

Working with the Private Sector on Pro-Poor Tourism

***Opinions and experience from two
development practitioners***

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Preface and Acknowledgements

This report draws on experience of working with the private sector in the tourism industry from a development and poverty perspective. It is written mainly to share lessons learnt with others in development (not necessarily in tourism) who are also seeking to engage with the private sector on poverty issues. It reflects our experiences, opinions, and views expressed by others, rather than being a formal product of research. The experience on which we draw has been done in close collaboration with other development colleagues, particularly Clive Poulthney in South Africa, Harold Goodwin in The Gambia, Jenny Holland and other tourism NGOs in the UK Sustainable Tourism Initiative.

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Acronyms

BEE	Black Economic Empowerment
CBT	Community-Based Tourism
DFID	Department for International Development
EU	European Union
FCO	Foreign and Commonwealth Office
IHEI	International Hotels Environment Initiative
IIED	International Institute for Environment and Development
JMC	John Mason Cook (tour operator)
NGO	Non Governmental Organisation
ODI	Overseas Development Institute
PPT	Pro-Poor Tourism
SATOUR	South African Tourism
SMME	Small Medium and Micro Enterprises
ST	Sustainable Tourism
STI	Sustainable Tourism Initiative
TUI	Touristik Union International
UNEP	United Nation Environment Programme
WSSD	World Summit on Sustainable Development
WWF	World Wild Fund for Nature

Introduction

The private sector deals with their clients: customers and shareholders. Development professionals deal with theirs: poor people and donors. Traditionally, the two worlds have been separate. 'Enhancing livelihoods of the poor' and 'engaging with the international private sector' were not, in the past, activities associated with each other. However, in recent years a growing number of development agents have been engaging with the private sector from a pro-poor or fair trade perspective. In general, they develop partnerships with business that do not aim for boosting philanthropic donations to development charities, but aim to adapt core business practice to develop production and trade that contributes more to the livelihoods of the poor. Examples include the Ethical Trading Initiative¹, working on a number of commodities exported by developing countries (e.g. coffee, chocolate) and the Business Partners for Development programme² which focuses on multi-national corporates (e.g. in mining). IIED has worked with industrial sectors – e.g. the paper and mining industries – to review and enhance the contribution of their business practices to sustainable development.

Tourism has not to date been a focus for development agencies but there is nevertheless a considerable amount of activity in the tourism sector that links private sector and development sector interests. This short note briefly explains this engagement and seeks to draw a few lessons that have been learnt about engaging with business from a pro-poor perspective. It draws, in particular, on two recent initiatives in the UK and Southern Africa that engage business and development interests: the first is the Sustainable Tourism Initiative, involving government, business and NGOs concerned with outbound tourism from the UK. The second is a new Southern African programme: 'Pro-Poor Tourism: Pilots in Southern Africa'. While there has been activity around 'community tourism' and various eco/sustainable issues for some decades, this note also highlights experience of the pro-poor tourism team in seeking to put poverty issues more centrally on the agenda, and to engage with a wider range of livelihood issues than hitherto before.

This note is based on our personal experience and opinion over the last two years. It is not intended to provide any judgement on different processes or partners, but to identify lessons learnt about engaging with the private sector in order to share these with other development practitioners doing similar things, either in tourism or in other sectors. For all their flaws, business-development partnerships are likely to grow, and it is useful to learn lessons as we go, in order to make best use of them.

¹ 'The ETI is an alliance of companies, non-governmental organisations (NGOs), and trade union organisations committed to working together to identify and promote ethical trade - good practice in the implementation of a code of conduct for good labour standards (labor standards), including the monitoring and independent verification of the observance of ethics code provisions, as standards for ethical sourcing.', taken from www.ethicaltrade.org (December 2002)

² For more information, visit: www.bpd-naturalresources.org

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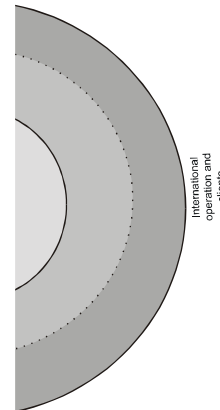
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Pro-poor tourism is a concept that arose out of a DFID-commissioned review of the links between tourism and poverty reduction and, as a result, was successfully placed by DFID on the agenda of the 7th meeting of the United Nations Commission on Sustainable Development in 1999. Subsequently the concept has gained increased attention and has been adopted both by development organisations such as the Asian Development Bank and by tourism organisations such as the World Tourism Organisation.

As well as putting poverty at the centre of the sustainable tourism debate, PPT addresses a full range of livelihood issues (tabulate) not just jobs or culture.

2 Background to Two Recent Initiatives

Sustainable Tourism Initiative (STI)

The UK STI was kick started by Tony Blair at a WWF conference on the state of the global environment in 2001. At this meeting Mr Blair declared his intention to bring together the chief executive officers of a number of leading industries, including tourism, in order to realise a significant contribution to sustainable development in the run up to the 2002 World Summit. The STI is driven by the Foreign Office and is intended to bring together government departments, industry and NGOs to achieve a step change in sustainable tourism practice of the UK outbound industry and to establish a basis for continual improvement. The four major UK tour operators are involved in the process – although with varying degrees of participation, alongside many more small and/or specialist operators and trade associations. Participating NGOs represent both conservation and development concerns.

Following identification of a number of key themes for the STI at a large multi-stakeholder meeting in July 2001, work has been carried out through 5 working groups coordinated by a Secretariat, based at Chatham House. Two large stakeholder fora meetings have been held to review progress and agree a broad action plan. The 5 working groups, convened by the Secretariat, had members from both NGOs and industry. Three developed specific work streams:

- 1) development of practical tools for sustainable tourism that operators can use or promote within their supply chain,
- 2) improved 'communications' via the FCO 'Know Before you Go' website, to encourage sustainability among industry and consumers,
- 3) development of pilot projects in two destinations to stimulate dialogue between different stakeholders on sustainable tourism and develop joint activities to address issues of common concern.

The other two working groups were concerned with 'process' – how the STI should be managed, funded, linked with government, and what should succeed it. The latter question became a massive issue once it was decided to continue an institutional form beyond WSSD. After months of discussions of whether the 'son of STI' should be a company, an NGO, a tri-partite body or an industry body ... two new bodies are now being launched: a charitable foundation and a unit sponsored by the industry, both to continue the aims of STI in promoting ST within the outbound industry.

While most of the mainstream destinations for tour operators are not in developing countries, Africa has been included from the start largely due to the genesis of the initiative from Tony Blair's interest and the desire to showcase something at WSSD. A pilot project has been conducted in The Gambia, an important destination for UK tourists, building on an earlier project funded through DFID's Tourism Challenge Fund. Here an action plan for joint activities has been agreed with UK tour operators, local suppliers of tourism goods and services and the Gambia Tourism Authority.

Pro-poor tourism: Pilots in Southern Africa

Much work in recent years in pro-poor tourism has focused on analysing and documenting lessons from case studies, and disseminating these widely. Much of the current experience has emerged from Southern Africa, given the spread of community tourism, joint venture partnerships, and forms of 'black economic empowerment'. While much of the PPT output is tailored to practitioners, policy-makers and researchers, and many on-the-ground initiatives provide support for communities or seek to influence policy, there was little specific input with the private sector in order to encourage their adoption of pro-poor approaches. Thus in 2001 a new project was designed that aimed specifically to facilitate adoption of pro-poor practices by the private sector within the Southern African industry.

The new project has two main components. The first is working closely with 6 leading industry partners on implementation of PPT strategies at 6 pilot sites (e.g. a lodge, hotel, resort). Through sustained facilitation and advisory input over 2 and a half years, it aims to make a tangible difference to the range, scale and success of their PPT strategies. While achieving a demonstrable impact on the poor with whom they work, the programme also seeks to demonstrate the benefits to the companies involved in PPT.

The second component of the project is to influence the wider industry in Southern Africa, to encourage understanding and adoption of PPT strategies. This requires effective dissemination of information and ideas on strategies they can adopt, and the feasibility and benefits of PPT. It will be done through electronic networking, particularly through industry associations, and through events at their annual general meeting and industry events such as Indaba.

The project is a partnership of ODI (UK) and Mboza Tourism Projects (South Africa), and funded by DFID's Business Linkage Challenge Fund. It has leading Southern African public and private tourism associations³ on the Advisory Board, and additional funding from Avis. It began in April 2002 with a development phase, which just concluded in a couple of cases, massive. The six partners and their pilot sites are: October 2002 with selection of the 6 partners, most of whom are fairly mainstream, not to say, in

- Sun International, working at Sun City, the largest resort in South Africa;
- Southern Sun, the largest hotel chain in Southern Africa, focusing on the Sandton Sun and Tower Intercontinental Hotel, along with other hotels in the Sandton area of Johannesburg;
- Wilderness Safaris, one of South Africa's leading safari tour operators, working at the Rocktail Bay Lodge in Maputaland;
- Spier and its expanding range of accommodation, attractions and facilities on the Western Cape's wine route;
- The exclusive safari operator Ker and Downey, Tanzania, working across Tanzania; and
- Tribe Africa, a tour operator which services a range of tourist establishments located in the Phongolo Biosphere and Phongolo-Ntsubane Transfrontier Conservation Area into Swaziland.

Work is already well underway with one pilot partner, Wilderness Safaris (pre-selected from the start) and will start with the others from January 2003. The main input from the project is on-site facilitation, discussions with poor stakeholders and company staff, assisting to develop a pro-poor action plan, assisting with implementation, providing expertise and making necessary links to other sources of advice, funding, training, and technical input, and to policy-makers.

In both the STI and the PPT initiative, development (NGO/researcher) players are working with the private sector to try to increase understanding of poverty issues and enhance implementation of activities that address poverty as well as broader sustainability concerns. Both have generated lessons about challenges and opportunities.

³ The members of the Advisory Board are: South African Chamber of Business, Tourism Business Council South Africa, Fair Trade in Tourism South Africa, South Africa Tourism, Department of Environmental Affairs and Tourism South Africa, Greater St Lucia Wetland Park Heritage Authority

3 Lessons Learned

3.1 Why companies participate – or not: open doors, and policy influences

In both cases, it is essential to understand what motivates company staff to be involved in the initiative, to be at all open to PPT ideas, and what obstacles limit their interest.

In the STI, the public reason for company involvement is to help it improve its performance on sustainability and to play its part in making the industry as a whole more responsible.

In addition, and perhaps more importantly, because the STI is government led, it represents the best chance for change that affects *all* players, and thus introduces change within a level playing field, reducing the competitive disadvantage normal to any voluntary adoption of ST measures. The UK tourism industry has been experimenting with different approaches to sustainable tourism – an earlier VISTA initiative led by the Association of British Travel Agents was intended to work in destination much as the STI is doing. Government involvement provides an opportunity for the funding and political support that was previously lacking (see quote in Box).

'We have been working for four years on this and it is only once government applied pressure and the decision-makers were forced to become involved and to understand what the staff lower down the ladder were saying, that we managed to crack it. We are almost there now.'
Manager in a UK tour operating company, December 2002.

The constraints that limit or prevent participation are:

- Time: active participation in STI involves a massive number of hours in meetings which none but the largest companies, who have dedicated staff for ST, can afford. The number of emails and size of documents meant it was time-consuming even to participate from a distance;
- Participation is an indicator of commitment, particularly as members have been asked to sign up to STI principles. While they include a lot of apple pie, it is a public commitment which not all might want;
- Funding demands: the discussion within STI has always been focused on finding a permanent funding source for ST action via a some kind of levy on package holidays. With such narrow profit margins being characteristic of the majority of tour operators, many in the business find this a difficult commitment. It seems that a compulsory levy is no longer the aim. The latest agreement on funding institutions to continue with STI is that the big four operators are providing £100,000 to establish a new Responsible Tourism Unit, within the Federation of Tour Operators. On top of this they are exploring how to fund the long-term work of a related foundation: two are planning fixed donations and two preferring a voluntary consumer contribution. This is in addition to £100,000 from the Foreign and Commonwealth Office to start off the foundation.

However, being involved in STI is not the same as being committed to pro-poor action. As discussed below, responsiveness to poverty issues is another challenge.

In the Southern African programme, most partners see the assistance offered in PPT Pilots as a way to enhance their implementation of commitments they have already made to 'black economic empowerment' or 'transformation'. However, there is a big difference here between South Africa and other countries in the region. In South Africa there has been a great deal of pressure for 'economic transformation' since 1994. All major companies have a transformation policy which generally focuses mainly on shifting share ownership and some senior management to 'historically disadvantaged individuals' (i.e. non whites) but also includes elements related to training up non-white staff at all levels, making a greater contribution to local economic development, developing links with SMMEs via changes in

procurement and contracting, and improving relations with local communities, particularly those that have lodged land claims on land where a company operates. Some are now getting concerned to increase the tangible results stemming from such policies, and see the facilitation offered by the PPT Pilots programme as a way to help them on the ground.

The different response to the Pilots programme in South Africa and elsewhere indicates that the policy environment makes a massive difference to the degree of company interest, and also the willingness to translate interest into a commitment to a practical partnership with the programme. While a range of companies in Namibia, Botswana, Tanzania, Malawi, Swaziland, and Lesotho were interested in participating as a PPT pilot, when the crunch came, they felt they were too busy with their immediate business (getting 'bums in beds') to engage fully. South African companies, though busy investing, had the extra resources (perhaps due to larger size) and also extra motivation (due to the context) to take it further.

3.2 Language and jargon

At the first round-table discussions in STI, it was evident that the development NGOs and the tourism companies use different language and don't necessarily understand each others. The term 'poverty' in itself was off-putting to business, and 'pro-poor tourism' seen as jargon. 'Livelihoods' was a less threatening term but also less understood. Companies were more familiar with speaking about jobs, community, or perhaps 'socio-economic' issues. At one point it was thought common ground had been reached when the issue of capacity building in destinations was discussed – an issue that all though was a priority. However, on further discussion it appeared that the NGO understanding of the term: increasing skills and competence of individuals and institutions, was completely different to that of the industry where it meant increasing the ability of destinations to accommodate more tourists e.g. through improved infrastructure and facilities!

In 2001, a 4-page policy brief on PPT was produced that summarised findings from a research project in a succinct way, and has been strongly welcomed elsewhere (see Meyer forthcoming) as ideal for sharing with others. However, we soon realised that it was not ideal for influencing companies, as it assumes readers share (a) the poverty agenda and (b) the development terms (pro-poor growth, poverty elimination). Thus a new business primer was produced, drawing on the same research findings, but emphasising the business case for PPT and providing more explanation on poverty issues. Nevertheless, on reflection, it is still written too much in 'development speak'.

In the Southern African context, it is easier to talk about issues such as poverty reduction, maximising local linkages, working with communities. The written material produced has all strongly highlighted benefits to business, as well as benefits to communities.

3.3 Poverty vs environment vs other 'sustainable tourism' concerns

A major aim of the developmental NGOs within STI has been to ensure that 'sustainability' in STI is not just seen as environmental issues, particularly given the green (Rio) heritage of sustainable tourism. There is broad acceptance of this in principle, which has been strengthened by the interest from 'No 10' in making this an initiative of relevance to Africa. However, it has also faced considerable obstacles because:

- company staff are more familiar with environmental measures,
- it is much easier for companies to see tangible measures that can be adopted (e.g. energy saving) on environmental rather than poverty issues
- there is more concern over EU/government regulation coming in on environmental issues.

The extent to which companies feel happier dealing with environmental issues was highlighted in one Stakeholder Forum, when a staff member of a large company urged STI to

sell itself as environmental when trying to win support from senior management. Otherwise they would be put off.

In Southern Africa, the challenge of prioritising poverty issues is somewhat different. It is not so much poverty jostling against environmental priorities, but poverty jostling against other 'black economic empowerment' approaches that do not benefit the poor. Black economic empowerment (BEE) measures that focus on generate black-owned shares in the Johannesburg Stock Exchange, or switch contracting supplies from a medium sized white business to a medium sized black business, are not of direct concern to a pro-poor approach. Thus the project has to emphasise those measures that affect poor people, whether directly or indirectly, and thus operate at the community level.

3.4 Poverty vs business concerns

It is, of course, essential to see business partners as just that – businesses not philanthropists – and emphasise the business case for pro-poor action. In some ways this may be easier in tourism than in some other industries, because the tourism product is affected by social unrest in destinations. Furthermore, the interface between the business and the local poverty is very visible to customers, and perceptions of how the interface is managed can affect a company's business. Thus there is a strong defensive case for PPT. There are also opportunities to develop and improve the tourism product through involving local people, thus providing a positive (though less generalisable) motive for PPT. However, there are also difficulties in making the business case within tourism. The main one, in the UK, has been that since September 11th it has been a difficult time for the industry, when matters of survival and limiting redundancies take priority. This is noticeably different in South Africa (where tourism has increased since September 11th). Companies may be too busy investing to focus on PPT, but at least product development is on their horizon. A second problem is that the business case for maintaining security and prosperity in a destination only applies if *other* operators buy into it. One company on its own cannot make that much difference, thus the risk of 'free riders' weakens the business case. Finally, as far as the UK operators are concerned, the core of their business is not in poor countries. Nevertheless, many poor countries are also important destination for the UK including The Gambia, Kenya, South Africa, India, the Caribbean, Indonesia and so on.

In South Africa, the business case for PPT is much clearer, because there are a range of government measures available that aim to support BEE (e.g. access to training or capital for businesses involving SMMEs). There is also a clearer marketing return for those companies able to sell themselves as ethical (e.g. Wilderness Safaris and Cons Corp have both received many awards and increased their international profile through their work with communities). Thus the PPT pilots programme describes part of its role as helping businesses to access government incentives and to maximise marketing benefits of PPT.

3.5 World's apart: the importance of communication

Related to the issues of language and unfamiliarity, lessons emerged about how much difference it can make to start communicating and sharing information. At an early meeting of STI, we gave participants a one page list of issues that were highlighted by poor people as positive and negative impacts of tourism. It ranged from jobs to use of water, location of infrastructure, access to information. It illustrated what was meant by 'livelihood issues' in a very tangible way. A couple of industry people commented that it not only brought the discussion down to practicalities instead of jargon, but gave them perspectives from poor people that they would never be able to get in their own work. Simply sharing experience and different perspectives gradually became seen as a positive feature, not a threat, in our discussions.

'I think helping the private sector to understand how we might help is a key point. It is ignorance which you guys can help us to overcome – providing a PPT menu from which we might select is potentially a powerful instrument. It simplifies and focuses.'

Manager in one of the big four tour operators, December 2002.

Similarly, simply being part of discussions with industry, or between industry players provides invaluable insights for those that spend most of their time in development. Picking up on what their concerns are, and how they see issues, is important for understanding the commercial context in which PPT must operate. This issue came out very strongly in a meeting between the Gambia Tourism Authority, local Gambia tourism enterprises and senior managers from UK tour operators as part of an STI pilot project. One issue of concern that had been raised during a series of consultations with local suppliers in The Gambia was that of lack of support by tour operators for the activities of local guides who tout for business outside hotels. As part of the dialogue process we hoped to encourage tour operators to assist in drawing up rules as to what these official guides could and couldn't do in order to remove the element of competition between excursions offered by tour operators and those offered by the local guides. We even thought this might enhance the overall product in The Gambia by offering tourists a diversity of products. The tour operators, while happy to participate in all the other activities that arose in this project were unable to support the activities of the local guides for two reasons: 1) They have to make money if they are to operate in any destination and so supporting any kind of activity that might compete with them is just not an option; 2) They have huge public liability obligations under the EU package holiday directive and are responsible for the health and safety of the clients while they are on holiday. They therefore absolutely can not recommend activities to their clients over which they have no control for risk of being sued.

3.6 Feasibility: identifying practical measures

Probably the biggest challenge in promoting STI action on livelihood issues lies in identifying practical measures that can feasibly – and relatively easily – be adopted by UK based tour operators. Companies have to be able to see what they can do and how to do it, without disproportionate effort. While there are plenty of measures we are keen to suggest, there are some particularly difficulties here for two reasons.

Firstly, change has to be incremental, building on what companies already do, and introducing the feasible over the ideal at first. This is because of the principle that STI should apply to all companies, and ensuring widespread adoption is as important as any specific company's action. But when the baseline is so low in dealing with livelihood issues, this means any proposal can be seen as too daunting. For example, there have been many discussions of codes, checklists or monitoring tools that could be used between UK outbound operators and hot-wired in destinations, and currently Working Group D is revising a tool by the International Hotels Environmental Initiative (IHEI) to incorporate some socio-economic issues. It was argued that companies simply wouldn't have the information to answer questions such as 'how much food is purchased from local suppliers' and wouldn't have the time or means to find out. Whereas environmental questions can be expected to be filled in with quantitative answers (xx litres of water), the socio-economic ones will generally have to be limited to qualitative answers on whether something is happening, or is being addressed. Within the IHEI expansion, they will have to be limited to about 5, in order to be manageable. Experience of the UNEP-led Tour Operators Initiative, which has been working on supply chain codes for the last few years, shows that there is vastly more that can be incorporated in both detail and scope, but this would not be acceptable within STI at this point.

Secondly, UK outbound operators send clients overseas, do marketing, and have contracts with operators in destinations. Apart from those that have opted for vertical integration to manage their own hotels and ground handlers, the rest do not actually run businesses

overseas. Thus their influence on who is trained, employed, displaced, consulted, marketed, photographed... is only indirect, via their suppliers and clients. The negotiating power of large UK operators is immense – they can negotiate harsh business terms (no penalty cancellations, last minute price changes) and can enforce health and safety requirements, because of their massive buying power. But if this negotiating power was to be applied to promote pro-poor measures, it would still be via measures negotiated with suppliers which makes it less tangible to the company, and also more difficult for inexperienced staff.

For the PPT Pilots project it is much easier to focus on practical measures the company can undertake. The pilot partners are all operators within Southern Africa, and the project is not partnering the company head quarters, but is partnering a specific pilot site – a lodge or hotel. Thus the immediate focus is what linkages between the operation and the poor exist, and what linkages could be enhanced.

3.7 Credibility: the value of high profile support

In Southern Africa, credibility of the programme has been more critical than feasibility of proposed measures, in this first phase of the Pilots programme. The priority activity has been to secure 6 mainstream pilot partners and the results have been perhaps more successful than originally anticipated, with the largest hotel chain in Southern Africa (Southern Sun) and the largest resort in Southern Africa (Sun City) joining the programme, and several interested operators having to be turned down. Apart from the supportive context for responsible business, three key factors have helped in this process. The first was the ability to build some initial support from key companies and officials through existing contacts in both tourism and politics, particularly of Clive Poultney, the South African partner in the programme. Secondly and relatedly, leading tourism bodies were bought into the programme early on and became Advisory Board members. These included South African Tourism (the leading governmental tourism organisation, responsible for marketing and co-ordination, formerly SATOUR), the Tourism Business Council of South Africa, and the South African Chamber of Business. Finally, building on this Board, a high profile event was held in September 2002, when Cheryl Carolus launched the programme and gave it very public support. Cheryl Carolus is the head of South African Tourism, the former South African High Commissioner to London, and a dynamic individual that people in the industry take seriously. Having support from leading organisations listed in our documents from the start helped us to get taken seriously when approaching those we didn't know. Once interest was kindled among several operators, the launch helped turned that interest into firmer commitments to partnership. It is hoped that once the programme turns to the dissemination phase, the high profile of the pilot partners will significantly increase the impact of the PPT lessons learned from their sites.

In the STI process, the credibility of the process stems from the fact it is Foreign Office led, and has involvement of major industry players. However, credibility has probably also waxed and waned with perceptions as to whether the process was achieving anything. In early 2002 there seemed to be growing disillusion that the long discussions had nothing to show, which led to a period of much more focused activity to initiate practical work by three of the working groups.

3.8 From incomes to livelihood concerns, from philanthropy to core business practice

PPT work has adopted a strong livelihoods focus, emphasising the range of impacts that tourism has on the poor (and that the poor themselves identify), and not just cash income, and thus the wide range of strategies that can be adopted. This range from enhancing employment and supporting local businesses, to sharing infrastructure services and building policy dialogue. In a recent follow-up with those involved in the first PPT case studies (2000-2001), this aspect of PPT appeared to be highly valued. In promoting PPT with the private sector, this approach has a long way still to go. In some ways private operators find it

refreshing, and also useful to think about strategies that don't involve financial outlay for them, or don't involve employment and purchasing patterns. For example, building new water suppliers in ways that benefit residents, sharing security services (particularly in South Africa), or sharing information, are ideas that have intuitive appeal and may well be new to them. On the other hand, companies are used to thinking that 'socio-economic' benefits means increasing employment or buying goods from local industry, along with the 'do no harm' principle for local culture. While they do not necessarily reject other ideas, they see them as less significant, and are simply less used to thinking in that way.

A related and equally important principle of PPT has been to focus on 'core business practice' and how it can be adapted to enhance impacts on poverty. Many tourism companies operate charitable funds (usually for tourist contributions) that contribute to local schools or environmental education. This is not the focus of PPT. PPT looks at how employment, training, purchasing, site development, policy decisions, tourism regulation, marketing ... impact on the poor. It has proved important to clarify this at the start, as many operators (particularly those that focus on the donations) automatically assume it is their philanthropic activity that is of interest.

There are different ways of describing and assessing impacts of core business practice on the poor. In the PPT Pilots project the approach used in the initial work with pilot sites is to use a matrix of PPT strategies that we know is possible and then identify the assets and needs of both the company and of poor stakeholders. The key is to find the synergy between what each needs and can offer. This is the basis for prioritising PPT strategies for further development. It is interesting to note that 'Business Partners for Development' has developed an approach to 'mapping core business competencies' onto development impact that is very similar in principles, and described very differently in language (see Box 2) with much greater use of corporate language. This approach to mapping a range of business practices against a range of community/local issues fits very well with a livelihoods approach, and expands the discussion away from just philanthropy or just cash income.

Box 2 Approaches to enhancing the impact of core business on poverty

Early work with PPT pilot sites has generated some initial steps for identifying areas of PPT development between the companies and their partners among the poor:

- i. What is currently being done in relation to various PPT strategies?
- ii. What are the needs of the company and the assets of the company in relation to each strategic area (what would it like, what resources or expertise does it bring?)
- iii. What are the needs of the community and the assets of the company in relation to each strategic area (what would it like, what resources or expertise does it bring?)
- iv. Given their respective needs and assets, where is the synergy? What areas offer highest potential for strategies that are feasible for both sides and make a difference?

Outputs from Business Partners for Development, working closely with the corporate sector, describes the process in these terms:

The process of 'partnering' offers a set of activities and tools to better utilise relationships. The process divides into three stages:

Partnership Exploration

- Securing and internal 'champion' (senior manager) to drive the process of partnership development
- Prior 'in house' assessment of the costs, risks and benefits of partnership
- Exploratory consultation to identify the social or environmental 'theme' of the partnership and gauge the expectations and roles of potential partners

Partnership Buildings

- Consensus-building between partners to develop trust and agree specific commitments
- Strengthening the capacity of partners to implement their commitments

Partnership Maintenance

- Measuring the impact of the partnership
- On-going communication between partners and adapting the partnership to changing circumstances

Source: www.bpd-naturalresources.org/media/pdf/bn/note2f_2.pdf

3.9 Who to work with: are those corporate affairs directors too marginal?

If the aim is to influence core business practice, it is important to engage with managers who are responsible for core business, and not just for corporate social responsibility, public relations, or philanthropy. However, these are inevitably the people it is easiest to make contact with, or to whom approaches from development types get referred. They are also probably the only people in the company that would have time to attend meetings on a fraction of the scale required for full participation in STI, or even to delve into the documentation on PPT Pilots.

In the STI process, a few large companies such as Thomson/TUI UK and First Choice have been well represented throughout, because they had a designated person (a sustainable tourism manager) who deals with sustainable tourism issues while other companies sent a representative very occasionally.

In establishing PPT Pilot partners, there were discussions with 'corporate affairs officers' in several companies. Some led nowhere, despite an apparently enthusiastic corporate affairs officer. Others led to a partnership with endorsement from the most senior levels of company management. Much, obviously, depends on the status, role and energy of that individual within the company, which in turns depends on the importance placed on their task by senior management. However, in all cases of partner selection, it emerged as essential to ensure that top management were consulted and gave their approval, irrespective of who was communicating with the project, whether in corporate head quarter or at the particular site.

3.10 Industry in control: suspicion and collaboration

Finally, it may be obvious but is worth stating, that companies want to retain control over measures that affect their business practice. In the STI process, there was an immense amount of suspicion on both sides, and perhaps fears that NGOs would have powers to force measures on companies, or would use information gained from the process to discredit them publicly. In all the (very long) discussions about the institutional form of 'the successor to the STI' the key issue was who would control the new institution. If it was actually designed to help industry to *implement* ST measures, and particularly if it was funded by a levy via the industry, then industry wanted to control it. Those breached the spirit of tri-partite collaboration, which is important for the NGOs and government, but also important for the credibility and accountability of the initiative. The compromise solution was to set up two institutions: a tri-partite Foundation with charitable status (initially known as Sustainable Tourism Foundation but likely to have a new name) will work with a unit established by the industry as a not for profit company. The unit will work with industry on implementation of ST measures, and the Foundation will work with the unit, particularly on the development and testing side. This emerged as the only way to maintain a tri-partite structure, yet develop an institution that was sufficiently 'inside' the industry to have some acceptance and viable prospect of implementation.

In the PPT pilot project, institutional issues have been much less contentious as it is clear from the start that the programme is offering facilitation to partners but implementation is up to them and the poor with whom they work.

3.11 Ways of working: transparency, consultation and brevity

Consultation and transparency are embedded in NGO organisational culture but not necessarily in industry. The STI process involved many long meetings negotiating small issues which came as second nature to the NGO participants but which to industry members who are used to making quick business decisions must have been frustrating in the extreme. In some cases there appeared to be a feeling that NGOs were being deliberately obstructive by calling attention to points that required clarification or by insisting on consultation at each

and every step of the decision making process. While this demonstrated a lack of understanding on the part of the industry members as to how NGOs operate and the value systems that are inherent in their organisations, rigid adherence to these processes also highlighted a lack of business awareness amongst NGOs participants.

The need for brevity, has been highlighted by a number of private sector participants. This not only refers to the length of the process, the number and duration of meetings, and the vast quantity of emails, but particularly also to the documents produced. Tighter wording and executive summaries have been called for (see Box below), and the hope expressed that this paper will make that clear!

'Please be brief' says business

'Generally in business there is a guideline that says keep a written document to 2 pages maximum. It was pretty challenging to plough my way through some of the documents coming out of STI and I have to say, they could have been written more 'tightly.' I know that other colleagues in the business community involved in STI have made the same comment. Time is money in business.'

'I am especially hopeful that it (this paper on lessons learnt) will shorten their dialogues!'

Comments by two managers from mainstream operators involved in STI, when reviewing a draft of this paper (December 2002).

4 Conclusion and Summary of Lessons

The partnerships being developed within STI and within the PPT Pilots programme are at early stages. There is no discernible impact on the poor as yet, and plenty of scepticism and obstacles exist that question how much can be achieved within commercial constraints. But there is also a fair degree of enthusiasm, a considerable shift in the degree of engagement compared to the past, and some windows of opportunity. Unable to offer any lessons about impact of these business-development partnerships as yet, the lessons identified here concern the process of establishing partnerships with business in tourism, in pursuit of pro-poor impacts. To summarise:

- i) Understanding what motivates a company to be involved is the first critical step.
- ii) The policy context – tangible incentives and less tangible government expectations – can strongly influence companies' commitment to pro-poor partnerships. Thus partnerships are easier to establish where government support or leadership is visible.
- iii) The differences in language used by business and by development practitioners is an obstacle. Materials and ideas need to be put into different terms.
- iv) Environmental issues have much greater acceptance within business, particularly at the top, than poverty issues. They are more familiar and more tangible. Raising the profile of poverty issues is important.
- v) In highlighting poverty issues, a challenge is to illustrate practical and feasible measures that companies can adopt.
- vi) It is important to make the business case, not just the development case. But this needs to be done realistically, and recognise that the business case for pro-poor measures may be weaker, or less direct, than the case for environmental changes.
- vii) The case for both environmental and pro-poor investments suffer from free rider problems, meaning that initiatives that work across all companies are very important, despite the problem that this brings the 'lowest common denominator' and thus implies slow progress.
- viii) In attracting private sector partners to development initiatives, the credibility is critical. Winning early support from leading figures in industry can help enormously.
- ix) Simply getting communication going between the business and development two worlds can be eye opening and useful for both sides.
- x) Businesses are more used to thinking in terms of cash, jobs, or minimising harm, rather than enhancing a range of livelihood impacts. It is useful to illustrate how a variety of livelihood issues that matter to the poor can be affected by their action.
- xi) The difference between enhancing the impact of core business practice or increasing philanthropy is very important but not immediately obvious to all. It needs clear explanation.
- xii) Mapping out the links and synergies between core business practice and interests of the poor is a good way to ensure a range of livelihood issues are addressed, and also the full range of business operations.
- xiii) It is important to go beyond partnership with Corporate Affairs directors, and to involve those who are directly involved in business operations, and to win backing from the most senior level for any partnership that the company is involved in. However, trying to by-pass the public relations corporate affairs staff may be unproductive, and they may be the only ones with time for attending meetings and setting up partnerships initially, and for selling them with energy inside the organisation.
- xiv) Companies may well be suspicious of NGOs and may not have had previous experience of collaboration. While they may be open to accepting advice and

information, they will want to retain control over any initiative or organisation that can directly change their implementation of business practice or ST measures.

- xv) NGOs need to recognise that businesses are in business primarily to turn a profit and need to appreciate the time commitments that companies are expending to participate in multi-stakeholder initiatives. Rigid adherence to NGO ways of working is not always appropriate under such conditions especially if compromises can be found that do not undermine NGO values. Documents and discussions need to be succinct, and either very short or well summarised.