
CONCEPT NOTE NOVEMBER 2011

AGRICULTURE AND TOURISM LINKAGES IN PACIFIC ISLAND COUNTRIES:

STUDY TO ASSESS CONSTRAINTS, POTENTIALS AND INCREASE THE UNDERSTANDING OF POLICY AND INSTITUTIONAL ARRANGEMENTS NEEDED TO ENHANCE SYNERGIES.

INTRODUCTION

The two productive sectors agriculture and tourism seem to offer the best opportunities for inclusive economic growth in several Pacific Island Countries (PICs) and therefore the promotion of linkages between tourism and agriculture should help create economic opportunities, build resilience in rural communities and enhance sustainable development in both tourism and agriculture sectors.

Agriculture (including forestry and fishing) remains for most countries in the region the main source of livelihood for the majority of the population, but its contribution to economic value added has generally declined over the last decade whilst over the same period, the tourism sector has seen significant growth and has become the ‘life blood’ for several of the small island fragile economies.

A challenge for policy makers is both to ensure that tourism growth is sustainable and that the benefits that accrue from increased visitor numbers are maximized in country value added and that any increased wealth is equitable shared with poorer rural communities. Strengthening linkages and creating synergies between tourism and agriculture should help harness the tourist dollar to achieve the objectives of sustained and equitable growth.

But as important as it is to enhance visitor yield by focusing both on increasing spending and ensuring that there is minimum ‘leakage’ of tourist dollars from the national economy, it is equally important to ensure that interactions between tourism and agriculture result in synergies which are mutually reinforcing and not in competition for key productive resources.

However, overcoming knowledge gaps in tourism-agriculture links will require primary data collection and research on tourism and agriculture linkages in different countries of the region to help clarify the relationship between the two industries. Over the last two years FAO has initiated a process to enhance “evidence based decision making” in the Pacific region and this study will contribute to this process. It is proposed that a scoping study followed by a series of Pacific Island specific case studies at the interface between tourism and agriculture will be implemented to gain a more comprehensive appreciation of the relationships and interactions between the tourism and agricultural economic sectors.

POTENTIAL AREAS OF LINKAGE BETWEEN TOURISM AND AGRICULTURE

The most obvious area for strengthening linkage is in the supply chain for tourist consumption products – foods and beverages, crafts, cosmetics, flowers and ornamentals, essential oils, massage oils and spa products etc – thus

reducing dependence on imported goods to supply tourist market needs and the leakage of foreign exchange. To service the tourist market local producers need to find profitable and competitive ways to meet tourism industry demand for volume, quality, regularity and safety requirements. The ability of local agri-food systems to meet these requirements will be dependent both on agriculture supply factors (natural resource base, farming systems in place, agro-processing and marketing capacity) and the kind of tourism development (mass tourism, high end niche, health and wellness, eco-tourism etc). The exposure of tourists to specific local products could also help export market penetration when returning home such visitors help build a domestic demand. Possible examples for market penetration might include, wines (from New Zealand), macadamia nuts (from Hawaii), red papaya (from Fiji) and black pearls (from Cook Islands).

Table 1 depicts some of the factors influencing the strength of linkage between agriculture and tourism in supply chains for local products.

Table 1 Factors influencing the strength and type of linkage between tourism and agriculture

Demand related factors	Supply related factors	Market and intermediary factors
<ul style="list-style-type: none"> • The kind of tourism development; type of visitor, accommodation with respect to ownership, size and class • Tourism industry maturity • The degree of promotion for local cuisine and the capacity to use local produce creatively in hospitality kitchens 	<ul style="list-style-type: none"> • Natural resource base; physical limitations on production (crops, livestock and fish) • Entrenched production patterns (e.g. plantation crops for export) • The quantity and quality of local production • Price competitiveness of locally produced agriculture products • Technology and processing limitations • Health and safety standards in practice 	<ul style="list-style-type: none"> • Policy framework • Marketing and infrastructure constraints • Supply adjusted to demand • Spatial and temporal patterns of supply (including seasonality in demand and supply)

Source: adapted from brief No 3, Business Implementation of Pro-Poor Tourism Series
www.propoortourism.org.uk

Another way in which visitors can potentially boost markets for local agricultural products is through event tourism such as sports events, festivals and conferences. Increased earnings for agriculture operators can also be generated through tours to municipal fresh produce markets, farms, plantations and processing plants and from accommodation on farms (farm-stays).

The examples discussed above all highlight linkages that can potentially increase opportunities for domestic agriculture earnings and sector growth, but they also offer opportunities to help develop visitor attractions and distinctive tourist destination brands by creative use and marketing of local produce and scenery. To realize these benefits the tourism industry needs to be proactive in utilizing local produce and agriculture sites as a tourist attraction. The industry therefore must build the technical capacity and skills to accomplish this.

Some other important areas of potential interaction between the two sectors include transportation, communications, utilities and other service provision. Transportation is a particularly important area for linkage in the Pacific Island context. Improving transportation infrastructure and services primarily to accommodate and boost tourism could bring positive benefits for agricultural trade on both domestic and international markets. The level of airline services in the region is largely dependent on passenger numbers; these same airline services

provide potential freight capacity for fresh produce exports (e.g. fish, horticulture and floriculture). However, the type of plane the airline carrier uses can be critically important in regards to available cargo space. Another possible positive transportation interaction can be the extension of road networks to facilitate tourism, but which also serve to better link agricultural areas to markets (e.g. the new Efate Ring Road in Vanuatu). There is also possible potential for synergies on inter-island shipping to enhance economic viability of some routes.

But interactions between the two sectors need not necessarily be positive. Indeed Tourism and Agriculture may compete for resources – land, labour, capital, water, freight capacity and even development assistance. Furthermore, the type of tourism development may significantly preclude some areas of opportunity for linkages (e.g. Cruise Ship tourism).

The nexus between the two sectors and the environment is a crucial area for policy concern. A boom in tourism in small island countries could result in a possible loss of natural resources including prime agricultural land. Stress on natural systems and water resources and potential pollution resulting from poorly planned development in either sector could have serious negative environmental impact. In contrast, ‘environmentally friendly’ agriculture can help sustain the Pacific’s pristine natural environment which is ultimately, the major attraction for tourism in the region.

Mutual increases in the competitiveness of both the agriculture and the tourism sectors through linkages which create enhanced synergies should be the overriding policy goal. Therefore national policy frameworks for agriculture and tourism need to recognize the need for positive linkages and appropriate institutions need to be in place to foster them.

CONTEXT

Generally, in countries in the Pacific region growth and development in the agriculture and tourism industries have been pursued separately and policy and institutions have not been geared toward fostering positive linkages. How significant the challenge is to adjust this approach and what the magnitude of the potential rewards for doing so may be is currently not well defined. Furthermore, examples of positive linkages which may exist and approaches being used to promote these linkages have not been well documented in the Pacific context. In contrast, in the Caribbean region considerable work on promoting agriculture and tourism linkages has been ongoing over the last decade and a body of information and valuable lessons are available. One key lesson is that the opportunity for creating synergies between the sectors is very context specific. But even in the Caribbean there still is a general absence of data which has constrained empirical studies to fully assess the extent and importance of the linkages.

Ecotourism and cultural and community tourism have been recognized as types of tourism that have the greatest potential for reducing tourism leakage and enhancing inter-sectoral linkages. They are also the types of tourism with a high potential for poverty reduction and empowerment of small scale producers and communities as a whole. The Pacific region has excellent potential for these types of tourism and for forging stronger linkages with the agriculture sector and in particularly small scale farmers and processors. It is important therefore to gain a better understanding of the opportunities in the countries of the region in order to increase focus on these types of tourism and to identify approaches and investments that are needed to build and strengthen positive linkages.

The degree to which agriculture in the region is also able to benefit from trade with the ‘high end’ and ‘mass tourism’ segments will depend largely on the capacity to produce a wide range of high quality products at a competitive price and that meet strict standards in order to be the preferred suppliers to that tourism segment. The kinds of restructuring that may be needed in the agriculture sector to meet a potential rising demand from tourism growth needs to be fully assessed in different country contexts.

Six countries, Cook Islands, Fiji, Palau, Samoa, Tonga and Vanuatu (Table 2) have been identified as the priority candidates for inclusion in the regional study. All of these countries have seen positive growth in the tourism sector over recent years and an increasing trend in visitor arrivals. These countries also have national development policies which prioritize both the tourism and agriculture sectors as key productive sectors for economic growth. In all of the countries agriculture (inclusive of fishing and forestry) continues to be important for livelihoods and food security.

Table 2: Relative importance of agriculture and tourism in the economies of 6 PICs in 2009

Country	Agriculture Value Added US\$ million	Agriculture % Share of GDP	Tourism Value Added ¹ US\$ million	Tourism % Share of GDP	Number of Visitor Arrivals
Cook Islands	13.8 ²	5.1%	43.20	15.91	101,129
Fiji	345.1 ⁴	12.5	146.2	5.3	542,186
Palau	5.6 ³	3.4	16.0	9.7	83,795
Samoa	74.2 ³	12	22.8	3.7	129,305
Tonga	70.9 ⁴	17.8	10.7	2.7	50,645
Vanuatu	137.9 ⁴	19.7	32.8	4.6	100,675

Notes: ¹Hotels and Restaurants value added; ²Agriculture' Fishing and Pearls; ³Agriculture and Fishing; ⁴Agriculture, Fishing and Forestry.

Source of data: National Statistics Office's websites.

OBJECTIVES OF THE STUDY

- ❖ To critically review the challenges and opportunities to enhance positive linkages between the agriculture and tourism sectors in selected Pacific Island Countries.
- ❖ To identify specific areas of linkage in the selected countries where the exploitation of synergies already exists or the potential to enhance linkages is extremely high.
- ❖ Through empirical inquiry, using selected cases across the chosen countries, collect data and analyze and synthesize key policy and institutional lessons.
- ❖ Develop policy recommendations and a platform for project planning to stimulate pro-poor economic growth in the small island countries through stronger linkages and synergies between the tourism and agriculture sectors.

A key aim of the studies is to move the linkages discussion down to practical analysis of actual enterprise in the field. But at the same time, be able to draw the analysis and findings back up to the level of generalizations relevant to inform policy formation and project planning across the Pacific Islands region. It will therefore be important to be able to distinguish what is generic and what is a local solution.

KEY RESEARCH QUESTIONS

Below is a list of key research questions that should be addressed through the study. These 16 questions will be further developed, focused and refined during the scoping phase.

1. What is the status of tourism and agriculture linkages in national policy?
2. What is the in-country institutional capacity to foster positive tourism and agriculture linkages?
3. What is the potential to reduce leakage of tourism dollars from local economy through greater integration of the tourism and agriculture sectors?

4. What is the current proportion of local food and beverage supplies to the tourism sector and what is a realistic potential?
5. What is the current and potential impact of tourist expenditure on local producers of farm and other food products?
6. How could the benefits from increased tourist expenditure be better distributed among the various stakeholders especially farmers and small scale food processors?
7. What is the opportunity for increasing tourism competitiveness through sourcing cheaper priced but also high quality local agricultural produce?
8. What type of resorts use the highest proportion of local agricultural products?
9. What is the tourist market potential for local value added products based on agri-processing?
10. Are there specific agricultural commodities which have competitive advantage, and for which production should be promoted for the tourism sector?
11. How receptive is the tourism sector to purchasing from the agriculture sector inclusive of value added products?
12. What are key agricultural activities, sites, landscapes that might enhance tourism products?
13. To what extent does the agricultural sector have the potential to provide to tourism creative, new farm based products and services to freshen, enhance and expand the tourism product offer?
14. What are the agricultural practices that could negatively impact on tourism and vice versa?
15. How can improvements in transportation systems resulting from increased visitor numbers affect agricultural trade?
16. What are the key constraints to further development of positive tourism and agriculture linkages?

METHODOLOGY

The study will be implemented in two phases; the first phase will involve a diagnostic scoping across the selected countries to review the current status of linkages and the opportunities and challenges to enhance positive linkages between the agriculture and tourism sectors. This phase will conclude with a small expert working group meeting to review outcomes of the scoping and identify potential cases in each of the countries where a more focused investigation on the factors impacting on linkages will be carried out.

Phase two will adopt an empirical approach using case study research to gather evidence to better inform policy processes in the Pacific region. Its aim will be to distill the lessons from experience gained in the different country context in the region. The studies should enable comparative analysis which could provide insights into reforms necessary to enhance positive linkages and synergies between the two sectors. Outputs from the study should increase understanding of policy and institutional support needed to achieve enhanced linkages, appropriate strategies to be pursued, and thus provide a solid basis for policy recommendations and project planning.

The study exercise will conclude with a regional workshop to help disseminate policy and institutional recommendations and develop concepts for project support.

FRAMEWORK FOR ANALYSIS

National Policy Framework: National Sustainable Development Plans; Trade Policy, Environment Policy, Agriculture (including Forestry & Fisheries) and Tourism Policy and Sector Plans; Agency Corporate Plans and Strategies; Development Partner Country Strategies and Priorities.

Economic and Social: importance of the two sectors; % of GDP value added, export earnings, employment, livelihoods, food security, land-use, land access, availability of capital and loans to the sectors including Foreign Direct Investment.

Institutional Arrangements: Legal framework and regulations; standards and certification, organizational support structures and agencies; human resource capacity and attitudes.

Structure of Agriculture and Farming Systems: degree of export orientation, domestic production and marketing, level of commercialization, categories of smallholder producer¹, capacity for import substitution, certification and standards – organic production etc, capacity for processing and value adding of agriculture products

Structure of the Tourism Sector: tourism market segmentation, types of accommodation and restaurants, tours available and opportunities, profile of tourist market requirements and potential capacity for local agriculture to meet these.

Linkage Opportunities: fresh produce sold directly to hotels and restaurants and to visitors directly for instant consumption; floriculture products sold directly to hotels, restaurants and other tourist establishments for decoration and other use; processed foods and goods; ornamental goods for interior and exterior landscaping of tourism establishments; handicraft, souvenirs, gift items based on indigenous themes and raw materials; farm and agro-based sites and tours, including heritage, cultural, agronomic sites and attractions etc.; recreational tours, fishing, hunting, diving etc.; culinary tourism, food festivals and tours, distilleries, rum, beer, cruises, and cooking classes; health and wellness tourism, organic, herbal, medicinal and body care products, and; combinations of all the above in community tourism and all other related services linkages including transportation.

Distinctive and Unique Agricultural Products, Landscapes and Ecosystems: potential to enhance tourism destination brand, opportunity to promote for market penetration.

Constraints to Linkages: Competition for factors of production (land, labour, capital), resources and services, environmental impacts, available technology, skills and training opportunities, information and communications.

DATA COLLECTION AND ANALYSIS-

The study will be under the overall guidance of an International Consultant who will undertake the scoping study, facilitate an expert working group meeting, supervise the case study research, organize the synthesis workshop, prepare the synthesis report and facilitate the regional dissemination workshop. The case studies in selected Pacific Island countries will be undertaken by a national team led by a local consultant working in partnership with appropriate agency staff from the agriculture and tourism sectors.

CAPACITY BUILDING AND OWNERSHIP

Strong participation from government and relevant partners will be sought for implementation of the study. This should both enhance the quality/relevance of the outputs and ownership. Suitable counterparts from appropriate government departments will be invited to join the country study teams to help build local capacity.

¹ Both in terms of their propensity/ability (incentives, risk averseness, constraints) to take advantage of any potential linkages and in terms of expenditure patterns – i.e. if they were to increase their cash income on sales to tourist outlets how would they spend the cash – locally produced goods or imports.

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WORK PLAN

Provisional schedule of activities to critically review the challenges and opportunities to enhance positive linkages between the agriculture and tourism sectors in selected Pacific Island Countries.

