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**Caribbean tourism, local sourcing and
enterprise development:
Review of the literature**

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PPT Working Paper Series

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These working papers are published by the Pro-Poor Tourism Partnership in order to support wider dissemination of experience and insights on pro-poor tourism. The content of the papers is the responsibility of each author(s). The PPT partnership is comprised of Caroline Ashley (ODI, www.odi.org.uk/propoortourism), Harold Goodwin (ICRT, www.theinternationalcentreforresponsibletourism) and Dilys Roe (IIED, www.iied.org). Most PPT Working Papers have been funded by the UK Department for International Development (DFID). This Working Paper 18 is funded by The Travel Foundation.

Preface

This working paper was written as a background paper for the following project carried out in the Dominican Republic: Stimulating pro-poor linkages between the tourism industry and local people in the Dominican Republic and the wider Caribbean.

The aims of this project were:

- a. To implement practical training for the local hotel and catering association in Dominican Republic (Ashanores), and
- b. provide guidelines for the Dominican Republic hospitality industry (in particular the accommodation sector) on how to increase the economic benefits that accrue from tourism to local people
- c. and provide guidelines for the wider Caribbean tourism industry on how to increase economic benefits that accrue from tourism to local people.

In order to accomplish these aims it was deemed essential to carry out a preliminary literature review so as to identify what is already known about linkages between the tourism industry and other economic sectors, in particularly agriculture, and to highlight the key issues.

While this background paper has been written particularly with the Caribbean situation in mind, it was felt that it could contribute to a long overdue wider debate by combining theoretical knowledge with practical examples, and making it available to a wider audience.

The Caribbean linkages project is funded by The Travel Foundation (www.thetravelfoundation.org.uk) and implemented by the Pro-Poor Tourism Partnership in collaboration with Asonahores (focusing on training in Dominican Republic), the Caribbean Tourism Organisation (focusing on production of Caribbean guidelines) and Sheffield Hallam University (with Dorothea Meyer, author of this background research and literature review). For further information on the project see <http://www.propoortourism.org.uk/caribbean/index.html>. The content of this paper, however, is the sole responsibility of the author (d.meyer@shu.ac.uk).

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1 Introduction and background

"There is fairly widespread concern that the benefits from tourism in the Caribbean might not be reaching those who need them most and that, despite the impressive growth statistics, tourism is not doing as much as it could to relieve existing problems of unemployment, poverty and social dislocation".

(WTTC (no date) The Caribbean - the impact of travel & tourism on jobs and the economy)

The aim of this paper is to review the existing literature to outline what is known about how tourism links with the local economy, particularly in the Caribbean region.

The key questions that this paper attempts to answer are:

- What is the 'deal' with linkages, leakages and multipliers in tourism development?
- How can linkages be increased?
- What are the obstacles?
- What attempts are being made to overcome these obstacles?
- What practical examples are currently being implemented?

This paper will start off by explaining the connection between linkages, leakages and multipliers. This will provide the basic background and the *raison d'être* for discussion. Following from here a framework will be established that shows the complexity of possible linkages. This framework comprises

- a) company internal procedures and responsibilities (such as labour relations and employment);
- b) sourcing issues (e.g. the sourcing of supplies);
- c) Small, Medium and Micro Enterprise (SMME) development and out-sourcing elements (i.e. the support to non-core business such as laundry and gardening services), and
- d) other partnerships (e.g. donations).

While all of these elements are crucial for increasing the linkages that tourism can have with the local economy, this paper will focus on *two* aspects only: a) sourcing, in particular sourcing of agricultural supplies, and b) SMME development.

The obstacles and opportunities that face a private sector tourism company (for the purpose of this paper, the accommodation sector) are discussed. Whenever possible this is supplemented with practical case studies (found in the appendix) detailing what private sector companies have so far initiated to increase linkages with the local economy.

1.1 Tourism in the Caribbean

The Caribbean has a long history of tourism development (Schwartz 1999). In 2001, the Caribbean was the largest regional supplier of tourism to developing countries worldwide (WTO 2002), making tourism one of the main drivers of economic growth in the region. Grassl (2002 - cited in Jayawardena and Ranajeasingh 2003) found significant correlation between tourism growth and economic growth in a study of 29 Caribbean countries. Although the Caribbean states face constraints common to many developing countries such as size, vulnerability to external shocks and natural disasters, the region has performed relatively well in economic terms which is due to its reliance on tourism for growth. In 2001, the Caribbean received over 16 million tourists, generating US \$16 billion in foreign exchange (WTO 2002). Tourism was estimated to generate US\$ 34.3

billion of economic activity, producing 16.5% of regional GDP and 15.5% of total employment (WTTC 2002). Tourism has made important contributions to the economies of the Caribbean for decades and has become the dominant economic sector for most. Tourism is the single largest earner of foreign exchange in 16 of the 30 countries in the region. For example, in the Bahamas, the US Virgin Islands, the Cayman Islands, and St. Lucia, the share of tourism in GDP is 60% or more (WTO 2002). One in every seven jobs in the Caribbean is supported by tourism, and by 2012 this ratio is expected to increase to one in every six jobs, which would provide for nearly 3 million jobs (WTO 2002). The WTTC (2002) estimates that by 2012 the Caribbean will generate tourism receipts in excess of US\$ 40 billion (WTTC 2002). For many Caribbean countries tourism has become the main economic sector, generating the largest portion of government revenues needed to finance social services and the public sector budget in general.

However, the region is characterised by high concentration of tourist dollars in only a few countries. According to the World Travel and Tourism Council (WTTC 2002) 70% of the increase in tourism receipts between 1970 and 1990 went to just five countries: Aruba, Cuba, Dominican Republic, Jamaica and Puerto Rico.

The region is highly diversified in terms of average annual income per capita, ranging from US\$ 481 in Haiti to US\$15,954 in the Bahamas - a ratio of 1:30 (World Bank, 2002). The gap between the rich and the poor, and widespread poverty in many countries, is a crucial issue for the region.

The Caribbean has historically branded itself as a sun, sand and sea destination and product diversification efforts have been slow. Similarly, the recognition by governments and the private sector of the huge potential for increased linkages between tourism and the manufacturing sector, agriculture, and the creative and cultural industries sectors has been lacking. In the past governments have focused on maximising the volume of arrivals with the head count being the performance indicator of success. This has led to a situation where the benefits from tourism are far less than expected and competition from other destinations has increased rapidly. Apart from growing competition from new destinations in South East Asia, the Caribbean suffers from a loss of value enhancing capability. Ceara-Hatton (1998) identified a decrease in efficiency in generating foreign exchange as compared to the world average and he suggested that the increase in tourism income is a result of a higher volume of arrivals rather than prices, which suggests a decreasing value of the Caribbean tourism product. Maloney and Montes Rojas (2001) also confirm these findings and suggest that this negative trend is a consequence of the growing presence of "all inclusive" packages and increasing competition.

1.2 Debates about local economic impacts of tourism

The Caribbean is associated with mass tourism development and much has been written in particular about the Dominican Republic and all-inclusive resorts. Much of the writing on tourism in the Caribbean has adopted a very critical political economy stance. In the early 1990s, Freitag (1994) asserted that the gap between the rich and the poor in the Dominican Republic was significant and the nation had been aptly described as "a rich country populated by poor people" (Black 1986:236).

Tourism development in the Dominican Republic, in particularly through large-scale foreign investment, took off in the late 1970s. Many private investors and Dominican government planners favoured the development of enclave resorts in spatially centralised areas of the country, because such projects promised to maximise the benefits while requiring limited finance.

Some argue that this strong focus on tourism development meant that other sectors of the economy were by necessity neglected (Rodenburg 1980). The neglect of developments and innovation in the agricultural sector coupled with the enclave resort development maxim, characterised by its inclusiveness, meant that linkages to the local economy have not formed. Some authors (Britton 1982; Rodenburg 1980) argue that the management of an enclave resort creates and controls a

cultural, as well as physical, environment catering to the needs and desires of the tourists. Manning (1982) contends that enclave resorts that do not attempt to initiate at least some minimal economic or cultural linkages with local communities often come to "symbolize foreign wealth and privilege in the midst of native poverty" (Manning 1982:13).

In the Dominican Republic's case, one writer has even referred to all-inclusives ("with their fences and armed guards...") as "the concentration camps of leisure" (Reid 1992:75).

Freitag (1994) argues that the enclave resort model promoted by the Dominican Republic's government appears to produce an economic situation whereby the lower-classes are exploited as a source of cheap labour with the national elite and foreign companies reaping the economic benefits. He contends that although the poorer segments of society may have a few more employment opportunities, these are counter-balanced by negative impacts such as commodity inflation, rising land prices associated with speculation, and higher crime rates.

While the general picture of tourism development in the Caribbean is rather pessimistic when discussing the benefits from tourism that accrue to 'poor' residents, tourism also has a number of special characteristics that can provide opportunities for reducing income and employment disparities. Tourism activity tends to take place alongside existing commercial, transport and leisure activities, sharing their infrastructures and resources, and as a consequence, the development of tourism often carries with it lower opportunity costs than other industries. Secondly, many regions lack the resources required for agricultural or industrial development, and are often characterised by a proportionally high number of protected conservation areas. The development of tourism in these areas has often been promoted on the basis that there are few other suitable uses for such resources. Thirdly, tourism is often seen as an ideal employment creator in areas where traditional industries are in decline and few other employment opportunities exist.

Many governments have now recognised that longer-term developmental and sustainability issues of tourism export development are crucial, e.g. the level of foreign exchange earnings, the growth and stability of employment, increased output and sales of agro produce and arts and crafts. More emphasis is now given to the potential of creating linkages to the local economy.

2 Three important concepts: linkages, leakages and multipliers

The potential of tourism as a local development option has been criticised due to persistent claims that the industry is plagued by high import content and subsequently high leakages. Those being targeted with these accusations are generally foreign-owned, top-end, mass tourism facilities, all-inclusives and tour operators based in generating countries. It is argued that more could be done to link the tourism industry to other sectors of the economy so as to increase the overall development of a destination.

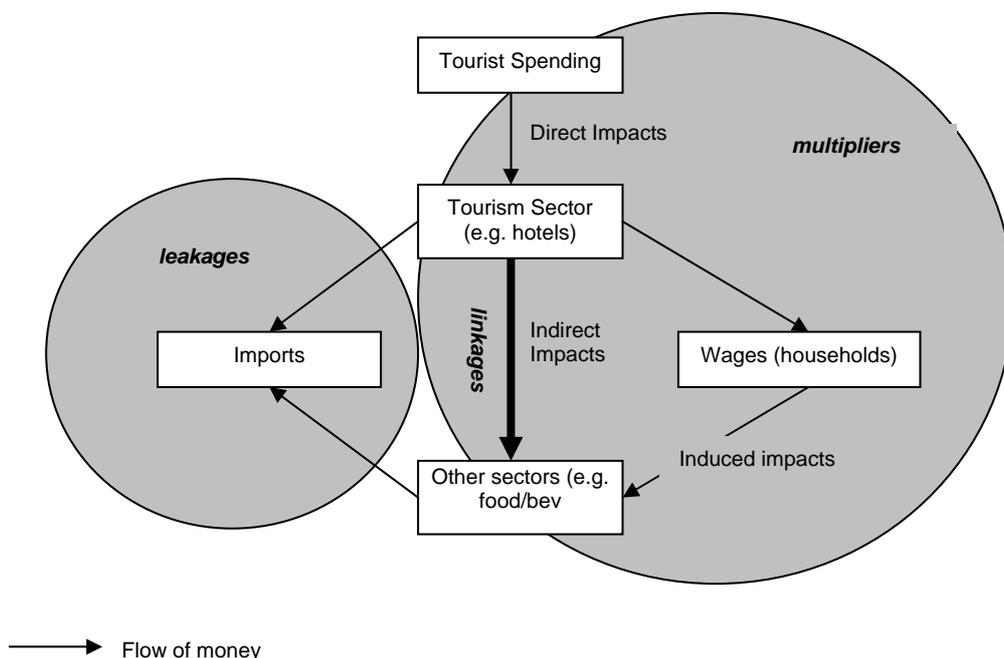
In the past decade, an increasing number of destinations (largely due to concern over impacts on the environment, the experience of visitors and their target market, socio-cultural and economic impacts) have realised the fallacy of increasing visitor numbers and instead aimed to focus on one (or more) of the following three strategies to increase benefits to the local economy:

- increasing spending per visitor;
- increasing local participation in the industry; and/or
- increasing backward linkages and thus reducing leakages.

Spending per visitor can be increased through, for example, provision of handicrafts where such provision currently does not exist. In some cases, there may also be prospects for attracting higher-spending visitors. Backward linkages can be increased through greater use of local agricultural and other products. In order to increase backward linkages and local participation in the industry, it may be necessary to implement or expand capital availability and training programs. The focus of this paper is the issue of increasing backward linkages.

In general, the economic impacts of tourism are grouped into three categories: direct, indirect, and induced economic impacts. Direct impacts are those arising from the initial tourist expenditure (e.g. money spent on accommodation). A hotel buying inputs (goods and services) from other business in the economy generates indirect impacts. Should these goods and services need to be imported this would lead to leakages (i.e. money flowing out of the destination for the purchase of imports). Induced impacts are generated if hotel employees spend part of their wages to buy various goods and services locally (see figure 1).

Figure 1: Tourism's economic impacts



The increase of indirect and induced impacts, and thus the reduction of leakages and the increase of economic benefits, should obviously be a priority to many developing countries reliant on tourism. However, the traditional approach to increase economic benefits has been a macro-level focus on attracting more visitors (in particular international arrivals), exemplified by the emphasis and rhetoric given to annual arrival figures by individual countries as well as international tourism organisations such as the WTO/OMT and the WTTC.

2.1 Linkages

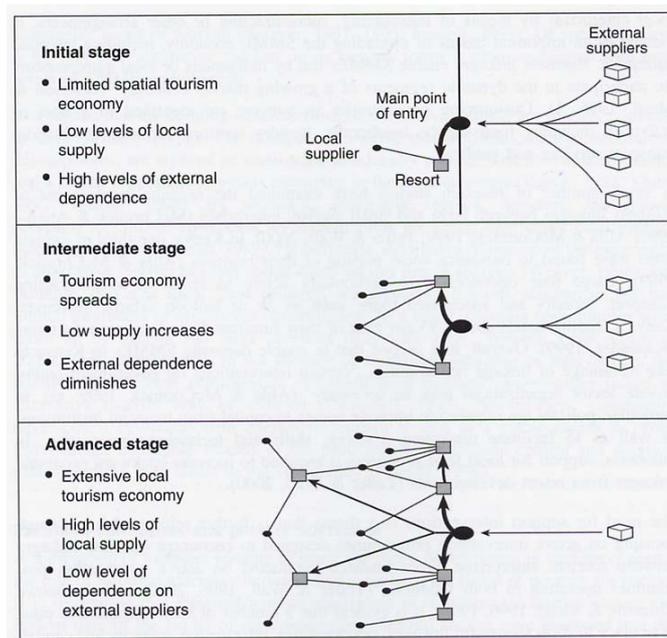
The complexity of 'increasing backward linkages' in relation to tourism is the focal point of this paper. The term "linkages" for most studies is synonymous with investigation of the proportion of imported food to domestic food utilised by the tourism industry (Pattullo, 1996) (see figure 2). Very broadly, increasing backward linkages refers to increasing the collaboration and usage of other economic sectors in the country/region/destination so as to stimulate the economy as a whole and to create synergy effects between different sectors which often also have a long history of non-collaboration and lack of integration. The aim of creating linkages is to reduce the high import content in the tourism sector, which is achieved by substituting foreign imports with local suppliers.

Figure 2 illustrates how (theoretically at least) an import dependent economy can through import substitution create links to the local economy.

A study by Taylor, Morison and Fleming (1991) measured the hypothetical impacts of a 25% reduction of imports and simultaneously a 25% increase in food supplied by local farmers on the Bahamas using input-output tables. The study found that with import substitution a one Bahamian dollar increase in sales in the tourism sector resulted in an increase in output of 43.1 cents in the rest of the economy compared to 39.5cents using the existing level of foreign inputs. The tourism industry was expected to create 650 jobs mainly in the crop, fruit and vegetable sector. Taylor et al. (1991) also found that the linkages between agriculture and manufacturing were weak and could be improved considerably.

Similarly, a study by Mbaiwa (2000) analysing the impacts of enclave tourism in the Okavango Delta in Botswana argues that tourism has had minimal economic impact on rural development mainly because it had weak linkages with the domestic economy, particularly agriculture, i.e. in 1999 tourism only contributed 0.5% to agricultural output.

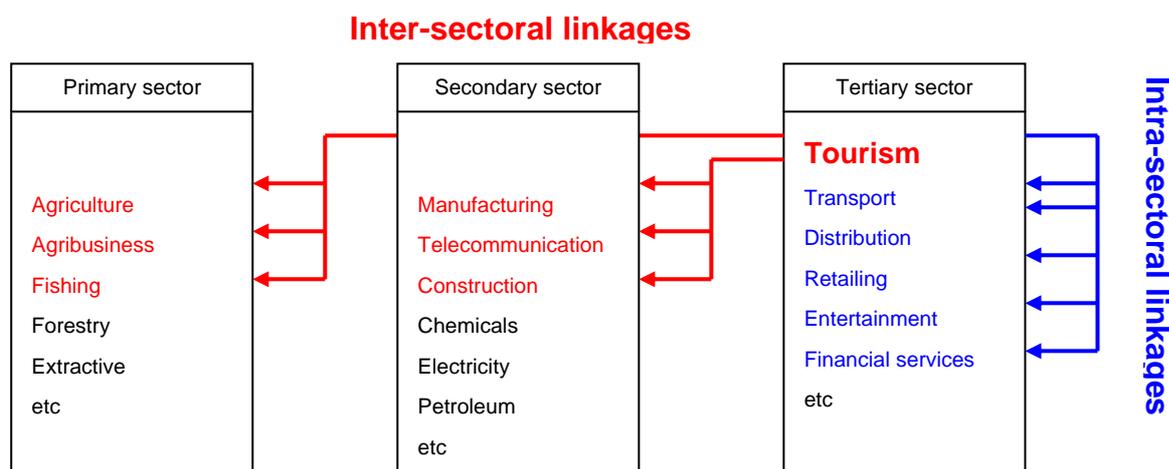
Figure 2: Import substitution with local suppliers



Source: Kirsten and Rogerson (2002)

There is, however, a distinction between intra-sectoral and inter-sectoral linkages. Much writing on Pro-Poor Tourism has focus on intra-sectoral linkages, in particular on how the established tourism sector can link up with the informal tourism sector. Inter-sectoral linkages (i.e. linkages between different economic sectors in an economy) are however crucial for stimulating the economy as a whole and avoiding the reliance on a mono-'crop' economy. Figure 3 shows examples of how the tourism sector can link up with other economic sectors in the economy.

Figure 3: Inter- and intra-sectoral linkages



2.2 Leakages

A number of studies warn about the high reliance of the tourism industry on imports and thus the danger of unnecessarily high leakages (see for example Belisle 1983, Taylor et al 1991, Wilkinson 1987).

Leakage is a term used to describe the percentage of the price of the holiday paid by the tourists that leaves a destination (in terms of imports or expatriate profits) or never reaches the destination in the

first place due to the involvement of 'Northern' based intermediaries. Leverages in the tourism sector generally fall into three categories:

- a) *internal leakages*: i.e. import related leakages which are estimated to be between 40-50% in most developing countries and 10-20% for most advanced and diversified developing countries (Diaz Benevides 2001). They tend to be the highest when the local destination economy is weak in respect to the lack of or inferior quality of domestically produced goods and services.
- b) *external leakages*: i.e. the total value added captured in generating countries due to the involvement of intermediaries, thus the difference between paid for in generating countries and received in host countries. These are difficult to estimate but some go up to 75% (Diaz Benevides 2001).
- c) *invisible leakages*: i.e. the real losses or opportunity costs related to resource damage or deterioration. One major source of leakages is associated with tax avoidance, informal currency exchange transactions, and off-shore savings and investment.

Leakage data varies considerably depending on calculations (see PPT working paper 17). The World Bank estimates that overall 55% of gross tourism revenue to the developing world actually leak back to developed countries (Frueh 1988, cited in Boo 1990). Leverages are particularly high in small developing country island economies, for many of which tourism is the principal export earner – examples are: St. Lucia 45% (Spinrad 1982:85), average for the Caribbean region is reported to be around 70% (Pattullo 1996) while a tourism official of the Bahamas states that in 1994 leakages for that country might have been as high as 90%. A study of The Gambia estimates a leakage level of 77% for "charter operations", i.e. a combination of internal and external leakages (Dieke 1993). A study published in 1978 by the Economic and Social Commission for Asia and the Pacific estimated that leakages can be between 75% and 78% when both the airline and the hotel are owned by foreign companies, another study argues that they are between 55% and 60% in the case of a foreign airline, but locally owned hotel (cited in Madeley 1996:18). These studies indicate the importance of local ownership and linkages between the various local economic sectors. Table 1 illustrates the leakages measured for a selected number of countries and it can be seen that leakages are considerably higher in countries that are highly dependent on tourism when compared to countries with a more diversified and large economy.

Table 1: Leakage of gross tourism expenditure (1972 - 1991) (%)

Mauritius	(1965) 90	Hong Kong	(1973) 41
Seychelles	(1973) 60	Jamaica	(1991) 40
Fiji	(1979) 56	US Virgin Is.	(1979) 35.9
Cook Is.	(1979) 50	Sri Lanka	(1990) 29
St. Lucia	(1978) 44.8	Antigua	(1978) 25.2
Aruba	(1980) 41.4		

Source: Smith and Jenner (1992). Various WTO reports.

Some countries have therefore attempted to reduce expenditure leakage from their tourism sector by developing stronger links between tourism and other sectors in the local economy. Government policy in Jamaica, for example, has concentrated on strengthening the economic links between tourism and agriculture, thereby reducing the need for the tourism sector to import food. The Organisation of American States assessed Jamaica's leakage at 37% in 1994, a far more respectable figure than is usual in the region (Pattullo 1996: 38-9). Recent estimates by the World Bank (2003)

suggested that approximately 55% of tourism receipts earned by developing countries are accrued overseas.

However, Karagiannis (2004) argues that the situation is not uniform across the Caribbean as a few destinations have relatively low leakage rates such as Trinidad and Tobago (22%) and St. Vincent and the Grenadines (33%). The prevailing trend, according to Karagiannis (2004) is that the vast majority of destinations are based on an industry that depends heavily on imports. Nine Caribbean countries have import rates ranging from 45% to almost 90% with Dominica and The Bahamas representing the lower and upper limit of this range respectively, while the others are either in the 50% or 60% region (Ramjee Singh 2002, 2003).

The import content of the tourist industry in the Caribbean is exceptionally high, especially when compared to other well-established and mature destinations outside of the region, such as for example New Zealand and the Philippines (between 11% and 20% respectively), and Kenya and South Korea (between the 20% and 22% respectively).

Available statistics and research demonstrate that the import content and the size of the tourism multipliers are inversely related, i.e. countries with high leakage rates tend to end up with small multipliers and relatively insignificant ripple effects from tourist spending.

There are a number of factors that can explain high leakages. First, it is argued in the literature that small island economies tend to rely more on imports, because they do not have the capacity to produce the goods and services that are required to meet the demand of the industry. Larger island states, on the other hand, do not face these resource constraints and are expected to develop stronger inter-sectoral linkages between tourism and the rest of the domestic economy.

Secondly, a well developed infrastructure is expected to improve the production possibilities of domestic industries, develop stronger inter-sectoral linkages within the economy, provide the platform for the efficient distribution of goods and services, and allow domestic industries to try to compete successfully with their overseas counterparts (Karagiannis 2004).

Thirdly, the Caribbean has seen a phenomenal increase in tourist arrivals over the last decades due primarily to the decision of most destinations to engage in mass tourism. A massive influx of tourists to a destination increases the demand for goods and services.

Finally, most Caribbean economies are export focused coupled with an over-emphasis on tourism growth, which resulted in the neglect of local agriculture and manufacturing industries. Karagiannis (2004) argues that it is not surprising that the local agricultural sector has remained inefficient and is unable to provide the required volume of output at competitive prices.

2.3 Multipliers

Multipliers aim to summarise the capacity of tourism in generating economic development by examining the impacts of additional tourist spending in a destination area, which in turn serves to generate income, employment, and a range of other benefits for the host economy. According to Pearce (1989), multipliers assess the way in which tourist spending filters through the economy, stimulating other sectors as it does so. The most commonly used multipliers are

1. sales and output multipliers: these measure the amount of additional business revenue created in the economy - sales multiplier measure the volume and value of sales while output multipliers measure changes to the actual level of production;
2. Income multiplier: measures the additional income (wages, salaries, rent, interest, profit) created in the economy as a result of increased visitor spending;
3. employment multiplier: measures either the total amount of employment generated by additional tourist spending or the ratio of this employment generated by spending to direct employment alone.

When examining tourism multipliers they often display very substantial international variations depending on for example the structure of the economy in which the tourism activity takes place or the spending patterns of the recipients of these expenditures.

The size of the economy can also explain the differences between the Caribbean countries listed in Table 2. The larger and arguably more diversified economies such as Jamaica and the Dominican Republic show considerably higher multipliers when compared to small countries and economies such as The British Virgin Islands and the Cayman Islands, indicating that the linkages to other sectors are more developed in larger economies.

Countries where few economic linkages exist, usually experience lower income and employment multipliers, largely due to the need for high imports. This effect is particularly evident in the case of small island developing states (SIDSs) where it is often difficult to meet the demands of a growing tourism sector from local supplies. An example is Tonga, which is estimated to import up to 85% of the goods and services required by the tourism industry. The tourism income multipliers for Tonga are consequently estimated to be very low at 0.42, while destinations with a large and diverse domestic economy such as Turkey show multipliers of 1.96 (see table 2).

Countries with well-established local supply networks for the tourism sector tend to exhibit higher income and employment multipliers. Recent research by Karagiannis (2004) revealed that seven Caribbean destinations are expected to generate 39% or less in income from every dollar of tourist expenditure while only four countries (St. Lucia, Dominica, St. Vincent and the Grenadines, and Trinidad and Tobago) would produce multipliers of 1.56, 1.59, 1.79 and 2.00 respectively per dollar of tourist spending.

Table 2: Tourism income multipliers for selected countries

Kiribati	0.37	Hong Kong	0.87 - 1.02
Western Samoa	0.39 - 0.66	Seychelles	0.88 - 1.03
Tonga	0.42	Bermuda	1.03 - 1.09
Vanuatu	0.56 - 0.80	Cyprus	1.14
Br. Virgin Is.	0.58	Dominican Rep.	1.20
Iceland	0.64	Egypt	1.23
Cayman Is.	0.65	Jamaica	1.23 - 1.27
Fiji	0.69 - 0.72	Sri Lanka	1.59
Bahamas	0.78 - 0.79	Rep. Ireland	1.72
Philippines	0.82	United Kingdom	1.73
Antigua	0.88	Turkey	1.96
Mauritius	0.96		

Sources: Fletcher (1989). Archer (1989) Various WTO reports.

Tourism is often perceived as being a particularly good employment generator, i.e. high employment multipliers. This is particularly the case when the tourism sector has strong backward linkages into the rest of the economy. However, even where backward linkages are weak tourism can still become a main provider of employment. For example, direct and indirect employment through the tourism sector is thought to account for 50% of all employment in the Virgin Islands, 37% of all employment in Jamaica and 35% of all employment in the Bahamas (Karagiannis 2004). On the other hand, tourism has often been criticised because the kinds of jobs it tends to create are not 'real' jobs. Indeed, many commentators have noted that tourism employment tends to be concentrated in low-skilled occupations. Related to the low-skilled nature of jobs in tourism, tourism employment also tends to pay relatively low wages and to provide only part-time or seasonal job opportunities (although, this situation is often exacerbated in the agricultural sector).

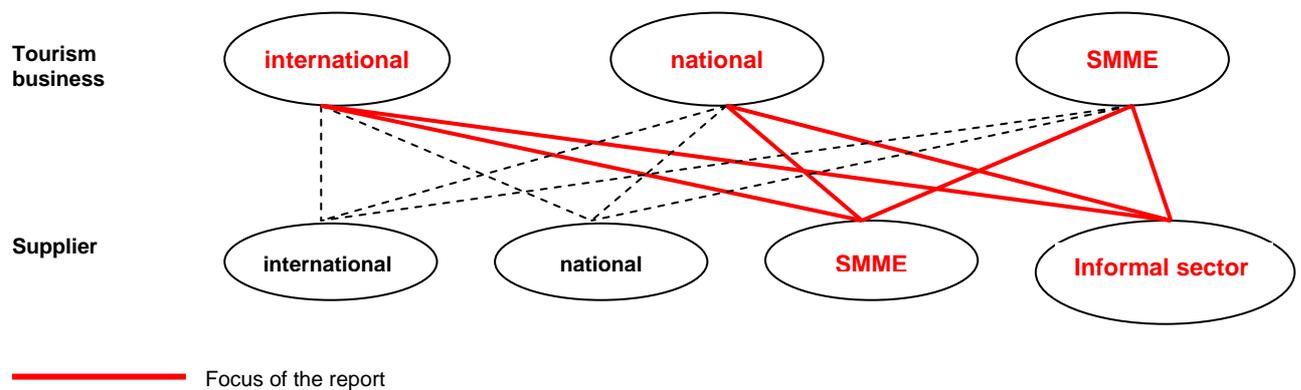
The seasonality of tourism employment is especially marked in some destination economies. For example, the Portuguese resort of Faro experiences nearly a 30% increase in employment during the summer months.

Many authors argue that the multiplier effects of tourism in developing countries are often considerably less than expected, and that the international orientation and organisation of mass tourism requires high investment costs and leads to a high dependency on foreign capital, skills, and management personnel (Bryden 1973; Muller 1984; Oestreich 1977; Pavaskar 1982; Oppermann & Chon 1997). Based on multiplier calculations it is thus often suggested that tourism is not necessarily a powerful regional development agent in developing countries (Oppermann & Chon 1997).

3 A 'linkages framework': four types of linkages

The focus of this paper is predominantly on linkages between international and national hotel businesses and local SMMEs and the informal sector. The very broad assumption is that the support to and development of SMMEs and the incorporation of the highly significant informal sector into the formal tourism economy can have significant impacts on pro-poor tourism developments. This is not to say, however, that larger international or nationally owned business can not have a significant impact on employment and income generation (see figure 4).

Figure 4: tourism business linkages relevant for this paper (in red)



Very generally tourism businesses, all kinds of businesses and not just resort facilities, can create linkages that fall into four broad categories (see graph 5).

These 4 categories are:

- in-house responsibilities* (e.g. employment conditions, wages, in-house training)
- sourcing and procurement linkages* with local SMMEs and informal sector suppliers;
- SMME development** of non core business and outsourcing; and
- other types of partnerships* such as mentoring programmes with local SMMEs or non-core product development initiatives such as contribution to destination wide cultural programmes

The focus of this paper is on

- sourcing and procurement linkages, and*
- SMME development and outsourcing.*

Before describing these two aspects in detail, brief summaries are given with regard to in-house responsibilities and other types of partnerships.

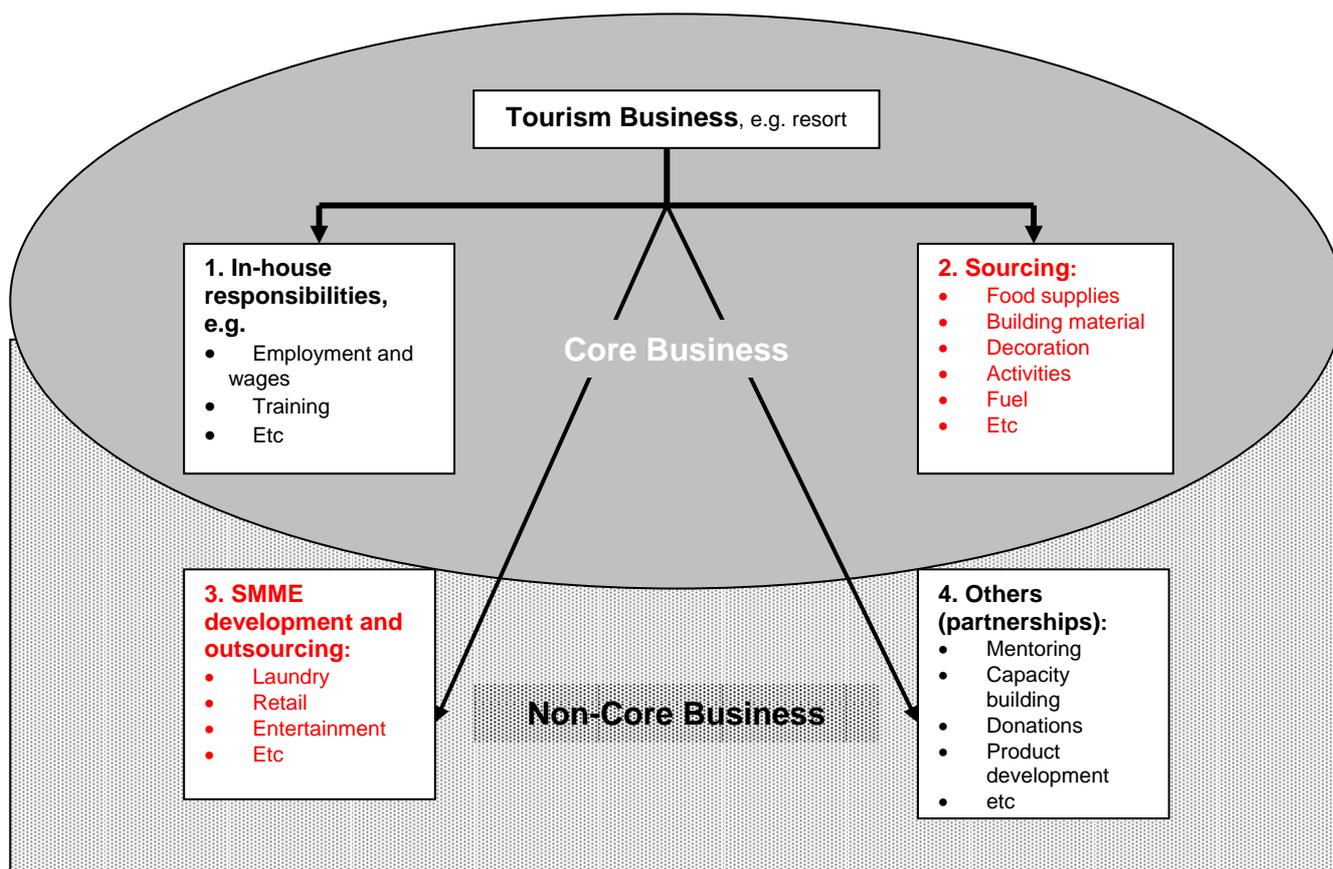


Figure 5 potential linkages between the business (resort) and the community

(Red typeface indicates the focus of this paper)

3.1 In-house responsibilities

The key in-house responsibilities of a tourism business are towards its employees. Among others these include:

- the working conditions,
- remuneration and benefits,
- training and staff development,
- additional benefits such as health care.

The International Labour Organisation (2001) argues that the tourism sector produces an estimated 3-4% of global GDP and employs approximately 3% of the world's total labour force. If both direct and indirect employment is taken into account, according to the World Travel and Tourism Council (WTTC 2000) the total tourism related economy produces as much as 11% of GDP and employs 8% of the labour force world-wide.

While tourism employs a high number of workers, the working conditions are according to the ILO characterised by the following:

- wages are at least 20% less than those paid by other sectors;
- a high proportion of unskilled and part-time workers compared to other sectors,
- a very young workforce (up to 50% are under 25 years of age); and
- employing a high proportion of female (up to 70%) (ILO 2001).

The tourism labour market in developing countries is also characterised by a high percentage of migrant workers compared to other sectors. These migrant workers are often the most vulnerable

segments of society and face considerable difficulties moving to better paid employment due to factors such as limited language skills, unfamiliarity with the host culture, and inexperience with the tourism industry.

Child labour is particularly important in this sector, and it is often crucial for small, family-based enterprises. The ILO (2001) notes that the worst form of child labour in tourism is seen in the sex trade. This is particularly widespread in a number of developing countries (for example Thailand, Vietnam) but also growing in other areas such as the Caribbean (e.g. Dominican Republic and Cuba).

Furthermore, the tourism sector is characterised by a number of other labour problems which include high staff turnover, irregular working hours, low levels of unionisation (less than 10 per cent) and intense pressure on human resources. The anti-union attitudes shown by some TNCs and the adverse impact on workers' representation arising from subcontracting, franchising and management contracts which frequently subdivide large enterprises into small units that are too weak to be effective partners in social dialogue, are seen as particularly worrisome.

According to the ILO (2001) "the spread of information technologies enables tourism providers to cater more efficiently for a more diversified clientele". However, these benefits are not evenly spread. While TNCs are increasing the scope and efficiency of their operations through mergers, franchising arrangements and increased linkages between air carriers, hotels, travel agencies and retail distributors, independent enterprises tend to be left behind. This point is particularly worrisome for the ILO as SMMEs employ at least half the sector's workforce and represent the majority of its enterprises.

The ILO argues that while the tourism industry is conscious that human resources are valuable to the sector additional efforts are needed to make working conditions more attractive to a range of age groups, to increase worker responsibility and to make employment in the sector a prestigious lifetime engagement.

The provision of fair working conditions and the adherence to codes of practice can provide considerable benefits to tourism businesses (see table 3)

Table 3: Benefits to company from creating fair working conditions

Respecting employee's human rights can ensure that operations comply with relevant laws and avoid fines and lawsuits
ensuring that employees are treated well and are fairly compensated can minimise the risks of antagonism and anti-tourist feelings and help promote a welcoming and supportive attitude towards guests
fair treatment of employees and local communities can bolster staff morale and enable a business to become an employer of choice
promoting equal rights among all employees can minimise friction between local and foreign employees and management and support staff
ensuring that dialogue and negotiations with freely elected workers' representatives can guarantee authentic consultations on management decisions affecting staff and their acceptance by staff, as well as a constructive long-term attitude of employees towards the goals of the hotel
respecting the rights of employees and neighbouring communities can help safeguard the reputation of the business
respecting the rights of indigenous communities can mitigate against adverse attention from non-governmental organisations of the media

(source ILO 2001)

The ILO (2001) suggests the following initiatives that tourism businesses can undertake to ensure they are meeting their in-house responsibilities towards their employees:

- undertake a study into the potential human rights impacts of your business on employees, local communities and other stakeholders
- provide a fair living wage and benefits to all employees
- sign formal contracts with all employees
- adopt a formal position/policy on human rights that commits the business to upholding fundamental human rights
- establish policies and guidelines to protect employees' health and safety in the workplace
- ensure that working hours, rest periods and remuneration comply with local legislation and practice, as well as with collective agreements where they exist
- train destination nationals for management positions and support career/personal development and employability across all employment categories
- encourage woman and ethnic minorities to pursue careers
- recognise and respect the rights of indigenous people and other vulnerable groups
- provide communication systems to inform workers of their rights, in local language and orally if illiteracy is common
- develop systems that allow for confidential and safe reporting of and follow-up on grievances
- have a fair and legal child employment policy
- sign on to and implement the ECPAT Code of Conduct for the protection of children from commercial sexual exploitation in travel and tourism
- ensure that security services or personnel do not violate the human rights of employees or local people and are trained in relevant human rights standards
- respect freely elected workers' representatives and provide them with relevant information
- require all suppliers and sub-contractors to comply with company policies and guidelines on human rights, labour practices and occupational health and safety.

(source ILO 2001)

Many tourism business, in particularly TNCs, are already implementing some of these initiatives and in recent years a strong focus has been on training and staff development (such as management training, secondary and higher education degree courses). Tourism Concern, a UK charity, is currently running a campaign to improve the working conditions in the tourism sector (see www.tourismconcern.org.uk for more information).

3.2 Other partnerships with the community:

A great variety of partnership opportunities exist that are outside of in-house responsibilities or sourcing and SMME development. These partnerships are often covered under the term 'community development' and generally refer to initiatives that a company undertakes to support the neighbouring community. This can include a wide range of activities, the most common are:

- donations to local projects / initiatives (e.g. a community fund, guest donations)
- support to educational activities (e.g. courses developed for local residents, support/finance to local schools, scholarships)
- resource sharing and environmental initiatives (e.g. recycling initiatives (household waste, water, glass etc), environmental clean-up)
- health care (e.g. visiting clinics, HIV/AIDS awareness raising campaigns)
- social protection (e.g. micro credit; business support; cultural initiatives)
- community participation (e.g. tourism awareness campaigns, information and consultation)

In recent years partnerships with communities in the field of tourism have been widely discussed and while most discussions focused on established tourism destinations in the 'North' this is now becoming a topic in the developing world.

While tourism is often criticised for having a number of negative impacts on the host destinations, tourism has, however, also been praised for its contributions to community development, which can help to improve relations with local communities and minimise the risks of future conflict. It is argued that supporting community development can generate positive publicity and improve the reputation of companies/destinations involved. Contributions to community development can also enhance approval from guests and others who are concerned about local community welfare.

Why engage in partnerships?

There are a number of reasons why the private sector should engage in partnerships with local neighbouring communities. The main ones include:

- **Dependence**

Tourism is highly dependent on the goodwill of its neighbours who are often 'sold' as part of the product. Different from other industries, the factory gates cannot be closed, in fact the experience of the local culture and contacts with 'hosts' is often a central element in the tourism purchase decision making process. The industry is dependent on the goodwill from its local hosts, which makes it essential to develop, maintain and strengthen effective partnerships with the local community.

- **Reputation**

Tourism is a product that cannot be inspected before purchase or returned after the offer failed to hold its promises. Tourism is intangible and relies on the reputation of the product and the product provider. In a competitive market environment, such as tourism, the reputation of the destination and the provider is key for making a sale. Partnerships with local communities can not only increase the reputation of the service provide, but most important can lead to the development of a sustainable product. Transnational tour operators and accommodation providers depend on their reputation, and collaboration with supply chain members is imperative if customer needs and expectations are to be met.

- **USP:**

Today's consumers are said to be more socially, culturally and environmentally aware and expect service providers to adopt a 'responsible' role. This is particularly the case in the highly contest up-market segments. Travel companies often rely on partnerships with the local community to provide the 'experience' their customers require. In the past years concentration among a few key tour operators has intensified, but at the same time more and more companies adopt niche market strategies. These are often based on more 'authentic' products and experiences and companies have made 'responsible business practice' as their USP.

- **Product Quality and Cost**

Close involvement with its suppliers can provide a company with greater control over both the quality and also the costs of inputs purchased. This is particularly important when high-end add-ins such as excursions, performances etc are an important part of the product. By the tourism business becoming involved in training and capacity building as well as product design of locally sourced input, the product quality as well as its 'fit' within the company's marketing strategy is increased.

- **Reduction in staff turnover and increase in staff morale.**

Tourism is a labour intensive industry and relies heavily on high quality staff. A main problem in the tourism sector is however its seasonality, low pay and un-social work hours. This often leads to very high staff turnover and thus additional costs for tourism businesses to train-up new

recruits each season. By forming close relationship with local partners these costs can be reduced and staff morale can be increased - staff morale being essential for providing a high quality service.

- **Investors and Developers**

Some of the larger tourism TNCs have subscribed to international codes of practice such as the Equator Principles which govern lender due diligence and borrower compliance. Subscription to these codes can bring several advantages to TNCs such as more favourable repayment terms, less intrusive covenants in loan agreements, advantages in securing planning permissions and licenses.

It is widely accepted that contributions to community development can help to improve relations with local communities. It can minimise the risks of conflict between the community and the tourism enterprise, which often is a direct result of not having established a dialogue. From a business side, as argued above, supportive partnerships with the neighbouring community can generate positive publicity and improve the company's reputation, while at the same time enhancing guest satisfaction which is essential for the crucial repeat business and word-of-mouth advertising. Economic linkages to local suppliers and SMMEs in particular can enhance the environment in which tourism is developed and provide a sustainable development option that can generate win-win situations for both the enterprise and the community.

The Tour-Operator Initiative for Sustainable Development (TOI), for example, takes these issues on board and suggests a number of strategies/initiatives to be implemented by tourism businesses (see box 1). While many of these fall either under the rubrics of 'SMME development', 'procurement' or 'in-house responsibilities', several (in bold) are activities that can be undertaken as direct community support initiatives.

Box 1: TOI's suggestions for community development initiatives

- Help to develop and actively support locally run tourism related businesses.
- Buy locally produced goods and services.
- Buy from medium, small and micro-enterprises, as well as entrepreneurs from ethnic minorities and indigenous groups.
- Employ local people.
- Develop training programmes covering both basic skills and those necessary for promotion, so that local people can be phased into management positions over time
- Provide language classes for local workers who do not speak the dominant language of the guests.
- **Encourage employees to volunteer in local communities and to follow environmental practice at home.**
- **Provide information to guests on the areas cultural and religious characteristics and offer tips on how they can ensure that their own behaviour respects these characteristics.**
- Encourage guests to purchase locally produced products and support local service providers.
- **Work with local partners to support projects that increase community well-being.**
- **Provide support for local schools.**
- **Support local communities with old or unused products.**

Source: TOI 2003

The following section summarises briefly a few of the key community development initiatives

a) Donations

Providing donations to the local community is probably the most widely adopted practice among the tourism industry. Given that donation initiatives are relatively easy to set up while at the same time providing the 'feel-good' factor to both donors (i.e. guests) and the companies that have set-up these initiatives, it is easy to see why they are so widely adopted by the industry. The characteristics of donation initiatives are:

- easy to initiate;
- able to respond to immediate needs;
- can be tailor made to community needs;
- limited time/financial involvement from the tourism business;
- PR opportunity;
- make use of items that are often discarded (read books, old clothes, loose change);
- easy to restructure and adjust;
- feel-good factor for donors;
- easy to collect;
- relatively simple to manage;

Donations can generally be broken down into two categories a) direct donations from tourism businesses, and b) donations from visitors often administered and collected by tourism businesses (see table 4).

Table 4: The most common forms of donations

	Tourism businesses	Visitors
Financial donations	<ul style="list-style-type: none"> - annual charity donations - ad hoc donations - "adopt a ..." schemes 	<ul style="list-style-type: none"> - project donation - membership to local charitable organisations - "adopt a ..." donations - loose change collection
Labour and in-kind donations	<ul style="list-style-type: none"> - labour projects - expertise 	<ul style="list-style-type: none"> - volunteering - expertise
goods donations	<ul style="list-style-type: none"> - discarded linen - discarded guest items and amenities (e.g. soap) - discarded cutlery and crockery - discarded machinery (e.g. cookers) - discarded furniture and furnishings - unsold food stuff - recycling ware (e.g. glass, tins/cans) 	<ul style="list-style-type: none"> - discarded travel reading - discarded travel clothes - pens and stationary - gifts - discarded unused travel medicine (e.g. painkillers, antiseptic creams, dressings) - discarded travel equipment (e.g. sleeping bags, mosquito nets, torches)

It is argued that this is not just one of the simplest way to set up links to the local community but also one of the most effective. Tourists are after a 'feel-good' incident especially when travelling in the developing world, while also often relieved to find opportunities to provide a second-use for items they would otherwise discard (e.g. loose change, books, magazines, clothes) and thus the opportunity to lighten their baggage load for the return trip. Similarly tourism businesses, especially

in the accommodation sector, do need to replace a considerable amount of goods subjected to wear-and-tear while also being faced with a heavy recycling burden. The opportunity to donate these goods (i.e. bed linen, cutlery and crockery, white goods), which are often in perfect condition for household use but unacceptable for high class business operations, can relieve companies from the financial cost of having to dispose of them.

Donations are frequently sneered upon as being *just* philanthropic. The fact, however, is that this is an extremely easy way to make most use of what is already available, and this can in an instant create basic win-win situations for all, the business, the visitors and the local community. Donations have become such an important part of many tourism businesses that some have build it into their product appeal. CCAfrica is a good example where donations have become far more than just a philanthropic activity.

Similarly, volunteering has in the past few years become an important niche product and many companies have been set-up to cater for this market. It is so successful that it is far from a cheap holiday. A Tsunami relief 14-day trip to Thailand for example costs £670 excluding flights in July 2005 (advertised in www.responsibletravel.com accessed 02.05.2005) while www.lastminute.com offers a two week holiday in Thailand at £539 - *inclusive* of flight at the same time. Thus philanthropic acts by tourists and businesses are essential community development tools.

b) Training / education/ capacity building

Human resources are the life-blood of the tourism industry, thus training, education and capacity building are very high on the agenda of tourism businesses. In the past two decades the tourism industry was criticised for only offering menial jobs to local people while importing expatriates to work at management level - and thus contributing to leakages. There are, however, a wide variety of case studies that illustrate how tourism enterprises are involved in and can contribute to 'training-up' the local work force and to providing general educational and SMME support.

The role that a tourism enterprise can adopt in providing training, education and capacity building can be grouped into the following four categories:

1. in-house training (see section a) 'in-house responsibilities)
2. build up of new capacity - tourism related education in secondary, tertiary and higher education
3. general education - support to schools, tourism awareness raising among the population
4. supplier support (e.g. business training)

The main ways in which business have in the past supported education was through support to local primary and secondary schools (i.e. donations, lectures/courses, course material, internships, scholarships etc) and through general tourism awareness raising campaigns aimed at the local population. In recent years, however, businesses have also become involved in tertiary and higher education by actively supporting, designing and financing technical and degree courses in tourism management. This not only promises to provide an informed and capable workforce to business, enabling the industry to work hand-in-hand with the educational system, but also ideally ensures that there is a direct match between industry developments and capability of the workforce.

c) Resource sharing and recycling

Resource sharing is in some ways an often overlooked item on the 'responsible tourism agenda'. At the same time it is one where substantial benefits can be generated for both the business and the community. As mentioned above resource sharing could imply sharing grey water with local community to be used for irrigation; it might also imply recycling local waste locally (e.g. glass, tin, paper) to support recycling businesses and SMMEs in the local community. Table 5 gives a brief

overview of the key resource sharing and recycling initiatives already in place at a number of tourism businesses.

Table 5: Resource-sharing and recycling initiatives

Issue	Initiatives
Road Infrastructure/ Transport	<ul style="list-style-type: none"> • resorts extending purpose-built road infrastructure to neighbouring villages • shared transport between arrival points (airports, ports), residential areas and resorts • guest transfer vehicles (minibuses) also used for bringing workers to/from resorts • etc
Power	<ul style="list-style-type: none"> • Electricity grid extension from resort to neighbouring villages • Emergency power supply for neighbouring villages • Etc
Water	<ul style="list-style-type: none"> • Recycling gray water for agricultural irrigation in neighbouring villages • Extending water supply grit from resort to neighbouring villages • Emergency water supply via mobile tanks • etc
Communications	<ul style="list-style-type: none"> • emergency phones in the resort made available for local communities • etc
Food stuff	<ul style="list-style-type: none"> • donation of food leftovers to local communities for consumption • donation of food leftovers as fertilisers • etc
Recyclables	<ul style="list-style-type: none"> • tins/paper/glass supplied to locale SMMEs and recycling companies

Social protection

Tourism business can play a part in supporting social protection for the residents in neighbouring communities. This can include, for example, the provision of health facilities, micro finance support and support in social issues such as the fight against the exploitation of children, prostitution, and the fight against HIV/AIDS. Social protection, however, also relates to cultural initiatives and might include support to local cultural centres, revitalising and maintaining local art forms, and general support to the cultural life in neighbouring villages. Cultural attractions are important tourism products and the support given by a company to these activities will improve the product that is being offered, and thus increase guest satisfaction.

4 Sourcing agricultural supplies

This section discusses issues relevant to sourcing by reviewing the key literature relevant to this topic. A considerable part of this analysis will focus on inter-sectoral linkages between tourism and agriculture. The reason for doing so is that it is estimated that approx. 30% of all tourist expenditure goes into food and beverages, clearly highlighting the importance of these linkages. The sourcing of food and beverages, and thus the link to the agricultural sector, is particularly important for resorts as much of their costing strategy is based on offering an all-inclusive product, i.e. the combination of accommodation and catering.

However, as table 6 demonstrates, local sourcing opportunities can vary considerably, depending on the type of business and its 'core' activities.

Table 6: Local supply of goods and services to tourism businesses

Area of tourism service	Required goods and services	Local suppliers
Accommodation		
	Construction supplies and labour	Construction companies, craft persons
	Interior furnishings	Furniture shops, craft persons
	Maintenance and repairs	Craft persons
	Cleaning and laundry	Unskilled local labour
	Security, gardening	Unskilled local labour
Catering		
	Fresh food or groceries (vegetables, meat, fish etc)	Farmers, herdsmen, fishermen
	Processed foods	Bakers, butchers, local commerce/markets
	Cooking and serving	Unskilled local labour (except for chef) to be trained on the job
Transportation		
	Vehicles	(taxi) drivers, boat/canoe owners
	Fuels	Filling stations
	Porters	Unskilled local labour
	Riding animals	Local farmers or herdsmen
Activities / programmes		
	Guided tours	Skilled guides
	Cultural events	Local performance groups
	Courses, workshops	Skilled instructors

Source: Steck, Strasdas and Gustedt 1999 (modified by Strasdas 2002)

Thus while Sandal's all-inclusive resorts in the Caribbean view the provision of catering facilities as an important and integral part of their package and as a core business activity, a Southern Sun owned 4-star hotel in downtown Johannesburg is outsourcing the operation of restaurants on their hotel premise. A small safari lodge might operate craft and souvenir shops as part of their business activities, while the SunCity resort in South Africa operates outsourcing for the majority of its retail facilities by working with concessionaires. Thus, there is no fit-all formula, but to tailor this paper to the Caribbean situation the all-inclusive resort is used as a conceptual premise. What is common to many all-inclusive resorts is that they bring together three aspects of the tourism product which they make their core business: a) the provision of accommodation; b) the provision of catering, and

c) the provision of entertainment - all at an inclusive price. All-inclusive resorts thus provide considerable opportunities for sourcing, well beyond what a traditional hotel could initiate. By creating linkages between the formal tourism sector (hotels, tour operators, transport providers, restaurants etc) and the local economy, the contribution of tourism to poverty reduction can be increased. If the formal tourism sector sources supplies from local industries, these can be strengthened and thus can provide additional employment and revenue, while at the same time reducing leakages and the high import content of the industry.

National development plans for tourism are often drawn up based on the assumption that the economic benefits of tourism will stimulate other sectors of the economy - most notably agriculture. But despite the popular belief that the agricultural sector can benefit considerably from the development of tourism, evidence often points into the opposite direction. Numerous studies (see table 7) have noted the failure of inter-sectoral linkages to develop. In fact, an alternative scenario is often revealed in which tourism generates increased food imports, which both damage local agriculture and drain foreign exchange earnings (Bélisle 1984 and 1984a).

Table 7: The negative and positive impacts of tourism on agriculture

Negative impacts of tourism on agriculture	Positive impacts of tourism on agriculture
<ul style="list-style-type: none"> - the competition for land resources (Bryden 1973; Dieke 1993; Pi-Sunyer 1973), - inflated land values (Bélisle 1984a; Greenwood 1972); - competition for labor resources (Cater 1987; FAO/ECE 1982; O'Ferrall 1991; Parsons 1985; Wilkinson 1989); - increased imports associated with foreign exchange leakages (Bélisle 1983; Dieke 1993; Momsen 1996; Taylor 1991); - increased local consumption of imported foods (Gomes 1993; Ryan 1991); - inflated food prices (Bélisle 1984a; Bélisle and Hoy 1980); - changes in cropping patterns (Adams 1992; Greenwood 1972); - decline in agricultural production (McElroy and Albuquerque 1990; Monk and Alexander 1986; Rodenburg 1980); - deterioration of the natural resource base (West and Brechin 1991); - maldistribution of tourism benefits (Harrison 1992; Mathieson and Wall 1982; Mendonsa 1993; Smith and Eadington 1992). 	<ul style="list-style-type: none"> - stimulation of agricultural development (Bélisle 1984a; Cox, Fox and Bowen 1994; Tefler and Wall 1996); - increased profitability of agricultural production; - creation of new market opportunities; and - providing farmers with increased or supplementary income (Hermans 1981; Stott 1980)

Freitag (1994) asserts that in the case of the Dominican Republic little official promotion has been initiated to incorporate traditional industries (in particular agriculture) or poorer members of the society into the national tourism industry. The assumption was that a trickle-down effect would be achieved through elite and foreign controlled all-inclusive developments. Freitag (1994) argues that this lack of cohesion between the tourism industry and traditional economic sectors, pronounced in

the Dominican Republic, is important to understanding the failure of traditional tourism in fulfilling its expectations as a viable form of national development.

Far from creating linkages a frequent argument is that the tourism sector competes with other traditional sectors in the economy. A study by Bryden (1973) found that tourism grows in competition with other sectors, "principally export and domestic agriculture" (1973:214). He argues that the main characteristics are competition over land, labour and other resources, including skilled manpower and domestic capital. Long (1992) argues that there are numerous examples where coastal tourism development has displaced fisheries, while competition over resources (such as water) as lead to a reduction in agriculture, in particular in MENA countries such as Tunisia. McTaggart (1988) also identified the conflict over the resource water in Bali, Indonesia.

Hermans (1981) argues that the fact that tourism has caused an increase in wages and attracted workers from other sectors, including agriculture, can also be explained by the fact that agricultural occupations not only pay lower wages but also have low prestige. This is supported by Weaver (1988) who analysed the situation in the Caribbean and states that the demise of agriculture can be "attributed largely to the emergence of tourism as a viable alternative to a chronically unstable agricultural sector, promoting the lateral transfer of investment capital by local and expatriate plantation interests from agriculture to tourism" (Weaver 1988:324). In a similar note, Bryden (1973) also contends that the demonstration effect further increases the amount of imported food - i.e. local residents wanting to consume similar food to that consumed by tourists.

On the other extreme, however, is Latimer (1985) who argues by citing examples from Nusa Dua (Bali) and Cancun (Mexico) that tourism development sites are often chosen precisely because of their poor agricultural potential -i.e. the opportunity costs for tourism are low as no other viable economic development options exist. Similarly, Bowen, Cox and Fox (1991) contend that there is always a trade-off between different sectors and while tourism may increase the cost of production, labourers and landowners also benefit from increased wages and resource values, and infrastructure improvements. Citing examples from Hawaii, they argue that tourism-induced improvements in the marketing system may encourage the production of high-value, non-traditional agricultural products and tourism may stimulate landscaping and other services based on agriculture which offset decreases in traditional agricultural activities. According to Bowen, Cox and Fox (1991) the regional impact depends on the availability of resources and how they are managed by governments. Similarly, Hermans (1981) argues citing the Spanish example of Cambrils that "indirectly tourism has been the motor for development of agriculture in Cambrils" (1981:471). Although agriculture in Cambrils was already profitable, tourism caused the commercialisation of agriculture by providing a nearby market for close to half of the summer fruits and vegetables which could be sold at high prices to tourists.

Most tourism planners agree that, in the context of developing nations, linkages between tourism and other economic sectors, such as agriculture or manufacturing, are weak and should be improved (Miller 1985; Organization of American States 1984). Tourism must be integrated into the local economy and successfully serve to promote other local activities in order to meet development goals (Farrell 1990: 25; Matthews 1978:48). This has also been recognised by government planning offices such as in the Gambia (Dieke 1993) where the tourism development policy explicitly states the desire and need to increase linkages with the local economy.

According to a number of studies (see for example Bowen, Cox and Fox 1991; Belisle 1983; Belisle 1984a, Telfer and Wall 1996) there are several factors that impact on the linkages that can be and are created between tourism and local agricultural suppliers. These include:

- variations in the availability;
- consistency;
- quality of products;
- tourists preferences for 'known' food stuff;

- hotels' willing to pay more to guarantee quality and/or reliability;
- imported goods may be cheaper (such as beer);
- the quality is not as good (especially hygiene);
- hoteliers may not be aware of what is available locally;
- farmers may want to maintain traditional crops and don't diversify into produce demanded by the tourism industry;
- farmers are not able to increase production;
- farmers lack information about food requirements by hotels;
- hotels and farmers are inhibited from dealing with each other;
- farmers or local suppliers are unreliable in maintaining a regular supply and fulfilling contract agreements.

According to Belisle (1983) there are also a number of external barriers, which can be physical, behavioural, economic, technological and marketing related. These include:

- export farming may be given the best land,
- restrictions on expansions;
- physical attributes such as topography, soil-type, precipitation may individually or collectively prevent extension;
- the distribution of land ownership and technologies available;
- lack of marketing and storage facilities may hinder food distribution and prevent the food from getting to the customer;
- the organisation of the international tourism industry and the fact that foreign owned and/or operated hotels may have strong links to overseas food suppliers (see Britton 1982; Britton 1991; Bryden 1973; Brydon 1982; Belisle 1983).

Torres (2003) has developed a useful framework by classifying these very varied and diverse factors into three groupings:

- a) demand-related,
- b) supply-related and
- c) marketing /intermediary related factors.

This concept is followed for this paper by expanding the list of factors she mentions and by adding a fourth dimension: government policy (see table 8).

Table 8: Factors influencing the strength and type of linkages between tourism and agriculture

Demand related factors	Supply related factors	Marketing and intermediary factors	Government policy
<ul style="list-style-type: none"> - the type of visitor accommodation with respect to ownership, size and class (Bélisle 1984a; Milne 1992; Momsen 1986); - tourism industry maturity (Momsen 1994; Momsen 1996); - the type of tourist (Bélisle 1984; Gomes 1993; Miller 1985; Weaver 1991) - the promotion of local cuisine (Goffe 1975; Gomes 1993; Momsen 1986; OAS 1984) - health and safety concerns (Torres 2003) - training and nationality of chefs (Torres 2003) - seasonality (Farver 1984, Torres 2003) 	<ul style="list-style-type: none"> - physical limitations (Miller 1985; Gomes 1993); - entrenched production patterns (e.g.: plantation crops for export); (Pattullo 1996); - the quantity and quality of local production; (Bélisle 1983; Bélisle 1984a; Bélisle 1984; Miller 1985); - high prices of locally produced food (Bélisle 1984a; Bélisle 1984; Gomes 1993; OAS 1984); - technological and processing limitations (Bélisle 1983; Bélisle 1984a). - competition for labour (Torres 2000) - undercapitalisation of the agrarian sector (Torres 2003) - landscape (Dilley 1986, Telfer and Wall 1996, Socher and Tschurtschenthaler 1994, Bowen, Cox and Fox 1991) 	<ul style="list-style-type: none"> -marketing and infrastructure constraints (Pattullo 1996); -supply poorly adjusted to demand (Bélisle 1983; Bélisle 1984; Bélisle 1984a); -spatial patterns of supply (Bélisle 1983; Momsen 1986). -Agreements / contract / Kickbacks (Belisle 1983, Telfer and Wall 1996, Torres 1997) -Mistrust (Telfer and Wall 1996, Torres 2003, Woolcock 2001) - Distribution infrastructure (Telfer and Wall 1996, Latimer 1985) - Middle-men (Belisle 1983, Freitag 1994) 	<p>(Torres 2003, Latimer 1985, Belisle 1983, Telfer and Wall 1996, Taylor, Morison and Fleming 1991, Mak 1993).</p>

The majority of studies investigating linkages in tourism have focused on the agricultural sectors. This is for obvious reason given the enormous importance of on-going food supply sourcing by resorts. Several writers have estimated that approximately 30% of tourist expenditure is on food stuff (see Torres 2003, Belisle 1983). This compared to the relatively limited amount of expenditure made on gifts/souvenirs and the short lived expenditure on building and decorating material at the early stages of resort developments. Agriculture, rightly, is seen as promising particularly good opportunities for linkages. However, while agriculture is the focus of discussion in the following section most of the factors discussed as supporting or hindering the successful establishment of linkages can also be applied to other sectors of the local economy. Examples from other sectors will be woven into the discussion when ever possible.

In order to create and maintain sustainable and beneficial linkages between tourism and agriculture all factors need to be taken into account. A frequent problem in increasing inter-sectoral linkages is often the mismatch between supply and demand and the lack of intermediary support structures that enable buyers and suppliers to come together. The Farmers Programme initiated and supported by the Sandals Group in the Caribbean is a good example whereby a private sector entity becomes engaged in a) channelling and creating demand for local products among its customers; b) supporting the supply side to deliver quality and quantity required; and c) establishing workable communication structures between supply and demand (see case study in the appendix).

If hotels are using local products, this may imply a more sustainable path for development. One successful and often quoted example is in the village of Waltensburg in south-eastern Switzerland where a local co-operative has built and operates the 72-bed Hotel Ucliva according to sustainable tourism principles. As much food as possible is obtained locally, while traditional and regional recipes are used in the restaurant. Fruits and vegetables in season are preferred to preserved foods, and menus using organic foods have been introduced slowly so that local farmers and suppliers can adapt their techniques to respond to the demand. Assistance in new growing methods has been provided by the hotels to the local farmers. By 1989, all eggs, butter, milk, and meat were purchased locally, as well as 70% of the vegetables (Lane 1993).

4.1 Demand related factors

4.1.1 The type of visitor accommodation with respect to ownership, size and class

Several studies report that the link between agriculture and tourism is influenced by the nationality of hotel ownership and management, hotel size (Belisle 1983; Belisle 1984b; Bowen, Cox and Fox 1991) and hotel class (Belisle 1984b). It is argued that foreign owned/managed hotels and those of a higher star-rating have a greater propensity to source from international suppliers rather than locals. This is related to the high quality of inputs needed to serve the target segment and to the fact that international resort chains often have well established relationships with suppliers in their host country securing cost saving through bulk-buying that make good for the potentially higher transportation costs. Larger size establishments are highly dependent on a high quantity of inputs that often cannot be obtained locally, thus again benefiting from bulk-buying elsewhere.

This however is not everywhere the case. In her study of Cancun, Mexico, Torres (2003) found that there were few differences by hotel characteristics such as size, class, nationality, franchise, room price, and mode of operation. She argues that this is a result of the relatively undifferentiated and standardised Fordist tourism landscape that manifests itself in strikingly similar patterns of supply and demand for food across suppliers and hotels, respectively. Cancun, being a "top-down" planned tourism development shows high levels of imports across the board. She argues that rather than differences in type of visitor accommodation, the way in which destinations have been planned will have a greater impact on the way in which linkages between different sectors are established and maintained. Other Caribbean destinations that have gone through what Butler (1980) describes as a "destination life-cycle", show often greater diversity in hotel and tourist characteristics, and demonstrate more variation in patterns of hotel demand and supply, and linkages with local agriculture.

The size of the hotel operation can, however, have a significant impact on the quality and variability of direct links that are formed between the hotel and local suppliers. While smaller sized hotels often deal via middlemen, larger sized hotels have the capacity to enter into contracts directly with local suppliers. In a study of accommodation establishments in Cancun, Torres (2003) found that although direct contract agreements have had mixed results and are generally only secured regarding local inputs with high demand (in the case of Cancun, fresh fish), they are generally only attempted by the largest hotels. She argues that in rare instances, an unsolicited producer may arrive at a smaller low-end hotel that is operated more informally and sell his/her product directly as a

vendor. But this is limited by the inability of most producers to provide a formal *Hacienda* (Treasury Department) revenue receipt that hotels need for their tax accounting. Many of the top-end accommodation providers, however, work directly with fishermen, fishing co-operatives, and private fishing companies in the hope of guaranteeing supplies of truly fresh fish. This is also confirmed in a study in Indonesia (Telfer and Wall 1996) where the larger, top-end hotels have gone into direct contracts with local fish suppliers (see Sheraton case study in the appendix). It appears that when high quality and freshness is of essence, direct contracts with local suppliers are desirable for certain types of accommodation establishments, and are as a consequence initiated without 'much fuss' by the formal tourism sector.

4.1.2 Tourism industry maturity

It can be argued that the more a destination has matured and as a consequence is served by efficient transportation and communication infrastructure, the most cost effective it can be to secure low cost imports. Enclave resorts which are located at a distance from major wholesale markets are often more dependent on sourcing supplies locally due to high transport costs. The more mature a destination and at the same time the higher the number of visitors the more viable can it become to import goods. This is particularly true for small island states that are often hampered by limited land resources for agricultural usage.

This is very different in larger countries as Torres (2003) shows using Cancun, Mexico, as an example. She argues that as transportation and communication links with the interior of Mexico have improved over time, Cancun has been able to achieve significant reductions in foreign imports. The low level of foreign imports is a function of resort maturity, price-consciousness favouring cheaper domestic products, peso devaluation rendering imported products prohibitively expensive, availability of high quality domestic products, and improved transportation links to the rest of Mexico.

4.1.3 The type of tourist

Studies analysing the preferences of different types of tourists found that for example North American tourists demand more familiar home country foods due to more conservative consumption patterns and a fear of food-related illness (Gooding 1971; Miller 1985; Momsen 1998; Pattullo 1996). The demand for home-foods limits the opportunities to establish links with local producers. Torres (2003) found that Americans and mass tourists are those considered most conservative with regard to food preferences. 77% of Americans (representing 59% of all Cancun arrivals, and the majority are mass tourists) declined to venture beyond the "tourism bubble" during their stay - and thus relied on food served in resorts.

Many destinations in the Caribbean, the Dominican Republic being a prime example, now attract low-end discount tourists and as a consequence price is a major decision making tool. This in turn leads to sourcing being focused on cheap input prices and bulk-buying rather than quality-buying. This according to Torres (2003) led in Cancun to increased usage of the central wholesale markets - as these were able to supply goods at considerably lower costs compared with local producers, even accounting for high transport costs. In many destinations the main competitive advantage of local agricultural producers is that they are able to offer 'just-in-time' and 'ultra-fresh' produce, which can attract premium prices from the high-end of the tourism market. However, with tourists increasingly drawn from lower socio-economic strata, this high-end quality-conscious potential continues to diminish.

4.1.4 The promotion of local cuisine

Several researchers have argued that the promotion of regional food can stimulate local agricultural production and linkages to the tourism industry (see for example Torres 2003, Gooding 1971;

Momsen 1986, Telfer 2000; USAID and Caribbean Development Bank 1984). In some cases, tourism demand stimulated the production of high-value regional speciality foods and local fresh produce. It is suggested that the tourism industry may help boost the export of locally grown speciality products (Bowen, Cox, Fox 1991; Cox, Fox and Bowen 1994).

Reynolds' (1993) survey of restaurants in Sanur, Bali, found that the amount of local dishes being offered coincided with a rise of tourist arrivals. Tourists, about 3/4 of them, were not satisfied with western dishes and demanded local cuisine.

A case-study on Hawaii is of particular interest (see Cox, Fox and Bowen 1994 and appendix for case study). Here it is argued that far from creating competition for labour and land resources, the stimulation of agricultural production, and agricultural diversification and specialisation in line with demands by the tourism industry can create a situation where not only local agriculture serves the tourism industry but where also the export potential of agricultural goods is increased. Tourists returning from Hawaii stimulated increased demand for Hawaiian produce (e.g. pineapples) in their home environment, leading to increased exports. Similarly, the case study of Rügen, Germany (see appendix for case study) shows how an integrated regional branding strategy that is based on the promotion of local characteristics, including cuisine, has been set up. Furthermore several all-inclusive resorts and accommodation providers in the Caribbean have adopted this strategy to increase attractiveness of their product by adding 'authenticity' and originality and thus to increase visitor numbers (see appendix for case studies).

The lack of strategic alliances between stakeholders (e.g. hotel and restaurant chefs, farmers, food suppliers, and tourism officials) to promote the consumption of local foods was reported in several studies (Telfer 2000, Telfer 2001). Torres (2003) found in her study on Cancun that although tourists showed an interest in experimenting with locally grown food, the use of such was not encouraged sufficiently by the hotels. She argues that the promotion of products such as locally produced honey for example, could enhance tourism by reinforcing a synergistic sense of regional identity, and become part of the "tourist experience."

4.1.5 Health and safety concerns

Torres' (2003) survey results reveal that, while on vacation, 31% of tourists that suffer from an illness believe it to be food or water related. Fear of food and water-related illness leads them to avoid consumption of fresh fruits and vegetables. Given a choice of six broad food categories, tourists express greatest concern with consuming fresh vegetables (38% avoided them). These findings obviously have serious implication for the creation of potential linkages given that fresh fruit and vegetable supplies have been identified as providing a competitive edge to local producers who cannot compete with processed foods or meat produce. To combat health risks two strategies are important: a) quality control and monitoring of local goods; and b) awareness raising campaigns among tourists about 'realistic' risks involved.

What seems even more worrisome are Torres' (2003) conclusion that not only tourists but also chefs employed by resorts are seriously concerned about health/safety issues. She argues that many chefs opt for frozen products on the assumption that they are 'safer'. Based on her survey of approximately 60 hotels, she concludes that 41% of chefs report that they were deliberately limiting direct procurements from local producers due to health and sanitation concerns. The products that were not purchased due to these issues were precisely those that have been identified as most promising for local producers to specialise on, i.e. vegetables, seafood and fruits.

4.1.6 Training and nationality of chefs

It has been suggested in the literature that expatriate chefs and/or those with international training are more reliant on imported foods. Torres (2003) confirms this in her study that found that expatriate chefs were spending 15% of their non-beverage food expenditures on foreign goods

compared to only 5% by Mexican chefs. Similarly, Momsen (1972; 1973; and 1998) observed that Caribbean hotels with local management and indigenous chefs expressed a higher demand for locally produced food when compared to expatriate and/or internationally trained chefs. Pattullo (1996) argues straight to the point that "chefs trained in Switzerland may not recognize Caribbean vegetables or even if they do they may have no idea how to cook them" (Pattullo 1996:41). Torres (2003) argues that 23% of all chefs she interviewed were of foreign origin and that the majority limited procurement of local foods due to sanitation and hygiene concerns compared to only 33% of Mexican chefs.

4.1.7 Seasonality

Tourism demand is frequently very seasonal with the peak season often occupying only a few months of the year. Demand seasonality affects the links between tourism and agriculture. High demand in peak season can often not be met by local producers alone given the fact that a) the tourism season might not necessarily coincide with the peak harvesting season; b) the lack of storage and food processing facilities; and c) the tenure and land-use patterns.

Even if harvesting season and tourism season coincides, Farver (1984) found in his study on The Gambia that with regard to employment, the relationship between tourism and farming is competitive with limited trade-off possibilities when labour demand is high from both the agricultural and the tourism sector. In The Gambia, when the peak tourism season ends in April, hotel staffs are reduced to half. When the season resumes six months later, it coincides with the harvest of the annual groundnut crop. (Farver 1984).

Furthermore, there is often limited awareness of the different sector's seasonalities and Torres (2003) argues that food producers should be made aware of the timing of these fluctuations and be prepared to accommodate these demands.

4.2 Supply related factors

A number of studies looked at supply related factors (see for example Andreatta 1998; Belisle 1983; Belisle 1984b; Gomes 1993; Gooding 1971; Momsen 1986; Momsen 1998; Pattullo 1996; Telfer 1996; Telfer 2000; Telfer and Wall 1996, Torres 2003) and found that issues such as physical conditions; the nature of local farming systems; and the quality, quantity, reliability, seasonality, the elevated price of local production, the level of local technological capabilities and the existence of food processing facilities, impact on the ability to create intersectoral linkages.

4.2.1 Physical limitations

In the Caribbean the agrarian sector faces various physical limitations, which include irregular and unpredictable rainfall and a high frequency of hurricanes. These limitations can however be overcome by choice of location, technological innovation, and adequate investment.

4.2.2 Entrenched production patterns (e.g.: plantation crops for export);

Most firms in the Caribbean are small in nature (Bryan 2001). They are often unable to achieve economies of scale and thus rely strongly on product differentiation and quality. Only firms that develop the unique quality of their product have a chance to overcome the challenges of rising costs, substitutability, and the constant changes in the economic environment triggered by globalisation (Bryan 2001).

The agrarian sector in the Caribbean is highly export-orientated. Traditional export crops (sugar, bananas, rice) have been a major source of foreign exchange earnings, employment, and social and

economic stability in the CARICOM region. Within recent years, however, the international policies of trade liberalisation have threatened and begun to erode trading arrangements for these traditional crops. Three general responses have been adapted by Caribbean states: a) to enhance the competitiveness of traditional systems through improvements in productivity and production efficiency; b) to differentiate the product mix within traditional systems, and c) to diversify production away from these traditional export crops into crops and commodities which are considered to have a competitive advantage in international niche markets. The third strategy is particularly relevant to the tourism industry as the experience in Hawaii has shown (see Bowen, Cox, Fox 1991; Cox, Fox and Bowen 1994).

In recent years diversification efforts have led to the development of fresh produce exports, and to the mushrooming of an agro-processing sector (e.g. pepper sauces, condiments, seasonings, jams, jellies, syrups, preserves, Caribbean foods and specialities such as cassava bammie, ackee, jerk products, rum cakes, and traditional confectionery, ethno-botanic products, and frozen seafood). It is argued that in some countries these enterprises make a significant contribution to the economy by providing backward linkages to the productive sector and forward linkages into the distributive and tourism sectors. These enterprises however remain hampered by problems of scale, supply of inputs, access to technology and technical expertise, language barriers, low production efficiencies, high production and marketing costs, unreliable and high-cost transportation, and ineffective market penetration. The opportunities for a sustainable, competitive sector all point to product differentiation with a focus on health, ethnic and tourist markets, and to the need for effective public/private sector partnerships to overcome constraints.

The importance of tourism as an agent for increased agricultural production has been realised in the region and the UWI/FANS, and its Business Development Unit have recently started to offer courses in agro-tourism linkages. Similarly PAHO, in association with the FAO and AFDO, has conducted two sets of training programmes with the UWI in Jamaica for Public Health Inspectors and Industry Professionals in HACCP for Meat, Poultry and Seafood. In association with the CHA, PAHO has also conducted certification and Training of Trainers courses in ServSafe for the hotel and restaurant sectors.

Tourism can create linkages with agriculture and rural life as providers of specialised, high-quality goods and services (particularly food) for the expanding tourism industry. Tourism also makes it possible to diversify the products offered by farmers, complement their incomes and become an important source of rural employment. Examples in the Caribbean are herbal and eco-tourism tours in Belize, Guyana, Suriname and Jamaica; community tourism in Jamaica and St. Lucia; and organic farm-stay tourism in Dominica (see appendix for case studies).

4.2.3 The quantity and quality of local production;

The quality and quantity of locally produced food is often mentioned as the key limitation for inter-sectoral linkages with the tourism industry.

Apart from processed food the main imported product in the Caribbean is meat (see for example Belisle 1984b; Momsen 1972; Momsen 1973; Momsen 1986; USAID and Caribbean Development Bank 1984). Torres (2003) argues that most meat imports are beef prime cuts demanded by tourists who prefer the grain-fed flavour of US beef.

Given the seasonal nature of tourism (see above) quantity is obviously a serious issue. Hotels relying on supplies cannot accept lesser quality and quantity. However, Torres (2002) shows that chefs in Cancun perceived locally produced goods as being of lower quality, despite relatively little experience with local products. She argues that this widely held perception of lower quality creates a systematic bias against local products in wholesale supplier and hotel food purchasing.

A key problem is the lack of consistent agricultural production which is a function of various factors including limited natural resource base, inappropriate technology, insufficient technical assistance, inadequate market access, and the marginal status of agriculture for domestic usage.

4.2.4 High prices of locally produced food

The costs of local products can seriously hamper the development of linkages (see for example Belisle 1984a; Belisle 1984b; Gomes 1993; Miller 1985; Pattullo 1996; Telfer 2000; Torres 2003). Torres (2003) argues that the low volumes, inconsistency and irregularity associated with unorganised, individual, small-scale producers restricts their access to key markets such as tourism.

Small-scale producers cannot rely on economies of scale and also tend to have higher production costs. This results inevitably in higher prices. Small producers are often unable to compete on mass production, standardised food items and thus need to specialise and differentiate their products. A focus on freshness and 'novelty' tourism products can offer the necessary USP (see appendix for case studies).

4.2.5 Technological and processing limitations

A key issue is the lack of secondary industry food-processing plants. Much of the Caribbean is characterised by primary (agriculture) and tertiary (tourism) industries with very limited ability to process the agricultural products and to make them available to tourists. Primary sector goods production is export-orientated and value-added takes place largely outside the region. Many have argued that local production of high-end value-added food items could enhance tourism as "regional" or "indigenous" products forming part of the "tourist gaze" (Urry 1990).

4.2.6 Competition for labour

Competition for labour is said to have a major influence on the way in which the agrarian sector can develop and create linkages with the tourism industry. The wages paid in the tourism sector are generally considerably higher than wages paid (or income generated) in agriculture. This has in cases led to mass migration to tourism zones and the abandonment of agricultural land. However, not only the wage levels differ considerably, but agriculture is also plagued with an image problem where employment in the agrarian sector is perceived as low status. Torres (2000) argues for example that the average monthly wage for a full-time agricultural work is less than half of what an unskilled worker can earn in Cancun and despite the higher cost of living in Cancun, this wage differential makes it virtually impossible for agriculture to compete. Temporary migrations also seems to play an important role, where a proportion of the labour force works temporarily in the tourism sector while continuing small scale farming in their homesteads. This has obvious impacts on productivity due to poor crop supervision and "labour short-cuts" (Torres 2000). Competition for labour is particularly detrimental for the agrarian sector if peak harvest and peak tourism season coincide (see above).

4.2.7 Undercapitalisation of the agrarian sector

A main economic development strategy in the Caribbean region has been export focused agriculture and tourism. It is argued that relatively little investment has been made in the agrarian sector supplying the domestic market (i.e. hotels). Torres (2003) argues that in Cancun between 1982 and 1989 public investment in the agrarian sector dropped by 76%, bringing agricultural growth to a virtual standstill. Without access to credit, capital, and technical assistance Quintana Roo farmers have been unable to "rise to the occasion" and produce for the state's exploding tourism markets.

4.2.8 Landscape

Telfer and Wall (1996) argue that the link between tourism and agriculture is more than the provision of food stuff. Rather, agriculture contributes considerably to the tourist experience through the landscapes and rural activities that visitors can observe and participate in.

Dilley (1986) found that the promotion of landscapes in international tourism brochures accounted for just under one third of the total messages portrayed. With the recent growth of interest in ecotourism, the proportion now may be even higher. While coastal and mountain landscapes dominated, a number of brochures presented “pleasant farmscapes and pastures” to attract potential tourists (Dilley 1986:60).

Socher and Tschurtschenthaler (1994) categorise agriculture as having two separate but linked supply values for the tourism industry. The first is direct supply, which involves the sale of agricultural products to the industry. The second is indirect supply, which involves preservation and cultivation of the landscape which acts as a backdrop or tourism resource. Farmers produce positive externalities (attractive landscapes) which cost but do not necessarily produce revenues. A classification scheme developed by Bowen, Cox and Fox (1991) for agriculturally-based leisure attractions establishes three main components based on their work on Hawaii: retail sales, tours, and other leisure activities. Tourism can help to stimulate agricultural services such as landscaping, tours of farms, and processing sites, as well as farm holidays (Bowen, Cox and Fox 1991).

Socher and Tschurtschenthaler (1994) present options concerning compensation for farmers for the positive externalities of their activities. These suggestions include increased prices to tourists to include the costs of preservation if tourism facilities are owned by the farmers; voluntary payments by tourism organisations to agriculture; transfer of taxes from tourism organisations to agriculture; and subsidies and transfers from general tax receipts to agriculture.

4.3 Marketing and intermediary factors

Marketing and intermediary related factors also play an important role (see for example Belisle 1983; Momsen 1973; Momsen 1986; Pattullo 1996; Telfer and Wall 2000; Torres 2000; Torres 2003). Marketing and intermediary factors refer to the availability and quality of regional transportation, storage and distribution infrastructure, marketing networks, the informal nature of local farming operations, entrenched power networks, mistrust between the established networks and newcomers, and exchange of information and communication between the tourism industry and local producers.

4.3.1 Marketing constraints

Small-scale suppliers lack the important 'marketing muscle' that could allow them access to the market. This coupled with their reliance on predatory intermediaries is a serious constraint to establishing linkages. Small-scale suppliers thus generally either form strategic alliances with other suppliers or directly with the formal tourism industry which enhances their marketing power. The frequently limited communication between the tourism and agricultural sector means that there is generally limited awareness of what is required by tourists and what can be produced locally to satisfy the demands of the tourism sector (see 'mistrust' below). Rather than collaborating, small-scale producers often compete with each other and thus lose the opportunity of marketing scale economies that would come through co-operation. Individual marketing efforts prevent local suppliers to gain access to certain markets, notably tourism, which requires both large volumes and consistent supply.

It is furthermore argued that small-scale producers lack basic marketing knowledge in terms of niche marketing, strategic planning and marketing channels. To overcome this, the public sector has supported the organisational development of marketing intermediaries (see appendix for case

studies). While there have been success stories, the difficulties in establishing public sector led organisations in a highly private sector controlled industry have been acknowledged. Torres (2003) argues for example that in Mexico many of the marketing problems can be attributed to the Mexican neo-liberal reform project which privatised parastatal marketing institutions once devoted to providing price supports and channelling subsidies to farmers.

Particularly affected is often the informal sector. Since the informal sector is non-registered, does not pay tax and is thus unable to provide formal receipts that are required by the formal tourism sector - they are severely limited in marketing and selling their goods. Torres (2000) found that 85% of all chefs indicated that the inability of many local growers to provide a receipt limited direct procurements. She argues that while this effectively prevents farmers from having direct access to hotels, supermarkets, and certain suppliers, a commitment by public sector organisations to work with small producers might resolve the problem.

4.3.2 Supply poorly adjusted to demand

The lack of organisation and communication between the formal tourism sector and local suppliers often means that supply is poorly adjusted to demand. Lack of co-operation between local suppliers leads to seasonal market gluts that place intense downward pressure on product prices. By co-ordinating and staggering production, local farmers could better adjust supply to demand and supply the tourism sector all year round rather than competing with each other. Developing a consistent supply capability would allow farmers to secure regular and established markets for product delivery throughout the year.

The situation in the Caribbean is intensified due to the presence of all-inclusive resorts that rely heavily on low cost food inputs. Local farmers can often not compete with central wholesale markets. Torres (2003) argues that due to a combination of relatively high local labour wage expectations—driven up by tourism wages—and poor economies of scale, local farmers have higher production costs and cannot easily compete on price with products shipped in from Mexico City.

4.3.3 Spatial patterns of supply

In many Caribbean destinations spatial patterns of supply have developed due to historic agricultural and land tenure patterns (Belisle 1983). The overwhelming majority of supplies are managed via a very small number of well-established, large-scale suppliers and wholesalers. It is increasingly difficult for small-scale farmers to break up these patterns and enter the market.

4.3.4 Agreements / contract / kickbacks

The fact that many small-scale suppliers are part of the informal sector makes it very challenging to establish formal agreements with the tourism industry. Belisle (1983) argues that if linkage projects can have a chance to succeed then traditional, small-scale producers must be able to meet the requirements of the modern, large-scale, tourism sector. Institutionalising and maintaining agreements with local producers and suppliers is difficult. However, Telfer and Wall's (1996) experience in Indonesia has shown that when contracts/agreements are done successfully, both parties can benefit (see appendix for case study). Telfer and Wall (1996) state that on the initiative of the Executive Chef of the Sheraton Resort, who took time to investigate the potential use of locally-produced products, supply and purchase agreements were established. Through ongoing communication with the local suppliers, quality standards were established and maintained. Over time, the Sheraton rejected progressively fewer local products as the suppliers adapted to the high quality standards imposed by the hotel. A key conclusion was that one of the most pressing challenges was the establishment of institutional commitments that transcend the interests and involvement of specific individuals. While individual commitments are often made ad hoc and

result in the establishment of projects, the maintenance of these can only be guaranteed with formal supply and purchase agreements. One of the important factors in ensuring the continuation of these relationships is their institutionalisation so that they do not depend solely upon the interest and commitment of one person.

A particular challenging issue are informal agreements with established suppliers that limit the ability to deal with new, emerging suppliers. Reflecting on the situation in Cancun, Torres (1997) argues that "kick backs" paid to chefs and food and beverage managers have made it virtually impossible for farmers to break into local supply networks dominated by a few corrupt, interconnected and deeply entrenched suppliers. In Cancun, monetary "incentives" are reported to exceed the salaries of purchasing personnel. In interviews with suppliers and chefs, the seafood supply network has been referred to as a "Mafia" that is particularly notorious for the "incentives" they offer to chefs and food and beverage managers.

While in Cancun most larger hotels report having experimented with direct supply contracts with local growers, ranchers, and fishermen, nevertheless only about 6% of the total supply volume comes via these contacts (Torres 2003). Established networks and financial incentives that continue to support these networks are largely to blame.

4.3.5 Mistrust

According to Telfer and Wall (1996) " a lack of communication and understanding often exists between the tourism industry and local food-producing sectors in developing countries."(1996:636). This is confirmed by Torres (2003) who found that many chefs recite horror stories of failed contract farming ventures with small scale suppliers and a climate of reciprocal mistrust has developed. The lack of communication and deep mistrust between producers, entrepreneurs, tourism suppliers, and hotels has deterred the creation of true partnerships between farmers and the private sector. Torres (2003) argues that the social, economic, and cultural distance between Quintana Roo farmers and Cancun tourism professionals has made it difficult to create strategic alliances, and that the long legacy of racial and class oppression in the region continues to feed a deeply rooted mistrust between these groups.

Woolcock (2001) contends that consistent service quality requires the nurturing of relational assets among the suppliers, purchasers and government. Relational assets facilitate joint and collaborative actions which is typical of the tourism system. The establishment of communication channels among the actors can create mutual trust, which has important economic effects, as it makes co-operation easier, creates straightforward, and lowers transaction costs. These relational assets rely on shared objectives, distributional fairness and common threat. Woolcock (2001) discussing the Caribbean states that a program designed to facilitate the arrival of tourists by promising "Thirty Minutes to the Beach" can align all relevant stakeholders (immigration and customs personnel, airport personnel, cab drivers, police, hotel personnel, and the host community in general) in undertaking a common effort to achieve a specific objective.

Telfer and Wall's (1996) experience confirms that increased communication between hotel operators and suppliers is needed so that expectations on both sides are understood and high quality products are delivered on time. The Sheraton's strict adherence to quality has, over time, influenced their local suppliers to raise their standards.

4.3.6 Distribution Infrastructure

Several studies found that the lack of distribution infrastructure (post harvest handling facilities, cold storage, road networks and marketing outlets) can severely hamper the development of linkages with local suppliers. Latimer (1985) study on Jamaica found that cold storage facilities are essential requirements if local suppliers aim to establish linkages with the formal tourism industry. Hotel managers generally operate under tight budgets and cannot afford to keep large inventories of

cold stock which necessitates that either daily supplies are made or that suppliers are able to store produce. However, Latimer (1985) also argues that the public sector emphasis on improvements to infrastructure (such as roads) may be less important than their help with contracts, insurance against non-delivery, and back-up supply arrangements.

Storage facilities are highly expensive and joint ventures between suppliers and buyers can offer possible solutions (see Telfer and Wall's (1996) account of the Sheraton Fresh fish initiative in the appendix). Similarly, improvements in the transportation system can benefit tourism through increased ease of access to potential markets (Bowen, Cox and Fox 1991). Bowen, Cox and Fox (1991) argue that this improved infrastructure not only helps agriculture but also allows the tourists to travel and view the agricultural landscapes. Referring to their study on Hawaii, they conclude that tourism promotion can focus on agricultural products which may stimulate export demand, while agricultural promotion may focus on the regional landscape and lead to a growth in tourism (Bowen, Cox and Fox 1991). Torres (2003) found that scarcity of motor-able rural roads and their very poor quality pose a significant marketing constraint for local farmers. Simply getting product to markets is a significant challenge for most farmers, let alone getting there in a timely fashion and in reasonable condition (Torres 2003).

4.3.7 Middlemen

In many destinations in the Caribbean, a hand-full of wholesalers supply the majority of goods required by the tourism industry. Both Belisle (1983) and Torres (2003) found that only a hand-full of wholesalers supplied over 50% of the total market volume. Middlemen clearly are important. Freitag (1994) observing the situation in the Dominican Republic argues that the majority of artisan fishermen, with a highly perishable product, could not risk alienating intermediaries by selling directly to the local restaurants, even if prices were higher, because they relied on the intermediaries goodwill to finance their livelihood in an unpredictable climate where personal savings were marginal or non-existent. Local restaurants were largely forced to purchase their fish from intermediaries who were the ones benefited from the increased demand from tourism, rather than local producers. Far from benefiting local producers by increasing demand for local products, Freitag (1994) found that the perennial credit shortages and traditional economic arrangements with intermediaries made it difficult for poorer farmers and fishermen to benefit from the increased demand for their harvests which local tourism promotes. Local intermediaries advance cash to both small farmers and fishermen with the understanding that the loan obliges them to sell all of their harvest exclusively to them. In a study on Jamaica, Belisle (1984) found that the three main suppliers of foodstuff were a) wholesalers (69% by value), b) small local suppliers (27.9%) and markets and supermarkets (3.1%). Wholesalers mainly sell imported dry and process food while avoiding perishable items and hotels relied to up to 80% of their supplies on these wholesalers. Small scale local suppliers acted mainly as middle men making frequent deliveries of a wide range of foods mainly produced locally (fresh fruit, vegetable, seafood, eggs, honey), while markets and shops were used in 'emergencies' when there was for example a delay in delivery. Belisle (1984) found that in Jamaica hotel food demand is small compared to total annual demand, and therefore it does not provide a stimulus to local food production.

4.4 Overall planning - government role

Torres (2003) argues that the primary reason why links failed to materialise in Cancun is that agricultural development interventions, appropriate to the local social and environmental context, and backed by real investments, were not incorporated into the tourism development process. She states that without articulating a concrete strategy for integrated regional development, Cancun's planners hoped that somehow, local farmers would 'rise to the occasion' and begin producing for tourism. However, public organisations did not provide the necessary investment, technical assistance, training, farmer organisation, market access, and support programs.

In a similar vein, Latimer (1985) suggests that more planning and assistance is required to enhance the supply of local agricultural products. According to him this has received "theoretical rather than practical help in most small islands" (Latimer 1985:35) and the public sector can greatly assist in developing linkages. For a start, official information dissemination is needed on growing crops suitable to specific climates and this can be done through the establishment of experimental farms.

The public sector can assist in the promotion of local cuisine using its tourist offices. Latimer (1985) for example suggests that regular meetings should be held between domestic authorities and supply managers. While he asserts that duties can be used to guide the purchase of hotel buyers, he warns that the imposition of quotas or prohibition of use of imported products, as was done in the Caribbean, can lead to an increased desire for the restricted goods.

Many have argued that governments should create policies to support education—particularly hospitality and tourism education (including language skills) which can provide an intellectual infrastructure that facilitates innovation and value enhancement. It is notable that the Caribbean, despite its reputation as a tourist destination, lacks reputable hospitality and tourism educational institutions of internationally recognised calibre.

Furthermore, due to the high amount of small-scale businesses involved in the tourism sector, governments can promote centres offering services ranging from identifying new products to providing research and development for firms that have no facilities of their own.

A key role for government involvement could be in the marketing of the tourism experience. SMMEs often lack the incentive to promote their own reputation and are instead dependent on the brand of the destination. The quality of the brand of a destination, however, depends on the input of these many small businesses. The public sector could manage marketing spill-overs to promote a reputation for a particular destination in such a way that small firms also can benefit without making their own expenditures in this regard. Co-ordination of these inputs is a strategic asset in itself, and it is critical to establish institutions capable of promoting regular consultations among industry members and generating incentives for businesses to develop long-term relationships that withstand the temptations for short term gains of cheating (Keane 1996).

One of the ways in which food imports can be reduced is through the development of import substitution. Several Caribbean nations attempted such policies through improving support to small farmers as well as guaranteeing prices for their commodities (Belisle 1983). These measures were focused only on the internal market, however - and according to Telfer and Wall (1996) they do not seem to have been successful. In the case of the Bahamas, Taylor, Morison and Fleming (1991) argue that governments can support agricultural extension by servicing new lands with roads and electricity, providing credit to new farmers, expanding extension services especially with more information dissemination on new techniques, and providing assistance with the purchase of material input.

Examples of government intervention are plentiful. In 1990 Hawaii developed an innovative economic diversification policy based on the concept of "one job/one room" (Mak 1993, see case study in the appendix). This policy states that one non-tourism sector job needs to be created for each hotel room to be developed. The developer is also allowed to make a financial contribution per proposed hotel room for the financing of job training, business loans, or other incentive programmes to promote economic diversification. The method is seen as extracting 'rent' from largely non-residential hotel developers to finance other projects which the state desires (Mak 1993:259).

The extent to which the public sector should become involved in the essentially private sector led tourism industry is, however, debatable. Wilkinson (1989) for example, is a strong advocate of an alternative tourism development approach, which is based on locally controlled, small scale, community participation, environment and heritage preservation, and comprehensive government involvement. It has been argued that such a strategy restricts business opportunities for small-scale

producers, who lack “in-house” capacity (e.g. financial, technological, and marketing resources), experience and technical expertise needed to survive in a highly competitive tourism world. Rather than benefiting SMMEs in small island economies such insular strategies might actually prohibit small island economies from participating in the global economy that is tourism.

5 Supporting SMME developments and outsourcing

This chapter will briefly discuss the characteristics of entrepreneurship in general and in particular related to SMME development in developing countries. This will be followed by two important examples: a) food merchandise and b) street vendors. The aim is to provide an overview of the challenges faced when looking at SMME development related to tourism in developing countries. A particular focus is given to the informal sector, primarily because it is a key avenue through which the poorer segments of society at the moment benefit from tourism.

It is argued that the "plantation tourism landscape" (Weaver 1988), and "enclave tourism" (Freitag 1994, Oppermann 1993) fails to develop linkages with the local economy. Or as Harrison (1994) puts it: SMMEs in tourism are "left to scratch around for any crumbs" (Harrison 1994:242). As a consequence alternative tourism models developed, in particular community based tourism development, and it is argued that these are viable means for ensuring the distribution of control and decision making towards the local populations and thus ultimately increasing tourism's impacts on the local economy (Fennell 1999). A particular emphasis is given to the informal sector (see Britton 1982, Wahnschafft 1982, Timothy and Wall 1997) which not only is particularly important in developing countries, but at the same time is often marginalised with limited hope to be integrated into the established tourism economy. The informal sector, however, is crucial for improving the livelihoods of the poor (see Shah and Gupta 2000). Ashley et al (2000) argue that the informal sector is where opportunities for small scale enterprises or labour by the poor are maximised.

The development of SMMEs and outsourcing is the second strategic linkage that can be formed between the formal tourism industry and local SMME suppliers.

5.1 Outsourcing

Outsourcing here refers to non-critical or non-core business activities (such as laundry, gardening, cleaning) that a tourism business chooses not to get engaged in but rather to buy in capacity, skills and expertise from independent external companies. Outsourcing in the tourism industry has seen a considerable increase since the early 1990s. Robinson et al (1998) argue that it is a process of identifying a company's core competencies and to 'trim fat' and streamline procedures. Within the hotel sector core-competencies generally refer to reservation, reception and concierge services and personnel training (Reznik 2000) but they can also include conference facilities, casino and entertainment facilities, and/or catering as in the case of many all-inclusives. According to Robinson et al (1998) core competencies are "those unique disciplines that confer competitive advantage, motivating customers to buy a company's goods and services over a competitor (Robinson et al 1998:2pp). Outsourcing and support to SMME development are intertwined, i.e. a tourism business is highly dependent on the company it outsourced services to and it is in the company's interest to be able to 'dictate' and control standards. Thus, many tourism businesses like to get involved in the development of companies that they contract.

5.2 SMME development

Several authors have argued that development objectives in developing countries are best served by SMME development instead of inward investment and the attraction of TNCs (see for example Rodenburg 1980, Dahles 1998, Wanhill 2000, Kirsten and Rogerson 2002). Some argue that far from contributing to local development, the invitation of TNC's in the tourism industry "seriously reduces tourism's potential for generating broadly based growth, as well as the net financial advantages that the industry brings to developing countries" (Brohman 1996:54-55).

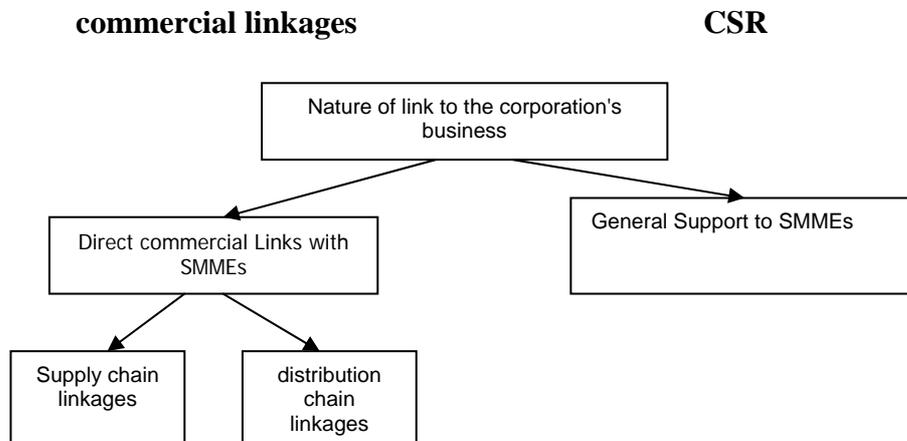
SMME development and the creation of entrepreneurship are obviously important elements in linking the tourism sector to local economic activity. According to Deloitte (2004) the objectives of

the corporate sector and the broader development community are well aligned, as corporations often operate in countries where the local economy is not well developed, and a more vibrant and diverse economy would bring benefits to all concerned (2004:2). The Deloitte (2004) report argues that a stronger engagement with SMMEs can lead to numerous benefits established formal businesses. These include:

- reduced costs
- increased market access
- greater security over raw material
- improved quality of supply
- compliance with environmental regulations
- compliance with government regulations
- closer relationships with governments
- branding benefits
- a more vibrant and diverse local economy.

Figure 6 illustrates the approach adopted by Deloitte. With regard to tourism two issues are of particular importance: a) direct commercial linkages in terms of supply chain relationships with SMMEs and b) more general support to SMMEs. Distribution chains are relatively unimportant given the fact that the tourism product is predominantly aimed at international visitors and distributed in generating countries. Direct commercial supply chain relationships have been discussed at length above, here the focus is in general support to SMMEs.

Figure 6: linkages and support to SMMEs



(source: Deloitte 2004:5)

There is of course often an overlap between commercial linkages and CSR activities. A company's motivation to support SMME can be found along the continuum between purely commercial linkages and purely philanthropic CSR activities, with most companies located somewhere in the middle. It is also important to realise that the scope and range of activities changes over time, i.e. a resort might start of with a focus on CSR benefits but as the partnership matures and expands, the business benefits may increasingly become important.

According to the Deloitte study (Deloitte 2004), the key constraints to working with SMMEs are:

- weak local economies;

- lack of engagement of SMMEs and the informal sector in the economy;
- lack of access to credit;
- lack of quality.

Many developing countries are characterised by weak local economies dominated by a few large-scale companies and a large local informal sector, however very few businesses in the 'middle'. The weakness of the economies is exacerbated by the fact that linkages between the two extremes, i.e. the formal and the informal sector, are often non-existent. This is a characteristic of tourism in many countries and particularly true when the industry is dependent on highly standardised mass-market products, such as in the Caribbean.

Due to the inexperience, the relatively new nature of many SMMEs, and the strong involvement of external influences, many SMMEs lack the technical and business knowledge necessary to meet the needs of potential customers. Close collaboration with the formal sector can not only increase the technical know-how, but also ease the access to credit and to the market, and improve the quality of the products offered and thus the sustainability of the business venture.

The main obstacles for SMMEs are according to the Deloitte report:

- quality standards;
- cost management;
- on-time delivery;
- storage;
- labour standards;
- legal and government requirements;
- foreign government requirements (EU for example);
- financial conditions (financing working capital, payment);
- access to finance;
- environmental constraints;
- general business skills;
- marketing and logistic skills;
- access to market information.

One of the criticisms that is sometimes made of tourism is that it often fails to benefit the local community as a whole, with tourism incomes being appropriated mainly by transnational companies (TNCs), outside interests and non-local landowners. Forms of local entrepreneurship often develop on the economic periphery of the enclave systems. Freitag's (1994) case study of the Dominican Republic found for example that some locals become involved in the tourist industry, although, these tended to be members of an elite group who formed a local business class. Similarly Shaw (1999) found that in Bali a significant proportion of the economic benefits of tourism pass to Javanese business interests.

Din (1992) rejects the overtly negative view that locals are passive victims. His research has shown that some locals have reasonable prospects of becoming entrepreneurs and, he cites the case of five hotel groups in Malaysia, all of which grew from local, family enterprises to become competitive at an international level. Din (1992) argues that not only is local entrepreneurial development a spontaneous process in the face of growing tourist demand, it is also logical in terms of strategic, locational advantages accruing to local people.

The outsourcing of non-core activities offers the potential for the tourism sector to contribute to the development of SMMEs through backward supply linkages into the rest of the economy thus stimulating local business activity in a range of economic sectors. According to Kirsten and Rogerson (2002) outsourcing and SMME developments can span a host of activities and often include food supply, arts and crafts, laundry, services, furniture production, transport services,

security and guiding. Several studies have investigated the link between the formal tourism industry and SMMEs (including the informal sector) (Telfer and Wall 2000, Alila and McCormick 1999). For example, according to a report by Alila and McCormick (1999) mainstream tour operators in Kenya were particularly active in outsourcing - i.e. 95% of inputs were out-sourced such as transport, tours, security, furnishings (Schneider 1999).

While there seems to be great potential for out-sourcing and local SMME development, as a norm local participation in tourism in developing countries has so far primarily been in employment. The development of SMMEs via out-sourcing is often restricted due to high capital costs of entry, and language, education, and skills barriers (Healy 1994). In fact, certain types of establishments (all-inclusives in particular) have deliberately limited the interaction between tourists and local business, in particular catering establishments and food-sellers.

Freitag (1994) found in his study on the Dominican Republic that due to international competition the room rates in many hotels are kept artificially low and a major source of profit came from the provision of food and beverages. Prices for food and beverages as well as souvenirs were kept artificially high in resorts (over double as much when compared to local establishments). The high price policy worked initially as guests were encouraged not to venture out of the resort, often with serious security threats advertised to them at the resort gates. However, Freitag (1994) observes that tourists quickly learned about the lower prices outside the resort and an informal network developed among tourists whereby newly arrived guests were informed by those already present that great bargains were to be had in town. Non-tourism oriented businesses also benefited from the presence of tourists who bought tobacco products, snack foods, and beverages at local SMMEs to take back to their all-inclusive hotels.

Freitag (1994) found that those tourists coming for a relatively short time on an "all-inclusive" package tour had relatively little interaction with the host community. On the other hand, German tourists who stayed for an average of three weeks began to tire of the hotel's dining facilities and would go into town for occasional meals and visit local shops for the sake of variety. According to Freitag (1994), however, it was the British tourists who came on a "no frills" package tour for a two-week holiday promoted by Airtours that frequented most of the local businesses and initiated "the great English invasion of 1989" (Freitag 1994). During the high season in 1989 the number of local shops doubled and a dual pricing strategy developed which was rationalised by local entrepreneurs as fair because although their prices were inflated for tourists, they were still substantially lower than those charged by the hotel shops. The resort tried to combat this by implementing a series of strategies including: officially forbidding consumption of non-hotel purchased food and beverages on hotel premises; emphasising that hotel management was not responsible for theft or guest safety off resort premises; mentioning that food hygiene and water quality were inferior outside the resort; and most importantly, opening a second shop within the resort with prices only slightly higher than those found outside. Finally, however the decision was taken not to sign contracts with Airtours anymore.

Shaw (1999) argues that while most resort hotels fall short of the all-encompassing "concentration camps of leisure" (Reid 1992:75), all seek to discourage both economic and cultural interaction beyond the resort gate in order to maximise corporate profit margins. Strategies range from subtle persuasion to rough policing when dealing with local residents and hawkers. Guests who might be tempted to explore the surroundings are generally warned by notices stating 'You Are Now Leaving The Hotel Grounds' and the usual disclaimer regarding liability.

Shaw's (1999) research in Indonesia showed that the notion of enclavity is extended to excursions. He argues that guests cocooned in the safety of air-conditioned buses are being fed a sanitised version of local history. Contacts with locals are held to a minimum and if contacts occur then tour guides, employed by the resort, mediate them. Guides organise shopping and refreshment stops, frequently with commissions of up to 30% of the already inflated tourist price (Vickers 1996) thus reducing the financial impacts on the wider community.

Shaw (1999) argues that in Bali (Indonesia) the intensity and desperation of the informal vendors, and particularly the mobile hawkers, increases in inverse proportion to the remaining distance from the tour bus, asking prices dropping with each lengthening stride. According to Shaw (1999), this situation creates a vicious circle of behaviour whereby tourists become wary of any street contacts with local people and hawkers become more aggressive and persistent with those they can engage. As Freitag (1994) has argued, if the host population perceives tourism as a source of exploitation, resentment of its presence can provoke a hustling mentality.

5.3 Examples of two important SMME development opportunities: agritourism/food merchandise and street vendors, the informal sector

Two elements in terms of support to SMMEs are particularly important in relation to tourism: food merchandise and street vendors, i.e. the informal sector.

5.3.1 Food merchandise

Farmers in developing countries are often forced to permanently or seasonally migrate to urban centres to increase their income by working in the tourism industry. An opportunity that links in with the tourism industry is however also to undertake activities that will add value to their products and to sell those to tourists. In the Caribbean there are a number of examples where basic commodities (fruits, vegetables, spices etc) have been transformed into value added goods using home food processing techniques (see appendix for case studies). This is supported by Cox et al (1995) who found that tourism can encourage diversified and value added agriculture. While these farmers are often not direct suppliers to resorts, they can become important retail or event concessionaires, and add to the excursion itinerary by offering agro-tourism products. Agro-tourism can assist the Caribbean with repositioning agriculture in its economy and to establish sustainable linkages between the two sectors, tourism and agriculture.

A recent study by the IICA in collaboration with the Inter-Agency Group for Rural Development found that agriculture is an important source of inputs for other production activities, i.e. three-quarters of agricultural outputs in the Caribbean are used as inputs for other industries or sectors - most notably tourism. The Agro-Tourism Linkages Centre, for example, has been working on developments in culinary tourism as well as the gift and souvenir market.

Healy (1994) argues that local economies might increase income earned from tourism by promoting sales of "tourist merchandise," defined as "any tangible item purchased by tourists at a destination and intended to be transported subsequently off-site." Food products offer considerable potential while often being neglected.

According to Healy (1994) there are several considerations, which are:

- perceived intrinsic value of the product (i.e. taste, smell, eye appeal of both product and packaging, and product price relative to alternatives available to the tourist at home; ease of transportation; safety and sanitation; marketing)
- identification with the place where it is made or purchased, which might be called souvenir or keepsake value. According to Anderson and Littrell (1995) many tourists seek a "tangible symbol and reminder of an experience that differs from daily routine and that otherwise would remain intangible, such as memories of people, places, and events."
- the product will advance social values (income to poor communities; Fair Trade etc)

The sale of speciality food has been realised as an important profit generator, ranging from Piccadilly Sauce at Heathrow, to Wurst in Germany. Developing countries are catching up on those

trends (e.g. Mexico = Tequila; India= spices; China = tea; Guatemala = coffee; Caribbean = jerk spices etc).

Selling value added food products could allow farmers to add a new and profitable activity to their livelihood portfolio. A study by Forsyth (1995) found that tourism and agriculture are complements in employment generation, not substitutes. About 3/4 of households in the village studied sold goods in tourist stalls, while only 15% of households earned more than half their total household income from tourism.

The access to the tourism market in agro tourism can also imply that this interrelates with the product development, excursion and landscape aspects, i.e. by visiting local producers and sampling their products relationships are increased to products as well as destinations. Healy (1994) for example, argues that visitors are often interested in seeing a product being made, to understand the origin of the raw materials being used, and to meet the producer and appreciate his/her skills. Whenever possible the tourist should be given the opportunity to taste the product, verifying its quality and, in some cases, its exoticism.

Agro-tourism has been a main rural regeneration strategy in much of the western world. Visitations of farms and/or purchase of local products, have become important elements of the tourism product on offer. Much more can be done in 3S destinations such as the Caribbean to increase the potential that traditional industries can offer to visitors. Examples from Hawaii (see appendix for case study) illustrate the potential for SMME development. Accommodation providers can support these SMME developments by offering excursions and selling local produce at their outlets.

5.3.2 Street vendors - the informal sector

The informal sector is of great significance in many developing economies, especially in large cities and tourism destination areas. The term “informal sector” derives from work by Hart (1973) and the International Labour Organisation (ILO 1972) who used it initially to describe the dual economic systems in Africa, i.e. the polarisation between formal and informal sectors.

Very broadly, the informal sector is “unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated” (Castells and Portes 1989: 12). The formal economy is characterised by entry barriers, strong reliance on imported resources, corporate ownership, large scale operations, capital-intensiveness, and often imported technology, formally-acquired skills (often expatriate), and protected markets through tariffs, quotas, and licenses (ILO 1972:6). The informal sector on the other hand shows low entry barriers, reliance on indigenous resources, family ownership, small scale of operation, labour intensiveness, skills acquired outside the formal school system, part-time labour, locally-based ventures, and unregulated and competitive markets (Henry 1982; ILO 1985).

Davies (1997) argues that within the formal sector, the means of production are usually privately-owned by a small class, and are operated by workers for the profit of that owning class. In contrast, in the informal sector, the means of production are usually owned by those who operate them.

Particularly relevant to tourism is that the informal sector is able to absorb large numbers of unskilled labour and thus advance economic development (Griffith 1987; Thomas 1992; Tokman 1978). Trager (1987) contends that three issues deserve particular attention: a) the heterogeneity of the informal sector (from hawkers selling souvenirs to others selling spare parts for cars); b) the linkages with other economic sectors (both backward and forward linkages); and c) crucially important, the impact of government regulatory policies (e.g. governmental assistance to the formal but not the informal sector – e.g. favourable locations, loans, subsidies, tariff protection, and management training (ILO 1985). According to Tokman (1978) governments have often taken a negative view towards the informal sector to the extent that they aimed to eliminate it so as to prevent the influx of migrant labour.

In the tourism industry in many developing countries, the informal sector is characterised by tourism-related activities which are generally beyond the effective control of the tourism authorities (Crick 1992). Although the informal sector is an important component of the tourism industry it is rarely (if ever) address in official government policies (Wall 1996). According to Michaud (1991), there are three categories of informal activities related to tourism:

1. lodging;
2. services and craft-related activities; and
3. other businesses, including, souvenir vendors, pedicab drivers, prostitutes, unlicensed guest houses, unofficial guides, and small food stalls (Crick 1992; Cukier-Snow and Wall 1993; Griffith 1987; Wahnschafft 1982).

Long and Wall (1995) and Farver (1984) note that small-scale, informal-sector employment offers opportunities for indigenous, grassroots participation in the tourism industry. Similarly, in terms of government regulations, Kermath and Thomas (1992) conclude that the informal sector responds predictably to the growth of tourism, and that a less-stringent attitude by planners towards informal activities can help to decrease the likelihood of friction developing between the industry and local people.

The informal sector is particularly important in terms of PPT, and many SMMEs are forced to either grow within the informal sector (and remain plagued by lack of access to credit and market credibility - thus reducing the opportunities to formalise linkages) or to become formalised which implies stricter regulations and high costs. However, the World Bank (2004) argues that poor countries are often more highly regulated than richer countries and that more lightly regulated countries produce both higher growth and also a more equal distribution of income.

Shopping is an important activity while on holiday. A specific shopping segment has developed and many destinations market themselves for precisely that purpose - examples include Singapore, Hong Kong, Dubai, New York and even the Pas de Calais region in France. A study in Wisconsin found that "shopping" accounted for 31 percent of total tourism expenditures, more than expenditures on transportation and overnight accommodation (Davidson-Peterson Associates 1990).

Of special appeal when travelling in developing countries are 'exotic' markets, and tourists are likely to encounter stationary and roaming vendors, many from the informal sector. Griffith (1987) argues that these traders bombard tourists with T-shirts, jewellery, leather goods, handicrafts, foods, postcards and other items, and play on tourists' propensity to spend discretionary income on inessential goods and services. It is argued by Timothy and Wall (1995) that souvenir and craft vendors are one of the most ubiquitous segments of the informal sector in developing countries, and one which has widespread tourist appeal (Griffith 1987; IDRC 1975). A number of researchers have addressed aspects of informal-sector employment in tourism in particular related to retail which seems to be they key node of involvement for the informal sector (Crick 1992; Dahles 1994; Farver 1984; Harris and Nelson 1993; Kermath and Thomas 1992; Michaud 1991; Wahnschafft 1982).

While findings vary, some authors have argued that street selling might be particularly appropriate to get the local informal sector involved. Cukier and Wall's (1994) study on Indonesia for example found that while most vendors in Bali came from Java, almost half (42.5%) of Malioboro vendors were from Yogyakarta originally or from nearby villages (28.5%). Only 29% originally came from outside the Province of Yogyakarta. They also found that in contrast to Henry's (1982) assertion that informal activities are overwhelmingly part-time, 92% of the Yogyakarta vendors worked full-time as vendors. For those few working part-time, vending was a seasonal activity and supplemented their farming income during the wet season.

Tourists are an important customer segment to these vendors. However, domestic tourists seem to be considerably more important than international visitors. Dharoko (1994a) found that local residents are the largest market for Yogyakarta's vendors, followed by domestic tourists, and only

then foreign tourists. It was estimated that foreign tourists make up only about 3% of total customers due to fears over health concerns when purchasing from food vendors. However, dual pricing structure might mean that 3% of customers could potentially contribute a significant amount of income. Food vendors seem to be particularly 'undesirable' by foreign tourists while vendors of other goods reported that about a quarter of their customers were foreign tourists. This indicates the opportunities that non-food items might provide and highlights the relatively limited opportunities for food sellers and juice pressers unless stringent health and safety procedures and licensing requirements are in place - a difficult undertaking when dealing with the informal sector.

A particularly promising entry into retail seems to be souvenir rather than food sales. Wahnschafft (1982) for example found that home production of souvenirs in Pattaya, Thailand, was one of the most important informal sources of income for many people in squatter settlements. Similarly, Timothy and Wall (1995) found that in Yogyakarta artisans usually made the locally produced merchandise in various urban squatter settlements. It is argued that vendors preferred these nearby suppliers since their close proximity cut down on time and transport costs. Furthermore, in Yogyakarta some vendors produce their own goods at their stalls, which according to Timothy and Wall (1995) added to the ambience for tourists.

The ability to sell to tourists is even more important the less the informal sector is able to supply the formal sector. More can be done to integrate the informal sector into the much-anticipated shopping experience of tourists.

However, a crucial role is played by governments. Trager (1987) contends that many governments take a negative attitude towards the informal sector, leading to its relocation. Very few tourism plans address the needs of the informal sector or the role which it could play (Wall 1996).

Timothy and Wall (1995) argue that in Yogyakarta the local government has taken a more positive stance towards street vendors by legally recognising them. Local governments in several developing countries are attempting to educate street hawkers in foreign language acquisition, hygiene, accounting, and marketing (IDRC 1975). In Bali, "art markets" were set up for local vendors so as to prevent them from hassling tourists and at the same time trying to formalise the informal sector. The control of vendors is certainly in the interest of destinations wanting to attract quality tourists, but it also benefits local craftspeople by allowing them access to the tourist market.

The support by the government and public sector organisations is crucial in increasing the integration of the informal sector into the local economy. Table 9 suggests some ways in which government policies can support the development of SMMEs and access of the informal sector to the market.

Table 9: Some examples how government policies can help (in alphabetical order)

	Help
Certification	<ul style="list-style-type: none"> - unbureacratic, easy to understand certification procedures; - support (time, finances etc) for getting accredited; - information and marketing re the benefits for being accredited - clear accreditation scheme - flexible accreditation that takes into account the 'informal' sector - compliance with and recognition of local circumstances - link up with accreditation schemes used by international 'guest' suppliers and contractors - non-costly and speedy accreditation - transparency - on-going support after accreditation - provision of marketing tools/material

	- link up to national marketing
Credit, tax, incentives	<ul style="list-style-type: none"> - access to micro credit - credit applications to be made easy and non-labour consuming - access to credit for SMMEs - information provision about credit availability - unbiased provision of credits - taxes / subsidies that encourage capital investment - tax holidays - incentives for joint ownership, SMME development - credit plus support (e.g. training, information, guidelines, tools)
Informal sector	<ul style="list-style-type: none"> - training - un-bureaucratic quality control and unofficial certification - provision of trading spaces - organisational development assistance - removal of constraints
Information	<ul style="list-style-type: none"> - community officer to work with 'poor communities' - information provided to the formal sector to encourage the development of linkages with the informal sector and SMMEs - staff training with a focus on extension and community work
Joint ventures	<ul style="list-style-type: none"> - incentives for the formal sector to enter into joint ventures (e.g. subsidies, tax breaks, marketing support) - regulations and tenure rights that give negotiation power to communities - legal rights to community institutions/organisations - training in establishing joint ventures to communities and the tourism industry
Land-use planning	<ul style="list-style-type: none"> - participatory land-use planning that includes community views - support to multiple land-use and intersectoral linkages - diversification rather than mono-culture developments - zoning and strict adherence to building regulation - adequate infrastructure support to land-use planning - means of regulating land-use conflicts
Licensing, Regulations / Standards	<ul style="list-style-type: none"> - appropriate and accessible license requirements for local communities - two-tier licensing if necessary - un-bureaucratic licensing enforcement, control and renewal - development of realistic standards in collaboration with all stakeholders - promotion of standards and the provision of easily accessible information - regulations that require the formal sector to enhance community benefits from tourism
Marketing	<ul style="list-style-type: none"> - marketing support by National Tourism Organisation with reduced or no membership fees

	<ul style="list-style-type: none"> - internet portal / website designed particular for community products - development of specific marketing body - support to trade fair attendance - provision of market research - support to niche product development and its marketing (e.g. township tours) - tour and route developments
Organisational structure	<ul style="list-style-type: none"> - support to organisational set-up
Planning and policy	<ul style="list-style-type: none"> - clear policies that support community participation in tourism development - uncomplicated and easily accessible planning regulation and application procedures - transparency in the approval of planning permissions - information provision of policies
SMMEs	<ul style="list-style-type: none"> - active support to the development of local SMMEs - encouragement for the formal sector to create linkages between themselves and local SMMEs (e.g. sourcing)
Training	<ul style="list-style-type: none"> - capacity building and training initiatives and courses designed for the need of local people - tourism awareness campaigns - provision of basic information about the tourism sector and its potentials/pitfalls that is easily accessible - training initiatives/courses for the formal sector and public office tourism employees - provision of Continuous Professional Development (CPD) courses

6 Conclusion

This paper set out to inform the Caribbean tourism industry about pro-poor-tourism initiatives that could be undertaken to increase the developmental benefits of tourism. The main aim was to review the existing literature rather than to offer tailor made suggestions. Tailor made suggestions re made by the PPT team in the second phase of this project and these will be available at www.propoortourism.org.uk.

A review of the literature is essential as it incorporates past experiences into present challenges. Only when there is a comprehension of what has already been studied, analysed and implemented by others, might there be avenues to take these issues further.

The main focus of this paper was on sourcing of agricultural supplies. This is a key issue and the paper has shown that much research has gone into it leading to a variety of initiatives being implemented - much more however could be done, as the case studies in the appendix emphasise. Much of the content of this paper is based in academic writing, rather than practical experience. This has of course both positive and negative sides. For one, while a review of the academic literature is crucial, how much can be learned from it, and how much is implementable? Or on the other hand, how can practical suggestions been made without knowing what others have tied and analysed before?

The stance of the tourism literature has been rather critical towards the industry's potential to contribute to poverty alleviation. A series of assumingly insurmountable issues were highlighted, ranging from production to marketing issues.

It is hoped that this paper has contributed to a better understanding of the issues faced when initiating linkages between the tourism industry and other sectors of the local economy.

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Appendix - case studies

Some notes regarding this appendix:

This appendix contains a number of case studies that are relevant to this paper. As case studies go, they do not simply fall into categories or chapters used in this paper - i.e. many case study simply cover a variety of issues covered throughout the discussion. Thus to make it easier, case studies have been added in alphabetical order. But to make it even easier please contact the author Dorothea Meyer (d.meyer@shu.ac.uk) if you need further guidance or case studies. Also, please note that these case studies, mainly from the Caribbean and some Latin American examples, are taken directly from the web or other sources without editing in mid 2005, thus responsibility lies with the authors of the case studies and not with the author of this paper (sources are duly acknowledged, of course.). The case studies are supplied as 'basic' examples as to what is already happening, they are in no way intended to suggest best practice, and as a consequence the author simply lists them to illustrate what is being discussed/implemented, without any judgement about their usefulness re. creating linkages. While not having the financial means to explore and verify these case-studies it is, nevertheless, felt that they might be useful to readers of this paper.

Caribbean - Tourism - agriculture linkages in the Caribbean

A consistent theme among many tourism and agriculture stakeholders, involves the need to strengthen tourism agricultural linkages and develop a strong local and regional market for agricultural products serving the tourism sector. This is also a priority for the OAS Small Hotels Assistance Project, given that local cuisine, local arts and crafts, and local cultural experiences all enhance the experience offered by small hoteliers.

At this time, there is little in the way of information about products and services throughout the region available to the small hotels sector. Therefore a regional project with perhaps a pilot in one of the participating countries to attempt to strengthen tourism agricultural linkages meets expressed regional interest in this area. This would need to be coordinated with the activities of the Caribbean Culinary Federation involving the CHA and member organizations from each country. A project structured around the small tourism operator target group and the notion of "selling into" that group would be a worthwhile consideration. The availability of the Internet offers the potential for a low-cost marketing and information resource to apply to this objective.

The development and adaptation of local cuisine concepts for small hotels, training programs, increasing awareness of regional products such as arts and crafts, and providing an information resource to source regional products could all be considered as part of the project to drive demand for local and regional agricultural products. On the agricultural side, the issues of standards and packaging will need to be addressed. However there are already products available that meet export packaging standards that one can incorporate into such a pilot at this time.

Source: <http://www.cpechrd.org/regtourism.htm>

Caribbean - OAS Small Hotels Assistance Project.

This regional project is targeted to the small hotels sector and is focused on introducing international standards for products and services against which assistance to individual small hoteliers will be tailored. Its objectives are complementary to those of the CPEC program, aimed at enhancing competitiveness and sustainability of indigenous small tourism operators. Project potential includes:

- funding for the development of e-learning modules for the Caribbean Innkeeper coaching toolkit (in line with the distance learning project described above);
- strengthening and capacity building for hotel associations including the development of tools specific to small hotel operations; and
- support for the coaching component of the OAS project, particularly as it relates to market driven standards and international competitiveness.

Source: <http://www.cpechrd.org/regtourism.htm>

Caribbean - Agriculture/Tourism Linkages in the Caribbean Islands"

In 1992, the joint Economic Commission for Latin America and the Caribbean/FAO Agriculture Division commissioned a series of case studies on the linkages between agriculture and the tourist sectors in selected member states of the Caribbean Community. The countries involved were: Antigua and Barbuda, Dominica, Grenada, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. Following a review of both sectors and their demand and supply requirements, areas of opportunities, between agriculture and tourism were identified along with an analysis of import substitution potential, reduction in inevitable imports and potential employment factor. Those studies suggest that agricultural production has not been so far geared to take advantage of the possibilities (at home or within the region) offered by the tourist demand. And that appropriate policies and an institutional base are required to foster and sustain the linkage between agriculture and tourism.

Source: http://www.fao.org/documents/show_cdr.asp?url_file=/docrep/T3384E/T3384E00.htm

Cuba: Las Terrazas Complejo Turistico - Thriving with Nature (and Tourists)

In the 1990s, Cuba's government opened wide its doors to international visitors—and their money. In 2002, 18 to 21 percent of total Caribbean visits were made to Cuba. That translates to 1.8 million tourists, including about 200,000 Americans. The number of U.S. travelers is expected to grow to nearly 4 million visits—with 1.5 million stays of one week or longer—within three years of lifting the current U.S. travel restrictions. Needless to say, this will have a tremendous impact on a nation of 11 million people. The incipient tourist boom is a growing asset in the preservation and restoration of natural and cultural resources. Nowhere is this more apparent than at Las Terrazas Complejo Turistico in the province of Pinar Del Rio, about 75 kilometers west of Havana.

The story of this 12,355-acre *complejo* (complex) in a narrow valley beside an artificial lake is a multifaceted one. In the late 18th century, French settlers, fleeing the revolution in Haiti, were the area's first inhabitants. They tried, without much success, to grow coffee. Their methods led to some clear-cutting and significant erosion of the surrounding hillsides. That erosion advanced as *campesinos* (peasants) arrived to harvest forests for timber and charcoal. By the 20th century, the area was one of the poorest in the province, both economically and ecologically. In 1967, within the revolution's first decade, the government sponsored a massive reforestation effort, enlisting local companies to plant 10 million trees across 5,000 hectares. Those efforts were so successful that UNESCO designated the area a biosphere reserve; the Sierra Del Rosario Biosphere Reserve is now one of six in Cuba.

In the early 1990s, then-Minister of Tourism Osmany Cienfuegos recognized both the area's ecological draw as a tourist destination and an ecolodge's close fit with the community's goals. After an extensive consultation with local residents, \$6 million in government funds were allocated to build the Hotel Moka, which is located midway between the community and the biosphere.

Las Terrazas is described as *tan verde que es posible*—as green as it gets. Some long-time community members observe that the reserve is much better protected and cleaner since tourism came. At the same time, it is portrayed as an extraordinary place to live. As Miguel, a long-time resident who works at the reserve's Ecological Research Center, puts it, "Everyone is a little better off here. Everyone has electricity and running water, and everyone has a telephone. Not many people have seen it, but when they do, they often want to live here."

How does this extraordinary place earn such high marks in so many areas, particularly when it was developed so rapidly as a tourist site? When the Cuban government decided to reshape this impoverished and depleted area, it turned to the people who knew it best: the local residents. As families were gathered into the central residential community, they retained the right to opt out of certain aspects of communal living. And as Cienfuegos began to consider turning Las Terrazas into a premier tourist destination, he sent out psychologists and sociologists to interview every local resident to ensure that the development coincided with their interests.

While the tourist destination was being created, local radio and newspapers offered a forum for debating its merits. At each step, local labor was used whenever possible, from building the structures to staffing the hotel and serving as drivers and guides. And because of Las Terrazas's isolation (it is reached by a four-kilometer road connected to Havana by a single major highway), even the highly skilled people brought in to run the Ecological Research Center became part of the community.

Today, two elected community members decide how the community's share of funds from tourism—about

one-third of the hotel's net intake—are allocated. Over 85 percent of Las Terrazas residents are now involved in tourism, and five percent continue to work on continued reforestation at the reserve. And Jose Garcia, one of the community's founding designers, became director of Hotel Moka in early 2002. A Home for Diverse Species Las Terrazas is unique because the human community lives within the protected wilderness. Officially, the reserve is divided into three zones: mixed use, conservation/science, and transition/buffer. The highest levels of protection are around the river headwaters that run north to the ocean. Located at the narrowest part of the island, the reserve is an important migratory stopover for many birds and hosts 109 species, among them the highly valued Cuban *trogon*. The island's humid, tropical climate promotes a proliferation of evergreen trees and an estimated 800 species of plants, many of which are not found outside of Cuba.

In opting to reforest with cedar, mahogany, hibiscus, and teak—in addition to fast-growing pine—the government has made a long-term commitment to environmental restoration; some of these species take 60 years to reach full maturity. Some of the trees are cultivated through natural succession, while others are deployed in plantation-style pairs. Controlled cutting of precious woods (i.e., teak and mahogany) is allowed beyond a certain tree diameter.

But this is a thriving environment. As a technician at the Ecological Research Center notes, “You cannot recognize this landscape in photos from 30 years ago; some of the growth occurs so quickly that we must check on it weekly.”

Hotel Moka is situated midway between the community and the protected areas. Guests are encouraged to visit—and shop—in both places. Constructed using Cuban labour and as much local material as was available, the unique Spanish-style building is hidden in the hillside, avoiding tree removal. The white stucco, glass, and wood structure is relatively small, containing only 25 rooms and one suite, although it possesses such four-star amenities as a pool, a tennis court, and multiple bars. Hotel Moka follows such basic ecopractices as providing energy-efficient light bulbs, encouraging towel conservation, and requiring a room key for electricity to flow (so lights and air conditioning cannot be left on when the room is vacant). Ecosystem managers have taken a biological approach to destroying insect nesting sites in places where they might prove a nuisance to hotel guests. In addition, management has adopted a strategy to encourage longer guest stays, which lead to greater return and less environmental impact. And in a unique program tying the reserve's Ecological Research Center, the hotel, and the community together, 69 local children were trained in a recycling program called “ProNaturaleza.”

The ties between the hotel and the community are very strong—and work both ways. When the hotel opened in 1994, 26 community marriages were celebrated there and many hotel guests participated. Community members work in the hotel and are able to tell guests when craft shops and other local attractions are open.

Benefits...

To the biosphere,

- the complejo, and Hotel Moka Preservation of natural and historical resources.
- Access to a workforce dedicated to their success.
- Greater autonomy from central authority.
- Increased flow of funds dedicated to preserving the restored environment.

To the local community

- More immediate access to services (education, healthcare, child-care, and other essential public services) than in many rural areas.
- Employment in tourism and environmental conservation.
- Greater participation in planning and other decisions that will affect the community.
- Ability to purchase surplus supplies from the hotel at reduced cost and within shorter time frames than provided by external supply chains.
- Opportunity to learn about other parts of the world through visitors.

To visitors and guests

- Safe destination with a relatively low crime rate.
- No major health concerns (except hepatitis A in certain areas with bad sanitation).
- Sense of the local community, its history, its life, and culture.
- Access to an extraordinary natural environment, including both a diverse bird migration stopover point and Cuba's only view of both coasts.
- Opportunity to contribute to continued conservation of the restored biosphere.
- Opportunity to contribute directly to the community through patronage, local purchases and gratuities

Revenue sharing Tourism revenue at Hotel Moka is split three ways between reinvestment in the hotel, the

sponsoring entity (the state), and community upkeep. This has increased local commitment to the ecolodge's success. Openness Unlike many state-run tourist operations, curiosity among visitors to Las Terrazas is encouraged. This has helped to keep the tourist experience unique and promote cultural interaction. The whole concept of "complejo" has included a vigorous effort to create a diversity of unique tourist offerings. Some food from organic gardens in the community finds its way to the hotel restaurant's tables, although much of the food served there is brought in frozen. However, guests are known to frequent the local *paladar* (a private restaurant), which has a menu more highly recommended than the hotel's. In addition, when the hotel has a surplus of maintenance supplies or equipment, the community is allowed to buy them at cost, saving not only money but also the time it takes to request and ship items from Havana or beyond.

Although the Cuban government does not release profit and loss information, tourism seems to be a good thing for the Las Terrazas community and its precious restored ecosystem. Transactions are completed in U.S. dollars, generating much-needed income for both organizations and individuals. The complejo itself is doing well, by all accounts; the hotel's director reports that Hotel Moka was able to repay its initial government loan and increase profits in 2001. Furthermore, the complejo broke away from its state-run *hoteler* group and became its own independent company (autonomy almost unheard of in the Cuban tourism sector).

Las Terrazas is a unique environment incorporating a protected biosphere reserve, a thriving residential community, and a growing tourism operation. It has been described by many as "socialism that works." There are certain elements that have broader applications outside Cuba, including: Community participation in planning One of the primary elements in Las Terrazas' success is that tourism was introduced only after the community—and the biosphere—

source: Emma Stewart, BEST

The Punta Cana Resort and Club – Dominican Republic.

The Punta Cana Resort and Club, located on the east coast of the Dominican Republic, demonstrates what can be accomplished when private business, the government, educational institutions, and the local community collaborate to create a sustainability-development that enables local residents to achieve higher standard of living and preserves communities cultural and environmental assets.

Despite being an attractive area for tourism development—white sand beaches, groves of coconut trees, coral reefs, and vegetation—no supporting infrastructure was in place. There was little electricity, no waste treatment facilities, not enough potable water to support a growing population, and no local education facilities. The area had no nearby airport, and access highways didn't exist. The region had only a marginal economic base consisting of some commercial fishing, subsistence agriculture, and charcoal production, which can lead to long-term environmental devastation of a community. Illiteracy rates ran as high as 70 percent, and job opportunities were limited.

The first project undertaken, apart from the construction of eight beach villas, was building a highway from Higüey to Punta Cana. The project presented a unique opportunity for cross-sector collaboration. The Colgate-Palmolive Company, which was required to repatriate export earnings generated by its local entities, became an active partner in the construction. The next major project was building the international airport.

It became immediately evident to GPC that to attract and maintain a staff of qualified personnel, the creation of a liveable environment for employees was essential. Employee housing and a school was built, the Group paid the salary of one teacher, while the government paid the other.

Today, Punta Cana is home of the Punta Cana Resort and Club, as well as more than 18,000 guestrooms operated by other international hospitality companies. The Punta Cana International Airport, which handled over one million visitors in 2002, receives up to 30 international charter flights daily. The regional tourism industry employs more than 15,000 Dominican citizens.

GPC employees benefit by being provided with modern housing, including electricity, potable water, and sewers. Healthcare facilities have been built and the local transportation infrastructure improved. Dominicans occupy almost all positions at GPC.

Located immediately adjacent to the resort is the 2,000-acre Punta Cana Nature Reserve. The Punta Cana Ecological Foundation was established by the resort to oversee this reserve as well as to fund the Punta Cana/Cornell Biodiversity Center.

The foundation's alliance with Cornell, culminating in the creation of the Cornell Biodiversity Laboratory in Punta Cana, is a notable achievement. The Biodiversity Center houses a 5,000 square foot laboratory, a teaching facility, and a dormitory used by students and faculty from Cornell, Harvard, Columbia, as well as Dominican universities. It conducts inventories of plants, animals, and marine and microbial organisms that may lead to new medicines one day. There is also ethno-medicine research, which involves collecting information from citizens in rural villages, who for generations have used natural compounds as "home remedies," and studying those compounds to determine their makeup.

Source: http://www.conference-board.org/worldwide/worldwide_article.cfm?id=215&wid=5

Dominican Republic: “ATLANTIC CULTURAL CENTER” (CENTRO CULTURAL DEL ATLANTICO, OR CECA) IN THE FORMER SANCHEZ CHOCOLATE FACTORY IN PUERTO PLATA

This project entails the rehabilitation of the abandoned facilities of the former Sánchez chocolate factory (Chocolatera Sánchez) of Puerto Plata, Dominican Republic –facilities consisting of one metallic production shed and three other warehouse buildings of varying sizes and materials– with the goal of establishing an alternative Cultural Center. The Center will target the youth of the low-income neighborhoods surrounding the area, creators and artists from Puerto Plata and the nation, and domestic and foreign tourists visiting the northern coast of the Dominican Republic. The Atlantic Cultural Center (Centro Cultural del Atlántico or CECA) will constitute an innovative and powerful attraction for cultural tourism and cruise-related tourism, given its proximity to the port. It will contribute to the creation of a new image for Puerto Plata and to its renewed marketing efforts. CECA will occupy the whole of the 48,000 square meter facilities and plans to incorporate diverse components, programs and activities aimed at fostering creativity, training, production and dissemination of traditional and contemporary arts of both national and universal cultural origin.

Moreover, it calls for the construction of a polytechnic secondary school and an agricultural and artisan marketplace, as well as for the provision of a variety of services for local and foreign users and visitors.

THE CECA PROJECT

The following presentation is a detailed description of the project to create the Atlantic Cultural Center in the Puerto Plata chocolate factory.

The former Sánchez chocolate factory, also known as the Chocolatera Industrial, is located on the street Avenida de Penetración al Puerto in the city of Puerto Plata, Municipality San Felipe de Puerto Plata, on the northern coast of the Dominican Republic, in the island of Hispaniola.

GENERAL Objectives

To contribute to fostering creativity, training, production, and dissemination of local, national and universal art and culture while focusing special attention on youth; and to promote international exchanges and attract global cultural tourism to the northern region of the Dominican Republic through the creation and implementation of the Atlantic Cultural Center (CECA) in the former Sánchez Chocolate Factory of Puerto Plata.

Attaining this objective requires collaboration between the government and the private sector as well as the participation of the community, working together in an integrated, mixed-management system. It also entails two principal work phases: an immediate first phase, to conclude with a feasibility study, the final formulation of the project and negotiation of financing; and a later, second phase involving CECA's organization, execution, and control and the launching of operations.

DESCRIPTION OF CECA

CECA will be comprised of several components to carry out a variety of functions, programs and services, all of which will be evaluated through an economic feasibility study. A profile of each component will be compiled in the terms of reference used to contract consultants for implementation of the study. The following components have been proposed:

- All-purpose hall for artistic, cultural, scientific and technological events, exhibitions, workshops and presentations;
- Museums: Taíno; Cocoa and Chocolate; The City and its History; Folklore and Carnival
- Teaching/learning spaces: workshops, courses and other training and creative activities
- Multimedia laboratory; audio-visual rooms. Suggested headquarters for the Dominican Film Institute (Instituto Dominicano de Cine)
- Information and documentation center; libraries
- Commercial space (row of shops)
- Cafeteria-bar
- Rafael Arzeno Provincial Fine Arts School (Escuela Provincial de Bellas Artes “Rafael Arzeno”) (relocation)

- Craft workshops
- Administrative offices; warehouses
- Residence for artists, teachers, students and special visitors
- Green spaces and parking facilities

BENEFICIARIES (direct and indirect):

- Residents of marginalized neighborhoods in the immediate surroundings of the site, especially boys, girls and young adults
- local, national and international artistic and cultural communities
- The community of Puerto Plata city and other regional municipalities, as well as neighboring provinces in the north and elsewhere in the country
- Visitors and foreign tourists
- The Puerto Plata tourist industry.

Source: <http://www.sea-horse-ranch.com/foundation/Chocolatera.pdf>

Food merchandise

Organic Coffee

Although coffee demand in the U.S. has been declining overall, there is continued growth in gourmet coffees. A subsector with a particularly rapid rate of demand increase is organic coffees, with estimated annual sales of about \$25 million. Mexico has become a significant producer of these coffees. The president of the International Federation of Organic Agricultural Movements notes that while only half a container of organic coffee was exported from Mexico in 1984, in 1994 Mexico shipped 400 containers all over the world (Natural Foods Merchandiser, 1995). Most of this coffee is grown in the highlands of Chiapas, although some comes from other regions.

Organic coffee combines favorable environmental impacts with the possibility of income increases for small producers. The organic method of coffee growing generally involves planting coffee bushes in the shade, under forest, fruit trees or fuelwood species. This provides valuable wildlife habitat, particularly for birds (Wille, 1994; Murphy, 1995) and hence can be an important part of a reserve buffer zone. Organic coffee is by definition produced without pesticides, avoiding a major source of water pollution and a source of danger to farmworkers.

Honey

The production of honey can be directly associated with the existence of wildlands, because bees utilize natural ecosystems ranging from dense tropical forests to open plains of cactus. Honey takes on the flavors associated with the plant nectars that the bees collect, opening possibilities for product differentiation, scarcity value and identification with a particular locale.

In Mexico, honey collected by local people in the Calakmul Biosphere Reserve (Campeche) is sold in the U.S. under the brand "Rainforest Honey." Some sales are made directly to tourists, but visitation to the remote biosphere reserve is low and irregular. Sales are also made at various gatherings attended by the non-governmental organization (PRONATURA-Yucatan) that has organized the honey project. Honey is also sold by small producers on Kangaroo Island, South Australia, where 4,000 permanent residents co-exist with several national parks. The Kangaroo Island honey is made by a strain of Ligurian bee whose genetic purity is maintained by strict government controls on the importation of new apian stock.

Nuts

The success of macadamia nuts as a tourist product in Hawaii has been studied widely. Macadamias are also sold to tourists in Costa Rica and Thailand. Another nut with sales potential is the Brazil nut. This food product cannot be grown under plantation conditions, so the world's supply is collected in the Amazon basin by forest extractivists. Many of the forests where these nut collectors work, in Brazil, Ecuador and Peru, have been designated as protected areas. In Brazil, large areas have been specifically designated as "extractive reserves." A cooperative in Xapuri, Acre State, Brazil has designed an attractive retail package for Brazil nuts, but it is not known what quantity is actually sold on the tourist market.

Another nut with tourist potential is the cashew, produced by small-scale farmers in Honduras, and packaged for a retail market by the U.S. development organization Pueblo-to-People.

Fish and Fishing

A tourist food product with widespread potential is fresh fish, cultivated in tanks or ponds. Because of spoilage problems, fresh fish can be sold only to local tourists, but smoked fish or fish jerkey can easily be carried by long-distance travelers.

In Uruapan, Mexico, the Parque Nacional Eduardo Ruiz, a 17 ha. urban park that protects an unusually scenic watershed, raises thousands of trout in a series of 2 meter-long concrete tanks. Trout meat, fresh from the water, is sold daily to visitors, at a price of about U.S.\$3.00 per kilogram (Pettit 1996).

Fish production also makes possible direct participation by the tourist, as found in the "catch-and-pay" trout operations located in many mountain areas of the U.S. Visitors are provided with fishing tackle and a chance to angle in a pond teeming with fish. They are then charged for their catch by the inch or by the pound.

The use of food as a form of tourist merchandise offers significant possibilities for extracting more money from visitors to rural areas, thereby strengthening local economies. There are many opportunities for adding value to food products through improving packaging, developing new products, and enhancing souvenir value through point-of-sale educational materials and greater use of live demonstrations of artisanal production methods.

Food production for the tourist market offers the following advantages (1) the world market for exotic and gourmet foods seems to be growing rapidly; (2) small farmers can often add tourist food production to their product mix without reducing other sources of livelihood; (3) marketing and packaging can not only add value to the product, but can also be the source of additional local jobs in the processing sector.

Tour operator and destination partnership for new product development: Pantanal Association of Nature Tour Operators

Key issues: new product development; environmental standards; SMME support; capacity building

Pantanal is a protected area in Brazil covers 2.3. million hectares of mainly private land in 1979 different Fazendas, as well as some land owned by local and regional authorities. A partnership approach has been used to plan the use of tourism as a tool for sustainable development, with the involvement of seven selected specialist tour operators through a familiarisation trip that involved stays in several pousadas (ranches) starting tourism businesses to complement their traditional sources of income. After the trip a two day workshop brought together pousada-owners and tour operators for feedback on both activities and accommodations offered, including comments and suggestions for improvement. The tour operators were invited by the Pantanal Park as the area considers it needs tourism income to maintain its protected area qualities.

The tour operators provided expertise in new product development, designed guide training programmes in nature interpretation and other concepts, and are currently providing a supportive network for local landowners to adapt their facilities and services to meet the requirements the specialised western ecotourism market. The Pantanal Association for Nature Tour Operators is now a unit working together with the Park and Association of Pousadas for connecting the local providers with parts of the international market, creating a feeling of fellowship between the Tour Operators, and creating a group-synergy around the Pantanal both as a destination and as a project, something that can further develop the local providers' products and future income.

The Pousadas have gained invaluable knowledge on not only the ecotourism market but the value as well as the limitations of their resources, as well as gaining a small but secure market that allows targeted investments. These pousadas are receiving some tourists through tour operators that are supportive of a learning environment, and the pousadas are gaining skills such as responding to tour operator requirements, pricing, quality assurance, logistics and other elements of the incoming tour operator's job. As a result of the familiarisation trip, the new products developed in conjunction with the pousadas are high-end incentive trips for CEOs, riding holidays, jungle trips, ecotours, backpacker trails, and wildlife and birdwatching tours, by Adventura AB, World Horse Riding, JungleTrekker, Worldwide EcoLodges Viventura, Saïga and Discovery Initiatives.

(Sylvie Blanchy, independent consultant, and Anna Widstrand, Worldhorseriding)

Source: Tourism Supply Chains- A report from LeedsMet for The Travel Foundation

Jamaica - SuperClubs

In February 2004 SuperClubs, one of the leading all-inclusive companies globally, signed a Memorandum of Understanding with the Jamaican Agricultural Society (JAS) to promote greater collaboration for the development of the agricultural and tourism sectors by promoting and participating in the "Eat Jamaican" campaign. Under the MOU, the JAS will trade with SuperClubs through the agricultural organisation's proposed Central Marketing Company. SuperClubs will work with the JAS to provide incentives for local farmers and assist with designing technical assistance programmes for JAS members. The hotel will also provide Government with policy guidelines for initiatives that will benefit both the agricultural and tourism industries. Currently, SuperClubs purchases just over \$110 million worth of local produce annually, but a key issue for the company has been the maintenance of high quality produce.

The "Eat Jamaican" campaign was launched in November 2003 by several Jamaican associations and businesses in the productive sector, including the Jamaica Agricultural Society (JAS) and the Jamaica Manufacturers' Association (JMA) to promote locally-produced goods to residents, visitors and exporters. Since its launch the JAS reported an increase in demand (5.6% growth of the agricultural sector in the last quarter of 2003 compared to 4% in 2002), linked to companies like SuperClubs having made commitments to support the produce of local farmers. SuperClubs will be buying fresh fruits and vegetables from the Society's commercial enterprise limited and promoting the Eat Jamaican campaign in their resorts. Furthermore SuperClubs will become actively involved in promoting the ideas to tourism industry members and appealing to colleagues to participate.

Overall the hotel and tourism industry in Jamaica is said to purchase \$2 billion worth of produce from farmers annually (Roger Clarke, Ministry of Agriculture).

One of SuperClubs premier resorts, Hedonism III, started in 2002 with its Jerkfest events showcasing Jamaican cooking. Creating a unique tourist attraction, Hedonism III brings together local culinary delights, music display and arts and crafts displays to attract tourists for a long weekend under the heading: CELEBRATE JAMAICAN CUISINE AND CULTURE - Popular Jamaican Super-Inclusive Offers - July 31 – Aug.3: \$627 Per Person (includes accommodations, meals, alcoholic beverages, land and water sports and all themed Jerkfest festivities – no tipping is permitted)

Festival activities include:

- a local group of expert "jerkers" demonstrating their skills;
- guest chefs from the island providing cooking classes and tips on how to add a Caribbean flair to everyday meals by using local products.
- Friday night fish fry beachside event boasting several cooking stations
- Saturday marketplace at the resort featuring local artisans
- Paintings and sculptures from island artists will be on display all weekend.
- Guests will also have the opportunity to interact with representatives from Walkerswood and Busha Brown authentic spices and sauces, Tastee patties, Appleton rum and liquors, Jablum coffee, Barron Hall's coffees and liquors.
- mento and steel bands entertain
- bring the night to life with their pulsing rhythms, sounds and distinct island character.

Source: http://www.superclubs.com/travel_agents/ta_news_release.asp?newsUID=99 and <http://www.superclubs.com>

Jamaica - OAS Caribbean Small Hotels Assistance Project

It is generally acknowledged that larger hotel properties are making headway in the competitiveness environment they face world-wide. However, of particular concern to most Caribbean countries, including Jamaica, is the difficulty local entrepreneurs face in achieving viable participation in the tourism sector. It is particularly evident in the small hotels sector (defined as 75 rooms or less) and the attractions and services sector. For Jamaica, this is a significant sector involving between 10,000 to 12,000 rooms (ARA estimate from CTO statistics).

Viability in these areas is typically compromised by product quality and can have a generally negative impact on the destination's competitiveness. For example, the difficulty for small hotels of achieving occupancy rates beyond the current 35% - 45% average precludes any serious product quality upgrading and training. Attempts made in the past to assist the small hotels have largely been unsuccessful and have included debt financing through local development banks; staff training programs (usually short term); and marketing and co-operative marketing programs. The difficulties encountered in these approaches relate to

two general issues: the absence of any serious commitment by property owners, on average, to the upgrading process; and the lack of proper property positioning in a competitive environment.

A part of the positioning issue relates to the size of many of the destinations. With a very few high-end exceptions, small hotels in the Caribbean generally, and in Jamaica, are marketed as "small hotels", guesthouses or apartment hotels. The problem with positioning is that the small hotels are neither identified in terms of the experience they offer (heritage accommodation, plantation inn, sport fishing lodges, bed and breakfast) nor marketed in sufficient numbers based on specific positioning. Market research is showing that regional marketing of a Caribbean "bed and breakfast" brand would hold far more appeal than the current destination marketing by individual countries of "small hotels" offering a bed and breakfast experience.

The typical guest profile for a viable small hotel is one who is more interested in, and more likely to explore the destination, spending money at tourism attractions, local restaurants and cultural facilities. Increased viability for this sector will therefore have significant spin-off benefits throughout the destination and, indeed, contribute significantly to the destination's competitiveness.

Consumer legislation in Europe, which regulates the travel and tour industry and holds agents to specific standards, is beginning to have a negative impact on small hotel performance. Increasingly, tour operators are disinclined to promote or book a destination if there is any risk of customer dissatisfaction.

Jamaica has since the start of 1999 become a participant in the OAS Caribbean Small Hotels Assistance Project. By engaging input and cooperation from various donors and key players in the region, the OAS project aims at strengthening the viability of the sector through activities in areas ranging from product upgrading to human resource development and marketing. This project may present opportunities for CPEC intervention in the sector. At the very least, CPEC activities in this area should complement OAS project activities.

Throughout the consultations Tourism was widely acknowledged for its current prominence in the Jamaican economy and also as a sector with vast potential for improved competitiveness. Although it was often observed that the sector is well resourced through the attentions of the GoJ, international donors and local and foreign investors, it was still strongly felt that Tourism should be a priority sector in CPEC.

The following areas were recommended for CPEC attention:

- through partnerships with existing projects which show good feasibility indicators, investor confidence and established community rapport, e.g., heritage tourism sites such as Port Royal, Seville, Falmouth, Spanish Town;
- management training (local and overseas) for owners/managers of small and medium properties, including business plan and project proposal development;
- emergency health and safety training;
- strengthening feeder industries and support services to Tourism by building linkages, improving awareness of and responsiveness to market expectations and standards, e.g., processed foods, restaurants, garments;
- enabling community participation in Tourism, through community attractions, awareness programs and the development of support services; e.g., community based entertainment; and
- addressing relevant areas of need that arise from the ongoing IDB/JHTA Tourism skills audit.

Source: <http://www.cpechrd.org/jamtourism.htm>

Jamaica Tourism Board TO RE-LAUNCH 'MEET THE PEOPLE' PROGRAMME

The Jamaica Tourist Board (JTB) has announced a planned revitalization of its 'Meet the People' programme, which was established in the 1970s and has served to enhance the island's profile as a hospitable destination.

An official re-launch is set to take place on Tuesday, March 23 at the Knutsford Court Hotel in Kingston.

With the support of volunteers (hosts) islandwide, the programme offers visitors of varied interests, an exciting experience of Jamaica's lifestyle and culture through its people. Visitors who participate should leave enriched with an appreciation of the destination and true Jamaican hospitality.

Speaking with JIS News, Deputy Director of the JTB, David Shields said that Jamaica's greatest advantage over other tourist destinations that also offered "sun, sand and sea", was the distinctive culture and by extension, its people, the most significant sell the country has right now as a tourism product.

"Jamaica has a very rich cultural heritage, a rich and vibrant people, a spirit and an energy that is way beyond what we see in any other place in the Caribbean. That energy and vibrancy is what the visitors talk about. They love the Jamaican people," he said. Mr. Shields noted that aspects of the country's culture, such as music and dance were general contributing factors that made Jamaicans fun to be around, which was most entertaining to visitors. The re-launch of the programme comes at a time when the JTB is looking at various

strategies to expose tourists to other aspects of Jamaica, aiming to get visitors away from the resorts to the island's attractions and craft markets.

Some of the more recent initiatives include the 'Undiscovered Jamaica' and 'My Jamaica' campaigns, both aimed at showcasing the many 'unknown' attractions across the island. It is also significant as, the JTB has been working assiduously to position Jamaica as a 'green destination'. Mr. Shields said that as a global trend, going "green" was an important consideration when marketing overseas in areas such as Canada and Europe, which were very demanding on "green" standards. In recognizing the industry's potential to enhance growth and development, the new thrust is geared towards projecting a more diversified product to potential visitors, giving true meaning to the phrase: 'We are more than just a beach, we are a country'.

Over the years, the programme has worked to bring visitors 'face-to-face' with locals who share similar interests. As with most people-to-people programmes, it has served to create life-long bonds between Jamaicans and foreigners, and through such interactions, position Jamaica as being an inclusive destination.

Source: http://www.jis.gov.jm/indus_tourism/html/20040321t100000-

[0500_2054_jis_jtb_to_re_launch_meet_the_people_programme.asp](http://www.jis.gov.jm/indus_tourism/html/20040321t100000-0500_2054_jis_jtb_to_re_launch_meet_the_people_programme.asp)

Mexico - Cancun

Key issues: central tourism planning; weak links despite financial and technical assistance; production capacity; tourist preferences; cost-sensitivity

In the early 1970's FONATUR, the Mexican tourism development authority, declared the regional development of agriculture as one of its goals associated with the creation of a new international tourism resort in Cancun. The intention was to create a local economy interdependent with tourism, where local farms would increasingly provide a cheaper source of food for hotels than food imports. To stimulate production for tourism the government has attempted to provide credit and aid packages to ejidos for tourism-related production; to set up a regional school for agricultural workers; and to organize municipal-level hydroponic farming and other agricultural experiments. Despite these initial government efforts to stimulate local agricultural production for tourism, the linkages between the two sectors remain weak. Most food supplied to the tourism industry is brought in from outside the region, with the exception of some local chicken, eggs, pork, seafood and a few fruits and vegetables. A wide variety of production, structural, policy, financial, information and infrastructure constraints are put forward as contributing to the continuing weak linkages between tourism and agriculture in Quintana Roo. One problem is the inability of small farmers to produce consistently high quality fresh produce on the thin rocky soils prevalent in Quintana Roo. Another problem lies in the preferences of tourists: Early 'explorer' tourists are more willing to experiment with indigenous foods and dishes than are late stage mass tourists intent both on minimising costs and consuming familiar foods. North Americans, who represent 55% of Cancun's tourists, are notorious for conservative food preferences, demanding foods similar to that in their home country and resisting indigenous dishes based on locally produced food. This trend is increasingly evident in Cancun with the rapid growth of US franchise outlets, such as McDonalds, Pizza Hut and Kentucky Fried Chicken, which emphasise consistency of ingredients and are very cost sensitive.

Source: Torres 1996

Huichol Art and Internet Promotion, Mexico

The communities of Huichol in Mexico have developed their traditional arts into an enterprise geared toward tourists and the general public. While small-scale tourism to Huichol land and community provides some revenues, benefits have come principally by way of art sales. The Huichol people have expressed a need for help in marketing their artwork to a wider audience, and the Mexican government has responded by sponsoring art displays. More recently, the Huichol people have taken an enterprising approach to marketing their artwork through a web site called "The Center of the Rose." While art sales are at an all-time high, there is concern that the growing popularity of this culture might attract unsustainable numbers of tourists, for which the Huichol are not yet prepared.

Source: http://www.mtnforum.org/resources/library/cbmt_02.htm

St Lucia - Sandals

Production and distribution of food to meet the requirements of large purchasers: Sandals St. Lucia
Key issues: linkages between tourism and agriculture; SMME development, capacity building; co-operation

Sandals St Lucia has been working to improve their supply chain by supporting a local farmers organisation and distribution company, with support from Oxfam UK. The Caribbean islands suffer from production of only a limited range of produce which is grown locally and not well-planned in relation to market requirements. The lack of a common Caribbean-wide market and protective national policies towards other Caribbean states, means that most goods for resorts like Sandals are in fact flown in from Miami. Oxfam UK chose to work with St. Lucia because they perceived there was a positive national government agenda, policy framework and desire to act, as well as a formalised agricultural sector, and with local food production because it could contribute to tackling poverty in ways that heritage and environmental conservation could not. Other locations where similar work could be considered are the Dominican Republic and Mexico. Oxfam is providing support focusing on bridging the institutional gaps that exist between small farmer producers to reach potential markets. This requires linking individual farmers in groups through planned production beyond monocrops, by introducing the necessary skills and equipment. Local producers need to focus on health and safety primarily in supplying meat and fish produce, while for most fruit and vegetables the producers need training on washing and packaging, and on quality standards set at a national level. The next planned steps is to provide specialist business skills and to help producers reach the economies of scale and quality required by Sandals, and to equip them to enter in the market of the trading and distribution companies that act as the middlemen. One recognised bottleneck for local producers is in placing their products into distribution channels, due to small volume of production and the seasonal nature of their products. This means that Sandals would require to keep their importer suppliers as well as a local distributor for farmers produce, increasing their administrative costs. To avoid this, the challenge is for the small producers to be able to sell through the current distributors that supply Sandals and get these distributors to give preference to local produce when these are available, as well as the development of a market information system that allows them to plan production. (David Bright, Oxfam UK)

Source: Tourism Supply Chains- A report from LeedsMet for The Travel Foundation

Sandals Group

The Sandals Group is a large all-inclusive resort chain with properties in Jamaica, Bahamas, St. Lucia and Antigua. With 6,000 employees, Sandals is one of the largest employers in the Caribbean. As a group, Sandals is committed to community development, as reflected in its corporate mission statement: “to offer the ultimate Caribbean vacation experience by innovatively, reliably and consistently providing the safest and highest-quality facilities and services while attaching a premium to our human resources and being among the most environmentally responsible and community-friendly groups in the hospitality industry”.

Sandals has a large community programme which currently supports over 60 major projects. Sandals’ community initiatives include adopting, building and part-financing schools (each hotel in the chain must adopt at least one school in its surrounding community), supplying linen to infirmaries and hospitals, providing medical care to communities, providing scholarships to needy children, and supporting community organisations that deal with such issues as drug abuse, HIV/AIDS and environmental management. To promote tourism and the development of the hospitality culture, managers from the individual resorts speak at schools on a regular basis to educate students about the hotel and tourism industry

Sandals has set up an extensive programme in Jamaica that aims to improve the working relationships between local farmers and the accommodation sector by:

- working in close collaboration with RADA (Rural Agricultural Development Authority) in improving the quality of produce being sold to the sector to diversify the types of produce being purchased locally by the industry ;
- developing a proper pricing arrangement between the two entities; and
- improving the communication links between the two entities.

A total of 80 farmers (using 12 ha of land) are now supplying 5 properties and sales have moved from \$60,000 to \$3.3million within 3 years. The crop has been diversified to now include exotic, non-traditional crop. Sandals collaborates with the government extension service to arrange for extension services and provide seeds, supplies and some equipment to the farmers. Some of this assistance is provided as a grant,

and some as a loan – loans to be repaid when the produce is purchased. The initial problems for farmers were related to: a) problems relating to production (e.g. lack of water supply; lack of packing material); and b) problems relating to sale of the produce (e.g. inconsistent supply orders; lack of communication). RADA is now playing an active part in ensuring that the communication lines are active and the hotels are being informed two weeks before the delivery date as to what crops and volumes are available, thus guaranteeing supplies to the hotels while informing the farmers of demand in due time. In addition, a list of types, volumes and delivery prices of produce was agreed on by individual hotels and the respective farmer groups. This corresponded to a monthly supply order. Hotels reported problems with a) inconsistency in supply and quality as a result of adverse weather conditions and production problems; b) requests by farmers for increase in delivery price as product availability decreases; and c) poor packaging materials and transportation mechanism being used by the farmers.

The programme is supported by:

- The Ministry of Agriculture which assists the programme under the Domestic Food Crop Programme, with irrigation facilities and in the area of land preparation;
- RADA in ensuring that communication lines are active; providing training in Group Farming, Marketing, Production practices and Post harvest management; by developing printed quality standard leaflets for eight (8) exotic crops – cantaloupe, sweet pepper, cauliflower, broccoli, yellow squash, zucchini, tomato (table varieties), sweet corn for distribution to the farmers to ensure consistency in quality of produce delivered.
- management teams from the hotels visit the farmers holdings to discuss matters on quality standards and marketing procedures. The farmers in return, visit the hotels to see how their products are being utilized and hence the reason to adhere to the hotels' specifications

This programme is now being expanded to St. Lucia. One of Antigua's premier hotels is also tapping into the local produce market by purchasing a quantity of fruits and vegetables from the Island's farmers. Sandals Antigua Resort and Spa has taken the initiative and launched its "Adopt the Farmer Programme", under which the hotel will purchase a significant quantity of vegetables from small farmers. Sandals is also assisting them with seedlings. A local farmer recently 'adopted' by Sandals will supply Sandals Antigua Resort and Spa with over 200lbs. of squash, sweet peppers, cucumbers, melons and carrots weekly.

For the past 17 years, Sandals has invited local craft vendors to display and sell their craft items in the resorts. These weekly market days have become a prime tourism attraction, thus benefiting all parties: tourists looking for added attractions, the resort companies needing to satisfy visitor demand, and local artists being able to exhibit and sell their wares.

source: IBLF, IHEI, Tyler Consulting Ltd 2002 and

http://www.antigua-barbuda.com/news_archive/newsfrom43.html#29

'Adopt a Farmer' scheme in St. Lucia

key issues: contractual arrangements between the tourism industry and local farmers; cooperatives, financing

Higher-class hotels often import a majority of the food they serve their guests. This is the case even in a country with a strong agricultural base where local people could benefit greatly from the opportunity to sell their surplus fruit and vegetable to hotels. Relationships between food outlets and local farmers have not developed well in the past, however, due to a number of factors including complaints that peaks in the demands for agricultural produce may not match peaks in supply, quality of produce may be inferior and there is insufficient variety of produce to offer from local farmers.

Beyond a farmer's family is a potential market on their home island for the same products that they grow/raise for themselves. Therefore, food security initiatives should be directed at encouraging the production of food both for the family and for the local market. The local hotel, restaurant, and supermarket industries represent a natural market for the small farmer. This market can maintain a large portion of the small-farming industry, providing the farmer, rabbit producer, chicken raiser, or juice supplier with a reliable and steady income just as the banana formerly did.

The tourism industry does not automatically purchase local produce. For many years, the quality of the produce did not warrant the purchase. Moreover, the hotels could not rely on farmers to deliver on a regular basis. Therefore, the hotels began to import fresh produce. However, that is changing. As farmers are giving increased attention to quality production and the timing of planting, more and more hotels, restaurants, and supermarkets are purchasing local produce. Once a farmer or group of farmers contracts with a hotel, they have an identifiable market and are more willing to phase out bananas.

A 1994 hurricane produced devastation in Saint Lucia's fields and led to the "Adopt the Farmer" concept. The staff of a hotel went to a farm whose entire crop had been ruined. They helped the farmer clean up his field, purchased seeds, helped him replant, and pledged to purchase everything he produced. Other hotels, restaurants, and grocery stores followed suit until the Adopt the Farmer concept became a model for contractual relationships between a commercial enterprise and a farmer. In response to such concerns, an 'adopt a farmer' scheme was initiated by the St. Lucia Hotel and Tourism Association in an attempt to assist farmers to diversify their crops to meet the needs of the hospitality industry. One or more farmers would thus be adopted by a hotel on the scheme which would work closely with both chefs and F&B managers to meet the needs of the hotel and ensure the quality produced. The Sunshine Harvest Fruit & Vegetable Farmers' Co-operative, comprising 66 farmers, co-ordinates production and marketing to ensure regular supplies to hotels. In 1994, the St. Lucia Hotel Association and the Ministry of Agriculture launched an "adopt a farmer" pilot scheme, in which hoteliers buy produce from a specified farmer at a contract price agreed before planting. Smallholders are encouraged to produce a range of fruit and vegetables. Loans from local banks are available to farmers at favourable rates to allow them to buy seeds and fertilisers. This has greatly improved the potential for retaining revenue on the island (Wheat 1998a, p8).

This has given many farmers the security of having an identified market prior to planting and also encourages them to develop planting schedules to meet the weekly harvesting deadlines. This strengthening of the link between local farmers and the local consumers of large quantities of food is securing a viable, accessible, and growing market. Saint Lucia is a good model for the effectiveness of this relationship.

Dominica has also implemented the 'adopt a farmer' approach, but there simply are not enough outlets for all of that country's farmers. Saint Lucia, on the other hand, cannot produce enough for its large tourism industry. The island's hotels and supermarkets often advertise their unmet produce needs on the radio to communicate with small farmers who may have produce available. So strong is the relationship between the tourism industry and farmers in Saint Lucia that the farmers openly praise the hotels and supermarkets for their contribution to the farming community.

The Adopt the Farmer program should be introduced or strengthened in each of the Windward countries. Each country has a program to enhance the ties between the farming and tourism communities. These programs should be formalised, with training assistance in farm management and planting schedules for farmers who enter contractual arrangements. This would also be the time to train in proper pesticide and fertiliser use.

In most of the Windwards, farmers have always been diversified, interplanting bananas with other crops. In the future, and out of necessity, diversification for some may mean part-time farming to raise crops for the table and local market. Diversification may mean processing; it may mean raising rabbits; it may mean working construction. The challenge is to find opportunities for rural residents to expand their incomes without abandoning the land. Such opportunities will have to be made known to the residents and they will have to be attractive to the youth.

Contacts: Dominica Banana Marketing Corporation, general manager; IICA/Dominica, rural development specialist.

Source:

<http://www.trinitydc.edu/academics/depts/Interdisc/International/caribbean%20briefings/employment%20opportunities.pdf>

St Lucia

Harrasment of tourists and subsequent security concerns in St. Lucia, together with other business considerations, have caused the tourism industry to turn to two options that leave exceptionally few development benefits in their wake—"all-inclusive" resorts and cruise tourism. In 1998 about 60 percent more cruise ship passengers than stay-over visitors passed through Saint Lucia 87 and in 1994 two-thirds of Saint Lucia's major hotels were all-inclusive although the proportion has dropped somewhat since.

Unlike larger countries, the Windward islands cannot simply expand the number of visitors indefinitely, even if they could compete successfully with other destinations. They are just too small, and the environmental and social impact of a huge mass-tourism sector would soon erode the quality of the tourism product itself. Therefore, the islands are trying to design strategies to keep more of the tourism dollar in the region, with a minimum impact on the environment.

One way to increase the economic benefits from tourism would be to arrange for more of the items used by tourists to be produced within the host country (rather than outside the region, as is currently often the case). Saint Lucia, the Windward country with the largest tourism industry, imports EC\$66.5 million of agricultural

goods per year. According to the food and beverage manager of a major all-inclusive resort in Saint Lucia, local farmers only provide 10 to 15 percent of his hotel's fruit and vegetable needs, yet he believes that Saint Lucia is capable of providing a full 50 percent of requirements. Cruise ships tend to purchase supplies in bulk from warehouse operations on Saint Thomas in the U.S. Virgin Islands. That island does not produce any of the items itself, but it has an efficient procurement, warehouse, and loading facility that provides goods of the appropriate quantity and quality on a consistent, timely basis at a competitive price.

Several factors cause the tourism sector to avoid local goods. Existing cartels of foreign suppliers have a stranglehold on some parts of the industry, particularly in the cruise sector, and fight hard to prevent any indigenous suppliers from encroaching on their market. Some local suppliers have been able to break through, however, so the obstacles are clearly surmountable.

The primary problem is that the local farmers do not supply what the tourism sector wants. Food and beverage managers require specific fruits and vegetables, of certain sizes, often prepared to precise standards (e.g., diced rather than whole carrots), at internationally competitive prices and quality, delivered in the desired quantity on a regular basis. The majority of Windward Islands farmers fail to meet one or more of these criteria.

Interviews with a number of farmers who are supplying the tourism industry show that with technical training, fierce determination, and sufficient access to credit, most of these obstacles can be overcome. However, even the most motivated and well informed farmer finds it extremely difficult to offer prices that are competitive with imported goods.

This is largely due to labour costs. Farmers are victims of tourism's own success. Wages for low-skilled labour have gone up due to the boom in hotel and cruise ship berth construction. Farmers therefore have to pay more than their competitors elsewhere to obtain farm labour, and higher wages lead to uncompetitive prices for their products.

A variety of solutions have been implemented or proposed, with mixed results. One of the most promising was the "Adopt a Farmer" initiative, launched in the early 1990s through the efforts of Richard Michelin, then the president of the Saint Lucia Hotel and Tourism Association. Michelin realised that banks were unwilling to lend funds for crop diversification without evidence of a guaranteed market for the farmers' produce. He also realised that farmers were unaware of what to produce, when, and in what quantities. He therefore designed a mechanism by which a hotel would select a farmer who had a proven track record of meeting production deadlines and quality checks. The hotel then contracted with the farmer to plant specific crops, in specific quantities, of predetermined quality, and according to an agreed six-month schedule. The hotel guaranteed the farmer a minimum and maximum price. The farmer took the contract to the bank to secure the loan required to increase diversified production. Some of the large hotels became involved with the program. Club Saint Lucia, where Michelin is general manager, was one of the first to implement the program, and another hotel went so far as to supply farmers with seeds.

However, the program has now lost some impetus. In the late 1990s, pink mealy bug infestation destroyed a large portion of the vegetable crop and caused some hotels to return to imported produce. The program collapsed at some hotels when new managers replaced the ones who had become involved. Some government entities opposed the program, and competition among farmers led to interpersonal difficulties. Several hoteliers interviewed by the author believed that establishment of an intermediary between the farmers and the hotels would be useful, but to date few such mechanisms have arisen. Farmers historically tend to distrust middle-men and prefer to handle marketing directly. There are exceptions, however. In Saint Lucia, the Sun-shine Harvest Co-operative and the Belle Vue Farmers Co-op represent groups of farmers who have pooled their resources and produce crops specifically for certain hotels. A proposed solution that has not been implemented with much vigour yet is for farmers to produce unique, upmarket, personalised products for the visiting tourists. The argument is that if an item is unique it cannot be replaced with a cheaper foreign equivalent. For example, one entrepreneur in Saint Vincent and the Grenadines has suggested that farmers and beauticians join together to open skin care salons close to the cruise ship berths. Arriving tourists could treat themselves to massages and facials using unique local herbs and fragrances, and purchase such products for future use. Efforts to promote the local cuisine in restaurants (and thereby create a higher demand for local products) have met with mixed success. As University of the West Indies professor Adrian Frazer has remarked, "We tend to think that the tourist wants food from home. We don't exploit the tourists' natural curiosity about local food." The proprietor of a small hotel and restaurant in Saint Vincent and the Grenadines reported that she tries to get her chefs to cook creole food, but meets resistance.

Despite all these problems, there are several success stories in which farmers were able to break into the tourism market. For example, after its management spent years attending hotel and cruise trade shows at

great expense, meeting personally with procurement officers, and writing endless letters, the Mamiku Gardens in Saint Lucia recently began to supply flowers to visiting cruise ships.

Another famous success story is that of Dominica Coconut Products, which was able to supply coconut soap to cruise ships after a personal conversation with a top cruise-line official by the proprietor circumvented the blockages presented by lower officials at the same enterprise.

Although both of the foregoing enterprises are fairly large by Windward Islands standards, tiny enterprises have also been able to break through. A group of women in Saint Vincent and the Grenadines processes and bottles a variety of fruit juices from local production. Their product is extremely popular with the hotels, being far fresher and sweeter than the imported equivalent. An added advantage is that when the tiny processing plant runs out of labels and cannot sell to the supermarkets, the hotels happily accept bottles lacking labels, because the product is served to the customer in a glass. Medium-sized farming enterprises in Grenada and Saint Lucia have also successfully provided fresh produce to hotels on a regular basis, but these entrepreneurs' willingness to devote virtually every waking hour to their farms makes them somewhat unusual.

Although many unexploited agricultural opportunities exist in the tourism sector, one unhappy conclusion remains. Those marginal farmers who are having difficulty surviving in the banana sector are not going to be able to cope with the rigorous demands of the tourism sector. To succeed, the farmer needs to plan and budget carefully, have access to credit, and meticulously live up to the terms of his or her contracts. If the marginal farmers had these skills and support structures, they would not be marginal in bananas. Therefore, the tourism sector is not going to prove the salvation of many struggling banana cultivators.

Source: CLISSOLD 2001

<http://www.trinitydc.edu/academics/depts/Interdisc/International/caribbean%20briefings/windward%20islands.pdf>

St Lucia, Mamiku Gardens

Many would-be entrepreneurs have great difficulty financing their operations. According to one successful entrepreneur in Dominica, banks tend to be more familiar with agricultural projects and have financing mechanisms already in place to fit that sector. Eco/heritage tourism borrowers need to explain their projects better and ask bankers to redesign arrangements, he asserts. Many find this a difficult task. An eco/heritage operation might not make a profit for the first three to five years and then could be extremely profitable, unlike the agricultural projects better known to bankers, which usually produce level streams of income throughout their lives. CANARI says that soft loans and small grants do exist in the region, "but information about them is not easily accessible at the community level."¹⁰⁶ In 1998, the European Union did launch a three-year initiative to help Saint Lucia finance and develop a nature/heritage tourism offering that would be integrated with rural communities.

The proprietor of Mamiku Gardens, one of the most interesting eco/heritage tourism efforts in the Windward Islands, found that commercial banks she approached "thought I was mad." She eventually financed about half of her project with a loan from the Saint Lucia Development Bank and the rest by drawing on family savings and cashing in personal assets, essentially gambling her future on the project.

Mamiku Gardens is an eco/heritage establishment that combines a botanical garden, the ruins of a late-eighteenth-century estate house, a small informal restaurant designed in a traditional manner and serving traditional food, and a gift shop featuring local handicrafts. It is the passion of Veronica Shingleton-Smith, a British theatre scenery designer who became a landscape architect when she moved to Saint Lucia in her twenties. By the mid-1990s, her family found it increasingly difficult to make their five-hundred-acre estate pay its way, especially as the banana business began to founder. Intrigued by the idea of converting the family estate into an eco/heritage establishment, she had a professional feasibility study conducted and consulted comparable establishments in Barbados and Martinique. The proprietors of these establishments were helpful and willingly shared details about their operations with her. She then approached potential sources of financing. After repeated rejections from commercial banks, she obtained a loan for 52 percent of the construction cost from the Saint Lucia Development Bank, making up the remaining 48 percent by tapping family savings and cashing in her life insurance policy, which had matured when she reached age sixty-five.

Construction began in February 1997, and the initial phase, comprising twelve acres, opened in December of that year. The gardens comprise twenty-three acres carved out of an existing woodland on the estate. Flower beds featuring both endangered and nonendangered plants were fitted into the woodland in a natural manner. Seven men who formerly worked as banana farmers joined the effort and now tend the flowers full time. All

garden furniture is made by local craftspeople, and the fencing is constructed using a traditional weaving technique that the grandfather of one of the gardeners had used. The small restaurant was built in a traditional West Indian style, although it has modern toilet facilities.

Mamiku Gardens also features the ruins of an estate house built in the late eighteenth century by the Baron de Micoud, a colonel in the French army and a former governor of Saint Lucia. Legend has it that the word “Mamiku” derives from the title of the baron’s wife, a creole woman. When the British took possession of the island, they prohibited French citizens from owning land, and the baron apparently put the estate in his wife’s name. “Ma” was then the prefix traditionally used when addressing a nonwhite woman—hence “Ma Micoud.”

The estate was a military outpost during the wars between the British and the French in Saint Lucia, in the course of which the estate house was burned to the ground. Some excavation of the ruins has taken place and many late-eighteenth-century items have been found. Ms. Shingleton-Smith hopes eventually to raise enough funds to present these objects in a small museum and offer an “interpretation” tour of the ruins themselves.

The first years of the enterprise were quite difficult. In December 1999, Ms. Shingleton-Smith commented, “[We] were totally unaware of the importance of marketing when the Gardens were first opened and valuable time was lost.” The enterprise has now spent far more than originally planned on a Web site (at <http://www.mamiku.com>), videos, maps, brochures, flyers, radio and television features, and road signs.

Ms. Shingleton-Smith has also targeted the cruise ship market, and two cruise lines now have Mamiku Gardens in their brochures and shore excursion lists. She is working hard to interest six more cruise lines.

Based on her experience, it takes “two years or more” for a cruise line to become interested. Cruise line and tour operators “can’t be bothered with anything new,” and because Saint Lucia’s main attractions are located on the west coast, tours are reluctant to venture up the east coast where Mamiku is located. Also, she has discovered that some of the tour operators own exclusive rights to many of the existing tours and are therefore reluctant to send visitors elsewhere.

Ms. Shingleton-Smith says that Mamiku’s main source of income comes from the independent traveler who wants to do his own thing. They come by taxis, self-drive cars, motor bikes, on foot, and by public mini buses. . . . These travelers are full of enthusiasm for Mamiku, they love it, and leave very reluctantly. Their praises are what keeps us going. They give us the courage to somehow survive. Mamiku is also a founding member of Saint Lucia’s Heritage Tourism Association, and its services recently began to be marketed through the association’s HERITAS tour company. Over the eleven months ending 1 December 1999, almost 7,500 people visited Mamiku Gardens, up from just under six thousand in 1998, and the enterprise hoped to attract just over twelve thousand visitors in 2000.

Source: CLISSOLD 2001

<http://www.trinitydc.edu/academics/depts/Interdisc/International/caribbean%20briefings/windward%20islands.pdf>

St Lucia - Laborie Heritage Tourism Project

In 1991, some residents of the small Saint Lucian town of Laborie were invited to participate in launching a program for parks and protected areas in their region. They subsequently formed the Conservation and Heritage Group of Laborie. Their first initiative was to build a raised platform on a hill high above the village, from which visitors can view the surrounding countryside and sea, and on a good day actually see the distant silhouette of the island of Saint Vincent. Plans have been made to set up a picnic area and kiosks selling various local foods and crafts in the vicinity of the viewing platform. Tour guides are available to escort visitors to the platform and can also take them to a long beach from which traditional fishing operations are carried out.

The Laborie group is trying to obtain funds with which to maintain some eighteenth-century houses and an old Catholic church located in the town. A small-scale information centre is also planned. The local population has been consulted at every phase of the project.

Source: CLISSOLD 2001

<http://www.trinitydc.edu/academics/depts/Interdisc/International/caribbean%20briefings/windward%20islands.pdf>

St Lucia HERITAS

Saint Lucia has already made considerable progress in group marketing. EU funding has helped develop several heritage sites in the countryside, and the site operators have formed an association and their own tour company (called HERITAS), which began operations on 15 November 1999. HERITAS has sales booths in two popular tourist locations and plans to open a third. Out of the fee for each tour sold via HERITAS, a 10 percent commission is deducted for the association and a 5 percent incentive goes to the salesperson. The commission is held in an interest-bearing bank account and will be tapped once the EU funding for the program is phased out at the end of 2001. The association demands a high standard from its members and provides ongoing tour guide training.

Source: CLISSOLD 2001

<http://www.trinitydc.edu/academics/depts/Interdisc/International/caribbean%20briefings/windward%20islands.pdf>

St. Lucia Jazz Story

St. Lucia Jazz has become one of the major events on St. Lucia's calendar of events. During the month of May, the island moves to the beat of jazz when music fills the air and tourism takes on a whole new meaning to all. What started as simply a marketing event to boost tourism industry arrivals during a low peak period, has now developed into a truly St. Lucian Festival.

The month of May is fast approaching and St. Lucia continues to draw attention to the whole world through this celebration of jazz music. In 1999, the St. Lucia Jazz took on a new dimension with the addition of more side attractions, i.e. other jazz performances aside from main stage events. These additions have been affectionately called "The Fringe Activities". This created a more festive atmosphere and allowed the local St. Lucian public and visitors to participate in these events free-of-charge. St. Lucia Jazz also extends to the South of the island with shows being held in the village of Laborie and the towns of Vieux Fort and Soufriere. All of this goes toward making the St. Lucia Jazz a truly St. Lucian experience for visitors and locals alike.

Here's the story of how St. Lucia Jazz came about, and why it has become the leading event on St. Lucia's calendar of events and the most popular event in the region.

THE RATIONALE:

St. Lucia Jazz was conceived out of a need to advance St. Lucia's marketing efforts to a new dimension in order to raise the island's visibility overseas. With tourism increasingly being called upon to play a leading role in St. Lucia's economic development, it became imperative to increase the awareness of St. Lucia in the main generating tourism markets. With a limited marketing budget and significant levels of advertising being undertaken by our competitors, the objective was simple: develop an activity /promotional tool which would command international attention and be minimal in cost - enter St. Lucia Jazz: a high momentum event.

St. Lucia Jazz has two (2) main objectives. One, to provide a platform to showcase St. Lucia to a broad cross-section of potential visitors and the other, to redress the traditional trough period in May, so that visitor arrivals and occupancy levels would be on par with that of the winter period. These objectives became broader as St. Lucia Jazz developed to include the use of radio, television and print media at little or no cost to the St. Lucia Tourist Board, through trade for mentions and other barter arrangements. These efforts strengthen the awareness of St. Lucia by increasing the number of gross impressions the island receives which develops desirability for, and travel to the island year round. In addition, St. Lucia Jazz has become an outlet for local expression and economic opportunities, and develops the necessary infrastructure for event productions.

THE EVENT:

St. Lucia Jazz encompasses multiple shows of acoustical/straight ahead jazz, new age jazz, fusion, rhythm and blues with acts emanating from the United States, Africa, the Caribbean, Latin America and Europe. The shows range from formal performances to intimate late night open air venues and late night club venues to open air picnic style events, which allow the St. Lucia Jazz to offer unparalleled variety and ambience.

Financing of the St. Lucia Jazz is complicated and includes sponsorship (cash and kind), merchandising, gate receipts and contributions by the St. Lucia Tourist Board. In addition, the Government of St. Lucia makes a significant contribution to Jazz through waiver of import duties and taxes. With the limited infrastructure available on the island, patronage of Jazz is limited. Hence contributions from gate receipts are not expected to exceed 30% of the Jazz's production costs.

Producing St. Lucia Jazz requires the contracting and coordination of several crews and committees including sound and lighting, accommodation, air transport, ground transportation, catering, security, gate controls, communication systems, artiste contracting, sponsor fulfillment, stage design, merchandising, cash

management and controls. A significant part of St. Lucia Jazz is the public relations and marketing components which include the Press Launch in St. Lucia, road shows, radio and in-store promotions, press attendance for event coverage, dissemination of promotional literature, radio and television clips, advertising and press releases.

Jazz production depends on the staff of the St. Lucia Tourist Board, contracted personnel and volunteers. Year round planning and total cooperation of all, ensures the successful production of St. Lucia Jazz.

ACHIEVEMENTS:

Since its establishment in 1992, St. Lucia Jazz has grown in magnitude and stature, making it the most important marketing activity of the St. Lucia Tourist Board. It is considered by patrons and the press as the "Premiere Jazz Festival" of the Caribbean region. George Wein (producer of over 30 Festivals worldwide) ranked St. Lucia Jazz among the top three Festivals in the world. In 1998, Motown recording artiste, Grover Washington Jr. placed St. Lucia Jazz among the best that he has ever attended. St. Lucia Jazz has surpassed the objectives set out for it and continues to attract international and regional media attention to the island. Visits to St. Lucia due to awareness of the island generated by Jazz continue well beyond the May period. Extensive international media coverage on television, radio and print media has resulted in added exposure; the estimated cost of which surpasses the Board's overall annual budget.

Another significant achievement is that of local involvement. St. Lucia Jazz has provided the opportunity for local jazz musicians to perform at Jazz resulting in extensive television exposure of artistes. St. Lucia Jazz also provides a ready audience to exploit, not only by musicians by all service providers. This opportunity is utilized by various organizations/individuals putting on exhibitions, performances, events and items for sale. This helps to encourage local participation in Jazz.

THE FUTURE:

As a result of the limitation on accommodation stock, venue seating capacity, air access, etc St. Lucia Jazz cannot physically grow much larger. Its economic impact can however, increase by lengthening the Festival period, increasing the number of shows or increasing ticket prices. However, Jazz benefits must be assessed by the overall benefits which the entire island derives, not only in terms of the money circulating via expenditure on rooms, taxi fares, food and beverage, souvenirs, etc but the promotion which the island receives. The latter is of major significance to tourism and it is this market component which can develop and provide substantial future benefits to St. Lucia. With the continuing successful production of Jazz, it is anticipated that the marketing exposure will multiply as the interest of greater and more discerning press is piqued.

The confidence and experience developed from the successful production of Jazz has ensured that special events will continue to receive strong emphasis in the Board's tourism marketing. Consequently, Jazz will be used to provide the necessary infrastructure for special events. The purchase of a stage is one example of this, as well as the training of nationals in stage, sound and light engineering. Jazz will also be used to increase the benefits of tourism to the local community by continuing to provide an avenue and audience for display and trade for local goods and services. Finally, the hope is St. Lucia Jazz will do for St. Lucia what the Montreaux Jazz Festival has done for Montreaux -- that is put it on a world map. People visit Montreaux all year round, as a result of experiencing the Montreaux Jazz Festival - this is the ultimate achievement.

Source: http://stlucijazz.org/jazz_articles/feststory.asp

Windward Islands - support for the small hotel sector

Key issues: capacity building; up-grading; standards

The Organization of American States (OAS) has embarked on a major initiative to strengthen the small-hotel sector in twelve countries, including the four Windward countries, through four-year projects to assess the viability of small hotels, develop standards, advise small hotel owners of changes that have to be made to meet these standards, establish credit for small hotels, and provide training for current personnel in every occupation from bar-tender to owner. (A small hotel is defined as one having no more than seventy-five rooms.)

Ministers of tourism emphasised the importance of small hotels to the success of their countries' tourism sectors. Each of the Windward countries has a substantial small-hotel industry, which usually consists of family-owned small hotels and inns. In SVG and Dominica, the small hotels comprise the majority of accommodation establishments. Furthermore, there is a definite market for the small hotel and inn. The ambience as well as the economy of Saint Vincent, some of the Grenadines, and Dominica necessitate development of this industry. However, most of these family-run businesses suffer from poor management skills, lack understanding of the expectations of tourists, and employ staffs exhibiting the same motivational shortcomings found in the general small-business workforce.

Just as the OECS/EDADU program attempts to address the training needs of every person involved in the export of produce, the OAS initiative is tackling the small-hotel and inn problem in its totality.

The OAS projects are at different stages in the various countries. SVG is just getting started. Saint Lucia is currently incorporating the small-hotel/inn standards into its statutes, and beginning in 1999 the industry will be evaluated against those standards. Grenada is presently auditing its small hotels to determine their capital and human-resource needs.

The small hotels/inns are failing in the Windward countries. The owners are not “hotel” people, they do not understand the hotel “industry,” and increasingly tour agents are avoiding these hotels/inns because of poor quality and/or poor service. Yet this industry provides incomes for many families. Investment in upgrading the capacity of small hotels/inns is essential.

Source: PICCININI (1999)

<http://www.trinitydc.edu/academics/depts/Interdisc/International/caribbean%20briefings/employment%20opportunities.pdf>

Winward Islands - Craft production

The ability of eco/heritage tourism to channel additional tourism dollars into Windward Islands communities would be much enhanced if local handicrafts were stronger. Although some local workmanship is exquisite (the basket-work of Dominica’s remaining Carib Indians being a prime example), in general skills are tending to die out. Elderly craftswomen interviewed in Saint Vincent and the Grenadines reported that they had provided training to young school leavers via government-supported programs, but their trainees quickly left the sector when they realised that remuneration would be low. Although the Mamiku Gardens enterprise seeks to promote local crafts in its gift shop, the selection is fairly sparse. Many small establishments must resort to importing items actually made in Central America or Asia. A gift shop proprietor in Saint Vincent and the Grenadines reported that she simply could not sell local items because the quality and supply was inconsistent, and visitors considered the prices too high.¹¹⁷ Claire Keizer reports that craftspeople are generally perceived as having low status, and therefore young people are not attracted to the sector. Furthermore,

Keizer asserts, to provide products at economical prices craftspeople will have to give up their practice of personally executing all stages of the craft process, including planting, harvesting, and cleaning the raw material. This recommendation was endorsed by the elderly craftswomen mentioned above, who said that if they could purchase a supply of already prepared inputs, they could accelerate production and earn a better living.

A final barrier in the handicraft sector is the reluctance of craftspeople to adjust their designs. If local crafts were modified to function as packaging for a processed food item, for example, this would enhance the marketability of both the food item and the craft product. Because the majority of craftspeople are fairly set in their ways, they tend to resist such innovations.

Source: CLISSOLD 2001

<http://www.trinitydc.edu/academics/depts/Interdisc/International/caribbean%20briefings/windward%20islands.pdf>

NAMDEVCO (The National Agricultural Marketing Development Corporation)

NAMDEVCO (The National Agricultural Marketing Development Corporation) was established to promote agricultural marketing and stimulate trade in the agro-industry of Trinidad and Tobago. In doing so, NAMDEVCO has responsibility for managing all wholesale markets for fresh produce and sea foods in the country. Some of the stakeholders who benefit from its services are:

- **Farmers.** NAMDEVCO provides them with daily, weekly and commodity prices for fruits vegetables and sea foods. Linkages are made between producers and exporters, processors, caterers, hotels, restaurants and importers.

- **Fishermen:** NAMDEVCO maintains the wholesale fish markets which are equipped with facilities for mooring as well as for the repairs of boats, engines, and nets. Information on price, quantity and varieties of fish species traded through these markets are also captured and made available to stakeholders.

- **Processors:** NAMDEVCO assists processors by identifying farmers with the required produce.

- **Exporters:** the corporation provides information on service providers to the sector as well as addresses of foreign buyers. Parties interested in exporting also benefit from guidance provided by NAMDEVCO.

- **Investors:** advice to investors on opportunities in production, value-adding, trading etc.

Source: <http://www.namdevco.com/home.asp>