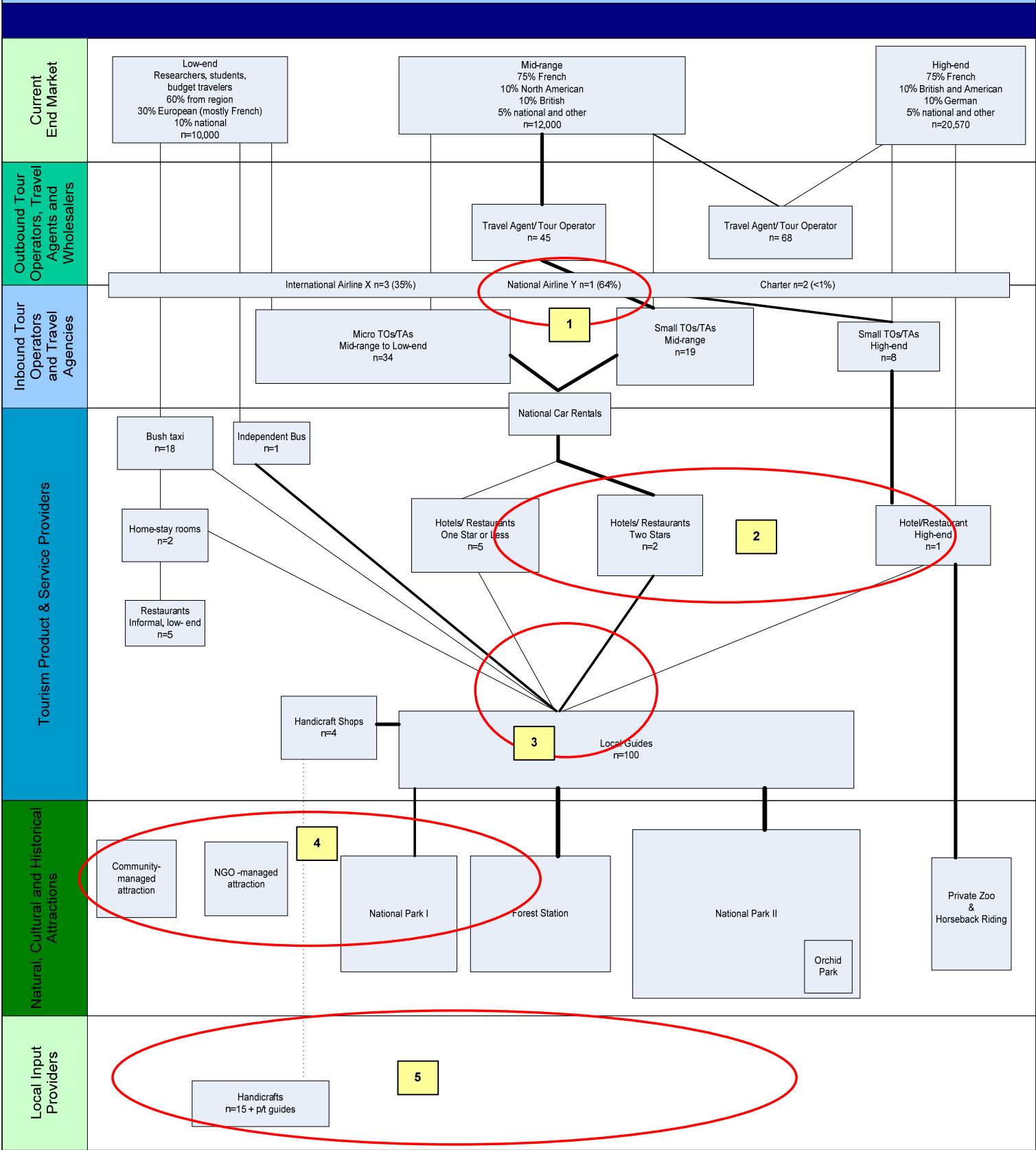
While these are not simple issues, interventions developed using the value chain analyses project cycle, ensure that they are addressed at the local, national, and global level. By focusing our attention on these issues and identifying common approaches to them, CI and partners can maximize returns on conservation dollars. Equally important, they provide an opportunity for CI and partners to develop practices to be shared within the conservation community.



The following schematic provides an example of how country programs can utilize value chain analysis tools to illustrate with stakeholders the constraints and opportunities in a tourist destination. The constraints identified by stakeholders in this example were easy for stakeholders to see using CI's innovative tourism value chain mapping template. The following is a brief description of the constraints depicted in the value chain map of one destination.

- 1) The one national airline has significant market share, yet does not have competitive pricing and provides inconsistent service
- 2) Not enough high-end/ higher-end lodging options to meet the demand because of land tenure constraints
- 3) Guides are occupying the empty niche of local excursion assembler. They wield an unusual amount of power, yet are not providing professional, quality services in either guiding or excursion arranging
- 4) Several unmet opportunities to increase local benefits derived from tourism while providing tourists more diversified experiences (no nighttime entertainment, cultural attractions, limited shopping opportunities, few historical attractions) & natural resources are not well utilized; not enough diversity in the utilization, and areas are not well exploited (in terms of value derived from natural attractions that could fund economic or social development and better environmental protection)
- 5) Few locally sourced inputs limits the local benefits derived from tourism

Example tourism value chain schematic



Lessons from Ecuador and Madagascar

With support from the United States Agency for International Development, CI and our partners are improving the competitiveness of micro and small enterprises in high biodiversity areas. The projects increase economic opportunities for poor, rural households by developing products based on natural assets, facilitating value chain linkages, strengthening supporting markets that can serve rural areas, and supporting upgrading processes. CI works with its partners to improve the enabling environment for sustained tourism business growth and promotes policies and processes that recognize poor people, women and marginalized groups as legitimate stakeholders.

In 2006, CI and partners used the TVCA and Nature, Wealth and Power frameworks in Ecuador to facilitate the development of a competitiveness strategy and action plan for the Ecuadorian nature-based tourism sector in three destinations.

Building on the Ecuador experience, CI used a more streamlined methodology in Madagascar to develop a competitiveness strategy, action plan, and system to monitor performance and impacts for the nature-based tourism sector in two leading destinations. CI-Madagascar and partners are implementing interventions from 2006 to 2009.

CI's experience in Ecuador and Madagascar is being adapted and replicated in other destinations. Some key components of the Madagascar project to date that are particularly relevant and could be adapted to the other Biodiversity Hotspots include:

Promotion

- Strengthening national and regional tourism marketing bodies to include business plan development, websites, promotional materials, videos and links to marginalized attractions and community-based tourism through an on-line and print Community Based Tourism Directory in collaboration with partners such as Responsible Travel
- Facilitating links with outbound tour operators in target source countries, organizing familiarization trips, featuring Malagasy operators at trade events such as the Adventure Travel and Trade Association World Summit

Improving links to microenterprises and marginalized tourist attractions

- Assisting with infrastructure upgrades in newly protected areas, including welcome centers, photography platforms, trails, campsite improvements, etc.
- Supporting mechanisms to fund biodiversity conservation such as programs linking 50% of national park receipts to community development projects, opt-out funds, a Trust Fund, carbon off-sets, small grant making mechanisms for capacity building and small infrastructure improvements
- Developing partnerships with supporting services providers to assist local input providers (such as agriculturalists, artisans, fisherman) to improve the quality of their products and the consistency of their supply provisioning

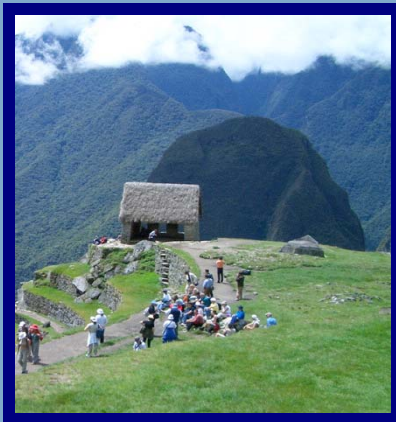
Upgrading of products and services

- Supporting the upgrading of professional skills in the tourism industry through strengthening the institutions responsible for training, supporting the development of training materials, recruitment of qualified trainers, and supporting to the certification process to assure standards of graduates
- Developing good practice guides for sustainable tourism operations in several different types of landscapes including mountains, deserts and tropical forests

Conclusion

The Value Chain Analysis based approach, utilizing end-market data- driven decision making, allows CI and our partners to develop a comprehensive, multi-dimensional and long term approach to working with tourism to support conservation outcomes and generate economic benefits.

Widely adopted and used by the development community, it provides a systematic methodology to diagnose constraints, prioritize their impact on conservation and economic development, and rapidly identify appropriate interventions.



For further information please contact:

Neel Inamdar: n.inamdar@conservation.org
 Nina Kolbe: n.kolbe@conservation.org
 Kathryn Kelly: k.kelly@conservation.org

2001 Crystal Drive, Suite 500
 Arlington, VA 22202

Resources for CI Programs:

- Ecuador Case Study
http://www.microlinks.org/ev01.php?ID=12624_201&ID2=DO_TOPIC
- Related seminar on the Ecuador experience
http://www.microlinks.org/ev02.php?ID=13728_201&ID2=DO_TOPIC
- CI's Ecotourism programs worldwide
www.ecotour.org

- www.frameweb.org FRAME web is an interactive site for the natural resources management community
- www.microlinks.org Knowledge-sharing family of applications and tools designed to improve the impact of USAID microenterprise programs and activities. Includes a variety of value chain analysis resources.
- www.odi.org.uk/tourism/ Overseas Development Institute aims to inform and inspire policies and practice enabling private and public sectors to work more effectively. Their researchers work with a range of stakeholders and maintain a wide geographical focus to develop a detailed understanding of tourism's role in poverty alleviation and development/ways to bring benefits to local people in tourism destination areas.