COMMUNITY-BASED TOURISM & CERTIFICATION in South Africa

Presentation by
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South African Context

- 1994 – end of Apartheid
- 1996 – new constitution
- From 1996 – neo-liberal macro-economic framework (GEAR). Govt seeking 5-6% GDP growth – was 3.7% in 2004.
- High inequality: Gini 0.635 in 2001. 20% of population take home 65% of all income.
- High poverty levels – 21 million or about half population living in poverty (US2$ per day)
- Persistent unemployment – officially 26%, probably closer to 35%.
Tourism Development in South Africa

• Tourism seen as a major driver of economic growth and development
  – GDP growth, forex, some FDI
  – Sustainable job creation
  – Poverty reduction
  – Community development
  – Black Economic Empowerment

• 2002 Tourism Growth Strategy,
• 2004 Domestic Tourism Growth Strategy www.southafrica.net
Tourism Demand in South Africa

• Strong domestic market: equal to ~half the value of the industry annually.

• 6,67 million foreign arrivals in 2004, up 2.7% from 2003. Flat growth following upward trend post 9-11.
  – 4,8+ million arrivals from Africa
  – 1,8 million “overseas” arrivals from Europe, Americas, Asia & Australasia.

• Traditional international source markets: UK, Germany, Netherlands, USA, France

• Key growth markets: India, China, Australia

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Arrivals to South Africa grew by 172,954 from 2003 to 2004: “Overseas” arrivals increased by 0.3%, (5,226 more arrivals) ie most of the increase came from Africa

Community-based Tourism (CBT) in SA

• National policy imperative to integrate communities into economy – poverty reduction and correction of historical imbalances.
  – Rural communities (former homelands)
  – Urban communities (townships)
• mid 1990s – focus on “pure” CBT.
• From about 2000 on – focus shifts to:
  – Partnerships based on communal assets
  – Individual entrepreneurs within poor communities
  – Supply chain – wider tourism economy.
Dual understanding

• Tourism activity that is owned and operated by or for a community.
  – Community ownership either wholly or in part.
  – Classical CBT

• Tourism activity that benefits communities through employment, procurement, social investment.
  – Pro Poor Tourism
  – Responsible Tourism

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Public Sector Tools & Approaches

- Infrastructure development
  - Poverty Relief funding - Public Works
  - Spatial development initiatives
- Preferential concessions e.g. in protected areas
- Preferential procurement by government
- Direct support to SMEs [www.tep.co.za](http://www.tep.co.za)
Other – Tools & Approaches

• Private Sector (voluntary initiatives):
  – Joint venture partnerships (Wilderness Safaris)
  – Travellers Philanthropy (CC Africa)
  – Pro Poor Linkages (Spier, Sun City)

• NGOs/Development Agencies
  – Support to communities and private sector
    • Grant finance, micro-finance, consultancies, direct support for marketing, skills development, business planning etc.
  – Certification – FTTSA / IUCN
What is FTTSA?

- A non-profit organisation
- Primarily donor funded (DFID, Hivos)
- Founded in mid-2001 following 2-year pilot
- Previously under auspices of SA country office of IUCN-World Conservation Union – now independent
- 6 staff and growing
- Main business: certification
- Other activities: awareness raising, education, research, capacity building.
What is certification?

• Independent, third-party “stamp of approval”
• Provides guarantee that certain conditions have been met
• Provides certified businesses with
  – Credibility
  – Market access
  – Point of differentiation / market advantage
• Based on measurable critieria or standards
• Can be process or performance based – or both
Why certification in tourism?

• One of many tools that can be used to promote / incentivize sustainable tourism.
  – In SA this means tourism that benefits communities and contributes to post-apartheid transformation & development objectives.

• Certification is typically a voluntary initiative

• Way of linking supply and demand

• Globally, there is growing interest in certification based on successes in other industries e.g. food and forestry products.
Key features of FTTSA certification process

- FTTSA builds on global concept of Fair Trade
  - Trading partnerships & labelling
- FTTSA certification Trademark certifies:
  - Fair wages, fair & safe working conditions
  - Fair employment and procurement practices
  - Respect for human rights, culture, environment
  - Community, local economic development
- FTTSA focus primarily on social and economic / labour standards – less focus on environmental
- Certification based on quantifiable criteria:
  - How business operates internally
  - How business relates to its external environment
- Compatible with other labels, brands and grading systems.

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## The Certification Process

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<thead>
<tr>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
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<tbody>
<tr>
<td><strong>Self-assessment</strong></td>
<td><strong>Assessment</strong></td>
<td><strong>Adjudication</strong></td>
</tr>
<tr>
<td>Applicant completes questionnaire, which is reviewed by an independent Panel, comprised of FTTSA Executive Director and two external experts.</td>
<td>Specially trained consultant conducts on-site evaluation, to verify and supplement self-assessment data. Assessment lasts 1-3 days depending on complexity &amp; size of business. FTTSA has trained 15 local consultants who are contracted in as required.</td>
<td>Assessor’s report is Panel-reviewed. Panel provides written feedback. Successful applicants must be re-assessed annually (paper audit alternates with on-site assessment). Unsuccessful applicants must wait at least 6 months to re-apply.</td>
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<tr>
<td><strong>No cost to applicant</strong></td>
<td>Applicant pays consultant fee (US$230 per day) and 40% of transport costs. Many applicants qualify for up to 50% subsidy from government fund.</td>
<td>Certified establishments pay annual fee, calculated on a sliding scale linked to rates and capacity. FTTSA adjusts fees annually. Fees so far range from US$76 to US$4000.</td>
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The Certification Process – experience to date

- Aimed at “mainstream” & “emerging”
- FTTSA has facilitated ~26 assessments since mid-2003.
- 14 establishments have qualified over 2 years.
- Some who did not qualify initially are working to implement feedback.
- Client surveys indicate that:
  - Assessment process & feedback very beneficial to applicants. Perceived as good value for money
- Subsidies by government fund ensure that costs are not a barrier to CBTEs/SMEs.

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What are the benefits of certification?

### Developmental
1. Assessment process itself is developmental.
2. FTTSA is a sounding board, advocate, facilitator
3. HR development – staff training, improved staff morale, staff retention?
4. Being part of a network of likeminded businesses: mutual support, product packaging, joint marketing
5. Benchmarking to achieve best practice. FTTSA provides guidelines, documentation, feedback.

### Marketing
1. Use of FTTSA label.
2. Showcasing on FTTSA website, in adverts, at trade shows
3. Media work by FTTSA
4. Growing network of international tour operators linked to FTTSA
5. Will provide market advantage, especially with markets supporting Fair Trade, e.g. UK, Germany, Switzerland, Netherlands, Austria, France, Canada, Scandinavia
MAKING TOURISM MORE RESPONSIBLE AND MORE REWARDING

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WHATEVER YOUR HOLIDAY IN SOUTH AFRICA, MAKE SURE IT’S FAIR.

Wherever you see the Fair Trade in Tourism South Africa Trademark, rest assured. Your holiday will promote the well-being of local people and boost their economic development. Our Trademark is awarded only to tourism establishments that ensure • fair wages and working conditions, fair operations, purchasing and distribution of benefits • ethical business practice • respect for human rights, culture and environment. To find out more, visit www.fairtoursismsa.org.za. Tel (+27) 012 342 8307.

CALABASH LODGE AND TOURS, MASAKALA GUESTHOUSE, SABI SABI PRIVATE GAME RESERVE, SHLOWA LAKESIDE LODGE, SPIER LEISURE, STORMS RIVER ADVENTURES.

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Growing awareness of FTTSA

• In May 2004 and again in May 2005 FTTSA conducted survey to assess brand awareness amongst South African tourism industry:
  • In 2005 49% of respondents recognized the FTTSA Trademark. Up from 26% in 2004.
  • FTTSA website: Oct 2005 total 132,000 hits recorded + 1554 first time visitors. Traffic has doubled from previous year.
Two Examples of FTTSA-certified products:

Masakala Traditional Guesthouse

Singita

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Masakala Guesthouse

- Owned by Mehloding ("green pastures" Community Tourism Trust. Trust represents 25 villages including Masakala.
- Up to 12 guests in traditional accommodation.
  - Built using government grant - to create temporary jobs in the village. Based on indigenous designs
- 3 part-time employees, all local women
- Minimum wage is US$90 per month.
- GH is a base for hiking, horse riding, rock art viewing, birding, cultural excursions – village residents trained as field guides.
- Aims to keep “tourist dollars” in the village.

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Masakala Guesthouse

• Good product but off the beaten track. Needs to improve occupancy rates.

• Certification will improve viability:
  – Improved access to markets (backpackers, overland tours, international groups and FITs)
  – Improved profile and credibility in industry
  – Links with other FTTSA-certified establishments
  – Improved operations
    • Insurance, star grading, compliance with basic requirements
    • FTTSA facilitated link with VSA-New Zealand volunteers

• Assessment costs ~US$500 payable every two years. 50% subsidy via TEP; Annual fee = ~ US$76.
Singita

- Group of 5 small-scale safari lodges
  - Very high end (US$1050 pp/pn)
  - All inclusive
  - Privately owned

- Strong commitment to staff
  - Good wages and benefits, training, job mobility
  - Min wage ~ US$250 per month + benefits.

- Community focus
  - Optional community tour for guests run by local entrepreneur.
  - Procurement (operational goods and services plus entertainment for guests)
  - Social investment

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Singita

• Well established product.
• Does not require assistance with marketing, although certification has led to new TO links.
• Primary reasons for seeking certification:
  – Guests are socially aware.
  – Positioning in relation to competitors
  – Desire to improve CSR activities
• Costs to Singita:
  – ~ US$1550 for assessment, payable every 2 years
  – ~ US$3800 payable annually for use of mark.

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Conclusion: FTTSA & Community Benefit

• FTTSA’s private sector clients optimize tourism impacts for communities & local economies.

• Community clients improve operations and market access – improve long-term viability.

• Improved credibility for both groups:
  – Community enterprises taken seriously by industry.
  – Mainstream establishments better positioned within a transforming industry. Certification a reward for good practice.
General Conclusions

• SA a very good testing ground for certification based on socio-economic criteria.
• Certification a useful tool for testing / demonstrating demand for sustainable travel (consumer and supply chain)
• Certification can’t stand alone – must complement other tools and approaches
• Demand for FTTSA-style certification is growing regionally and beyond. Strong case for South-South exchange and cooperation.
www.fairtourismsa.org.za

Thank you!

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