RECONOMY
Revitalize Reconnect Reshape

INTERVENTION BRIEF

Resilient and sustainable tourism and hospitality for better economic opportunities

RECONOMY is a regional inclusive and green economic development program of the Swedish International Development Cooperation Agency (Sida), implemented by HELVETAS Swiss Intercooperation in the Eastern Partnership and the Western Balkan countries.

Sector:
Tourism and hospitality

Target group
Unemployed or underemployed women, youth (as well as disadvantaged)

Location:
3 Eastern Partnership countries (Armenia, Azerbaijan, & Georgia)

Start:
May 2022

Co-facilitation partner:
Georgian Farmers' Association (GFA)

FOCUS

This pilot intervention focuses on unleashing the unique opportunities available in South Caucasus for travelers looking to experience something beyond traditional tourism destinations through innovative solutions, such as the use of ICT-based tools, in the regional tourism and hospitality sector that will lead to the three countries' potential for niche tourism with added regional value.

VISION

A resilient and sustainable tourism and hospitality sector respond to the challenges of creating regional economic and environmental opportunities in the three countries. This happens through a strong knowledge base and access to networks for digital adoption, an accessible and demand-driven skills development system that also combines training and placement, as well as tested models for green business model innovation.

PROBLEM

South Caucasus offers unique opportunities for travelers seeking to experience other than the conventional tourism hubs – striking mountain scenery, unique and living village cultures, and traditions, undiscovered ancient history, and insights into a turbulent modern history. Despite these opportunities, innovation in the regional tourism and hospitality sector has seldom tapped into the three countries' potential for niche tourism with regional value addition. Travel companies predominantly focus on offering tours around the established attractions, more often not encouraging tourists to travel across the whole region.

The tourism and hospitality sector is much more than just an economic sector. It is a complex system involving interactions with other economic sectors. A closer analysis shows a few key binding constraints in cross-cutting systems of the sector:

- Weak knowledge base and access to networks for digital adoption
- Deficient skills development system that also combines training and placement
- The inadequate business case for 'green business model innovation'

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BUSINESS MODEL

Enhanced knowledge base for digital adoption: the accommodation and travel agency, and tour operator subsectors are a little bit ahead of other industrial activities in digital intensity. Lags are clear in subsectors like food and beverage which are at the bottom of the digital intensity indexes. This is due to the overemphasis of digitalization on marketing and distribution that is less oriented towards productivity improvement. This means that more advanced technologies (big data, customer relationship marketing) are underrepresented compared to other economic activities. The pilot will promote the digitalization of small enterprises in the sectors by facilitating linkages between local IT businesses and firms in the wider economy in the region (e.g. developing regional technology solutions for the tour, hotel, and flight bookings).

The advanced digital technologies which form part of smart tourism will be transferred and further strengthened via the Destination Management Organisations (DMOs) to act as a tourism agent in order to ensure the DMOs operate more efficiently and to enhance their capacities to generate additional value-added opportunities.
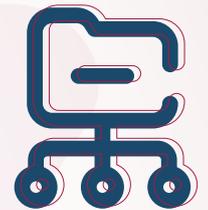
Functional coordination between skills providers and employers for the development of niche skills: for continually improving the skill base and minimizing skill gaps to make up for skill shortages. This will include investing in management skills and customer service skills as well as securing a sufficient supply of skills to the sector to meet expected high levels of expansion and replacement demand.

Sustainable business models for supporting the resilience of the systems to shocks: this focuses on creating socio-economic benefits for communities while protecting natural environments and resources and celebrating and conserving heritage and culture.

EXPECTED RESULTS

120 people with additional income and decent job opportunities

CHF 100.000 additional investment made by private sector enterprises as a result of changes stimulated

30% of people with additional income and decent job opportunities who express satisfaction with their situation

250 people who improve their skills and knowledge, and increase their employability as well as start their own economic /income-generating initiatives (50% women)

40% of business and financial service providers report increased performance due to adoption of new/improved practices/models

40%
of people who express satisfaction with the relevance of skills, knowledge & information services

of private sector enterprises that report higher turnover/profit as a result of changes stimulated

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relevant and improved skill and knowledge initiative designed and delivered

private and public skill, knowledge and information provider that adopts new/improved practices/models

relevant and new/improved business and financial service offered