

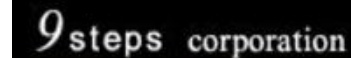


Department
for International
Development



Institutional arrangements for tourism development: A framework and cases

Presentation



1 Key elements and dimensions to consider

2 Selected case studies

3 Lessons learned and best practices

1.0. - Distinction between Institutions Responsible for Tourism Development (IRTD) and Tourism Organizations (TO)

- **IRTD** are the **purely public sector structures** that **govern the sector** while **TOs** are typically created to **undertake marketing efforts and other specific activities**.
- According to the UNWTO, **TOs in less developed economies tend to answer directly to IRTDs** whereas those in **more developed economies tend to be more autonomous public-private entities**. Some countries do not have separate TOs and IRTD.

1.1. - Typical functions and responsibilities

Policy and Planning

- Sector planning and policy generally fall within the domain of the IRTD.
- **Strategic guidance to the tourism sector is generally provided through national tourism plans**, which tend to **range between five and ten years in length**. Tourism **policies provide specific regulations that govern the sector**.

Marketing and Public Relations

- Core activities of many TOs. When TOs and IRTDs are separate entities, this function is generally assumed by TOs.
- Most focus on international tourists; many also promote domestic tourism. All promote leisure tourism; most also undertake activities focused on MICE.
- For international marketing, most have offices abroad, use local representative firms, or employ a combination of the two.
- Many dedicate considerable resources to the **creation or sponsoring of events**, to attract tourists and bolstering the destination brand. In some countries, events are managed by a separate Convention and Visitors Bureau (CVB).

Product Development

- The majority of countries undertake product development efforts at some level. In some cases, this involves the direct creation of new tourism products. More often, it involves **stimulating private sector involvement in creating new products or improving current products**. This is achieved through **mechanisms such as technical assistance, credit facilitation, matching grants, and engagement with other government agencies**.

Infrastructure Development

- Some IRTDs/TOs are responsible for developing tourism infrastructure such as visitor information centers, interpretation centers, land and maritime transportation terminals, trails, signage, etc.
- IRTDs/TOs may also be involved in **committees that influence decisions on major infrastructure developments** such as **roads and airports** that have an important impact on tourism movement.

Licensing and Standards

- Most help ensure minimal quality by licensing tourism establishments. Many oversee standards programs that involve evaluation and grading of establishments into categories (often star-ratings), based upon pre-established criteria.
- Licenses are generally mandatory; some standards systems are voluntary. In some countries, standards' systems have not been implemented at all.
- When IRTDs and TOs are separate entities, this function is often assumed by IRTDs. In some cases, it is performed by a semi-independent agency underneath the IRTD.
- Some IRTDs/TOs also spearhead quality labels, standard gradings for accommodation (star system) that provide a strong incentive for tourism businesses to continually improve their service provision, or as recently introduced, the online claim management.

Capacity Building/Quality Enhancement

- Most provide some technical support to the industry to improve the sector's overall service offering. This can take the form of **specific courses** and **periodic technical assistance** to tourism companies, as well as **tourism and hospitality training institutions**. Some of such institutions fall directly under the IRTD/TO.

Statistics Collection/Market Research

- Most IRTDs/TOs are involved in tourism statistics collection, often in collaboration with the country's national statistics agency.
- Some merely collect and disseminate the statistics; more advanced IRTDs/TOs dedicate considerable effort to analyzing the statistics together with other market research activities (secondary research on international market characteristics and trends).

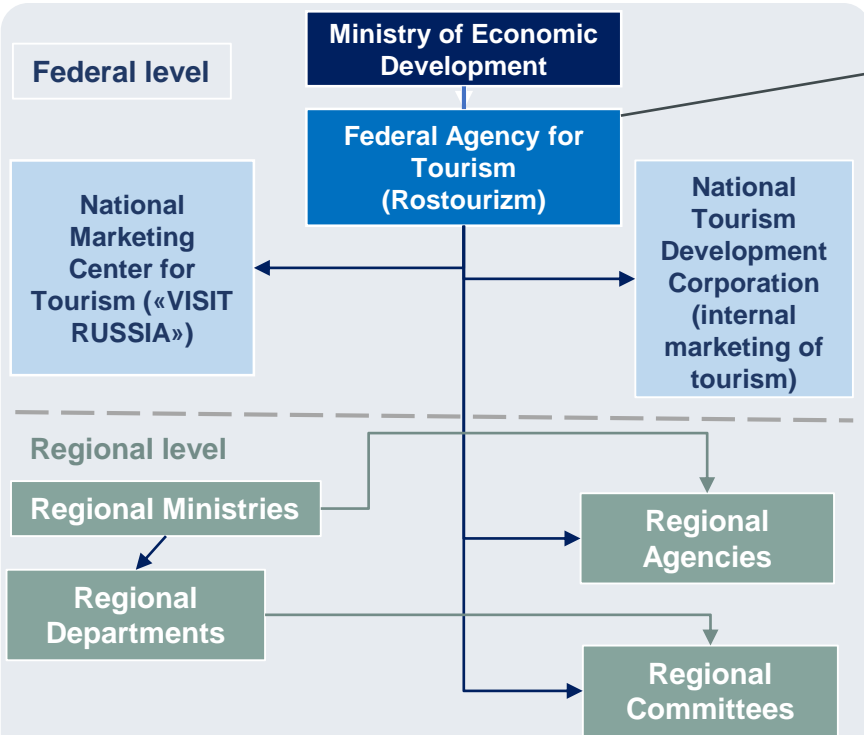
Sector Coordination/Partnership Building

- Tourism is a cross-sectorial industry, most IRTDs/TOs employ a **number of mechanisms to ensure coordination with other government agencies** as well as with the **private sector, civil society, and other key tourism stakeholders**. These often take the form of **committees, working groups, regular consultative meetings, and even informal gatherings**.
- When IRTDs and TOs are separate entities, this function is generally assumed by IRTDs.

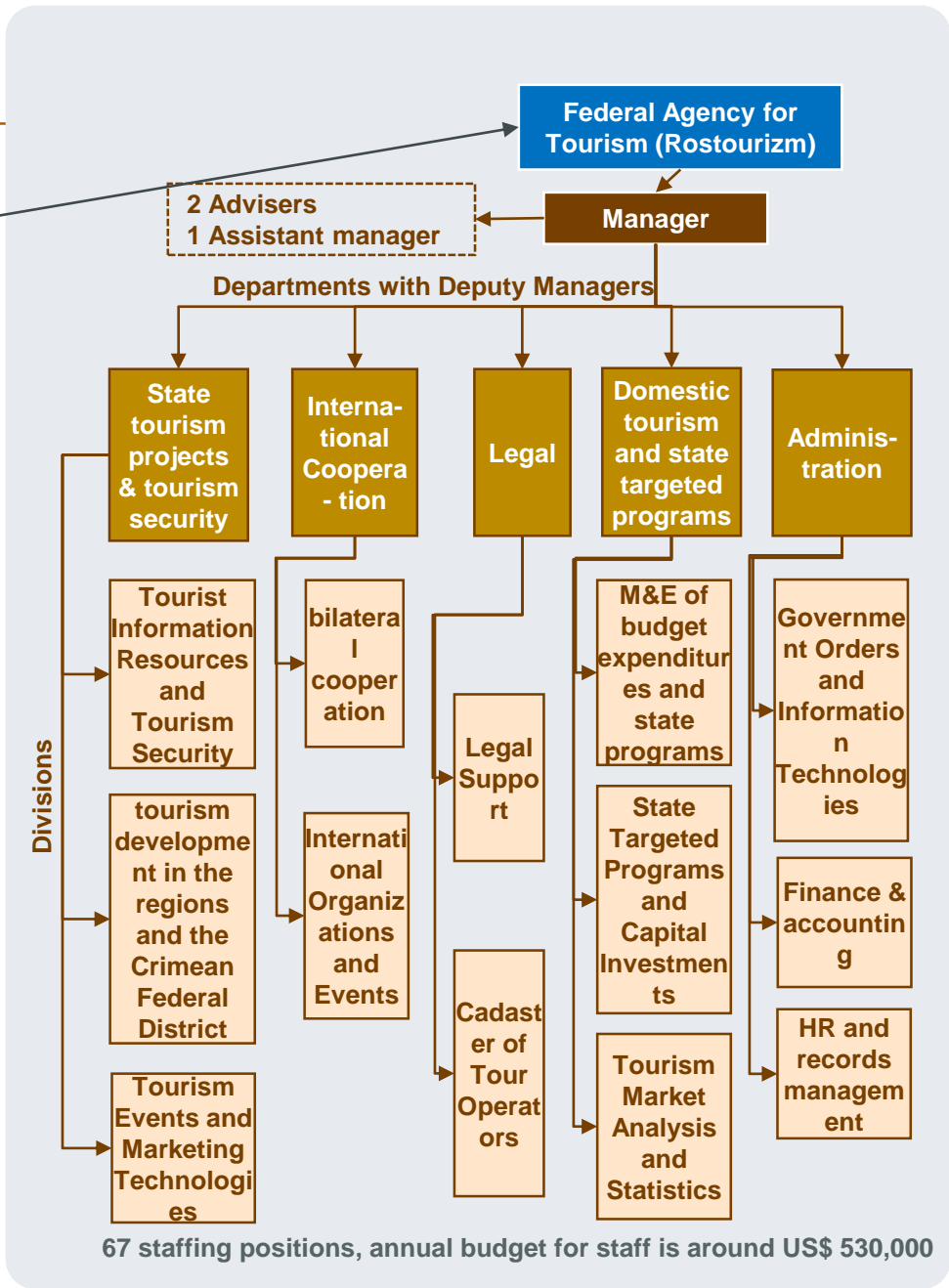
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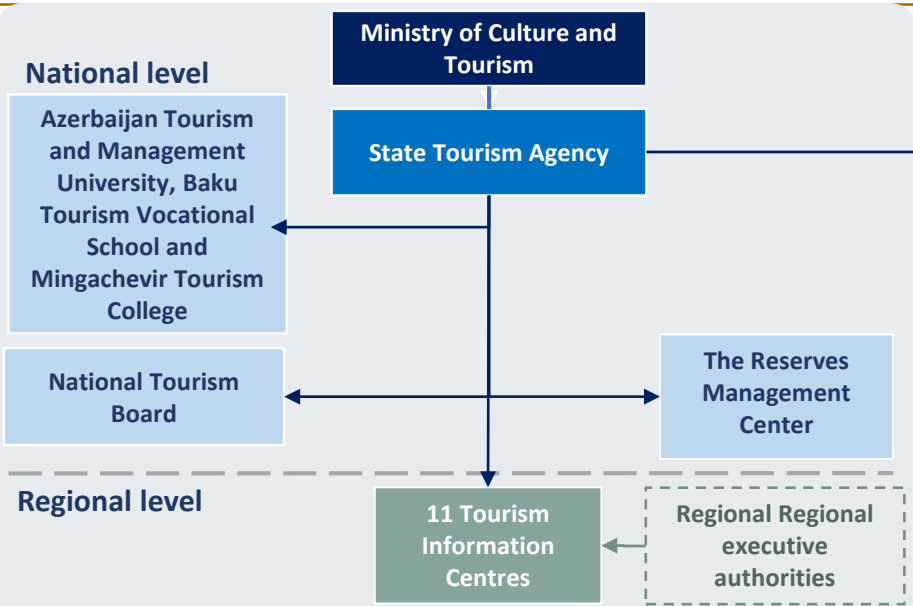
3 Lessons learned and best practices



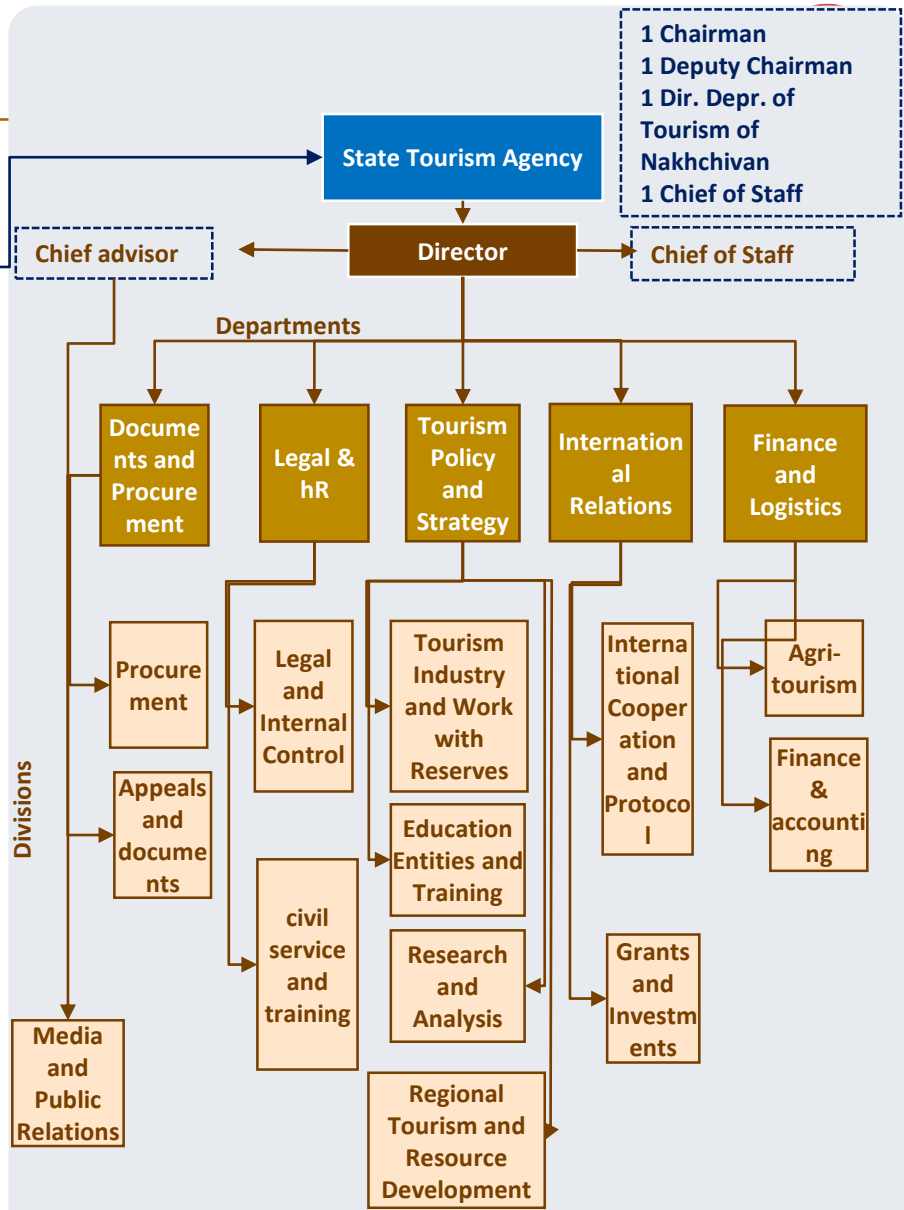
- IRTD: **Federal Agency for Tourism (FAfT)** or Rostourizm.
- Main **functions**: provision of public services, management of state property, law enforcement in the field of tourism, and tourism activities.
- Since Nov 2018, the Ministry of Economic Development manages the activities of the FAfT.
- FAfT carries out its **activities in cooperation** with **other federal executive authorities**.



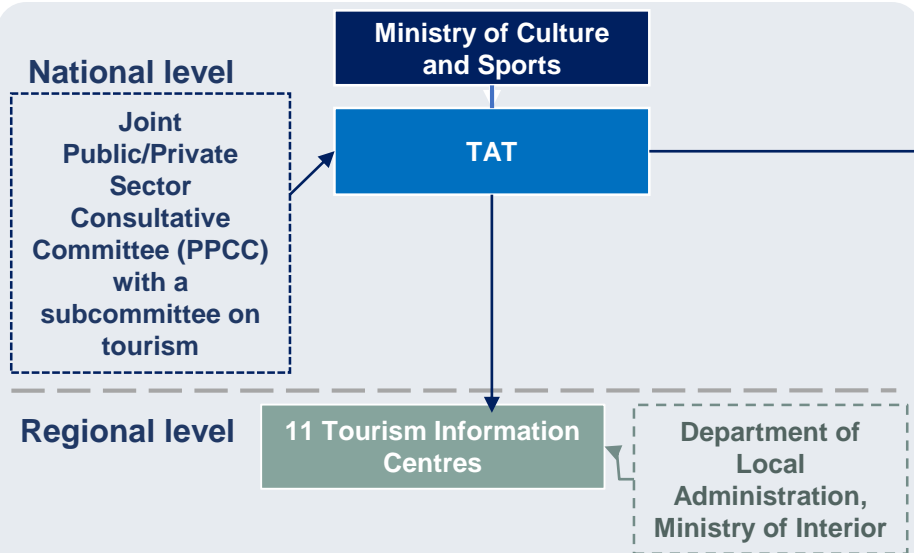
67 staffing positions, annual budget for staff is around US\$ 530,000



- The State Tourism Agency (STA) is the main Tourism Institution in Azerbaijan, depending directly from the Ministry of Culture and Tourism.
- It has a three subordinate sub-agencies: a set of educational institutions; the **National Tourism board** with the responsibility of international promotion and representation abroad (6 offices + 6 planned); and the **Reserves Management Centre** which deals research and study of historical and cultural tourism (assets) heritages, particularly the 8 most relevant.



55 staffing positions. Budget of aprox. USD 45 million: 63% tourism infrastructure; 23% for PR, marketing and advertising; 14% for product development, training and regional spending

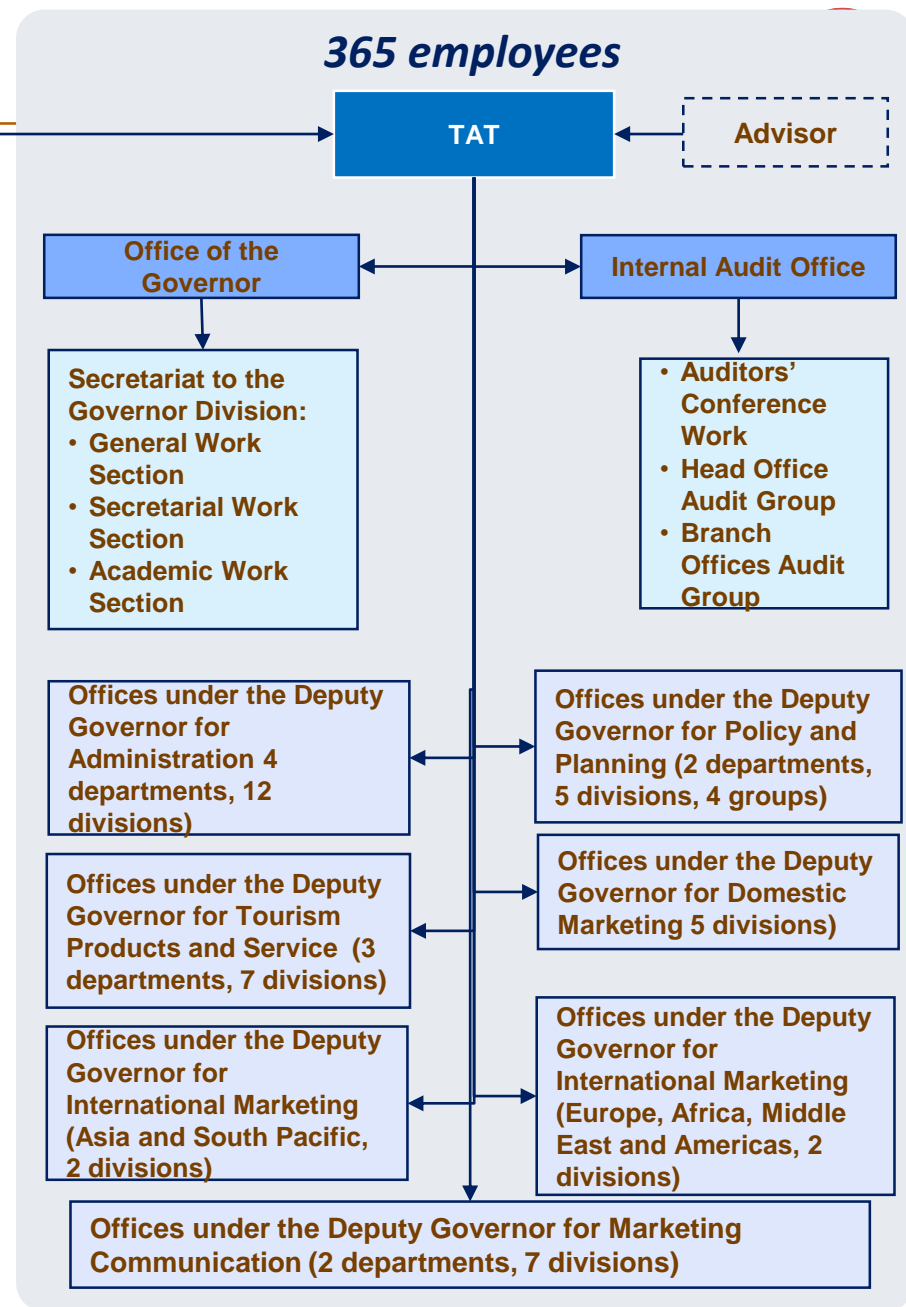


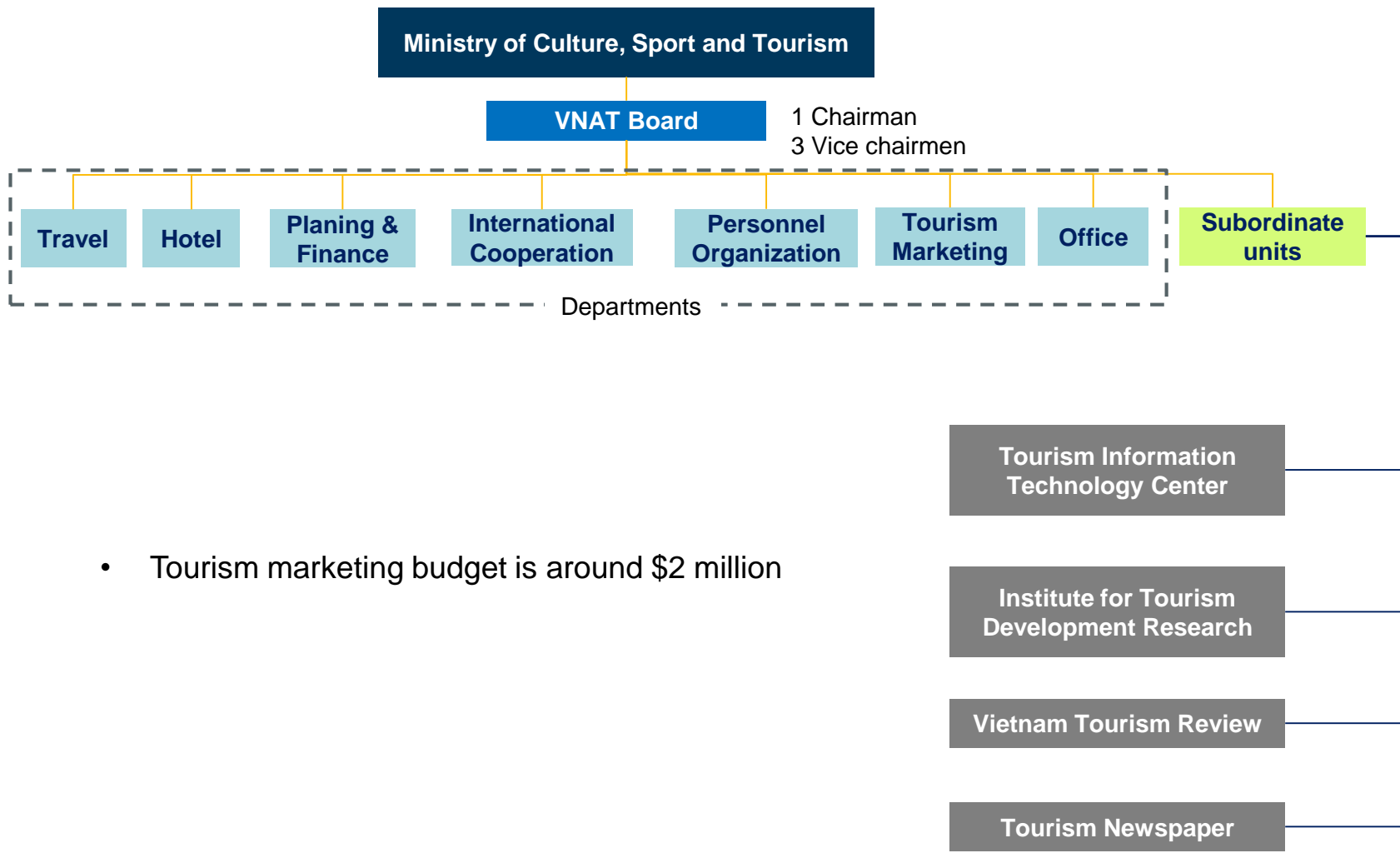
- The **Ministry of Culture and Sports** is responsible for developing, supporting and promoting industrial tourism, sports and recreation
- The role of the **Department of Local Administration, Ministry of Interior** is the responsibility for promotion of local economy development, investment, employment, trade, and tourism; and for appointing the **76 governors of the Provinces of Thailand**
- TAT - 100% of share belongs to the Ministry of Finance the initial capital is 1.8 million USD, and 365 employees)

Annual budget of TAT 243.8 million USD

75% Marketing and promotion

25% operations



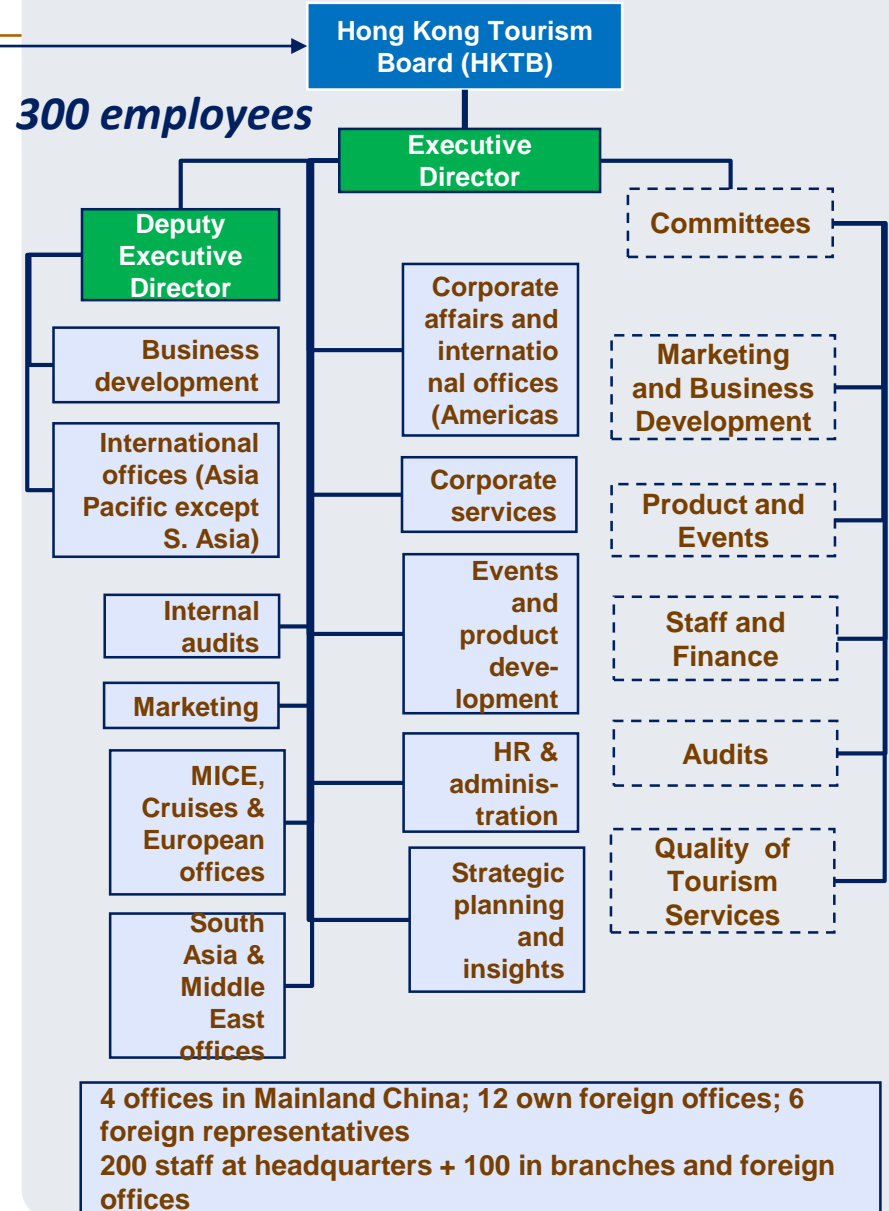


- Tourism marketing budget is around \$2 million



- The **Tourism Commission** is responsible for formulating policies and plans, as well as coordinating their implementation.
- **HKTB's** functions are the development and promotion of the tourism sector, but the primary focus is **to market HK as a destination**.

Annual budget of USD\$ 138 million
70% Marketing and promotion
30% operations



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Policy and planning

- Steered and controlled by the Governments with active participation of stakeholders and private sector;
- In trend: visa free regime, open skies policy

Product Development

- Most effective tend to be on differentiation based on primary motivations of visit, enhanced by complementary features;
- Oriented and selective support through Tourism Product Development Funds to private sector have been effective policy instruments to foster product development, if complemented with public spending. Consistency of funding is determinant.

Marketing and Public Relations

- Marketing and promotion strategies developed in tandem with the private sector and differentiated according to the target markets and customer segments
- Anchored on increasing visibility in the regional largest markets, with increasing spending in longer haul higher yield markets to diversify the source markets.
- Increasing on-line and digital presence and advertising
- Mastering the art of PR through social media and bloggers cultivating “advocacy groups”.
- Some countries put stronger effort on the domestic markets.
- Hosting large scale events with world coverage have become only affordable to nations with high spending capacity. Regional events with world coverage help share the costs and the benefits. Positioning and branding gets fast results, but high maintenance is important;
- Most affordable events have been the focus on target segments to improve travel experiences, widen seasonality, and promote market diversification (segments and source markets);

Infrastructure Development

- Linked and great need of alignment with product development, statistics collection, capacity building, policy and planning.

Licensing and Standards

- Linked with cadaster, statistics collection, quality assessment and inspecting activities
- Development of a set of quality standards criteria, trainings to participating operators, and reward mechanism to incentivize performance.
- Implementation of Tourism Sustainable label systems (some GSTC based)
- Star system for accommodation

Capacity Building/Quality Enhancement

- Creation of training entities offering curricula that meets both international standards and the local demands of the industry;
- Life professional environment with real customers;
- Partnerships with international training institutions;

Statistics Collection/Market Research

- Effective data collection requires legal enforcement (border police, accommodation) and frequent surveys for spending and satisfaction.
- Growing pressure for more timely and frequent data on basic information
- Growing spending on campaign monitoring and response measurements
- Need for analysis of information and its sharing with stakeholders
- Creation of satellite accounts: difficult process requiring consistent and enduring resources.
- Cadaster of operators with penalties for misbehavior

Sector Coordination/Partnership Building

- Public and private sectors need to work hand-in-hand to develop and promote a destination. Governance model needs to include both;
- Need of regular intervals of meetings among stakeholders, for discussion of data/research analysis and action measures proposals, in a dialogue platform;
- Need of a liaison body/ committee with political clout to coordinate the activities and measures of the various governmental and public entities at national and regional levels, with top-down and bottom-up fluidity of information and responsibility.