

Harnessing tourism for local economic development: strategies for pro poor tourism

Presentation 5: local inputs in the supply chain



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The supply chain

- = opportunities for local entrepreneurs to supply hotels and restaurants

This presentation:

- Agricultural supplies: agro-tourism linkages in the Caribbean
- Approaches to opening up the supply chain - experience of Spier, some good practice tips

Sourcing local food

Opportunities

- locally distinctive food and recipes
- cost-savings on transport
- fresher food
- theme nights, local brand products,
- for farmers: market expansion, product devt and increased income

• *“Agro-Tourism linkages represent a **win-win** opportunity to make both sectors more competitive... creating and stimulating a more diverse, authentic tourism product based not only on sun, sand and sea but also food, healthy living, heritage and cuisine”.* IICA Barbados

Challenges

- **Supply problems:** quality, quantity, reliability, product range, seasonality, packaging, transport, health and safety requirements etc
- **Market link:** if not marketed via one wholesaler, it's hassle for the hotel/restaurant.
- **Tourist preference:** include products that aren't produced locally
- **Chefs' perceptions,** F&B manager preferences, convenience of imported goods and existing supply chains
- **Cost** disadvantage due to peso revaluation

Examples: (1) Sandals Jamaica

APPROACH:

- Chefs on farms, farmers in hotels
- Support to farmers: farmer extension officer, agric support
- Negotiated contracts: plan volumes ahead of time
- In hotels: make a feature of local food.

IMPACT;

- 1996 10 farmers supplying 2 hotels
- 2004: 80 farmers supplying across the island
- Farmers' sales income increased over 55 times over in 3 years: from US\$60,000 to \$3.3 million
- Benefits to hotels: wider variety of good quality local produce and cost savings

2. OXFAM ST LUCIA

APPROACH

- Work with farmers on production and hotels on purchasing
- Work with marketing intermediaries: transport, insurance, wholesalers
- Plus work on national policy and regional trade policy

CONSTRAINTS

- Agricultural system & infrastructure is set up for exports
- Hotels have had poor experience in the past

3. BARBADOS: strong agro tourism linkages

- Due to long-term investment in agric sector

4. **FAILURES IN CANCUN** of efforts to boost agric production for tourism.

- Most addressed one element – production OR marketing.
- Operated in isolation not strategic alliances.

5. **Adopt a Farmer Schemes:**

- St Lucia (post hurricane, 1994).
- Tobago (Hilton hotel and local Co-op – now expanding).

6. **Dominican Republic**

- Relatively high percentage local supply? But not 90%??
- High due to larger agricultural economy, lower agric wages?
- But is there potential to do more? More local produce direct from farmers? More high value processed products from poor producers?

Elements of good practice

1. Get chefs and farmers talking
2. Simultaneously address
 - improved supply – farmer capacity, reliability etc
 - increased demand – chef attitudes, food features
 - market link: setting prices, transport, contracts, insurance.
3. Collaborate across sectors, bring in tourism and agric expertise, bring in other hotels/restaurants. '*Strategic alliances*'
4. Reap the benefits: profile local food, inform guests, develop the brand

Opening up the supply chain to local producers

Not just food

- Soft furnishings and hotel supplies: bed linen, uniforms, mats and table-cloths
- art and craft, candles, internal decoration, flowers
- hand-made paper, packaging, tourist mementos,
- furniture
- local services: beach cleaning, flower arranging, maintenance

Think wide: what more can be bought from the local economy? What could become a local business?

It won't 'just happen' – what does it require?

Spier – steps in boosting local procurement

A hotel in winelands of South Africa

Overhaul of procurement policy, since August 2004.

1. Management decision, appointment of a senior champion (Sustainability Director)
2. Gathered information on current supply chain
3. Set new policy and targets. Prioritised first changes
4. Sought out new suppliers
5. Set up contracts with new suppliers – business advice, mentoring
6. Bring new suppliers into normal commercial operations, extend the approach to other contracts, review the process

RESULT

8 new local black suppliers. US\$ 90,000 in sales.

Others in the pipeline. Pro-poor approach being adopted in other parts of Spier

Cost savings, staff morale, new products

WHAT IT INVOLVED: good practice elements

- A champion to make it happen. Drive from the top
- A facilitator for the leg-work
- Careful prioritising of where to start – easy wins
- Changing the terms of a contract – operating a laundry on site, not running a whole laundrette
- Paying quickly
- Mentoring the new business – advice, contacts, chatting
- Working alongside the Buyer/F&B manager at first, and then handing over to them

Supply chain: good practice approaches

1. Prioritise which products to tackle
 - corporate objectives, client type
 - local supply quality, quantity, price
 - plus: feasibility, entrepreneur, logistics, regulations, potential for a 'brand'.
2. Adapt procurement procedures:
Use new networks to find suppliers, pay more quickly, use smaller contracts.

3. Mentor local business

- Your business advice is obvious to you but invaluable to them!
- Eg. Product requirements, invoicing, H&S, stock control & marketing.
- Help them plan for seasonality. Reach other customers and markets.

4. Plan the process of internal change:

- A champion and facilitator to initiate change. F&B (A&B) is too busy.
- But then make sure the new supply chain becomes part of daily operational practice.