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for Asia-Pacific **Prosperity**

SMEs' Integration into Global Value Chains in Services Industries: Tourism Sector

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1 Executive Summary

1.1 Background: Tourism Micro, Small and Medium Enterprises (MSMEs), Tourism Global Value Chains (GVCs) in the APEC Region

Tourism is among the fastest growing sectors in the APEC region and crucial driver of economic growth (APEC 2016). Sustainable tourism in particular is capable of strengthening connectivity in the domestic economy and through trade, stimulating employment and entrepreneurship, diversifying the economy and creating incentives to protect the environment and biodiversity (APEC 2017).

Micro, Small & Medium Enterprises (MSMEs), which account for approximately 99% of all enterprises in APEC (APEC 2014), are regarded as a vital means for tourism to promote inclusive growth as they lead to a more equitable distribution of costs and benefits through increasing job opportunities for poor households and utilizing locally generated inputs (APEC 2016b). In addition to hiring locally, MSMEs are more likely to provide jobs that are less skill-intensive with more flexible work arrangements which are more suitable for households. Several studies have demonstrated this connection between poverty reduction as a result of tourism growth and MSMEs (APEC 2016b, ii).

Meanwhile, as a result of globalization, approximately 80% of trade is conducted through global value chains (GVCs). The GVC concept refers to all the activities that add value to a product or service through the various stages of production, ranging from design, development, raw materials and inputs, processing to marketing and post-sales activities. Trends in GVCs since the global financial crisis include consolidation, in which multi-national corporations (MNCs) increasingly sourcing from a smaller pool of larger suppliers as opposed to many small ones and convergence, in which lead firms in different GVCs begin to source from the same upstream suppliers. These trends create disadvantages to MSMEs as there are many barriers to enter these highly established networks, and numerous other sector-specific challenges associated with tourism (APEC 2014, p. 2).

1.2 MSME Challenges and Barriers

MSMEs in the tourism sector often face challenges in accessing capital from public and private sources. Tourism MSMEs are typically formed with personal equity as the initial capital and face challenges accessing other forms of financing. This creates challenges given that MNCs typically prefer suppliers that are financially sound and meet certain standards of quality (APEC 2014, p. 59-61). Lending arrangements or taxation regimes also may not be conducive to MSMEs in the tourism sector, making startups and expansion difficult (APEC 2004, XI).

The business environment, physical and informational infrastructure and sector-specific factors influence the competitiveness of SMEs and their successful integration into the GVCs (APEC 2014, p. 61-62). Inefficient, inconsistent or overly complex bureaucratic environment can also limit access to essential government services such as certification (APEC 2004, XI). Since MSMEs typically operate as lower-tier suppliers, low barriers to entry lead to industry fragmentation and intense competition which can significantly affect service quality and lead to difficulty in increasing value-added (APEC 2004, XI).

MSME workforces often lack trained workers, human resource development capacity, management skills and adequate policies for career development, and thus face recurrent hiring and training costs which hinder productivity and profitability in the industry (Stacey 2015, p. 24). Furthermore, career structures tend to be flat, with limited opportunities to develop management skills (APEC 2012a, p. 42).

Additionally, soft skills for tourism and hospitality such as communication skills, customer service, and time management remain a weakness (Christian et. al. 2011, p. 3).

1.3 Gender

Women account for 60% of the workforce in the tourism sector. As women tend to have less access to education and greater household responsibilities, tourism featured by low barriers to entry and flexible working hours provides them with employment opportunities (UNWTO 2011, p. 7). They tend to have lower paying jobs such as housekeeping, laundry, food and beverage and clerical work as employees in hotels or family restaurants, own-account workers or entrepreneurs, artisan or retail vendors (The World Bank 2013, p. 15). Women-owned MSMEs also tend to concentrate in highly competitive industries with low returns (APEC 2016c, p. 1).

There are a number of challenges and structures specific to gender within tourism GVCs; Gender is a powerful organizing principle for GVCs which determines access to subsectors, forms of work, entrepreneurial activity, and ownership status. Moreover, practices of global lead firms, destination firms, and institutions create gender constraints that can lead to gender compositions of work and wider household effects (The World Bank 2013, p. 70). There is relatively limited promotion for women into senior roles compared to men (APEC 2017b, p. 14).

1.4 Tourism Governance and Policy Interventions

Due to the growing economic significance of the tourism sector, and its intensity in employment and interconnectedness with the broader economy, it is imperative to explore options to increase the participation of domestic MSMEs in tourism GVCs. Tourism MSMEs are the best-suited to capture tourism revenue within the domestic economy and produce poverty reduction and impacts on areas as diverse as infrastructure development, education, and gender and ethnic equality (Jansen 2013).

Governments can intervene to assist MSMEs integration into tourism GVCs through broad, horizontal policies that aim to improve the overall business environment and promote inbound tourism or devise a series of measures that specifically target MSMEs. Tourism in developing economies is dependent on overall quality of life, as international tourists in particular are accustomed to a certain standard of quality in accommodation, infrastructure, and accessibility. Additionally, trends in tourism demand reflect increasing preference for unique experienced-based tourism products. Governments can aim to manage tourism destinations to increase competitiveness and sustainability through interventions that promote accessibility to destinations, diversify tourism offerings and mobilize communities to capitalize on unique destination-specific assets (OECD 2016, p. 10).

Promoting and cultivating attractive destinations requires coordination among government agencies at the economy-level and local levels, as well as economy-level tourism agencies, destination management organizations and the private sector, which has been identified as a means to identify and mobilize a wider range of tourism assets (OECD 2017, p. 9). Furthermore, in order for governments to formulate targeted tourism policies and interventions, data collection and market research is necessary. Many OECD economies have programs to collect and analyze tourism data at the local level, which can reflect how visitor spending contributes to the local economy and businesses, thus potentially creating actionable market intelligence for MSMEs (OECD 2016, p. 9).

Furthermore, government may support MSMEs by promoting and protecting cultural and historical assets, as MNCs may be less competitive in these areas. Government should work both to enhance the

visibility and appeal of these assets to international visitors, and prevent their decay from unmanaged tourism. Successful measures should address a wide range of intangible and tangible cultural assets, and support market research, cultural identity development and community participation to increase the benefits MSMEs can derive from cultural tourism. The “¿Y tú qué planes?” campaign in Peru was recognized as effective in decentralizing the supply of cultural tourism by promoting unconventional destinations (UNWTO 2016, p. 116-117). Another exemplary initiative is Chile’s “Rutas Patrimoniales,” which aims to create local and regional tourist circuits with natural and historical value (UNWTO 2016, p. 100).

Government can also directly provide support to MSMEs in the tourism sector through funding, information and other resources, as MSMEs may lack the resources for business expansion and capacity development, while MNCs prefer financially sound MSMEs suppliers with the capacity to expand production of high-quality products. A key success factor in government support initiatives is to raise awareness and disseminate information so MSMEs can properly take advantage of them (OECD 2016, p. 48).

Given that it is such a significant challenge, MSME financing schemes and provision of resources for business expansion in the tourism sector have been recommended by numerous publications. Examples of policies by APEC economies include: a series of credit guarantees and grants to MSMEs provided by The National Institute for Entrepreneurship (INADEM) in Mexico to promote entrepreneurship in the tourism sector and; a joint initiative by the Department of Trade and Industry and the Department of Tourism in the Philippines that provides design and mentorship services and shared facilities for MSMEs to produce quality souvenir products for tourism facilities (Philippine Daily Inquirer 2014).

Workforce development is also a key area of policy intervention to facilitate MSME integration into tourism GVCs; the International Labor Organization (ILO) found that institutionalized tourism-specific training in technical and business skills was crucial to upskilling MSMEs and establishing rational career structures (ILO 2015, p. 5). Furthermore, investment in training in soft skills for entrepreneurs and tourism employees should be pursued (Christian et. al. 2011, p. 3). Other interesting initiatives in workforce development include the testing of the APEC Occupational Standards Framework to develop a standard set of skills needed for the tourism sector in five economies (APEC 2016a). Government may also support MSMEs by providing technological assistance with various activities, such as digital marketing, software and even basic access to the Internet and computers. For example, the Australian government provided a free software tool called the Australian Tourism Booking Widget to encourage MSMEs to accelerate the use of online bookings (Haxton 2015, p. 61). Singapore is also a model-economy in the provision of technological support to tourism MSMEs and workers with innovative digital skills development under the ‘SMEs Go Digital’ and ‘ICT SMEs Capability Development (Infocomm Media Development Authority 2018).

2 Background

Across the world, the tourism sector has been growing for the better part of the past two decades; United Nations World Tourism Organization (UNWTO) data shows an average annual growth of 6.3% in tourist arrivals between 1995 and 2015. Emerging economies are expected to grow their share of the tourism market at 4.4% annually between 2010 and 2030 versus an average of 2.2% in advanced economies.

APEC has also experienced positive growth in almost all years between 1995 and 2013, growing at an average rate of 5.6% annually. The greatest growth occurred in emerging economies which accounted for 75% of all tourist arrivals during this period, although growth rates between industrialized and developing economies have since largely converged (APEC 2016b, p. 3).

A 2012 Tourism Working Group (TWG) report estimated that GDP and employment would grow 4.8% and 1.8% respectively between 2016 and 2026, creating an additional 8.9 million jobs in tourism and related sectors (APEC 2016b, p. 3). The World Travel and Tourism Council (WTTC) found that the tourism sector directly and indirectly supported around 150 million jobs in the APEC region, or 10% of total employment with predictions for growth. Meanwhile, the tourism sector contributed 8.9% of GDP, including direct and indirect contributions (WTTC 2018, p. 1).

Given that MSMEs account for 99% of all businesses in the APEC region, their development is crucial to ensuring that growth in the tourism sector promotes *inclusive* growth, or growth in mean household income adjusted for increasing inequality (APEC 2016b, p. 15). Research shows that MSMEs account for up to 50% of employment in the tourism sector, and are capable of more equitably distributing costs and benefits as opposed to large enterprises given that they tend to hire and source inputs locally (APEC 2016b, p. 17).

Tourism MSMEs include family-owned accommodations, vendors of traditional crafts and food, guide services and other supporting businesses, and may possess characteristics such as:

- niche products;
- low barriers to entry;
- personal equity forming the initial capital of the business;
- homogeneity and lack of room for innovative growth;
- lower capital intensity, higher labor intensity;
- operates within the informal sector.

With these characteristics, the structure of the tourism GVC and numerous associated challenges they face, tourism MSMEs are largely relegated to low value-added activities that mostly only produce supplementary income. MNCs largely set the “rules of the game”, in that they determine what to produce, how it is produced, production and product standards, and ultimately choose their suppliers, which limits options for MSMEs with less experience and resources.

Furthermore, the tourism GVC is also structured in a way that can disadvantage women. Although significant progress has been made to close gender pay gaps and improve women’s promotion prospects in many industries and economies, change has been much slower in the tourism industry. Gender remains a powerful determinant of access to tourism industry subsectors, forms of work, entrepreneurial activity, and ownership status in global value chains (GVCs). The practices of global lead

firms, destination firms, and institutions create gender constraints that can lead to unequal gender participation in the workforce and wider household effects (The World Bank 2013, p. 70). Additionally, the promotion of women to senior positions is much less common than it is for men (APEC 2017b, p. 14).

Achieving greater gender diversity is important to promoting the future growth of the APEC tourism sector for a variety of reasons. Fostering inclusion of women in roles typically dominated by men will lead to a wider range of skills and perspectives in various segments and management and leadership positions. APEC has identified the need to increase participation of women in tourism entrepreneurship as a priority in effectively accommodating dramatically increasing tourism flows in the Asia-Pacific. The Tourism Working Group (TWG) noted in May 2018 that despite their large representation as employees and entrepreneurs “gender gaps persist when it comes to labor participation, management roles and compensation.” (APEC 2018).

Despite challenges, tourist demand is trending towards increasingly authentic, local and personalized experiences, which may create opportunities for MSMEs who are capable of creating products that build off local cultural, natural and historical assets due to partially unmet consumer demand for such products (OECD 2012, p.25). This unmet demand for authenticity could allow MSMEs to innovate products and experiences utilizing locally sourced inputs and intangible assets, taking advantage of their local knowledge and networks, or also pursuing partnerships with MNCs and larger firms. Increased participation by MSMEs in the tourism GVC at higher levels of value-added will also likely bolster supporting industries indirectly involved in the tourism sector as suppliers, thus strengthening backwards linkages between tourism and the domestic economy (UNCTAD 2014, p. 2).

There are numerous potential policy interventions that governments could devise to assist MSMEs in integrating into tourism GVCs, including broad-based horizontal interventions and more targeted sectoral-specific policies. Therefore, it is imperative to explore these options in the context of structure of these GVCs and the specific challenges they pose to MSMEs.

3 Definitions and concepts

Backwards linkages: linkages between a company (information, materials, money, etc.) and its suppliers.

Economy-level: Refers to the highest level of government in an APEC economy (such as the Government of Canada), or some activity that occurs at the level of the entire economy (such as an occupational standard that applies to all workers in the economy).

Global value chain (GVC): A value chain refers to the full spectrum of value-added activities required to bring a product from its conception, through design, sourcing raw materials and intermediate inputs, production, marketing, distribution and support to final consumers. The complexity of the value chain and the business relationship between the various components also varies from industry to industry and company to company. Similarly, a value chain can also span enterprises in a local economy or a regional grouping of economies. Value chains become “global” when their component activities are geographically spread across several economies (APEC 2012, p. 3).

The tourism GVC examines the international tourism economy by tracking a tourist's purchases across their entire trip, beginning with the decision to travel and ending with the journey back home. In this sense, the tourism GVC could encompass a travel agency that assists tourists with choosing a destination and making travel arrangements, as well as online resources and word-of-mouth; companies that operate planes, trains, and other forms of transportation; operators of hotels and other accommodations for travelers; a food producer who provides food for a hotel; makers of handicrafts and souvenirs; tour guides; and many others.

There are several types of tourism based on the purpose and activity of the travelers. (Travelers could fall into more than one category.) The basic types of tourism for the purposes of this survey are:

- Cultural - tourism undertaken primarily to enjoy the cultural offerings of the destination, such as the local language, architecture, arts, historical sites, festivals, events etc. -
- Natural - tourism undertaken primarily to enjoy the natural scenery or features of the destination. This could include hiking, walking, climbing, boating, and other activities.
- Adventure - tourism undertaken in search of exciting, dangerous, or physically arduous activities, such as white-water rafting, steep mountain climbs, ziplining, and other activities (distinct from nature tourism in that nature tourism is not necessarily difficult or risky.)
- Culinary - tourism undertaken primarily to enjoy the food of the destination. This is a growing area of interest for international tourists.
- Business/MICE (Meetings, Incentives, Conferences, and Exhibitions) - travelers in this category travel to their destination for business purposes or to experience a temporary event, such as a conference, international sporting match, or the like.

MSME: Micro, Small and Medium Enterprises (APEC 2017b, p. 25).

- Micro enterprises have between one and four employees
- Small enterprises have between five and 19 employees
- Medium enterprises have between 20 and 100 employees

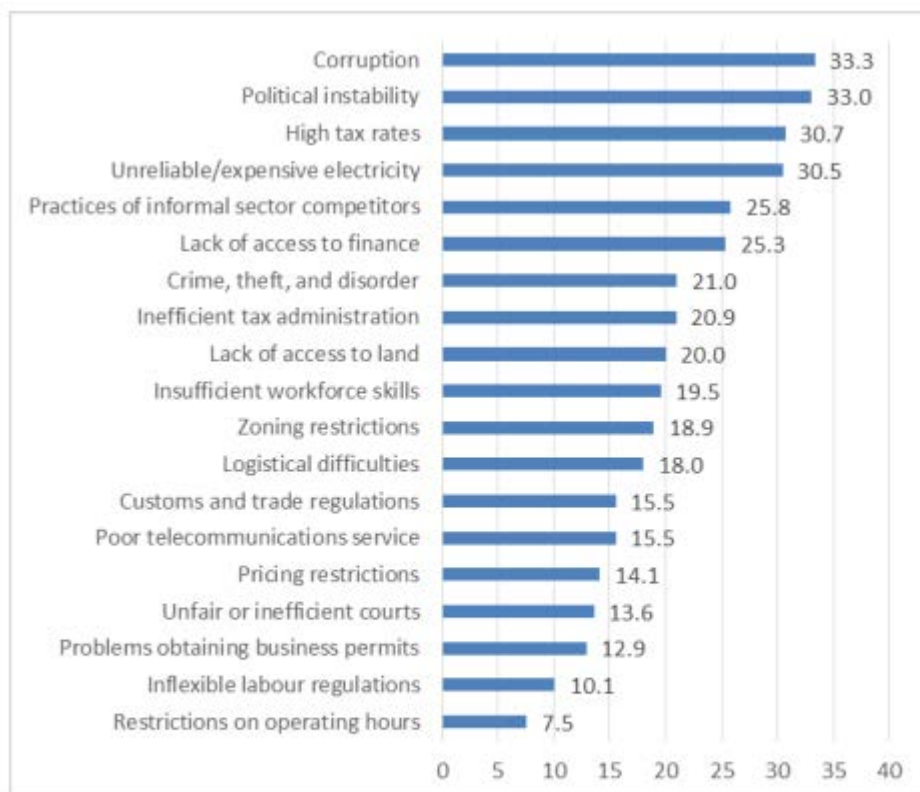
Value-added: of, relating to, or being a product, whose value has been increased especially by special manufacturing, marketing, or processing (OECD n.d.).

Informal sector: the part of the economy that is not taxed and largely evades government monitoring and regulation. Usually characterized by low worker protections, low wages and intense competition (Perry G. et. al. 2007, p. 21).

4 Challenges for MSMEs

This section will describe challenges for MSMEs to access opportunities and/or increase their value-add contributions within the tourism GVCs. These challenges can be related to the overall business environment external to the MSME such as market conditions, government bureaucracy and regulations, as well as internal factors such as labor skills and resources. The World Bank conducted Enterprise Surveys, which included 2,020 tourism firms from eight APEC economies, surveyed MSMEs to determine major obstacles to their business operations; the results are shown below:

Figure 1: Major obstacles to operations cited by tourism MSMEs



Notes: Figures are unweighted and should only be interpreted as indicative and not representative across APEC. N = 1,587; the error margin for column percentages is $\pm 2.5\%$ at the 95% confidence level.

Source: World Bank Enterprise Survey data and APEC PSU estimates.

External factors such as corruption (33.3%) political instability (33.0%), high tax rates (30.7%), unreliable or expensive electricity (30.5%), unfair practices of their informal sector competitors (25.8%), and lack of access to finance (25.3%) were all cited as a major or severe obstacle to operations. Given that this study is focused largely on the tourism sector itself, main challenges to be addressed in this chapter will be those that can be addressed through sector-specific or MSME-targeted policies, such as access to finance, bureaucratic challenges, informality, workforce skills, managerial and business skills as well as access to technology (APEC 2016b p. 19).

4.1 External business environment

The external business environment can be thought of as factors external to the business that impact its operations, while it has little chance of influencing or altering the factor. External factors might include

macroeconomic conditions, the market structure of the tourism sector, government policy, bureaucracy and regulations, infrastructure and trade relations; these might create a set of circumstances unfavorable for MSMEs to operate in and increase their value-added, limit their access to markets (e.g. tourists, larger firm clients) or directly hinder their operations (Ndife 2014, p. 47).

Given that many of these factors are outside the scope of potential tourism sector or MSME oriented policies, this chapter will focus on factors where specific challenges towards tourism entrepreneurship can be identified.

For example, MSMEs are more vulnerable to macroeconomic instability than larger firms, although discussing this challenge in detail is not fruitful given that macroeconomic policy is not in the domain of policy interventions targeting MSMEs in the tourism sector. Therefore, this study focuses on the challenge of access to capital, given that a lack of finances is an aspect of the challenges associated with macroeconomic instability (APEC 2016b, p. 21).

Additionally, physical and informational infrastructure investment for the tourism sector is increasingly appearing as a bottleneck to growth of the tourism sector worldwide, such as air and ground travel, private accommodation and information and communication technology (ICT). International tourists have expectations for accessibility in terms of cost, speed and comfort, and will choose alternative destinations when there are significant accessibility challenges; this poses a major challenge towards promoting inbound tourism as well as diversifying the supply through developing relatively unknown destinations (WEF 2017, p. 27).

A lack of information and communications infrastructure can limit the ability for MSMEs to interact with customers, suppliers, business partners and clients. Transport infrastructure is also crucial for market access, sourcing of inputs and finding employees, as these impact costs for MSMEs, which ultimately determine what types of products they can offer (APEC 2014, p. 37). However, large-scale infrastructure development may be out of the scope of this study for similar reasons,

4.1.1 Access to capital/funding

MSMEs face a number of challenges in accessing capital, which limits their ability to start businesses or invest in expansion, capability development and other activities. Barriers are faced in securing funding from private actors and government agencies that include: lending arrangements that are not conducive to MSMEs; risk aversion by institutions that lend to MSMEs; poor financial literacy of MSMEs; informality and; bureaucratic delays in accessing government sources of capital, among others. The International Finance Corporation (IFC) found a financing shortfall for MSMEs exceeding \$2 trillion, or an estimated one-half to two-thirds of all formal MSMEs (Stein P. e. al 2013, p. 11).

The main challenge for MSME finance is informational asymmetries between the bank and enterprise; the MSMEs are unable to produce the necessary information to demonstrate creditworthiness. The legal foundation and institutional structure for lending generally does not support the use broad range of collateral and non-traditional data for risk-based lending, which are critical for MSME access to finance (APEC 2017a). Tourism MSMEs in particular face additional challenges since banks perceive additional risk associated the sector, due to factors such as “the production of service-based intangibles, participation in global markets, high number of lifestyle entrepreneurs and family-run businesses, seasonal business cycle (OECD 2017a, p. 7).” The Council of Tourism Associations of British Columbia noted this challenge in a 2006 report on financing tourism enterprises (Pierce 2011), while Innovation,

Science and Economic Development Canada regularly publishes analysis of tourism SME challenges in accessing capital, including higher perceptions of risk by financial institutions leading to requirements for collateral or detailed earnings data, seasonality and high cost of debt. Trends in the “evolution of capital, liquidity, customer due diligence” requirements also pose disadvantages to MSMEs (APEC 2017a). MSMEs rely primarily on debt financing, and these factors make it difficult to demonstrate the level of risk accurately to banks. This challenge is exacerbated by the simple fact that the MSME market is characterized by low revenue per client for banks (Stein et. al 2013, p. 11).

MSMEs can face difficulty in attaining long-term loans for business expansion from banks due to failures in financial markets, meaning that banks do not offer an adequate supply despite the existence of demand. APEC has noted access to finance as a development deficiency for MSMEs in the tourism sector since 2004, with specific challenges including “collateral, cash flow, costs of training and technology and ability to ride out crises” and other access issues in accessing capital posed by “recent unemployment or redundancy and a lack of credit history,” (APEC 2004, p. 13).

A challenge faced to access public sources of capital for MSMEs may be simple lack of awareness of such programs, in addition to limited resources. Furthermore, there may be significant amounts of paperwork or other bureaucratic delays that either discourage or preclude greater participation by MSMEs.

Other factors that contribute to this issue include higher transaction costs in developing economies, a lack of expertise in evaluating MSME loans and lack of ability by MSMEs to produce bankable business plans, which make it overall unprofitable for banks to offer these types of loans (ADB 2015, p. 15). Even when MSMEs are able to attain the minimum access, higher costs (interest rates) and more severe credit conditions (higher collateral) are imposed. Furthermore, many tourism MSMEs are micro-enterprises, meaning they start in a weaker bargaining position than businesses of a larger scale (OECD 2017a, p. 13). The lack of financial literacy among owners of tourism MSMEs can limit access to financing options due to a lack of understanding and awareness of how to access these options in addition to the need to demonstrate the financial soundness of the business (ADB 2015, p. 85).

4.1.2 Bureaucracy and regulations

From economy to increasingly local levels of government, bureaucratic processes and regulations related to trade and business can harm MSMEs in integrating into GVCs. Challenges may include high complexity, inconsistency and a lack of timeliness, which can increase the time necessary for MSMEs to start and grow their businesses, as well as receive various certifications and permissions (APEC 2004). Redundant domestic regulations and trade-related bureaucratic disruptions can create challenges for MNC expansion and thus limit MSME opportunities.

Certifications and permissions for activities such as tours and wellness services can create challenges for numerous reasons. Given that adventure activities involve risk to clients, acquiring permits in some cases requires long running engagement with multiple bureaucratic authorities, as observed in an APEC study in 2004 in the adventure tours segment in Mexico (APEC 2004). The same study also suggested that certifications were potentially utilized by some administrative authorities in China to increase barriers to enter certain segments such as massage and property management, rather than primarily to ensure quality and legitimacy of the products and services (APEC 2004, p. 179).

Additionally, an APEC workshop identified challenges associated with government efforts to increase training amount the tourism workforce, which included regulatory burdens associated with government

training programs and poor uptake of government training programs (APEC 2017b, pg. 58). On the other hand, there can also be challenges associated with a lack of government oversight of labor in tourism MSMEs, including unsafe working conditions and a lack of labor protections, in which disadvantage workers can be exploited due to shirking of regulations (APEC 2017b, pg. 65).

Another challenge related to informality is that since bureaucratic authorities lack the capacity to fully enforce business registration requirements and regulations, many MSMEs in the informal sector can bypass the investment of time and resources needed to be a formal enterprise. This limits the tax base for local governments while also creating unfair competition for formal MSMEs (APEC 2016b p. 18). The lack of enforcement of regulations and low labor standards can also create a race to the bottom in terms of prices and other anti-competitive practices by larger firms, which can potentially crowd out MSMEs (APEC 2017b, p. 26).

4.1.3 Market challenges: MNC expectations, low barriers to entry, competition, informality
MSMEs face a number of challenges in integrating into tourism GVCs and accessing higher value-added opportunities due to the market structure of the tourism sector, related to both lead MNCs and larger enterprises, as well as competition from other MSMEs. The OECD

The OECD and WTO found that MNCs' decision to engage with MSMEs is based on a number of factors, including:

- product specifications;
- production cost;
- production capacity;
- market size;
- financial soundness;
- flexibility;
- delivery;
- compliance ability (standards and certification);
- innovation capacity;
- transport capacity and;
- labor skills.

MNCs and larger enterprises are very cautious about choosing MSME suppliers and assess their capabilities from multiple perspectives (APEC 2014, p. 33). This can create barriers for MSMEs with limited resources to invest in capacity building, expansion, new technology, etc., given that the number one most valued factor by MNCs is product quality. This means that if an MSME's product or service isn't already at the standard demanded by MNCs, it will likely not even be considered in the supplier selection process (APEC 2014, p. 36).

This contributes to the issue of a lack of backward linkages between tourism and other sectors, which refers to the inter-sectoral relationship between the tourism sector and industries that supply it. This is essentially caused by a mismatch between the supply of goods and services domestic MSMEs could provide, and the demand for inputs in the tourism sector, which is largely driven by MNCs. Linkages to domestic agriculture may be weak in the tourism sector due to a mismatch in offerings of the local agricultural sector and the demand of tourism enterprises (Anderson 2018). This can lead to increased

food imports, which disadvantage the domestic agricultural sector and drain foreign exchange earnings. Other factors that contribute to this include a lack of intermediary support structures to create sustainable demand linkages between the domestic economy and the tourism sector (e.g marketing and government policy), lack of communication between sectors and a lack of awareness on needs and objectives (UNCTAD 2014, p. 2).

This contributes to the phenomenon of leakage, in which tourism revenues are not spent on consumption or investment in the economy that is being visited (Jönsson 2016). Thus, the tourism sector lead firms depend on foreign firms as suppliers which can crowd out domestic enterprises (APEC 2016b, p. 28).

Other challenges related to market structure are associated with the roles most typically occupied by MSMEs, as lower-tier suppliers in sub-segments characterized by low barriers entry and high informality. This leads to industry fragmentation and intense competition which can significantly affect service quality and lead to difficulty in increasing value-added (APEC 2004, XI). Low value-add segments in the tourism sectors are fundamentally characterized by low barriers to entry, although these can be exacerbated by a lack of regulations or deficiencies in enforcement, such as those related to training, service quality, safety and sanitation. These circumstances disincentivize investment in increased labor and managerial skills, while incentivizing intense competition on price (APEC 2004, p. 42). As mentioned earlier, informal MSMEs face even lower barriers to entry due to skirting the requirements of regulations and taxation, which formal MSMEs perceive as a major challenge to their operations. However, the question of informality is complex given that they do pose real challenges for governments in the areas of revenue (taxation), quality control and overall monitoring of the economy, although the informal sector provides opportunities for locals who otherwise might be disadvantaged by the tourism sector (APEC 2016b, p. 19).

Informal MSMEs exist due to accessibility issues to the formal sector such as start-up costs, compliance with regulations, registering as a business, receiving certifications among other challenges. Other characteristics beyond low barriers to entry include: “reliance on indigenous resources, family ownership, small scale of operation, labour intensiveness, skills acquired outside the formal school system, part-time labour, locally-based ventures, and unregulated and competitive markets” (Timothy and Wall 1997, p. 323). Informal MSMEs exist in a state of precarity, which leads to suboptimal investments in the sector and therefore missed opportunities for poverty reduction.

4.2 Internal business environment

This section will focus on challenges faced by tourism MSMEs that are internal to firms. These include all factors that constitute strengths or weaknesses on the part of the firm, such as labor and management skills and use technology.

4.2.1 Workforce/labor skills

A pervasive challenge in the tourism sector at large is persistent skill and labor shortages, limiting the ability of economies to achieve development benefits from the growth in tourism spending worldwide. The lack of skills applies to both ‘hard, technical or job-specific skills as well as ‘soft’ skills related to customer service and personal interactions. A common challenge faced by MSMEs in the tourism sector is a lack of supply of sufficiently skilled workers, which are required to move to higher-value added activities. If growth in tourist arrivals exceeds growth in a sufficiently skilled tourism workforce, benefits from growth cannot be maximized for the domestic economy (Anderson 2015)(APEC 2017b, p. 1).

MSMEs, in the tourism sector in particular, lack human resource development capacity as a consequence of their size, while management skills and adequate policies for career development are also lacking, which creates recurrent hiring and training costs which hinder productivity and profitability in the industry (Stacey 2015, P. 34). Thus, career structures tend to be flat, with limited opportunities to develop skills that are valued higher by the tourism market, such as management skills; this is a consequence of the larger number of firms in the sector and small-scale of businesses, which limits the ability to progress within a single firm (APEC 2012a, p. 42). The crowded nature of the sector combined with seasonal revenue flows makes financing formal training and recruitment difficult, thus MSMEs rely on ad-hoc and informal training which is entirely dependent on the skills of existing employees (APEC 2017b, p. 58). These circumstances create recurrent hiring and training costs and lead to a loss of expertise and institutional knowledge within firms due to turnover, which hinders productivity and profitability in the industry (Stacey 2015, P. 34).

A compounding issue for these challenges is limited uptake of government training programs observed in the APEC Tourism Workforce Survey, with responses indicating a lack of awareness and potentially limited resources to take advantage of the programs as specific challenges. General challenges with government support that were observed include a general lack of funds by agencies, as well as a lack of awareness among MSMEs of the programs existence or how to access them (APEC 2017b, p. 64). Other identified challenges from this survey included regulatory burdens associated with hiring and employment; this was noted as the most critical challenges in a report regarding the tourism workforce in Australia (Stenning & Associates Pty Ltd. 2016, p. 4). The OECD identified difficulties attracting youth to these programs as a challenge.

There are also numerous challenges associated with formal education and training programs for tourism-related occupations, which can include outdated course content and modes of teaching, as well as a lack of balance between theory and practice (Stacey 2015, p. 39). The European Commission found that there was a limited availability and provision of formal training, difficulties in making the business case for training and a lack of evaluation of the impact on staff, customers and businesses (Hausemer et al, p. 5). A critical deficiency among formal education and training programs provided through academic institutions can be a lack of reflection of industry needs in curricula. This can be attributed to a lack of engagement between industry and providers of training. As a consequence graduates of programs lack the skills necessary to attain employment in the sector, which can potentially contribute to the common perception that there are a lack of good careers in tourism businesses are unable to find quality workers, leading to difficulty in hiring and retaining employees, increasing value-added and creating a pipeline of skilled managers and other professionals (APEC 2017b, p. 60).

A recent report on Tourism Careers in Australia found evidence for certain challenges associated with formal training programs for the tourism sector through a survey of tourism employers about the current quality of tourism and hospitality training programs. These included:

- Courses that are not based on workplace needs;
- Lack of practical industry experience among trainers;
- Training being too theoretical and not equipping people with key practical skills;
- Hospitality courses with a lack of industry placement programs to allow for the attainment of practical skills by students;
- Lack of emphasis on computer/ICT skills; and

- A perception of students in VET that you need to attend but not necessarily learn (APEC 2017b, p. 63).

There are also challenges associated with the cultural perception of the tourism sector that limit the talent pipeline of skilled workers significantly and create difficulties for MSMEs to recruit, hire and retain workers. Low wages and difficult working conditions of junior positions are common perceptions of tourism sector jobs, which likely drive significant turnover and negative opinions on career prospects in the industry (APEC 2017b, pg. 34). Perceptions of a lack of career prospects in tourism are particularly strong among youth; Wu (2013) found that tourism was viewed negatively by Chinese university students due to the perception of limited career opportunities. Additionally, in certain economies, many tourism industry sub-segments may be viewed as a “women’s only domain” with few opportunities for employment by males, while these sub-segments are also characterized by poor wages and working conditions. These perceptions are often reinforced due to bad experiences working in the industry of graduates from tourism and hospitality programs, who end up leaving the industry due to long hours, limited promotional opportunities and low wages (APEC 2017b, p. 37). Additional challenges include recruiting in remote or rural areas due to low talent pool and unwillingness to relocate and a lack of strategic priority by governments to address labor shortages (APEC 2017b, p. 37).

Larger tourism enterprises have been identified as potentially capable of mitigating this trend through providing training programs, although their engagement with MSMEs is limited (APEC 2017b, p. 60). Furthermore, another observed challenge has been difficulty in fully engaging tourism businesses to become engaged in the development of regional occupational standards, or even robust training programs for their own organizations. Another associated challenge for economies seeking to maximize benefits for the domestic economy from tourism is that often expatriates will occupy the highest-paying jobs in the tourism sector such as managerial and senior positions, and even the lower-paying jobs in some cases (APEC 2017b, p. 60).

Additionally, soft skills for tourism and hospitality such as communication and language skills, customer service, ability to work in teams, willingness to help others, enthusiasm and time management remain a weakness, while most programs focus largely on language skills and functional hospitality training (Christian et. al. 2011 p. 3). A recent Australian report on career pathways in the tourism industry noted that soft skills are generally considered a ‘must have’ for the industry irrespective of the job role or level, indicating that a lack of soft skills among employees can seriously limit the competitiveness of a tourism MSME (APEC 2017b, p. 22).

The lack of such skills inevitably has a major impact on the level and quality of service experienced by visitors while also limiting the ability of workers in the sector to advance their careers. The growing emphasis on customer care in the tourism sector also arguably makes the attainment of soft skills even more urgent and critical to strengthen tourism enterprises. A key issue identified as a consequence of the lack of soft skills is the failure to properly service a customer due to misinterpretation of cultural signals, which is a key challenge for the tourism sector given the international nature of the sector (Lather et. al 2008, p. 199).

The APEC Tourism Workforce Survey found that graduates of universities (e.g tourism and hospitality program graduates), vocational and technical education (VET) programs and certified apprenticeship programs generally lacked soft skills that are demanded by the tourism and hospitality industry (APEC 2017b, p. 61). This result indicates a potential gap in soft skills training within these programs. However,

mitigating this issue though government programs can be challenging; due to the international nature of the tourism sector and numerous cultures involved, standardization of soft skills training is a daunting task.

This issue was observed in Malaysia among graduates of tourism and hospitality programs from universities who struggled to attain employment due to a lack of soft skills, despite having the necessary technical and disciplinary knowledge and skills. This phenomenon was also observed across many disciplines within the higher education system, indicating the issue may not be specific to tourism and hospitality programs, although soft skills are a critical element of a robust tourism workforce given the people-oriented nature of the industry. Specific challenges include that some academicians in institutions view the inclusion of course objectives based on soft skills and employability as interfering with the teaching of disciplinary knowledge (Chan 2010).

4.2.2 Managerial/business skills

Lack of management and related business skills is also a common challenge for MSMEs in the tourism sector in APEC and worldwide, associated with aforementioned flat career structures in the tourism sector, high turnover and a lack of perception of opportunities in the sector, which limit the ability of tourism entrepreneurs to attain the necessary skills to manage and grow a business (Seppälä-Esse 2009).

A lack of management skills can lead to difficulties in growing the businesses, pursuing new opportunities and adapting to new market circumstances, as valuable time and resources may be spent on alleviating avoidable problems or “fire-fighting” rather than planning to develop the business (Wanhill 2002, p. 3). For example, the lack of skills to train, mentor and retain employees creates the recurrent hiring and training costs referred to in the Section 4.2.1. Essentially, unskilled managers of tourism MSMEs tend to *react* to circumstances rather than have procedures in place to address them through *proactive* planning.

Financial accounting skills are critical for running any type of business, including tourism MSMEs; without these skills, planning for economic shocks, expansion and increasing profitability (Wanhill 2002, p. 7). As mentioned in Section 4.1, the lack of these skills can create challenges in accessing capital from external sources, as these skills are necessary to properly demonstrate risk to banks through record-keeping, the creation of bankable business plans, etc. Identifying causes of these challenges among MSMEs is difficult given limited research into this subject (Mxunyelwa 2017, p. 4).

4.2.3 Lack of digital skills and access to technology

Technology development, proliferation and the trend of digitization is driving transformation of the tourism industry and increasing requirements for ICT technologies and associated skills. Technology is changing the nature of jobs and the skills required for them, generating new business models and creating new business opportunities. A comprehensive literature review of the impact of ICT technologies on the tourism sector by researchers at the Universidad Popular Autónoma del Estado de Puebla (UPAEP) found that “that to survive and grow, SMEs in the tourism sector must differentiate themselves from their competitors, evolve in their business model and rapidly integrate ICT in their organizational fabric,” (Bocarando et. al 2017).

Travel planning is increasingly taking place online, indicating an increasing need for e-marketing, web, graphic design and IT support skills within the tourism sector, including MSMEs. Important uses of ICT for MSMEs might include presenting their product and service offerings of in a visually appealing and

informative manner with geolocation presence on platforms and resources in which tourists search for destinations and activities (APEC 2017b, p. 26). Digital technologies such as e-commerce and social media are also increasingly used in transactions with tourists and between enterprises in the tourism sector to advertise offerings to businesses and tourist customers and to source inputs (Stacey 2015, p. 22). Information technology is also increasingly necessary to gather market intelligence to allow MSMEs to plan their businesses and more effectively utilize marketing budgets (Wanhill 2002, p. 6).

MSMEs may face challenges in investing in new technologies or finding workers with the skills to use them, which can create challenges in keeping up the technological adoption in the sector as well as limit the ability to take advantage of new opportunities (Stacey 2015, p. 22). Larger enterprises are more likely and quicker to adopt new technologies and practices, while MSMEs typically have fewer resources to invest and experience limited spillover effects from larger enterprises (APEC 2017b, p. 73). The OECD found that the likelihood for better skills among workers to improve the productivity of firms may be limited by the “production technology” of firms in the tourism sector, indicating that productivity issues related to technology and workforce skills are closely related (Stacey 2015, p. 34).

The APEC Tourism Workforce Survey found that only one-third of MSMEs actively operated a social media strategy, with even less use of digital technologies for recruitment (APEC 2017b, p. 26). The lack of a social media presence or strategy can limit engagement with customers, leading them to choose more visible competitors, especially in the context of tourists searching for increasingly customized and personalized experiences.

However, these technology trends are driving a significant amount of demand for skilled labor in tourism, which remains a major challenge as discussed in the previous section. Additionally, data shows that tourism MSMEs in APEC underutilize online hiring and recruitment tools such as social media and recruitment sites, which is where potential employees with digital skills are likely to search for jobs (APEC 2017b, p. 26).

5 Gender and tourism MSMEs

5.1 Nature of Women’s participation in tourism sector

On average, women account for 60% of the workforce for the labor-intensive tourism sector workforce in the APEC region, and similarly 55.9% amongst OECD member economies (Stacey 2015, p. 31).

Representation does vary significantly by economy, and in Russia for example has reached 79% (UNWTO 2011, p. 7).

Within APEC the majority of the tourism workforce is female in developed economies but remains 51% male on average in developing economies. In Malaysia and the Philippines for example, the participation of women in the overall workforce is relatively low, and yet the number of women entrepreneurs is growing rapidly at 10% annually in the former and has already reached one of the highest per capita levels in APEC in the latter (APEC 2013, p. 10).

In the tourism sector, women are employed in a wide range of roles, including low-skilled cleaning staff, middle-management supervisors, senior executives at hotels and other travel/leisure-related businesses. However, they tend to work as employees at hotels and family restaurants, doing lower-level tasks such as housekeeping, laundry, food and beverage and clerical work. Alternatively, they may be self-employed entrepreneurs, artisan or retail vendors (The World Bank 2013, p. 15). Problematically,

such women-owned MSMEs tend to concentrate in highly competitive small-scale industries with low returns (APEC 2016c, p. 1).

As women tend to have less access to education and greater household responsibilities than men, the tourism sector provides accessible employment opportunities due to low skills requirements and flexible working hours (UNWTO 2011, p. 7). In this way the industry can help poor women to enter the workforce and not only break out of the poverty cycle but also realize greater longevity. However, the gender division of employment in the industry may perpetuate and enlarge gender inequalities. For example, women are not equally represented at the professional level in hotels and restaurants as men (UNWTO 2011, p. 8).

On the other hand, the tourism sector is an unusual case where gender stereotypes may actually work to the advantage of women entrepreneurs. Stereotypes about women's higher aptitude for performing household tasks may give them an advantage in starting their own restaurants or guesthouses (Ferguson 2011, p. 6). However, the stereotypes mentioned earlier may limit their ability to participate as entrepreneurs in more profitable higher value-added segments.

5.2 Challenges women face to participate in sector as employees and owners/entrepreneurs (family obligations, access to training, etc.)

Many women employees in tourism face direct gender-based discrimination due to vertical segregation, family and care responsibilities, differences in work time and job valuation, educational differences, and segregation of representation (Baum 2013, p. 17). In OECD economies, there are consistent gender gaps in education, employment, and entrepreneurship in the tourism sector, and women tend to be over-represented in non-regular, part-time, and lower-income jobs, often in smaller, informal businesses (Stacey 2015, p. 31). The ILO warned that while women make up 60-70% of the workforce in the Hotels, Catering and Tourism sectors, the women working in these jobs tend to be lower-skilled, lower-paid and vulnerable to a range of gender-based problems including inequality of opportunity, violence, exploitation, stress and sexual harassment (Baum 2013, p. 2).

As women in the tourism industry are likely to be limited to positions that match their stereotypical domestic roles such as cleaners and servers, they miss out on higher skilled and paying jobs such as bartenders, porters, gardeners, and maintenance and construction workers as well as in engineering and security work (Baum 2013). Additionally, where men and women do hold positions with similar skill requirements, men typically hold more senior and higher paying positions, even when the majority of employees in the sector are women (UNWTO 2011). At a time when the tourism industry's workforce is becoming increasingly globally mobile, cultural restrictions on women's international travels present another barrier to earning higher-level positions. In the APEC region, these inequalities in tourism sector workforce participation and wages make entrepreneurship a vital means for women to pursue economic advancement (APEC 2016c).

6 Policy interventions and other solutions

Tourism is a sector involving many relationships among different actors and stakeholders involved in the production of goods and services for consumption by visitors, the construction of the destination as a “product” in and of itself, as well as the shaping of other external factors that also impact the sector. This chapter will discuss the range of policy options examples of initiatives that governments may consider in devising policy interventions to address challenges faced by MSMEs in the tourism sector, and thus increase in their capabilities to integrate into GVCs and increase value-added.

Many of these policies rely on a detailed understanding of the tourism sector in terms of: demand in terms of consumption, projected arrivals and emerging trends in preferences such as ‘experience’ based tourism; the capabilities and needs of tourism MSMEs; products and services needed by larger enterprises and MNCs; gaps in terms of workforce skills and labor shortages in the sector and; other information from stakeholders relevant to the tourism sector.

Based on these observations and through close stakeholder coordination, governments can formulate policy interventions to best address MSME challenges in a way that aligns with the needs of the industry, consumer demand, while fostering inclusive and sustainable growth. Given the challenges observed among MSMEs, policies to facilitate their integration into GVCs are funding and financial are critical to facilitate access to growth opportunities and workforce and entrepreneurial skills education and training.

6.1 Tourism governance

Institutional coordination among different government authorities, civil society and businesses connected with the tourism system is essential for formulating and implementing effective policies to promote inbound tourism and enhance visitors’ experiences. The World Tourism Organization (UNWTO) argues that institutional coordination and communication can be an effective way to improve the management of tourism destinations and tourism information systems in order to better address challenges and take advantages of opportunities. The following definition of tourism governance is presented, “tourism governance means the process of managing tourist destinations through synergistic and coordinated efforts by governments, at different levels and in different capacities; civil society living in the inbound tourism communities; and the business sector connected with the operation of the tourism system,” (Fuentes 2013, p. 10).

The private side tourism sector is fragmented in terms of size of enterprises and a wide-range of sub-segments, which can range from manufacturing, transport to service provision. The range of public authorities who have responsibilities related to tourism in some way is also very wide, partially as a consequence of this fragmentary nature of the sector and external factors related to quality of life that impact tourism. Therefore, government intervention may be a necessary key method to foster a tourism sector that drives economic growth in a socially and environmentally responsible manner due to the need to coordinate the efforts of many diverse actors (Fuentes 2013, p. 13).

Meanwhile, the public sector consists of various activities that influence how tourism is developed, including infrastructure, planning, transport policies, fiscal matters and employment policies. This involves agencies and authorities with responsibilities horizontally distributed across various domains such as tourism promotion itself, employment, and transportation authorities, as well as vertically from economy-level to increasingly local authorities (Fuentes 2013, p. 12).

As a consequence of this greater degree of horizontal and vertical linkages between interrelated and interdependent activities, almost any sector can be involved in tourism somehow. The UNWTO in a 2013 paper on tourism governance considered it paradoxical that little has been done to explore how these relationships impact approaches to public policies and how they can contribute to improving efficiency in managing destinations and delivering products/services.

Given these circumstances and the goal of increasing the developmental benefits of tourism growth, governments could benefit from considering this concept of tourism governance as a way to more rationally and collaboratively manage the development to the sector and create public policy interventions. The MSME sector of tourism is also fragmented, less connected to tourism GVCs, and faces a wide range of challenges discussed earlier in this study. This situation further necessitates a governance-oriented approach to assist tourism MSMEs given the heightened relevance of sub-national authorities and communities. These factors create a need to communicate and collaborate among increasingly localized actors experiencing different circumstances.

The UNWTO finds that simple institutional coordination is insufficient, in that coordination and collaboration among government agencies must also succeed at mobilizing networks of actors to participate in and endorse the goals and objectives of policies. It presents a series of tools that can contribute to such collaboration including public-private partnerships, deeper coordination among public authorities as well as citizens, as well as 'tourism observatories' who provide information and analysis to actors in the sector as well as platform for coordination. Challenges identified included inherent asymmetries in public administrations, where regional to local authorities may lack the capacity to support these types of partnerships (Fuentes 2013, p. 16).

Key enablers and prerequisites for effective tourism governance include conferring the necessary powers and responsibility to government to coordinate and collaborate with actors in the public and private spheres, across different territorial units, and to have the institutional resources for use in these activities. This allows for a system of tourism governance to "goals of collective interest, providing solutions and opportunities, in addition to collaborating and cooperating with those actors on execution." The UNWTO also suggests 'fields of observation' to measure governance, which are also indicative of contributing factors to this approach, such as: legal means for public coordination and formation of public-private cooperative relations, legal means to ensure "co-responsibility, transparency and accountability in public and private relations," and; the exercise of such coordination and public-private collaboration (Fuentes 2013, p. 19).

While the literature falls short of proposing a model for a governance-based approach to the tourism sector, given the large number of actors and fragmentation in the sector, consideration and evaluation of tourism governance is a good starting point to consider policies aimed at assisting MSMEs. An effective tourism governance arrangement can coordinate efforts to assess the capacities and resources available across agencies, communities, geographies, large enterprises and within MSMEs in order to identify challenges, opportunities and market trends through mutual understandings and the collection, discussion and dissemination of relevant information. This approach could produce public policies that: address the wide range of factors external to the tourism sector that impact the operations of MSMEs, which they have little ability to alter and face challenges in overcoming; create targeted policies and supports that assist MSMEs in overcoming external and sector-specific challenges, accessing opportunities and increasing their capabilities and; coordinate the development of new tourism

products in which MSMEs will have a competitive advantage, as well as products that correspond with trends in tourist preferences and consumption.

In summation, governments should aim to create an approach to governance of the tourism value chain with the ultimate goal of rationalizing the management of destinations by coordination and mobilizing relevant stakeholders, and reducing uncertainty regarding the supply and demand of tourism products within their economies.

6.1.1 Pro-MSME Destination Management

One key area of policy intervention to assist MSMEs is to promote inbound tourism. Governments can intervene to improve the overall attractiveness of an economy to visitors by investing in infrastructure to increase connectivity and accessibility to amenities, as well as engage in marketing and promotion to increase the visibility of these amenities to potential visitors.

These activities can be referred to as destination management, which can involve a wide range of policies and regulations that shape the development of tourism-related activities in an economy through integrating different resources, activities and stakeholders. The goal of this activity, involving public authorities, private companies of various sizes and communities, is to manage tourism destinations to secure profitability while also avoiding the degradation of factors that attract visitors (Manente 2013).

Destination management activities that may be most relevant are those that create opportunities and remove barriers that are specific to MSMEs, including: identifying aspects challenges, opportunities, trends and capabilities to inform policymaking and address informational asymmetries faced by MSMEs; differentiating and diversifying the tourism supply through creating the conditions for MSMEs to profit from destination-based advantages and; fostering the integration of the resources of MSMEs with each other to seek value-added opportunities and address key barriers (Keller 2004, p. 5).

Tourism MSMEs are largely dependent on the unique features of destinations and may possess a competitive advantage in taking advantage of them due to local knowledge. Given that MSMEs may face disadvantages due to the dominance of larger enterprises and MNCs in mass tourism, measures by governments to improve and highlight the uniqueness of destinations can create opportunities for MSMEs to create differentiated tourism products with higher value-added (Keller 2004, p. 5).

Policies that can support this pro-MSME approach to destination management are dependent on a deep level of institutional coordination and mobilization discussed in the section above, as well as high quality information on trends on tourism consumption, the economic impacts of tourism, the capabilities and needs of MSMEs and larger firms, the availability of human resources, and numerous other factors. Given the wide range of variables and indicators that may be involved, the governance-based approach discussed in the introductory section of this chapter is necessary in order to collect this information and data from numerous stakeholders and to ensure that outputs are utilized in policymaking at the economy-level to local levels of government. Economies could attempt to devise and implement monitoring systems to collect increasingly localized data on tourism in order to inform policies, support local MSMEs and diversify the supply of tourism products based on consumption trends and geographical features (Manente 2013).

Based on this information, governments can pursue the differentiation of tourism supply through devising interventions that contribute to the improvement or emergence of destinations with a focus on MSME competitiveness; attractive infrastructure, amenities, and accessibility improvements can

increase access by tourists to a large variety of unique products and services capitalizing on destination-related advantages, enabling SMEs to increase profits and reduce costs. Such interventions may also involve engagement of larger enterprises and MNCs such as large/luxury hotels which can serve as stimuli for further development of a destination (Keller 2004, p. 7). This strategy could feasibly focus on existing improving destinations, or seek to promote the emergence of new destinations to capitalize on trends towards increasing demands for rural, cultural and adventure tourism.

An example of this approach towards destination management is the “Rutas Patrimoniales” (Heritage Routes) initiative in Chile, which articulates routes for tourism based on unique cultural, natural and historical assets as well as the products and services of MSMEs. The program creates well-defined experiences for tourists through these assets and clustering of MSMEs. It involves specific efforts being made to develop local and regional tourist circuits with high landscape and historical value throughout the economy. This program has 65 routes classified into four categories: natural routes, cultural routes, human rights routes, and indigenous routes. The program aims to:

- Provide a gateway to experience Chile’s territory and local culture;
- Develop and project local cultural identity in a way that contributes to its preservation and its competitive advantages for tourism;
- Develop and diversify tourism MSMEs at local and regional level through mobilizing communities in sustainable tourism production (UNWTO 2016, p. 100).

Peru has also sought to diversify tourism supply through promotional activities. The “¿Y tú qué planes?” is a project to stimulate interregional and domestic tourism to 25 regions in Peru with a focus on unconventional destinations. The initiative also involves rural community tourism initiatives, capacity building for regional agencies and tour operators on marketing and segmentation and formalization of informal enterprises. The project has led to significant increases in income among MSMEs in the sector and facilitates the bundling of their services into tour packages that customers can purchase (UNWTO 2016, p. 33).

Another important activity is the protection, restoration and improvement of cultural, natural and historical assets. Destination-focused tourism MSMEs are dependent on these features for their products. Given that these features are inherently geographically bound, little can be done to substitute them or for destinations to reposition themselves, highlighting the importance of highlighting and protecting them.¹ UNESCO’s Asia and Pacific Regional Bureau also considers this activity as critical in order to mitigate the negative impacts of unplanned and unmanaged tourism development, and hosted this quote from S. Malviya’s 2005 work *Tourism and resource management*:

The tourism juggernaut has the power to destroy the landscape with inappropriate infrastructure, force the out-migration of indigenous populations and cause overexploitation and deterioration of the fragile cultural and natural resources. This vicious downward spiral also undermines heritage tourism by degrading and devaluing the very resources on which the tourism is based (Maviya 2005).

Preserving these assets allows for MSMEs to capitalize on their draw for tourists through utilizing their competitive advantages related to local knowledge. Demand for such authentic and unique niche

experiences is a large driver of tourism demand and can support the creation of socially and environmentally sustainable tourism (APEC 2004, p. 9). A description of such an approach can be found within Peru's survey response, which discussed "supply innovation" in the tourism sector through developing unconventional destinations as a complement to well-known "anchor" destinations.

Another consequence of the fragmented nature of the tourism sector, especially at the MSME level, is that enterprises may find it difficult to fully utilize their capacities due to the high overall cost of the totality of tourism products, and limited tourist dollars available to capture revenue. This limits the earning power of MSMEs and encourages intense competition on price; a potential solution to this issue is the encouragement of clustering and cooperation among tourism MSMEs. This can allow for the reduction of costs through offering services in packages and marketing them together.

Thus, an approach to destination management that combines a governance-based approach to collecting and processing information on the range of factors related to tourism development, and uses these inputs to formulate interventions to manage destinations in a way to support MSME competitiveness, can support the ascension of MSMEs to higher value-added opportunities within the tourism GVC (Keller 2004, p. 8).

6.2 Funding and financial support

Given the challenges faced by tourism sector MSMEs in gaining access to private and public financing for starting and growing their businesses, it is very important to the sector's economic growth prospects that APEC governments facilitate this access. A variety of financial support mechanisms could be utilized by APEC policymakers for this purpose, including grants, credit guarantees and tax credits.

6.2.1 Funding options

SMEs can benefit from a wide range of external financing techniques, the appropriate match depending on their needs and the availability of public and private funds (OECD 2015, p. 6). Common options available to policymakers for this purpose include:

Table 1: Funding mechanisms (OECD 2015)

Type	Mechanism	Description
Financial	Grants	Grants are non-repayable funds or products disbursed or given by one party (grant makers), often a government department, corporation, foundation or trust, to a recipient.
	Credit guarantees	A credit guarantee scheme provides third-party credit risk mitigation to lenders through the absorption of a portion of the lender's losses on the loans made to MSMEs in case of default, typically in return for a fee.
	Loans/financing for business expansion and capability development	MSME loans are guaranteed by the government and issued by participating lenders, mostly banks. The government guarantee allows lenders to offer them with flexible terms and low interest rates.
	Tax credits	Tax credits are special provisions of the tax code granting preferential treatment to MSMEs to reduce their tax liabilities.
	Asset-based finance	Asset-based finance is a specialized method of providing MSMEs with working capital and term loans that use MSMEs' accounts receivable, inventory, machinery, equipment and real estate as collateral.
	Alternative debt	Alternative debt is a form of lending by investors in the capital market, rather than banks.

Type	Mechanism	Description
	Hybrid instruments	<p>Hybrid financing instruments combine features of both debt and equity into a single financing vehicle. The investor accepts more risk than a provider of a normal loan and expects a higher return, which implies a higher financing cost for the MSME. However, the risk and the expected return are lower than in the case of equity, which thus implies the cost of financing for the MSME is lower.</p> <p>Some of the most commonly used hybrid instruments include:</p> <ol style="list-style-type: none"> 1. subordinated debt (loans or bonds); 2. participating loans, with profit or earning participation mechanisms; 3. silent participation; 4. convertible debt and warrants, whereby investors can convert debt into stock, thus receiving a reward that reflects the increased value of the company enabled by the capital provision, and; 5. Mezzanine finance, which combines two or more of these instruments within a facility.
	Microfinance	Private non-governmental organizations that provide credit and other financial services to MSMEs and other groups that have limited access to traditional loans.
	Equity crowdfunding	Using an online intermediary service, MSMEs can request a certain amount they hope to raise from the investing public in return for shares and sometimes rewards such as company products or discounts. Once this amount is raised, it and any surplus become available for the company's use, minus any fees for the service.
	Peer-to-peer lending	This approach also uses an online intermediary service that matches MSMEs who want loans with people who are potentially willing to fund those loans, based on details provided by the borrower as to how much is needed and what it will be used for.
Non-financial	Enhance financial sector knowledge	Lender and investors have insufficient knowledge or understanding of the tourism sector and the financing needs of its SMEs, making it difficult to accurately assess the risk and cost of financial instruments. This may lead to more stringent financing conditions.
	Flexible finance products that support the seasonality and other characteristics of the tourism sector	Flexible products with variable repayment options can enable permit tourism SMEs to repay the loan capital plus interest during the season with an interest-only option during the off-season.
	Simplify bureaucracy (regulations and permits)	Inflexible bank processes and complicated and time-consuming procedures for obtaining financial resources from banks are particularly challenging for SMEs with relatively low revenue. SMEs may struggle to fulfil bank lending criteria, or to get funding approved in time to be of use.

6.2.2 Successful implementation examples in APEC

APEC economies have experimented with a number of the above mechanisms, leading to notable successes when the tourism sector's needs are clearly understood and acted on. Examples of policies by APEC economies include: a series of credit guarantees and grants to MSMEs provided by The National Institute for Entrepreneurship (INADEM) in Mexico to promote entrepreneurship in the tourism sector and; a joint initiative by the Department of Trade and Industry and the Department of Tourism in the Philippines that provides design and mentorship services and shared facilities for MSMEs to produce quality souvenir products for tourism facilities (Philippine Daily Inquirer 2014). In Thailand, the Office of SME Promotion provides grants for tourism SMEs and hotels with good potential for internationalization

(ASEAN 2014). Economies also identified funding and financial support policies as part of their survey and case study responses, which can be found in Section 7.

More detailed looks at tourism SME funding support programs and their execution follow below.

Canada

In order to address a lack of access to capital for MSMEs in the tourism sector, it is necessary to understand the specific nature of the challenges they face through data collection and analysis. In December 2011, Innovation, Science and Economic Development Canada released a report regarding SME financing for the tourism sector. The study collected data on the following elements:

- the size and geographic distribution of tourism SMEs.
- business characteristics, such as age of the firm and growth stages.
- owner characteristics, such as gender, native language, age and experience.
- obstacles to business growth, such as access to finance itself, taxation, low profitability, insurance rates, instability in consumer demand, rising business costs, difficulty hiring qualified labor.
- capital structure, types of financing sought (e.g personal loans, personal savings);
- financing activity data to determine if SMEs in tourism faced particular challenges unique to the sector.
- a deep-dive into debt financing activity given that was the most prevalent financing activity by tourism SMEs.
- financing terms and conditions to understand how lenders determine interest rates based on perceived higher risks in the sector.
- reasons why tourism SMEs might forego applying for financing, such as difficult application process, high cost of debt, etc.
- the financial performance of tourism SMEs vs non-tourism SMEs.

The study found that SMEs in tourism industries are distinct from other sectors in terms of business characteristics due to their generally younger nature and growth orientation. It also found tourism SMEs were less likely to apply for external financing and less likely to be approved for external financing and identified a clear disadvantage for tourism SMEs in accessing financing in comparison to other sectors. In particular, it found the accommodation segment struggled the most due to seasonality and risks associated with the industry (Pierce 2011).

Subsequent studies have been performed through Industry Canada, including in 2015 and 2018, where new dimensions were evaluated including innovation, although conclusions regarding challenges faced by SMEs in accessing capital were similar, although findings showed an increased usage of government financial supports and credit unions (Bédard-Maltais 2015). The production of detailed analysis on specific tourism SME financial challenges makes it clearer how interventions can be targeted to promote the development of a strong SME-based tourism sector, as well as effectively allocate public and private capital and minimize risk to lenders.

Canada Small Business Financing Program also supports tourism SMEs with loans up to \$500,000, and loaned \$300.3 million (33 percent of its lending power) to 1,546 small businesses in accommodations

and food services in 2012-2013, with plans to increase the maximum loan amount to \$1 million (Bédard-Maltais 2015).

The Business Development Bank of Canada (BDC) has since introduced a number of specific financing options tailored towards tourism SMEs (e.g seasonality) coupled with advisory services to help mitigate such challenges. In 2010, the BDC had \$1.6 billion committed to the tourism sector, accounting for 13% of its loan portfolio (while only 5% of SMEs are involved in tourism), which grew to \$2.6 billion across 3,353 clients in 2013-2014 (BDC 2014) (Bédard-Maltais 2015). In its survey response to this study received in 2018, \$3.48 billion was committed to 4,715 tourism businesses, including 92 indigenous tourism MSMEs, showing a steady growth in financial commitment that addresses the magnitude and nature of the challenges faced by tourism SMEs.

Japan

In Japan, many traditional lodging providers struggle with accessing to finance to modernize their businesses and better appeal to international tourists by renovating facilities with fast Wi-Fi networks, and website information in foreign languages. Consequently, the Regional Economic Vitalisation Corporation has provided finance and expertise to local companies through public private funds in order to help tourism firms finance such changes, The initiative aims to trigger the inflow of private sector investment and create a stable and sustainable financing system,.

Mexico

Mexico's National Development Bank for Foreign Trade, Bancomext offers a targeted program to facilitate access to financing and increase the competitiveness of SMEs in the tourism value chain. Through the National SME Guarantee Program, the bank offers loans of up to USD1.2 million to SMEs below the commercial bank rate. Bancomext also offers preferential loan guarantees of up to 75% to facilitate access to credit and improve interest rates. Between 2013 and 2015, the SME Financing Program for Tourism benefited over 3 000 tourism businesses which were unable to access credit from the commercial banks, with a credit spill of USD 718 million. In 2015, MXN 300 million (USD 18.8 million) was allocated to the National SME Guarantee Program to facilitate access to financing for SMEs in the tourism value chain.

The National Fund for Tourism Development (FONATUR) provides consulting services and technical assistance to support tourism entrepreneurs to develop a business plan and identify funding opportunities from financial institutions and/or government agencies. By helping demonstrate that an entrepreneur's project is viable and profitable and that the level of risk is within acceptable parameters, FONATUR encourages new investments within the tourism sector (OECD 2017a).

New Zealand

In 2014, New Zealand implemented legislative changes to introduce of peer-to-peer lending and equity crowdfunding to the economy's capital market. These relatively new forms of financing provide tourism and other businesses with a simple, low-cost way to raise capital from investors. The rationale for these legislative changes is to broaden the range of financial instruments to support SMEs, under the implicit assumption that lack of finance is mainly a supply-side problem (lack of availability of funds).

While these new forms of capital are yet to be formally evaluated, the evidence suggests that both peer-to-peer lending and equity crowdfunding improve the availability of capital to tourism and other SMEs. Stakeholders have generally been supportive of the introduction of these sources of capital, particularly the flexibility of the current regimes. For equity crowdfunding, an emerging challenge is the lack of a secondary market for the buying and selling of shares in crowdfunded firms. A secondary market would improve the liquidity of these investments and enable investors to easily sell their shares if needed (OECD 2017a).

6.3 Workforce development and assistance to owners/entrepreneurs

Challenges associated with a lack of labor skills and difficulties with workforce development in tourism MSMEs were discussed in Section 4.2. This section will address a range of solutions and opportunities that could be pursued by APEC economies in order to address these challenges and create a robust and high-skilled tourism workforce.

Literature research produced some preliminary insights into certain activities that APEC economies might consider for workforce development in the tourism sector:

- Frameworks for to perform analysis into labor skills in the tourism sector, in terms of skill demand and supply (the needs of enterprises versus the actual workforce skills available), should be developed based on common approaches to data collection to identify gaps and opportunities;
- Occupational standards and training tools can be developed to support soft and entrepreneurial skills in the tourism sector;
- Common occupational standards can be pursued through collaboration in for a such as the APEC Human Resources Development Working Group (HRDWG), which can help increase the supply and mobility of skilled labor;
- Collaboration between government, employers, unions, educational institutions and other training providers can increase the job-readiness of graduates through reflecting industry-needs in programs;
- Monitoring and evaluating the effectiveness of MSME Support programs is critical to making improvements to projects to improve outcomes and the efficient use of limited government resources.

6.3.1 Tourism workforce planning and skills needs assessment

A key feature of successful government intervention for tourism-specific job training is understanding the current and future needs of industry and engaging in planning in order to ensure adequate supply of labor and skills to match growth in the sector. Therefore, engagement of industry stakeholders and data collection is critical for economies to form workforce development plans (APEC 2017b, p. 45).

In 2015 the WTTC concluded in its Global Talent Trends and Issues for the Travel & Tourism Sector report that tourism education needed to better respond to industry needs (WTTC 2015). Involvement by industry in efforts to establish regional occupational standards could allow educators to implement state-of-the-art curricula reflecting both classroom learning and on-the-job learning goals, thus improving the connection between education and labor market demand. Encouraging educators to spend time in the industry could also lead to a cohort of educators deeply aware of the skills that graduates need to be job-ready (APEC 2017b, p. 62).

The United States Agency for International Development (USAID) recommends an assessment of tourism job opportunities and career pathway and barriers constraining new entrants and existing workers from accessing relevant skills and jobs. The goal of this assessment to inform program design through data-based program and policy recommendations to strengthen workforce development programs in the tourism sector. Ensuring that the perspectives of all relevant stakeholders are considered in the design of the assessment can help ensure that conclusions accurately reflect the existing barriers, skill demand and potential opportunities in the sector (USAID 2010, p. 6).

The components of analysis and sub-components are shown in the table below:

Table 2: Factors of Analysis for Tourism Workforce Assessment (USAID 2010)

Component	Factor of analysis
Industry demand	Workforce needs by domain (needs for accommodation, restaurants, travel services, attractions, etc.)
	Demand for specific jobs (e.g bartender, baker, bellboy, boat handler, bus driver, catering staff, chef/cook, customer service specialist, etc.)
	Analyzing skill needs such as: <ul style="list-style-type: none"> • Core skills that are not bound to a specific job or position, such as literacy and numeracy, employability skills, communication, vocational/technical, ICT. • Technical skills linked to a specific job or occupation • Entrepreneurship skills, such as business planning, budgeting, ways to access credit, etc.
	Industry perspectives and attitudes towards the pool of potential employees: employers may view some segments of potential employees as less appropriate for certain positions, such as out-of-school unemployed youth or women.
Supply factors	The coverage and quality of training programs (in terms of types of programs, degree of accessibility, pedagogical skills of trainers, quality of curriculum materials) provided by: <ul style="list-style-type: none"> • secondary schools; • vocational education institutions; • polytechnic schools; • universities; • government • training providers; • industry training providers (e.g., a hotel providing internal/external training); • continuing • education (such as night or second chance schools for youth/adults who have surpassed school age to complete their primary/secondary education); • entrepreneurship training programs; • and NGO programs.
	Linkages between employers and education/training providers in terms of: <ul style="list-style-type: none"> • Awareness of education/training providers on workforce needs; • Access to jobs among training provider graduates; • Opportunities for students to participate in industry-sponsored apprenticeships and similar programs; • Engagement of industry representatives in training and curriculum design.
	Barriers to youth who want to work in the tourism sector, such as lack of: <ul style="list-style-type: none"> • foreign language skills; • employability skills; • technical/vocational or customer service skills; • relevant work experience; personal or professional contacts; • accreditation (certificate or degree); • appropriate workplace attitudes and behaviors, childcare or family support in pursuing a tourism career path
	Skill levels of new and incumbent workers

Australia's Tourism 2020 Framework is a product of a consultative workforce planning process with contributions from industry leaders and economy-level to sub-national government representatives. It aims to increase tourism employment by 152,000 persons to meet projected visitor expenditure increases. The program includes a working group on tourism workforce needs, which recommended four actions to address challenges related to tourism workforce skills:

- Improving recruitment and retention for the industry;
- Enhancing regional workforce planning and development;
- Identifying education and training gaps and potential mechanisms to address them; and
- Facilitating workforce mobility and expanding the traditional workforce (APEC 2017b, p. 55).

Themes that are currently being examined for the formulation of a new set of recommendations include:

- Strategies for improving higher education, vocational education and training outcomes for the tourism sector;
- Strategies to improve the perception of tourism as a career and raising awareness about tourism and hospitality industry career pathways.
- Investigation best practices to leverage innovation and technology to address labor and skill shortages
- Strategies to increase uptake of existing government and industry training programs;
- Strategies for the tourism and hospitality sector to use alternative labor and skills sources such as youth and mature-age workers;
- Create region-specific action plans to address tourism labor and skills shortages;
- Explore how permanent and temporary migration programs could be utilized to create a pipeline of skilled foreign workers (Australian Trade and Investment Commission 2017).

Singapore also engages in tourism workforce planning, with the Tourism Talent Plan that aims to enhance the professionalism and improve the image of the tourism industry. The approach has three prongs: continuing education and training for adults; pre-employment training for students and; industry development to attract more workers to join the tourism sector. The initiative also involves online portals such as the SkillsFuture SG website, which allow job seekers to undertake career planning for training and allows businesses to identify where they can meet their workforce needs, thus addressing informational asymmetries between the supply and demand of labor in the sector (APEC 2017b, p. 46).

Other economies such as New Zealand, Korea and Canada have career guidance associations that issue recommendations on how to make careers in tourism more appealing to youth and to guide them in making educational, training and occupational choices (APEC 2017b, p. 46).

6.3.2 Occupational standards and training programs

The creation of occupational standards in the sector can also improve the overall skills of graduates from programs, help illustrate career paths in the tourism sector more clearly and provide an opportunity to better link the delivery of education with industry needs for skills. This could help address the issue of

MSMEs not providing formal qualifications in training, meaning that skills acquired through employment at MSMEs may not be industry recognized.

HRDWG's 'APEC Occupational Standards Framework: Testing the Travel, Tourism and Hospitality Industry' is an initiative involving employers, trade unions and other stakeholders to define the skills needed in five occupations in the travel, tourism and hospitality sector in order to inform training standards and/or curriculum within each economy's technical vocational education and training (TVET) system. Objectives include meeting the hiring needs of businesses, improving the quality of services provided to visitors and facilitating mobility of skilled labor (APEC 2016a).

Peru has worked towards establishing such standards through the Ministry of Trade and tourism (MINCETUR), which works to establish job profiles and functional maps of tourism-related occupations, including housekeeping staff, rural tourism services and food and beverage staff. These feed into larger maps describing the workflow and tasks within the subsector, which have been developed for food and beverage subsector, accommodation subsector, tour sales and operation subsector, and casino and entertainment subsector, among others.

This allows for the creation of educational and training programs matching the needs of the sector and enables the standardization of skills, with expected benefits including improved employability of workers, transferability of skills across jobs, improved equity in wages between genders, increased productivity and enhanced tourism service quality. Australia has similarly worked towards the establishment of such standards, such as the creation of standards thirty-three qualifications which support five subsectors of the tourism industry including exhibitions and events, hospitality and holiday parks and resorts through the Tourism, Travel and Hospitality Industry Reference Committee (IRC). This program is expected to help maintain the relevance of curriculum delivery given the need to address emerging workforce skill needs (APEC 2017b, P. 70).

In China, efforts have also been undertaken to establish standards for skills within the tourism sector. A professional qualification system has been established, including skills verification systems to assist in creating skilled senior managers and professionals. Teachers and students both spend time in tourism enterprises to understand the sector, while retired industry experts are utilized to mentor and train (APEC 2017b, p. 75).

Apprenticeships may also be an attractive option for economies to support given their combination of vocational education, on-the-job learning and a clear path for students to attain employment. Canada financially supports such apprenticeship programs, including the Canada Apprentice Loan, Employment Insurance while apprentices attend technical training, and Apprenticeship grants. These programs support apprentices in reaching an economy-level standard for skills in a number of tourism-related trades. China is also experimenting with providing financial support to students for studies in tourism (APEC 2017b, p. 75). Key success factors for apprenticeship programs identified by the European Union, endorsed by APEC, include:

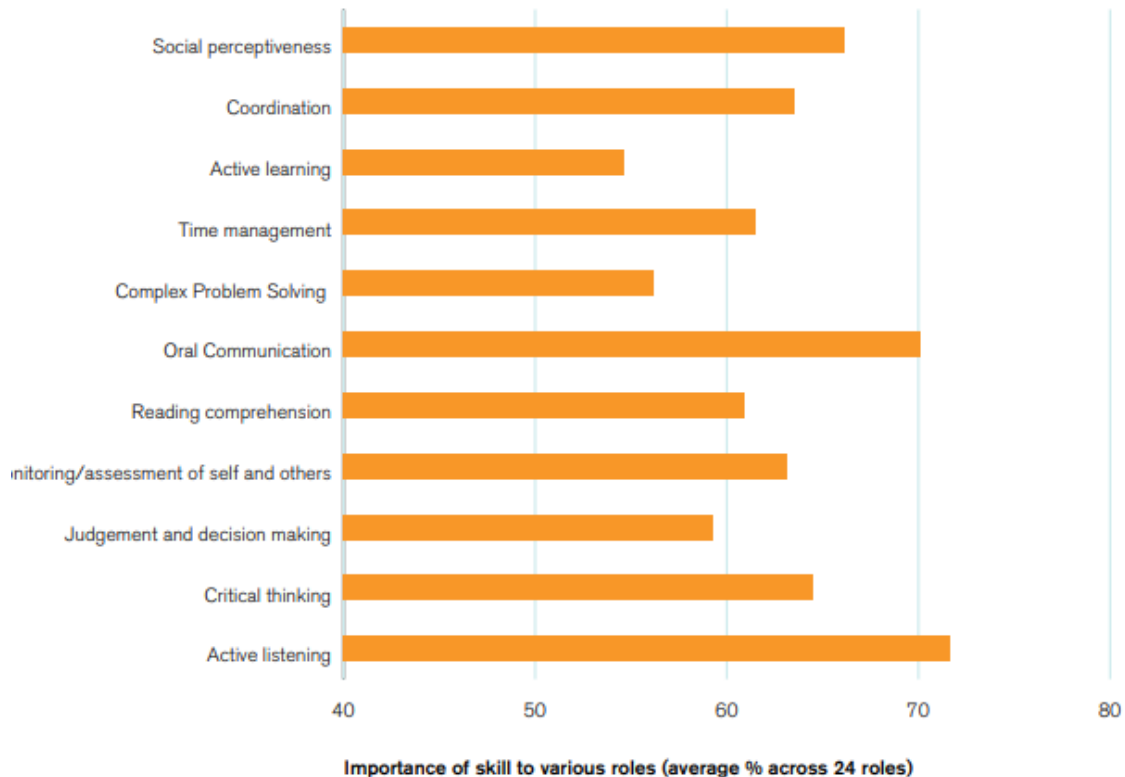
- Robust institutional and regulatory framework
- Active social partner involvement
- Strong employer involvement
- Close partnerships between employers and educational institutions
- Funding including employer subsidies and other incentives

- Close alignment with the labor market needs
- Robust quality assurance
- High-quality guidance, support and mentoring of apprentices
- Appropriate matching of apprentice to host organization (company)
- Combination of theoretical, school-based training with practical work-related experience
- Existence of an apprenticeship agreement
- Certification of acquired knowledge, skills and competences
- Tailored and flexible approaches to the needs of vulnerable young people (European Alliance for Apprenticeships 2015).

Measures specifically related to the acquisition of soft skills may be limited, as ideally these would be included in the tourism and hospitality curricula given the particular importance of soft skills for the tourism sector. One measure that may be beneficial to improve acquisition of soft skills across the sector is the development of accepted and common criteria to use to assess these skills among employees and award acknowledgments of attainment which could be recognizable to the industry (APEC 2017b, p. 63).

The Job Outlook from Australia (2012) can provide some insight on the most important soft skills for tourism job roles based on a survey of industry professionals:

Figure 2: Importance of soft skills to various roles (average % across 24 tourism related roles)



Given the wide digital skills and technological adoption gap in the tourism MSME sector, digital skills interventions are beneficial towards empowering employees and entrepreneurs to be more competitive in an increasingly connected world.

Singapore is a model economy in APEC digital skills development and has several programs that address numerous sectors including tourism. These include:

- SkillsFuture for Digital Workplace, an initiative to assist citizens to “understand emerging technologies and how they impact work, interpret and use data, and adopt a positive mindset for change, innovation and resilience.” The program aims to provide participants with an understanding of the types of jobs in the future economy, how to use digital technologies, the importance of cybersecurity, and how to apply this knowledge to their skills and career development (Government of Singapore 2017).
- SMEs go Digital is a program that provides specialist advice and consultancy services to MSMEs to facilitate the adoption of digital technologies by MSMEs, as well as skills development and lifelong learning for employees. It also includes a set of recommended and certified digital solutions specifically for the tourism sector (WTO 2018, p. 148).
- ICT SMEs Capability Development, a program to augment the ICT skills of SMEs that also involves grants for fiber internet in non-residential buildings, funding for the development and production of prototypes and pilot content integrating the use of data/digital technologies, and production assistance (IMDA 2018)

In Thailand, the Government launched the Thailand Digital Policy 2017-2021, which has numerous digital skills training targeting workers, students, and sectors with backwards linkages to tourism like agriculture (‘digital farmers’), in addition to an ambitious broadband and Wi-Fi deployment plan. While these are sector agnostic, increasing broadband and Wi-Fi penetration and providing citizens with digital skills is beneficial to all sectors. It is also building the Tourism Thailand Open Platform, a business-to-business platform to link global firms to Thai tourism SMEs, reflecting how some APEC economies take active measures to link tourism MSMEs with MNC opportunities (SMEECorp Malaysia 2018).

6.3.3 Managerial and business skills training

On top of challenges with labor skills, MSME owners and entrepreneurs in the tourism sector often face challenges in starting and growing businesses due to a lack of managerial and business skills such as time management, basic accounting, networking, and planning and organizing, as discussed in Section 4.2.2.

Although a highly skilled tourism workforce has the potential to benefit all enterprises in the sector, MSMEs face specific challenges with training and retention of workers related to a lack of human resources management (HRM) skills on the part of owners and operators. While measures taken towards establishing more clear and rational career structures can help mitigate this issue by retaining talented workers who may go on to acquire management skills and lead businesses, interventions specifically addressing the lack of management skills may be necessary for the tourism sector.

Hiring and retention challenges indicate the potential benefit for measures that support HR practices for talent maximization and retention among MSMEs. Larger employers could potentially assist MSMEs in implementing training structures to achieve these goals, or for MSMEs to send staff for training at larger organizations (APEC 2017b, p. 68).

Given limited research into challenges associated with a lack of management skills among tourism enterprises, literature on interventions that specifically this challenge is sparse. However, there are some examples in APEC of economies working to address the issue. USAID included “entrepreneurship skills” such as business-planning, budgeting and HRM skills as a key aspect of workforce assessment for

the tourism sector, as well as a key feature to emphasize to engage youth in the tourism. A key consideration of entrepreneurship training programs was the perception among students and the industry that these programs provide the necessary business management skills needed in the tourism sector (USAID 2010, p. 19). In Indonesia, vocational secondary schools often provide training in tourism management (ASEAN 2014, p. 148).

An initiative in Chinese Taipei directly targets management skills in the tourism sector as a means to develop the sector. The Tourism Bureau developed a senior management training course for trainers to deliver courses to industry practitioners and third-party training operators to provide training on management skills and facilitate their application in workplaces. The program targeted middle to senior executives within the hotel, travel and amusement recreation industries, and has addressed themes such as marketing management, quality of service, human resources management and financial management. The initiative not only allows participants to acquire management skills to apply in their workplaces and increase service quality, but also equips them to spread business management concepts throughout the tourism industry by developing case studies, participating in the improvement of the curriculum of the initiative itself and passing on skills to their own staff (APEC 2017b, p. 95).

Myanmar, although not an APEC economy, is an example of a similar initiative in establishing a system to produce skilled managers in the tourism sector. Supported by the International Labor Organization (ILO), the *Supporting Tourism in Myanmar through Business Management Training* initiative aims to build capacity for the roll-out of entrepreneurship and business skills training and provision of support services for entrepreneurs in the tourism sector with the goal of promoting job creation and the improvement of working conditions.² The collected and analyzed data on skills gaps and opportunities in SME management in the tourism sector in order to inform policymaking. Results and other outputs of the initiative included:

- Cutting edge knowledge on skills gaps and development opportunities in SME management in tourism is generated
- Awareness on issues affecting entrepreneurship in tourism increased among potential support institutions
- Evidence-based support provided to the creation of an enabling policy environment for SME development in tourism
- National implementation of global business management training system for starting and improving businesses (Start and Improve Your Business Programmed, ILO 2012) for the tourism sector
- Enterprise management and working conditions related training materials (at trainer level) adapted to the Myanmar tourism context and available for use
- Cadre of Trainers and Master Trainers able to provide training tailored to the tourism sector
- Establishment of financial and non-financial business support for students of business management training system
- Partner organizations supported to provide appropriate complementary non-training assistance to beneficiaries of SME management training

² http://www.ilo.org/yangon/whatwedo/projects/WCMS_419975/lang--en/index.htm

- Enhancement of the business management and working conditions related skills of tourism entrepreneurs

In China, efforts have also been undertaken to establish standards for skills within the tourism sector through a professional qualification system which includes verification systems for skills for senior managers in the tourism sector (APEC 2017b, p. 75). Similar to the Chinese Taipei initiative, establishing set standards and creating training programs for management positions in the tourism sector could potentially lead to a mainstreaming of such skills in the sector.

The Philippines Leveraging Industries for Supply Chain (LINC) program is a joint program between the Department of Trade and the Department of Tourism to strengthen Philippine tourism value and supply chains and enable more small and medium sized enterprises to benefit from regional economic integration. SMEs are provided design and mentorship activities that will make their respective businesses more competitive compared to their counterparts in the region (Philippine Daily Inquirer 2014).

6.4 Gender-specific policies

Given the gendered structures of tourism GVCs and other external obstacles faced by women in succeeding in the tourism sector, policies that specifically address these challenges are necessary. Recommendations by international organizations make it is clear that the involvement of and collaboration between public and private actors is also necessary to address the challenges faced by women in the tourism sector.

In May 2018, the APEC TWG found that tourism officials in APEC were focused on “gender smart workplace” policies addressing “childcare and checks on sexual harassment and violence to limit absenteeism, turnover and lost wages among women —and higher recruitment costs and talent shortages for employers.” (APEC 2018).

The UNWTO made a series of recommendations in a 2010 publication on women in the tourism sector organized by Theme and Stakeholder Group, shown in the table below (UNWTO 2011, p. 68):

Table 3: Recommendations for intervention to support women in the tourism sector

Category	Theme	Recommendation
Themes	Employment	Increase awareness of the important economic role that women play in the tourism industry. Strengthen legal protection for women in tourism employment; such protections include minimum wage regulations and equal pay laws. Improve maternity leave requirements, flexible hours, work-from-home options, and arrangements for childcare.
	Entrepreneurship	Facilitate women’s tourism entrepreneurship by ensuring women’s access to credit, land and property as well as providing appropriate training and resources to support women’s enterprises.
	Education	Promote women’s participation in tourism education and training and improve the educational level of women already working in different areas of the industry through a targeted and strategic program of action.
	Leadership	Support women’s tourism leadership at all levels: public sector, private sector, and community management by establishing leadership program at the economy-level and in large and small-scale tourism enterprises.
	Community	Ensure that women’s contribution to community development is properly recognized and rewarded by taking into account women’s unpaid work

		and by monitoring tourism activities carried out in the home and in the community.
Stakeholder groups	Private sector	Promote gender equality and women's empowerment as fundamental components of Corporate Social Responsibility activities.
	Government including tourism policy-makers	Take proactive steps to mainstream gender in tourism policy, planning, and operations.
	International organizations and civil society	Call on governments, the international community, and the private sector to protect women's rights in tourism and to monitor progress in the empowerment of women through tourism. Collaborate with UNWTO/UN Women to develop programmes and projects dedicated to promoting gender equality and women's empowerment through tourism.

The recommendation associated with employment, entrepreneurship and education seem to align with the most common challenges faced by tourism MSME. Other recommendations seem to involve promoting awareness among society on women's skills and contributions to the sector to address cultural stereotypes regarding the roles and capabilities of women in certain types of work.

Specific policy recommendations per stakeholder by theme are shown in the table below. These roles seem to attribute the greatest responsibility on the private sector towards actually implementing programs to address MSME challenges, such as programs to instill managerial and business skills, access credit for entrepreneurship and incentives for training. Meanwhile, the government addresses fundamental features such as regulations for equal employment opportunities, and programs to address the perception of women in the sector and engages in supporting measures to encourage private action such as promoting alternative approaches to providing credit and promoting backwards linkages between the tourism sector and local producers.

Table 4: Specific recommendations by stakeholder by theme

Stakeholder group	Theme	Recommended action
Government including tourism policy-makers	Employment	<ul style="list-style-type: none"> Awards and recognitions of companies that take measures to facilitate advancement of women; Facilitate linkages between local food producers and hotels/restaurants through incentives; Establish standards for working conditions, equal employment opportunities, and career pathways for women in tourism;
	Entrepreneurship	<ul style="list-style-type: none"> Develop entrepreneurial award programs for women and use media to highlight success stories of women in tourism Support business associations that are designed for women in tourism and that create networking opportunities for women in tourism Promote the concept of credit and loans by merit of operation; Promote the development of women-only business loans and loan officers
	Education	<ul style="list-style-type: none"> Establish programs for successful women in tourism to visit local schools and colleges

		<ul style="list-style-type: none"> • Provide specialized career guidance and support for women in tourism • Ensure equal opportunities for women in all tourism and hospitality training courses • Examine opportunities to provide training for mature women engaged in informal tourism activities
The private sector	Employment	<ul style="list-style-type: none"> • Develop programs to assist women to advance their careers and progress to leadership roles • Create policies to ensure a safe working environment for women
	Entrepreneurship	<ul style="list-style-type: none"> • Develop programs to facilitate women's access to credit and loans for business • Promote and recognize women business leaders
	Education	<ul style="list-style-type: none"> • Develop incentives for women to participate in in-house training • Provide opportunities for external training with scholarships for women

The International Labor Organization also makes a series of recommendations for actions for private and government stakeholders to address women's challenges in the sector. Private actors were called upon to implement measures to actively promote opportunities for women to enter new roles and acquire new skills, with the added feature of encouraging measures to involve men in activities typically dominated by women (such as housekeeping) to combat the segregation of roles across genders. The private sector was also called to address obstacles to female participation such as social and physical security and flexible working hours, while governments were recommended to review employment legislation to ensure the protection of women in the workplace. Education and training programs for enterprise and micro-business development were also presented as potential measures to increase women's participation in the sector (Baum 2013, p. 63).

Other sector-neutral factors must also be addressed to facilitate greater access by women to opportunities within the tourism GVC. A clear factor limiting women's access to higher paid positions in the tourism sector such as management is the need to account for responsibilities of child-rearing along with the non-standard work hours required by the tourism sector. Government-funded child care, support of employer-provided on-site care, or government financial assistance for caring for other family members could potentially mitigate some of these circumstances (APEC 2017b, p. 102).

Women also face additional barriers in accessing entrepreneurial finance, a challenge which is partially associated with a lack of ability by women to prepare and present business plans to financial institutions which limits their success in attaining loans with favorable terms. This could be mitigated with training programs integrated into micro and small credit programs. Thus, it follows that managerial skills training programs with government support could help mitigate this issue, as well as the support of occupational standards to create more rational career structures to increase the likelihood that women will access this knowledge.

7 Survey and Case Study Analysis

7.1 Executive Summary and Challenges

This chapter analyzes survey responses received from economies to identify commonalities across economies related to the following factors:

- Tourism GVC characteristics: the significance of tourism for economy, prevalent types of tourism and the role of multi-national corporations (MNCs) and MSMEs
- MSME integration and challenges: the level of involvement of MSMEs, what goods/services they provide, barriers they face in integrating or upgrading within the tourism GVC, and what tourism enterprises women own and work in.
- Government initiatives: the types of authorities involved in tourism policy, and strategies, programs and projects to assist MSMEs in the tourism GVC, and associated challenges in implementation.
- Future steps: suggestions from economies regarding what actions APEC can undertake next to support their efforts in promoting the integration of MSMEs into tourism GVCs.

Responses were received from the following 11 economies:

- Canada
- Chile
- Hong Kong, China
- Indonesia
- Japan
- Malaysia
- Mexico
- Peru
- Russia
- Chinese Taipei
- Thailand
- The United States
- Viet Nam

Numerous challenges were encountered in the collection of data for this study including a modest response rate to the survey across economies. The response rate for case studies was even lower and some did not include a profile of the tourism GVC(s) as they are experienced in the responding economy, and no specific case studies of MSME success stories were included. However, case studies and open-ended survey questions proved to be the most useful given challenges in collecting even basic quantitative data, discussed below.

Within each survey, many multiple-choice questions were not completed with economies often indicating that there was no data available. Since the average time to complete the survey was about 30 minutes, and that many economies indicated a lack of available data on many questions, it follows that economies may have relied on their best judgment in order to fill out the survey. Thus, it is important to note that this survey may not produce any actionable recommendations beyond identifying topics that may warrant deeper investigation based on the answers of contact officers from the responding

economies. Therefore, the primary takeaway from this survey data should be that further investigation of these issues is necessary, both at the economy level through collection of data on MSMEs in the tourism sector (their characteristics, challenges, strengths, necessities and goals), as well as deeper discussion about these issues between economies and with academic experts and practitioners who are familiar with these issues. It also follows that linkages between tourism authorities and MSMEs could be strengthened given the lack of information provided on their challenges.

Furthermore, the body of GVC research as it pertains to MSMEs in the tourism sector is sparse, indicating that more in-depth follow-on studies are needed to better contextualize the challenges faced by MSMEs within tourism GVCs, as well as opportunities for interventions to increase their value-added contributions. A greater emphasis on such research could better enumerate the potential for MSME-oriented tourism development to promote a more equitable distribution of the benefits of tourism, thus increasing attention to the issue. Such a project would benefit from expert and stakeholder interviews, including:

- Workers and Entrepreneurs in tourism MSMEs across the various subsegments to gain a more qualitative, granular and perspective-based understanding of their challenges and usage of public supports;
- Tourism authorities, to produce a greater understanding of how their roles differ across economies to produce better linkages between beneficial outcomes and potential best practices, as well as their horizontal relationships with other authorities that influence the development of tourism;
- National, regional and local authorities to understand the degree of vertical integration in tourism public policymaking and how it might be strengthened;
- Small business support authorities, to gain an understanding of their role in supporting tourism enterprises, since certain economies' tourism agencies larger deal with promotion of inbound tourism rather than supporting MSMEs;
- MNCs in the tourism sector, to gain an understanding of their business objectives and demand for inputs that MSMEs could provide, and the barriers MSMEs face in accessing these opportunities;
- Cultural, natural and historical conservation/preservation authorities, to gain a better understanding of how their activities can or could contribute to creating opportunities appropriate for MSMEs;
- Travel agencies and destination management organizations, to understand how they view the landscape of MSME-provided tourism-related services and its potential to contribute to increasing inbound flows to a destination based on tourism demand trends.

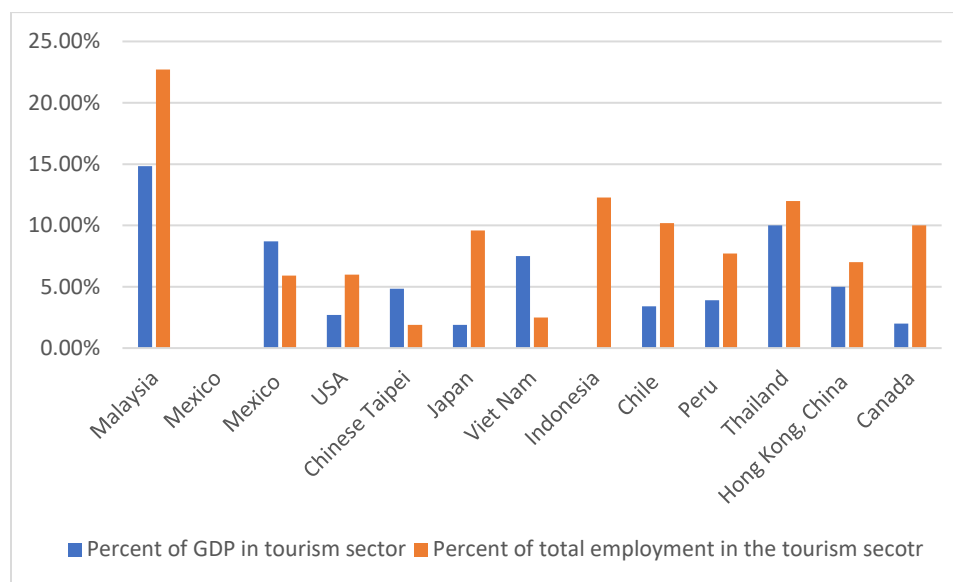
Given that the most commonly selected answer in terms of most beneficial future actions by APEC was hosting workshops and knowledge sharing events, it is likely that such an event involving more resources to perform deep research into identified issues, case studies and expert opinions could produce valuable workshop materials and facilitate deeper discussion and analysis of these issues.

7.2 Multiple choice and quantitative questions

7.2.1 Tourism and the economy

Surveys demonstrated that the relationship between the proportion of total employment and GDP attributable to the tourism sector varies, as seen in the chart below. For example, Chile indicates a small proportion of GDP attributable to tourism, but a large segment of employment. This could indicate low productivity on average in the tourism sector. Furthermore, data may vary across economies due to different methodologies in determining what is attributable to the tourism sector (e.g. some economies may only count 'direct' employment in tourism-related enterprises, while others may have methods of determining 'indirect' contributions of the sector through backwards linkages.)

Figure 3: Proportion of total GDP and employment attributable to the tourism sector

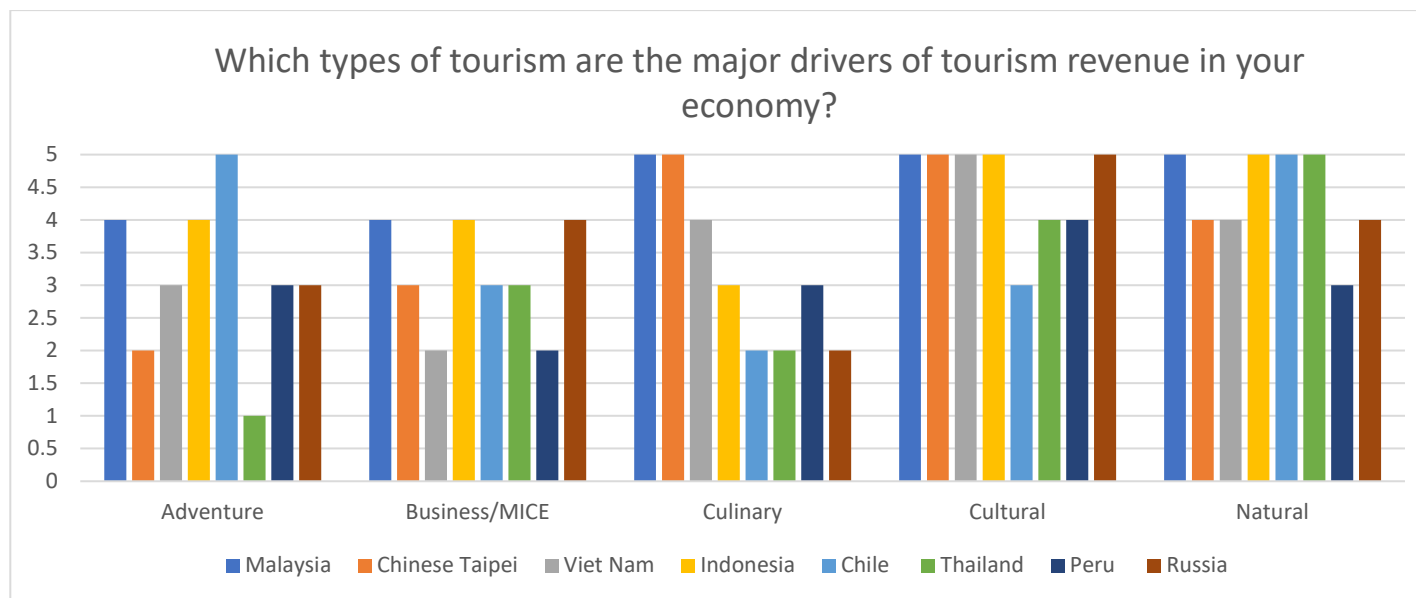


7.2.2 Tourism market

To better understand the economic impact of tourism GVCs, economies were asked to indicate which segments of the tourism industry contribute most to revenue generation for the industry. Cultural and natural assets were identified as the strongest revenue drivers across most economies, with the adventure, business/MICE, and culinary sectors being relatively weaker.

Relatively weak drivers of revenue within economies could indicate that these represent opportunities for development to increase revenue. However, segments such as business/MICE may be more difficult to compete within given that it is not as closely connected as other segments - to the unique cultural and natural assets possessed by each economy.

Figure 4: Types of tourism representing major drivers of tourism revenue in each economy



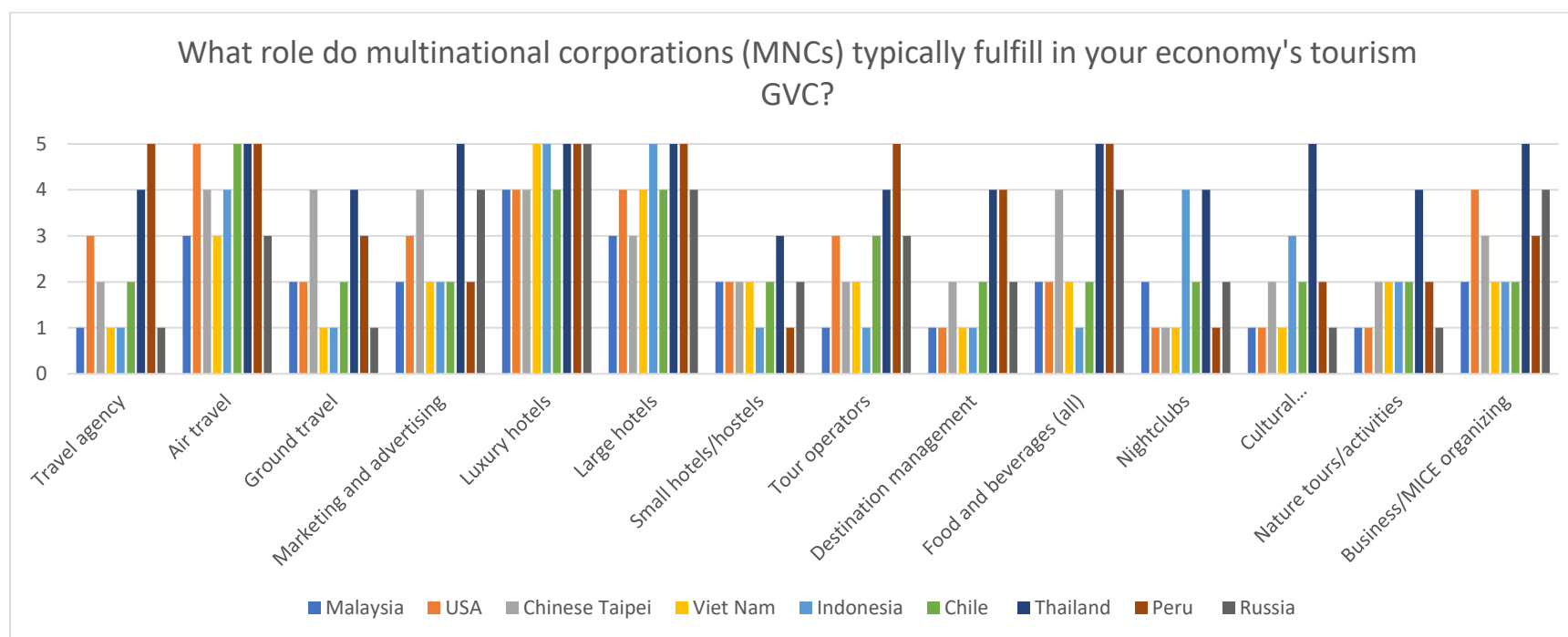
(Note: Respondents were asked to rank the beneficial impact on tourism revenue from 1 to 5, 5 indicating the strongest impact)

Next the survey considered the goods/services areas of the tourism GVC in which MNCs are strongly established, to help understand challenges and possible opportunities for MSMEs. Predictably, it seems that across economies MNCs are largely concentrated in the capital-intensive air travel, marketing and hotel segments, and less in low-margin business like travel agencies. In the case of tourism hotspot Thailand, MNCs are heavily involved in most segments including tour operators, food and beverages, nightclubs, cultural tours and nature tours.

Canada's data is not reflected in the table as it was provided in an open-ended format. However, culture and sports, indigenous tourism and nature tourism centering around National Parks were the main drivers of revenue.

Overall, this data supports the belief that MSMEs may be most competitive in developing tourist products that take advantage of the cultural, historical and natural assets unique to their geographies. This may indicate that interventions to assist MSMEs in such segments and create greater opportunities to create products with cultural, natural and historical content could be effective at increasing value-added and ensuring tourist spending benefits for local economies.

Figure 5: Typical good/services provided by MNCs in each economy's tourism GVC



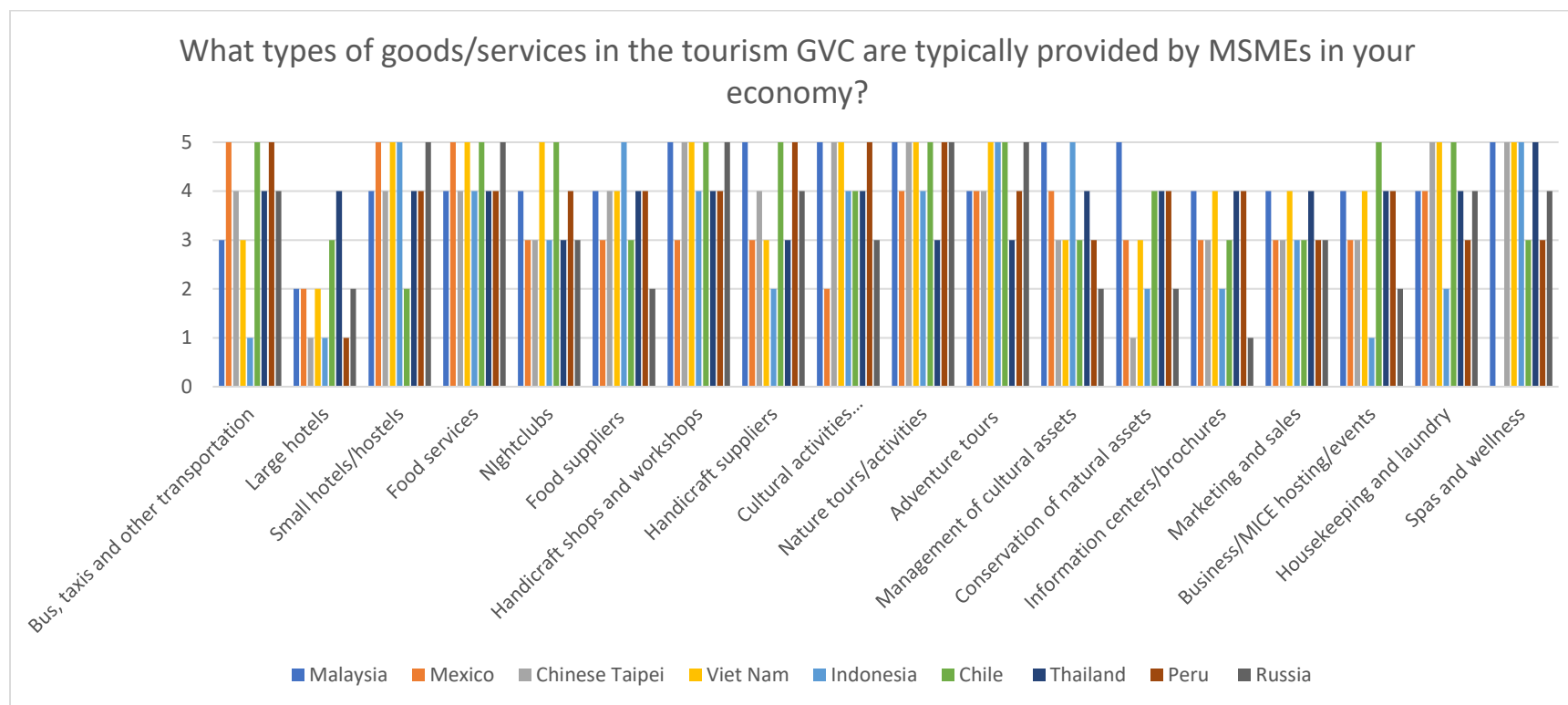
(Note: An answer of 1 indicates the least involvement by MNCs, while an answer of 5 indicates the greatest involvement of MNCs)

7.2.3 Tourism MSMEs

Turning from MNCs to MSMEs, it is evident that there is significant divergence in the types of tourism goods and services most commonly provided. Predictably, MSMEs typically do not operate large hotels, and also have lower participation in segments such as conservation of natural assets and information centers/brochures, activities which governments may take responsibility. Marketing and sales and Business/MICE also appear to have lower MSME participation, with notable outliers being Chile for Business/MICE and Malaysia, Viet Nam and Thailand for marketing/advertising. Canada provided an open-ended response, indicating that most tourism MSMEs are in the food and beverage services segment, followed by recreation, accommodations, transportation and travel services.

As seen in the table? below, MSMEs appear to be more heavily involved in activities including small hotels/hostels, food, handicrafts, cultural and nature tours, adventure tours, housekeeping and spas/wellness. These activities align closely with data showing areas with the least involvement of MSMEs; potentially indicating that these are the prime areas in which MSMEs can be more competitive due to greater local knowledge and capacity to innovate unique tourist products based on their local geographies. This also matches findings that show tourist demands are consistently trending towards these increasingly local and unique products and experiences.

Figure 6: Typical goods/services provided by MSMEs in each economy's tourism GVC



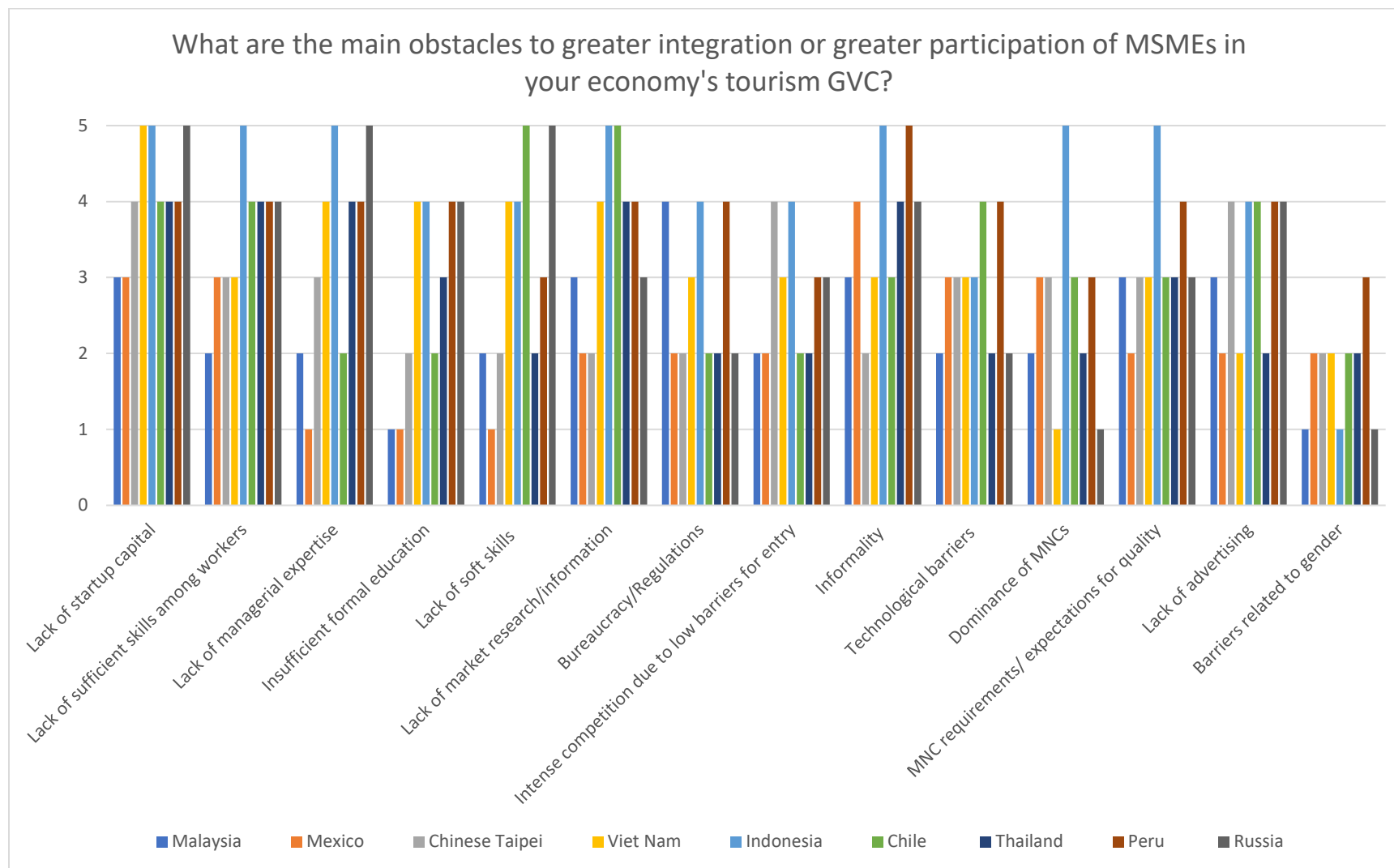
(Note: An answer of 1 indicates the least involvement of MSMEs, while an answer of 5 indicates the greatest involvement of MSMEs)

Next the survey sought to identify various barriers faced by MSMEs in accessing opportunities in the tourism sector. As seen in the table below, the data indicates the main challenge faced by these firms is trouble accessing capital, followed by workforce skill deficiencies. In contrast, gendered barriers were much less frequently cited as a significant challenge, potentially due to the high presence of women in the sector. Structural and market-based challenges such as lack of formal education, bureaucracy, intense competition and lack of advertising also received less attention, suggesting that policies could focus directly on MSME competitiveness, rather than these enabling factors.

Canada, which provided a response in an open-ended format, identified fluctuations of consumer demand as a main challenge for MSMEs in the tourism sector, followed by rising costs of inputs and competition. Labor shortages of deficient HR capabilities of MSMEs were also a challenge.

Economies that cited many or most of the options as severe barriers included Indonesia, Viet Nam and Chile. Indonesia identified access to capital, labor skills, lack of market research, MNC dominance, and expectations for quality as the most significant barriers. It is possible that capacity building initiatives, supplier and workforce development programs as well as measures to facilitate relationships with MNCs could alleviate these challenges.

Figure 7: Main obstacles to greater integration and/or participation of MSMEs in each economy's tourism GVC



(Note: An answer of 1 indicates the least severe obstacles, while an answer of 5 indicates the most severe obstacles)

7.2.4 Gender

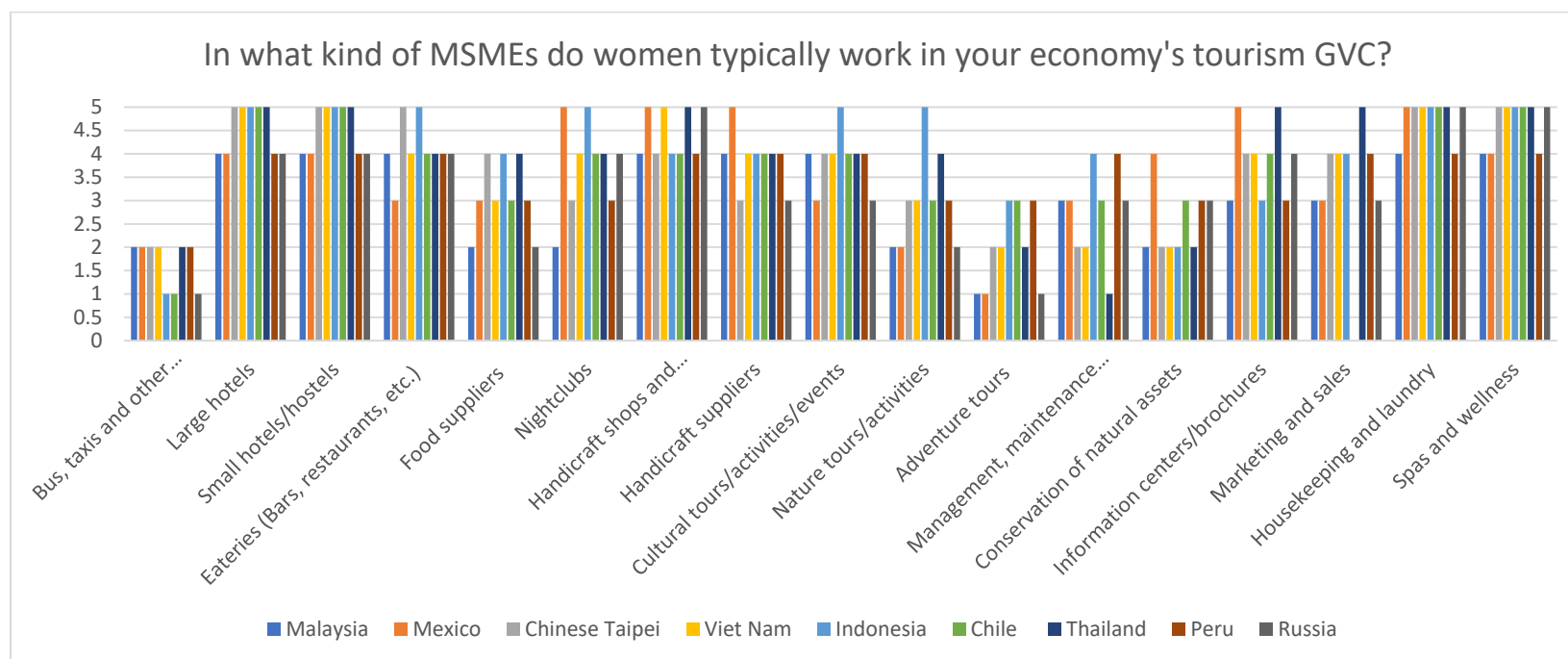
On the topic of gender equality, the survey sought to determine the concentration of women employees in various segments of the tourism sector. It appears that there is a heavy concentration in the hospitality (hotels), food service, handicrafts, cultural activities, housekeeping and spas/wellness segments. Based on literature findings, these concentrations could be attributed to the fact that these activities match well with the domestic responsibilities/roles that women are culturally expected to fulfill in many economies. Customer preferences for interacting with women staff may play a role in their strong representation in segments such as spas and wellness.

On the other hand, segments such as transportation, nature tours, adventure tours and management of cultural/natural assets appear to have much lower participation of women, perhaps due to cultural perceptions of a poor match with women's traditional domestic roles. It seems that among responding economies, the lack of women in the transportation sector was universal, while on the other hand, outliers such as Indonesia show strong representation of women in the nature tours and management of cultural assets segments.

Canada provided an open-ended response to this question, indicating that women (who make up 51.4% of the tourism workforce) are most likely to be employed in travel services, followed by accommodations and then food and beverage services .

Such low participation in segments such as transportation could indicate that programs to promote employment of women in such segments by providing them with the necessary skills could potentially help counter cultural stereotypes about the suitability and skills of women for such tourism GVC roles.

Figure 8: Types of MSME tourism goods/service providers in which women are typically employed in each economy



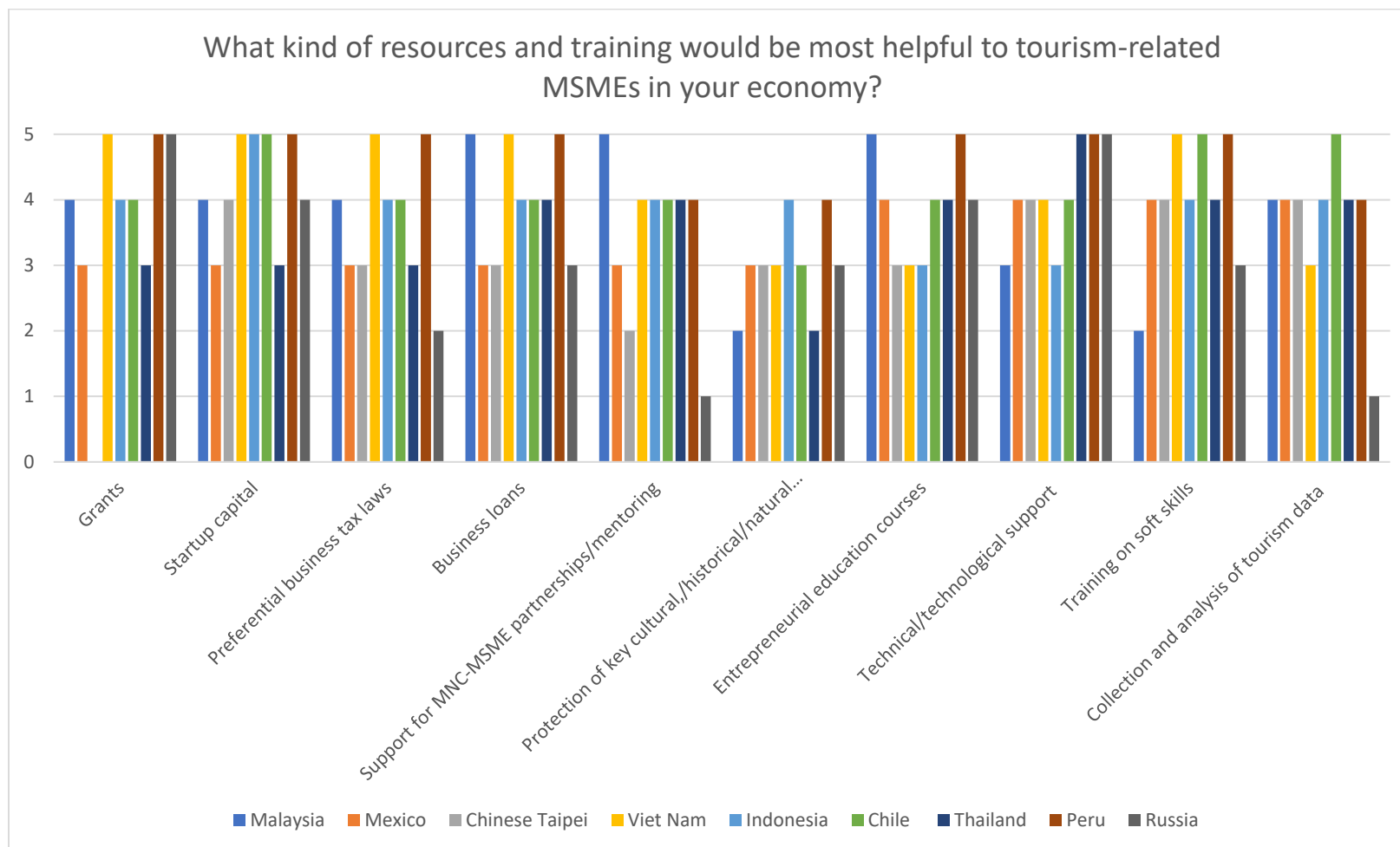
(Note: An answer of 1 indicates the least involvement of women, while an answer of 5 indicates the greatest involvement of women)

Looking at women-owned businesses in these segments, it is apparent that across the board women are less likely to own businesses than men even in the segments in which they are heavily represented in terms of employment. This matches literature findings that women often face struggles in reaching management positions in the hospitality industries. However, generally it appears that women tend to have higher rates of ownership in segments in which they are better represented as employees.

There are certain economies which appear to have high rates of women ownership of tourism-associated MSMEs, including Indonesia, Chile and Thailand. Additionally, women-owned businesses are common in the handicrafts and cultural tours/activities segment in Mexico and in the small accommodations and food services segments in Peru. It is not clear from these economies' survey responses or other materials why this is the case.

On the other end of the spectrum, Malaysia and Chinese Taipei appear to have the lowest rates of women ownership in the tourism sector. Correspondingly Malaysia's responses also indicated low participation of women as employees in the tourism GVC, although Chinese Taipei reported high participation as employees in the hospitality segment (hotels), food service, handicrafts, cultural activities, housekeeping and spas/wellness. This could indicate gendered barriers for female entrepreneurs in these segments.

Figure 9: Types of tourism MSMEs typically owned by women in each economy



(Note: An answer of 1 indicates the least involvement of women, while an answer of 5 indicates the greatest involvement of women)

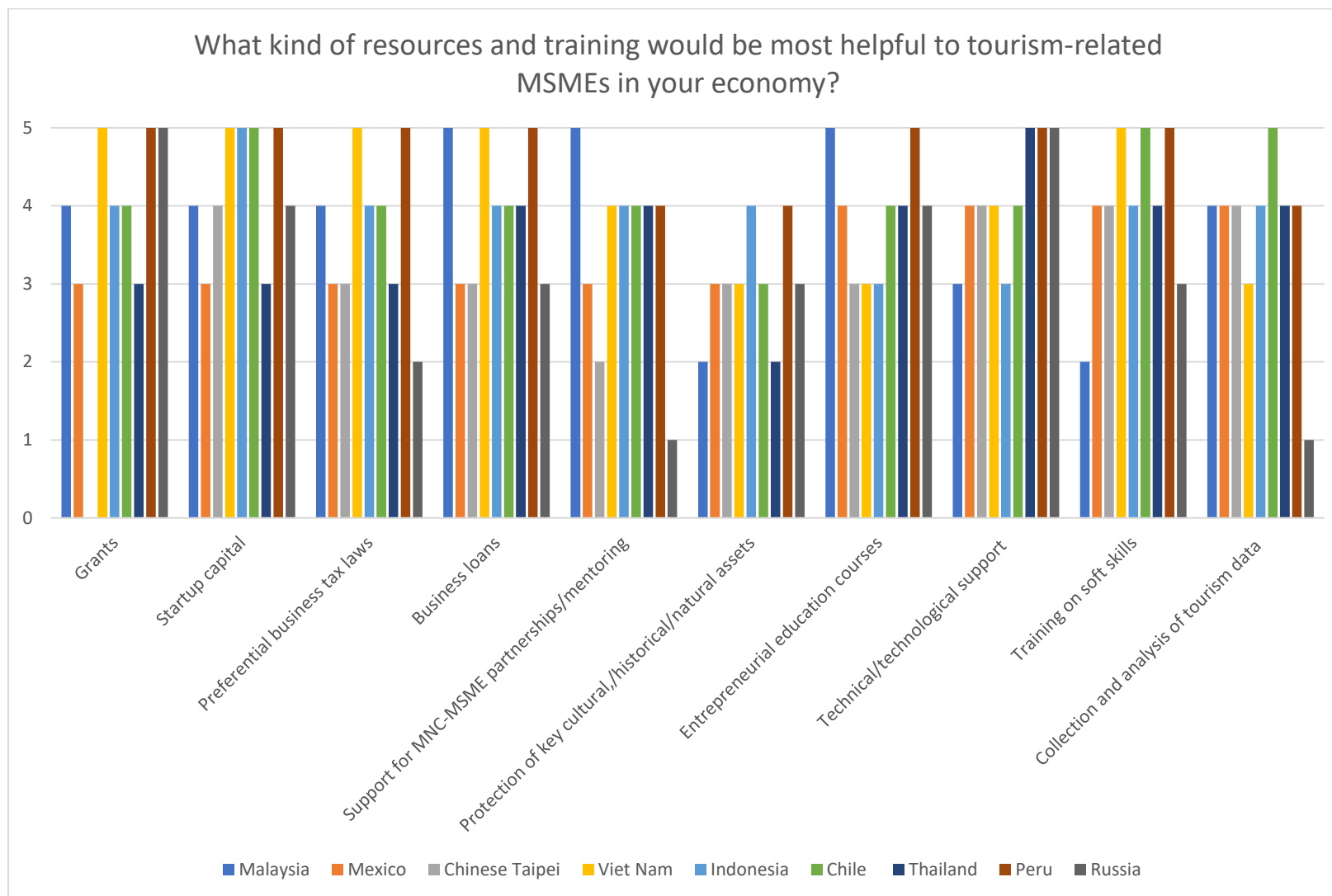
7.2.5 Policy intervention

In terms of policy options for supporting tourism-related MSMEs, economies indicated that a wide range of forms of support are desired. Among these, financial support appears to be among the most popular, reflecting the challenge identified in other survey questions regarding access to capital. Challenges relating to soft skills and market research limitations are also reflected in the popularity of soft skills training and collection/analysis of tourism data to produce market insights.

The least popular option appears to be protection of key cultural, historical and natural assets. This may be the case because this may be considered an indirect benefit to MSMEs in that it promotes inbound tourism, but doesn't necessarily create direct opportunities for them.

Malaysia appears to focus on measures to promote entrepreneurship, such as business loans, support for MNC/MSME partnerships and mentoring, as well as entrepreneurial education. Meanwhile, Viet Nam appears to favor largely financial measures. Mexico favors measures that instill skills within MSMEs, such as entrepreneurial education, technical support and soft skills training, as well as market research to assist MSMEs in determining where to apply these skills. Other economies seem to favor a mixture of different types of measures more equally to address challenges faced by their tourism MSMEs. Peru indicates a high necessity for all policy interventions, which potentially indicates pervasive challenges faced by MSMEs but also awareness on the part of the government.

Figure 10: Types of resources and training that economies indicated would be most helpful for their tourism-related MSMEs



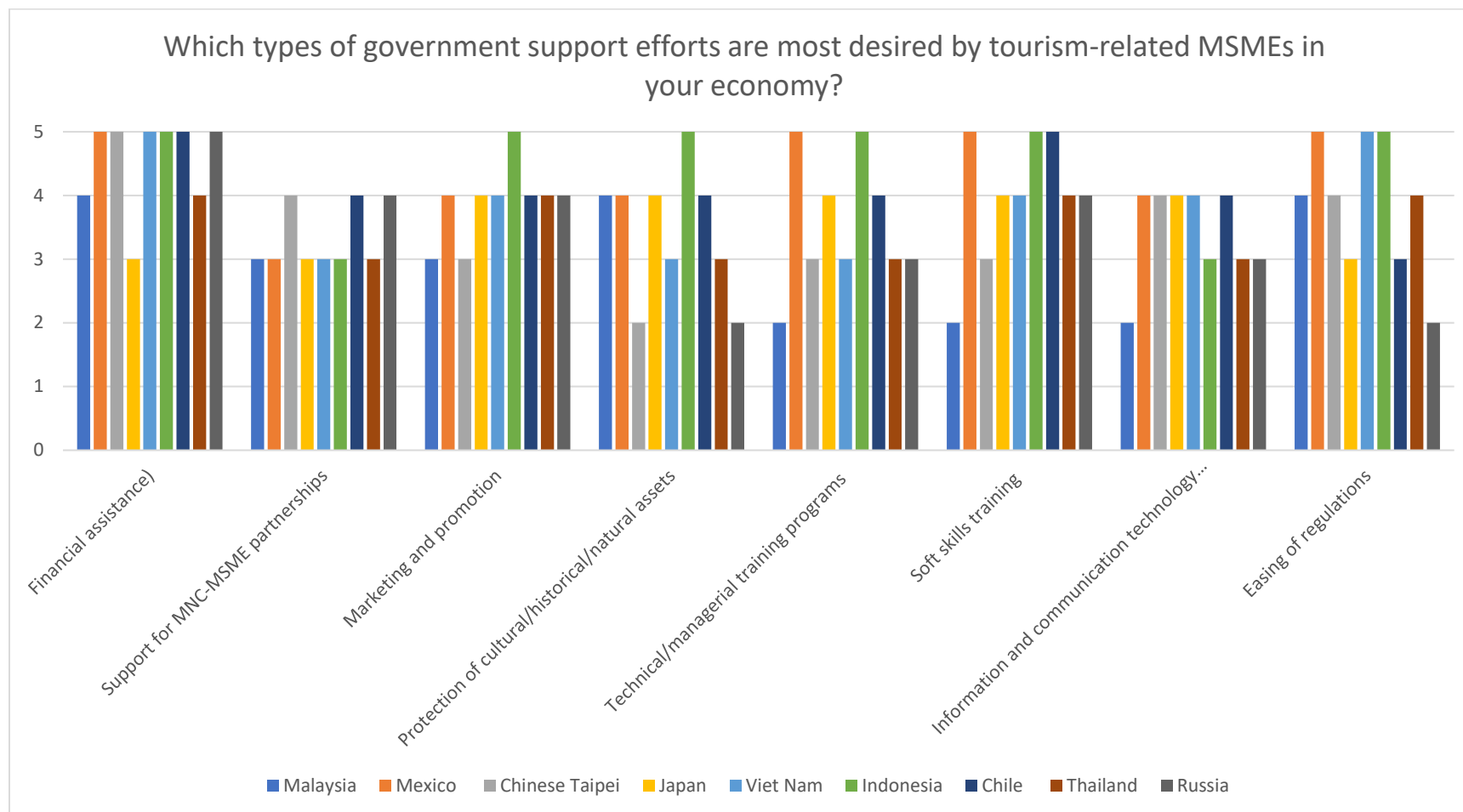
(Note: An answer of 1 indicates the least helpful resources/training, while an answer of 5 indicates the most helpful options)

Respondents answered consistently with the identified challenges facing MSMEs in the tourism sector in that they largely chose financial assistance as the most desired option. The least desired options appear to be support for MNC-MSME partnerships and technical/managerial training programs;

Whereas economies previously indicated that protection of cultural, natural and historical assets was not so helpful for MSMEs, in this case they attributed a desire to protect these assets to MSMEs, especially in Indonesia.

All options received some interest, but there was some variance in priorities. For example, Malaysia ranked all three training options among the least desired, whereas Mexico and Indonesia indicated strong interest. The perception of lower interest among Malaysia MSMEs for additional training is perhaps attributable for the government's existing strong support for education and mentoring for entrepreneurs.

Figure 11: Types of government support most desired by tourism-related MSMEs in each economy



(Note: An answer of 1 indicates the least desired support efforts, while an answer of 5 indicates the most desired options)

Looking at challenges to the implementation of policies to support MSMEs in the tourism sector, it appears that funding challenges are pervasive. Additionally, as seen in the table below, Peru and Chile indicated lack of participation in government programs by MSMEs as a challenge, indicating a lack of awareness or other barriers.

Table 5: Major challenges encountered in the implementation of tourism MSME support programs/policies

Response	Responding economies
Lack of institutional coordination	Malaysia
Lack of funding	Mexico
	Chinese Taipei
	Viet Nam
Limited capabilities of local/regional governments	Indonesia
Lack of participation by MSMEs in government programs	Chile
	Peru
Lack of monitoring and evaluation of policies	Thailand

7.2.6 Technology

The most favored technological interventions include support with digital advertising and social media, and e-commerce. This indicates that MSMEs would most benefit from increasing their online presence and having options for customers to book services online.

Table 6: Technologies that could help each economy's MSMEs to more easily integrate with tourism GVCs

Technology	Responding economies
Digital advertising and social media	Malaysia
	Chinese Taipei
	Viet Nam
E-Commerce	Mexico
	Russia
	Indonesia
Digital payment gateways (e-payments) and credit card readers	Chile
Basic Internet Connection	Thailand

7.2.7 Future steps

The most favored option for future desirable actions by APEC is workshops and other knowledge sharing events. Such an initiative could allow the invitation of experts and an active discussion between economies on challenges faced by MSMEs. This could produce more relevant and actionable recommendations and allow a deeper examination of these issues than survey and literature research. The next most popular option was mutual recognition of labor skills; this indicates that certain economies are interested in the potential of their skilled workers going abroad to work in the tourism sector, or to receive skilled workers from other economies for tourism enterprises.

Table 7: Desired support from APEC to help economies improve integration of MSMEs into their tourism GVCs

Response	Economy
Engage MNC stakeholders for education, partnerships and support	Malaysia
Create and distribute best practices and guidelines	Canada
Host workshops and other knowledge sharing events*	Mexico
	Hong Kong, China
	Viet Nam
	USA
	Japan
	Peru
Create an online toolkit of resources that are helpful for creating tourism policies	Peru
	Chinese Taipei
Encourage the mutual recognition of labor skills and certifications in tourism across APEC economies	Indonesia
	Chile
Engage MNC stakeholders for education, partnerships, and support	Thailand

* Answers do not indicate that responding economies have discussed/volunteered to host tourism workshops or events in the framework of APEC in the short term.

7.3 Open-ended questions

7.3.1 Gender

7.3.1.1 *What percentage of MSMEs in your economy's tourism GVC are women-owned?*

It is difficult to make substantive observations regarding women-ownership of tourism MSMEs in APEC due to the low response rate from economies. Amongst the few respondents in the table below, the proportion of MSMEs owned by women is fairly robust in Chinese Taipei and Chile.

Perhaps the low response rate implies that economies lack data on the proportion of women who own MSMEs specifically in the tourism sector. Potential remedies could include supplements to censuses and other surveys to categorize businesses by size, gender of the owner and sector of operation. Such data would be a helpful input for economies to create targeted policies to support and upskill women-owned tourism MSMEs, as well as to encourage women to engage in entrepreneurship in the tourism sector.

In the absence of resources for censuses, economies might explore collecting case studies of women-owned MSMEs in various subsectors related to tourism to inform the creation of pilot programs to assist them, as well as create and disseminate best practices.

Table 8: Percentage of tourism-related MSMEs that are women-owned

Economy	Response
Chile	40%
Indonesia	25%
Chinese Taipei	48.7%

7.3.2 Policy interventions and opportunities

7.3.2.1 *Where do you see potential opportunities to increase the participation of MSMEs in your economy's tourism GVC?*

Within and between economies, there is substantial variation regarding what is viewed as a potential opportunity to elevate MSMEs in tourism value chains, ranging from providing capacity building services to upskill MSMEs, to identifying market opportunities and trends, to seeking to improve the overall business environment and tourism market as well as measures to promote inbound tourism.

Segments of the tourism GVC in which economies see opportunities include: adventure tourism (Chile, Mexico and Peru); cultural tourism (Peru and Mexico); nature tourism (Peru); culinary tourism (Chile and Peru) and; medical tourism (Mexico). Chile and Mexico both see potential to improve the quality of services provided to tourists such as tours through providing support to MSMEs. Meanwhile, Canada sees opportunities in diversifying supply seasonally by emphasizing winter tourism to provide MSMEs with more consistent revenue throughout the year.

Mexico appears to have a broader view of the sector, addressing the overall competitive environment in which tourism MSMEs operate, discussing factors such as openness to trade and investment, physical and informational/technological infrastructure to facilitate greater connectivity and strengthening value-chain through promoting investment projects and the development of clusters. Information and communication technologies (ICT) are also viewed as potentially contributing to greater productivity of enterprises in the sector. Meanwhile, Canada discussed the issues of access to finance and skills development as the main opportunities to increase MSME participation.

Another theme is innovation in tourism product development, which is viewed as an opportunity to diversify the supply of tourism products through taking advantage of unique assets linked to geographical areas that may be underexploited by the current tourism market. Mexico discusses this as complementing the “traditional” tourism offerings with emerging competitiveness in wellness and medical tourism, while Chinese Taipei and Peru discuss this innovation as addressing unmet consumer needs for new and innovative tourism products. Peru extensively discusses trends in tourism demand, including unique experiences that mix culture, food, nature and well-being that are based on an authentic connection to the geographical locations in which they are offered. Opportunities for MSMEs to take advantage of the unique features of these geographies through innovative food products and activities are highlighted that include both conventional and non-conventional offerings.

Peru is the only economy to discuss formalization of MSMEs in the tourism sector as an opportunity to more effectively and efficiently support them through government intervention, which may include creating greater business linkages. Indonesia also discusses the need for greater linkages between the tourism sector and other sectors of the economy (the “creative” economy), which indicates that there are potential opportunities in increasing the sourcing of local inputs through promoting backwards linkages between local suppliers and the demand of the tourism sector.

Table 9: Potential opportunities for participation of MSMEs in economies’ tourism GVCs

Responding economies	Responses
Canada	<p>The Government of Canada works closely with stakeholders, including industry associations to support tourism businesses in its respective economy. Opportunities to increase participation of SMEs include:</p> <ul style="list-style-type: none"> • Growing Winter Tourism: A top concern of tourism SMEs is fluctuations in demand, given the highly seasonal nature of tourism in Canada. Growing winter tourism product/offerings (e.g., skiing, snowshoeing) could attract more tourists and provide tourism SMEs with additional revenues throughout the year. • Access to Investment: Tourism SMEs have difficulty accessing investment and financing. This prevents new tourism businesses from starting up, developing new products and service offerings or undertaking infrastructure improvements that are required from tourism assets to be viable to visitors. Increasing access to investment/financing could provide them with more opportunities for growth. • Skills Development: Tourism SMEs note access to skilled labour as a major challenge. Not having access to skilled labour prevents SMEs from offering the highest quality product. Increasing the supply and skills of the tourism labour force could address these challenges and support a more diversified and quality tourism offerings.
Chile	<p>Opportunities are seen in accommodation activities and services that improve the tourist experience in activities related to adventure tourism, sports and cooking. Also in improving the services provided to large companies.</p>
Indonesia	<p>Integration between tourism and the creative economy is required.</p>
Mexico (National Institute of the Entrepreneur [INADEM])	<p>Services for tourism guides and loans for services for social media, as well as for medical tourism and thematic excursions</p>

Responding economies	Responses
Mexico (Ministry of Economy)	<p>As a result of an openness and integration process to the global markets that began a couple of decades ago in our economy, the Mexican economy had the need to undergo a profound transformation in its productive structure to adapt to a competitive environment that involved introducing improvements in the productivity of companies through innovation and the development of information technologies.</p> <p>In this context, we recognize the importance of having an industrial, services and commercial productive structure that contributes to the strengthening of the internal market and, at the same time, adds to the local and global value chain's dynamics.</p> <p>Likewise, taking advantages derived of commercial opening, defined as the reduction of barriers to trade and investment, decrease on transport and communication costs, scale economies, facilitation of information processing and transmission, among others; is that we encounter favorable conditions to encourage the development of tourism supply chains, making it possible to consolidate value chains in this broad sector of the economy.</p> <p>Similarly, by strengthening the supply chain and facilitating access to inputs, we promote investment projects and the development of clusters through the identification of potential productive vocations at a regional scope that will allow to complement the traditional tourism offer, with offer such as medical and wellness tourism, where our economy has become a worldwide reference.</p> <p>It is important to continue promoting the adoption of information and communication technologies (ICT) to provide quality tourism services, including result monitoring and measuring mechanisms as part of incentives to attract more international actors to consolidate economy-level and global value chains</p>
Peru (Ministry of Foreign Trade and Tourism)	<p>Potential opportunities for MSMEs in the tourism sector are based in trends of tourism consumption, including: unique experiences that mix nature and culture; experiences for tourists who seek health and well-being through consuming healthy and organic products, purchasing of related services like hydrotherapy or mixing nature and adventure tourism in the tourist offer.</p> <p>These are good opportunities due to Peru's climate and geographical location that support the existence of a great variety of ecosystems, species of animals and plants, and native cultures. These represent an opportunity for MSMEs who are capable of carrying out diverse roles in the tourism GVC such as providing diverse food products that they cultivate directly in their place of origin or developing distinct tourist activities connected with these places, within the framework of anchor tourist attractions that are found dispersed in strategic locations throughout the economy.</p> <p>Similarly, the diversity of tourist attractions in terms of breadth and depth allows for the development of different business units in which MSMEs can play distinct roles in the GVC. This allows for the development of conventional and non-conventional tourist activities, taking advantage of various niches and opportunities in the market.</p> <p>On the other hand, greater linkage with destination that introduce new tourism product proposals and the increase in demand for these types of products evidences unmet needs, which permits the generation of new business ideas and productive activities linked to the provision of tourism services.</p> <p>Furthermore, the formalization of MSMEs that provide tourism services through a register, presenting opportunities for their identification and characterization, which will permit a better design and endowment of public services. There are also opportunities to strengthen MSMEs through actions oriented at improving their competitiveness, as well as the creation of business linkages and the freedom to access new markets.</p>

Responding economies	Responses
Chinese Taipei	The major players of our tourism industry consist of MSMEs. Still, we're looking at more MSMEs to join the tourism industry as there is an increasing consumer need for custom-made tourism products.

7.3.2.2 In your economy, which agencies play major roles in supporting MSME integration into tourism GVCs? How do these agencies coordinate with each other?

Across economies, there are various institutions involved in supporting MSMEs in the tourism sector.

Canada, Peru, Malaysia, Mexico, Viet Nam, Indonesia, Thailand, Chinese Taipei, Chile and Hong Kong, China all have specialized government institutions involved in the tourism sector, ranging from the bureau/departmental level to the Ministry level. Specific roles and responsibilities mentioned by economies included:

- Policy (Malaysia; Mexico; Hong Kong, China)
- Coordination of other institutions which have impacts on tourism development (Mexico; Hong Kong, China)
- Promotion and support of MSMEs (Peru; Malaysia; Mexico; Chinese Taipei; Chile; Canada)
- Normalization and quality regulations (Peru; Mexico)
- Promotion of inbound tourism (Mexico; Hong Kong, China)
- Statistic and Analysis (Canada)

The answers that were provided indicate that promotion and support of MSMEs in the tourism sector is considered an important role of economy-level tourism government agencies. Although most of these agencies likely play a role in promoting inbound tourism, perhaps economies considered this self-evident and neglected to specify it in their answers.

Other institutions involved include Ministries with general responsibilities for the economy, industry and trade, such as: the Ministry of Production and Ministry of Foreign Trade and Tourism (MINCETUR) in Peru and; the Ministry of the Economy in Mexico, which supports MSME integration into GVCs in tourism through industrial policy, commercial openness and generating productive linkages and; municipalities all play a role in promoting tourism. Innovation, Science and Economic Development Canada (ISED) whose mission is to foster a growing, competitive, knowledge-based Canadian economy.

Regulatory matters were only mentioned by Peru and Mexico, which could indicate that regulations surrounding MSMEs in the tourism sector are generally outside the purview of tourism agencies and perhaps fall within other types of institutions, such as the advocacy by the United States Small Business Administration on behalf of MSMEs as it relates to regulatory burdens.

Private trade associations or quasi-governmental associations also appear to play a significant role in economies such as Malaysia, Mexico, Peru, Chile and Hong Kong, China. These associations largely play a coordinating role among enterprises in the tourism sector and appear to work closely with governments to reflect the needs of tourism MSMEs to government agencies. Role specified include:

- In Canada, Destination Canada is a Canadian Crown corporation wholly owned by the Government of Canada that undertakes initiatives to market Canada as a leisure and business events destination. It does this in conjunction with its partners, which include provincial,

territorial and regional destination marketing organizations; for example, Destination Canada partners with Tourism Yukon to promote Northern Canada, which is largely undiscovered by tourists.

- In Peru, the Association of Exporters (ADEX) promotes competitiveness and value-added in the tourism sector, and is coordinated by the Directorate General of Crafts of MINECTUR.
- In Malaysia, the Malaysian Inbound Tourism Association (representing travel agents, tour operators, souvenirs shop retailers, bus operators, product operators and restaurants), Malaysian Budget Hotel Association, Association of Malaysian Spas and Malaysian Association of Wellness all play a role in representing and supporting MSMEs in the tourism sector and coordinating with the Ministry of Tourism, Arts and Culture to enhance the quality of services.
- In Chile, private companies collaborate with the Undersecretary of Tourism to promote inbound and perform market research.
- The Hong Kong Tourism Board (HKTB) collaborates with the Tourism Commission to promote the development of the tourism sector, markets Hong Kong, China as a destination worldwide and works to improve the quality of services.

Furthermore, institutions with responsibilities for MSMEs and entrepreneurship also play a significant role in providing financial and technical support in the tourism sector, such as:

- The United States SBA, which provides an array of financing options for MSMEs, entrepreneurial development counseling and advocacy, while the Department of Commerce Commercial Service provides support in developing international business strategy, market research and marketing;
- Business Development Bank of Canada (BDC), a Government of Canada's Crown corporation. provides commercial financing, advisory services and venture capital to entrepreneurs, with a focus on small and medium-sized enterprises, including tourism MSMEs. BDC offers flexible financing options to tourism SMES (e.g., longer amortization periods, seasonal or progressive repayment schedules to match cash flow cycles) and advisory services that take into account the unique challenges faced by tourism SMEs (e.g., high employee turnover). Currently, the BDC has \$3.48 billion committed to 4,715 tourism businesses, including 92 indigenous tourism MSMEs.
- The National Institute of the Entrepreneur (INADEM) in Mexico, which coordinates policy on entrepreneurship and MSME support;
- The Small and Medium Enterprise Administration of Chinese Taipei (no role specified);
- The Enterprise Development Agency of Viet Nam (no role specified).

These results indicate that a wide range of institutions are involved in some capacity in supporting MSMEs in the tourism sector, although some lack this as a specific specialization. It also appears that certain economies have acknowledged the importance of institutional coordination in supporting tourism MSMEs given the wide range of activities and factors directly and indirectly involved in the tourism sector.

Table 10: Agencies playing major roles in supporting MSME integration into tourism GVCs and coordination efforts

Responding economies	Responses
Canada	<p>In Canada, the Federal Government, the ten provincial governments, the three territorial governments and numerous municipalities all play a role in promoting tourism. Innovation, Science and Economic Development Canada (ISED) is the federal department whose mission is to foster a growing, competitive, knowledge-based Canadian economy. The Minister of Tourism, Official Languages and La Francophonie has the lead responsibility for the tourism sector. ISED is responsible for leading coordination among federal departments to support a whole-of-a government approach to tourism.</p> <p>Destination Canada operates as a Canadian Crown corporation wholly owned by the Government of Canada. Destination Canada undertakes initiatives to market Canada as a leisure and business events destination. It does this in conjunction with its partners, which include provincial, territorial and regional destination marketing organisations. The Government of Canada stabilized Destination Canada annual funding to CAD \$95.5 million. Through multiple initiatives, Destination Canada promotes Canada as a premier destination and showcases the economy’s most unique attributes. Northern and rural Canada, for instance, remain largely undiscovered by foreign tourists. Destination Canada has partnered with destination marketing organisations, such as Tourism Yukon, to promote this undiscovered frontier. Destination Canada has developed Signature Experiences in all three Territories of Canada’s North, (complementing those throughout the rest of the economy). These help local tour operators to showcase unique Northern adventures, such as Arctic safaris, cruises and excursions to view the Aurora Borealis. Destination Canada also promotes tourism in Canadian rural areas through its suite of Signature Experiences.</p> <p>Provincial and Territorial governments also play an active role in the development and promotion of tourism in every part of the economy. Ministers responsible for tourism from each jurisdiction meet as the Canadian Council of Tourism Ministers on an annual basis to discuss trends and issues of concern to the Canadian tourism sector and work together to seek solutions.</p> <p>Statistics Canada is the economy-level statistical agency responsible for the collection and analysis of tourism-related statistics. Statistics are compiled on a number of tourism industries, such as air, boat, rail, bus and taxi transportation; traveller accommodation; food services and drinking establishments; amusement and recreation, and travel arrangement services. Statistics Canada is re-developing its two core economy-level tourism surveys to create the National Travel Survey and the Visitor Travel Survey, both operative from 2018. Statistics Canada also compiles data on all international travellers cleared for entry into Canada, and generates two major products for the macroeconomic evaluation of tourism: the National Tourism Satellite Account and the National Tourism Indicators.</p> <p>The Business Development Bank of Canada (BDC) is a Government of Canada’s Crown corporation that provides commercial financing, advisory services and venture capital to entrepreneurs, with a focus on small and medium-sized enterprises, in all industries, including tourism. In particular, BDC offers flexible financing options to tourism SMES (e.g., longer amortization periods, seasonal or progressive repayment schedules to match cash flow cycles) and advisory services that take into account the unique challenges faced by tourism SMES (e.g., high employee turnover). Currently, the BDC has \$3.48 billion committed to 4,715 tourism businesses. The BDC also supports 92 Indigenous Tourism SMEs across Canada, representing a commitment of more than \$47 million.</p>

Responding economies	Responses
Chile	<p>In Chile there is the National Tourism Service, which provides support to small and medium enterprises to develop their tourism activity, through different support mechanisms. There is also the National Registry of Tourist Providers, in which all those who register have better support in their activity. The Undersecretary of Tourism is the link between private and public actors and there are strategic tables and programs financed by the government to support companies in the provision and generation of information and in tourism promotion.</p>
Hong Kong, China	<p>In HKC, the Tourism Commission is responsible for formulating and coordinating implementation of policies, strategies and plans for tourism development. At the same time, it leads and coordinates the work of other Government bureaus and departments on policies and initiatives which have an impact on tourism development.</p> <p>The Tourism Commission works closely with the HKTB and other organizations to promote the development of tourism in Hong Kong, China. The primary responsibilities of the HKTB are to market and promote Hong Kong, China as a destination worldwide, and to take initiatives to enhance visitors' experience when they arrive. The HKTB regularly makes recommendations to the Government and other relevant bodies on the range and quality of visitor facilities</p>
Indonesia	<p>Ministry of Tourism, Ministry of Cooperation and MSME, Local Government (Province and District), Creative Economy Agency. More intensive and integrated cooperation is needed</p>
Malaysia	<p>Ministry of Tourism, Arts and Culture - policy matters, incentives and management supports.</p> <p>Malaysian Association of Tour and Travel Agents - handling the arising issues related to TTA and middle party between TTA and the Ministry.</p> <p>Malaysian Inbound Tourism Association.</p> <p>Malaysian Investment Development Authority: incentives and investment support.</p> <p>Malaysian Budget Hotel Association: supports local budget hotels.</p> <p>Association of Malaysian Spas and Malaysian Association of Wellness and Spa: collaborating with the Ministry to enhance local spa experience and introducing Malaysian signature massage - using local techniques, products and therapists.</p>
Mexico (INADEM)	<p>Local and National Associations of hotels and motels, as well as Chambers of Commerce and Tourism who facilitate business management and linkage.</p>

Responding economies	Responses
Mexico (Ministry of Economy)	<p>The Mexican Secretariat of Tourism (SECTUR) is the government department responsible for leading the design and implementation of public policies aimed at strengthening the development of the tourism activity, promoting innovation in the sector, improving the quality of tourism and the competitiveness of economy-level tourism. It promotes cross-cutting strategies that articulate the governmental actions from the private and social sectors contributing to the sustainable and inclusive growth of tourism.</p> <p>Consequently, the Ministry of Tourism plays a fundamental role in the management, design and implementation of public policies aimed at strengthening the development of tourism, promoting innovation in the sector, improving quality of services, competitiveness and the promotion of cross-cutting strategies that can articulate governmental, private and social sector's actions, contributing to a sustainable and inclusive growth.</p> <p>Another agency, The Mexican Bank of Foreign Trade (BANCOMEXT), given the recent financial reforms, has played an important role in financing MSMEs and in attracting investments, which has made it possible to expand the offer of tourism services based on new financing schemes.</p> <p>The Secretariat of Economy, contributes as well to the integration of MSMEs in value chains. It is the governmental unit responsible of conducting the broader industrial policy upon the advantages of commercial openness, generating productive linkages allowing a greater that a greater number of companies, sectors and regions benefit.</p> <p>Through the National Institute of the Entrepreneur (INADEM) whose purpose is to implement and coordinate the economy-level policy of entrepreneurs and MSMEs support, the Secretariat of Economy, fosters innovation and competitiveness of MSMEs to increase their contribution to economic development, their projections to economy-level and international markets as well as the promotion of a productivity a business culture.</p> <p>The overall objective of the Secretariat of Economy support programs in favor of the tourism sector, are focused on contributing to its innovation and increasing competitiveness, through training and consulting actions aimed at the integration of productive value chains and encouragement associations schemes, as well as the development of MSMEs.</p> <p>State and local government often forward regional agendas that promote de productivity and competitiveness of local tourism sectors.</p>
Peru (Ministry of Foreign Trade and Tourism)	<p>The Ministry of Production through the Vice-ministry of SMEs and Industry, which develops activities in the area of normalization, quality, product regulations and the promotion and support of SMEs and the internal market.</p> <p>Association of Exporters (ADEX) which has the mission of contributing to the generation and decentralized and sustainable development of Peruvian exports, propelling innovation, competitiveness and internationalization with a special emphasis on value added, development of professional/entrepreneurial competencies and capacities, while promoting environmental and social responsibility. It coordinates through a technical roundtable on exports, which is led by the Directorate General of Crafts of the Ministry of Foreign Trade and Tourism – MINCETUR.</p>
Chinese Taipei	<p>The tourism Bureau, and the Small and Medium Enterprise Administration of the Ministry of Economic Affairs, and the Tourism Development Promotion Committee of Executive Yuan are agencies that support MSME integration into tourism GVCs in Chinese Taipei.</p>
Thailand	<p>The Ministry of Tourism and Sports</p>

Responding economies	Responses
United States	<p>The following are two examples of federal agencies that support the work of MSMEs.</p> <p>The Small Business Administration (SBA) delivers loans, loan guarantees, contracts, counseling sessions and other forms of assistance to small businesses, including MSMEs. SBA provides assistances primarily through:</p> <ul style="list-style-type: none"> • Access to capital/financing - SBA provides small businesses with an array of financing for small businesses from the smallest needs in micro lending to substantial debt and equity investment capital (venture capital). • Entrepreneurial Development (Education, Information, Technical Assistance & Training) - SBA provides free counseling for small businesses and low-cost training. • Advocacy – SBA reviews Congressional legislation and testifies on behalf of small business. It also assesses the impact of the regulatory burden on behalf of small businesses. <p>The Department of Commerce’s US Commercial Service offers companies a full range of expertise in international trade. Companies can find assistance locally in more than 100 US Commercial Service offices economy-wide and in more than 70 international offices. Assistance includes:</p> <ul style="list-style-type: none"> • Developing an international business strategy and choosing the best market; and • Increasing brand awareness and market exposure in economies around the world; <p>SBA and US Commercial Service offices are often located in close proximity with each other in cities across the United States in order to improve coordination.</p>
Viet Nam	Vietnam National Administration of Tourism, Ministry of Culture, Sports and Tourism Enterprise Development Agency, Ministry of Planning and Investment.

7.3.2.3 What are your government's primary near-term objectives in supporting MSME integration in tourism GVCs? How do different government entities coordinate? Is there an economy-level strategy or roadmap for this subject?

Primary near-term objectives across economies generally seek to promote productivity and competitiveness of MSMEs in the tourism sector, sustainability, product innovation and diversification of destinations within the economy.

Specific and unique goals of economies included:

- Canada: coordination between the economy-level government and provincial, territorial and municipal counterparts to identify barriers to investment in the sector, diversify supply and increase global competitiveness
- Chile: certifications for quality, innovation and sustainability;
- Indonesia: improving the welfare of the population through development of MSME activity in the tourism sector;
- Mexico: facilitating productive linkages between tourism MSMEs and economy-level and global firms in the sector through financing and a “Made in Mexico initiative”, as well as initiatives to foster backwards linkages between tourism and the agro-industrial, logistics and medical sectors;
- Peru: diversification and consolidation of markets through specialized regional tourism products informed by deep market research;
- Thailand: promoting tourism to minority provinces.

Canada, Mexico and Peru both mentioned specific government-issued plans that lay out strategic pillars for the development of the tourism industry (the National Development Plan and the National Strategic Plan for Tourism, respectively), both of which emphasize the importance of diversifying tourism products through region-specific strategies to take advantage of the unique assets of different geographies. Thailand also appears to have alluded to a similar strategy through promoting 'minority provinces.' These strategies indicate that the growth potential of established and well-known tourist destinations may be limited, while there are greater opportunities in developing less-traveled destinations with potentially unique offerings.

Chile, Mexico and Peru all seek to increase linkages between MSMEs, economy-level and global tourism enterprises, but take different strategies; Mexico and Peru emphasize market research and backwards linkages, while Chile seeks to increase the visibility of tourism MSMEs through certifications of their capacities in product quality and sustainability.

Emergent themes in these responses include a greater emphasis on taking advantage of unique, underexploited sources of tourism products based on identified trends in the consumption of tourism that indicate demand for greater customization and local content in products and experiences. It seems that most economies are paying close attention to ensure that these activities are carried out in a sustainable and inclusive manner. This approach could create a production base among cluster of MSMEs to create higher value-added tourism products from local inputs, and thus increase their position in the tourism GVC

Table 11: Economies' primary near-term objectives in supporting MSME integration in tourism GVCs and related coordination and planning efforts

Responding economies	Responses
Chile	The pillars are quality, innovation and sustainability and this is the seal that is given to tourism, in order to support their activity, the government gives tools to offer quality service trough obtain quality and sustainable certifications. The different government entities are coordinated through the Committee of Ministers, which brings together seven ministries that are directly or indirectly related to tourism, to approve action plans at regional and local levels. Coordination is carried out by the Under Secretariat of Tourism.

Responding economies	Responses
	<p>In August 2018, the Honourable Melanie Joly was appointed by the Prime Minister as the Minister of Tourism, Official Language and La Francophonie, with the following mandate to:</p> <ul style="list-style-type: none"> • Work with provincial, territorial, and municipal counterparts to promote Canadian tourism and strengthen the Canadian brand abroad for tourists, including the development of a new federal Tourism Strategy, its core objective being the creation of new opportunities and jobs for the middle class in the tourism sector across Canada. • Work with Ministerial colleagues to identify and address structural barriers to Canada’s tourism sector to help unlock investment in the sector and diversify Canada’s source of tourists and attractions. As an example, this work would help Canada meet its objectives related to the Canada-China Year of Tourism, including doubling the number of Chinese tourists to Canada by 2021. • Support the Minister of Environment and Climate Change in her responsibilities for Parks Canada, in promoting Canada’s National Parks globally, and in working with nearby communities, where possible, to help grow eco-tourism industries and create jobs. <p>The new federal Tourism Strategy will help expand tourism opportunities in Canada and help attract new visitors while creating good middle-class jobs in every region. On November 12, 2018, Minister Joly announced the creation of the Advisory Council on Jobs and the Visitor Economy. The Council will identify important issues facing the tourism sector in Canada. It will also recommend new ways to increase Canadian tourism opportunities and competitiveness globally. The work of the Council will support the development of a new federal tourism strategy, which has the core objective of creating new opportunities and jobs for the middle class in the tourism sector across Canada.</p> <p>The Government is also committed to working closely with our provincial and territorial colleagues. On November 26, 2016, the Canadian Council of Tourism Ministers agreed to the Nunavut Declaration, which commits FPT jurisdictions to collaborate in order to grow and increase the competitiveness of Canada's tourism sector. We will also work in close collaboration with stakeholders in the tourism industry, to ensure that their views are heard and that they are updated on the progress of our Strategy.</p>
Hong Kong, China	<p>In October 2017, the Government published the Development Blueprint for HKC's Tourism Industry (Blueprint) with forward-looking planning on the development of the tourism industry by implementing various short-, medium- to long-term tourism initiatives and measures systematically. The Blueprint aims to develop HKC into a world-class premier tourism destination, while ensuring the balanced, healthy and sustainable development of the industry.</p>
Indonesia	<p>Improving the welfare of people, especially those engaged in the field of small and medium enterprises. Coordination is handled by the Coordinating Ministry for Economic Affairs.</p>
Mexico (engineer)	<p>An economy-level strategy to support the productivity and competitiveness of tourism MSMEs with a greater regional impact, as well as the development of strengthening of production chains in the sector.</p>

Responding economies	Responses
Mexico (economy)	<p>Based on the National Development Plan 2013-2018, the Secretariat of Economy and the sector's coordinated entities, along private and academic sectors support policies and conditions are articulated, fostering a vigorous internal industry growth.</p> <p>The National Development Plan is the basis for the preparation of the necessary programs to comply with the objectives established by the government, and is mandatory for agencies and entities of the Federal Public Administration. Being a programmatic instrument of public policy to properly manage productive resources and prosecute economic activity, it obliges the Federal Public Administration to comply with it, implying that its activity must necessarily subject to the annual and sexennial programs derived from it.</p> <p>Sectoral and special programs are concurrent and establish objectives aligned and linked to the fulfillment of the goals and strategies contained in the National Development Plan.</p> <p>Therefore, the Secretariat of Economy participates supporting the integration of MSMEs in global valued chains through the Innovative Development Program 2013-2018, which is structured through five sectoral objectives, 31 strategies and 194 action lines.</p> <p>Connecting Tourism Objectives:</p> <ul style="list-style-type: none"> • Facilitating and encouraging links between Mexican businesses (targeting SMEs) across the supply chain in the tourism industry with economy-level and global firms. • To increase the sector's competitiveness and strength through high quality economy-level suppliers. • Provide financing solutions to tourism companies and its suppliers to strengthen their commercial ties. • Strengthen domestic consumption by boosting the consumption of ""Made in Mexico"" products. • A public policy that promotes SMEs entering the global value chain. • Tourism as an engine to promote other sectors such as agro industrial, logistics, medical, etc. .: (Local strategy for diversification of sectors) <p>The program has strategic alliances in place that catapult its impact with formal agreements in place with the private and public sector, local and federal governments, trade-associations, international-organizations, academia, the media and the financial sector. These alliances have been crucial for the program's current success; mainly tractor companies (actively participating), SMEs, development-banking (launched over 28 sector-specific financing products), public endorsement and formal agreements with CANACINTRA, ANCH, CONCAMIN (biggest commercial chambers) and three secretariats of state (SAGARPA, SE, STPS).</p>
Peru (Peru Export and Tourism Promotion Agency - PROMPERU)	<p>In agreement with the strategic pillars on PENTUR, we focus on Pillar 1: Diversification and consolidation of markets.</p>
Peru (Ministry of Foreign Trade and Tourism)	<p>Regarding the Strategic Pillars of the National Strategic Plan for Tourism (PENTUR), this focuses on Pillar 1: Diversification and Consolidation of markets. This pillar establishes a path to recognize, consolidate and amplify markets, to evaluate how attractive they are, and what to do to take advantage of them in an efficient and sustained manner. The starting point is the knowledge and evaluation of characteristics of markets which informs the articulation of the supply of tourism services.</p> <p>In this sense, the investigation permits the determination of characteristics of the market with relation to the actual demand, the potential demand, new markets, trends of specialized segments and the use of new technologies, and how these impact the commercial channel and the tourist.</p>

Responding economies	Responses
Thailand	Promote minority cities (55 provinces). Reach to be the preferred destination as sustainability and reach the global tourism as maximization.
United States	Tourism MSMEs have access to services provided by federal agencies such as SBA and the US Commercial Service.

7.3.2.4 Please describe the major government programs and policies to facilitate MSME integration in tourism GVCs, including the objectives of each program/policy and a brief description of its activities.

There exists a wide range of policy initiatives and programs to assist MSME integration into tourism GVCs in APEC, ranging from certifications, incentives and subsidies, loans and other financing, workforce training, capacity building, clustering and promotion of business linkages, sustainability and marketing and advertising.

Patterns in responses included initiatives that target communities as the unit of development and promote sustainability. The Malaysian Homestay Experience Program and Kampungstay seek to elevate communities to gain income and improve their quality-of-life through offering a unique tourism product which allows visitors to stay with a Malaysian family and directly experience local customs, culture and products. In Peru, the Rural Community Tourism program seek to develop tourist activities in rural areas through community participation with an emphasis on women and youth, and a focus on conservation and sustainable use of natural resources. These programs allow community members to mobilize assets within their communities in the tourism value chain.

Peru's 'To The Tourist, Our Own' (Al Turista, Lo Nuestro) also seeks to promote product development within the sustainable tourism value chain through identifying producers with local market potential and assisting their commercialization. The System of Implementation of Good Environmental Practices in Peru also seeks to promote sustainability through capacity-building services that help providers of tourism services to apply good environmental practices in their establishments, and includes monitoring and evaluation of their environmental performance, promotion of the responsible and efficient use of natural and cultural resources, and contribution to the sustainable development of the tourism sector. These projects seek to involve new assets in the tourism sector, improve capabilities in effectively utilizing natural resources and serve communities as the primary beneficiaries, with an added dynamic of identifying consumer demand.

Chile and Peru both have programs to certify tourism MSMEs based on certain favorable features that enable them access to recognition as quality suppliers or other supports. In Chile, MSMEs can attain a sustainability certification to allow them access to several economy-level and international promotion benefits and advertising on official tourism websites. Meanwhile, the System of Implementation of Good Practices (SABP) in Peru seeks to increase the quality of tourism services through providing technical assistance and training to MSMEs to attain various levels of achievement and recognition of quality improvement, primarily for lodging, restaurant and travel-agency sub-sectors. These levels of achievement can be used by MSMEs to differentiate themselves as quality providers of tourism services. The program includes a robust monitoring aspect to ensure that skills and good practices are maintained. These programs both seek instill MSMEs with important capacities to foster a robust and

diverse supply of tourism products while also facilitating their promotion and recognition to international visitors and potential clients such as economy-level and international tourism firms.

PROMPERU also administers a series of capacity-building programs for MSMEs in commercial skills and innovation. This includes face-to-face and remote assistance and a consultancy in the formulation of a project, including programs which assist in the use of PROMPERU's Tourism Portal web program, provide training for use of digital tools for business purposes and seek to instill MSMEs with sales management skills.

Peru is unique in its discussion of the Plan to Support the Formalization of the Tourism Sector, which includes four strategic axes including informal MSMEs, the government, formal providers of tourism services and tourists themselves. The program involves intervention in a transversal manner through actions of capacity building and promotion, improvement of the regulatory framework, administrative simplification, and incentives and taxation. The program facilitates a 15% annual increase in the number of registered providers of tourism services. In its multi-dimensional design, the program addresses several barriers to formalization which may include bureaucratic delays and complexity or fees, while also providing incentives to further encourage firms to join the formal economy.

Mexico appears to take a broader approach to facilitating linkages between MSMEs and the tourism GVC to strengthen the productive infrastructure of the sector through supplier development, clustering, commercial openness and market diversification. Not all of these initiatives are specifically aimed at the tourism sector, such as support for entrepreneurs provide by the National Institute of Entrepreneurs (INADEM), although these programs do not preclude the participation of MSMEs in the tourism sector. Another example of an initiative is the Connecting Tourism program, which aims to strengthen the sector by facilitating, coordinating and encouraging business connections between Mexican businesses with a focus on stimulating backwards linkages to other industrial sectors, including agriculture, logistics and medical. This multi-dimensional initiative also includes financing for MSMEs in the tourism sector.

The United States takes a different approach to promoting tourism; Brand USA, a private organization, is supported by contributions from over 700 partnering organizations that are matched by fees paid by international travelers. The program doesn't appear to have a specific focus on MSMEs in the tourism sector, which may indicate that these types of programs are typically handled by state governments.

Canada's survey response included many programs aiming to provide financial support, such as the aforementioned Business Development Bank of Canada (BDC) commercial financing, advisory services and venture capital to entrepreneurs with specific products for tourism MSMEs that include longer amortization periods, special repayment schedules to match cash flow cycles, and advisory services that take into account unique challenges in tourism such as high employee turnover. Other programs include other sector-agnostic entrepreneur support funds (including those supporting women) and tax breaks for small business.

Canada was the only economy to mention providing data on market intelligence and industry trends to help tourism businesses.

Responses indicate a varying level of attention paid specifically to MSMEs in the tourism sector among APEC economies, with certain initiatives targeting MSMEs directly, while others seek to improve the overall business environment in which they operate. Mexico's programs appear to focus on clusters of

MSMEs to create a more robust value chain, including backwards linkages to other sectors not directly involved in tourism. Meanwhile, Peru and Chile focus on upskilling individual MSMEs and increasing their visibility to potential customers and larger clients such as economy-level and international tourism firms. Malaysia takes a unique approach by attempting to the personal property of communities as assets for tourism. The United States takes a different approach by utilizing public-private partnerships to increase overall tourist arrivals and thus opportunities through advertising and promotion.

Table 12: Major government programs and policies to facilitate MSME integration in tourism GVCs

Responding economies	Responses
Canada	<ul style="list-style-type: none"> • The Business Development Bank of Canada (BDC) is a Government of Canada’s Crown corporation that provides commercial financing, advisory services and venture capital to entrepreneurs, with a focus on small and medium-sized enterprises, in all industries, including tourism. In particular, BDC offers flexible financing options to tourism SMES (e.g., longer amortization periods, seasonal or progressive repayment schedules to match cash flow cycles) and advisory services that take into account the unique challenges faced by tourism SMEs (e.g., high employee turnover). Currently, the BDC has \$3.48 billion committed to 4,715 tourism businesses. The BDC also supports 92 Indigenous Tourism SMEs across Canada, representing a commitment of more than \$47 million. • Taxes: In February 2018, the Government of Canada announced a reduction in taxes on small businesses, from 11 per cent in 2015 to 9 per cent by 2019. • Futurpreneur: In March 2017, the Government of Canada invested \$14 million over two years in Futurpreneur Canada. Futurpreneur is an economy-level, non-profit organization that provides financing, mentoring and support tools to aspiring business owners aged 18-39. • Women Entrepreneurship Strategy: Women Entrepreneurship Strategy, announced in Budget 2018, will invest nearly \$2B to help women grow their businesses with access to financing, talent, networks and expertise. • Destination Canada: Destination Canada produces regular data, market intelligence and industry analysis to help businesses market to international travellers and grow Canada’s tourism industry. • The Canada Small Business Financing Program (CSBFP) is a statutory loan loss-sharing program administered by Innovation, Science and Economic Development Canada (ISED) that helps Canadian small businesses obtain access to financing. Under the CSBFP, ISED and commercial lenders share the risk of providing small businesses with term loans for real property, equipment or leasehold improvements. The primary objective of the CSBFP is to increase financing for small businesses by extending financing that would not otherwise be available (full incrementality) or would be available under less favourable terms (partial incrementality).
Chile	<p>Currently, there is a government program of sustainable tourism. In this way, an optimal service is given to the tourist. In addition, the company that is registered can access several economy-level and international promotion benefits and the company is advertised on the official websites of tourism institutions.</p>

Responding economies	Responses
Hong Kong, China	<p>On top of major programs for the tourism sector, the government of HKC administers a “SME Export Marketing Fund” (EMF) which also applies to the tourism sector. The EMF aims at helping SMEs from HKC, including those from the tourism sector, expand their markets through participation in export promotion activities. Besides trade fairs/exhibitions and business missions outside HKC, the EMF covers local trade fairs/exhibitions, advertisements on printed trade publications, promotion through electronic platforms/media and setting up/enhancing corporate website of the SME applicant, provided that those activities mainly target at markets outside HKC. The EMF funds up to 50% of the total approved expenses, subject to a ceiling of HK\$50,000 (~USD 6,400) per application. The cumulative grant ceiling per SME is HK\$200,000 (~USD 25,600).</p>
Indonesia	<p>The government facilitates the needs of small and medium entrepreneurs in improving their business capabilities.</p>
Malaysia	<p>Malaysian Homestay Experience Program and Kampungstay - empowers the communities to uplift their income and quality of life</p> <p>National Ecotourism Plan (2016-2025) - to maximize the potential of ecotourism and ensure sustainability. This plan also embodies the spirit of the theme, uplifting communities, opportunities and economies. In this plan, we have focused on the application of the cluster theory as a game changing approach in analyzing the competitiveness of the ecotourism industry in Malaysia.</p>
Chinese Taipei	<p>According to the Action plans: the tourism related policy of Chinese Taipei, the measures to integrate MSMEs into tourism GVCs are outlined by the Taiwan Tourism Bureau of Chinese Taipei as follows:</p> <p>Optimizing quality and increasing added value:</p> <ol style="list-style-type: none"> 1. Hotel and Homestay Industries: Quality Enhancement <ul style="list-style-type: none"> • Enhancing Service Quality through Incentives and Subsidies • Assistance in obtaining preferential loans • Subsidized planning and design of hardware and software • Loan interest subsidies • Subsidies for obtaining professional certification • Assistance in receiving star-rating • Encouragement of star-rated hotels to join international or domestic chains • Counseling in Cultural/Creative Integration for hotels with local characteristics • Assisting Innovation in the Hotel Industry 2. Quality Enhancement in Amusement Parks <ul style="list-style-type: none"> • Employee Training and Talent Retaining • Branding and Innovation • Marketing and Promotion 3. Education, Training and Talent Cultivation for the Tourism Industry <ul style="list-style-type: none"> • E-learning • Overseas training: Selection of individuals with potential to go overseas for training • Domestic training: Inviting of international trainers and persons with key expertise to provide lectures and training, and to develop practical training materials"

<p>Mexico (Ministry of Economy)</p>	<p>Since 2013, with the creation of the National Entrepreneur Institute, we have promoted an active support policy aimed at strengthening and promoting business development, providing support to SMEs in priority sectors, including tourism, also offering business opportunities, development and consolidation in those strategic sectors that have a long-term growth potential and are of crucial importance for the economy as a whole.</p> <p>Consequently, the framework of institutional action that we have built over the last few years and particularly during the current administration, has allowed to offer SMEs opportunities to exchange information to promote innovation and technological learning in productive processes that they become more complex and also demand the participation of the private sector to finance the diversification of tourist products and destinations.</p> <p>It is important to highlight that INADEM does not have a specific mandate or tourism budget to exclusively finance viable projects related to this sector. Notwithstanding this circumstance, INADEM strengthens and encourages the small and medium-sized companies that supply the tourism industry in the economy, through the support provided in the call 1.1 Development of Suppliers and Global Value Chains. By promoting the development of suppliers of priority sectors, it also seeks to increase productivity and achieve greater competitiveness of companies linked to the provision of tourism services.</p> <p>A) Supplier development B) Clusters C) Opening and market diversification</p> <p>Also under the call 1.2 Regional Economic Productivity, it is also possible to offer support to tourism sector projects that boost the competitiveness of the regions, from comprehensive programs that allow to democratize productivity and strengthen the productive infrastructure, encouraging investments in fixed capital and the updating of technological equipment, in order to close the sectoral and regional gaps in the economy.</p> <p>With this policy, INADEM supports the successful insertion of MSMEs in the value chains of the most dynamic strategic sectors of the Program to Democratize Productivity 2013-2018.</p> <p>Connecting Tourism: It's a government program that aims to strengthen the tourism sector in Mexico by facilitating, coordinating and encouraging business connections between Mexican businesses across the supply chain in the industry and enabling the tourism sector to act as an engine to stimulate other industrial sectors such as agro, logistics, medical, etc. With high accessibility and efficiency, Connecting Tourism matches supply and demand in the full supply chain of the economy's tourism industry with a user friendly virtual platform and mobile applications and video tutorials online. The program overcomes physical barriers and mapping difficulties to generate new business relationships between tractors and SMEs, essentially at a local and regional level currently not happening according to the current market behavior, with the objective to integrate SMEs in the spill of economic growth generated by tourism and consequently impacting the overall economic growth in the economy.</p> <p>Objectives</p>
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Responding economies	Responses
	<ul style="list-style-type: none"> • Facilitating and encouraging links between Mexican businesses (targeting SMEs) across the supply chain in the tourism industry with economy-level and global firms. • To increase the sector's competitiveness and strength through high quality economy-level suppliers. • Provide specialized financing solutions led by the development banking in Mexico for tourism companies and its suppliers to strengthen their commercial ties. • Strengthen domestic consumption by boosting the consumption of ""Made in Mexico"" products. • A public policy that promotes SMEs entering the global value chain. • Tourism as an engine to promote other sectors such as agro industrial, logistics, medical, etc. .: (Local strategy for diversification of sectors).
<p>Peru (Peru Export and Tourism Promotion Agency - PROMPERU)</p>	<p>In 2018 PROMPERU developed a series of training programs to cover two areas: commercial and innovation. Training programs and ad hoc technical assistance (face-to-face and distance), with the aim of strengthening the commercial skills of companies in the tourism sector, specifically MSME that have been certified by CALTUR (Peruvian Tourism Quality Certification Program developed by MINCETUR). During each Program, a consultancy is offered in the formulation of a project, selected by each company. The three programs are:</p> <ul style="list-style-type: none"> • Use and application of "Tourism In" Portal information: This program promotes the efficient use of the information offered by the PROMPERÚ web portal: Turismo In., among small and medium enterprises and other providers of tourism services. It lasts 5 months; • Awareness in Digital Tools: Expects to increase the technological competences of the providers of tourist services; through a process of immersion in commercial digital tools. It lasts 2 ½ months; • Sales Strategy: Seeks to contribute to the improvement of sales management of tourism companies in order to improve their competitiveness. It lasts 1 month.

<p>Peru (Ministry of Foreign Trade and Tourism)</p>	<p><u>Rural Community Tourism</u>: This is a program to develop tourist activities in rural areas in a planned and sustainable manner, based in the participation of local populations organized for the benefit of the community, with the rural culture being a key component of the product.</p> <p>Some of the principal contributions include: the generation of productive activities in the rural environment; the conservation and sustainable use of natural resources; the strengthening of the local, regional and economy-level identity and; the stimulation of the participation of the population, especially women and youth. Similarly, it promotes the generation of competitive and profitable tourism businesses for communities, as well as employment.</p> <p><u>Tourism Entrepreneurs</u> (Turismo Emprende): This program promotes the creation, development and consolidation of tourism entrepreneurial ventures, with the objective to finance or co-finance enterprises that involve localities, protect natural areas and cultural heritage, in a way that promotes local economic development.</p> <p><u>To the Tourist, Our Own</u> (Al Turista, Lo Nuestro): This promotes tourism offerings that incorporate quality regional products and services within a sustainable tourism value chain. This includes studies of supply and demand to identify producers with local market potential to sell their products and promote their commercialization to the established tourism services.</p> <p><u>A Product from My Land</u> (De Mi Tierra, Un Producto): This program promotes the development of tourism as a medium to contribute to the economic growth and social development of the economy, promoting the conditions most favorable for the development of private initiative and the generation of employment, and to promote the development of artisanal activity through an increase in productivity and competitiveness, strengthening cultural identity and access to economy-level and export markets.</p> <p><u>System of Implementation of Good Environmental Practices</u>: In the framework of the National Plan for Tourism Quality (CALTUR), the System of Implementation of Good Environmental Practices is developed by the Directorate of Tourism Environmental Affairs. The objectives of this program are to provide capacity building services and technical assistance to providers of tourism services to apply good environmental practices in their establishments, monitoring and evaluation of their environmental performance, promotion of the responsible and efficient use of natural and cultural resources, and contribution to the sustainable development of the tourism sector.</p> <p><u>Plan to Support the Formalization of the tourism sector</u>: The Plan to Support the Formalization of the tourism sector has the objective of supporting the formalization of MSMEs in the tourism sector, as well as improving their competitiveness in the provision of tourism services. To reach this objective, there are four axes of intervention, those being: informal MSMEs, the public sector (all three levels of government), the formal providers of tourism services and tourists. The program involves intervention in a transversal manner through actions of capacity building and promotion, improvement of the regulatory framework, administrative simplification, and incentives and taxation. The program facilitates a 15% increase every year in the number of registered providers of tourism services.</p>
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Responding economies	Responses
	<p>System of Implementation of Good Practices (SABP): It is the principle tool proposed by MINCETUR in the framework of CALTUR. It is directed at SME providers of tourism services principally in the lodging, restaurant and travel agency sub-sectors, with the objective of inserting these providers in a process of stratified, progressive and continuous improvement of quality.</p> <p>It starts with a consultation realized through CENFOTUR, inviting enterprises to participate. All the enterprises start their participation receiving training and technical assistance to be evaluated in the future with the objective of defining the level of achievement they have attained in regards to the good practices. There are three levels (1, 2, 3), and the company has two opportunities to reach the next level, for which they receive technical assistance that will help them prepare to be evaluated for the next level.</p> <p>To reach Level 3, the enterprise must be able to maintain these capacities indefinitely, with the possibility of random monitoring every three years. Level Three prepares enterprises to receive a certification of quality (The Peru Seal of Tourism Quality, ISO certification, among others).</p> <p>The implementation of this tool is based in cards of good practices which are lists of verifications of achievement of the practices, which are created in a specialized form for every area of services.</p> <p>With conformity to the structure of the tool, the SABP provides an annual Recognition of Application of Good Practices, awarded by MINCETUR to companies that demonstrate their commitment to improving the quality of their services, through their successful participation in the SABP. Enterprises can elect to try to achieve the next level after being awarded the Bronze, Silver or Gold (Levels 1-3) or to remain on the same level for an additional year.</p> <p>This distinction allows enterprises to differentiate themselves to other providers due to the quality of their services, and they can have the certification physically in their establishment as well as digital and print mediums.</p>
Thailand	Promote minority provinces.
United States	<p>Marketing and advertising for the United States are done through Brand USA, a private organization dedicated to increasing inbound international travel to the United States. Brand USA is supported by contributions from over 700 partnering organizations that are matched by fees paid by international travelers to the United States through the Electronic System for Travel Authorization (ESTA) program administered by the Department of Homeland Security.</p> <p>Tourism MSMEs have access to services provided by federal agencies such as SBA and the US Commercial Service.</p>
Viet Nam	<p>There's no policy regarding supporting MSMEs in the tourism sector specifically. There are policies for supporting MSME in general (Law on Supporting MSMEs, Decree 39/2018-ND-CP on supporting MSMEs, Law on Tourism).</p>

7.3.2.5 What consequences have been observed as a result of your government's programs/policies to assist MSMEs in the tourism sector? (Results could be positive or negative. Positive results might include a reduction in poverty or an increase in gender equity; negative results might include environmental destruction or an increase in exploitative labor practices.)

Economies varied in the level of detail in which they described the results of their policies, but discussed similar themes such as increased tourist arrivals, poverty reduction, emergence of local hotel chains, increasingly skilled MSMEs, tourism product innovation, certifications, greater participation of women and youth, among others. They generally avoided mentioning any negative consequences of policies, although Mexico did describe adverse environmental consequences and cultural consequences for communities from large integrated hotel complexes. The low response rate to this question may indicate that economies lack mechanisms to monitor and collect data on policies, or the lack of targeted policies.

Only Canada, Peru and Mexico provided quantitative data on achievements. Mexico's Connecting Tourism initiative achieved the following results:

- More than 1,372 SMEs authorized and registered suppliers in the platform;
- 333 buyers (hotels, restaurants, cruises, and airlines);
- Connected supply and demand for over 2,600 requirements of food & beverages, consumer goods, textile & clothing, infrastructure & hardware construction, services, technology and hardware construction;
- Generated over US\$ 52,320,000 in business opportunities;
- 15 one-day business roundtables and networking events with top executives, public sector representatives and SMEs in five different regions of the economy. During these events, over 9,200 business meetings took place and over 1,900 companies attended (Quintana Roo, Cancún, Jalisco, Puerto Vallarta, Guerrero, Acapulco, CDMX, Sinaloa, Mazatlán)

In Peru, data was collected on the System of Implementation of Good Environmental Practices for the years 2012, 2015 and 2018, in terms of how many firms achieved the recognition as having good environmental practices and having implemented environmental management policies. Chile also described benefits related to certification and recognition as a means to promote increased quality, but did not quantify them.

Canada's results included:

- The Business Development Bank of Canada (BDC) has \$3.48 billion committed to 4,715 tourism businesses, including \$47 million committed to 92 indigenous tourism SMEs;
- Futurpreneur Canada has helped more than 11,400 young business owners launch more than 9,580 new businesses, creating an estimated 47,900 jobs and an estimated \$287million in tax revenue
- Destination Canada's 2017 Annual Report indicates that its direct marketing efforts attracted over one million additional travelers to Canada and an addition \$1.2 billion in the Canadian economy.

Qualitative benefits described by Mexico closely mirrored the goals of the policy initiatives described in the previous question, in that they have a focus on improving MSME competitiveness through addressing the strength and interconnectedness of the sector as a whole; the attractiveness of Mexico

as a destination was increased through promoting key export sectors, the productive infrastructure of MSMEs in the tourism sector was strengthened through clustering and facilitation of relationships with economy-level and foreign companies, investment was promoted through openness and climatic competitive advantages were taken advantage of in a sustainable fashion. Chile also highlighted increased tourist arrivals, although this was attributed to investments in international promotion.

Malaysia and Peru highlighted reduction of poverty, with Peru attributing this to the Rural Community Tourism initiative; both economies also highlighted increased participation of youth and women as a result of policies.

Peru was the only economy to discuss formalization of MSMEs as a benefit of policies, and focused more on the preservation of cultural identity than others.

Responses from economies indicate that policies specifically targeted at tourism MSMEs can have numerous benefits related to increasing the quality and value-added of services, capturing a greater proportion of tourist dollars for local economies and taking advantage of increasingly unique and untapped assets to strengthen the overall tourism value chain and promote inbound tourism. Economies have recognized the benefits of promoting the development of tourism products based on local cultures, potentially recognizing that MSMEs can be very competitive in these areas compared to larger economy-level or international firms. Economies like Mexico and Peru appear particularly advanced in that they articulate fundamental interventions such as formalization and promotion of key export sectors as complementary to more technical initiatives such as capacity building, as well as collecting quantitative data on the results of policies.

The lack of discussion of adverse consequences, besides Mexico, possibly indicates that it is difficult to attribute adverse impacts such as environmental damages specifically to the tourism sector.

Table 13: Results of government programs/policies to assist MSMEs in the tourism sector

Responding economies	Responses
Chile	There is an increase in the total tourist arrivals to the economy, thanks to all the investment made in international promotion. Also we see an increase of the quality of services and progress is being made in sustainability, social inclusion in tourism and accessibility. The companies when registering are validated in the tourism system and that contributes to increase the value chain of the sector, because they are oriented to implement the current regulations that allow to give quality in the service provided.
Malaysia	Positive impacts/results include: <ul style="list-style-type: none"> • poverty index has been alleviated by introducing home-based businesses to supply to the industry - craft products and local snacks • women and youth empowerment - homestay program and promoting women involvement in tour guides • emerging of local hotel chain - incentives and support in hospitality training • empowering local spa and wellness center - incentives and technical supports
Mexico (engineer)	A greater number of MSME tourism providers incorporate in the GVCs with an important regional focus that increases economy-level benefits derived from the tourism sector, and a greater of small boutique hotels with excellent service)
Mexico (economy)	By consolidating its position as one of the most competitive destinations in the world, our economy has strengthened domestic tourism, which has made this industry one of the most strategically valuable economic activities, due to its capacity to generate income and jobs, having an important potential for economic growth for the development of the economy.

	<p>From the Government of the Republic, we have coordinated and promoted an intense policy of promotion of key sectors linked to export markets in the different regions of the economy, which has made it possible to strengthen the competitiveness of mature tourism products, as well as the productive infrastructure of SMEs, which have also benefited from the flow of investments that have been essential for their growth and gross fixed capital formation.</p> <p>The integration of a larger number of SMEs into the value chains of large economy-level and foreign companies constitutes the basis for promoting a business environment conducive to the formation of clusters in the tourism sector.</p> <p>The great diversity of natural resources that Mexico has, as well as the climatic competitive advantages have allowed the implementation of a successful model of tourism development that is supported in the promotion of an important offer of sun and beach destinations; backed with infrastructure and large integrated hotel complexes, which, although they have generated greater economic growth and development for the economy, have also created adverse consequences in terms of caring for the environment and conserving resources, as well as impacts on the environment cultural and social communities.</p> <p>Consequently, tourism planning and an adequate implementation of public policy for the benefit of this sector must be done on a sustainable basis that encourages the competitiveness of SMEs, and that has the participation and cooperation between the different levels of government and the main actors involved, that make viable in the coming decades not only the diversification of services and destinations but also the future of the tourism industry in our economy.</p> <p>Connecting Tourism to-date has achieved these results:</p> <ul style="list-style-type: none"> • More than 1,372 SMEs authorized and registered suppliers in the platform, • 333 buyers (hotels, restaurants, cruises, and airlines). • Connected supply and demand for over 2,600 requirements of food & beverages, consumer goods, textile & clothing, infrastructure & hardware construction, services, technology and hardware construction. • Generated over US\$ 52.32 MDD in business opportunities. • 15 one-day business roundtables and networking events with top executives, public sector representatives and SMEs in five different regions of the economy. During these events, over 9,200 business meetings took place and over 1,900 companies attended (Quintana Roo, Cancún, Jalisco, Puerto Vallarta, Guerrero, Acapulco, CDMX, Sinaloa, Mazatlán)
<p>Peru (Ministry of Foreign Trade and Tourism) Peru</p>	<p>For the Rural Community Tourism program, the following benefits have been observed:</p> <ul style="list-style-type: none"> • Reduction of poverty; • Greater participation of women; • Care and protection the environment; • Reinforcing cultural identity; • Strengthening the competencies and capacities of rural entrepreneurs to manage their tourism enterprises. <p>For the Tourism Entrepreneurs program, benefits include;</p> <ul style="list-style-type: none"> • Formalization of SMEs; • Innovation of tourism services; • Sustainable businesses
	<p>The System of Implementation of Good Environmental Practices seeks to contribute and incentivize the development of sustainable development of tourism activities, in particular in tourism destinations.</p> <p>One of the aspects that it seeks to promote in the framework of good environmental practices is that firms have a policy of environmental management containing aspects related to greater protection of the environment and minimization negative environmental impacts that are generated by the tourism sector. In effect, this management seeks to improve the processes of establishments of lodging, restaurants, aquatic tourism transport and others, promoting the</p>

	<p>development of activities with responsibility in the use and exploitation of natural resources. Additionally, it seeks to incentivize tourists towards care and conservation of ecosystems.</p>
	<p>Results of the Plan for the Formalization of the Tourism Sector include that since its implementation in November 2016, it has attended directly to more than 1,000 persons to inform them of the requirements and processes for the formalization of their entrepreneurial ventures.</p> <p>Similarly, it has strengthened the officials of more than 150 local governments and officials of the economy-level government to strengthen their knowledge and application of the normative framework of the tourism sector in consideration of the key role of the local governments in the granting of licenses and authorizations to enterprise in the tourism sector.</p> <p>The System of Implementation Good Practices has assisted a total of 165 providers of tourism services to achieve the following levels of recognition in the program:</p> <ul style="list-style-type: none"> • Level 1: 123 providers • Level 2: 25 providers • Level 3: 14 providers

7.4 Case Studies Analysis

Australia, Chile, Peru and Russia were the only economies who submitted case studies to the project team, which highlighted policies to assist tourism MSMEs that they considered to be reflective of best practices in some way. The level of detail and elements of policies described varied given that some economies did not elect to use the Case Study template provided, although there were many common features and approaches shared across the policies. This introductory section will pull out these common themes shared across these policies and compare and contrast the various approaches taken to assisting tourism MSMEs.

These are the key takeaways from these case studies:

- Responding economies have highlighted funding and financial support measures that combine with programs to facilitate process improvements through technical assistance, access to promotional opportunities and advisory.
- Funding and financial support, and other non-financial benefits administered through programs, can be linked to successful completion of programs by MSMEs to provide an incentive for participation in capacity building activities.
- Economies view supporting tourism MSMEs as a development vehicle for disadvantaged populations and areas (indigenous populations, rural agricultural areas, etc.) due to the potential competitive advantages of these locations in creating unique tourism products/services that satisfy visitor demands, and the potential benefits of diversifying the supply of tourism offerings to complement established destinations.
- Economies are devising strategies and methods to capitalize on cultural and natural assets in the creation of tourism products and services through supporting MSME that also include measures to ensure governance and protection of cultural identity and the environment to ensure sustainability.
- Institutional coordination from economy-level to regional and local levels and horizontally across sectors is a critical success factor in ensuring government authorities execute their roles

and responsibilities in such a way to facilitate access to tourism GVCs through addressing the wide range of circumstances that constitute challenges and opportunities for MSMEs.

- Public-private collaboration is a critical success factor in ensuring that policy interventions reflect industry circumstances, and that industry expertise and opportunities for promotion and commercial partnerships are provided to MSMEs.
- Monitoring and evaluation of policies is critical both to assess firm-level achievements and needs, but also to retool project implementation mechanisms to achieve maximum benefits.

Funding and Financial Support

Funding and financial support policies described by economies included:

- Australia described a number of grant programs for activities including collaborative business planning, export promotion of tourism products/services, grants to develop destinations outside of major cities, microfinance for general entrepreneurial activity, concessional financing as well as measures to mainstream access to bank loans. Certain measures were aimed at disadvantage populations such as indigenous peoples.
- Chile described a single financing measure, the Fund for Support of Quality (FOCAL) administered through the Corporation for the Support of Production (CORFO), which is a measure to finance the implementation and auditing of quality assurance certification to support process improvements in companies and increase their recognizability as quality enterprises. Russia described a grant program for promotional purposes that both aims to increase inbound tourism and support businesses in marketing their products.
- Indonesia described a policy to provide low interest loans to MSMEs in the tourism sector, including measures to promote supplier relationships with larger enterprises and favorable repayment schedules. Benefits described (given that the policy was introduced October 2018) included increased coordination among stakeholders and the potential to collect data on MSMEs to inform future policymaking.
- Mexico described the National Fund of Entrepreneur, a grant program for entrepreneurs in strategic sectors including tourism.

All these interventions involve support for process improvements and address barriers with access to finance, although Australia and Indonesia employ the private sector as a partner (mainstream banks, microfinance, concessional financing), instead of utilizing grants. These measures address specific challenges in MSME access to finance such as unfavorable terms and difficulty proving the “business case” for tourism MSME lending; Indonesia also framed this as a measure to increase coordination between the government and financial institutions. Australia’s and Indonesia’s policies combine funding support with measures to encourage the creation of business networks among MSMEs and larger enterprises, with Indonesia uniquely linking loans to off-take agreements with larger enterprises. Meanwhile, Chile’s FOCAL simply provides support for specific activities related to process improvements to attain higher quality. On top of linking financial support to quality improvements, linking credit and grants to promotion is also seen as an effective measure; the certifications that can be achieved through FOCAL provide an opportunity for MSMEs to market themselves, while Australia’s Export Market Development Grants (EMDG) reimburses promotion expenses associated with developing export markets for inbound tourism.

Indonesia also interestingly mentioned the prospect of utilizing data collected on MSMEs through the program as a measure to improve policymaking in the future.

Managerial and technical assistance to support service quality

Peru's System of Implementation of Good Practices (SABP) is similar to Chile's FOCAL in that it supports process improvements in tourism MSMEs with the goal of increasing service quality. It also shares the feature of combining improvements to quality with measures to promote the level of quality achieved through marketable certifications/recognitions. However, Peru's scheme (as described) only indirectly addresses financial barriers by MSMEs since it is simply a free service and does not involve grants.

The policy as described is highly detailed and targeted towards specific MSME needs, most importantly business and managerial skills. Each level of achievement in the program corresponds with improvements on an organizational basis that not only impact service quality, but prepare the enterprise for growth by instilling skills such as business planning and internal policies and procedures.

The involvement of stakeholders from economy-level to regional and local governments and the private sector was considered as a key success factor for this policy; private sector experience or engagement was also necessary to ensure that staff who execute technical processes of the program have adequate training and practical experience with the tourism sector. Furthermore, the case of SABP shows the importance of monitoring and evaluation in improving program outcomes, given that several modifications have been made to the program based on experiences. Outcomes are also monitored on the firm-level to ensure that quality improvements are maintained, which contributes to increasing the competitiveness of products/services and in turn of destinations themselves. The collection of data on indicators of program success allows for careful improvements to be made to the program to better address MSME needs.

System of Implementation of Good Environmental Practices (SABPA) is a similarly constructed program, although with the goal of instilling good environmental practices in firms to protect the environment and facilitate the efficient use of natural resources. This project has demonstrated that similar types of assistance to SABP can be utilized to promote the application of environmentally sustainable practices with benefits for the firm in terms of resource use efficiency and recognition by tourists and potential clients.

Meanwhile, another program from Peru ("To strengthen the competitiveness of the small and medium-sized tourism enterprises") provides training support to MSMEs in sales management, digital technology competencies and marketing intelligence. The program also includes financial incentives for MSMEs to complete each module of the program, which is similar to the other Peruvian programs as it links capacity building with benefits administered through the program.

Tourism destination planning in rural areas

The second policy presented by Peru was the National Rural Tourism Strategy, a plan to develop capacities among rural community enterprises to increase competitiveness and productivity to provide tourism products and services. On an economy level, this policy contributes to the governments strategic goals by simultaneously addressing development challenges in rural areas while also developing competitive tourist destinations that are complementary to conventional destinations. This approach addresses unmet tourism demand associated with increasingly unique experiences (such as

rural tourism) through capitalizing on rural communities' assets through engaging them in creating tourism products/services and providing support to increase their quality and visibility. The approach taken also promotes governance and protection and cultural identity and natural resources, which contributes to the creation of a sustainable tourism system. Furthermore, engagement of the private sector allowed for the formulation of interventions to improve management for MSMEs to improve access to commercial alliances.

This project aims to diversify the overall tourism offerings of Peru, promote local community participation with a focus on women and youth, increase incomes of involved populations, conserve natural resources and curb depopulation of rural areas. The goals of the project are based on an analysis of the situation of rural communities and the potential for tourism as a development vehicle for these communities.

Measures include onsite technical and managerial assistance to facilitate continuous improvement of enterprises, leading to improvements in product/service quality and financial management and operational benefits at the firm level. Industry experts are involved to facilitate knowledge transfer to target beneficiaries. The project also involves the facilitation of business relationships between rural community enterprises and travel operators to allow entrepreneurs to search for commercial connections for their competitive products.

Public-private collaboration for MICE tourism development

The Ambassador's Program highlighted by Chile is an example of deep public-private collaboration in order to strengthen the MICE tourism segment, as well as the economy-level coordination of MICE assets to increase success in securing clients. The use of private sector engagement and economy-level coordination allows for the development of the product based on a detailed understanding of industry needs while facilitating access to marketing channels to achieve maximum visibility.

The use of 'ambassadors' who are internationally recognized in their respective fields is a clever method to promote Chile as a destination for business conferences and events due to the likely perception of credibility. Furthermore, the use of incentives such as funding airfare increases the likelihood that conference organizers will be exposed to the competitive advantages of Chile's MICE sector. The system is built around thirteen convention bureaus across Chile which serve as sites for presentations and meetings to potential international clients to demonstrate the benefits of the Chilean MICE market.

The following sections contain descriptions of the policy case studies submitted by economies, along with Chile's description of the tourism GVC as it is experienced in Chile.

7.4.1 Australia

Australia describes its tourism GVC in a generalized fashion in terms of data on tourist arrivals and spending. 95% of tourism enterprises in Australia have less than 20 employees.

Australia did not identify a singular policy, rather opting to select a handful of policies considered to address challenges faced by MSMEs.

The Entrepreneurs' Programme is an initiative to promote competitiveness and productivity among tourism businesses in northern Australia through collaboration, although it also involves services for individual firms such as one-on-one advisory services through the Business Evaluation program. It

involves access to a “Business Facilitator” for 12 months to assist businesses in creating a tourist Partnerships Action Plan to identify opportunities and strategies for working towards common tourism business interests. The preparation of this plan makes the group of businesses potentially eligible for a Business Growth Grant.

The Export Market Development Grants (EMDG) scheme is another key financial assistance program for aspiring and existing exporters in a wide range of sectors including inbound tourism. It encourages small businesses to develop export markets, reimburses 50% of eligible promotion expenses and provides grants.

The Pacific Labour Scheme is a program for Pacific Islands to take on low and semi-skilled work opportunities in rural and regional Australia to fill labour gaps in regional Australia to boost competitiveness of these destinations.

The Indigenous Business Sector Strategy is a ten-year initiative to assist Aboriginal and Torres Strait Islander groups build sustainable businesses in tourism through better access to business support, capital access, business networks and access to data. Activities commencing in 2018 include: establishment of three indigenous business hubs to provide business advice, support and connections for business development; a pilot of a capital access scheme to finance capital products through mainstream banking; increasing the microfinance footprint to support entrepreneurial activity and; funding for networks to support linkages with larger businesses, industry bodies and education providers.

The Business Development Assistance program is another initiative to provide support to indigenous Australians to grow their businesses through support services, concessional financing and startup packages, procurement loans and performance bonds.

The Building Better Regions Fund is another financial measure including \$45 million in grants to encourage tourist visitation outside of major cities.

7.4.2 Chile

7.4.2.1 *Tourism GVCs and associated features*

Chile described the presence of these tourism GVCs in their economy:

- Nature;
- Adventure and excursions;
- Cultural tourism;
- Culinary tourism;
- MICE.

Features related to the competitiveness of nature and adventure assets, food & drinks and service quality were described as contributing to the competitiveness of the MICE sector as well, along with “world-class infrastructure, safe streets and economic and political stability.” MICE was identified as contributing 14% of total foreign visitors to Chile and 25% of tourism revenue.

Chile has collected detailed data on the profile of business tourists entering the economy including total arrivals, days spent and average spending per visitor, finding that visitors from Argentina, followed by

Peru, Bolivia, the United States and Brazil, accounted for the greatest share arrivals, while Americans spent the most. Overall, business tourists had double the average daily spending of leisure tourists.

Regional Convention Bureaus are a key player in the MICE GVC as these are the organizations that host international business conventions, conferences and other events. Chile has also secured a three year contract to host a very important event for the MICE sector called FIEXPO, an important showcase for the promotion of business tourism and congresses in Latin America. The objective is for buyers to attend the fair and familiarize themselves with the economy, infrastructure and available services of each tourism destination through tours.

Large multinationals identified included in the sector;

- International accommodations companies (Accor, Mandarin, Hilton, Radisson, NH, Sheraton, etc.)
- Transport (international airlines: Air France, Iberia, Quantas, Latam, Avianca, Copa, Delta, American Airlines, Alitalia, British Airways, Air Canada, Emirates, etc.)
- Outbound travel agencies (El Corte Inglés, Carlson Wagonlit, etc.)

Statistics representing the state of the tourism sector in Chile include:

- The year 2017 ended with a record number of foreign tourists in Chile, increasing by 14.3% with respect to 2016 and following the same trend seen in 2016 and 2015, which saw a 26% and 21.9% growth over 2015 and 2014, respectively. Every month saw positive growth in international arrivals, particularly January 2017 with an increase of 31.9%
- The total number of tourists entering Chile was just over 6.4 million (6,449,883 foreign tourists), 51.5% of whom were from Argentina, and 80.2% from South America. European tourists represented 7.4% of arrivals, while North American tourists represented 4.6%.
- From 2007 to 2017, the arrival of international tourists has seen a cumulative growth of 154.5%, with an annual average growth rate of 9.8%.
- The arrival of tourists doubled between 2011 and 2017.
- The increase can be greatly attributed to the government's efforts in terms of international promotion, as well as the arrival of more airlines and the advantages of international treaties that facilitate travel to the economy.

Activities in the outbound economy were identified and attributed to Chilean government agencies, with impacts such as generating motivation to visit Chile:

- Promotional campaigns, business-to-business (B2B) events (trade shows, roadshows and workshops), business-to-consumer events such as trade shows.

Roles of MSMEs were described as accommodations, local tour operators, restaurants, travel agencies, tour guides, ground transportation, domestic flights airlines, maritime & fluvial transportation; value-added has been attained by MSMEs in these segments through internal management, adding new products, associating with other suppliers and through R&D. Barriers they faced included lack of inventory, lack of online presence, inflexible rates and lack of knowledge on how to fix net rates.

There is a lack of a methodology in Chile to determine the gender composition of the tourism GVC. However, disparities described included access to banking credits and an inability to grow enterprises.

Roles of women included restaurants management, handcrafts, sales, tour guides, airlines, accommodations, travel agencies, and tour operator's staff, while roles least occupied by women include transportation, tour operators and hotel CEOs. While men typically occupy higher paying positions, women are provided financial instruments and other aid to help mitigate the gap. There is no difference in informality versus men and women.

7.4.2.2 Policy #1: Fund for Support of Quality (FOCAL)

The policy described was the Fund for Support of Quality (FOCAL), administered by the Corporation for the Support of Production (CORFO), which finances the implementation, and the auditing of the Quality Assurance Certification in Tourism. It administers up to US\$5,400 for implementation and up to US\$1,500 for certification per company. It involves management process improvements in companies, and assists in mitigating financial barriers faced by MSMEs. This program both instills needed capacities in MSMEs, provides financial support and increases their recognizability as quality enterprises.

7.4.2.3 Policy #2: Ambassador's Program

The Ambassador's Program is an initiative by the Undersecretary of Tourism and SERNATUR. It is a public-private collaboration aimed to increase the popularity of Chile as a destination for conferences and other business events and increasing awareness regarding the positive impacts of these events on the rest of the economy.

Measures include distributing marketing materials, funding airfare to present Chile's candidacy as a destination for these events, training on how to promote Chile as a tourist destination, and a contract network based on the thirteen convention bureaus across Chile. The initiative also includes 70 internationally recognized Chileans from various fields who help bring conventions, seminars and congresses in their respective areas of specialization to the economy to drive growth of the MICE tourism segment.

Simply, interested parties are invited to Chile to one of the conference bureaus where they are given a presentation on the advantages of the Chilean meeting markets. Presentations and meetings are short and scheduled during typical morning or midday meal hours to facilitate easy attendance by time-constrained business travelers.

During 2017, SERNATUR (the Chilean National Tourism Service) along with the Regional Convention Bureaus, applied to host a total of 36 international events and was awarded 25 of these. These congresses expect to receive over 20,000 delegates between 2018 and 2023.

So far this year (2018), SERNATUR and the Convention Bureaus have applied to 20 International congresses and have won 11 of these. The goal for this year is to apply to 40 international events.

7.4.3 Indonesia

7.4.3.1 Policy #1: Peoples Business Loans (Kredit Usaha Rakyat, [KUR])

Peoples Business Loans (Kredit Usaha Rakyat, [KUR]) is a program by the Coordinating Ministry of Economic Affairs of the Republic of Indonesia. It is a financing scheme wherein the government ensures that financial institutions are able to provide low interest loans targeted towards MSMEs in the tourism sector, with a maximum loan of around US\$35,000. The policy aims to assist MSMEs in 12 target sub-sectors of tourism in various priority tourism destinations across Indonesia.

Features of the program include:

- A larger enterprise serves as the off-taker for the smaller enterprise, meaning that the loan program involves agreements for the larger enterprise to purchase or sell portions of the producer's future production. The larger enterprises also provide mentoring to the MSMEs.
- A grace period where the MSME does not have to make any payments.
- Forming of productive groupings among MSME recipients of the loans.

It aims to address challenges such as:

- the imposition of high interest rates from financial institutions on MSMEs;
- the lack of collateral by MSMEs;
- the structuring of loan repayment which can hamper the ability of recipients to pay back the loan.

The government ensures that loans are provided at a rate of 7% interest through this program and provides guarantees so MSMEs do not require collateral.

Since the program began in October 2018, results in terms of MSME benefits are not available. However, implementing the program has led to increased coordination among stakeholders in government, financial institutions and the economy-level financial authority regarding MSME challenges. Furthermore, data collected on MSME participants can also inform future policymaking.

7.4.4 Mexico

7.4.4.1 Policy #1: National Entrepreneur Fund

This case describes the National Entrepreneur Fund administered by the Ministry of Economy and National Institute of Entrepreneurs (INADEM). This fund aims to encourage economy-level, regional and sectoral economic growth, through the promotion of productivity and innovation in MSMEs located in strategic sectors including Tourism, with certain geographic areas prioritized as well.

In 2016, the fund provided an average of US\$1,500 per beneficiary.

Benefits included:

- Entrepreneurs have acquired certifications, such as the “M” recognition issued by the Ministry of Tourism.
- Creation of jobs.
- service and processes improvements such as cost and standardization of menus, sales strategies, measurement of client satisfaction.
- Increase in sales by beneficiary MSMEs.

An associated program, National Entrepreneur Week, includes events where entrepreneurs can seek out tools and solutions needed to start their business or consolidate their companies.

7.4.5 Peru

7.4.5.1 Policy #1: The System for the Implementation of Good Practices (SABP)

The System for the Implementation of Good Practices (SABP) increase the quality of tourism services through providing technical assistance and training to MSMEs to attain various levels of achievement and recognition of quality improvement, primarily for lodging, restaurant and travel-agency sub-sectors.

Peru described the legal framework and planning behind this policy. This included laws establishing the organizational functions of the Ministry of International Trade and Tourism (MINCETUR), assigning roles to regional/local governments and promoting the standardization of the provision of services and good practices related of tourism quality. Based on this framework, the National Tourism Quality Plan (CALTUR) is formulated which aims to increase the quality of service delivery in the tourism sector through increasing productivity and competitiveness.

SABP is one policy towards achieving these goals and is implemented by the MINCETUR and the Tourism Training Center. SABP is a tool aimed at helping tourism service providers (primarily lodging, restaurant and travel/tourism agency services) progressively and continuously improve their quality. Objectives include:

- To develop a culture of quality.
- To recognize the importance of providing quality services.
- To encourage the implementation of continuous improvement processes.
- To lay the foundation for the participation in quality certifications.

The policy began in 2010 and targeted the lodging, restaurant and travel/tourism agency services in seven regions and has been gradually expanded throughout the economy. In 2017, along with the updating of CALTUR, the SABP was enhanced based on the experiences of the past years by adding three levels of achievement to encourage progressive and continuous improvement, leading to improved project outcomes. MINCETUR also introduced highly specialized segments to diversify tourism offerings with the creation of specialized good practice manuals and pilot projects, such as bird watching and hiking.

Requirements for enterprises to participate in SABP include:

- Being a small business that provides tourism services (primarily lodging services, restaurants and travel/tourism agencies).
- Be registered with the tax authorities.
- Have a valid municipal operating license.
- Having presented before the regional authorities (Directorate for Foreign Trade and Tourism — DIRCETUR) a sworn statement (only for travel/tourism agencies and lodging establishments).
- The tourism service provider must hold a certificate in its respective area of service (lodging and restaurants) rated under 3 stars
- Compliance with relevant regulations (such as adventure tourism regulations)

The current methodology of SABP methodology includes different stages in the requirements and progressive improvement through three levels 1 (bronze), 2 (silver) and 3 (gold) which enterprises have the opportunity to attain through participating in the program and being evaluated. The features of the levels are:

- Recognition Level 1 - Bronze: the tourism service provider develops its activities on an organizational basis, adding improvements in each area, mainly oriented to safety, health and customer service.
- Recognition Level 2 - Silver: the tourism service provider incorporates good practices in planning and management that strengthen its internal organization.

- **Recognition Level 3 - Gold:** the tourism service provider has clearly defined quality policies, as well as identified, organized and implemented processes and procedures. The implementation of the SABP begins once a year with the call made by the Center for Training in Tourism - CENFOTUR, inviting the providers of tourism services to participate. All the participants who enter the system for the first time receive training and technical assistance, to then go through the respective evaluation, with the aim of defining what level of compliance with good practices they are in and therefore what level of recognition they will receive.

The achievement of these levels allows a company to differentiate itself from other providers based on the quality of its services and showcasing the recognition physically in its establishment and through marketing in digital and print media. Other benefits include upskilling of workers through free training from PROMPERU free participation in MINCETUR advertising campaigns and free advisory services to obtain certifications of quality.

Monitoring and evaluation is undertaken of program outcomes by MINCETUR and CENFOTUR, which also includes random monitoring visits to program beneficiaries to check if quality standards have been maintained commensurate with the Recognition Level awarded and to receive feedback on the experiences of the program.

Lessons learned from the program included:

- i) **Governance:** successful project implementation depending on horizontal cooperation between authorities and private actors, as well as vertical cooperation between various levels of government from the economy-level to regional to local. Entrepreneurs, owners and/or legal representatives of establishments were also key stakeholders;
- ii) **Training and expertise of program officers:** facilitators who are responsible for conducting and executing the technical processes of the program (training and technical assistance) must have adequate training in tourism and practical experiences in the sector to properly address the concerns of MSMEs;
- iii) **Conflicts of interest:** it is critical that facilitators who train MSMEs are different people than those who evaluate the MSMEs level of achievement.
- iv) **Marketing benefits:** in order to realize maximum benefits for MSMEs through the program, a strategy is needed to promote the recognitions of quality achieved by companies.

The SABP was highlighted as a best practice since the project directly contributes to strategic goals to promote sustainable tourism in the economy by addressing the quality of the management of tourism services and facilitating continuous improvement of businesses. Furthermore, the successful involvement of stakeholders from economy-level, regional and local governments was key for project success. Additionally, the tool is modified and improved based on experiences in an iterative fashion. The simplicity of the program was also highlighted as a success factor.

7.4.5.2 Policy #2: Community Rural Tourism Program, under the National Strategic Plan for Tourism of Peru, PENTUR 2005-2015.

This case highlights the development of capacities among rural community enterprises to promote tourism to rural areas in Peru. This project was based on the Ministerial Resolution 054-2007-MINCETUR - State Policy "Guidelines for the development of Community Rural Tourism in Peru" and the preceding National tourism Strategic Plan 2005-2015 (PENTUR) which identified the objective of "diversifying and

consolidating the sustainable tourism offerings, based on the improvement of tourism products and destinations, making them more attractive to tourists and, diversifying the offer through new products and destinations at the economy-level.

The goals of the initiative included:

1. Diversify the economy-level tourist supply through the development of competitive tourism products in rural areas
2. Guarantee the participation of the local community and promoting the role of women and youth
3. Generation of employment and improvement of income in the involved populations.
4. Promote the conservation of natural and cultural resources.
5. Serve as an instrument to help curbing of the depopulation of the rural environment in our economy.

The project first evaluated and analyzed the current situation of rural communities and the potential for tourism to inform the planning of strategies to strengthen rural community tourism. It involved 75 community enterprises in 16 regions of Peru. Next, processes were established to continuously improve quality and business operations for accommodation and food services in destinations through technical assistance and other on-site activities. It also involved internships between entrepreneurs and residents to exchange experiences.

The program aimed to create business relationships between these community enterprises and travel operators to increase the visibility of products to international visitors. Marketing channels facilitated by MINCETUR for these rural entrepreneurs to advertise their products include:

- Marketing seminars: business appointments between the entrepreneur with travel operators and tourism agencies, allowing them to negotiate and offer to intermediaries their consolidated tourism products and services.
- Fairs and workshops: exhibition of their main experiences of rural community tourism in different economy-level and international events, making contacts and commercial agreements.
- Web platforms and social networks: active presence in digital platforms as windows for promoting their community tourism offer.

Capacity building achievements included improvements in product/service quality, business process improvements such as financial management and operations benefits, knowledge transfer between entrepreneurs and other experts/stakeholders, as well as increased capacity to sustainably utilize resources. Overall improvements to management including negotiation skills and formalization helps facilitate access to commercial alliances with public and private actors including NGOs, local governments, private tour operators, etc. Entrepreneurs were able to produce unique and highly competitive tourism offerings and pursue commercial connections through the program.

Other achievements include sustainability benefits through the implementation of practices to manage natural, cultural, financial, human, social and physical assets and the promotion of economic and social inclusion in rural areas.

Measures of the policies success that are analyzed include: quality level of accommodation and food services in destinations; number of beneficiaries in terms of entrepreneurs served; tourist arrivals to

community and their spending; utilization of physical, social, human, environmental assets by enterprises and;

Lessons learned from the policy included:

- **Procedures for continuous improvement:** Establishment of continuous processes that facilitate the growth and consolidation of community tourism products;
- **Diversification of tourism offerings for competitive advantage:** The benefits of customized intervention strategies that capitalize on the natural and social features of each destination;
- **Governance:** Strengthening the governance processes in organizations can allow for an equitable economic boost for the locality itself through channeling resources and efforts of public and private actors, sectors and the population resources.

Peru selected this policy as a potential best practice due to the combination of social development and inclusion benefits with the promotion of economic dynamism in rural areas, addressing the fact that many of these rural communities have been excluded from the benefits of globalization and tourism. The program also capitalizes on underdeveloped advantages in these communities associated with cultural and natural assets that form the foundation for sustainable development through tourism, which in turns strengthens governance and the protection of cultural identity and natural resources.

7.4.5.3 Policy #3: The System of Implementation of Good Environmental Practices (SABPA)

In the framework of the National Plan for Tourism Quality (CALTUR), the System of Implementation of Good Environmental Practices (SABPA) is a similar program to the SABP but regarding practices related to environmental management. The objectives of this program are to provide capacity building services and technical assistance to providers of tourism services to apply good environmental practices in their establishments, monitoring and evaluation of their environmental performance, promotion of the responsible and efficient use of natural and cultural resources, and contribution to the sustainable development of the tourism sector. This case demonstrates the approach to sustainable tourism that views the practices of MSMEs as an effective vector of intervention to achieve economy-level goals for sustainability.

Firms receive specialized advisory services in order to create internal policies to ensure the sustainability of their enterprises and reduce consumption of natural resources. There are four phases:

- Phase I: Training is provided to instill an understanding of basic environmental concepts in firms, such as climate change, deforestation, pollution, etc., as well as an understanding of the efficient management and use of natural resources.
- Phase II: Technical assistance is provided to allow firms to create an environmental management plan/policy.
- Phase III: Monitoring and evaluation is performed to measure the achievements of firms.
- Phase IV: MINCETUR determines based on monitoring and evaluation whether to recognize the firm as having achieved implementation of good environmental practices.

This approach contributes to and incentivizes the development of sustainable development of tourism activities through capacity building based on personalized advisory services. It provides recognition to firms as having implemented good environmental practices, thus increasing visibility to potential clients and tourists.

One of the aspects that it seeks to promote in the framework of good environmental practices is that firms have a policy of environmental management containing aspects related to greater protection of the environment and minimization negative environmental impacts that are generated by the tourism sector. In effect, this management seeks to improve the processes of establishments of lodging, restaurants, aquatic tourism transport and others, promoting the development of activities with responsibility in the use and exploitation of natural resources. Additionally, it seeks to incentivize tourists towards care and conservation of ecosystems.

Between the years of 2012 and 2018, it obtained the following results in terms of recognition of firms with good environmental practices:

Table 14: Peru tourism firms recognized for good environmental practices

Providers of tourism services	2012	2015	2018
Lodging establishments	25	88	171
Restaurants	23	19	76
Aquatic tourism transport	3	0	8
Recognized	51	107	255

The program has provided services to 1,577 firms, 897 of which received technical assistance, 796 of which were evaluated and 413 in total have been recognized. The program found that MSMEs are very interested in participating in the program, and that some were already implementing similar practices on their own, allowing for the program to contribute to their development.

7.4.5.4 Policy #4: *To strengthen the competitiveness of the small and medium-sized tourism enterprises.*

The policy, described by the respondent from Peru as “To strengthen the competitiveness of the small and medium-sized tourism enterprises,” is a program administered by the Commission for the Promotion of Peru for Exports and Tourism (PROMPERÚ). It aims to:

- strengthen the competitiveness of the small and medium-sized tourism enterprises.
- provide and training the stakeholders in the use of relevant and specialized information about the local and global tourism demand.
- Create a long-term client-beneficiary relationship between PROMPERÚ and tourism MSMEs

It includes measures to assist MSMEs and their workforces in the travel agencies and accommodations segments in certain activities, including:

- sales management, such as customer sales and service protocols, with the opportunity to receive US\$860 upon completion of the program.
- digital technology competencies through the use commercial digital tools, with the opportunity to receive US\$1,500 upon completion of the program.
- marketing intelligence to promote use of information with the opportunity to receive US\$4,400 upon completion of the program.

Benefits include increased coordination between agencies responsible for assisting MSMEs, thus increasing the efficiency in the use of resources and capabilities of the government, as PROMPERÚ coordinates with MINCETUR, PRODUCE and CENFOTUR in the execution of these programs. Additionally, 82% of the beneficiaries trained are women. Although training programs are still in the implementation phase, preliminary results include:

- 118 Digital Marketing plans developed and implemented by MSME in 2 regions in Peru.
- 25 Sales and Marketing plans developed and implemented by MSME in 2 regions in Peru.
- 330 Customer Sales & Service Protocols developed and implemented by MSME in 4 regions in Peru.

This program represents a clever combination of skills training and human resources development, managerial and digital skills support, as well as market intelligence to allow MSMEs to target their new skills towards market opportunities.

7.4.6 Russia

Russia described the cultural tourism GVC in their survey response, which is summarized below.

Tour operators identified included TUI, Tez-tour, Coral-travel and Muzenidis. These entities organize and conduct conferences, exhibitions and excursions with tourist companies, Russian organizations and foreign mass media to build up the image of Russia as a tourist friendly economy. These large companies have a great influence on the tourism market in Russia, although they are treated equally under the law regardless of their market share.

Women account for about 60% of the tourism workforce and face little to no barriers based on gender. They often perform administrative work in hotels, airports and museums, and also serve as guides and event organizers. Jobs with associated health risks such as drivers have lower representation of women. Russian legislation provides for equal rights and opportunities for women in the work place

The Federal Agency of Tourism is responsible for tourism promotion, and organizes activities such as travel fairs, presentations, seminars, advertising, brochures and other information, in coordination with the private sector. The policy highlighted by the respondent was the program “Developing domestic and inbound tourism in the Russian Federation for 2014-2018,” a plan to promote inbound tourism through supporting tour operators and other tourism companies with grants and subsidies. The plan allocated a total of US\$5 million for these activities.

7.4.6.1 Policy #1: Developing Domestic and Inbound Tourism in the Russian Federation for 2014-2018

This case submitted by Russia highlights components of an economy-level tourism development plan designed to increase inbound tourist flows, administer by the Russian Federal Agency for Tourism. Beneficiaries include tour operators and travel agencies. Measures include the allocation of grants and subsidies to enterprises. The program has a budget of about US\$5 million. No additional details were provided.

8 Conclusion

The tourism sector is growing in terms of arrivals across APEC, indicating significant opportunities to increase development benefits from existing arrivals as well as the potential to increase arrivals. MSMEs form the backbone of the tourism sector in APEC economies in terms of their sheer presence, the number of workers they employ and the essential products and services they provide to visitors. MSMEs also are a key mechanism by which visitor spending is injected into domestic economies and directed away from the phenomenon of “leakage.”

Challenges

The fact that MSMEs more equitably distribute costs and benefits of tourism makes them a critical target of policies to promote inclusive growth. However, there are pervasive barriers to start and grow MSMEs in the tourism sector related to the external business environment in which these enterprises operate, as well as the capabilities they can possibly attain. Challenges and barriers identified in literature research include:

- **Access to funding and financial support:** MSMEs face difficulties in accessing finance from public and private sources due to the inability by the enterprise to convince the Bank of the credit-worthiness of the enterprise due to informational asymmetries and the risk aversion of banks, as well as limited resources on the part of government agencies.
- **Bureaucracy and regulations:** challenges associated with government may include procedures that are overly expensive, onerous or time-consuming for MSMEs to access formal government support, or even basic recognition as a business, leading to difficulties in accessing higher value-added opportunities and informality in the sector;
- **Market-based challenges:** these may include difficulties in meeting MNC expectations for enterprise-attributes and product/service quality, as well as challenges associated with low barriers to entry and intense price-based competition;

- **Workforce and labor skills shortages:** MSMEs face difficulties in hiring and retaining skilled workers needed to improve service quality, while there is a limited pipeline of skilled higher-level and management talent in the sector to ensure tourism benefits are captured in the domestic economy;
- **Managerial and business skills:** the tourism MSME workforce and entrepreneurs face challenges in acquiring these skills, leading to difficulties for owners and entrepreneurs to create business plans, prepare for uncertainty and make optimal investments in increasing their capacity.
- **Lack of technology, technological capacity and digital skills:** MSMEs faces challenges in maintaining productivity and competitiveness in the context of the digitization of many business activities, such as marketing, booking and travel planning.

One of the greatest self-reported challenges among MSMEs in APEC is a lack of access to funding for growth, as well as a lack of a sufficiently skilled workforce. Addressing these particular barriers provides a targeted method of providing MSMEs with the resources and capacities in order to supersede other challenges faced associated more with the external business environment.

Survey data from this study revealed that economies are aware of the most pressing specific challenges facing MSMEs despite a diversity in terms of competitive tourism advantages and GVC features such as level of MSME involvement in various sub-segments and variable roles of MNCs. The most prevalent challenges were access to capital, followed by, lack of market research, informality, labor skills deficiencies and MNC expectations for quality.

Gender

Furthermore, tourism GVCs in particular have many features and activities that are structured based on gender, determining the roles typically occupied by women as employees and owners, and creating additional barriers for female entrepreneurs. Women tend to have less access to education and greater household responsibilities, tourism featured by low barriers to entry and flexible working hours provides them with employment opportunities.

Even though tourism can help poor women break the poverty cycle, it can also have a negative influence on the lives of women and enlarge gender inequalities. Women are also not equally represented at the professional level in hotels and restaurants as men. They tend to have jobs that require low skills such as housekeeping, laundry, food and beverage and clerical work as employees in hotels or family restaurants, own-account workers or entrepreneurs, artisan or retail vendors. As entrepreneurs, women tend to concentrate in segments of the tourism sector characterized by intense competition and low-value added, limiting their profitability.

Policy Interventions

Literature research into potential policy interventions that might address these numerous challenges was challenging in that there is limited research into the effectiveness of policies that specifically address MSMEs challenges in the tourism sector. However, research did produce some key takeaways, principles and options that economies should consider when formulating policy interventions to assist MSMEs in integrating into tourism GVCs:

- **Governance-based approach:** Given the wide range of sub-segments in the tourism sector, backwards linkages between tourism and other economic activities, and the fact that many functional areas of government can impact the tourism sector, a governance-based approach to pro-MSME tourism policy intervention is necessary to reflect the range of challenges and opportunities of actors. Government's should aim to create planning structures that involve the range of relevant authorities and stakeholders in order to identify challenges and capacities of MSMEs, opportunities, consumption trends, industry demand, etc., in order to formulate the most effective policy interventions and mobilize public and private stakeholders in inclusive tourism development;
- **Pro-MSME destination management:** Using inputs from the governance-based approach to planning for the tourism sector, economies may find it beneficial to evaluate unique approaches to assist MSMEs that are based on emerging trends in tourist consumption and an evaluation of the competitiveness of existing tourism offerings. Tourism MSMEs are largely dependent on destination-based advantages and may possess competitive advantages in capitalizing on them, thus these (e.g cultural, natural, historical assets) should be protected and highlighted to increase their draw for tourists and allow for MSMEs to form products/services around them. Other measures might include funding attractive infrastructure, amenities, and accessibility improvements, or seeking to attract larger hotel chains to serve as an "anchor."
- **Funding and financial support:** Governments should consider addressing the challenge of MSME access to finance by examining as many potential sources as possible, including a range of mechanisms available to governments, the wide variety of financial products offering by banks and other institutions as well as support from NGOs and international organizations. Access to finance may also be a means to address other challenges MSMEs face associated with limited resources to invest in things like workforce training and technology. Linking funding programs to technical and managerial advisory services and opportunities for promotion can be effective in ensuring maximum benefits from allocation of funds. Governments should take measures to ensure MSMEs are aware of these programs and provide supports to improve access. Another option is to make legislative and regulatory changes in order to support new forms of lending, such as peer-to-peer lending, equity crowdfunding, concessional financing and alternative forms of collateral.
- **Workforce planning:** The governance-based approach described above should be utilized to perform a workforce skills assessment for the tourism sector to determine skills and labor deficiencies, current and future skills and labor demand, and barriers faced by workers to accessing relevant skills and jobs. This should address soft skills and core skills not associated with a particular job, occupation-specific technical skills and entrepreneurship/business management skills. Relevant stakeholders include industry leaders, economy-level to sub-national governments, providers of education and training (educational institutions, private, government) as well as MSMEs.
- **Devising of occupational standards for the tourism sector:** Based on the analysis referred to in the point above, governments should support the creation of occupational standards for the tourism sector to define the necessary skills, learning outcomes and training methods in order to create curricula. These can help articulate career paths in the tourism sector, improve the overall skills of graduates and create an opportunity to link the delivery of education and training with industry needs. Other benefits might include increasing retention of skilled

workers in firms, increased labor productivity, transferability of skills across jobs, etc. These must also address digital skills development and access to technology/connectivity given the digital skills gap experienced by many MSMEs in the tourism sector.

- **Gender-specific policy interventions:** Gender specific policies must address the range of factors that constitute barriers for women to access certain skills, occupations and ownership. Measures may include targeted and strategic programs to address barriers and skill gaps faced by women such as: managerial/business skills and skills associated with jobs considered to be “men’s work”, strengthening legal protection for women in tourism employment, facilitating women’s access to credit through targeted initiatives, supporting business associations that support female tourism entrepreneurs and provide networking opportunities and; encouraging the private sector to develop programs to assist women to advance to leadership roles and develop incentives for in-house training programs for women.

Policy interventions identified by economies as potentially the most favorable and preferred by MSMEs in the sector largely mirrored these challenges but varied between economies. Certain economies viewed opportunities in improving the overall competitive environment for MSMEs through economy-level policies related to openness to trade and investment, infrastructure for connectivity/accessibility and clustering, while others focused on innovation and diversification of offerings as a means to increase competitiveness and capitalize on trends in tourist demand. Near-term objectives of economies in this domain also varied, with goals including increasing competitiveness through certifications of quality, reducing poverty and assisting disadvantaged populations, creating stronger productive linkages between MSMEs and economy-level firms/MNCs and producing high quality market research.

Economies identified funding and financing measures as the most important to support to MSMEs, followed by soft skills training, technological support and collection and analysis of tourism data to produce market insights. Meanwhile, what governments identified as supports *desired* by MSMEs differed slightly; finance was also the most demanded support, while the second was easing of regulations. This could indicate an opportunity for deeper engagement with MSMEs to understand their most pressing challenges. The most prevalent challenges to the success of these programs identified were a lack of funding and lack of participation by MSMEs.

In open-ended responses to surveys, certain economies described policies they considered to be the most effective in great detail, with answers ranging from: economy-level planning for the sector and descriptions of their frameworks of action for supporting MSMEs; funding and financing programs; targeted development of new destinations and emerging service segments such as rural tourism through supporting clustering and MNC-MSME partnerships; training programs for core, technical, managerial and soft skills for tourism and; certification programs to support the upskilling of MSMEs and the associated recognitions of achievement for marketing purposes. Quantitative benefits of policies were described in terms of the number of MSMEs served, the creation of new business relationships, while qualitative benefits included creating greater linkages between firms and other stakeholders in the tourism sector, addressing gender equality and contributing to the creation of a sustainable tourism system with a productive infrastructure based on MSMEs and thus driving inclusive growth.

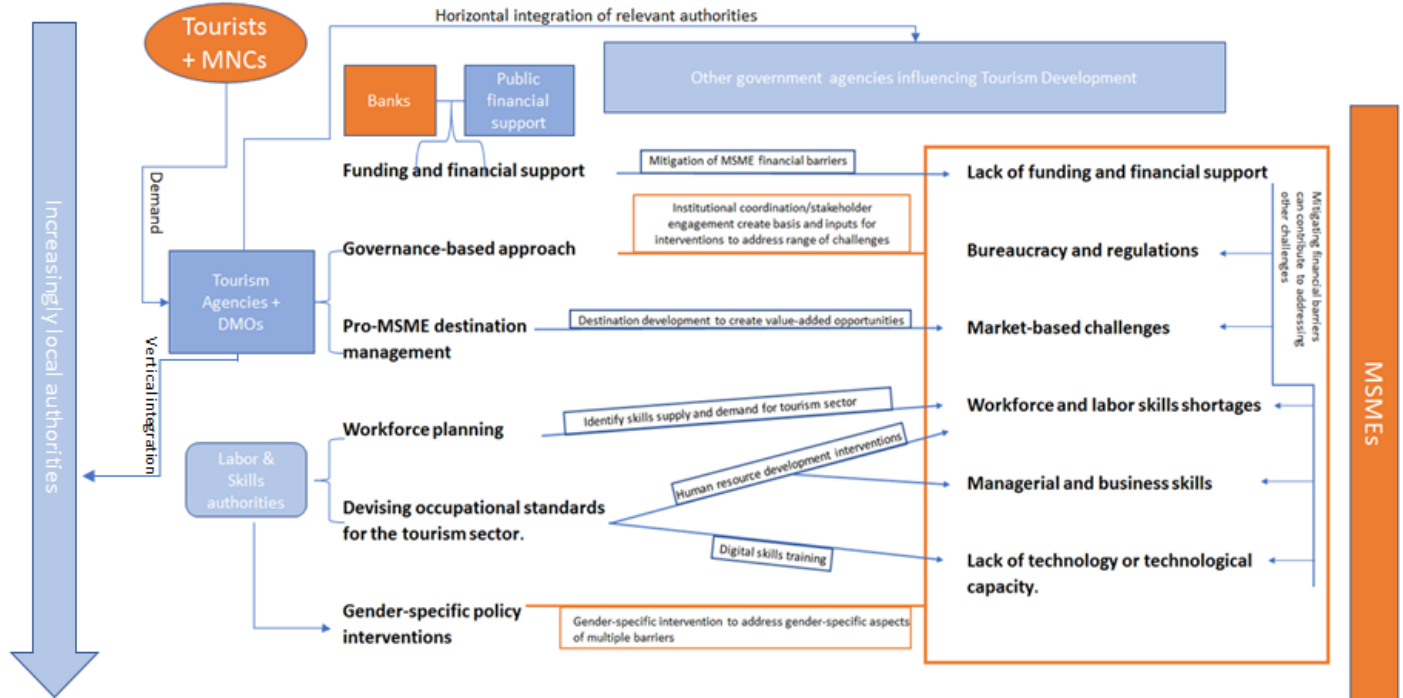
Case studies provided another opportunity for economies to showcase policies they believed to be reflective of best practices in the support of MSMEs in the tourism sector. Although the response rate

was low, the responding economies included extensive details and context regarding these policies which accommodated the preparation of this set of key takeaways:

- Responding economies have highlighted funding and financial support measures that combine with programs to facilitate process improvements through technical assistance, access to promotional opportunities and advisory;
- Economies view supporting tourism MSMEs as a development vehicle for disadvantaged populations and areas (indigenous populations, rural agricultural areas, etc.) due to the potential competitive advantages of these locations in creating unique tourism products/services that satisfy visitor demands, and the potential benefits of diversifying the supply of tourism offerings to complement established destinations;
- Economies are devising strategies and methods to capitalize on cultural and natural assets in the creation of tourism products and services through supporting MSME that also include measures to ensure governance and protection of cultural identity and the environment to ensure sustainability;
- Institutional coordination from economy-level to regional and local levels and horizontally across sectors is a critical success factor in ensuring government authorities execute their roles and responsibilities in such a way to facilitate access to tourism GVCs through addressing the wide range of circumstances that constitute challenges and opportunities for MSMEs;
- Public-private collaboration is a critical success factor in ensuring that policy interventions reflect industry circumstances, and that industry expertise and opportunities for promotion and commercial partnerships are provided to MSMEs; and
- Monitoring and evaluation of policies is critical both to assess firm-level achievements and needs, but also to retool project implementation mechanisms to achieve maximum benefits.

See Figure 12 for a simplified conceptual diagram of the relation between various actors, policy interventions and challenges faced by MSMEs:

Figure 12: Simplified Conceptual Diagram of Policies, Actors and Challenges studied



Future steps

Going forward, one of the most important considerations for continued examination of this subject is the priorities of APEC economies and what they view as the most beneficial activities to prioritize. In the final survey question, economies were asked to select from a number of measures that APEC could undertake to support their efforts in integrating MSMEs into tourism GVCs. Overwhelmingly, economies selected the hosting of workshops and knowledge sharing events by APEC to foster discussion and engagement among economies about these issues.

Given that contact officers for APEC economies faced difficulties in responding to certain features of the survey and case studies due to a lack of data on the relevant issues, a workshop and extended knowledge sharing engagement between economies could produce insights on how to address MSMEs challenges. Survey respondents had limited time and resources to present policy case studies as indicated by the low response rate. A workshop could provide the opportunity for deep dives into the various options for policy interventions and case studies through presentations from experts and officials, and subsequent discussion and debate. This discussion could inform the creation of a research agenda for APEC on MSMEs in the tourism sector, GVCs and interventions to maximize the sustainable development opportunities in the tourism sector.

Furthermore, as mentioned in the Survey and Case Studies Executive Summary (Chapter 7.1), there are opportunities for further research into these issues to produce a deeper understanding of the interrelationship between MSMEs, tourism GVCs and potential policy intervention and governance arrangements. These should be further explored and more robust methodologies of collecting data should be employed to collect data from a wider range of stakeholders and experts to produce insights on how actors can coordinate and mobilize to address challenges.

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10 Annex

10.1 Full text of Case Studies

10.1.1 Australia

Australia submitted one case study in a plain-text format.

Australian governments' support for tourism SMEs (at October 2018)

Australia stands out as a particularly strong case study because it boasts a robust tourism industry and because its federal and respective state and territory governments have been actively supporting tourism SMEs through a number of programs.

Tourism is a \$136 billion industry that employs 1 in 13 Australians, accounts for 10.0 per cent of Australia's exports and is a key driver of Australia's economy. The benefits are spread across the economy with 44 cents in every tourism dollar being spent in regional Australia.

Tourism businesses made up 13 per cent (around 279,000) of the total 2.2 million businesses in Australia at June 2016. The majority (95 per cent) of tourism businesses are small – employing less than 20 workers, while 43 per cent do not employ any staff. In comparison to non-tourism businesses, 98 per cent have fewer than 20 employees, while 63 per cent do not employ any staff. These differences in levels of employment between tourism and non-tourism businesses reflect the greater labour intensity of the tourism industry.³

Australian Federal Government initiatives to support tourism SMEs include:

- Entrepreneurs' Programme is the Australian Government's flagship initiative for business competitiveness and productivity, administered by the Department of Industry, Innovation and Science. Within this programme, Tourism Partnerships provides groups of tourism businesses in northern Australia with access to an experienced Business Facilitator for 12 months. Each group creates a Tourism Partnerships Action Plan to identify opportunities and strategies for working together on common tourism business interests. Following the development of a Tourism Partnerships action plan, the group of businesses may be eligible to apply for a Business Growth Grant. Individual tourism businesses can also access services through the Entrepreneurs' Programme, such as a Business Evaluation.
- Export Market Development Grants (EMDG) scheme is a key Australian Government financial assistance program for aspiring and existing exporters. Administered by the Australian Trade Commission (Austrade), the scheme supports a wide range of industry sectors and products, including inbound tourism. The EMDG scheme:
 - encourages small and medium sized Australian businesses to develop export markets
 - reimburses up to 50% of eligible export promotion expenses, above \$5,000, provided that the total expenses are at least \$15,000
 - provides up to eight annual grants to each eligible applicant.
- Pacific Labour Scheme enables citizens of select Pacific island economies to take up low and semi-skilled work opportunities in rural and regional Australia for up to three years. Through these opportunities, Pacific island workers earn income and develop skills which benefit their families and

³ Tourism Research Australia *Tourism businesses in Australia June 2012 to June 2016*

communities. Administered by the Department of Foreign Affairs and Trade, the Pacific Labour Scheme will help fill labour gaps in Australia's regional communities, boosting economic activity and competitiveness in rural and regional Australia. Employers can check if they're eligible [here](#).

- Indigenous Business Sector Strategy is the Government's ten-year plan to help an increased number of Aboriginal and Torres Strait Islander people build sustainable businesses. The Strategy has four pillars: better access to business support, improved capital access, stronger networks, and improved access to data. The following actions, commencing in 2018, will be rolled out in the first three years of the Strategy:
 - The establishment of three Indigenous Business Hubs will be anchored to major cities to provide a one-stop-shop to access business advice, support, and connections needed for business development. In addition, three Project Support Hubs will be established to provide support to Indigenous businesses looking to take advantage of major infrastructure or service delivery projects.
 - The pilot of an Indigenous Entrepreneurs Capital Scheme to unlock a wider range of finance and capital products for Indigenous businesses looking to transition to mainstream banking.
 - A doubling of the microfinance footprint across Australia to support more entrepreneurial activity and economic development in regional and remote locations.
 - Increased funding for networks to strengthen linkages with mainstream businesses, industry bodies and education providers and to better link emerging businesses to key support services.
- Business Development and Assistance Program - Indigenous Business Australia (IBA) provides assistance to Indigenous Australians to establish and grow their businesses. The IBA can provide business support services, concessional finance and range of other products including Start Up Packages, Procurement Loans and Performance Bonds. For more information, go to www.iba.gov.au
- Building Better Regions Fund – the Australian Government is supporting the tourism sector with \$45 million in grants through the third round of the Building Better Regions Fund (BBRF) to help encourage tourist visitation outside the major cities. These funds will support projects in regional areas and encourage more visits and expenditure in regional locations. The latest grant round opened in September 2018.

Specific information or additional assistance may be found here:

- www.business.gov.au
- www.grants.gov.au
- www.rda.gov.au/
- www.trade.nsw.gov.au/business-and-industry-in-nsw/assistance-and-support
- www.business.qld.gov.au/business/support-tools-grants/grants
- www.vic.gov.au/grants.html?dep=1,9
- www.grantassist.sa.gov.au/
- www.grants.act.gov.au/
- www.smallbusiness.wa.gov.au/business-advice/grants-and-tenders
- www.dob.nt.gov.au/business/Pages/grants-assistance.aspx
- www.business.tas.gov.au/finances-tax-and-insurance/seeking-finance-and-funding/applying-for-grants

Australian state government initiatives for tourism SMEs include:

- *Entrepreneurs' Programme Business Advisers* in the tourism sector (available in Queensland, Western Australian and Northern Territory).
- Training and advice to help build and develop sustainable tourism business in Cairns, Yarrabah, the Cassowary Coast, Port Douglas and the Daintree through Tourism Tropical North Queensland.
- The Queensland Government's Department of Innovation, Tourism Industry Development and the Commonwealth Games recently released a strategy for advancing small businesses in Queensland, which includes a plan to promote and encourage female entrepreneurship.
- The New South Wales Department of Industry provides business advisory services and business training skills for small businesses, including tourism SMEs, through the *Business Connect* program (from 1 January 2017 to 30 June 2020).
- The *Aboriginal Tourism Development Program*, sponsored by the Government of Western Australia, aims to grow Aboriginal tourism businesses in Western Australia.
- The Australian Capital Territory's *SME Growth Plan* provides support for business improvement, promoting opportunities and innovation.
- Through *Business Victoria*, the Department of Economic Development, Jobs, Transport and Resources, provides information and research on Victoria's tourism industry as well as tools to help start and grow tourism businesses.
- The Tasmanian Government's support for tourism SMEs includes the *Heritage Places Renewal Loan Scheme*; the *Tourism Accommodation Refurbishment Loan Scheme*; the *West Coast Experience Loan Fund*; and, the *Events Tasmania Grants Programme*.
- Through the *Business Enterprise Centre* the Northern Territory Government provides business advice and workshops for tourism SMEs.

The list of initiatives above is not exhaustive, but is provided as examples of Australian state and territory governments' support tourism SMEs.

10.1.2 Chile

Chile submitted two case studies, one of which was submitted in the case-study template format, and the other as plain text.

Table 15: GVCs: Nature Tourism, Adventure and excursions, cultural tourism, lodging and hotels and culinary tourism.

Category	Respondent's answer
GVC type (see list above)	<i>Nature Tourism, Adventure and excursions, cultural tourism, lodging and hotels and culinary tourism.</i>

Category	Respondent's answer
<p>Activities in GVC by international (non-domestic) actors</p>	<p>Which large multi-national corporations (MNCs) provide tourism services (including culture and nature-based tourism; Meetings, Incentives, Conferences and Exhibitions-MICE; accommodations and transport providers; etc.) in your economy? What services do they provide? <i>International accommodations companies (Accor, Mandarin, Hilton, Radisson, NH, Sheraton, etc)</i> <i>Transport (international airlines: Air France, Iberia, Quantas, Latam, Avianca, Copa, Delta, American Airlines, Alitalia, British Airways, Air Canada, Emirates, etc)</i> <i>Outbound travel agencies (El Corte Inglés, Carlson Wagonlit, etc)</i></p> <hr/> <p>Describe promotional activities in outbound economy: <i>Promotional campaigns, b2b events (trade shows, roadshows and workshops), b2c (trade shows).</i></p> <hr/> <p>Describe the impact of these activities on MSMEs: <i>The economy awareness could generate motivation to come to Chile and purchase local tourist services.</i></p> <p>(For example, what is the relationship between large companies in travel organization/booking/tour operations with MSMEs? Does the dominance of large foreign firms limit access for MSMEs to the GVC?)</p>
<p>Role of MSMEs</p>	<p>Describe direct tourism products/services provided by MSMEs: <i>Accommodations, local tour operators, restaurants, travel agencies, tour guides, ground transportation, domestic flights airlines, maritime & fluvial transportation.</i></p> <p>(For example, an MSME restaurant or bar would be participating <i>directly</i> in the tourism GVC by providing products and services to tourists themselves)</p> <hr/> <p><i>Describe indirect tourism products/services provided by MSMEs:</i></p> <p><i>Produce Suppliers for restaurants, cultural institutions, handicrafts, National Parks administrations, regular public transportation, other services such as internet/phone companies, gas stations, laundry shops, and retail in general.</i></p> <p>(For example, an MSME supplying the restaurant mentioned above would be participating <i>indirectly</i> in the tourism GVC)</p> <hr/> <p>Have MSMEs in this GVC been able to shift from low value-added activities to higher value-added activities? Describe how:</p> <p><i>Yes, by adding innovation to their internal management, by adding new products to their catalogue, by associating with other suppliers generating added value to the product, by adding I + D, among others.</i></p>

Category	Respondent's answer
Barriers faced by MSMEs	<p>Describe barriers faced by MSMEs in integrating into GVCs and moving to higher value-added activities:</p> <p><i>Not having enough inventory, lack of online presence, not having flexible rates, not knowing how to fix net rates.</i></p> <p>(For example, MSMEs in this GVC may lack skilled workers, financial resources, market information, technology and online presence, or face difficulties related to bureaucracy and heavy competition from other MSMEs)</p>
Role of supporting institutions in facilitating MSME integration	<p>Briefly describe the activities of government agencies to promote tourist arrivals, as well as efforts to assist MSME integration into tourism GVC. Please be sure to indicate the length of time taken to prepare and implement these activities. Please also indicate if an activity is ongoing or has been ended. If the activity has ended, specify how long it lasted.</p> <p><i>The government organize commercial events (b2b) in the foreign markets, it also participate in diverse trade shows held by strategic markets (long haul and regional markets).</i></p> <p><i>Every event is prepared at least with 6 months in advance.</i></p>
Gender	<p>Describe the gender composition of the GVC:</p> <p><i>We do not have that analysis, because there is not an unique methodology to define the gender of the MSME's.</i></p> <p><i>For example, some promotional institutions defined that companies that has over 30% of shares owned by a woman, determines that the gender of it is feminine.</i></p> <p>(What is roughly the ratio of women to men among MSMEs participating in this GVC?)</p> <p>Describe gender disparities and barriers in access for MSMEs to the GVC:</p> <p><i>Access to banking credits, stagnant size of the companies, culturally women have a gender role related to children upbringing that is time consuming, that makes them fear to grow entrepreneurially.</i></p> <p>(What disparities in access to employment and entrepreneurial opportunities exist that are based on gender? For example, are women legally or socially prohibited from any activities in the GVC? Do women face difficulties associated with access to education?)</p> <p>Describe the roles and occupations most often occupied by women:</p> <p><i>Restaurants management, handcrafts, sales, tour guides, airlines, accommodations, travel agencies, and tour operator's staff.</i></p> <p>(What types of jobs do women perform in this tourism GVC?)</p>

Category	Respondent's answer
	<p>Describe the roles and occupations least often occupied by women:</p> <p><i>Transportation, tour operator & hotels CEO's.</i></p> <p>(What types of jobs typically have less women? Are these jobs associated with more authority, greater social standing and higher wages?)</p> <hr/> <p>Is there typically a difference between the wages earned by women and men in this tourism GVC?</p> <p><i>Men typically occupy higher paying positions.</i></p> <p>(For example, do men typically occupy higher paying positions, or receive better wages in the same positions?)</p> <hr/> <p>Briefly describe any policies that aim to address gender issues in this tourism GVC:</p> <p><i>The government provide financial instruments and aids focused to women. Laws and policies that benefit women access to better and safer jobs. Provide access to education.</i></p> <hr/> <p>Do women tend to work formally or informally (in the informal sector) in the tourism sector? Is there a difference in the level of formality between women and men?</p> <p><i>Both genders tend to formality.</i></p>

BOX 1: Please describe a brief success story of an MSME that successfully integrated into this GVC and increased its value-added contribution, paying attention to:

- Barriers faced by the MSME, and how they were overcome;
- Any gender-related factors relevant to the case, paying particular attention to MSMEs owned and operated by women;
- Development of skills and capabilities of the MSME, and how these contributed to success in the GVC and increased value-added; and
- Any support provided to the MSME by government agencies, MSME associations, tourism industry associations and larger companies;

Table 16: Chile successful policy overview (Fund for the support of Quality)

Category	Respondent's answer
Policy name	FOCAL (Fondo de Fomento a la calidad). Provided by CORFO (Corporación de Fomento de la Producción) Quality promotional Fund
Date enacted	2007

Implementing agencies	Not provided.
Description	<p>Describe the goals of the policy: Financing the implementation, and the auditing of the Quality Assurance Certification in Tourism (only for Chile).</p>
	<p>Describe the duration of implementation of the policy (Date to Date, e.g August 2015 – December 2017): 2007 – up to date</p>
	<p>Who were the target beneficiaries? Tourism companies: Accommodation, travel agencies, tour operators and tour guides.</p>
	<p>Describe the measures implemented as part of the policy: Promote the quality assurance in the services provided by tourism companies.</p>
	<p>Describe the implementation costs: Per company: Up to 5,400 USD (implementation) Up to 1,500 USD (certification)</p>
Results	<p>Describe how the policy facilitated relationships between MSMEs and larger enterprises: Not provided</p>
	<p>Describe how the policy built capacity among MSME workforces/entrepreneurs: The Quality assurance certification involves management processes improvements of the companies.</p>
	<p>Describe how the policy addressed financial barriers faced by MSMEs: The FOCAL was created to erase the financial barriers faced by MSME's</p>
	<p>Describe how the policy increased the capacity of the government to assist MSMEs: By increasing coordination among government entities, such as CORFO, SERNATUR. (For example, did the policy increase coordination among government entities capable of assisting MSMEs?)</p>
	<p>Describe any sustainability-related results of the policy:</p>

	<p>Describe how the policy addressed gender disparities in access for MSMEs to tourism GVCs:</p> <p>Not provided.</p>
<p>Lessons Learned</p>	<p>Describe any monitoring and evaluation of the policy to determine outcomes:</p>
	<p>Describe lessons learned from the policy:</p> <p>In the past, the financial aid only covered the implementation process, not assuring the certification stage. Now the company is committed to end the certification.</p>
	<p>Why should this policy be considered a best practice? Could it be applicable to other APEC Economies?</p> <p>It is totally replicable in emerging economies.</p>

MICE Tourism in Chile

The perfect mix of outdoors, food & drinks, adventure and quality service has helped Chile become a top destination in Latin America and the world. This, is in addition to its world-class infrastructure, safe streets and economic and political stability which generate high levels of trust among visitors, making our economy the perfect destination for meeting tourism. Therefore, the Undersecretary of Tourism and SERNATUR are focusing part of their efforts on the Ambassadors Program to increase the number of International Congresses hosted by the economy.

Development of the Ambassadors' Program

The public-private collaborative project driven by the Government is aimed at supporting our economy in its campaign to host international congresses, specifically the distribution of materials promoting Chile as a conference destination, the funding of airfare for presentation of its candidacy and inspection visits, technical information for applications and presentations, as well as training on how to promote Chile as a tourist destination, in addition to a contact network based on the 13 convention bureaus located throughout the economy.

In addition to these initiatives, the International Associations Ambassadors' Program is already composed of **70 internationally recognized Chileans** from different areas such as medicine, technology and education, who will help bring conventions, seminars and congresses in their different areas of specialization to Chile, in order to drive this tourism sector, which represented 14% of foreign visitors to Chile in 2016 and a contribution of 25% of tourism revenue.

Objective of the Ambassadors' Program

The objective of the Ambassadors' Program is to generate awareness of the impact of meetings on a destination's society and economy, and therefore on the city and the economy as a whole. In parallel, it is expected that invited members will come into contact with a portion of the meetings market and gain

information on how the Convention Bureaus are managed. They will each present their teams and the tools they can offer to support the candidacy and subsequent organization and execution of the event.

The program is directed towards Chilean representatives in regional or international associations, and all people who have the possibility of presenting candidacy to bring a regional or international event to Chile and its different destinations: government representatives, NGOs, Corporations, Universities and other educational centers, etc.

Methodology

The program consists of organizing events in which the hosts (SERNATUR or the Chilean Convention Bureaus) give a presentation with a brief overview of the meetings market, the benefits and impact of meetings on the economy, the city and the community, along with the tools offered to support the candidacies and subsequent management of the events awarded. In general, these presentations are held as work breakfasts or lunches, according to the type of event most conducive to its objective. Likewise, by holding the event in the morning or at midday, it allows those with tight schedules to take advantage of their breakfast or lunch time to participate in the Program. The selection of the event dates is crucial and will most likely adapt to the hosts' schedules, particularly the most representative of these. After defining the hosts' available dates, we will select the guests to attend each of the meetings, considering any activities that might interfere: Ministers' council meetings, congresses, special festivities (Restaurateurs' Day, Secretary's Day, etc.). These events should not be held on holidays or near vacation periods or holidays, with preference for Tuesdays, Wednesdays and Thursdays.

2017-2018 Chile's Applications to International Congresses and Events

During 2017, SERNATUR (the Chilean National Tourism Service) along with the Regional Convention Bureaus, applied to host a total of 36 international events and was awarded 25 of these. These congresses expect to receive over 20,000 delegates between 2018 and 2023.

So far this year (2018), SERNATUR and the Convention Bureaus have applied to 20 International congresses and have won 11 of these. The goal for this year is to apply to 40 international events.

Overall Figures for Tourism in Chile

- The year 2017 ended with a record number of foreign tourists in Chile, increasing by 14.3% with respect to 2016 and following the same trend seen in 2016 and 2015, which saw a 26% and 21.9% growth over 2015 and 2014, respectively. Every month saw positive growth in international arrivals, particularly January 2017 with an increase of 31.9%
- The total number of tourists entering Chile was just over 6.4 million (6,449,883 foreign tourists), 51.5% of whom were from Argentina, and 80.2% from South America. European tourists represented 7.4% of arrivals, while North American tourists represented 4.6%.
- From 2007 to 2017, the arrival of international tourists has seen a cumulative growth of 154.5%, with an annual average growth rate of 9.8%.
- The arrival of tourists doubled between 2011 and 2017.
- The increase can be greatly attributed to the government's efforts in terms of international promotion, as well as the arrival of more airlines and the advantages of international treaties that facilitate travel to the economy.

Revenue

- The increase in the arrival of tourists has brought with it an increase in revenue from tourist spending. Tourism revenue has also doubled in the past 10 years, from US\$1.524 billion in 2006 to US\$3.097 billion in 2016, with an average annual growth rate of 7.3% during the past 10 years and an accumulated increase of 103.2%.
- Projections for 2017 estimate a total revenue of US\$4.2 billion. It should be noted that this figure corresponds to the results of the Receptive and Emissive Tourism Base Year study, which updates the tourism spending structure, and is not comparable to 2016 figures. Work is being done at present to update the 2016 figures according to the 2017 Base Year spending structure.

Meeting Tourism Information

- According to the 2017 data processed up to September 2017, a total of 427,428 tourists stated that they came to Chile for business tourism, which represents 8.98% of all Tourist arrivals up to said date.ⁱ

Meeting Tourist Profile

- In the ranking of business tourists coming to Chile, Argentines represent the greatest number of arrivals, who stay an average of 4 nights and show total individual spending of US\$ 511.0. In second place, Peruvian tourists stay an average of 3 nights and show total individual spending of US\$ 339.9. In third place, Bolivian tourists stay an average of 2 nights in the economy and have total individual spending of US\$ 155.4. In fourth place, the US tourists stay an average of nearly 7 nights with total individual spending of US\$ 1,217.9. In fifth place, Brazilian business tourists stay an average of 6 nights with total individual spending of US\$972.9.
- Meeting tourists spend just over double the Average Daily Individual Spending of tourists who come to Chile. The Average Daily Individual Spending of meeting tourists is US\$123.2, with Total Individual Spending of US\$812.5. At the same time, the average stay is 6 nights.
- This is primarily explained by the fact that meeting visitors travel on corporate funds, while leisure activities are paid by the tourists out of pocket, and use more expensive accommodations, restaurants and services and incur a number of expenses such as laundry fees, business centers, meeting rooms, taxis, artistic performances, among others.

¹ Source: SERNATUR Department of Statistics.

Regional Convention Bureaus

There are currently 13 Regional Convention Bureaus in Chile, which are responsible for promoting Chilean destination and are fundamental players in the application to host economy-level and international events, working directly alongside SERNATUR.

FIEXPO in Chile (2017 – 18 and 19)

- Starting 2017, and for three consecutive years, Chile will host FIE expo, **the largest and most consolidated meetings and incentives tourism fair in Latin America and the Caribbean**, which will help drive the development of this type of tourism in our economy.
- It was confirmed that the fair would be held in Chile after the Undersecretary of Tourism signed an agreement with the Director of FIE expo, Sergio Baritussio, thanks to the collaborative work of the **government and the private tourism sector in Chile**.
- FIE expo is an important showcase for the promotion of business tourism and congresses. Its impact will be seen in the following years, considering that the reservation window for congresses and conventions is over one year.
- Approximately twenty economies will present at FIE expo. The 10th annual fair held in 2017 saw the participation of over a thousand people, including Latin American associations looking for destinations for their international congresses. This is in addition to over one hundred buyers from Latin America, the Caribbean, Mexico, North America and Europe, as well as incentive houses, important tour operators and congress organizers.
- The objective of FIE expo is that the buyers (who attend the fair) get to know Santiago and take pre- and post-fair tours around the different regions of the economy, in order to familiarize themselves with the infrastructure and services offered by each tourism destination around the economy, in order to promote the regions as the site for international congresses and events.
- FIE expo also considers several encounters, such as the Latin American Political Forum on meeting tourism which brings together key tourism players from around the continent, such as Ministers and Undersecretaries of Tourism. Additionally, the fair includes the Latin American Encounter of Convention Bureaus, as well as conferences and seminars with important panelists and presenters.

The economic impact of the 2018 FIE expo to exceed 360 million dollars in the meeting industry

The 2018 FIE expo Latin America saw unprecedented results as the largest platform for the Latin American meeting industry.

Its packed schedule consisted of academic sessions, a political forum in which 250 participants debated about meeting tourism with key Latin American government authorities from the tourist sector, a MICE Lab (new meetings development lab), an exchange between businesses from three continents with encounters between representatives from US, Canadian and Latin American associations, as well as Barcelona (as an already consolidated meeting destination), and the participation of 10 special guests from international meeting tourism organizations (JMIC, ICCA, COCAL, IAPCO, SITE, the recognition of Latin America -Bogota and Punta del Este- by JMIC through the Iceberg Project). With a record number of visitors and meetings, FIE expo Latin America once again confirms its reign as the top platform in the continent for business, knowledge, investment and development.

2018 FIE expo Figures

- Visitors: 1,695 with total spending of US\$2,712,000 in the host city.

- Presenters: 318 companies in the different economy pavilions, as well as 70 individual presenters (convention bureaus, international hotel chains, convention centers, airlines, secretaries of tourism, etc.).
- Buyers: a total of 712 -with 225 VIP hosted buyers and 487 commercial visitors- who, as a whole, held over 6,543 meetings.

Over four days, FLEXPO Latin America once again showcased 22 economies from around the continent, who presented their attractive offer to host fairs, expos, conventions, congresses, business meetings and incentive travel.

The Chilean Minister of Economy, Promotion and Tourism, José Ramón Valente, and Chilean Undersecretary of Tourism, Mónica Zalaquett Said, officially kicked off the eleventh annual FLEXPO, along with the Fair Directors, Sergio Baritussio and Arnaldo Nardone.

The eleventh annual FLEXPO was a complete success and showed that Latin America is headed in the right direction, but with room for improvement. Fairs like FLEXPO are aimed at enhancing Latin American economies' ability to lure business to our continent. The goal of the FLEXPO platform is to continually expand business in our region and improve professionalism in its service offer. And that is the direction in which we are headed. We will all benefit from working together as one big regional team.

2017 ICCA Ranking (International Congress & Convention Association).

- In the 2017 ICCA Ranking, Chile ranked 35th in the world, with 119 events. Brazil ranked 16th in the world with 237 events, while Argentina ranked 21st in the world with 199 events, and Colombia 32nd with 142 events.
- In Latin America, Chile ranked 4th with 119 events. Brazil ranked first, followed by Argentina and then Colombia.
- The city of Santiago ranked 3rd in Latin America with 66 events. Buenos Aires ranked first place in Latin America with 131 events, followed by Lima with 74.
- In the global ranking, Santiago ranked 37th, topping cities such as Sao Paulo, Toronto, Nueva York, Melbourne and Rio de Janeiro.

*International Economy
Ranking*

1 US.	941
2 Germany	682
3 UK	592
4 Spain	564
5 Italy	515
6 France	506
7 Japan	414
8 China	376
9 Canada	360
10 Holland	307
35 Chile (104)	119

*Latin American Economy
Ranking*

16 Brazil	237
21 Argentina	199
32 Colombia	142
35 Chile (104)	119
39 Peru	96
48 Uruguay	58
54 Panama	42
56 Ecuador	39
62 Costa Rica	33
64 Cuba	31

- *14% increase over the 2016 Ranking.

*Latin American and
Chilean City Ranking*

11 Buenos Aires	131
29 Lima	74
37 Santiago	66
43 Sao Paulo	55
45 Bogotá	52
48 Río de Janeiro	48
59 Panamá City	42
62 Montevideo	40
76 Cartagena	35
206 Viña del Mar	13
228 Valparaíso	12
325 Puerto Varas	7
406 Concepción	5
406 La Serena	5

10.1.3 Indonesia

Indonesia's case study was submitted as a scanned document and is available as an attachment.

10.1.4 Mexico

Table 17: Mexico successful policy overview (National Entrepreneur Fund)

Category	Respondent's answer
Policy name	National Entrepreneur Fund (Fondo Nacional Emprendedor)
Date enacted	28 December 2013 - Rules of Operation of the National Entrepreneur Fund for 2014.
Implementing agencies	Ministry of Economy (Secretaría de Economía) National Institute of Entrepreneurs (Instituto Nacional del Emprendedor)
Description	<p>Describe the goals of the policy: It is a Fund that aims to encourage economy-level, regional and sectoral economic growth, through the promotion of productivity and innovation in micro, small and medium enterprises located in strategic sectors, such as Tourism. The Fund promotes the orderly, planned and systematic strengthening of entrepreneurship and of business development throughout the economy territory, as well as the consolidation of an innovative, dynamic and competitive economy.</p> <p>Describe the duration of implementation of the policy (Date to Date, e.g August 2015 – December 2017): 2014-2018</p> <p>Who were the target beneficiaries? Micro, small and medium enterprises located in strategic sectors. One of the strategic sector recognized by Mexico is: Tourism Services. Mexico has defined key industries per region. Tourism is prioritized in 22 regions, such as Quintana Roo, Oaxaca, Puebla, etc.</p> <p>Describe the measures implemented as part of the policy: In September 2018 Mexico held the National Entrepreneur Week, the most important entrepreneurship and business event in this economy, which aims to provide entrepreneurs and micro, small and medium businesspersons with the tools and solutions needed to start their business or consolidate their companies in several sectors, such as tourism.</p> <p>Describe the implementation costs: In 2016, the Fund provided approximately 1 500 USD to each entrepreneur. In that year a restaurant and a small hotel from the Campeche Region were granted this financial support.</p>
Results	Describe how the policy facilitated relationships between MSMEs and larger enterprises:

	<p>Entrepreneurs were able to improve the quality of their services, since the funding allowed them to obtain the Certificate “M” issued by the Ministry of Tourism.</p>
	<p>Describe how the policy built capacity among MSME workforces/entrepreneurs: Entrepreneurs were able to create new employments. Their service and processes were improved (i.e. cost and standardization of menus, sells strategies, measurement of client satisfaction).</p>
	<p>Describe how the policy addressed financial barriers faced by MSMEs: They were not only granted a financial support, but that support allowed entrepreneurs to access to training that led to growth in their sells by 20 to 30%.</p>
	<p>Describe how the policy increased the capacity of the government to assist MSMEs: n/a</p> <p>(For example, did the policy increase coordination among government entities capable of assisting MSMEs?)</p>
	<p>Describe any sustainability-related results of the policy: The Fund has been institutionalized and has been implemented for 4 consecutive years.</p>
	<p>Describe how the policy addressed gender disparities in access for MSMEs to tourism GVCs: n/a</p>
<p>Lessons Learned</p>	<p>Describe any monitoring and evaluation of the policy to determine outcomes: n/a</p>
	<p>Describe lessons learned from the policy: n/a</p>
	<p>Why should this policy be considered a best practice? Could it be applicable to other APEC Economies? n/a</p>

10.1.5 Peru

Peru submitted multiple case study responses. Therefore, each table (box) contains the verbatim description of Peru's case study responses.⁴

Case study #3 (The System of Application of Good Environmental Practices, SABPA, was submitted as a scanned document and is available as an attachment).

Table 18: Peru successful policy overview (#1 The System for the Implementation of Good Practices, SABP)

Category	Respondent's answer
Policy name	<p>Legal Framework</p> <ul style="list-style-type: none"> - Law No. 27790, the Law on the Organization and Functions of the Ministry of International Trade and Tourism, states that the Ministry of International Trade and Tourism (MINCETUR) is the governing authority in matters of international trade and tourism. Its functions include the establishment of a regulatory framework for the development of tourism activities and the supervision of compliance with the regulations issued within the scope of its powers. - Section 38 of Law N ° 29408, the General Tourism Law, states that MINCER and regional/local governments promote standardization in the provision of services and good practices related to tourism quality. - Section 35 of the Regulation of Law N ° 29408, approved by Supreme Decree N ° 003-2010-MINCETUR, indicates that the promotion of the implementation of good practices and standardization of tourism services by MINCETUR and regional/local governments must take into consideration the objectives and strategies of the National Tourism Quality Plan (CALTUR). - Ministerial Resolution No. 073-2011-MINCETUR/DM approved CALTUR 2011-2018, which was inspired by the notion of quality tourism combining attractions, services and facilities in a way that motivates tourists to visit the places on offer more than once. - Ministerial Resolution No. 465-2011-MINCETUR/DM (11-20-2017) approved the update of the National Tourism Quality Plan (CALTUR 2017-2025). <p>National Tourism Quality Plan – CALTUR 2017 – 2025</p> <ul style="list-style-type: none"> - The National Tourism Quality Plan (CALTUR) was developed following the framework of the National Tourism Strategic Plan (PENTUR 2016-2025), the National Quality Policy (approved by Supreme Decree No. 046-2014-PCM of 28 June 2014), and the 2014-2018 Competitiveness Agenda. <ul style="list-style-type: none"> ➢ It is worth mentioning that the National Quality Policy and the 2014-2018 Competitiveness Agenda highlight the importance of implementing mechanisms to improve the competitiveness of our economy's economic activities. The development of quality infrastructure that will lead to an increase in productivity and diversification is a priority. ➢ In light of this, Ministerial Resolution No. 465-2017-MINCETUR approved the National Tourism Quality Plan (CALTUR 2017 - 2025). This planning tool will guide the improvement of quality in the tourism sector until 2025.
Date enacted	<ul style="list-style-type: none"> ➢ Ministerial Resolution No. 465-2011-MINCETUR/DM (11-20-2017) approved the update of the National Tourism Quality Plan (CALTUR 2017-2025).
Implementing agencies	<ul style="list-style-type: none"> ➢ The Standardization and Tourism Quality Division within the Tourism Development Policy Directorate General, which reports to the Vice Ministry of Tourism at MINCETUR. ➢ Tourism Training Center (CENFOTUR).

⁴ Translated from Spanish.

<p>Description</p>	<p>Describe the goals of the policy:</p> <p>The System for the Implementation of Good Practices (SABP) was developed within the framework of the National Tourism Quality Plan (CALTUR). SABP is a tool aimed at helping tourism service providers (primarily lodging, restaurant and travel/tourism agency services) progressively and continuously improve their quality.</p> <p>Its objectives are:</p> <ul style="list-style-type: none"> ➤ To develop a culture of quality. ➤ To recognize the importance of providing quality services. ➤ To encourage the implementation of continuous improvement processes. ➤ To lay the foundation for the participation in quality certifications.
	<p>Describe the duration of implementation of the policy (Date to Date, e.g. August 2015 – December 2017):</p> <p>SYSTEM FOR THE IMPLEMENTATION OF GOOD PRACTICES 2010-2018</p> <ul style="list-style-type: none"> ➤ The rollout of the System for the Implementation of Good Practices began in 2010, with CENFOTUR as the executing partner. With this in mind, the Program for the Implementation of Good Practices was developed in 7 regions: Arequipa, Cusco, La Libertad, Lambayeque, Lima, Loreto and Tumbes, targeting travel/tourism agencies, lodging establishments and restaurants. As a result of this process, which included training, technical assistance and evaluation, 57 companies received recognition for the implementation of good practices. ➤ In 2011, under the same mechanism, the Program was carried out in 9 regions: Arequipa, Cusco, La Libertad, Lambayeque, Lima, Loreto, San Martín and Tacna, targeting travel/tourism agencies, lodging establishments and restaurants. That year 124 companies were recognized. ➤ In 2012, the Program was implemented in the regions of Cusco, Ica, La Libertad, Lambayeque, Lima, Loreto, Piura, San Martín, Tacna and Tumbes, training 515 people and providing technical assistance to 324 companies. The tourist water transport service was also incorporated that year. At the end of the implementation, 230 companies received recognition for the implementation of good practices in the management of tourist services. ➤ In 2013, the implementation of the SABP tool focused on 14 regions: Amazonas, Arequipa, Cusco, Ica, Junín, Lambayeque, Lima, Loreto, Moquegua, Piura, Puno, San Martín, Tacna and Tumbes. 80 people were trained and technical assistance was provided to 486 service providers. The land tourist transport service was also included. That year 414 received recognition for the implementation of good practices in the management of tourist services. ➤ In 2014, 941 people were trained and 436 service providers from the following 13 regions received technical assistance: Amazonas, Arequipa, Cusco, Ica, Junín, La Libertad, Lambayeque, Lima, Loreto, Moquegua, Piura, Puno, San Martín and Tacna. As a result, 599 companies were recognized for having complied with the implementation of good tourism service management practices. ➤ In 2015, the SABP tool reached 23 regions of the economy: Amazonas, Ancash, Arequipa, Ayacucho, Cajamarca, Callao, Cusco, Huanuco, Ica, Junín, La Libertad, Lambayeque, Lima, Loreto, Madre de Dios, Moquegua, Pasco, Piura, Puno, San Martín, Tacna, Tumbes and Ucayali. 1022 people were trained and 536 companies received assistance. That year 685 companies were recognized for the implementation of good tourism service management practices. ➤ In 2016, 433 people were trained and 261 tourism service providers received technical assistance in 23 regions: Amazonas, Ancash, Arequipa, Ayacucho, Cajamarca, Callao, Cusco, Huanuco, Ica, Junín, La Libertad, Lambayeque, Lima, Loreto, Madre de Dios, Moquegua, Pasco, Piura, Puno, San Martín, Tacna, Tumbes and Ucayali. As a result, 704 companies were recognized for the implementation of good tourism service management practices.

	<ul style="list-style-type: none"> ➤ The year 2017 saw strategic decisions regarding the implementation of the SABP tool. Based on the experience gathered in previous years, and after carrying out an assessment with the participation of various stakeholders in the sector, the update of the National Tourism Quality Plan (CALTUR) was approved and important changes were made in the methodology for implementing SABP. The tool was given a stratified approach and progressive and continuous improvement, offering 3 achievement levels in the compliance with good practices. In 2017, 563 people were trained and 930 tourism service providers received technical assistance in 23 regions: Amazonas, Ancash, Arequipa, Ayacucho, Cajamarca, Callao, Cusco, Huanuco, Ica, Junin, La Libertad, Lambayeque, Lima, Loreto, Madre de Dios, Moquegua, Pasco, Piura, Puno, San Martin, Tacna, Tumbes and Ucayali. As a result of the new methodology and updated and improved instruments, 165 service providers were recognized for the implementation of good practices in tourism service management: 123 at level 1 (bronze), 25 at level 2 (silver), and 14 at level 3 (bronze). ➤ In 2017 MINCETUR also included specialized segments that could contribute to the the diversification of the tourism offerings. Bird watching and trekking activities were included through the development of specialized good practice manuals. Pilot projects were implemented in selected regions (trekking: Cusco and Ancash; bird watching: Cajamarca, San Martín, Amazonas, Cusco, Madre de Dios and Chiclayo). ➤ In 2018, the implementation of the SABP has been carried out in 23 regions, training a total of 550 people, and offering technical assistance to 1099 tourism service providers. The evaluation phase is currently underway. It will determine the number of companies that will be recognized for the implementation of good good tourism service management practices.
	<p>Who were the target beneficiaries?</p> <ul style="list-style-type: none"> ➤ Providers of tourism services (lodging, restaurants and travel/tourism agencies) in the regions of Amazonas, Ancash, Apurimac, Arequipa, Ayacucho, Cajamarca, Callao, Cusco, Huancavelica, Huanuco, Ica, Junin, La Libertad, Lambayeque, Lima Provinces, Metropolitan Lima, Loreto, Madre de Dios, Moquegua, Pasco, Piura, Puno, San Martin, Tacna, Tumbes and Ucayali ➤ Water tourism transport companies in the Ica region.
	<p>Describe the measures implemented as part of the policy:</p> <p>The policy is aimed at contributing to the improvement of the quality of tourism service providers. SABP is used as a tool based on the compilation and systematization of good service management practices for the main providers (lodging establishments, travel/tourism agencies and restaurants).</p> <p>This tool is based on an instrument called "primer", which summarizes the good practices that will allow tourist services providers to improve their management practices and therefore be in better conditions to provide a quality service to tourists.</p> <p>Until 2016, SABP was implemented through a methodology consisting of three phases: (1) group training under the guidance of an expert facilitator for the theoretical and practical development of the recommended good practices; (2) technical assistance carried out by an expert facilitator through an on-site visit to each establishment in order to identify their improvement needs and formulate an action plan to address them; and (3) evaluation, also carried out in each establishment by an expert facilitator with the objective of determining compliance with the recommended good practices and whether the company should be recognized for the implementation of good practices.</p> <p>The tourism service providers that received this recognition were monitored once a year, under the same criteria, to determine the renewal of this distinction.</p> <p>In 2017, this methodology was updated with the aim of positioning SABP as a competitive tool that encourages companies to continue improving their quality. The current methodology includes different stages in the requirements and progressive improvement through three levels 1 (bronze), 2 (silver) and 3 (gold):</p>

	<ul style="list-style-type: none"> ➤ Recognition Level 1 - Bronze: the tourism service provider develops its activities on an organizational basis, adding improvements in each area, mainly oriented to safety, health and customer service. ➤ Recognition Level 2 - Silver: the tourism service provider incorporates good practices in planning and management that strengthen its internal organization. ➤ Recognition Level 3 - Gold: the tourism service provider has clearly defined quality policies, as well as identified, organized and implemented processes and procedures. The implementation of the SABP begins once a year with the call made by the Center for Training in Tourism - CENFOTUR, inviting the providers of tourism services to participate. All the participants who enter the system for the first time receive training and technical assistance, to then go through the respective evaluation, with the aim of defining what level of compliance with good practices they are in and therefore what level of recognition they will receive. <p>The service providers that obtain Levels 1 and 2 have up to 2 attempts to move to the next level, always receiving technical assistance that will help them in the process of implementing good practices and go through the evaluation process.</p> <p>In the event that the company fails to reach any of the levels after its first attempt, it will have a second chance.</p> <p>Once Level 3 is reached, the company can maintain it indefinitely. There is always the possibility of random monitoring every 3 years.</p> <p>Having reached Level 3 will show that the provider is ready to pursue a future quality certification.</p> <p>Essential requirements to participate in SABP</p> <p>The tourism service provider must comply with the following mandatory requirements, which must be confirmed to CENFOTUR:</p> <ul style="list-style-type: none"> ➤ Being a small business that provides tourism services (primarily lodging services, restaurants and travel/tourism agencies). ➤ Be registered with the tax authorities. ➤ Have a valid municipal operating license. ➤ Having presented before the regional authorities (Directorate for International Trade and Tourism — DIRCETUR) a sworn statement (only for travel/tourism agencies and lodging establishments). ➤ Regarding lodging establishments, if they have a Certificate of Classification and/or Categorization, it must attest to a certain level of quality. • Regarding restaurants, if they have a Categorization Certificate and Tourist Grade, it must attest to a certain level of quality. • When the travel/tourism agency is engaged in the provision of adventure tourism services, it must comply with the regulations in force and have the express authorization to operate. In case the operation is carried out through other travel agencies, it must verify that they have a valid authorization. • Be located in the establishment where it was operating when entering SABP, since the conditions of operation are part of the aspects contemplated. A change of premises would invalidate the previous technical assistance and/or evaluation. • Update information given to SABP, such as company name, commercial name, web page, email, telephone number, and name of the legal representative, among others, must also be provided to CENFOTUR. <p>Recognition for the implementation of good practices</p> <ul style="list-style-type: none"> • The Recognition for the Implementation of Good Practices consists of granting a diploma and distinction by MINCETUR to tourism service providers that demonstrate their commitment to the improvement of the quality of their services, in a ceremony that brings together the recognized companies and representatives of the tourism sector. • It corresponds with the levels of the SABP tool, allowing companies to obtain the recognition at Level 1 - Bronze, Level 2 - Silver and Level 3 - Gold. • The recognition is valid for 1 year, after which the company can choose to obtain the following level of recognition, or to maintain the level already obtained for another
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	<p>year. Each company has a maximum of 2 attempts to try to obtain recognition for the first time, or to advance to the next level.</p> <ul style="list-style-type: none"> • This distinction allows the company to differentiate itself from other providers by the quality of its services, being able to showcase it physically in the establishment or through advertising in digital and print media, following the instructions provided by MINCETUR for that purpose. The company can only showcase its current recognition, having to remove all distinctions from previous periods. <p>Benefits of Recognition for the Implementation of Good Practices</p> <ul style="list-style-type: none"> • Recognition for the Implementation of Good Practices. • Being part of the Directory of Companies committed to improving quality. • Qualified personnel that allows to increase competitiveness and service quality. • Promoting the growth of the company through free participation in MINCETUR's advertising campaigns. • Participation in specialized training by PROMPERU. • Being featured in advertising platforms aimed at tourists, such as "Ytuqueplanes.com". • Free advice towards obtaining quality certifications. 																														
	<p>Describe the implementation costs:</p> <p>The following table shows the budgetary implementation of SABP from 2010 to 2018:</p> <table border="1" data-bbox="649 1039 1161 1344"> <thead> <tr> <th>Implementation</th> <th>Target Regions</th> <th>Budget (\$)</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>7</td> <td>190 421</td> </tr> <tr> <td>2011</td> <td>9</td> <td>244 827</td> </tr> <tr> <td>2012</td> <td>10</td> <td>294 721</td> </tr> <tr> <td>2013</td> <td>14</td> <td>677 436</td> </tr> <tr> <td>2014</td> <td>13</td> <td>870 947</td> </tr> <tr> <td>2015</td> <td>23</td> <td>899 705</td> </tr> <tr> <td>2016</td> <td>23</td> <td>642 011</td> </tr> <tr> <td>2017</td> <td>23</td> <td>891 091</td> </tr> <tr> <td>2018</td> <td>23</td> <td>891 091</td> </tr> </tbody> </table> <p>It is worth mentioning that the budget corresponds to the implementation of the 3 phases of the SABP (training, technical assistance and evaluation), airfare and per diem of the specialists in charge of the implementation at the economy-level, and the supervision of CENFOTUR's technical team that follows the implementation.</p>	Implementation	Target Regions	Budget (\$)	2010	7	190 421	2011	9	244 827	2012	10	294 721	2013	14	677 436	2014	13	870 947	2015	23	899 705	2016	23	642 011	2017	23	891 091	2018	23	891 091
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2017	23	891 091																													
2018	23	891 091																													
<p>Results</p>	<p>Describe how the policy facilitated relationships between MSMEs and larger enterprises:</p> <p>N/A</p> <p>Describe how the policy built capacity among MSME workforces/entrepreneurs:</p> <p>Describe how the policy addressed financial barriers faced by MSMEs: The Good Practice Implementation System is a tool provided through the Center for Tourism Training (CENFOTUR) free of charge. This provides savings to the company being trained, as well as continuous improvement of the quality of the services provided.</p> <p>Describe how the policy increased the capacity of the government to assist MSMEs:</p>																														

	<p>Describe any sustainability-related results of the policy:</p>
	<p>Describe how the policy addressed gender disparities in access for MSMEs to tourism GVCs:</p>
Lessons Learned	<p>Describe any monitoring and evaluation of the policy to determine outcomes: The monitoring of the implementation of the SABP tool is carried out both by the team of the Standardization and Tourism Quality Division at MINCETUR, and by the team designated by CENFOTUR for the implementation of the tool. Regarding the follow-up carried out by MINCETUR, it focuses mainly on companies and representatives of regional governments making random monitoring visits in order to learn about the different experiences of these actors with regards to the different phases of implementation of SABP . Regarding the follow-up carried out by CENFOTUR, it focuses mainly on monitoring the work carried out by the facilitators in charge of the execution of the different phases, who also fulfill the role of disseminators of the tool. Information on the challenges and comfortable steps found in the field during the implementation.</p>
	<p>Describe lessons learned from the policy:</p> <ul style="list-style-type: none"> • For the implementation of the tool, it is necessary to have a public-private partnership and articulation between the three levels of government: economy-level, regional, and local. • It is necessary to have the commitment of entrepreneurs; owners and/or legal representatives of the establishment. • The facilitator, who is responsible for conducting and executing the technical process, must have training in tourism and practical experience in such a way that it can answer the questions and concerns of SMEs. • The person in charge of the evaluation must belong to an entity different from the one that conducted the training and technical assistance stages. • It is important to support the system through a strategy to position companies that achieve recognition for implementing good quality practices in order to demonstrate their differentiation in the market.
	<p>Why should this policy be considered a best practice? Could it be applicable to other APEC Economies? The improvement of the quality of tourism services is an essential part of the development of the tourism offering. It contributes directly to the fulfillment of the objectives set for the development of sustainable tourism in the economy. In this regard, the SABP tool should be considered a best practice since it is specifically oriented to improving the quality of the management of tourism services. It encourages entrepreneurs' commitment to continuous improvement leading to the growth of their business, as well as the commitment of regional and local governments to promote tools and facilities aimed at this segment.</p> <p>This commitment is constantly renewed due to the progressive approach and continuous improvement of the tool, which requires the constant evolution of participating companies.</p> <p>This tool could be applicable to other economies since SMEs represent a large proportion of the tourism sector in APEC economies. Likewise, the simplicity of the SABP approach facilitates the participation of this type of company.</p>

Table 19: Peru successful policy overview (#2- Community Rural Tourism Program)

Category	Respondent's answer
Policy name	National Strategic Plan for Tourism of Peru, PENTUR 2006-2015.

Category	Respondent's answer
Date enacted	2005
Implementing agencies	Peruvian Government by means of the Ministry of Foreign Trade and Tourism, MINCETUR.
Description	<p>Describe the goals of the policy:</p> <ul style="list-style-type: none"> • Diversify the economy-level tourist supply through the development of competitive tourism products in the rural area. • Guarantee the participation of the local community, promoting the role of women and young people in the activity. • Generation of employment and improvement of income in the involved populations involved. • Promote the conservation of natural and cultural resources. • Serve as an instrument to help curbing of the depopulation of the rural environment in our economy. <p>Describe the duration of implementation of the policy (Date to Date, e.g. August 2015 – December 2017): From January 2005 to 2007.</p> <p>Who were the target beneficiaries? Women and men entrepreneurs of 75 community enterprises from 16 regions of Peru, conformed by men, women, seniors and young adults.</p> <p>Describe the measures implemented as part of the policy:</p> <ul style="list-style-type: none"> • Ministerial Resolution 054-2007-MINCETUR - State Policy "Guidelines for the development of Community Rural Tourism in Peru". • Evaluation, analysis and current situation of community information. • Planning of strategies for strengthening the Community Rural Tourism. • Capacity building through: <ul style="list-style-type: none"> o Processes of continuous improvement towards quality and business improvement of accommodation and food services. o Development of local and international internships between entrepreneurs women and men for exchanging experiences and the enrichment of knowledge and know-how. • Development of their tourism products through permanent technical assistance to on-site undertakings as well as the adaptation and improvement of their business initiatives. • Consolidation of the rural community tourism products by means of: <ul style="list-style-type: none"> o Commercial connection promoting business days between entrepreneurs (men and women) with travel operators, bringing their products closer to the national and receptive market. o National Encounters of rural community tourism, through events that promote training, dialogue and exchange of experiences among entrepreneurs, managers and other institutions involved in its development.

Category	Respondent's answer
	<p>Describe the implementation costs:</p> <p>From 2008 to 2011 Strategy financed by the Spanish Agency for International Development Cooperation (<i>AECID in Spanish</i>).</p> <p>From 2012 to 2018 the total amounts to S/.18'998,861.00 Peruvian soles (US\$6,286,706.85)</p> <p>The annual budgets are detailed below:</p> <p>2012 S/. 3'252,433.00 Peruvian soles (US\$ 1,246,142.91) 2013 S/. 1'932,400.00 Peruvian soles (US\$ 690,142.86) 2014 S/. 2'179,800.00 Peruvian soles (US\$ 766,455.70) 2015 S/. 2'700,000.00 Peruvian soles (US\$ 849,590.94) 2016 S/. 2'400,800.00 Peruvian soles (US\$ 732,397.80) 2017 S/. 3'415,098.00 Peruvian soles (US\$ 1,055,019.46) 2018 S/. 3'118,330.00 Peruvian soles (US\$ 946,957.18)</p>
Results	<p>Describe how the policy facilitated relationships between MSMEs and larger enterprises:</p> <p>Entrepreneurs women and men of and rural community tourism, duly organized and trained, offer their tourism products and services to economy-level and international markets through different marketing channels promoted by the National Community Rural Tourism Strategy of MINCETUR, such as:</p> <ul style="list-style-type: none"> • <u>Marketing seminars</u>: business appointments between the entrepreneur woman or man with travel operators and tourism agencies, allowing them to negotiate and offer to intermediaries their consolidated tourism products and services. • <u>Fairs and workshops</u>: exhibition of their main experiences of rural community tourism in different economy-level and international events, making contacts and commercial agreements. • <u>Web platforms and social networks</u>: active presence in digital platforms as windows for to promoting their community tourism offer. <p>Describe how the policy built capacity among MSME workforces/entrepreneurs:</p> <p>The processes of continuous improvement have allowed the consolidation of rural community tourism products through the transfer of skills, technical assistance, on-site counseling, technical visits, internships, exchange of experiences, and a continuous support in each one of these phases.</p> <ul style="list-style-type: none"> • Continuous improvement process towards quality PMCC: improvement of the quality process in the food and accommodation services. • SME business improvement process: improvement of financial management for the sustainable achievement of its business initiatives. • Internships: exchange of economy-level and international experiences with other entrepreneurship models, enriching their knowledge and putting into practice what they have learned. • In the main regions of the economy we have professionals specialized in community rural tourism, who provide continuous technical assistance, advice and support to entrepreneurs for ensuring the implementation of improvements in their establishments. • Recognitions: Highlighting and rewarding the best initiatives that incorporate environmental good practices, quality and identity strengthening.

Category	Respondent's answer
	<p>Describe how the policy addressed financial barriers faced by MSMEs:</p> <p>The different lines of action included in the CRT Strategy are aimed at consolidating rural community tourism ventures, with a view to their sustainability.</p> <p>Each intervention has established a gradual and stepped model that allows the entrepreneur to acquire various skills to insert their products into the commercial sphere. These competences include levels of management, negotiation and formalization of their productive units in order to access possible commercial alliances with various public-private actors (NGOs, Local Governments, International Technical Cooperation, operators, etc.), and at the same time, possibilities of participation in competitions and sources of financing that helps them grow their businesses.</p> <hr/> <p>Describe how the policy increased the capacity of the government to assist MSMEs:</p> <p>The Rural Community Tourism Strategy is part of the economy-level policy of development and social inclusion. Specialized work with the Micro, Small and Medium Enterprises, (MSMEs) in the communities in rural areas, Andean and native peoples of the coast, highlands and jungle of Peru.</p> <p>It is also part of the Objective 02 of the National Tourism Strategic Plan, PENTUR: Diversify and consolidate the sustainable tourism offer, based on the improvement of tourism products and destinations, making them more attractive to tourists and, diversifying the offer through new products and destinations at the economy-level.</p> <p>Therefore, the policies have allowed the public sector in tourism to prioritize actions promoting economic and social inclusion in rural populations located in the main tourist destinations in the economy. In this sense, it bases its focus on a set of management models that allows local participation, tourism development and business management, as fundamental elements that generate sustainability of tourism activity -as a complementary economic activity-, economic and social inclusion of rural populations by means of the proper use of their natural, cultural, financial, human, social and physical assets.</p> <hr/> <p>Describe any sustainability-related results of the policy:</p> <p>As a result of the economy-level policy, the objectives of the National Rural Community Tourism Strategy establish:</p> <ul style="list-style-type: none"> - Strengthen the skills and capabilities of rural entrepreneurs for the appropriate management of their tourism businesses. - Constitute unique and highly competitive products that allow the commercial connection by means of Marketing Workshops and other promotional platforms. - Strengthen the institutional policy aimed at generating sustainable tourism through the leading role of entrepreneurs and, the technical support of MINCETUR, as well as the economy's positioning as a Latin American leader in the Rural Community Tourism. <hr/> <p>Describe how the policy addressed gender disparities in access for MSMEs to tourism GVCs:</p> <p>In this regard, the National Rural Tourism Strategy, NRTS through its different lines of action have provided the same opportunities to both male and female entrepreneurs, privileging the role of Women in the different processes of consolidation of their tourism businesses, recognizing their participation and leadership in the management of the ventures.</p>

Category	Respondent's answer
Lessons Learned	<p>Describe any monitoring and evaluation of the policy to determine outcomes: Evaluation systems directly from the communities have been established, such as:</p> <ul style="list-style-type: none"> ○ Quality level of productive housing and food units in rural areas. ○ Number of beneficiaries through the process of capacity building. ○ Flow of visitors in rural communities. ○ Economic flow of visitors in rural communities. ○ Development level of the ventures through physical, social, human, environmental assets, etc. ○ Family units that benefit from the National Rural Tourism Strategy, NRTS.
	<p>Describe lessons learned from the policy:</p> <ul style="list-style-type: none"> - Establishment of continuous processes that accompany the growth and consolidation of community tourism products. - Prioritize intervention strategies according to the cultural and social diversity of each ambit and rural area. - Strengthen the governance processes in organizations that allow ensuring an equitable economic boost for the locality itself. - Establish innovation processes for tourism products that diversify their current offer, generating new activities towards different segments. - Connect efforts with the different public – private stakeholders and the different sectors as well as the regional and local governments in order to channel efforts, resources and actions that generate greater impacts in each locality.

Table 20: Peru successfully policy overview (#4: To strengthen the competitiveness of the small and medium-sized tourism enterprises)

Category	Respondent's answer
Policy name	To strengthen the competitiveness of the small and medium-sized tourism enterprises.
Date enacted	April 2017
Implementing agencies	PROMPERÚ
Description	<p>Describe the goals of the policy:</p> <ul style="list-style-type: none"> ✓ To strengthen the competitiveness of the small and medium-sized tourism enterprises. ✓ To provide and training the stakeholders in the use of relevant and specialized information about the local and global tourism demand. ✓ 03 Training programs, specific goals are: <ul style="list-style-type: none"> ○ Sales assessment program (1 month) → Contribute to the improvement of the sales management of the companies. ○ Digital enhancement training program (2.5 months) → Increase the technological competencies of tourism service providers, through a process of immersion in commercial digital tools. ○ Marketing Intelligence training program (5 months) → Promote the efficient use of the information offered by the "Turismo In" web for better decision making and the improvement of competitiveness.

	<p>Describe the duration of implementation of the policy (Date to Date, e.g August 2015 – December 2017): ✓ Pilot phase: April – November 2017 ✓ National implementation phase: April - November 2018.</p> <p>Who were the target beneficiaries? ✓ Small and medium-sized tourism enterprises (SMEs) - travel agencies, accommodations legally constituted. ✓ Minimum with two employees. ✓ CALTUR Certification (only for Digital enhancement and Marketing Intelligence training programs).</p> <p>Describe the measures implemented as part of the policy: Changed our vision of the SMEs, ours beneficiaries. They are our clients now and PROMPERÚ wants to develop a long term relationship with them. The Deputy Division of Market Intelligence & Forecasting articulate with other departments of PROMPERÚ (Deputy Division Of Domestic Tourism, Deputy Division of Incoming Tourism, Human Resources) and other institutions such as MINCETUR, INNOVATE PERU (PRODUCE) to work with the SMEs.</p> <p>Describe the implementation costs:</p> <ul style="list-style-type: none"> ○ Sales assessment program (1 month) → USD 860 per each SMEs that finishes the program. ○ Digital enhancement training program (2.5 months) → USD 1,500 per each SMEs that finishes the program. ○ Marketing Intelligence training program (5 months) → USD 4,400 per each SMEs that finishes the program.
<p>Results</p>	<p>Describe how the policy facilitated relationships between MSMEs and larger enterprises: The SMEs increase their capacity to negotiate and work with larger enterprises, domestically and internationally.</p> <p>Describe how the policy built capacity among MSME workforces/entrepreneurs: The Sales assessment program trains the SMEs to develop and implement their own Customer Sales & Service Protocols. Therefore, the entrepreneurs need to train and work the protocols with their workforces. The Digital enhancement training program shows different commercial digital tools, that the entrepreneurs could choose to use in their SMEs. They and their workforces have to learn how to use them.</p> <p>Describe how the policy addressed financial barriers faced by MSMEs: The policy have not addressed financial barriers faced by MSMEs.</p> <p>Describe how the policy increased the capacity of the government to assist MSMEs: The policy increased coordination among government entities capable of assisting SMEs, thus maximizing the use of resources and capabilities. PROMPERÚ articulates with other institutions such as MINCETUR, PRODUCE and CENFOTUR the execution of these programs.</p> <p>Describe any sustainability-related results of the policy: The training programs are still in the phase of implementation.</p> <p>Describe how the policy addressed gender disparities in access for MSMEs to tourism GVCs:</p>

	82% of the beneficiaries trained in the 3 programs (Sales assessment program, Digital enhancement training program and Marketing Intelligence training program) are women.
Lessons Learned	Describe any monitoring and evaluation of the policy to determine outcomes: The training programs are still in the phase of implementation.
	Describe lessons learned from the policy: The training programs are still in the phase of implementation.
	Why should this policy be considered a best practice? Could it be applicable to other APEC Economies? The training programs are in the phase of implementation. However some results are extremely interesting to illustrate the obtained commitment of MSME and indicate that this initiative is on the run to become a successful and best practice policy. <ul style="list-style-type: none"> ○ 118 Digital Marketing plans developed and implemented by MSME in 2 regions in Peru. ○ 25 Sales and Marketing plans developed and implemented by MSME in 2 regions in Peru. ○ 330 Customer Sales & Service Protocols developed and implemented by MSME in 4 regions in Peru.

10.2 Case Study template

Case Study Template

Case Study Template

Economy	
Name	
Title	
Organization	
Email	
Phone	

Introduction

These case studies are intended to help APEC determine best practices for integrating MSMEs into tourism global value chains (GVCs) in both developing and developed economies. The cases will present best practices and structures from successful examples of MSME integration into different key tourism GVCs such as cultural, natural, and Meetings, Incentives, Conferencing and Exhibitions (MICE).

In addition to determining overall best practices for MSME integration, the case studies will be used to analyze if there are significant gender disparities to access for MSMEs in the tourism sector's GVCs. The project overseers are seeking at least 3 Case Studies across a diverse range of economic development levels and geographic regions. Case study examples involving women owned-MSMEs are highly encouraged.

Definitions

Global value chain (GVC): A value chain refers to the full spectrum of value added activities required to bring a product from its conception, through design, sourcing raw materials and intermediate inputs, production, marketing, distribution and support to final consumers. The complexity of the value chain and the business relationship between the various components also varies from industry to industry and company to company. Similarly, a value chain can also span enterprises in a local economy or a regional grouping of economies. Value chains become “global” when their component activities are geographically spread across several economies.⁵

The tourism GVC examines the international tourism economy by tracing a tourist's purchases across their entire trip, beginning with the decision to travel and ending with the journey back home. In this sense, the tourism GVC could encompass a travel agency that assists tourists with choosing a destination and making travel arrangements; companies that operate planes, trains, and other forms of transportation; operators of hotels and other accommodations for travelers; a food producer who provides food for a hotel; makers of handicrafts and souvenirs; tour guides; and many others.

There are several types of tourism based on the purpose and activity of the travelers. (Travelers could fall into more than one category.) The basic types of tourism for the purposes of this survey are:

- Cultural - tourism undertaken primarily to enjoy the cultural offerings of the destination, such as the local language, architecture, art, historical sites, festivals or other events, and other offerings. To meet the destination of cultural tourism, these should be activities that a tourist could not experience exactly the same way in another region or economy.
- Natural - tourism undertaken primarily to enjoy the natural scenery or features of the destination. This could include hiking, walking, climbing, boating, and other activities.
- Adventure - tourism undertaken in search of exciting, dangerous, or physically arduous activities, such as white-water rafting, steep mountain climbs, ziplining, and other activities. (It is distinct from nature tourism in that nature tourism is not necessarily difficult or risky.)
- Culinary - tourism undertaken primarily to enjoy the food of the destination. This is a growing area of interest for international tourists.
- Business/MICE (Meetings, Incentives, Conferences, and Exhibitions) - travelers in this category travel to their destination for business purposes or to experience a temporary event, such as a conference, international sporting match, or the like.

MSME: Micro, Small and Medium Enterprises.⁶

- Micro enterprises have between one and four employees
- Small enterprises have between five and 19 employees
- Medium enterprises have between 20 and 100 enterprises

Value-added: of, relating to, or being a product whose value has been increased especially by special manufacturing, marketing, or processing.⁷

⁵ APEC. 2012 “Concepts and Trends in Global Supply, Global Value and Global Production Chains.” *APEC Policy Support Unit*. <https://www.apec.org/Publications/2012/05/Concepts-and-Trends-in-Global-Supply-Global-Value-and-Global-Production-Chains>. Page 3.

⁶ APEC. 2017. “Developing the Tourism Workforce of the Future in the APEC Region.” *SOM Steering Committee on Economic and Technical Cooperation(SCE), Tourism Working Group(TWG)*. *APEC 2017b*, Page 25.

⁷ Meriam-Webster Dictionary. “Value-added.” <https://www.merriam-webster.com/dictionary/value-added>

Informal sector: the part of the economy that is not taxed and largely evades government monitoring and regulation. Usually characterized by low worker protections, low wages and intense competition.⁸

Section 1: Structure of main tourism global value chains (GVCs):

Below, please describe the structure of main tourism global value chains in your economy in each of the Tables provided (Table 1-3). If you would like to include an additional tourism GVC, you may duplicate the tables and add an additional profile. These tourism GVCs may include:

1. Nature tourism;
2. Adventure tourism and excursions;
3. Cultural tourism;
4. Business tourism and Meetings, Incentives, Conferencing and Exhibitions (MICE);
5. Lodging and hotels; and
6. Culinary tourism, restaurants, cafes, other food services.

Table 21: GVC #1

Category	Respondent's answer
GVC type (see list above)	(e.g MICE, Cultural, Natural)
Activities in GVC by international (non-domestic) actors	Which large multi-national corporations (MNCs) provide tourism services (including culture and nature-based tourism; Meetings, Incentives, Conferences and Exhibitions-MICE; accommodations and transport providers; etc.) in your economy? What services do they provide?
	Describe promotional activities in outbound economy:
	Describe the impact of these activities on MSMEs: (For example, what is the relationship between large companies in travel organization/booking/tour operations with MSMEs? Does the dominance of large foreign firms limit access for MSMEs to the GVC?)
Role of MSMEs	Describe direct tourism products/services provided by MSMEs:
	(For example, an MSME restaurant or bar would be participating <i>directly</i> in the tourism GVC by providing products and services to tourists themselves)
	Describe indirect tourism products/services provided by MSMEs: (For example, an MSME supplying the restaurant mentioned above would be participating <i>indirectly</i> in the tourism GVC)

⁸ The World Bank. "The Informal Sector: What Is It, Why Do We Care, and How Do We Measure It?" [Perry G. et. al. 2007](#), Page 21.

Category	Respondent's answer
	<p>Have MSMEs in this GVC been able to shift from low value-added activities to higher value-added activities? Describe how:</p>
<p>Barriers faced by MSMEs</p>	<p>Describe barriers faced by MSMEs in integrating into GVCs and moving to higher value-added activities:</p> <p>(For example, MSMEs in this GVC may lack skilled workers, financial resources, market information, technology and online presence, or face difficulties related to bureaucracy and heavy competition from other MSMEs)</p>
<p>Role of supporting institutions in facilitating MSME integration</p>	<p>Briefly describe the activities of government agencies to promote tourist arrivals, as well as efforts to assist MSME integration into tourism GVC. Please be sure to indicate the length of time taken to prepare and implement these activities. Please also indicate if an activity is ongoing or has been ended. If the activity has ended, specify how long it lasted.</p>
<p>Gender</p>	<p>Describe the gender composition of the GVC:</p> <p>(What is roughly the ratio of women to men among MSMEs participating in this GVC?)</p> <p>Describe gender disparities and barriers in access for MSMEs to the GVC:</p> <p>(What disparities in access to employment and entrepreneurial opportunities exist that are based on gender? For example, are women legally or socially prohibited from any activities in the GVC? Do women face difficulties associated with access to education?)</p> <p>Describe the roles and occupations most often occupied by women:</p> <p>(What types of jobs do women perform in this tourism GVC?)</p> <p>Describe the roles and occupations least often occupied by women:</p> <p>(What types of jobs typically have less women? Are these jobs associated with more authority, greater social standing and higher wages?)</p> <p>Is there typically a difference between the wages earned by women and men in this tourism GVC?</p> <p>(For example, do men typically occupy higher paying positions, or receive better wages in the same positions?)</p> <p>Briefly describe any policies that aim to address gender issues in this tourism GVC:</p>

Category	Respondent's answer
	<p>Do women tend to work formally or informally (in the informal sector) in the tourism sector? Is there a difference in the level of formality between women and men?</p>

BOX 1: Please describe a brief success story of an MSME that successfully integrated into this GVC and increased its value-added contribution, paying attention to:

- Barriers faced by the MSME, and how they were overcome;
- Any gender-related factors relevant to the case, paying particular attention to MSMEs owned and operated by women;
- Development of skills and capabilities of the MSME, and how these contributed to success in the GVC and increased value-added; and
- Any support provided to the MSME by government agencies, MSME associations, tourism industry associations and larger companies;

Table 22: GVC #2

Category	Respondent's answer
GVC type (see list above)	(e.g MICE, Cultural, Natural)
Activities in GVC by international (non-domestic) actors	<p>Which large multi-national corporations (MNCs) provide tourism services (including culture and nature-based tourism; Meetings, Incentives, Conferences and Exhibitions-MICE; accommodations and transport providers; etc.) in your economy? What services do they provide?</p> <hr/> <p>Describe promotional activities in outbound economy:</p> <hr/> <p>Describe the impact of these activities on MSMEs:</p> <p>(For example, what is the relationship between large companies in travel organization/booking/tour operations with MSMEs? Does the dominance of large foreign firms limit access for MSMEs to the GVC?)</p>
Role of MSMEs	<p>Describe direct tourism products/services provided by MSMEs:</p> <p>(For example, an MSME restaurant or bar would be participating <i>directly</i> in the tourism GVC by providing products and services to tourists themselves)</p> <hr/> <p>Describe indirect tourism products/services provided by MSMEs:</p> <p>(For example, an MSME supplying the restaurant mentioned above would be participating <i>indirectly</i> in the tourism GVC)</p> <hr/> <p>Have MSMEs in this GVC been able to shift from low value-added activities to higher value-added activities? Describe how:</p>
Barriers faced by MSMEs	<p>Describe barriers faced by MSMEs in integrating into GVCs and moving to higher value-added activities:</p> <p>(For example, MSMEs in this GVC may lack skilled workers, financial resources, market information, technology and online presence, or face difficulties related to bureaucracy and heavy competition from other MSMEs)</p>

Category	Respondent's answer
<p>Role of supporting institutions in facilitating MSME integration</p>	<p>Briefly describe the activities of government agencies to promote tourist arrivals, as well as efforts to assist MSME integration into tourism GVC. Please be sure to indicate the length of time taken to prepare and implement these activities. Please also indicate if an activity is ongoing or has been ended. If the activity has ended, specify how long it lasted.</p>
<p>Gender</p>	<p>Describe the gender composition of the GVC:</p> <p>(What is roughly the ratio of women to men among MSMEs participating in this GVC?)</p> <p>Describe gender disparities and barriers in access for MSMEs to the GVC:</p> <p>(What disparities in access to employment and entrepreneurial opportunities exist that are based on gender? For example, are women legally or socially prohibited from any activities in the GVC? Do women face difficulties associated with access to education?)</p> <p>Describe the roles and occupations most often occupied by women:</p> <p>(What types of jobs do women perform in this tourism GVC?)</p> <p>Describe the roles and occupations least often occupied by women:</p> <p>(What types of jobs typically have less women? Are these jobs associated with more authority, greater social standing and higher wages?)</p> <p>Is there typically a difference between the wages earned by women and men in this tourism GVC?</p> <p>(For example, do men typically occupy higher paying positions, or receive better wages in the same positions?)</p> <p>Briefly describe any policies that aim to address gender issues in this tourism GVC:</p> <p>Do women tend to work formally or informally (in the informal sector) in the tourism sector? Is there a difference in the level of formality between women and men?</p>

BOX 1: Please describe a brief success story of an MSME that successfully integrated into this GVC and increased its value-added contribution, paying attention to:

- Barriers faced by the MSME, and how they were overcome;
- Any gender-related factors relevant to the case, paying particular attention to MSMEs owned and operated by women;
- Development of skills and capabilities of the MSME, and how these contributed to success in the GVC and increased value-added; and
- Any support provided to the MSME by government agencies, MSME associations, tourism industry associations and larger companies;

Table 23: GVC #3

Category	Respondent's answer
GVC type (see list above)	(e.g MICE, Cultural, Natural)
Activities in GVC by international (non-domestic) actors	Which large multi-national corporations (MNCs) provide tourism services (including culture and nature-based tourism; Meetings, Incentives, Conferences and Exhibitions- MICE; accommodations and transport providers; etc.) in your economy? What services do they provide?
	Describe promotional activities in outbound economy:
	Describe the impact of these activities on MSMEs: (For example, what is the relationship between large companies in travel organization/booking/tour operations with MSMEs? Does the dominance of large foreign firms limit access for MSMEs to the GVC?)
Role of MSMEs	Describe direct tourism products/services provided by MSMEs: (For example, an MSME restaurant or bar would be participating <i>directly</i> in the tourism GVC by providing products and services to tourists themselves)

Category	Respondent's answer
	<p>Describe indirect tourism products/services provided by MSMEs:</p> <p>(For example, an MSME supplying the restaurant mentioned above would be participating <i>indirectly</i> in the tourism GVC)</p> <hr/> <p>Have MSMEs in this GVC been able to shift from low value-added activities to higher value-added activities? Describe how:</p>
<p>Barriers faced by MSMEs</p>	<p>Describe barriers faced by MSMEs in integrating into GVCs and moving to higher value-added activities:</p> <p>(For example, MSMEs in this GVC may lack skilled workers, financial resources, market information, technology and online presence, or face difficulties related to bureaucracy and heavy competition from other MSMEs)</p>
<p>Role of supporting institutions in facilitating MSME integration</p>	<p>Briefly describe the activities of government agencies to promote tourist arrivals, as well as efforts to assist MSME integration into tourism GVC. Please be sure to indicate the length of time taken to prepare and implement these activities. Please also indicate if an activity is ongoing or has been ended. If the activity has ended, specify how long it lasted.</p>
<p>Gender</p>	<p>Describe the gender composition of the GVC:</p> <p>(What is roughly the ratio of women to men among MSMEs participating in this GVC?)</p> <hr/> <p>Describe gender disparities and barriers in access for MSMEs to the GVC:</p> <p>(What disparities in access to employment and entrepreneurial opportunities exist that are based on gender? For example, are women legally or socially prohibited from any activities in the GVC? Do women face difficulties associated with access to education?)</p> <hr/> <p>Describe the roles and occupations most often occupied by women:</p> <p>(What types of jobs do women perform in this tourism GVC?)</p> <hr/> <p>Describe the roles and occupations least often occupied by women:</p> <p>(What types of jobs typically have less women? Are these jobs associated with more authority, greater social standing and higher wages?)</p>

Category	Respondent's answer
	<p>Is there typically a difference between the wages earned by women and men in this tourism GVC?</p> <p>(For example, do men typically occupy higher paying positions, or receive better wages in the same positions?)</p>
	<p>Briefly describe any policies that aim to address gender issues in this tourism GVC:</p>
	<p>Do women tend to work formally or informally (in the informal sector) in the tourism sector? Is there a difference in the level of formality between women and men?</p>

BOX 1: Please describe a brief success story of an MSME that successfully integrated into this GVC and increased its value-added contribution, paying attention to:

- Barriers faced by the MSME, and how they were overcome;
- Any gender-related factors relevant to the case, paying particular attention to MSMEs owned and operated by women;
- Development of skills and capabilities of the MSME, and how these contributed to success in the GVC and increased value-added; and
- Any support provided to the MSME by government agencies, MSME associations, tourism industry associations and larger companies;

Section 2: Successfully implemented measures and policies:

Below, please describe successfully implemented policies and measures in your economy that have assisted Micro, Small and Medium Enterprises (MSMEs) to integrate in tourism global value chains (GVCs) in the Tables 4-6. If you would like to add additional policies, you may duplicate the table and add additional profiles.

Table 24: Policy #1

Category	Respondent's answer
Policy name	
Date enacted	
Implementing agencies	
Description	<p>Describe the goals of the policy:</p>
	<p>Describe the duration of implementation of the policy (Date to Date, e.g August 2015 – December 2017):</p>

	<p>Who were the target beneficiaries?</p> <hr/> <p>Describe the measures implemented as part of the policy:</p> <hr/> <p>Describe the implementation costs:</p>
<p>Results</p>	<p>Describe how the policy facilitated relationships between MSMEs and larger enterprises:</p> <hr/> <p>Describe how the policy built capacity among MSME workforces/entrepreneurs:</p> <hr/> <p>Describe how the policy addressed financial barriers faced by MSMEs:</p> <hr/> <p>Describe how the policy increased the capacity of the government to assist MSMEs:</p> <p>(For example, did the policy increase coordination among government entities capable of assisting MSMEs?)</p> <hr/> <p>Describe any sustainability-related results of the policy:</p> <hr/> <p>Describe how the policy addressed gender disparities in access for MSMEs to tourism GVCs:</p>
<p>Lessons Learned</p>	<p>Describe any monitoring and evaluation of the policy to determine outcomes:</p> <hr/> <p>Describe lessons learned from the policy:</p> <hr/> <p>Why should this policy be considered a best practice? Could it be applicable to other APEC Economies?</p>