



Horwath HTL

Hotel, Tourism and Leisure

INDUSTRY REPORT

How to encourage sustainable tourism?

A short guide for international donors

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Sustainable Tourism: An area of opportunity for International Donors

Tourism is often a key sector of the economy of countries where international donors are involved. This trend is expected to continue: The World Tourism Organization (UNWTO) recently revised its forecasts upwards and now expects an average annual growth rate of international tourist flows of 5% per year until 2030. Countries in development are particularly concerned by the growth of these flows.

International donors are public, multilateral or bilateral organizations. They assist developing countries and countries with economies in transition, in implementing and financing their development programs. The mission of international donors is to help achieve the Sustainable Development Goals set by the United Nations Organization. They grant borrowing governments loans or grants to finance economic or social development projects (access to water, energy, infrastructure development, education, etc.). The global amount of development aid administered by these organizations reached nearly USD 143 billion in 2016.

Some examples of international donors are the European Union, the World Bank, the African Development Bank, the Asian Development Bank, the Japan International Cooperation Agency and USAID etc.

While donors have a long history of financing tourism projects, they rarely have a defined tourism strategy. Supported tourism projects are under support to local development (value chains strengthening, structuring of activities, infrastructures), the preservation of cultural heritage, urban development, support to small and medium enterprises, preservation of biodiversity, and the fight against the effects of climate change. Thus, most donors support sustainable tourism, but this action has not been the result of a comprehensive and coherent vision.

Horwath HTL has identified key issues and recommendations to be considered in order to target and improve the effectiveness of international donors' intervention for the sustainable development of tourism.

These recommendations are intended for both bilateral and multilateral public institutions that administer official development assistance, and non-governmental organizations and foundations that wish to develop an intervention strategy for sustainable tourism.



What Is Sustainable Tourism?

The most commonly accepted definition of sustainable tourism is that proposed in 2006 by the World Tourism Organization and the United Nations Environment Program in their joint report *Making Tourism More Sustainable, a Guide for Policy Makers*. All the international institutions now use this definition.

Sustainable Tourism is defined as:

“Tourism that takes full account of its current and future economic, social and environmental impacts, meeting the needs of visitors, professionals, the environment and host communities.”

According to the definition, Sustainable Tourism should:

- Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity
- Respect the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance
- Ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation

Tourism is a powerful tool for territorial development

The table below summarizes the main challenges of sustainable tourism, and shows how the development objectives of tourist destinations and donors meet:

Sector	Donors' goals	Translation at destination level
Economy	Ensuring the viability and competitiveness of tourism destinations and businesses	<ul style="list-style-type: none"> • Offer an attractive image of the destination • Maintain good business conditions • Adapt destination to effects of climate change, etc.
	Maximize the contribution of tourism to the economic prosperity of the destination by reducing revenue leakage	<ul style="list-style-type: none"> • Encourage the employment of local labour • Promote the purchase of local products, etc.
	Satisfy visitors by offering safe, rewarding and valued activities	<ul style="list-style-type: none"> • Provide visitor safety and security • Provided quality offers, responding to market demand
	Strengthen the number and quality of local jobs	<ul style="list-style-type: none"> • Respect international and national labour law • Increase job and employee's security • Encourage the development of qualifications, training
Environment	Preserve and improve the quality of landscapes	<ul style="list-style-type: none"> • Ensure the compatibility of tourist facilities with the environment • Limit as much as possible the physical impact of tourism (waste disposal, etc.)
	Participate in the conservation of biodiversity	<ul style="list-style-type: none"> • Develop national parks and protected areas • Promote eco-tourism and raise visitors' awareness towards biodiversity, etc.
	Promote a rational use of resources	<ul style="list-style-type: none"> • Limit or reduce the consumption of water, land and non-renewable resources in the tourism sector • Reuse and recycle products that can be recycled, etc.
	Minimize pollution and waste generation	<ul style="list-style-type: none"> • Ensure environmentally friendly sanitation (no direct rejects) • Reduce the use of harmful chemicals, etc.
Social	Seeking a wide and fair distribution of the economic and social benefits of tourism	<ul style="list-style-type: none"> • Involve the poorest in the tourist industry to earn a living • Use tourism revenues to support social programs, etc.
	Guarantee local control of tourist activity	<ul style="list-style-type: none"> • Involve local communities in local tourism decisions • Build their capacity to participate in this decision-making process, etc.
	Maintain and improve the quality of life of local communities	<ul style="list-style-type: none"> • Encourage respectful tourist behaviour towards the population • Manage the geographic and seasonal concentration of tourists, etc.
	Respect and value the local cultural wealth	<ul style="list-style-type: none"> • Ensure the effective management and conservation of heritage sites • Promote local culture and traditions, etc.



Donors' intervention should consider the global challenges of sustainable tourism

A transverse economic activity creating value in multiple sectors

Tourism is a cross-cutting activity that fits into a value chain across multiple sectors: agriculture, transport, urban planning, environmental protection, waste management, water and energy, jobs and social policies. The notion of sustainability in tourism cannot be understood in isolation from its impact on other sectors.

Sustainable tourism is not a type of tourism

The term 'sustainable tourism', refers to a fundamental objective: to make all forms of tourism more sustainable. Properly managed, mass-tourism can and should be as sustainable as small-scale, dispersed or niche tourism. Thus, sustainable tourism includes eco-tourism (a form of tourism practiced in natural areas, with some form of interpretation of natural and cultural heritage, supporting conservation and indigenous communities and generally organized for small groups), but is not limited to it. In the same way, sustainable tourism must not be narrowed to alternative tourism (solidarity, equitable, agri-tourism, participative humanitarian, slow tourism), at the risk of missing most of the tourist market, and therefore to obtain very limited impacts. The principles of development and methods of sustainable tourism management are applicable and should

be incorporated into all forms of tourism and all types of destination, including mass tourism and various specialized segments (Business, MICE, seaside).

The concept of sustainable tourism is recent and poorly understood by consumers

Global awareness regarding sustainability issues in tourism is relatively recent (approx 25 years) although some countries have been able to carry out actions a posteriori, to a sustainable tourism approach (creation of parks, protected natural areas, heritage protection, land management in sensitive areas). At present, this awareness is quite general. International and regional organizations, non-governmental organizations, private companies, governments and local communities have seized the topic, each on their own scale and according to their possibilities of action.

On the customer side, awareness, when it exists, is global and relates to sustainable development issues in general (not only applied to tourism in particular). The notion of sustainability remains to this day still rather marginal in consumer behaviour. In addition, the difference in awareness, expectations and behaviours between mature economies and emerging countries in terms of sustainable tourism needs to be highlighted. The latter will represent the main source of growth in international flows over the next 30 years. Presumably, generational catch-up and evolutions in behaviours should lead to a levelling of practices in the medium or long term.



The most shared tendency, when there is awareness towards sustainable development, is to consider that there is no reason to be less demanding in the tourist context than at home. The ideals of sustainable development may come up against the limits of reality, the time of travel and leisure, being considered as a special time, dedicated to personal pleasure. The notion of constraint and / or commitment to sustainable development is therefore marginal in tourists' behaviours. In general, sustainable tourism is not a clear concept for customers. It is most often confused with eco-tourism or nature tourism. Thus, sustainable tourism is above all a language of mobilization for public and private stakeholders in charge of product creation or regulation.

To be sustainable, tourism must respond to customer expectations

Tourism is an activity that can only be sustainable if it is based on a sound economic model. From the perspective of sustainable tourism as "tourism to which the principles of sustainable development are applied", the expectations of the consumer and the market potential of a destination, a product or an activity should be at the heart of any intervention. In order to make tourism economically sustainable, it is necessary to maintain a high level of satisfaction among tourists, and provide interesting experiences, so that they repeat their trip and talk about it, but it is also crucial to connect the producers of tourism services with the means to market, distribute and sell their products.

The multiplicity of labels reduces their visibility and ability to be understood by consumers

The labels targeting sustainable tourism products are numerous, but they are generally poorly recognized and with a marginal representativeness (number of members) on a global scale. The criteria are essentially environmental. Some internationally recognized labels in the field of eco-construction (LEED, BREAM) are developing in the hotel investment industry.

Hotel groups often have their own labels. While small operators are often tempted to join local labels, their cost remains a deterrent. With the general public, the products most significant labels, almost related to "brands" (with a marketing value, a strong evocative power and a tourist attractiveness) are the "parks" (national, natural), UNESCO World Heritage sites and "eco-lodges".

Donors should adapt their intervention to the need of each geographical area

The stakes of sustainable tourism and the financing methods which may be used by donors (subsidy, loan, technical support) are heterogeneous according to the regions. They depend on both the degree of tourism development of the country, the maturity of the issue of sustainable development among stakeholders, the previous intervention of international donors in the area, etc.



LATIN AMERICAN / CARIBBEAN

The Latin American / Caribbean area is very touristic but with great inequalities and threats.

Due to the geography of the area, centred around the Caribbean Sea, seaside tourism is the most important. The activity is concentrated in large hotel complexes on certain destinations (Mexico, Cuba, Dominican Republic, etc.), with a more dispersed offer elsewhere. The cruise sector industry is strong, and link destinations to each other. Additional sectors such as cultural tourism (Yucatan), nature or adventure (Costa Rica) are growing fast.

Negative externalities of tourism are important. The area, dependent on the habits of North American customers, is particularly affected by overconsumption, particularly water and energy. The area also suffers from large concentrations of hotel complexes and their large-scale construction. Biodiversity issues are significant. The impact of seaside tourism on biodiversity (the Caribbean is a hot spot for global biodiversity) must be set as a priority. Costa Rica is an exception and even an example of the intelligent relationship between tourism and biodiversity.

Government intervention in tourism exists in most countries. While they primarily supported the development of mass tourism, today governments focus more on the promotion of international destinations and the development of niche tourism sectors.

The degree of maturity for the development of sustainable tourism is growing. For example, mass destinations (Mexico, Cuba) have reached a high degree of maturity and face product re-qualification/renovation issues. Emerging destinations such as Belize are investing in sustainable tourism, with the challenge of preserving resources but also of preventing and resisting the risks posed by climate change (for example: the preservation of mangroves contributes to reducing coastal erosion and the risks of massive floods during hurricane season).

The Latin American zone is however heterogeneous, even regarding the intervention of donors: their presence is almost non-existent in Cuba but strong in the Caribbean for example. If they are involved in the tourism sector, funding levels and challenges are different. In Mexico, the aim is to diversify the offer, in Costa Rica to guarantee the preservation of the environment, and in Colombia to ensure the development of certain secluded region.



In addition, not all countries in the zone enjoy the same financial services from private banks. The Mexican banking system, for example, has a structuring role for financing tourism. On the contrary, less mature banking systems, such as in Cuba or Costa Rica, are unable to finance private long-term projects.

The area currently enjoys a strong attraction for foreign investors. These investments are mainly in the form of joint ventures or buybacks of companies. On the other hand, public institutions specialized in tourism planning and investment (available in Mexico and Colombia) are rare.

Latin America thus presents unequal stages of maturity. Except for Mexico (6th world destination), where the tourism sector is already structured, the other countries suffer from a poor management of their financing tools.

Therefore, an intervention of donors in institutional support would be appropriate in countries identified as priorities, such as Colombia or some Caribbean countries (Haiti).

In other countries, which are already developed tourist destinations, support to the private sector would help to overcome the limitations of the banking sector.



CENTRAL AFRICA

Central Africa is exceptional in terms of biodiversity but tourism remains largely under developed

The area attracts a large majority of business tourists, around urban centres such as Pointe Noire, Douala, Yaoundé, and Libreville, which can be explained by the presence of oil in the sub-region. Significant obstacles hamper the development of tourism in the area (political instability, air transport problematic, with high tariffs, rare infrastructures outside big cities, etc.). Nevertheless, the area has real potential for nature tourism, with tropical forests (that of Gabon is the second largest in the world), animal sanctuaries and exceptional sites. Positioning high-end eco-tourism seems to be sensible for this area. Gabon has chosen this path.

The negative externalities of tourism in the area are currently minor, tourism being still very marginal in the economy. Nevertheless, human activity in general (poaching, deforestation) puts a lot of pressure on nature and could jeopardize the tourism potential in the long term. Being an area of exceptional biodiversity, the main challenge will be to propose tourist activities able to preserve this heritage, and to integrate local communities in a dynamic of sustainable economic and social development. Interest in the tourism sector from public authorities is growing.

Nevertheless, private sector investment is limited because of a dissuasive fiscal policy (even if the situation is evolving, with for example the new code of foreign investment in Cameroon). In addition, donor intervention does not focus on tourism development projects. Ultimately, the degree of maturity for the development of sustainable tourism seems relatively limited.

The few government programs are dedicated to encouraging private investment. Tourism is targeted by these programs, and more specifically the hotel industry. Nevertheless, these initiatives remain limited and fail to make domestic private investment take off. Foreign investments target only hotels intended for business clients (Libreville, Pointe Noire), through hotel management contracts.

Hotel investments that have been made under public initiative suffer from poor governance and lack of re-investment that discourages international operators. The banking systems of the area have not reached enough maturity to secure attractive loans to tourism businesses. According to the donors, who are strongly present in the area, the tourism sector is not identified as a priority, particularly in the face of other sectors (mining, oil, etc.).

The area of opportunity for donors in this area could be to support the financing of leisure tourism, along with business tourism, which already has access to funding from organizations such as IFC World Bank and Afreximbank.



WEST AFRICA

West Africa is a more homogeneous area, dominated by seaside tourism

Tourism in West Africa is strongly focused on seaside, which has great potential. Indeed, competition from other destinations remains low in a 5/6-hour flight radius from Europe, and is not subject to seasonality due to a restricted rainy season (two to three months). This sector, which is largely dominant in Senegal and Cape Verde, can serve as a lever for ecotourism-oriented inland tourism. The area enjoys a diversified nature, practicable, but under-valorized.

Tourism of Memory in the footsteps of the slave route in Gorée (Senegal) or in Ghana remains a powerful lever (mainly for tourists of the United States and now of Brazil), which opens the possibility of a “networking” with the neighbouring countries (question of obtaining several visas for the same trip). Negative externalities of tourism in the area are important. Some areas of the West African coast suffer from mismanagement of urban planning, water and waste management etc. The challenges regarding biodiversity are thus important on the coast.

Public intervention is facilitated by a generally stable regional political context. It creates a climate of trust, both vis-à-vis tourists and investors. Tourism development strategies are put in place. The decline in international tourist arrivals around

2010 has created an electroshock to the public authorities, that now recognize that tourism plays a vital economic role. The tourism development of this area still depends largely on public intervention. While Cape Verde has a relatively good banking system, with a low interest rate for the zone, Ghana and Senegal still have fragile banking systems with high rates. Foreign investments are expanding in urban areas such as Dakar or Accra, to attract a business clientele, or in seaside areas such as Cape Verde. Few initiatives support the investment of SMEs, but they rarely focus on tourism. Senegal is a pioneer in having a public investment incentive entirely dedicated to tourism, the SAPCO, and a recently created national level incubator program for tourism SMEs.

Donors, who have a structuring role in this area, now identify tourism as a key sector of development aid, as evidenced by the flourishing of projects related to the structuring of the tourism sector or the renovation of aging seaside infrastructures. The West Africa zone lacks private means of medium- and long-term investment financing that would allow the development of local initiatives.

Benefiting from a strong potential for sustainable tourism development, but with a poorly structured and financed tourism industry, donor intervention would be relevant both for exemplary operations, for countries that have already developed tourism, but also providing technical support for the structuring of tourism policies.



NORTH AFRICA / MEDITERRANEAN

A new dynamism following the collapse of tourism flows encourages an evolution of the mass tourism model.

From the 1960s until 2010, the Mediterranean area experienced uninterrupted growth of tourism flows. The Arab Spring generally put a stop to this upward curve, with varying degrees within the region. While Turkey has benefited from this situation, Libya, Egypt and Tunisia, and to a lesser extent Jordan, have experienced a collapse of their tourism activity. Morocco is in an intermediate situation, thanks to Marrakesh and the weight of Moroccans residing abroad. The whole area is a matter of general concern to clients and investors, with serious doubts about medium-term recovery.

Tourism motivations in the Mediterranean are mainly seaside and heritage. Nevertheless, important biodiversity issues exist, both on the coast and in fragile environments. The negative impacts of tourism in coastal areas are very strong, with impacts particularly related to the aging of infrastructure and the effects of mass tourism.

Public intervention is little mobilized about sustainability. If public authorities generally encourage tourist investments, this is done without a focus on the question of planning (except for Morocco) and sustainable development.

The degree of maturity for the development of sustainable tourism is moderate and unequal, the zone being characterized by a weak culture of respect for the public space and the environment, to which are added the phenomena of corruption and non-compliance. Nevertheless, the area mostly relies on European customers who are increasingly sensitive to this issue, therefore the offer is likely to adapt in the upcoming years.

The zone is not homogeneous regarding the intervention of the donors. For some countries, they played a historic structuring role in tourism development (Tunisia, Jordan, Turkey), for others, intervention is punctual and targeted (Morocco). The investment mainly concerns seaside tourism with long-term loans for hotel complexes. While the level of bank performance is not homogeneous in the region, most banks play an important role in financing the tourism sector. Tax incentives to attract investment exist in all countries in the zone, with the most dynamic tourist destinations having special incentive programs (Renovotel in Morocco, Tourism Investment Law in Turkey, PMNH in Tunisia).

The potential for sustainable tourism development in the Mediterranean - North African region is uneven. Only Morocco and Turkey are identified as destinations with high potential, and they are also the most dynamic in terms of tourism funding. The challenge for the donors is therefore to support them in a more sustainable orientation of the tourism sector, through the financing of exemplary private projects.



SOUTHERN AFRICA

Southern Africa is a dynamic zone, under the impulse of South Africa

Southern Africa is an area that benefits from the proximity of South Africa, the main tourist receiver in Africa and the main architect of tourism know-how in the region. Nature tourism relies heavily on visiting world-renowned nature reserves, with the development of complementary seaside tourism: a trip that begins with a safari often ends up on the coast. Cultural tourism is becoming increasingly important around villages, including Kenya (Masai Culture) and Tanzania.

The negative externalities of tourism are concentrated primarily on the coastline, including the uncontrolled building of hotel complexes, strong land pressure, limited access to the coast for fishermen and water pollution. There is also strong pressure on the fauna and flora of national parks. Finally, the concentration of tourism on specific geographical areas that do not benefit from tourism revenues.

All countries in the zone have put in place public tourism policy frameworks that focus on priority areas for tourism development, encourage investment and focus on promoting the destination in new markets. Today, the investment focuses on sustainable development projects for protected areas or eco-lodges.

The degree of maturity for the development of sustainable tourism in the area is good, especially in Kenya, Tanzania and Namibia. If the application of sustainable development policies is relative, sustainable tourism is considered a competitive advantage.

Multilateral donors have a structuring role in tourism development in Southern Africa. Their intervention covers a vast portfolio of projects: the development of priority areas, the protection of the environment, and training. South African investments also play an increasingly powerful role in the development of the high-end hotel sector. These are often investment operations in several countries in the zone. All the countries in the zone have set up investment incentive schemes, especially international ones.

The banking sector is not yet adapted to tourism development. The performances in Namibia and Kenya are an exception to banks in other countries that have high interest rates and avoid investments in start-up activities.

Today, the area of opportunity for international donors is to support the financing of public-private operations (when the banking system allows it), whose development potential is limited by the weakness of banks. In addition, some countries would require institutional support to structure the tourism development policy.



INDIAN OCEAN AREA

The Indian Ocean area contains many of the world tourist hot-spots.

The area is characterized by very different dynamics of tourism development, on one hand with Mauritius - where tourism represents a considerable weight, tourism flows very important and seaside resorts are omnipresent, and on the other hand Madagascar, which has fantastic potential but is limited by investment regulations, health crises and other socio-economic issues.

The negative externalities of tourism are largely related to insularity: the tourism sector can lead to overexploitation of resources. This is in addition to more conventional impacts from general development. Mauritius and Madagascar have thus brought serious damage to their environment. La Reunion is more regulated. Seychelles, in-between, is leading an advanced strategy on sustainable management. All these islands are considered hotspots of global biodiversity.

Public intervention is strong, all countries having a strategy of tourism development. On the other hand, not all are implemented with the same degree of operability and the same consideration for sustainability. The Seychelles is perhaps the most advanced case in terms of implementation. The degree of maturity for the development of sustainable tourism

is relatively high, with all countries having or being in the process of launching a sustainable tourism development policy. The sustainability of tourism development is generally considered as a marketing asset, mainly for European customers, and governments are therefore sensitive to the image of quality of a sustainable destination.

The area attracts foreign investment from South Africa, Arab countries, China and Europe, in the form of purchases of hotels or land to build upon. Mauritius and Seychelles benefit from a strong financial sector able to provide funding for tourism projects. Both islands show a willingness to support SMEs and provide financing solutions to private initiatives. Madagascar, on the other hand, suffers from an embryonic banking sector, most of which is held by foreign capital. Interest rates are high, and banks focus only on smaller projects, whose investors are already known to banks.

Finally, international donors are actors of sustainable tourism development. For destinations such as Mauritius and Seychelles, where tourism is a vital activity for the country, donors are very involved in protecting the environment. The situations being very contrasted, the opportunity for donors' intervention differs according to the countries. For Madagascar, it should focus on providing institutional support (especially in the hotel training sector), while in Mauritius, Reunion and Seychelles, the financing of exemplary operations for more sustainable tourism would make more sense.



CAUCASUS REGION

The Caucasus region presents a large tourism opportunity that is still untapped

The Caucasus' has various tourist attractions, but they remain largely untapped: heritage, gastronomy, landscape, seaside tourism (Georgia). Welcoming four times more tourists than the other countries of the region, Georgia suffers more from the negative externalities of tourism (especially on its coastline). Donors are, for now, more involved in tourism in Georgia than in Armenia and Azerbaijan

The panel of tourists is quite broad because of the Russian and sub-regional tourism tradition (especially in Georgia), the increase in the flow of tourists from the diaspora (Armenia) and the emergence of a culture of tourism at national scale. These market segments, however, have clearly differentiated behaviours. The system of homestays that develops in remote areas attract Europeans in need of nature, the regional clientele rather preferring the shores of the Black Sea or thermal resorts.

Biodiversity issues are strong, as the Caucasus' is a major biodiversity area on a world scale. But this reality is out of step with tourist motivations, essentially cultural. The area could be the subject of innovative programs combining environmental protection and development of the nature tourism sector.

Public intervention in the sector is embryonic even though public policies are more mature than elsewhere especially under the influence of international donors (existence of a strategy for tourism development and sustainable development, notably in Azerbaijan and Georgia). However, low environmental awareness is one of bottlenecks to progress in protecting the environment. The influence of the European Union is significant (harmonization of legislation and standards).

In this region, the degree of maturity for the development of sustainable tourism is limited even though initiatives and a more obvious potential in Georgia can be identified (especially regarding agri-food-wine tourism).

Local banks are not able to finance the tourism sector. Banking systems are still fragile. This situation does not allow SMEs to obtain medium and long-term loans. If the donors involved in tourism are few, they play an important role for these stakeholders.

Measures have been taken to encourage international investment, especially towards hotel investors. The main investment volumes come from private regional funds (Russia). They are directed to accommodation and leisure facilities for the most part. The role of influence of the diaspora, Armenian, is important. Intervention by donors would be relevant in support of the private sector, since it is difficult to find financial support from banks, but also to support the modernization of tourism support infrastructure (roads, water, etc.).



SOUTHEAST ASIA

Tourism in the South-East Asia zone keeps on expanding fast

Tourism in Southeast Asia is mainly focused on seaside, cultural and nature tourism. It is expanding with the explosion of Asian customers. Most investments are made by Asian or even national entrepreneurs. The economic weight of tourism is nevertheless uneven according to the country. The negative externalities of tourism are generally poorly managed and quite similar from one country to another: uncontrolled urbanization, pollution and damage to biodiversity, sex tourism etc. The impacts on biodiversity are mainly due to rampant urbanization. However, awareness is growing.

All countries in the zone have public policies on tourism and sustainable development (impact of the 2004 tsunami). The centralized, operational and mature character of tourism or sustainable development strategies is heterogeneous according to the countries and themes addressed. Only three countries have defined strategic areas for tourism development at the national level: the Philippines, Cambodia and Thailand while the Asian Development Bank plays crucial role in harmonizing strategies in the Greater Mekong subregion.

The ASEAN also plays a strong role in public policy in tourism at the regional level (harmonization of diplomas, educational brochures for hoteliers, etc.). The degree of maturity for the development of sustainable tourism is good. International and bilateral donors are also widely present on themes related to tourism.

Foreign investments are the main drivers of tourism development. They come mainly from Asia (Japan, China, South Korea, Thailand) and Australia, and Arab countries in Indonesia and Malaysia. These investments are mainly directed towards the beach hotel industry. The area also benefits from an essential intervention by donors in developing more sustainable tourism.

Conversely, the national banking systems are not always able to support this activity and the relatively weak public systems. This lack of measures reflects both the lack of resources of the public sector and the lack of structuring of the tourism sector.

Thus, the intervention of international donors should focus both on support for private initiatives (loans), support for the structuring of tourism policies, and the financing of exemplary operation of supporting infrastructure in the most touristic areas or in the areas with higher potential for development



Donors should target the multi-dimensions of tourism development

Even though accommodation is at the heart of tourism, projects that can be the subject of relevant donor intervention can focus on other elements of the value chain. They relate to activities such as training, supplies, production, preservation of natural and cultural heritage, provision of food products, transportation, etc. Here are the major elements of intervention that are directly linked with tourism.

Investment in the accommodation offer

Lodging is one of the foundations of tourism activity. In the countries considered, leisure tourism is sometimes secondary: hotels principally serve business in capital cities, or logistic functions (lodging of oil industry's expats).

In countries with a strong tourist activity, the hotel offer is mostly concentrated in seaside resorts and was developed from the 1960s to the 1990. If the units are not yet always obsolete, there is often a generation effect (quality of the buildings, typology of the offer, etc.). One of the common problems in many countries is the huge necessity for renovations.

Generally, the best natural sites have been invested stretching all along the coastline (Cancun in Mexico, Saly Portudal in Senegal, Nusa Dua in Bali, Hammamet in Tunisia). The consumption of space is therefore important, the environmental impact is strong, and the sites are often confronted with a difficulty of animation because of a lack of centrality (need use of the car to move).

In the countries where tourism is less developed, or that are targeting the development of new destinations, the question is rather to avoid this kind of situation by designing accommodations that respect their natural and social environment. Indeed, the decisions taken during the design phase have a strong impact on the degree of sustainability in the operation of the hotel unit. The set-up of tourism projects makes this type of approach particularly difficult.

While operators are often interested in sustainable building solutions (allowing for large savings for water and energy during operation for example), investors (who build the building and manage the walls) often prefer to keep short-term costs to a minimum. The ecological and social balance of the unit can thus be compromised in the long term.

In the design phase, donors' interventions should be based on different principles:

- Exchange with local communities
- The local origin of materials and building techniques
- Planning of internal mobility (village without car, cycle tracks)
- The integration of spaces dedicated to the local culture
- The distinction of the product with respect to the rest of the hotel supply (limitation of the impact on the environment and / or valorization of the local communities)

In the operation and renovation phase, donors' areas of action may also be numerous:

- Consumption and management of energy and water (grey, drinking and rain)
- Waste production and management
- Responsible purchasing (whether local or minimizing their impact on the environment)
- Information and awareness of clients
- Staff training.

Projects related to biodiversity/protected areas

Natural areas, landscapes and biodiversity are increasingly considered the number one tourist asset. There is therefore a tension and a need for a balance between protection and valorization.

The primary objective of donors' interventions is to protect the environment in areas where it has already been degraded. Sustainable tourism is then considered as an opportunity for economic development and job creation, which could eventually limit local environmental destruction (poaching, deforestation, etc.). Sometimes, the degradation comes from the tourist activity itself, and the intervention aims at to limiting the negative effects of tourism. The preferred tool in this type of approach is essentially the development of eco-tourism activities by combining loans and subsidies.

Donors' interventions may focus on four types of complementary actions:

- The involvement and mobilization of research teams and specialists
- Training villagers in tourism and sustainable practices
- The employment of local stakeholders to monitor protected areas
- The development of eco-lodges

Heritage Preservation

While the primary purpose of donors' intervention is heritage protection, projects often aim to capitalize on the attractiveness of these places, to attract visitors and create positive effects for other local activities. The most successful projects thus exceed the heritage function: they offer tourists experiences with heritage as a departure point, associated to economic activities: hotels and restaurants, shop etc. Interventions should associate operators upstream to participate in a global and responsible renovation of this heritage.

Community-Based Tourism Development

The objective of donors' intervention is to generate additional income for the local population by involving it in tourism development (awareness raising, creation of tourist activities). They are most often funded through grants, in-kind contributions and micro-credits.

Nevertheless, several failures of this type of initiative require to take precautions particularly during their design. The first projects funded by donors often led to an upheaval in the lifestyles of the inhabitants, which had a threefold consequence: the creation of new inequalities, the lasting disruption of the balance of the community and the intensification of damage to the environment.

More recent projects have taken these limits into account, by:

- The diversification of activities beyond the simple hotel and catering (which benefits a small number of people), with for example the development and development of local production (agriculture, crafts, festivals, etc.) and activities (community guided tours, activities and experiences)
- Measures to limit or manage conflicts of use (daily quotas of visitors, subsidized use by residents of infrastructure or tourist services such as shuttles, sponsorship actions)
- Raising resident and tourist awareness regarding environmental practices
- Long-term commitment and local motivation

Education and Training

Training is a general issue in all emerging tourism destinations. Lack of skilled local labour is a major impediment to hotel investment, and an obstacle to the redistribution of the economic benefits of tourism among residents. Projects related to quality vocational training need to be further developed. Their objective is twofold: to promote access to employment for local populations and to raise the level of qualification of national staff.

Key recommendations for successful donors' interventions in tourism

Act on the right scale

Intervention in favour of sustainable tourism cannot be limited to supporting micro-projects. Indeed, mass tourism sites (resorts) have both a potentially very strong impact on the local economy, and at the same time are likely to produce significant negative externalities. Intervention on this type of project can therefore have a stronger impact. Thus, it is always essential to question the scale of projects relevant to the territory and / or subject considered.

Apprehend the entire tourist value chain and anchor projects in the territories

Sometimes the situation requires acting on several factors, or even the entire value chain. It is then necessary to identify precisely the key factors and their effects according to the local situations. For example, working on the environmental performance of a hotel may be less relevant in some areas, where the main issue is the training of the population. To be relevant, the intervention of donors must therefore often act on several factors in the tourism value chain. Such an approach allows and requires the integration of local populations into development in order to strengthen ownership of the project, ensure its viability over time, and disseminate the economic benefits of tourism.

Prioritize major public-private mixed development

Considering sustainability in tourism projects at a large territorial scale requires, to be relevant, an action at the same time with the public stakeholders - to guarantee a nurturing basis for fostering perennial tourism development (urban development, transport and infrastructures, formation,) - and private stakeholders, to encourage new practices in line with the evolving expectations of customers.

For private projects, develop project engineering capacities

In order to sustain tourism activities and optimize their impact on the territory once the investments have been made, it is essential to think of the governance structure from the earlier stages of the project, the operating solutions (management and maintenance in particular) and the proper financial set-up. In developing countries, where public stakeholders often lack a tourism industry culture, this may require engineering support, or even capacity building and training, in order to set up healthy and sustainable modes of operation.

Spread best practices

As far as sustainable tourism is concerned, showcasing successful examples is often more effective than large declarations or standards, since it is effective both for the image of the territory, and thanks to the ripple effect on other stakeholders. The exemplary nature of a project or an operation requires that it be able to radiate, to make talk about it, to attract, which implies that it reaches a certain critical mass. The work of communication and transmission is important, so that these projects are known and that the economic stakeholders and the populations perceive the interest. Seed financial tools, usually in grant form, are usually needed to initiate projects. If the amount is not necessarily important, this contribution is always crucial in the financial set-up and credibility of the pursued approach.

Incorporate the tourism dimension in the various traditional sectors of intervention

For accommodation projects, it is recommended to avoid fragmentation of the action, giving a clear priority to the most powerful projects with:

- A critical mass enough to create a multiplier effect on the rest of the economy (employment, supplies, taxation)
- An ability to create value (like high-end eco-lodges)
- Image potential, innovation at the scale of a relevant territory

However, other issues will also have to be considered, such as the location of the project. For green-field projects, there is a need of verifying that the site is not already in overcapacity. On the social level, it is essential for donors to ensure guarantees regarding labour law and involvement of local populations in the project. In the case of new constructions, the LEED Gold (or Platinum) or BREEAM criteria should be required.

For the cultural heritage preservation and urban renovation projects, the challenge is to create lively and inclusive places shared between tourists and inhabitants, embellished and secure living spaces, animated and frequented by locals.

The success of these projects requires to:

- Create amenities and facilities in or near heritage buildings: hotels, restaurants, shops, information centres
- Focus on lodging functions or already developed urban areas (avoid remote sites)
- Establish private-public partnerships (long leases to involve the operators as early as possible and develop innovative projects)
- Mobilize long-term financing because the needs often extend over long periods (sometimes 10 years or more)

For projects related to biodiversity and protected areas, the focus should be on:

- The proximity of already touristic sites or areas: this brings to the project a visibility (thanks to the marketing and promotion actions carried out at the institutional level) and the insurance of an already established level of tourist attendance
- The public / private set-ups, and, in the case where the degree of protection of the zone allows for building, strong incentives to the private investment
- A strong training component for villagers and people in charge of monitoring protected areas in order to sustain the approach in the long run
- The management of tourism amenities by tourism professionals in order to guarantee an adequate quality and efficiency of management
- Partnerships with international environmental NGOs, both for research and funding

In view of the stakes and key success factors mentioned above, local development projects or community-based tourism projects should:

- Raise awareness of local populations regarding visitor reception and sustainable environmental practices
- Use tourism revenue to finance investments of general interest and the protection of the environment
- Involve the entire value chain to the project in order to maximize the impact on local economic life (facilitating the purchase of souvenirs or food from the inhabitants)
- Train several resource persons in order to sustain the dynamic created by the intervention
- Develop professionally managed offers;
- Ensure the support of local associations and cooperatives able to gain the trust of and involve the population

For projects in the field of training and education, the key success factors are:

- The geographical proximity of the training opportunities to the tourist areas where there is a strong need for human resources
- The proper assessment of needs (a precise diagnosis made by experts)
- The combination of a “basic” professional training offer with intermediate or even higher-level training (management, environmental management, etc.), to ensure local people’s skills increase and ownership of tourism development
- Partnerships with foreign institutes or schools

Authors



Coralie Marti
Director
Horwath HTL France & Mexico
cmarti@horwathhtl.com

As a Tourism Director within Horwath HTL, Coralie has managed consultancy projects in over 20 countries. Undertaken consultancy involves Project development assistance, Destination development strategies, and Institutional support. Clients include national and local Governments, the World Bank, the UNESCO, the French Development Agency, the Asian Development Bank, MAVA Foundation, Critical Ecosystems Partnership Fund, the Eiffel Tower Management Company, as well as private investors and developers. Currently living in Mexico City, Coralie has participated in over 30 consulting projects for the Mexican Government and International Donors specifically in this country. Coralie holds a Master of Science degree in Local Economic Development from the London School of Economics and a Master in Urban and regional policies from the Paris Institute of Political Studies.



Stéphane Durand
Managing Partner
Horwath HTL France
sdurand@horwathhtl.com

As founder and managing partner of Horwath HTL Paris' office, Stéphane Durand has conducted hundreds of tourism, leisure and culture related assignments in France and internationally, providing advice and assistance on marketing, economic, and set-up aspects of projects. Undertaken consultancy notably involves heritage, leisure and retail facilities. Over 25 year of consulting experience, Stéphane has developed a far reaching understanding in development strategies for countries, regions, cities and resorts. He is one of the few French specialists mastering tourism development challenges at a large territorial scale as well as at local and project scales. Stéphane graduated from the Paris Institute of Political Studies and holds a BA in Economy from the University of Limoges.

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