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POLICY  
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Swiss Confederation

# Policy Paper on Tourism

# **Economic Cooperation for Sustainable Tourism Development**

September 2017



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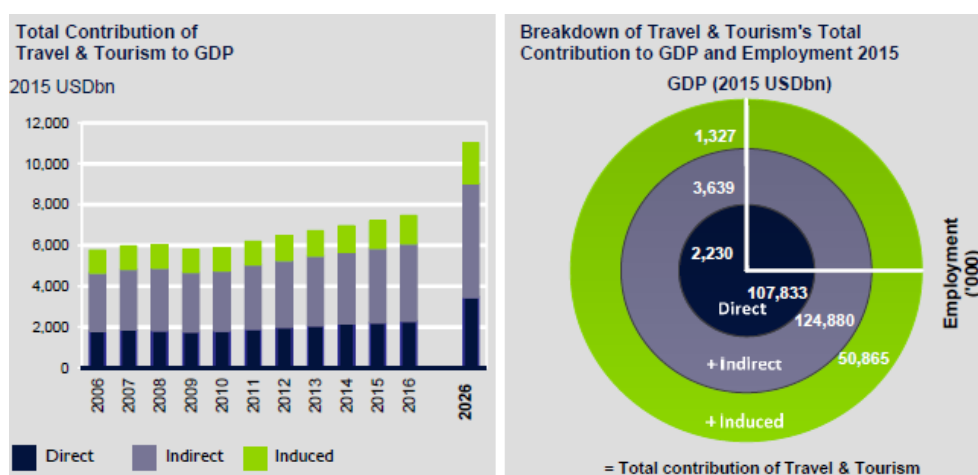
# 1 Relevance of tourism for Swiss Economic Cooperation

## 1.1 Tourism as a driver for development

Tourism is a key socio-economic sector. It is a vital contributor to job creation, poverty alleviation, environmental protection, and intercultural understanding. The uninterrupted growth of tourist arrivals (from 270 million in 1980 to more than 1.4 billion in 2015), though relating largely to advanced economies, increasingly concerns developing countries as well. The trends in international tourism since 2010 show that despite security concerns and unrest in many parts of the world, tourism is a surprisingly resilient economic sector which regularly contributes to development with an average growth rate of 4%. Tourism accounts for around 10% of global GDP<sup>1</sup> and roughly 30% of world service exports; it offers a huge potential in terms of economic development and job creation, representing 1 in 11 jobs worldwide (UNWTO, 2015 and WTTC, 2016).

In 2015 the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry, was 9.5% of total employment worldwide. This is expected to rise by 2.5% to 11% in 2026. There are seven times more jobs in Travel and Tourism than in the automotive industry. 14 million jobs worldwide are at risk from lack of skills and training (WTTC, 2016).

**Table 1:** Total Contribution of Travel and Tourism to GDP, 2015



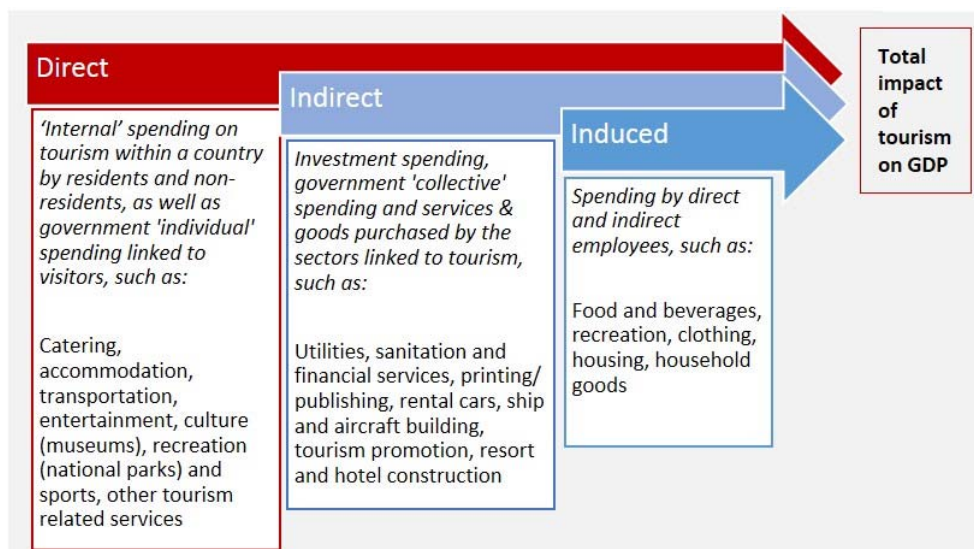
Source: WTTC World Travel & Tourism Council, Economic Impact World 2016 (Values in constant 2015 prices).

Tourism is particularly important for **developing countries**. It is one of the most important export sectors in more than 80% of developing countries and represents the leading source of hard currency in most of the poorest countries. Tourism currently represents 8% of LDCs' total exports of goods and services. In 2014, developing countries received 45% of all international tourist arrivals, a figure which should reach 57% by 2030 (UNWTO 2015). Being employment intensive, tourism contributes directly to poverty reduction, notably among women and young people, and provides **direct, indirect and induced contributions** to the rest of the economy.

A strong disparity remains however regarding the sector's capacity to foster development, and low priority was given so far in terms of financial support in the development cooperation agenda, since the tourism sector received only 0.78% of the total Aid for Trade (AfT) (UNWTO, 2015).

<sup>1</sup> At 9.8% of global GDP (US\$ 7.5 billion), tourism generates more economic output than chemicals, manufacturing, agriculture, education (8.4%), automotive manufacturing (7.0%), and banking (5.9%). The tourism sector generates about half of what the global financial services industry contributes (Source WTTC, 2016).

**Graph 1: Total impact of tourism on GDP: Direct, indirect and induced contributions**



Source inspired by WTTC, 2016 (T&T Travel and Tourism)

The tourism value chain has a complex structure, with different service providers bundled together and constantly developing new products and services. The tourism value chain can be defined as "the network of tourism organisations supplying different components of tourism products/services". Along this value chain, several subsectors are concerned: transportation, accommodation, food and beverages, handicraft, tourism assets in holiday destinations, leisure and support services. Several stakeholders play a direct or indirect role in the value chain (see Annex 1).

The tourism value chain has been experiencing important changes in the past few years as a result of technology and digitalization. People are increasingly making their own travel plans online and/or at the last minute. There is also growing interest in alternative travel forms, as manifested through sharing-economy platforms.<sup>2</sup> The emergence of smart phone applications and social media has the potential to bring about fundamental changes to how tourists behave and tourism services are delivered. Against this backdrop the concept of "smart destinations" becomes more relevant to sustainable development. Indeed, the use of technological solutions can effectively contribute to inform decision making, to prioritize and anticipate tourism trends, which is essential for responsible tourism management.

## 1.2 Tourism and trade policy

Tourism services are a key component of trade that fall under the service negotiations within the framework of the General Agreement on Trade in Services (GATS) of the WTO, in effect since January 1995.

GATS covers tourism and tourism-related services through different modes of supply: more than 140 WTO members have made commitments to tourism (with varying degrees of coverage), more than for any other sector. Four modes of supply are covered by GATS.<sup>3</sup>

Mode 1 – Cross-border supply: tour operators, travel agents and catering enterprises supply their services from their home establishments to customers abroad.

Mode 2 – Consumption abroad: the mode of supply most typically associated with tourism. The tourist goes abroad to purchase tourism services outside his home-country.

Mode 3 – Commercial presence: hotel groups and travel agents set up hotels and subsidiaries abroad.

Mode 4 – Movement of natural persons: a hotel chain or a travel agent transfers natural persons temporarily to a subsidiary abroad (intra-corporate transferees) or as contractual service suppliers to supply tourism services abroad.

<sup>2</sup> Examples are airbnb or Uber.

<sup>3</sup> See GATS and tourism services, WTO 2016: [https://www.wto.org/english/tratop\\_e/serv\\_e/tourism\\_e/tourism\\_e.htm](https://www.wto.org/english/tratop_e/serv_e/tourism_e/tourism_e.htm)

The importance of trade in services was confirmed at the 4<sup>th</sup> WTO Ministerial Conference in Doha in 2001, after which Switzerland was called upon to intensify her activities in developing countries' priority areas of the WTO talks, particularly through capacity building interventions. This led SECO to step up efforts to support sustainable tourism as part of its trade promotion technical assistance and capacity building activities with development partner countries. This Policy Paper should be seen as part of this commitment.

### 1.3 The SDGs and the international action for sustainable tourism

The tourism industry has recognized the necessity of adopting sustainable practices since the 1990s, but an important milestone for the tourism agenda was when the 2030 Agenda for Sustainable Development was adopted in 2015. For the first time ever, the targets for implementing the 17 Sustainable Development Goals (SDGs) include markers for sustainable tourism.

The following six SDGs (SDGs 1, 2, 8, 11, 12 and 14) have a particular focus on tourism: SDG 1 – No poverty; SDG 2 – No hunger; SDG 8 – Decent work and economic growth; SDG 11 – Sustainable Cities and Communities; SDG 12 – Responsible consumption and production; SDG 14 – Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

The current international agenda thus focuses on “sustainable tourism”, defined as “tourism that respects both local people and the traveller, cultural heritage and the environment”.<sup>4</sup> It seeks to provide tourists with an exciting and educational holiday while also benefiting the host country's people and environment.

In December 2015 the United Nations General Assembly declared 2017 as the International Year of Sustainable Tourism for Development. UNWTO was assigned as the lead UN agency for this initiative. UNWTO prepared a number of events<sup>5</sup> (UNWTO 2016).

Sustainable tourism<sup>6</sup> can be promoted by different means and depending on the target markets:

- a. The mass market, where the tools used are directed to social, labour and environmental conditions in tourism services (such as implementing eco-efficient measures or improving labour conditions in large hotels or tourism locations).
- b. The niche market, where the focus is on local communities and authentic forms of tourism in a specific region to increase its attractiveness.
- c. The domestic market is also targeted in each sustainable tourism project of SECO and remains crucial for economic development.<sup>7</sup>

SECO's approach to sustainable tourism is an integral part of its commitments to support achieving the SDGs.

### 1.4 Comparative advantages of the Swiss Economic Cooperation

Several characteristics of the Swiss environment and historical tourism know-how give Switzerland a unique position in three areas:

- Switzerland has benefited from over 150 years of tourism and improved its vocational training in areas such as tourism and hotel management, gastronomy, marketing, etc. This know-how can be transferred to partner countries in the form of tourism and hospitality training and skills development.
- Many partner countries have significant needs in efficient marketing, supply-led tourism development, as well as coordinated action between tourism providers and the public sector. Innovative approaches and her position as a neutral mediator help Switzerland to create sustainable public-private partnerships, introducing for example modern Destination Management Organisations (DMOs).

<sup>4</sup> See [http://www.unesco.org/education/tlsf/mods/theme\\_c/mod16.html](http://www.unesco.org/education/tlsf/mods/theme_c/mod16.html)

<sup>5</sup> See <http://www.tourism4development2017.org/>

<sup>6</sup> Sustainable tourism encompasses other concepts such as eco-tourism (sustainable tourism with focus on environmental sustainability) or community-based tourism (e.g. involving local often rural, poor and economically marginalized residents).

<sup>7</sup> As a consequence of political instability, a major factor since 2015, domestic travel spending growth (2.9%) outpaced international travel and tourism growth (2.4%), WTTC 2016.

- The level of awareness among travellers and the travel business in Switzerland, and the demand for sustainable products are particularly high. In recent years SECO has been involved in several sustainable tourism projects which contributed to raise awareness.<sup>8</sup>

SECO tries to reinforce these advantages when partnering with Swiss public and private sector stakeholders for designing interventions in the tourism domain.

### **1.5 Risks related to promoting tourism in the context of development**

Many developing countries are interested in developing tourism to become richer and to improve the quality of life of their people. However, tourism promotion also carries risks.

Tourism often relies on sensitive natural and cultural resources. These can be harmed by uncontrolled tourist flows (mass tourism) due to misdirected development efforts, resulting in social, economic and ecological problems: unilateral dependency on tourism, overuse of resources (water, soil, air, climate, waste, biodiversity, landscape), loss of identity/cultural differentiation, mismanagement of cultural heritage, insufficient involvement of local communities, poor social conditions (poor working conditions, discrimination at the workplace), exploitation of children, growing resentment and crime rates, oversaturation and loss of quality in destination regions.<sup>9</sup>

Many developing and transition countries face political instability and insecurity which increase reputational risks and operational challenges. Diseases and natural disasters are other factors that must be taken into account when promoting tourism. Development interventions need to carefully analyse those risks and identify the most appropriate mitigating measures (see Annex 2).

### **1.6 Gender gap and inclusiveness**

Overall, women are well represented in service and clerical level jobs, but poorly represented at professional/managerial levels. They earn 10% to 15% less than their male counterparts (UNWTO/UN Women Global Report 2015). Tourism therefore offers significant opportunities to narrow the gender gap in employment and entrepreneurship since, compared with other sectors, women are nearly twice as likely to be employers and employees.

Women represent the majority of the tourism workforce in most regions, but they tend to perform large amounts of unpaid work in family tourism businesses (informal sector). Governments and the private sector have a major role to play in promoting policies that champion equality and women's empowerment.

Inclusiveness and reduction of poverty are achieved only when the greatest possible number of people participate in decision-making, contribute to creating opportunities and share the benefits of development. These two objectives are an important part of SECO's interventions in general and in sustainable development in particular.

Employment in tourism represents one of the most important ways for people to participate in the economy and through which the economic benefits of growth are distributed to individuals and households. Social, legal, and regulatory protection in the tourism sector is a fundamental condition to make growth more inclusive.

Inclusiveness is also directly linked to migration, so in recent years collaboration was established between SECO and the State Secretariat for Migration (SEM), especially in the North African region.

<sup>8</sup> See <http://www.fairunterwegs.org/news-medien/news/detail/srv-umfrage-zur-nachhaltigkeit-in-reisebueros-ein-hilfeschrei-nach-aufklaerung/>

<sup>9</sup> See [http://www.bbc.co.uk/bitesize/ks3/geography/human\\_processes/tourism/revision/4/](http://www.bbc.co.uk/bitesize/ks3/geography/human_processes/tourism/revision/4/)





Source: Swisscontact, WISATA II Project, Indonesia

## 2 SECO's approach to tourism

### 2.1 Guiding principles for SECO's interventions

How does SECO support the contribution to the SDGs in the field of tourism development? The focus of SECO's Economic Cooperation and Development is to assist countries in developing their sustainable tourism value chains, helping the tourism sector to contribute to strengthening the economy, creating employment and reducing poverty.

Around 15 large projects were financed by SECO in several priority countries in Africa, Europe and Asia in the past decade. The projects aimed e.g. at developing Destination Management Organisations (DMOs) or introducing sustainable social, labour and environmental conditions in tourism activities.

From the experience SECO has accumulated through these interventions, a number of guiding principles have been drawn up to ensure successful and sustainable tourism projects in developing countries:

- pay equal attention to economic, environmental and social aspects;
- make a specific contribution to inclusive economic development by integrating women and other marginalized local communities to overcome poverty;
- allow the participation of all stakeholders, do not exclude any group of service providers in tourism, in both project design and implementation;
- ensure a concrete commitment by those stakeholders who stand to benefit from the project;
- define clear roles and responsibilities for all stakeholders involved in the project;
- implement international best practices to suit the local context;
- encourage policies that favour reducing the gender gap;
- ensure governance aspects at all levels of implementation;
- facilitate ownership by local stakeholders (giving them a voice in decision-making, shareholding, etc.); and
- exploit synergies with other projects, if applicable.

SECO will continue to promote sustainable tourism in accordance with those guiding principles.



Source: SECO, Sustainable tourism assessment, Kyrgyzstan.

## 2.2 SECO's areas of intervention

The Trade Promotion Division of SECO's Economic Cooperation and Development leads the interventions directly contributing to sustainable tourism. Tourism interventions take place along four business lines from the Dispatch on International Cooperation 2017-2020. Those business lines contribute to the three overarching target outcomes of achieving more and better jobs, enhancing trade and competitiveness, and developing low-emission and climate-resilient economies.<sup>10</sup>

The tourism interventions in those business lines can be summarized as follows:

1. Creating **conducive trade environment and framework conditions** for tourism within the industry itself and the associated legal/political authorities through improved institutional networking among service providers in the form of interest groups (training of tourism associations, destination management organisations). Mutual confidence between public and private players in tourism is crucial. DMOs at the regional level and institutional development supporting business at the meso level also play a fundamental role in strengthening framework conditions.
2. Strengthening **competitiveness and market access** for local SMEs, business consulting and Corporate Social Responsibility (CSR). SECO helps SMEs to comply with the required standards both in terms of quality and sustainability. SECO also advises them on how to access international markets through trade fairs and consumer awareness (also through labels).
3. Contributing to **skills development in tourism**. Tourist service providers, well-trained local staff and managers are preconditions for meeting international standards. Ultimately, the quality of staff supports the tourists' experience in a destination and therefore builds its reputation.
4. Supporting **environmental sustainability, energy efficiency and a responsible use of natural resources in the tourism sector**. Improvements in eco-efficiency (Cleaner Production Centres), promoting environmental protection in tourism destinations and eco-tourism are among SECO's priorities.

SECO's focus countries enjoy comparative advantages for tourism development, based on their climate, natural wealth, cultural diversity and history, or lower wage levels in a labour-intensive sector. Some of SECO's focus countries already have established tourist destinations, for example in Egypt, Tunisia, South Africa, Indonesia and Peru. Others like Colombia, Kyrgyzstan, Serbia, Tajikistan and Ghana have significant potential.

<sup>10</sup> See Dispatch on International Cooperation 2017–2020.



## SECO - Trade Promotion

<p><b>Favourable framework conditions for sustainable trade</b></p> <ul style="list-style-type: none"> <li>• Specific framework conditions for sustainable tourism through public-private partnerships (e.g. DMO)</li> </ul>	<p><b>Greater competitiveness and facilitated market access</b></p> <ul style="list-style-type: none"> <li>• Strengthening SMEs, business development services and standards for sustainable tourism</li> </ul>	<p><b>Skills development, expertise, flexible labour market</b></p> <ul style="list-style-type: none"> <li>• Training tourist service providers, local staff and managers</li> </ul>	<p><b>Resource-efficient and environmentally friendly private sector</b></p> <ul style="list-style-type: none"> <li>• Improving eco-efficiency and environmental protection of tourism destinations</li> </ul>
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The following chapters explain in detail SECO's specific instruments in the four business lines outlined above.

### 3 Favourable institutional framework conditions

#### 3.1 A concerted public-private effort for tourism

Tourism development can only be successful and sustainable if there are certain framework conditions and concerted action between the public and private sector. This approach is found in the so-called DMOs (Destination Management Organisations), which coordinates the many elements of a tourism product, provides visitor services and the necessary information structure to market the destination in a most participatory way to enhance residents' well-being.<sup>11</sup>

DMOs attempt to: (i) establish a clear market positioning by defining the area's main tourist attraction (USP Unique Selling Proposition); (ii) encourage participatory approaches to the formulation and implementation of tourism development plans and marketing concepts; (iii) lobby in favour of issues related to tourism policy such as improvements to legal frameworks; (iv) provide a platform (information office, directories, website, etc.) to ensure the link between tourism SMEs and tourists who are used to access new travel forms and market trends (e.g. individual tourism; Internet, mobile technology).

Collaboration between the public and the private sectors and the development of Private-Public Partnerships (PPP) is a central element of DMOs. To ensure sustainability and long-term impact of tourism development, the private sector must be involved at various points along the value chain. Most private sector collaboration and the related investments should take place in the destination and, when possible, by local/national stakeholders.

Switzerland has been a pioneer in developing the DMO concept and in adopting it in national tourist regions. SECO supported the introduction of DMOs in several developing countries based on those experiences.

<sup>11</sup><http://www.igi-global.com/dictionary/destination-management-organisation-dmo/34186>, 2016.

## Example 1: Regional destination management in Indonesia WISATA II



Source: Swisscontact, Wisata II Project, Indonesia

Along with Malaysia, Thailand and Singapore, Indonesia is one of the main tourist destinations in South East Asia. Tourism is Indonesia's most important non-oil/gas source of foreign exchange, after timber and textiles. Foreign visitor arrivals to Indonesia in 2014 totalled 9.4 million.<sup>12</sup> The total (direct and indirect) contribution of Travel and Tourism to the Gross Domestic Product was 9.2% in 2013 and constituted 8.3% of total employment<sup>13</sup>. Tourism is expected to continue to grow, stimulating economic development and raising income. Tourism has the potential to generate further employment and have a pro-poor impact in economically disadvantaged regions if strategies focus on participatory processes, including the integration of local populations and inherent tourism advantages.

On behalf of SECO, Swisscontact has been implementing the project "WISATA II" aimed at developing sustainable tourism activities in areas with tourist interest beyond the traditional hub of Bali. The main objective of WISATA II is to bring together private companies, public authorities and the village communities (often indigenous peoples) through a DMO concept, to position this area as an attractive destination. Additionally, the project supports a selected number of tourism institutions and vocational schools in order to strengthen tourism education in the country. Within this project, several national and local public actors work closely with private companies, local businesses and tourism agencies. The PPP coordination is key in this project to ensure a viable and sustainable development of this region.

<sup>12</sup> Source : The World Bank / <http://www.indonesia-investments.com/tag/item31?tag=5303>

<sup>13</sup> Source : The World Travel Tourism Council – Travel and Tourism – Indonesia Impact 2014

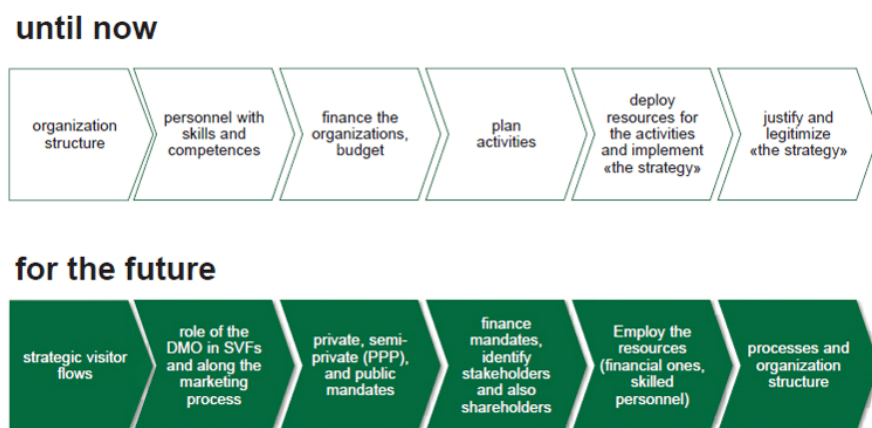
### 3.2 The challenges of DMOs

While DMOs in developing countries have often contributed to developing sustainable tourism, some challenges remain, notably regarding financial sustainability. In order for DMOs to work, a better understanding of their set-up, financing and functioning is required to ensure their sustainability. Projects were sometimes too ambitious in setting up structures rather than understanding the construction of a DMO as the result of a long-term process. The St. Gallen model for Destination Management (SGDM) takes these challenges into account. To ensure a better sustainability of DMOs, it focuses on strategic visitors' flows and the role of marketing process early on. Thanks to the involvement of local partners and stakeholders this should progressively lead to a structured and sustainable DMO.

When supporting DMOs in a development context, SECO should consider some of the lessons learned:

- Create added value for visitors and suppliers in need of specific services. Dynamism is built around the strategic visitor flows (SVF).
- Develop an organisation structure during the destination creation process rather than at the end than at the beginning. The organisation remains the main entity to coordinate all actors.
- Define the tasks mandated jointly by public and private organisations under Public Private Partnerships.

**Graph 2: DMOs going forward**



Source: Beritelli P., Reinold S., Laesser C. and Bieger T., The St. Gallen Model for Destination Management, 2015.

## 4 Competitiveness and facilitated market access

The tourism value chain can be defined as “a network of tourism organisations supplying different components of tourism products/services at a specific tourism destination and involving a wide range of participants in both the private and public sectors.”<sup>14</sup>

For tangible products (food, textiles, etc.) the value chain methodology is a relatively simple tool, providing an overview of the entire chain and clearly identifying the constraints and their location within the chain. Tourism is, however, not a tangible product. Taking this challenge into account, SECO has developed various instruments to support the competitiveness and market access of the tourism value chain: adding value to local value chains, supporting access through the Swiss Import Promotion Programme (SIPPO) and strengthening standards for sustainability and business ethics.

### 4.1 Adding value to local supply chains

Tourism is a powerful engine for growth and poverty reduction. If local producers are enabled to participate in the tourism market by selling products like food products, handicrafts, textiles and related tourism services, its impact can be even larger than expected (see indirect effects of tourism). Moreover, exposure to the tourism market can improve product and services quality, thereby acting as a stepping stone to increased company competitiveness and export. Tourism thus represents a

<sup>14</sup> See Xinyan Zhang, Tourism Supply Chain Management: A New Research Agenda, Research Paper, 2008. <http://repository.lib.polyu.edu.hk/jspui/bitstream/10397/1129/1/18-TSCM.pdf>

good test market for SMEs and family businesses. SECO supports approaches linking poor communities to tourism markets such as:

- Supporting selected operators or individuals to study in hotel resorts and learn about the use of local value chains;
- Training community-based service providers (restaurants, representatives of local culture) and local hotel suppliers (food, beverages, crafts) to help them qualify as hotel-chain partners, i.e. bringing their products up to international standards in terms of quality, price, delivery punctuality, packaging, design, language, etc. This can also serve as a precursor to export.

Several sectors along the tourism value chain can be addressed, such as the textile, agro-industrial, handicraft and historical heritage sectors. Many projects include specific activities to facilitate the integration of women into the formal sector.



Source: Textile Value Chain, Photo: ICVolunteers, V. Krebs.

#### **4.2 Specialist in market entry (SIPPO)**

One important factor for enabling market access is to bring the service providers from developing and transition countries together with their European and Swiss counterparts. This is where SIPPO (Swiss Import Promotion Programme) comes into play: export-ready businesses (tourism service providers) receive training in the areas of export administration, marketing, design and quality assurance, and are introduced to interested tour operators in Switzerland and other countries all over the world. Such measures have already been part of SIPPO's services since 2004. The new SIPPO launched in 2017 additionally seeks to reinforce the links to interventions aimed at strengthening the tourism value chains.

#### **4.3 Standards for sustainability and business ethics**

The concept of sustainable tourism encompasses two main elements: a) the introduction of sustainability measures in traditional tourism operations such as the use of social, labour and environmental friendly measures in the mass tourism industry; b) the development of sustainable tourism in specific regions (eco and authentic tourism).

Fair trade tourism stands for tourism that ensures that the people who offer land, resources, labour and knowledge are the ones who reap the tourism's economic benefits. It is promoted through information and awareness-building campaigns in fair trade tourism among Swiss and European travellers.<sup>15</sup> For example, the Swiss working group on tourism and development (AKTE) has developed an independent website that informs travellers and the travel business on fair and sustainable development in tourism.<sup>16</sup> The mass market has also seen the arrival of industry standards (e.g. Travelife, Global Sustainable Tourism Criteria<sup>17</sup>, Fair Trade Tourism), which set minimum standards with respect to ecology, social responsibility and economic efficiency.

<sup>15</sup> see [www.fairtrade.travel/](http://www.fairtrade.travel/)

<sup>16</sup> see [www.fairunterwegs.org](http://www.fairunterwegs.org)

<sup>17</sup> The Global Sustainable Tourism Criteria (GSTC) were developed as part of a broad initiative managed by The Partnership for Global Sustainable Tourism Criteria (GSTC Partnership), a coalition of over 40 organisations working together to foster



Ethics in tourism has also increasingly become a topic in tourism development. Tourists' destinations and behaviour continue to evolve and can present ethical questions. Within this context, donor-supported international initiatives donors and the tourism industry can act as pioneers through multi-stakeholder platforms, e.g. the prevention of child sex tourism<sup>18</sup>. The Global Code of Ethics for Tourism (CGET), UNWTO's core policy document, seeks to promote sustainable tourism and steers the sector along a responsible path that is mindful of society, cultural heritage and the environment. In the same vein, the UN Guiding Principles on Business and Human Rights also contain a comprehensive reference to ethics in tourism.<sup>19</sup>



Source: [www.fairunterwegs.org](http://www.fairunterwegs.org)

## 5 Skills development and labour market

### 5.1 Hospitality training and skills development

Service providers, well-trained local staff and managers are preconditions for meeting international standards. Ultimately, the quality of staff supports the tourists' experience in a destination and therefore builds its reputation.

Skills development, more specifically the Swiss expertise on Vocational Education and Training (VET), the so-called dual system, becomes a demanded tool by several developing and transition countries in the tourism sector. The quality of tourism infrastructure and services heavily depends on the professional competences of its employees. This in turn allows both developing and securing more and better jobs. That is why SECO analyses the potential of providing such expertise in most tourism projects. Swiss expertise plays an important role and is highly appreciated by the beneficiary countries.

Cooperation between international and local training institutions can have a lasting effect if achieved through an ongoing, systematic exchange of knowledge. Several international training institutions have such institutional partnerships to allow for the exchange of professionals between industrialized and advanced emerging economies. Nonetheless, cooperation with institutions from middle-income countries remains challenging given the persistent lack of capacity at the local level. SECO can best promote such cooperation through providing start-up support and fostering public-private partnerships, where sound and credible business plans are available. Towards this end, different measures can be envisaged, such as:

- Internal reorganisation development and participatory process;
- Improvement of sustainable tourism and hospitality curricula;

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increased understanding of sustainable tourism practices and the adoption of universal sustainable tourism principles. The Partnership was initiated by the Rainforest Alliance, UN Environment (UNEP), the United Nations Foundation and the World Tourism Organisation (UNWTO); see [www.gstcouncil.org/resource-center/gstc-criteria.htm](http://www.gstcouncil.org/resource-center/gstc-criteria.htm)

<sup>18</sup> One of such platforms, supported by SECO is "The Code of Conduct for Child Protection from Sexual Exploitation in Travel and Tourism", see <http://www.thecode.org/>

<sup>19</sup> <http://www.menschenrechte-im-tourismus.net/en/startseite.html>

- Training and further education of teaching staff, as well as staff exchange programmes (multipliers);
- Strengthening of tourism institutions in order to provide applied research services (e.g. input for tourism development plans, carrying capacity assessment) for the government.

## 5.2 Improving labour conditions in tourism

Through the “Sustaining Competitive and Responsible Enterprises” programme (SCORE) of the International Labour Organisation (ILO), SECO promotes international labour standards at the company level. SCORE provides practical training for SMEs to improve workplace cooperation, working conditions and productivity. It thus fosters the social sustainability of the tourism sector in partner countries and helps create more and better jobs.

Private voluntary eco and CSR standards build awareness at the consumer level and contribute to promoting sustainable growth in the tourism sector. Some standards also support ethics in the tourism value chain at the developing country level, such as the already mentioned standards for the prevention of child sexual exploitation.

SECO’s collaboration with the ILO and the Fair Labour Association (FLA) contributes to improving labour standards in smaller family businesses often found in the informal sector. In selected developing countries, the FLA proposes trainings and in-house counselling to advise workers in the informal sector. The focus of these trainings is on productivity aspects, environmental, security and health issues.

Interventions aim at supporting international and domestic tourism corporations and their supply chain to increase the use of the SCORE programme. The objective is to improve firm performance of their local suppliers and encourage compliance with labour and environmental standards.



Source: DMO South Tunisia, Trekking adventure

# 6 Resource efficiency

## 6.1 Interventions for eco-efficiency and cleaner production

SECO, together with UNIDO, has been a pioneer in setting up national Cleaner Production Centres for more than 15 years. Through these interventions, SECO offers:

- Environmental consulting and optimisation for hotels; in conjunction with environmental loans in selected countries;
- Group-based implementation of cleaner production measures via industry associations or Destination Management Organisations;<sup>20</sup>
- Training materials, South-South knowledge transfer such as conducted in the MENA region.

<sup>20</sup> The types of CP measures potentially available to hotels are similar worldwide, e.g. reducing detergent use; saving water (tap aerators, reusing wastewater in the garden, etc.); saving energy (insulation; automatic air-conditioning deactivation, light sensors, etc.); better recycling of organic waste.



International and Swiss tour operators increasingly select partner hotels according to environmental performance criteria.

## **Example 2: Cleaner Production Centres (CPC) in Tunisia**



The Cleaner Production Centres (CPC) Project in Tunisia is part of a larger UNIDO development tool and was co-financed in the past few years by SECO and CITET (International Centre for Environmental Technologies). CPCs have been set up in more than 50 countries worldwide.

The main objectives and achievements of the project were:

- 1.** To reinforce the national capacities in the field of technological and environmental engineering methods which allow the increase of competitiveness of Tunisian companies;
- 2.** To ensure a sustainable development of the performance of those companies.

In the context of this project the tourism sector and the hotel industry received technical expertise on environmental performance, cleaner production methods, social and labour aspects and, in some cases, a Travelife award. For larger hotels, the advantages were numerous:

- a.** Reduction of utilities costs (energy, water and waste management);
- b.** Increase of personnel motivation, reduction of turnover and absenteeism, increase of service quality;
- c.** Reinforced links with the local communities;
- d.** Certification that they meet the Travelife assessment criteria;
- e.** Ability to respond to new demands and expectations of tour operators.

All these specific elements helped to improve the performance, quality and sustainability of hotel units.

## 6.2 Initiatives in eco-tourism and biotrade

SECO launched the BioTrade Initiative in association with the UN Conference on Trade and Development (UNCTAD) during the World Summit on Sustainable Development in Johannesburg in 2002 to facilitate exports of biodiversity products and services from developing countries. The Initiative has since been rolled out in the Amazonian region, the Andes and southern Africa. Within the context of national BioTrade programmes and the global UNCTAD approach, SECO supports:

- development of eco-tourism offerings in accordance with the BioTrade criteria, i.e. based on local, often protected species (big game, birds, fish, turtles) and subject to sustainable eco-system management (rain forests, coral reefs, etc.);
- integration of BioTrade into regional destination management – the species or eco-systems are often the region's main attraction;
- extensive protective and educational measures to prevent over-exploitation: management of national parks or sanctuaries, with a limited number of visitors; trained guides;
- efforts by private enterprise and specialist bodies (e.g. Union for Ethical BioTrade; Rainforest Alliance) to create a worldwide standard or a label for eco-tourism.



Source: SECO, flora and fauna of Peru

## 7 Synergies with other Swiss interventions

Within SECO there are several synergies between the specialized units dealing with private sector development, trade promotion and infrastructure development within the Economic Cooperation and Development division. There are also synergies with other SECO activities and agencies of the Swiss administration:

- To improve the framework conditions for the industry, tourism is a main target sector of the Facility for Investment Climate Advisory Services (FIAS) **Industry-Specific Investment Climate Programme** of the World Bank, supported by SECO. Similarly, a **business-friendly climate** – an area where SECO provides technical assistance – is an important prerequisite for long-term investment and growth in tourism. The **SECO Start-Up Fund (SSF)** has provided a few loans for tourism projects of Swiss investors in focus countries. The **Entrepreneurship Programme** of SECO is another way to support young entrepreneurs in the tourism sector. Furthermore, the **Swiss Investment Fund for Emerging Markets (SIFEM)** has several tourism investments in its portfolio.
- SECO's **infrastructure projects** can contribute to the foundation of a viable tourism sector: guaranteed power supply, safe drinking water, wastewater and waste management systems all complement tourism. Several SECO projects in tourism integrate those elements and collaborate closely with the Infrastructure Support Section.
- Collaboration with the **Swiss Agency for Development and Cooperation (SDC)** is sought, especially in regions where the SDC is active. A clear division of labour is ensured between both organisations to differentiate activities, in particular in the field of value chains related to tourism.
- The **Tourism Unit of SECO** is responsible for the institutional dialogue with the UNWTO, a specialized agency of the United Nations based in Madrid, which serves as a global forum for tourism policy issues and as a platform for tourism know-how and statistics. UNWTO's membership currently includes 154 member states, seven associate members (territories) and over 300 affiliate members. The latter represent the private sector, educational institutions, tourism associations and local tourist offices. UNWTO plays a central role in promoting the development of sustainable tourism. The Tourism Unit of SECO cooperates with experts on various international committees (OECD Tourism Committee and World Tourism Forum) and promotes the development of Swiss rural and alpine regions through regional policies.

## 8 Conclusions

Tourism is a key socio-economic sector since it accounts for around 10% of global GDP. It is a vital contributor to job creation, poverty alleviation, environmental protection, and intercultural understanding, has a strong economic potential for inclusiveness in terms of job creation and can be a powerful driver for inclusive local economic development.

The tourism sector is, however, also prone to risks. Negative social and economic events, such as social unrest, exploitation, environmental damages or violation of fundamental human rights, can occur. Mitigating measures are therefore important to manage those risks and, ultimately, to ensure that the positive impact of tourism can unfold.

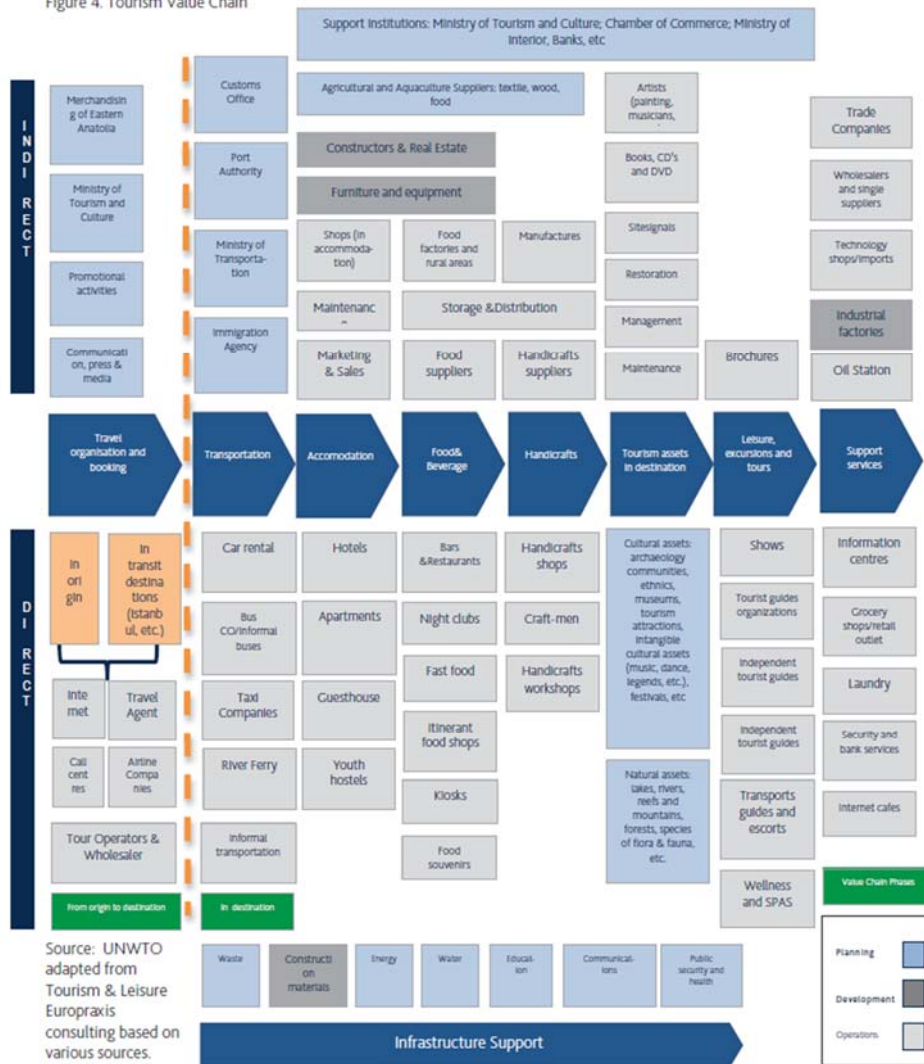
SECO's Economic Cooperation and Development Division has an important role to play in projects focused on sustainable tourism. Through interventions supporting sustainable tourism along the four business lines (i.e. strengthening framework conditions, supporting competitiveness of the destinations, contributing to skills development and enhancing environmental sustainability) SECO can make a positive contribution to local economies and societies in partner countries.

Interventions in sustainable tourism require local ownership, strong involvement of the private sector and robust monitoring frameworks. To ensure that interventions in sustainable tourism are relevant, efficient, effective and impactful, SECO is committed to fostering a multi-stakeholder dialogue with Swiss tourism actors (industry, academia, civil society/consumers). This should allow to reach a common understanding of the challenges of sustainable tourism promotion and to identify opportunities for joint approaches. Furthermore, it would facilitate leveraging Swiss capacity building expertise in partner countries, recognizing the pioneering role Switzerland has played in developing sustainable tourism instruments.

**Annex 1: Complete "Value chain in tourism"**

**Graph: Tourism Value Chain**

Figure 4. Tourism Value Chain



Source: UNWTO adapted from Tourism & Leisure Europraxis consulting based on various sources.

Source: UNWTO, Sustainable Tourism for Development, 2013

## Annex 2: Some risks and countermeasures

Risk	Evaluation	Mitigation measures
<b>Development and security risks</b>		
Social unrest/exploitation	medium - high	Education; participation of the local communities (authorities, SMEs, inhabitants) in decision-making
Volatile business, vulnerable in the case of security/safety issues (terrorism; diseases; natural disasters)	medium - high	Possible only to a limited extent at project level; diversification across the partner country distributes the risk; focus on framework conditions rather than market development; notification of travellers once the security situation improves
Local environmental damage (water pollution, waste)	medium - high	Sustainable tourism development plans; cleaner production; further protective measures in the case of eco-tourism; coordination of infrastructure investments by DMOs
Climate change (esp. air travel)	high	Longer stays instead of higher tourist numbers; higher local added value per tourist
Tourist enclaves, very little development impetus at the local level	low - medium	Tourism-led poverty reduction; education / inclusion of indigenous skilled workers and companies
<b>Reputational and ethical risks</b>		
Negative impact of ethical tourism, cultural impact of tourism	high	Information, awareness building among tourists; development and implementation of policies with local authorities, tour operators, hotels; proactive exchange with NGOs

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