

Benefits for rural areas

Tourism bears a considerable development potential for rural regions, for it is here in particular that scenic beauty can be found. There are numerous opportunities for the rural population to participate in the value-added chain.

Rural areas and tourism interact in many ways. Some are quite well-known, such as the different forms of rural or agri(o)tourism. Spending the holidays on a farm has become quite popular in Germany and other countries in Europe. Farm families assume a second role as tourism entrepreneurs offering multiple services: accommodation, food&beverage and activities – from simple farm visits to guests getting involved in the day-to-day farm work. The farm-stay has become quite big – in Germany’s main tourism region of Bavaria alone, there are more than 1,200 countryside tourism farms (see also: <http://www.bauernhof-urlaub.com/>). However, a visit to rural areas must not necessarily include a farm-stay. Tourists can also stay at rural hotels, apartments, youth hostels or camping sites, from which the guests have an opportunity to explore the beauty and quietness of an unspoilt rural environment. And even day excursions from cities or mainstream tourism destinations into nearby rural areas can bring significant benefits to rural people and tourists alike.

In developing countries, rural tourism is often understood as visits to rural communities and therefore called “community-based tourism” (CBT). Yet the range of community roles, involvement and possible benefits is quite similar to that in developed countries.

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The main difference is that the cultural and behavioural differences between those visiting and those being visited might be much bigger than between a German living in a city visiting his fellow German living in the countryside. As a consequence, capacity-building for tourism is much more difficult with poor rural people in developing countries than with well-established farmers in developed countries. The usual focus when fostering rural tourism is to qualify farmers and rural people to take up the role of tourism organisers and entrepreneurs, assuming that this is, if not the only, then certainly the best way for them to benefit from tourism. What is normally underestimated is the huge benefits that people in rural areas can get from tourism even when organised by the professional travel companies through employment and income from the tourism value chain.

■ Benefits and risks for rural areas

Many popular forms of tourism have a natural “affinity” to rural areas, especially sun&beach tourism and all forms of outdoor activities. This means that tourism development often favours the decentralisation of the economy by bringing investment, jobs and income to rural regions which so far have missed economic development opportunities.

This is specifically important for rural areas where job losses and migration to the urban centres are a common problem. To illustrate the job-creation power of tourism, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) has

compared the number of jobs with the revenue for five global industry players in each important sector, and the winner was the hotel industry. As many as 20 jobs are sustained by one million euros of revenue in the world’s five major hotel chains (Starwood-Sheraton, Hilton, Marriott, ACCOR, IHG Intercontinental Hotel Group), whereas all other industries only sustain two to six jobs for the same amount of revenue. And seven new jobs are created by any additional one-million-euro investment of these five hotel companies, whereas most other industries have a very poor or even negative job balance per investment.

The cash-flow from hotel salaries to the local rural economy has also been

The tourism sector can create jobs in rural areas, thus preventing migration to urban centres.



researched by GTZ in several developing countries. In Nicaragua, the salaries paid to the 200 permanent and seasonal employees of the 290-room Barceló Montelimar resort inject about 200,000 US dollars (USD) into the economy of the surrounding villages and small rural cities each year. In Jamaica, which is much more high-price, the salaries of the 857 employees of Sandals Negril and Beaches Negril resorts add up to 6.5 million USD, a major part of which goes to the rural economy around Negril.

There are very few studies on cash-flows from tourism jobs to rural areas in developing countries. However, there is much evidence that rural areas receiving significant numbers of visitors have managed to stop migration and create better living conditions for their inhabitants.

■ Economic benefits from tourism supply chains

The most common rural supply for tourism is food of all kinds to restaurants. The range of farm products requested by the gastronomy sector is at least as diverse as that of the general

Volumes, expenditures, origin of agricultural products purchased by a 532-room resort in Bayahibe, Dominican Republic*

Product	Volume/month	Annual expenditure (in USD)	Origin	Domestic/local share (in USD)
Fish and seafood	7,000 kg	446,889 (50 % fish, 50 % seafood)	Fish: 70 % imported Seafood: 100 % local	290,478
Meat and sausage	18,000 kg	649,233	90 % domestic/local	584,310
Rice		36,790	80 % domestic	29,432
Potatoes		17,373	100 % imported	0
Fruits & vegetables	55,000 kg	333,273	100 % domestic/local	333,273
Non-alcoholic drinks	6,000 l	86,564	80 % domestic	69,251
Alcoholic beverages	4,000 l	201,984	80 % domestic	161,587
Canned food		164,112	70 % imported	49,234
Coffee	500 kg	13,886	100 % domestic	13,886
Total expenditure for agricultural products (per year)		USD 1,661,556	from Dominican Rep.	USD 1,300,613 (= 78 %)

* These figures were taken in 2005 by a GTZ study team directly in the purchase department of the Coral Canoa resort, run by Hilton. In addition, some intermediaries from Santo Domingo and the slaughterhouses in Higüey were interviewed to verify that fruits, vegetables and meat are really produced in the Dominican Republic.

food market. The dramatic increase in Japanese sushi eateries throughout the world is one clear example of how eating habits in restaurants impact on farming and fisheries. The term “dramatic” is sadly true given the devastating effect that the world’s voracious appetite for sushi has had on fish stocks in the oceans, especially tuna, which could become extinct within the next ten years. On the other hand, growing demand is always good for farmers and fishermen – the biggest tunas are nowadays auctioned for more than 100,000 USD at the Tokio fish market, and good suppliers who directly sell high-quality products to the next-door restaurant can get better prices than from the wholesaler food market. Yet the two big challenges are:

- How to get into and stay in the food market for the catering trade?
- How to get a maximum share of the final consumer price?

■ The four requirements for delivery to restaurants

Quality, quantity, reliability and price are the four factors according to which hotels and restaurants choose their food suppliers. And wherever local or national products were not

bought, the main reason for this so-called “leakage” of tourism income was that no local producer could fulfil these criteria.

The standard argument of tourism critics that the visitors don’t like to eat local food and most food is therefore imported only holds for certain food items which are not produced locally, due to either a lack of technologies or inappropriate climate conditions, like cheese and sausages, certain fruits and vegetables which require a colder climate or that cannot be produced locally, or dairy products such as butter or cream. Yet this is usually only a minor part of the total food expenses, whereas in countries with a sufficiently big and diversified production, 70 to 80 percent of food is local purchases, such as in the Dominican Republic (see table above).

Similar figures on local purchases were found in seven other All-Inclusive Hotels in the Dominican Republic which were researched by GTZ, showing that for an average room in these hotels, between 2,000 and 3,000 USD is spent on local food products each year. About 75 percent, or 60,000, of the current 80,000 hotel rooms in that Caribbean country are All-Inclusive, which means that the total annual spendings of these hotels for food produced in the Domini-



Photo: N. Häusler



Photo: K. Lengsfeld

Marc, the permaculturist, teaching employees organic farming in his garden at Soneva Fushi by Six Senses, Maldives.

can Republic is between 120 and 180 million USD, which is about the same amount as the profit made by TUI Group, probably the world's biggest tour operator, in 2010.

Given that roughly 30 to 40 percent of that income remains with the local intermediaries for processing, packaging, transport costs and their profits, about 100 million USD will end up in the pockets of farmers' and fishermen's families. Thus the direct impact of these local tourism food supplies is that 20,000 to 30,000 rural families with an average size of four persons can create an annual income of 3,600 USD or a daily income of 2,50 USD per person,

which would take up to 120,000 people out of poverty.

■ How to increase the benefits to rural areas from tourism's purchasing power?

Some solutions taken from GIZ's world-wide assessment of tourism supply chains may be helpful to address the four requirements – food quality, quantity, price and reliability – for becoming a successful food supplier for hotels and restaurants:

Food quality. Improving the quality of local products for an interna-

tional clientele often requires professional support over a period of several years. However, in many countries, enough development experts and programmes are already in place for such rural capacity building. But only very few of these look into the next-door hotel with international guests as a potential market, and instead try to meet export requirements to generate foreign exchange income. However, it is often much easier to bring good-quality food into a local hotel or restaurant than to export it to the EU or other demanding international food import markets. This local tourism supply might even become an interesting test market to enhance quality development before going international.

Organic food. Hotels all around the world and especially in the up-market and luxury segment are increasingly looking for organic farm products for their highly demanding clientele. There are an increasing number of places in the world where this demand from tourism has led to the introduction of organic farming. One of the best practices is the organic gardens that the Six Senses luxury hotel&spa group have established in most of their 15 resorts in Asia. These gardens not only supply the kitchen with fresh herbs, salads and a minor part of the required vegetables, but also serve as a learning lab to introduce local people to organic farming, and to show sustainable practices to the guests.

Quantity and reliability. Small farmers supplying fresh produce directly to the nearby small hotel or restaurant are a perfect match provided that the required quality is guaranteed. However, the much higher demand of farm products by bigger hotels and restaurant chains usually cannot be supplied by one single farmer. Therefore intermediaries who can guarantee a regular sup-

The Sandals rural cooperative support programme

Sandals is a Jamaican-owned Five-Star All-Inclusive hotel company which operates 13 resorts under the brands of Sandals and Beaches in the Caribbean, with seven resorts in Jamaica. Being a Jamaican company, the owners, the Steward family, have from the very beginning tried to maximise local benefits. Every resort supports several projects in the surrounding communities in the areas of health, education and community development. Guest transport is outsourced to JUTA, the Jamaica Union of Transport Associations, the national organisation of small and medium bus operators. With respect to food supplies, Sandals was the first company in the Caribbean to take an active role in qualifying local farmers' co-operatives to fulfil their high supply standards. Together with RADA, the government-run agricultural development agency, Sandals is financing a rural advisor to these co-operatives and the required production inputs (seed, technology). This contract farming for Sandals resorts is generating an annual income for the five participating co-operatives of more than 3 million USD.

Formalising business with small-scale farmers

A group of hoteliers on Nosy Bé, the most touristic island of Madagascar, had approached local farmers to get more supplies of fruits and vegetables. It was a promising idea, and both sides were enthusiastic. About 30 farmers were identified who could offer interesting products for the hotels. However, when the deals were to be done, the farmers were not able or willing to give formal receipts to the hotels because hardly any small farmers in a developing country are registered as businesses and work with written records of their sales and expenditure. And small farmers are very hesitant to formalise their business, because they fear that this would allow the government to make them pay tax.

ply of the required quantities and meet the quality demand of hotels and restaurants play an important role for channelling tourism food supply benefits to rural areas. If such intermediation does not exist, support organisations should promote farmer co-operatives or local start-ups for food wholesalers specialising in hotel and restaurant supplies. This would also contribute to overcoming a bottleneck which is not well-known in developed countries, but is a common issue in developing countries: How to make small-scale farmers a formal business partner (see Box above). This informality of most small farmers is another obstacle for selling to formal tourism businesses which could be overcome with the help of an intermediary.

Price. In general, locally produced farm products in a developing country should not cost more than any type of imported food. And hotel and restaurant chefs usually prefer fresh local food if the quality and taste is good. However, the massive distortions in international

food trade, caused by the EU and US export subsidies, might make imported food cheaper than the local products. If price is the main selling argument, as is the case in the low-cost travel market, it might be difficult for local farmers to compete with such dumping-priced imports, such as chicken products from the US or EU overproduction.

■ The ideal case: Combining different tourism benefits

The low mountain range of the Rhön covers an area of 1,850 square kilometres in the heart of Germany. Here, the crisis in small-scale farming and other traditional industries brought an economic downturn resulting in decreasing numbers of inhabitants and visitors. In 1991, the Rhön was certified as a UNESCO Biosphere reserve, and was one of the first to start an integrated sustainable economic development programme with cross-selling of rural products for tourism as a major strategy.

The objective was not only to increase the number and diversity of accommodation, tour and activity offers for visitors, but at the same time to use as many local resources as possible for developing the area, with a focus on unique local species such as the nearly extinct species of the Rhön sheep and Rhön oxen or on traditional apple varieties. Within 25 years, the number of Rhön sheep has increased from less than 500 to more than 10,000. And this sheep has become an iconic brand for the Rhön, with everything from the Rhön sheep hotel to Rhön sheep sauna and biking tours being offered. Other products have followed, and nowadays, the range of the Rhön Biosphere products which are sold in and outside the region, creating local income and helping to promote tourism, is impressive, reaching from Rhön mineral water to apple sherry, and from Rhön oxen ham to Rhön ice-cream.

The Rhön example shows very well how the co-ordinated effort of local farmers, butchers and other food processors, handicraft and other entrepreneurs can maximise the benefits of tourism as a lead industry for sustainable rural development. But it also makes clear that tourism is much more than selling a room to somebody from outside. Sustainable tourism development in rural areas requires a clear vision which is shared and implemented by all relevant public and private stakeholders, a vision that looks far beyond the core tourism services.

Zusammenfassung

Mit den entsprechend angepassten Rahmenbedingungen kann die Erfolgsgeschichte des Agrotourismus in Deutschland auch auf Entwicklungsländer übertragen werden. Hier spielt vor allem der Kapazitätsaufbau eine wesentliche Rolle, da die kulturellen Unterschiede zwischen den armen ländlichen Haushalten in den Entwicklungsländern und den oft anspruchsvollen Touristen aus dem Norden sehr groß sind. Neben dem Agrotourismus gibt es jedoch eine Vielzahl anderer Möglichkeiten, wie die Bevölkerung von der Wertschöpfungskette des Tourismus profitieren kann. So

hat beispielsweise eine Studie ergeben, dass durch Investitionen in den Tourismussektor doppelt so viele Arbeitsplätze geschaffen und gesichert werden können wie durch entsprechende Maßnahmen in der Industrie. Auch die Belieferung von Hotels und Restaurants mit Lebensmitteln aus lokaler Erzeugung (einschließlich Fischereierzeugnissen) bietet große Entwicklungschancen.

Resumen

En condiciones apropiadas, la historia de éxito del agro-turismo en Alemania también puede trasladarse a los países en desarrollo. Aquí, el desarrollo de capacidades

juega un papel primordial, dadas las enormes diferencias culturales entre los hogares rurales pobres de los países en desarrollo y los turistas del Norte, a menudo exigentes. Sin embargo, aparte del agro-turismo existen muchas otras opciones para sacar provecho de la cadena de valor en el turismo. Por ejemplo, de acuerdo a una encuesta, el potencial de crear y mantener puestos de trabajo mediante la inversión es dos veces más alto en el sector turístico que en el sector industrial. El suministro a hoteles y restaurantes de alimentos producidos a nivel local (incluyendo pescados y mariscos) alberga un elevado potencial de desarrollo adicional.