

## 6 ■ Case Profiles

The case studies in the following section provide a small sample of the innovation and experimentation that is already underway among large- and small-scale tourism companies operating in a variety of developing countries. They give some indication of the potential for achieving both commercial success and development impact by implementing business practices that explicitly take into account the goal of expanding local economic opportunity.

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## 6.1 SERENA HOTELS AND THE AGA KHAN DEVELOPMENT NETWORK, EAST AFRICA

### Overview

The Aga Khan Fund for Economic Development (AKFED) is an international development agency that promotes private sector entrepreneurship in specific regions of the developing world.<sup>43</sup> AKFED is part of the Aga Khan Development Network (AKDN), whose work spans health, education, culture and the built environment, rural development, institution-building, and economic development,<sup>44</sup> and it is the only agency in the network incorporated as a commercial entity. AKFED has five main subsidiaries including Tourism Promotion Services (TPS), which owns and manages 26 hotels, resorts, lodges, and camps – 19 in Africa and seven in Asia – under the Serena brand name. AKFED is the majority shareholder in TPS Eastern Africa Limited.

AKFED's primary goal is to act as a catalyst, strengthening the role of the private sector in local economic development by bringing international investment and know-how together with local experience and entrepreneurial skills. As an AKFED subsidiary, TPS's mandate is to develop the tourism sector. TPS undertakes its investments in close consultation with governments, often helping them to lay out integrated tourism development plans for specific regions. For instance, it uses its membership in the Kenya Association of Hotel Keepers and Caterers to contribute to the Government's National Tourism Sector Development Strategy.

TPS's first hotel ventures were established in the 1970s in Kenya. Its involvement in East African tourism now extends to Tanzania, with safari lodges, a luxury tented camp in a national park, and a hotel in Zanzibar's historic Stone Town. Serena East Africa also has established projects in Mozambique, Uganda and Rwanda.<sup>45</sup> In its most recent phase of development, TPS's Kenyan holding company, TPS Limited, floated its shares on the Nairobi Stock Exchange to broaden ownership of the properties, and it has plans to list on other East African exchanges as well.

As His Highness the Aga Khan stated at the official opening of the Kampala Serena Hotel in Uganda on November 10, 2006:

*"In all of these places, our goal is not merely to build an attractive building or to fill its rooms with visitors, but also to make a strategic investment which many private investors might be reluctant to make, but which promises to produce a magnificent multiplier effect as its impact ripples through the local communities. The multiplier effect is in part an economic one – measured in jobs created in building, maintaining and operating the new facility – but these ripple effects need not be limited to the economic sector. Their impact can also be a social and a cultural one, as this project works to re-enforce the values of hospitality and courtesy, of excellence and efficiency, of community and confidence, of self-reliance and self-improvement."*<sup>46</sup>

Serena reports that it seeks to develop and maintain positive, ethical and accountable relationships with all stakeholders including local communities, customers, shareholders and providers of capital, suppliers, employees, trade unions the public sector and other partners. As a result, Serena has won a number of awards,<sup>47</sup> and in a survey conducted by PricewaterhouseCoopers and the Nation Media Group in 2006, Serena hotels were voted Most Respected Company in East Africa in the Tourism Sector for the fourth year running.<sup>48</sup>

### Activities

AKFED looks for projects that are commercially sound and have the potential to spur long-term development. It focuses on tourism and leisure as one of the few industries, especially in many rural areas, that currently have both prospects.

**Boosting direct employment.** Serena employs about 3,000 staff in East Africa, including only one expatriate. The hotel chain believes that its strong focus on employee development is integral to maintaining world-class service and customer satisfaction.<sup>49</sup> As such, it provides comprehensive training and development for staff at all levels, for example in management, technical, marketing, and financial skills. Serena actively promotes women in management and awards employees for long-standing service.

Serena also reports that it strives to exceed regulatory requirements related to labor and employment in many countries where it operates. For example, salaries may exceed legal minimum wages, and a variety of benefits

may be available. These can include pensions, life insurance, financial services, and health and wellness programs. For example, every property operates a Savings and Credit Society for employees and has a staff clinic with a full-time nurse. The recently established Serena Employee Wellness Programme aims to address the health needs of both employees and surrounding communities.<sup>50</sup> Employees are made aware of their legal rights, benefits, and terms of employment as part of mandatory induction and training.<sup>51</sup>

**Local procurement.** Serena has a policy of using local, national, or regional suppliers wherever possible in order to boost local economic development. Most food and beverage items are sourced locally.<sup>52</sup> The hotels advise and train local suppliers to meet its quality standards. In Tanzania, for example, Serena has worked with bottled water manufacturers and local fruit and vegetable growers. Now these items can be sourced locally, rather than imported from Kenya and elsewhere. Where hotels procure from larger companies, they prefer those that work with smallholders to purchase their main agricultural inputs. For instance, Farmer's Choice Limited, a meat supplier, provides technical assistance, pays farmers promptly, and reimburses their transport costs.<sup>53</sup>

**Preserving local heritage through linkages to local tourism products.** Serena hotels are located in some of the most beautiful areas of East Africa. In addition to preserving the natural environment, part of their mission is to support the numerous local communities and ethnic groups by reinforcing their unique cultural heritages. The hotels purchase a range of products for use in furnishing and decorating their properties and for sale to their guests. These include handmade ceramic jewelry, traditional African dolls, table settings, bags, and a wide array of other handicrafts.<sup>54</sup>

**Youth development.** The hotel chain works with hospitality colleges to provide internship opportunities for their students. It also supports organizations such as Students in Free Enterprise and Junior Achievement, which are focused on helping young people access economic opportunities and reach their full potential.

**Building infrastructure.** Serena considers local communities' infrastructure needs as it builds its properties. Many of these communities lack access to clean drinking water, for instance, which the hotels often provide in order to reduce incidence of water-borne diseases which can affect their employees. At Lake Manyara Safari Lodge, Serena has supplied water to over 10,000 people for the past seven years, some of whom used to travel as far as 15 kilometers to reach the taps. In Arusha, the hotel has helped to construct, and now helps maintain, a road from a mountain village to the local market.<sup>55</sup> Such infrastructure improvements can improve the investment climates in the countries concerned. In addition, creating high-quality accommodation and leisure facilities for business travelers and tourists can bring in foreign exchange revenues and stimulate further investment.

### **Key Lessons Learned<sup>56</sup>**

Serena focuses on both the enabling environment (including infrastructure and the human resource base) and access to markets, finance, and services (including alliances and networks). The hotel chain acts as a demand driver regionally, much as "clustering" has been found elsewhere to be effective in promoting economies of scale and the market viability of small and medium enterprises.

Serena's commitment to corporate social responsibility is part and parcel of the Group's business model, which includes a range of forward and backward linkages with local suppliers, tourism enterprises, communities, and residents. Linkages such as procurement, local employment, local cultural and heritage products, and local partnerships have been identified as critical to Serena's impact on local communities. Serena's impact can also be measured in the motivating effect it has on other local enterprises.

## 6.2 STARWOOD HOTELS & RESORTS AND THE HACIENDAS OF THE MAYAN WORLD FOUNDATION

### Overview

At the beginning of the twentieth century, the Henequen Haciendas in Mexico's Yucatan Peninsula were prosperous sisal plantations that supported local communities through large-scale employment. But during the 1950s and 1970s, many of the Haciendas were abandoned after "complex disputes over ownership,"<sup>57</sup> leaving the rural communities with high unemployment and extreme poverty.

While collaborating in a joint venture to build a luxury hotel in Mexico City, Grupo Plan approached Starwood to be its operating partner for the Haciendas project. Starwood believed that the Haciendas properties would be strong additions to its portfolio with their mix of architectural and cultural heritage. Working with specialist restorers and architects, the Haciendas were restored to offer luxury tourist accommodation. Starwood Hotels & Resorts Worldwide currently operates five of the approximately 15 Haciendas owned by Grupo Plan, a Mexican company with experience in developing historical buildings.<sup>58</sup>

### Activities

The first phase of the project involved rebuilding five Haciendas. The second phase expanded to include community housing, health, education, and environmental projects, encouraging local people to take active roles in the development process and in the preservation of Mayan cultural identity.

*Employment.* The Haciendas project boosted local employment both in the construction phase and subsequently in permanent hotel positions. These positions offer better working conditions than many other local forms of employment, such as agricultural labor, and also provide personal development opportunities. For example, Starwood provides staff training that includes English, computer literacy, and hospitality skills. The company also supports health programs for staff and their families.<sup>59</sup> These programs not only build the human capital assets of Haciendas employees, but also improve service delivery in the hotels. Approximately 90% -100% of the Haciendas' employees come from the surrounding villages. According to Starwood, the majority are descended from those who worked the Haciendas during the Henequen period.<sup>60</sup>

*Local procurement.* Starwood sources approximately 90% of its fresh fruits, vegetables and herbs and 100% of poultry and pork locally. The Yucatán is well known for its poultry and pork, which is exported to Japan.<sup>61</sup>

*Development and inclusion of local cultural products and services.* With help from the Haciendas of the Mayan World Foundation, which was set up in 2002 to promote economic, social, and cultural development in the Yucatan, 21 people from four communities have trained as masseuses and organized into cooperatives to provide services through the Haciendas' spa facilities, where they are able to earn twice the Mexican minimum wage.<sup>62</sup> Several of these masseuses are descended from Mayan *sobadoras* or bone healers. Also in collaboration with the Foundation, 17 micro-enterprise development workshops have been set up to revive traditional jewelry-making and other handicrafts such as sisal weaving and embroidery.<sup>63</sup> Villagers are trained and encouraged to use native materials and traditional methods. The Haciendas not only provide markets for their final products – for decoration, guest amenities, and sale in hotel stores – but also for guest experiences visiting the workshops. For example, in Hacienda Ochil, guests can visit wood and stone carving workshops.<sup>64</sup> These businesses support approximately 180 women, and are now being turned into cooperatives to enable them to tap into new markets for their products.<sup>65</sup>

*Local community empowerment.* The Haciendas of the Mayan World Foundation helped to set up a Civil Corporation and Community Savings Fund, which have enabled community members to decide on and contribute funds for development projects, reducing their dependence on external decision-making and funding.<sup>66</sup> One hundred and twenty families in three communities contribute to the community fund, making possible projects such as roof reconstruction, the purchase of a community vehicle, a toilet project, and a stationery shop.<sup>67</sup> Importantly, the Foundation has also helped to secure legal land ownership for thousands of villagers.

*Overcoming cultural challenges.* Starwood encountered a number of cultural challenges working in villages of the Yucatan. Local people are proud of their heritage, but also sometimes shy, as they may not have had much prior contact with foreigners. The general manager at Hacienda Temozon describes the need to provide ongoing encouragement for employees and other residents to take more initiative in the decisions in which they are involved.<sup>68</sup> In addition, due to a combination of modesty and *machismo*, employees' families initially resisted the idea of massage; however, these attitudes softened with time as additional incomes came in.<sup>69</sup>

## Results

Starwood's Haciendas project is a viable business model that supports at-risk cultural heritage. It has enabled properties of unique historical importance to be restored and valued, helping retain cultural assets for local residents and guests to enjoy. From a guest perspective, management has received positive guest feedback about the botanical garden in Santa Rosa, where local healing plants and regional fruits and vegetables are grown, and about massages offered in *cenotes* or natural sinkholes. The general manager at Hacienda Temozon also reports that guests frequently inquire about how they can get involved and contribute to the local community.<sup>70</sup> These authentic heritage experiences are enabling Starwood to deliver a differentiated product. Feedback would suggest that guests regard it as a premium offering.

The Haciendas network actively shares experiences among its five hotels, for example, through combined staff training sessions and exchange programs sending star employees to other properties. Starwood also runs exchanges with other properties in Mexico and beyond, such as sending chefs to food festivals to promote regional food.<sup>71</sup>

Starwood is interested in replicating the project, as it meets increasing customer demand for responsible tourism that supports socio-economic development in surrounding communities. Another three properties are in the pipeline.

## 6.3 ENVIRONMENTAL QUALITY INTERNATIONAL AND THE INTERNATIONAL FINANCE CORPORATION, EGYPT

### Overview

Founded in 1981, Environmental Quality International (EQI) is a Cairo-based consultancy specializing in natural resource management, governance and policy, and enterprise development services.<sup>72</sup>

In 1997, through an existing relationship with the Canadian International Development Agency (CIDA), EQI identified Siwa, the largest oasis in Egypt, 70 kilometers east of the Libyan border, as an ideal location for a direct investment in sustainable development.

EQI's vision for the Siwa Sustainable Development Initiative (SSDI) was an integrated collection of "commercial ventures aimed at promoting economic development in Siwa that is in harmony with its sensitive environment and revitalizes its unique cultural heritage."<sup>73</sup> The company wanted to demonstrate that sustainable economic development could also conserve the cultural and natural assets of Siwa. EQI was the primary investor and catalyst but partnered with the local community, local governorate, and international organizations in design and implementation.

The first phase of the project involved two lodges and a women's handicraft project. In 2005, partnership with the International Finance Corporation (IFC) enabled EQI to expand its activities. The current portfolio of enterprises and projects includes three lodges, a women's artisanship development initiative, organic farming and food production, and community art projects.<sup>74</sup>

The Siwa Sustainable Development Initiative has won a number of awards, including the International Chamber of Commerce and United Nations Development Programme's World Business Award for best practice in alleviating poverty (2006), the British Airways Tourism for Tomorrow Award, and a Certificate of Appreciation from the Ministry of Tourism for "a remarkable effort in promoting tourism in Egypt" on the occasion of World Tourism Day (2004).

### Activities

*Reviving traditional skills and creating employment.* The first phase of the SSDI created two lodges: Adrère Amellal, a nature lodge located in a rural location, and Shali Lodge, a village lodge located in the center of town. Both began operating in 2001.

Construction of these two lodges provided employment and other income-generating opportunities for local Siwans. The Adrère Amellal eco-lodge is a low-impact structure built from *kershef*, or a mixture of rock salt and mud, by master builders using traditional techniques. EQI reports that both the government and private business are now more frequently choosing to build in the traditional Siwan style using *kershef*. This renewed interest is providing more job opportunities for the craftsmen.<sup>75</sup>

Adrère Amellal employs 57 people, about 80% of total staff, from the local community. Shali Lodge employs a smaller, but still predominantly Siwan, staff. The IFC partnership enabled a third lodge or heritage hotel called Albabenshal to be built around a historic fortress in Shali. Dilapidated structures around the fortress were restored and expanded to create an 11-room lodge which will offer permanent job opportunities for 15 more people.<sup>76</sup> The most senior position currently held by a Siwan is Hotel Manager. All employees receive insurance, holiday and sick leaves, and on-the-job training.<sup>77</sup>

*Preserving local heritage through linkages with women's handicraft enterprises.* In 2001, EQI established the Siwa Women's Artisanship Development Initiative. The British Embassy provided funding to train 50 women, and IFC later provided training sites, materials, trainers' salaries, and daily stipends for participants through the multi-donor Private Enterprise Partnership for the Middle East and North Africa.<sup>78</sup>

The Siwa Women's Artisanship Development Initiative has two main production lines. The first is the Siwa Creations line of garments and household linens. The second is jewelry made primarily of silver and embroidered leather. These products are sold at the Adrère Amellal lodge and in boutiques and department stores in several

European countries, including Italy, France, and England.<sup>79</sup> Approximately 350 Siwan women are now employed in this work,<sup>80</sup> where they earn steady incomes comparable in size to the average incomes of men.<sup>81</sup> The business skills, independence, and sense of pride this gives them are invaluable benefits, above and beyond the incomes themselves.<sup>82</sup>

***Local agricultural procurement and alternative revenue streams.*** Under the partnership with IFC, EQI initiated an Organic Agriculture and Agro-Culinary Production Initiative to generate higher-quality produce to be sold in its lodges, elsewhere in Egypt, and abroad. Siwans are traditionally farmers. Typically, traders approach farmers and offer to pre-purchase their crops at a price below expected market value. In need of liquidity, farmers accept the traders' terms. If they are unable to deliver the agreed quantity and quality at harvest time, they are forced to find other ways of repaying, sometimes even by selling their land. This is a relatively common occurrence in the agricultural sector because of the vagaries of weather.<sup>83</sup>

EQI has introduced alternative financing arrangements for Siwan farmers. EQI offers to certify their land as organic and pre-purchase their crops at fair market value, including the appropriate organic mark-up. This typically results in a 40-50% increase in what farmers receive.<sup>84</sup> EQI is also financing cattle purchases, expected to increase local cattle stocks by approximately 650 cows over seven years.<sup>85</sup>

The Organic Agriculture and Agro-Culinary Production Initiative is also helping Siwans move into higher value-added lines. The initiative has created a range of organic agro-culinary products such as organic olive oil, olive and date jams, tapenades and dressings.<sup>86</sup>

Approximately 70 farmers currently benefit from access to markets through EQI's agricultural initiative, and an additional 30 Siwans are employed seasonally in its harvest center.<sup>87</sup> EQI expects that between 300 and 450 farmers and 50 "off-farm workers" will eventually be involved.<sup>88</sup>

***Engaging with partners to build social capital and institutional capacity.*** In addition to the direct economic benefits associated with employment and procurement opportunities, described above, the SSDI has boosted institutional capacity and catalyzed broader human capital development in Siwa. For instance, in collaboration with the Friends of Siwa Association, EQI brought the USAID-registered HOPE health and wellness program to Siwa to provide medical services. EQI has also supported personal hygiene awareness programs, helped bring the first bank to Siwa, and built a library.<sup>89</sup>

### **Partnership Dynamics**

In the SSDI, EQI has partnered with the local community, local government authorities, international development organizations including CIDA, IFC, the United Nations Council on Human Settlement (UNCHS), United Nations Development Programme (UNDP), the Ford Foundation, and the British Embassy to address the special needs of the Siwan community.

IFC provided a \$880,000 loan and a \$468,000 technical assistance grant to fund the expansion of the SSDI. Under the terms of the partnership agreement, EQI is required to provide matching funds and an additional investment of at least \$573,000 for core project areas.<sup>90</sup>

Aside from the partnership with the IFC, other relationships have been on a smaller, project-by-project basis. For example, CIDA supports small and medium sized enterprise development in Siwa in partnership with the Siwa Community Development & Environmental Protection Association as part of a broader Business Development Services Support Project (BDSSP) it administers in Egypt.<sup>91</sup> Arts projects are financed by an international group of art advocates and the Prince Klaus Foundation.

### **Challenges**

SSDI has faced a number of technical, financial, socio-cultural, natural resource, and legal hurdles throughout its lifetime.

For instance, there were initially relatively few Siwans trained in the traditional *kershef* building techniques. EQI had to establish a contracting company to undertake the construction of its lodges. In the end, this created job

opportunities for those that did have the skills, and also increased the number of Siwans trained in these traditional building techniques.<sup>92</sup>

In addition, Siwa's remote location meant that some costs were higher than EQI anticipated and that liaising with the government in Cairo was more difficult.<sup>93</sup> The credit line from IFC helped address SSDI's financial constraints, but EQI reports that all of its the projects are now financially sustainable, with the exception of a new biogas project currently in the pilot stages.<sup>94</sup> Partnering with local organizations such as the Society Development Association, Siwa Development Association, and Association of Cultural Preservation helped increase the manpower and leverage available to interact with the government.<sup>95</sup>

The socio-cultural challenges that EQI encountered included managing the balance between preserving the integrity of Siwa's cultural heritage, while simultaneously appealing to a mix of tourists from around the world. Similarly, the different cultures, traditions and interests of the SSDI's various stakeholders had to be balanced.<sup>96</sup>

Finally, as the local economy grew, demand for scarce resources such as water and power increased. Major land reclamation companies moved in and some fragile deep aquifers were damaged. EQI and the Friends of Siwa Association worked with local authorities to raise awareness of the issue, and land reclamation has since been limited from 250,000 to 25,000 feddans.<sup>97</sup> EQI believes the experience also strengthened civil society, which is now more able to engage in resource discussions.

**Factors  
Supporting  
Success**

EQI believes that a number of factors have contributed to the SSDI's success, starting with its engagement with the local community in a participatory and collaborative approach to build on its existing cultural heritage and natural environmental assets.

The rejuvenation of traditional crafts and skills has been the "unique selling point" of the eco-tourism and artisan development projects, and environmental and economic sustainability have been at the heart of the agricultural and agro-culinary initiatives. Key to the long-term prospects of both have been EQI's efforts to create linkages with international markets.

EQI is now looking to establish similar projects elsewhere in Egypt and the Middle East region. The company believes that the model can be adapted to other arid zones.

## 6.4 SPIER ESTATE, SOUTH AFRICA

### Overview

The 17th century Spier Estate was purchased in 1993 by the Enthoven family, who restored and extended the property. There are now two core businesses. The first is Spier Leisure Holdings, a property developer, which owns a hotel located in the Stellenbosch-Winelands, restaurants, conference facilities, a golf course, and retail outlets. The second is Winecorp Holdings, which includes vineyards, winemaking, and bottling facilities. Spier also has interests in various other businesses, including golf, recycled plastic, film production, resorts, and the treatment and production of organic waste.

The Enthoven family's vision was for Spier to become a model of transparency, accountability, corporate governance, citizenship, and sustainable development within the private sector. The goal has always been to integrate sustainable principles and practices into daily business operations.<sup>98</sup>

Along with a strong commitment to environmental conservation, the Spier Annual Report 2006 sets out employment equity, employee wellness, and economic development as key areas of focus. Employees and shareholders are both stakeholders in defining these issues.

Spier's commitment to social justice strongly reflects the historical context and legacy of Apartheid in South Africa in accordance with the Black Economic Empowerment Act. Spier's employment equity goals for new recruits and management positions reflect both Black Economic Empowerment (BEE) legislation and the Fair Trade and Tourism South Africa (FTTSA) guidelines. Employee health and wellness efforts are also specific to the local context, with HIV/AIDS awareness receiving particular attention. Spier sees supporting economic and enterprise development as an integral part of its business.

As the company relates in its 2006 corporate social responsibility report:

"Businesses are going to find it increasingly difficult to survive in a market where the customer base is extremely limited by a lack of resources and opportunity, where the population is being overwhelmed by disease, where opportunities for social upliftment via education or economic opportunity are limited, and where access to beauty and the chance to dream are limited to the wealthy. Every business in South Africa, including Spier, has a responsibility to enhance access to education, the arts, economic opportunity, and to prevent the spread of HIV/AIDS."<sup>99</sup>

### Activities

*Local procurement from small and medium BEE enterprises.* In 2004, Spier began a systematic and strategic overhaul of its supply chain, with the intention of increasing procurement from small, local, black-owned and -managed suppliers. The process involved:

- Reviewing current company priorities and approaches,
- Assessing supply chain practices and policies,
- Setting new policy objectives and a new approach to the supply chain,
- Identifying potential new suppliers,
- Implementing new linkages with suppliers and getting contractors established, and
- Reviewing progress and adapting accordingly.

Questionnaires were sent out to 357 of Spier Leisure's suppliers. Information was sought for two different purposes. One was to categorize suppliers according to size, proximity to Spier (local, regional or national), and degree of black ownership. This would enable the company assess its current supply base and set targets for increasing sourcing from local small and BEE enterprises. The second purpose was to assess suppliers' performance on a range of social, economic, and environmental criteria. Questions explored nine key areas, ranging from compliance with basic employment regulations to support for community development to energy and water usage.<sup>100</sup>

Based on the data collected, Spier defined a set of indicators and created a baseline from which to establish future targets. The company now reports on these indicators via its core management reporting system and staff performance reviews. Progress is published in an annual sustainable development report.

The survey revealed that Spier Leisure had only 34 BEE suppliers, accounting for approximately 12% of its supply base, and only 4 of them were local.<sup>101</sup> The company realized that it would be necessary, but still not sufficient, to broaden its procurement criteria beyond price, quality, and quantity to draw more local BEE suppliers into its supply chain. It also needed to take a proactive role in developing these suppliers.

Spier targeted a number of areas where it believed it could best support enterprise creation and development.<sup>102</sup> Since 2005, the company has helped create new enterprises in laundry, land-clearing, catering, and brick-making, for a total of 30 new jobs. The new brick-making business, currently majority-owned by Spier and 30% owned by a local ecological architect and a local builder, is intended to be sold back to employees in the longer term. To ensure that it is sustainable after Spier exits, the company is training and mentoring its employees in business and financial management skills and sustainable construction techniques.<sup>103</sup>

For 2007, Spier is targeting 80% small, medium, and micro enterprise (SMME) procurement spend; 75% local (within 60 kilometers); and 25% BEE.<sup>104</sup> The company also plans to work with its suppliers to address social and environmental performance gaps identified in its survey and agree on remedial measures as appropriate. Finally, the company intends to initiate two new enterprise development projects to enable small, local, BEE businesses to become Spier suppliers.<sup>105</sup>

## Results

Spier Leisure doubled its proportion of BEE or otherwise previously disadvantaged suppliers between 2003 and 2006, to 27%.<sup>106</sup> In 2006, 89% of the company's procurement was with SMMEs of fewer than 50 employees. Over 90% was with local and regional suppliers.<sup>107</sup> This represents a significant shift in favor of local suppliers between 2003 and 2006.<sup>108</sup> A similar approach is now being rolled out in Spier's wine and golf businesses.<sup>109</sup>

Spier Leisure received FTTSA accreditation in January 2004 and is now one of 29 accredited organizations. FTTSA is an independent, not-for-profit organization that "encourages and publicizes fair and responsible business practice by South African tourism establishments."<sup>110</sup>

## Lessons Learned

With Spier's systematic changes to the procurement process – engaging with new suppliers who are often smaller and require mentoring, and working with existing suppliers to encourage them to adopt more sustainable business practices – the company's annual procurement spending of more than R300 million (approximately \$44 million US) in 2006 promises to be an effective tool for change. Procurement spending dwarfs the resources available for philanthropic corporate social investment, which in 2006 was equivalent to R10.3 million (approximately \$1.5 million US).<sup>111</sup> As a result, a relatively small shift in procurement spending can have a much bigger impact than a similarly proportioned philanthropic donation. "Beyond our employment equity and training and development practices, one of the most powerful tools Spier has at its disposal to redress the legacy of Apartheid is how we spend our money," says Tanner Methvin, Director of Sustainable Development.<sup>112</sup> This represents a shift in approach from philanthropy to a pro-active, pro-poor procurement strategy.

Spier does operate within a specific context, where the political framework and historical legacy in South Africa converge with the company's strong societal values. However, the Spier experience demonstrates that a strategic shift in procurement policy, led from the top with transparent targets, can make significant progress in a relatively short space of time.

## 6.5 WILDERNESS SAFARIS AND THE MAKULEKE LAND RESTITUTION AND CONSERVATION PROJECT

### Overview

South Africa's Makuleke people were forcibly removed from their ancestral lands in what is now South Africa's Kruger National Park in 1969. In 1996, land restitution laws were passed establishing a formal claims process, and in 1998, the Makuleke were one of the first groups to win their land back.

After the decision, the Makuleke people opted to continue to reside in the three villages to which they had been forcibly removed, and negotiated to commit their ancestral lands to conservation as a contract park attached to the Kruger, which is South Africa's largest game park. They formed a Community Property Association to co-manage the contract park with SANParks, the national parks agency, and to ensure an equitable flow of benefits to the community.<sup>113</sup>

The collection of efforts around this agreement is known as the Makuleke Land Restitution and Conservation Project. The project is a collaborative effort among the Makuleke community, SANParks, private sector lodges, and various non-governmental organizations (NGOs) and donors that have contributed at various times – including the Ford Foundation, the Endangered Wildlife Trust, and the German Development Corporation (GTZ).<sup>114</sup>

Under the terms of the co-management agreement with SANParks, the Makuleke have agreed to keep their ancestral land as a conservation area for at least 50 years. They have exclusive commercial and sustainable use rights to their land and its associated natural resources, and they have entered into tourism and hunting ventures with private sector operators.<sup>115</sup> The community has granted such operators concessions to run lodges on a build-operate-transfer model, in return for 9% of turnover and a guarantee of employment for local workers. After the concession period, lodge ownership will revert to the Makuleke people.<sup>116</sup>

Wilderness Safaris is one of the private sector lodge operators involved in the project. The company has partnered with the Makuleke community in a mutually beneficial 45-year lease. The benefits to the local community are cash, training, skills transfers, jobs, and enterprise development projects that count the lodges among their customers. For Wilderness Safaris, the benefit is being able to operate in perhaps the most remote, pristine, and diverse area in Kruger National Park and to share this with its guests.

### Activities

**Wildlife restoration and conservation.** The Makuleke contract park has magnificent biodiversity across a range of eco-zones, and thus has the potential to be a highly attractive tourist destination. However, in the past, hunting was legally permitted and open borders with Zimbabwe and Mozambique meant that poaching for subsistence and income generation was common. These activities significantly reduced game stocks and led to limited game viewing.

In response to this problem, vigorous anti-poaching efforts have been implemented, at relatively high cost. It will take time for all species to recover to levels where the park can compete with other wildlife destinations such as Botswana. But the effort seems to be paying off: stock levels of wild animals, particularly “high-impact viewing species” for tourists, seem to be recovering. This substantially enhances the tourism product.<sup>117</sup>

To maintain the integrity of the park and its “wilderness” value proposition, Wilderness Safaris' concession agreements also limit the development of additional lodges. As company advisor Clive Poultney points out, “although the community would probably like as many developments on the concession as possible, the type of high-end market Wilderness Safaris caters to is competitive in Southern Africa, and there is better game viewing in other countries.”<sup>118</sup> To compete with the better wildlife at other destinations, the Wilderness Safari lodges in Kruger National Park must also explore other options to appeal to tourists, such as such as volun-tourism (allowing guests to combine participation in community projects with leisure), a walking trails camp, and additional cultural activities.<sup>119</sup>

**Developing small businesses.** Feeding into Wilderness Safaris' efforts to strengthen its guest appeal, a small business development company has been established to initiate and support local tourism-related enterprises. The company is a joint venture between Wilderness Safaris and the Community Property Association, and each

has appointed two directors. Poultney notes that co-branding locks both parties into a shared commitment to the enterprise. They both need to succeed, as the failure of one would come at the expense of the other.<sup>120</sup>

The Makuleke Small Business Support Company is tasked with planning, training, and supporting community-based enterprises to develop their products and services for the tourism market so that they are profitable and diversified, serving both company and community partners. Support agencies such as GTZ have provided substantial infrastructure, equipment, and facilities.

Examples of community-based tourism enterprises that have been established include a Community Cultural Centre and a bed and breakfast homestay, which give guests the opportunity to participate in local cultural activities. Traditional medicine and healing, animal husbandry and farming, learning about ancestral belief systems, arts and crafts, social and political expression through the performing arts, customary events, and historical institutions are all on offer. Guest trips to local schools, churches, markets, and bars have been introduced. In addition to the cultural center and homestay, a hydroponic farm grows produce such as lettuce, spinach, and tomatoes for the lodges and for local markets.<sup>121</sup>

In order to improve the operating capacity of the Makuleke-based enterprises and introduce a sustainable resource use program, the Wilderness Trust has supported the Makuleke Small Business Support Company to develop a multi-functional facility consisting of a Market Place Operator to coordinate enterprise activities and an Information Technology and Communications (ITC) Station that can be used for research, documentation, education, and training. The facility also monitors and measures the benefits of enterprise development to help inform the Small Business Support Company's future direction.<sup>122</sup>

**Employment.** Direct employment impacts can be significant. For example, research conducted by Poultney and Spenceley in 2000 found that Rocktail Bay, a 20-bed Wilderness Safaris lodge on the coast, employed about 2% of the local community of 1,500 people, with each employee supporting a family of six people.<sup>123</sup> Since operations began in July 2005, employment with Wilderness Safaris in the Makuleke contract park has generated R3.6 million (approximately \$520,000 US) in income for those working in the lodge and R3.4 million (approximately \$487,000 US) for those working in the anti-poaching unit.<sup>124</sup>

Through the wider Makuleke Land Restitution and Conservation Project, community members receive a variety of training from private sector partners. For instance, in collaboration with the Endangered Wildlife Trust, the Makuleke set up a skills development program for leadership, conservation management, hospitality, and commercial skills training. The 20 students that graduated from the program each received a formal diploma and some have been hired by Wilderness Safaris as full-time guides and lodge personnel.<sup>125</sup>

**Revenue-sharing.** From July 2005 to August 2007, concession fees paid by Wilderness Safaris to the Makuleke Community Property Association have amounted to R1.2 million (approximately \$175,000 US).<sup>126</sup> This amount compares with Wilderness Safaris' investment in the project of R30 million (approximately \$4,270,000 US) in fixed assets and anti-poaching activities.<sup>127</sup>

**Lessons Learned** Wilderness Safaris has learned that for revenue-sharing to benefit local communities, the company must be able to partner with an efficient, legitimate, representative community structure to distribute and reinvest the dividends equitably. The Makuleke Community Property Association has used its dividends to bolster infrastructure, including classrooms, an agricultural irrigation system, and other community facilities. In contrast, in the local community around another Wilderness Safaris lodge in the Ndumu game reserve, the tribal chiefs council generally appropriated any dividends for themselves. Of course, the extent to which revenue-sharing can help to alleviate poverty is also linked to the commercial viability and market competitiveness of the project and to the size of the beneficiary community. Even if the dividends from the Ndumu lodge – a small, exclusive, 16-bed facility located in a community of more than 21,000 people – had been distributed evenly, each citizen would have received less than one rand (approximately \$0.15 US) per annum.<sup>128</sup>

Wilderness Safaris partnered in the Practise Southern Africa Pro-Poor Tourism program and has helped establish a Business Linkages in Tourism Unit in an attempt to increase the benefits and expand the opportunities its investments generate for local communities. However, as Clive Poultney points out, "it is not possible for three whole villages, resettled some 100 kilometers away from the contract concession, to become wealthy through a 52-bed lodge."<sup>129</sup>

Perhaps a more significant, longer-term contribution has been the building of local institutional capacity in the Maruleke community. The Community Property Association and Small Business Support Company have been able to acquire useful commercial skills such as running an open and transparent tendering process, conflict mediation, conservation management, and hospitality. In addition, with formal and secure land title, the Makuleke were able to participate on a more equal footing with parks authorities and private partners. They also learned to engage in partnerships using "hard" legal frameworks.<sup>130</sup> This has motivated the government to draft a community-based natural resource management policy. For Wilderness Safaris, it has both facilitated the company's dealings with the local community and necessitated adaptive management as the capacity of its community partners changed.

## 6.6 SANDALS GROUP, CARIBBEAN

### Overview

Sandals is a chain of luxury all-inclusive resorts for couples with properties in Jamaica, Bahamas, St. Lucia, and Antigua. Sandals Group, including its family resort brand, Beaches, is one of the largest employers in the Caribbean, with almost 10,000 direct employees. Sandals' corporate mission statement is to provide a holiday experience while "attaching a premium to human resources and being among the most environmentally responsible and community-friendly groups in the hospitality industry."<sup>131</sup>

Historically, high-end hotels have often imported much of the food they serve to their guests, even in destinations where there is a substantial agricultural base. Some of the factors that prevent the development of linkages between the accommodation sector and local farmers include poor quality, limited variety, and mismatches between peak supply and demand for produce.<sup>132</sup>

Working with the Rural Agricultural Development Authority (RADA) in Jamaica, Sandals set up a program in 1996 to improve the quality and diversity of produce local farmers could supply to the accommodation sector, develop formal pricing arrangements, and improve communication links between farmers and hotels.<sup>133</sup>

### Prior Constraints

Before the program began, hotels were reluctant to source produce locally because of inconsistent volume, quality, and price of supply. Poor packaging and transportation sometimes led to damaged produce. The farmers themselves faced challenges in terms of the production and distribution of their goods. Often farmers faced water shortages or lack of seeds, supplies, and equipment, or simply did not know what the tourism sector wanted. Food and beverage managers require specific types of fruit and vegetables, often specially processed, at internationally competitive prices and quality levels. Distribution issues were largely a function of communication problems and inconsistent orders.<sup>134</sup>

### Activities

Sandals and RADA undertook a number of activities to address these constraints. Participation by hotels was facilitated by the changing tastes of tourists, who have become more curious about local cuisine, and of hotel chefs, who have become more adventurous in their menu choices and more willing to experiment with local produce.

*Improving quality and diversity of agricultural production.* Sandals works with a number of government support programs led by RADA to provide seeds, supplies, and equipment through a combination of grants and loans to be repaid when produce is sold. Support covered traditional vegetable crops at first and has since been expanded to more exotic, previously imported crops.

Sandals also works with RADA to tackle ongoing challenges in production, packaging, distribution, and sales. The Ministry of Agriculture assists with irrigation and land preparation through its Domestic Food Crop Program (DFCP).<sup>135</sup> RADA's main role is to improve communications and provide training in collective farming, marketing, production, and processing. For example, RADA produces leaflets about new crops such as cantaloupe, broccoli, and tomatoes. Meat and fish producers need training on Hazard Analysis and Critical Control Point (HACCP) requirements. Fruit and vegetable growers require technical training to improve washing, packaging, storage, and transportation.<sup>136</sup> Management teams from Sandals hotels then visit farmers to explain quality standards and marketing procedures, and farmers visit hotels to see how their produce is used in the hotels' menus.

*Developing human and institutional capacity in farmers cooperatives.* RADA facilitates training for farmers cooperatives covering cooperative management, group dynamics, strategic marketing, record-keeping, and basic accounting.<sup>137</sup> This training enables farmers and their representative structures to improve their leadership and interpersonal abilities as well as their core business and technical skills.<sup>138</sup>

*Supporting local procurement by improving access to markets.* A number of measures have been introduced to improve distribution networks and access to markets for farmers. For instance, aggregating supply from a number of small producers helps increase the small volumes and smooth the seasonal cycles that previously caused supply bottlenecks. Two weeks prior to delivery, hotels are informed as to what crops and volumes are

available. Hotels and farmer groups negotiate monthly supply orders specifying type, volume, and price of goods. The Inter-American Institute for Cooperation on Agriculture helps broker communication between the hotels and the farmers, and hotels can report issues such as poor quality to RADA. RADA observes that these arrangements are helping to bridge the institutional gaps that previously existed between small farmers and the markets for their goods.<sup>139</sup>

## **Results**

The project began with 10 farmers and has since expanded to six farming groups representing approximately 70 farmers. Produce sales for the period April 2002 to March 2003 were valued at about \$5.5 million.<sup>140</sup> Sales have also diversified to include non-traditional crops such as sweet peppers, cauliflower, snow peas, broccoli, and cantaloupe, which has reduced the amount of food hotels must import. Flexible access to credit and established supply contracts with hoteliers helps farmers plan and budget to invest in diversification and expansion to build economies of scale.

The program has been expanded to St. Lucia and Sandals' resorts in Antigua. In St. Lucia, Sandals provides a secure and guaranteed market for farmers' produce. A dedicated liaison officer oversees this process, working directly with the farmers to monitor quality, pricing, and production. Similar programs have been undertaken in Trinidad and Tobago.

Success is often closely linked with personal champions in the various hotels, so it is important to work to preserve momentum as managers change. But for many tourism destinations, initiatives such as this have the potential to improve linkages with local economies and facilitate diversification away from mono-crop agriculture, thus boosting rural incomes and enabling people to stay on the land.

## 6.7 YOUTH CAREER INITIATIVE<sup>141</sup>

### Overview

The Youth Career Initiative (YCI) enables international hotels to provide a five- to six-month education program for high school graduates from disadvantaged backgrounds. The initiative began as the Youth Career Development program at the Pan Pacific Hotel in Bangkok, Thailand, in 1995. It was later re-branded as YCI. YCI uses a partnership model that is led by the private sector but facilitates effective collaboration across the private, public and non-profit sectors. The aim is to give participants, typically between 18 and 21 years of age, a chance to improve their employability and thus their long-term social and economic opportunities through vocational training and education.

YCI tackles local issues such as youth unemployment, social exclusion, poverty, and youth exploitation. The initiative provides a practical platform for governments, companies, and non-governmental organizations (NGOs) to work collaboratively towards the Millennium Development Goals – including poverty alleviation in particular.

YCI has become a sustainable, worldwide program of the Prince of Wales' International Business Leaders Forum (IBLF). It operates on five continents. This profile will focus on YCI's activities in Brazil.

### Activities

YCI started as a pilot in Brazil in 2005, implemented in all six Brazilian properties of Marriott Hotels International: the Marriott Resort & Spa and the Renaissance Resort in Costa do Sauipe, Bahia; the JW Marriott Hotel in Rio de Janeiro; and the Marriott Executive Apartments, the Airport Marriott Hotel and the Renaissance Hotel in São Paulo. Marriott has adopted YCI as part of its "Spirit To Serve Our Community" outreach program.

The YCI global team sets up the program in new countries by assessing potential partners from the private, public and non-profit sectors and by facilitating and supporting the implementation stages in-country. Each program is tailored to suit the country and the needs of its youth. For example, in Thailand, the program targets young girls at risk of sexual exploitation, offering them formal sector employment opportunities. In Brazil, YCI targets participants from shantytowns or *favelas* to try to break the poverty cycle. Participants must be able to commit full-time for the duration of the program and have no other opportunities to improve their employability.

Hotels that participate in YCI show strong commitment from top management. The General Manager and Director of Human Resources usually become YCI's primary champions. Hotel management provides the time, environment, and resources to implement the program, with senior managers delivering classroom instruction and acting as mentors to participants. On average, between 40 and 60 staff members are involved in training and mentoring at each hotel.

**Developing human capital.** Participating hotels commit to taking 10 participants for six months. A YCI global team member works with a designated coordinator at the hotel to develop a YCI curriculum that leverages the hotel's existing training materials and methods, and also to manage program delivery. The curriculum consists of four key sections: a core global life skills program; job-specific sessions; departmental training; and complementary education sessions. Each program aims to provide over 750 training hours. YCI advises that hotels devote 50% of training hours to classroom-based education and 50% to practical experience in over 15 different skill areas or departments. The program is designed to be delivered as part of the regular, day-to-day operations of a full-service hotel.

**Collaboration.** The YCI global team coaches all partners involved in the implementation process in order to ensure that its operating standards are met and that the program fulfills its goal of empowering young people. Local non-profit partners act as in-country coordinators, assisting participating hotels with recruiting and with the development, implementation, and monitoring of the programs. These in-country coordinators also liaise with local educational authorities, other non-profit organizations, and a variety of businesses in order to arrange extra lectures that complement the YCI curriculum. In Brazil, the in-country coordinator is the Institute for the Development of Social Investment (IDIS), a civil society organization committed to social development.

In various regions of the world, YCI programs are funded by international development agencies working with IBLF. Initial in-country coordination is funded and managed through IBLF's YCI global team. Ongoing project funding comes from a pool of financial and in-kind resources provided by different partners, depending on the local context. The hotels themselves generally provide uniforms, duty meals, and access to computers and training facilities.

*The role of hotels in YCI.* For hotels, YCI is a community engagement program that enables them to build stronger relationships with different socio-economic actors in their local communities. In addition, YCI programs can be a means of identifying and evaluating candidates for staff positions. Upon graduation, participants understand the hotel industry and have experienced the day-to-day routine of a full-service hotel.

YCI also supports life-long learning and staff personal development programs in hotels. In some hotels, a YCI committee is responsible for the implementation of YCI activities. The committee is made up of people with the potential to develop leadership and management skills from a variety of hotel departments.

More generally, YCI supports the development of an educated, skilled workforce for the local tourism sector and other service-based industries. Although between 40 and 50% of YCI graduates find employment in the hospitality industry, the program's objective is to furnish participants with the confidence and the skills they need to work in any service industry.

## Results

YCI program results vary by country. In Brazil, the first YCI program graduated 38 young people. In 2006, the program graduated 48, after InterContinental and the Copacabana Palace joined in Rio de Janeiro. The third program in 2007 will graduate 93 participants in 11 hotels. Five different hotel chains now work together on YCI in Brazil.

Graduates gain transferable life and business skills with experience in over 15 areas of an international business operation and a recognized qualification that increases eligibility for further education and future employment. The program also increases the confidence and self-esteem of participants by giving them access to working professionals and broadening their horizons.

For participating hotels, the program is a tangible and measurable corporate social responsibility initiative that presents an opportunity to tackle major country issues including poverty, unemployment, and youth exploitation by optimizing the use of a hotel's resources.

## Lessons Learned

In each country, YCI faces different challenges, based on cultural, social, and economic issues. The YCI global team emphasizes that buy-in and support from participants' parents is invariably important and may even determine whether the participant will be able to stay throughout the duration of the course. To bolster their support, YCI encourages its partner hotels and in-country coordinators to organize sessions introducing the initiative to parents and promoting their understanding and commitment.

According to the YCI global team, the program in Brazil owes its success to a number of factors:

- There is a real need for the program, as thousands of young people in Brazil lack opportunities to enter the labor market. YCI's comprehensive training program helps improve their employability.
- Leading hotels have effectively championed the program and are committed to developing their local communities.
- Bureaucracy has not affected or delayed implementation of the program.
- There seems to be a growing trend in Brazil for private sector companies to become more involved in development programs.

## 6.8 DEVELOPING HUMAN CAPITAL FOR THE TOURISM SECTOR: INTERCONTINENTAL HOTELS GROUP'S IHG ACADEMY IN CHINA AND THE GLOBAL TRAVEL & TOURISM PARTNERSHIP

### Background

As the main body of the paper demonstrates, the tourism sector is growing, particularly in developing countries. Increasing numbers of qualified staff are needed to sustain this growth. While labor is readily available in most developing countries, there is often a knowledge and skills gap that keeps supply from matching demand. Many hoteliers and other tourism sector companies are stepping up to fill this gap, often in collaboration with one another and with stakeholders in government and civil society.

InterContinental Hotels Group's IHG Academy in China and the Global Travel & Tourism Partnership provide two models for human capital development in the tourism sector. The IHG Academy is a highly intensive, targeted effort by IHG and educational institutions to increase the quality and practical applicability of hotel management and related programs, and to link such programs more closely to the job market – increasing their value to graduates and to the hotel industry. The Global Travel & Tourism Partnership (GTTP) is a more broadly-based effort to educate secondary school students about travel and tourism and introduce them to employment opportunities within it. GTTP provides an umbrella for multiple national programs in which a range of companies and national school systems participate.

### InterContinental Hotels Group's IHG Academy<sup>142</sup>

InterContinental Hotels Group (IHG) has more than 80 hotels in China, and its growth is accelerating. The company expects to add more than 40 additional hotels in 2008, more than double the number for 2007. To help meet its growing need for qualified human resources, IHG has partnered with educational institutions to provide training and experiential learning opportunities it hopes will both create talent and attract that talent to IHG hotels. These partnerships are known collectively as the "IHG Academy."

The IHG Academy involves 11 schools that offer hotel management and other travel and tourism-related courses in 5 cities: Shanghai, Chongqing, Jinan, Shunde, and Zhengzhou. These schools provide the basic infrastructure, including classrooms, teachers, and curriculum, and IHG provides executive lecturers, guaranteed on-site training in its hotels, and guaranteed job placement upon graduation.

IHG's executive lecturers provide students with valuable practitioner perspectives and the opportunity to interact via questions and dialogue. Depending on the school's curriculum, students receive up to three hours of executive lectures per week, and more than 30 executives currently participate. IHG on-site training also varies with the school's curriculum, from six to 12 months. On occasion, IHG also makes scholarships available from funds collected during charity events.

Most students come from middle income families in second-tier cities (the exception being Shanghai). The skills they develop through the IHG Academy will open doors both in the fast-growing hospitality industry and elsewhere. Transferable skills include sales and finance, English language, human relations, and personal grooming and hygiene. Students learn to interact with both local and international guests and colleagues.

The first class of 12 IHG Academy graduates will complete their courses in June 2008, and all of them will work for IHG. Approximately 1,600 students are currently enrolled across all 11 partner schools and are expected to graduate in two years' time. IHG is working to expand the program to an additional 10 schools and 2,000-3,000 students in 2008.

### The Global Travel & Tourism Partnership

The Global Travel & Tourism Partnership (GTTP) is a coalition of national travel & tourism education programs (TTPs) whose mission "is to introduce secondary school students to the travel & tourism industry, to broaden their understanding of tourism's economic impact and cultural implications for their communities and the world, and to develop their appreciation of the industry's many career options at a time when they, their parents, and teachers are making decisions about their career choices."<sup>143</sup> The coalition currently serves more than 418,000 secondary

school students and young adults in Brazil, Canada, Hong Kong, Hungary, Ireland, Jamaica, Russia, South Africa, and the United Kingdom. Since its creation in 1986, more than 800,000 students have been participated in its programs.

GTTP was founded by the American Express Foundation, which continues to support it. Other major sponsors at the global level include Amadeus, American Express, Hertz, HRG, KLM, Lufthansa, Starwood and the World Travel & Tourism Council (WTTC). These global sponsors provide financial support and strategic guidance through membership on the GTTP Advisory Board. At the national level, over 400 companies support their national TTPs through financial and in-kind support. At the local level, approximately 2,200 business partners participate by providing students with opportunities to see how businesses really operate.<sup>144</sup>

The GTTP's national TTPs develop curricula in collaboration with their ministries of education and tourism and with companies in the tourism industry, in accordance with local educational standards. TTPs can supplement their national curricula with the global GTTP curriculum, "Passport to the World: An Introduction to Travel & Tourism," and some have even adopted it outright.<sup>145</sup> The GTTP curriculum provides an introduction to the travel & tourism industry, and is intended to impart an appreciation of students' own heritages and cultures as well as an understanding of the global economic and environmental impacts of tourism. GTTP also offers internships, in a variety of different forms, with local travel & tourism companies.<sup>146</sup>

National school systems provide the basic infrastructure of teachers and classrooms. Class time varies, ranging from 100 hours over the course of one year to 300 hours for each of two years, and the material can be taught on its own or as part of the general curriculum. Students are predominantly from secondary school, with adult education programs offered in some countries, such as South Africa and Brazil.

## 6.9 THE UNITED NATIONS WORLD TOURISM ORGANIZATION'S BUSINESS COUNCIL AND ST-EP PROGRAM

### Overview

The World Tourism Organization was set up in 1976 as an intergovernmental body intended to serve as a global forum for tourism policy issues and a practical source of tourism know-how. In 2003, it was transformed into a specialized agency of the United Nations, and its acronym was changed to UNWTO.<sup>147</sup>

The UNWTO promotes responsible, sustainable, and universally accessible tourism, particularly for developing countries, in support of the United Nations Millennium Development Goals on poverty alleviation and sustainable development. The organization also implements the Global Code of Ethics for Tourism to minimize the negative social and environmental impacts of tourism and increase the positive benefits for businesses, destinations, and countries.

The UNWTO is governed by member countries and territories, currently totaling 157, but it has increasingly recognized the vital role of the private sector and civil society in addressing many of the challenges associated with tourism. As such, it has set up a framework that allows companies and institutions representing all aspects of the tourism industry, ranging from industry associations to airlines, travel agencies to consultants, trade unions to universities and non-governmental organizations (NGOs), to participate as Affiliate Members. At the beginning of 2007, there were more than 300 Affiliate Members.<sup>148</sup>

The role of the Affiliate Members is "to be the worldwide platform for those seeking to shape the future of tourism in direct interaction with UNWTO, its Member States Governments and global civil society."<sup>149</sup>

The members are divided into three councils: the Business Council; the Destination Council and the Education Council. These councils help shape the codes of behavior and business practice in the industry.

*The Business Council:* The UNWTO regards the private sector as "the driving force of tourism growth."<sup>150</sup>

The Business Council brings together private sector actors including corporations, industry associations, and consultants to promote public-private cooperation and dialogue at the local and national levels. The Business Council's objectives include ensuring private sector participation in UNWTO organs, meetings, and seminars, and to help create the global framework within which the tourism industry operates through engagement in public policy dialogue. The Spanish Government finances a full-time Chief Executive Officer for the Business Council at the Madrid headquarters.

The UNWTO also works to capture, codify, and record best practice in collaboration with business. For example, the 10-point Global Code of Ethics for Tourism (GCET) is a comprehensive set of principles intended to guide the diverse stakeholders in tourism development. As part of an extensive consultation process, the UNWTO sought input from the private sector, NGOs, and labor organizations. Written comments on the code were received from more than 70 entities.<sup>151</sup> The GCET is referenced in the 2005 declaration "Harnessing Tourism for the Millennium Development Goals," which was adopted by a representative group of governments, UN agencies, and industry and civil society leaders.

*The Destination Council:* This is the operational body of the UNWTO that supports the destination management program with members from tourism destination management/marketing organizations or similar institutions at local, regional and national level. The councils provide a platform for exchange of information on "good practices" with the aim of stimulating all tourism stakeholders in developing a destination vision and applying effective management tools. The Council also raises awareness of the importance of credible, consistent and comparable research (qualitative and quantitative analysis) for the performance of tourism destinations.

*The Education Council:* This is made up of leading business schools, tourism education, training and research institutions. With over 100 members, its aim is to improve the quality and efficiency in the education and training of tourism professionals in the public and private sectors.

**Activities**

The UNWTO's Development Assistance department supports member states to develop and promote tourism as an engine for socio-economic growth and poverty alleviation through the creation of employment. The department undertakes research and publication, provides technical assistance, and manages the Sustainable Tourism – Eliminating Poverty (ST-EP) program.

ST-EP was launched at the World Summit for Sustainable Development in Johannesburg in 2002.<sup>152</sup> Its program of work provides technical assistance on sustainable tourism development in many developing countries. Short-term missions, undertaken upon request, assess national or regional technical assistance needs and provide policy recommendations. Some recommendations can be implemented by members themselves; others lead to proposals for funding. Longer-term projects help governments acquire strategic planning, product development, marketing, and human resource development capabilities specific to the tourism industry, working to build the capacity of national tourism administrations, local authorities, and business networks.<sup>153</sup>

The ST-EP program of work is supported by two funding bodies, the ST-EP Foundation and the ST-EP Trust Fund, established in 2004.<sup>154</sup>

**Results**

Since the ST-EP Foundation and ST-EP Trust Fund were founded, short-term missions to approximately 30 developing countries have identified more than 150 potential ST-EP projects. The ST-EP Foundation has approved 13 projects for funding and the ST-EP Trust Fund has approved 35.<sup>155</sup>

Thirteen capacity-building seminars on tourism and poverty alleviation have taken place in Africa, South East Asia, and Central and South America, with more than 1,000 business, government, and civil society leaders from more than 60 countries participating.<sup>156</sup>

Finally, the UNWTO has published four reports on tourism and poverty alleviation, including a compilation of good practice and a guide to microfinance in tourism. Available in English, French, and Spanish, these reports have been disseminated to diverse tourism sector stakeholders.<sup>157</sup>