



**Consultancy to Identify Possible Interventions
to Support Tourism Development in the Visayas**
Mission Report | February 2007

Authors

Dietmar Quist dietmar.quist@gmx.net

Rita I Pilarca rita.pilarca@gtz.de

Editor

Leah Divina Siton Steigerwald leah22@gmail.com

Consultant

Publisher

**The Small and Medium Enterprise Development for
Sustainable Employment Program** www.smedsep.ph

10F German Development Center

PDCP Bank Center Building

V A Rufino cor L P Leviste Sts

Salcedo Village, Makati City, Philippines

Ms Martina Vahlhaus, Program Manager

martina.vahlhaus@gtz.de

March 2007

**Consultancy to Identify Possible Interventions
to Support Tourism Development in the Visayas**
Mission Report | February 2007

CONTENTS

TABLE	4
MAP	4
ACRONYMS AND ABBREVIATIONS	4
1 EXECUTIVE SUMMARY	5
2 BACKGROUND AND RATIONALE	6
3 OBJECTIVES OF THE CONSULTANCY	7
4 EXPECTED OUTPUT OF THE CONSULTANCY	7
5 BASIC INFORMATION ON TOURISM IN THE PHILIPPINES	8
6 STATUS OF TOURISM IN THE VISAYAS / CENTRAL PHILIPPINES	9
6.1 Centers of Tourism in the Visayas	9
6.1.1 Cebu and Boracay as the Centers of Tourism	9
6.1.2 Centers of Tourism and Infrastructure Development	10
6.1.3 Tourism Centers and Planning for Development	10
6.1.4 Tourism Centers and Future Development	11
6.2 Small Resort Tourism	12
6.2.1 Profile of Small Resorts in the Visayas	12
6.2.2 Small Resort Tourism and Infrastructure	12
6.3 Present Problems in the Tourism Sector	13
6.3.1 Difficulty in Sustaining Operations and Markets	13
6.3.2 Central Visayas Becoming an Expensive Tourist Destination	13
6.3.3 Lack of Ready Tourism Areas for Development / Expansion	14
6.3.4 Lack of Tourism Master Plan	14
6.3.5 Limited Knowledge in Tourism Planning, Development and Marketing	14
6.3.6 Lack of Professional Service Providers	14
6.3.7 Lack of Quality Standards	15
6.3.8 Lack of a Common Brand in Promoting Central Philippines as One Destination	15
6.3.9 Mismatch between Product Offers and Customer Demand	16
6.3.10 Misrepresentation of Tourism Products	17
7 CONCLUSIONS AND POSSIBLE INTERVENTIONS	18
7.1 National / Local Government	18
7.2 Private Sector	18

7.3	Development Organizations	19
7.3.1	GTZ Decentralization Program	19
7.3.2	GTZ SME Development for Sustainable Employment (SMEDSEP) Program	20
7.3.3	Other Development Organizations (CIM / DED)	20
ANNEX		21
Annex 1: Terms of Reference		21
Annex 2: Mission Programme		24
Annex 3: Contacts		27
Annex 4: References		30

Table

1	Main Components of the Tourism Industry	19
---	---	----

Map

1	Super Region Central Philippines	10
---	----------------------------------	----

Acronyms and Abbreviations

ANP	Association of Negros Producers
ATM	automated teller machine
BDS	Business Development Services
CEO	Chief Executive Officer
CIM	Center for International Migration
CP	Central Philippines
DED	<i>Deutsche Entwicklungsdienst</i> German Development Service
DOT	Department of Tourism
DP	Decentralization Project
DTI	Department of Trade and Industry
ECCP	European Chamber of Commerce in the Philippines
GDP	gross domestic product
GTZ	German Development Cooperation
LGU	local government unit
LIC	local investment climate
LRED	Local and Regional Economic Development
NEDA	National Economic Development Authority
NITI	Negros Island Tourism Inc
OIC - TS	Officer in charge – Technical Staff
PD	Provincial Director
PHP	Philippine pesos
PPDO	Provincial Planning and Development Officer
PTA	Philippine Tourism Authority
RD	Regional Director
roi	return on investment
SMEs	Small and Medium Enterprises (Entrepreneurs)
SMEDSEP	Small and Medium Enterprise Development for Sustainable Employment Program
USD	US dollars
WTTC	World Travel and Tourism Council

1 Executive Summary

The proclamation of Central Philippines as the **Tourism Center** will usher in a new kind of development in the Visayas. More government and private sector resources shall be made available to achieve the goal. The local government unit executives are now faced with this new challenge of thinking as **One Region, One Vision** and put aside their personal or jurisdictional interest.

Central Philippines has all the potential to be developed as the tourism center. However, there are some issues that the region has to address beforehand to move forward such as

- difficulty in sustaining operations and markets
- Central Visayas becoming an expensive tourism destination
- lack of ready tourism areas for development / expansion
- lack of tourism Master Plan
- limited knowledge in tourism planning, development and marketing
- lack of professional service providers
- lack of quality standards
- lack of a common brand in promoting the Central Philippines as one destination
- mismatch of product offers and customer preferences.

This consultancy mission has identified proposed interventions to support tourism development in the Visayas. These interventions shall come from the government, private sector and development organizations such as the German Development Cooperation. The following are the proposed interventions

- sponsor tourism as priority sector (Central Philippines Super Region)
- allocate direct infrastructure development funds
- facilitate private investment through incentives and streamlined processes
- provide investment capital
- coordinate to develop attractive programs and packages
- coordinate to improve long term institutional commitment to a master plan
- enable local government executives to be advocates of tourism development and planning
- identify gaps and constraints of the tourism sector by analyzing the value chain and address those gaps with public-private sector cooperation
- provide capacity building for business development providers in the tourism sector. Service providers may include travel and tour operators, transport organizations, marketing companies, consulting and training firms, schools and the academe
- provide support in the development of tourism standards and classification to be applied at the local level such as standards for Panglao, Bohol hotels and resorts
- provide organizational development support for tourism organizations like hotels, restaurants, resorts, transport, etc.

2 Background and Rationale

The SMEDSEP Program is an integrated approach for the development of the private sector in the Philippines with a regional focus on the Visayas. Its vision is “*to make the Visayas the location of choice for competitive SMEs.*” Its mission is “*to facilitate the development and replication of sustainable models for improving the local business climate (esp small and medium enterprises SMEs) in the Visayas.*” The program objective is the creation of better business conditions.

The second phase of the Program commenced on 01 September 2006 and will run for three more years. The program is currently doing some preparatory activities as inputs to the Strategic and Operational Planning for Phase 2 that will also take place in September with officers and staff members from the German Technical Cooperation (GTZ) and the Department of Trade and Industry (DTI).

The objective of the Decentralization Program (DP) is to enable the state, the economic sector and the civil society in the Visayas to act within a framework that is beneficial to decentralization, in effect helping local governments improve governance and service delivery. Its three components, namely political, fiscal and institutional decentralization, are meant to reinforce the initiatives of GTZ and its implementing partners in making decentralization work by (a) replicating best practices, (b) increasing local government revenues and (c) improving the delivery of basic services.

The Mission is to analyze (a) the status of the tourism sector in the Visayas, (b) the successful efforts of promoting tourism, (c) the roles of various stakeholders in tourism promotion and (d) to come up with possible interventions for GTZ to support the sector within the scope of the abovementioned programs and in response to the call of the President of the Philippines to make Central Philippines as the **Tourism Center** of the country. This is in recognition of the vast tourism resources in the Visayas and its ecotourism potential that will contribute to more investments and employment.

3 Objectives of the Consultancy

The objectives of the consultancy mission are

- to determine the status and results / outcomes of tourism related interventions made by GTZ's SMEDSEP 1 and DP
- to recommend additional and relevant support towards achieving intended impacts within these two GTZ projects
- to identify promising and feasible interventions to support the development of the Visayas as the country's ***Tourism Center'***

4 Expected Output of the Consultancy

The expected outputs of the consultancy are

- an analysis of the status, opportunities and constraints facing the tourism sector in the Visayas and
- the recommendations on the possible GTZ interventions for the promotion of the tourism sector in the Visayas.

5 Basic Information on Tourism in the Philippines

The Philippines is well known as one of the top Asian tourism destinations. According to World Travel and Tourism Council (WTTC) 2006, the country had difficulties developing its potentials in the last ten years. Although tourism arrivals during the same period increased, this increase resulted from the fact that in 2004 tsunami hit the neighboring countries like Thailand, Indonesia, Sri Lanka and the Maldives. The Philippines was spared from the disaster. Altogether, tourism development in the Philippines has stagnated during the last ten years. The number of tourist arrivals in the Philippines today is even lower than tourist arrivals ten years ago. The increase during the last five years was 1.9 percent while all neighboring countries showed better performance (WTTC 2006).

During the same period, the Visayas received remarkably more tourist arrivals on average than the whole Philippines. The tourist arrival in Cebu and Boracay has increased by more than 50 percent.

The new tourism Super Region, **Central Philippines**, had 21 percent of the domestic tourists and more than 55 percent of all foreign visitors. Seven of the most visited beaches and the top diving grounds are found in the Central Philippines. The Western and Central Visayas represent nearly two-thirds of the Central Philippines tourism.

Within the next three years the national government plans to invest 84.75 bn PHP (approx 1.7 bn USD) in infrastructure programs (roads, airports, ports) in the Central Philippines.¹

¹ Source: <http://www.gov.ph/superregions/default.asp>

Map 1: Super Region Central Philippines



6 Status of Tourism in the Visayas / Central Philippines

6.1 Centers of Tourism in the Visayas

6.1.1 Cebu and Boracay as the Centers of Tourism

Cebu and Boracay are the two most popular tourist destinations in the Visayas. These two areas are considered the **Centers of Tourism**. Panglao, Bohol is emerging as another center although in terms of development, this is not yet fully developed. Panglao is actually benefiting from Cebu City as a tourism hub. Being a big city and an important economic center and a tourism center as well, Cebu City has an extraordinary unique position. Cebu plays an additional key role as the international hub for the whole region.

These **Centers of Tourism** demonstrate the real meaning of a professional tourism industry. Aside from resorts and hotels, these areas offer other tourism products like diving, kiting, surfing, biking, motorcycling, sailing, food and cultural excursions as

well as one day trips. Other ancillary facilities and services are available in these tourism villages or tourism cities like restaurants, bars, discos, casinos, malls, souvenir shops, spas, wellness centers, gyms, and other related amenities. The centers offer leisure activities in such a way that the tourists have a good chance to find the appropriate activity for him or her. Children's activities are offered as well. Tourism centers with complete facilities and amenities are attractive to travel companies based in Europe and US since they can offer more holiday packages to their clients catering to a wider range of travel motivations. Offers that focus only on beach, leisure, spa or culture trips have become rare. Holiday packages have to zero in on the various needs of the client.

6.1.2 Centers of Tourism and Infrastructure Development

The high concentration of tourists in one location has a self enforcing effect. The influx of more tourists in one area has in fact facilitated the development of more tourism infrastructure and services. This is demonstrated in the case of Cebu and Boracay where more investments are happening as a result of increasing demand from tourists (demand driven).

In the process, these **Centers of Tourism** are also contributing to the tourism arrivals of nearby provinces. A considerable number of tourists request for day trips, like from Cebu to Bohol or even to Ormoc. Aklan / Panay holds a possibility to establish itself as a one day destination for guests from Boracay.

In this context, not only the attractiveness of the destination and the tourism infrastructure are crucial, but also its accessibility. Dumaguete City and Siquijor, for example, cannot benefit from their proximity to Cebu because there is no appropriate ferry connection. Geographical proximity is not necessarily the determining factor. Flight connections of 30 minute to 60 minute duration (which rarely holds true in the Visayas / Central Philippines) are accepted for day trips all over the world provided that the schedules are favorable. Offers of two or more day excursions are hardly availed of according to international experience.

Nowadays, an improved transport infrastructure (roads, harbors, airports) is urgently needed to access new destinations for travelers. It would certainly be reasonable to concentrate on potential destinations and connections around Boracay, Cebu and Bohol. But probably due to political reasons there will be an improvement of infrastructure all over the **Super Region**, instead of promoting explicitly and intensively on regions which are rapidly developing at the moment. Only the latter approach would ensure a rapid return on investments (roi).

6.1.3 Tourism Centers and Planning for Development

The concentration of many tourists in one area also leads to better use of cultural and natural attractions in neighboring destinations. Lakes, caves and waterfalls, hot

springs, cathedrals as well as fiestas are often hardly promoted as tourism destinations. Even if only a small percentage of the visitors decide to take part in an excursion to the respective island attractions, it would be possible to develop them in an economically sound way. Guides and small transport companies could work profitably.

To maximize the tourism potentials in a certain area and its surroundings, it is the role of the local government units (province, city and municipality) to focus its efforts in coming up with a tourism master and / or investment plan. Problems related to tourism such as water, waste management, criminality, noise and air pollution, environmental hazards have to be addressed. Mandatory quality standards and regulations have to be introduced, if the sustainability of the tourism village or city is to be ensured.

While tourism centers require infrastructure, the return of investments is considerably faster and profit margin is definitely higher.

6.1.4 Tourism Centers and Future Development

The Visayas / **Super Region Central Philippines** could strengthen their potential with at least one or two additional planned tourism *cities* and / or several tourism *villages*. Whether these tourism locations will be developed or improved in the lesser developed areas or rather around the existing tourism centers to make use of already existing infrastructure will be a matter of political will and decision based on strategic considerations. There are a number of locations in the Visayas which would be appropriate for development. It is just a matter of identifying priority areas for tourism development and offer these areas to potential investors that would develop them into tourism centers.

In the case of Central Philippines, not all provinces will qualify as tourism centers. They can, however, serve other tourism market niches like those that opt for calm and unspoiled nature. Natural tourist spots in these areas can be developed targeting specific travelers / customers.

The decision of the Philippine government is clear: The **Super Region Central Philippines** is supposed to improve the development of tourism to accelerate the economic development and to earn foreign currency. Different government agencies shall work together to develop and promote tourism including infrastructure development and marketing. To fast track the implementation of this strategy, there is a need to involve the private sector in this endeavor. Government can only provide the enabling environment but the business of investing lies in the hands of the private sector.

The governors of Central Philippines are given considerable responsibility for the development of the **Super Region**. In order to achieve a certain level of success, the governors should stop thinking about their own province only and look at the

bigger picture and strategize on how they can complement each other to push tourism. They have to act as one region with one vision. They should also face the reality that not all provinces will get an equal share of development.

6.2 Small Resort Tourism

6.2.1 Profile of Small Resorts in the Visayas

Small resorts are operating all over the Philippines. They started as family hideaways during summer time or vacations and have expanded to accommodate other guests. Resort owners are very often foreigners married to Filipinas. Oftentimes, only family members are working in this kind of resorts since most of the jobs do not require highly skilled or trained staff. When jobs require some expertise, these are offered as part time or seasonal jobs to local workers. These jobs include tour guides, cooks or chefs, etc.

As a small beach resort, it has only cottages and few rooms of not more than 20. This kind of tourism subsector is catering mainly to day or short staying visitors, mostly local tourists. This is very common not only in the Visayas but also in Luzon and Mindanao. On average, resorts offer nice beaches, chalets, food, diving, pool, a boat, transport (to port, airport and city or adventure excursions) and limited entertainment. The distance to the next airport or port is more or less two hours.

Many resorts are of good standard, regardless of their price level. They often offer added values for the customers.

Domestic travelers prefer to stay in Filipino owned resorts. On the other hand, foreign guests often come from the home countries of the owners. They come for diving and leisure activities. They often come in groups. Trip bookings are normally done in the traveler's country through a tour operator. Hardly anybody from the Philippine side is involved.

6.2.2 Small Resort Tourism and Infrastructure

Resorts do not need a special tourism infrastructure. They only require basic infrastructure like roads, water and electricity to start a resort business. As private investors, they do not invest so much in infrastructure outside of their own properties. They rely on the government to provide support in the development of infrastructure in the neighboring areas. Very few resorts are operating in a profitable manner since visitors are not coming all year round as compared to resorts operated by international hotel chains like Shangri-la, Plantation Bay, Hilton, etc. The cases of Panglao, Bohol and Boracay are unique since they have already built an image as a resort destination.

This often called *Mom and Pop* business remains isolated with only limited effects on its surroundings. Nevertheless, these resorts are important employers in the community and they contribute to the development of the municipalities and cities.

On some occasions, several resorts operating in a cluster would initiate planning for tourism development in their area. In such a situation, they organize themselves as a sector and identify their needs and gaps. This is the case of some resort organizations in Negros, Bohol, Cebu and Panay provinces. Aside from gaps in infrastructure, these organizations identified marketing aspect as one of their weak points. The lack of standards is also an issue faced by the sector.

Mentioning these facts is in no way meant to criticize the resort tourism business! Nevertheless the structural limitations of this type of tourism have to be taken into account. The resort tourism covers 60 percent to 80 percent of today's tourism, both regional and national. This does not include business and MICE (meetings, incentives, conventions and events) tourism in the urban centers. The resort tourism is and will remain the backbone of Central Philippines tourism for the next decade.

6.3 Present Problems in the Tourism Sector

6.3.1 Difficulty in Sustaining Operations and Markets

The future of many resorts which are owned by foreigners is uncertain. Property rights are mostly unclear, and can often only be maintained by making additional payments. In case of divorce or death of the owner, quality standards of the resort are usually not sustained. This is due to lack of knowledge on the part of the Filipino spouse in managing the resort. Various problems will surface including loss of existing markets, lack of capital to maintain and operate the business. Contacts with the foreign travel agencies are also discontinued. This particular issue can be addressed by making available business development services like consulting and advisory services to owners and workers of the resorts.

6.3.2 Central Visayas Becoming an Expensive Tourist Destination

At present, hotels and resorts in Cebu, Boracay and Panglao are fully booked during peak months. And the lack of hotel rooms leads to remarkably higher prices, making Central Philippines / Visayas an expensive destination. In some cases, there is no balance between value and price any more. In the industry where competition is global and stiff, the need to keep the balance between price and value is a must or else consumers will shift to other tourist destinations. This phenomenon is happening worldwide.

6.3.3 Lack of Ready Tourism Areas for Development / Expansion

While there is an increasing influx of tourists in the **Tourism Centers**, there are no ready areas for possible expansion and development. The shortage in hotel rooms has led to increased room rates. In cases where there are investors, a large contiguous piece of suitable site is not available. Properties at the beach front are usually owned by many owners, hence, the difficulty to consolidate.

At the same time, the Philippines is not considered to be a lucrative place of investment. Over the years tourism has stagnated and the Philippines is the only Asian country which has not been able to increase its GDP over the last 25 years. This makes foreign investors hesitate. In addition, laws which do not allow foreigners to own land discourage the interest of important foreign investors.

6.3.4 Lack of Tourism Master Plan

It has been observed that each region in the Visayas has its own Tourism Master Plan but there is no overall concept on which these plans are aligned with. These master plans oftentimes remain to be just that - a plan. The implementation of the plan is not usually carried out for so many reasons. And in most cases, the private sector is seldom involved in crafting the plan. With the declaration of Central Philippines as the **Tourism Center** of the Philippines, all the more is the need to come up with the **Central Philippines Tourism Master Plan**.

6.3.5 Limited Knowledge in Tourism Planning, Development and Marketing

The Local Government Units (LGUs) are, in general, very active and willing to develop their areas as tourism destinations. Very often though, they lack basic information about tourism. Knowledge of the target market is not available to the tourism officers which oftentimes result to poor planning. LGUs are very much concerned only with their tourism resources like beaches, mountains and caves. There is no proper marketing plan to sell their tourism products. Oftentimes, this lack of knowledge has resulted to developing marketing materials such as brochures, flyers, etc which are not really appropriate to the target market.

6.3.6 Lack of Professional Service Providers

Outside the tourism centers, there often is no private sector to take care of the region's marketing. And the few inbound agencies have only vague ideas about their possibilities, necessities and the importance of their own activities.

There is also a lack of clear understanding in terms of distribution channels. The global practice is that hotels, resorts and other tourism products are most often marketed by agencies. The intermediary agency obtains a rate which is lower than

the rate for the individual clients or customers. This concept is hardly understood or practiced in areas outside of the **Tourism Centers**. Here, the client can obtain the agency rate on request, leaving out the marketing agency in the process. There is a need to develop the capacity of hotel and resort owners in professional marketing.

It is almost impossible to book for example in Manila a complete trip to Samar or Leyte. Flight and hotel can often be booked, but not transport facilities, guides or fixed dates for trips to points of interest such as caves, lakes, churches, etc. There are no agencies to fill the gap because neither the office in Manila, nor the hotel, nor the persons who exploit the attraction are willing to pay for this service. In Samar, Leyte and Panay, this situation is prevalent. Many complaints have been received in this respect.

In these areas, it is difficult and very expensive, if available, for a tourist to find a bus or taxi to go on a round or day trip. Apart from the jeepneys, there are hardly any transport facilities. The few registered taxis ask for day tariffs which are much higher than the prices in Manila. Tour guides, transport, consulting, tour agencies, tour operators and related services should be developed in order to properly promote tourism.

6.3.7 Lack of Quality Standards

The standardization of resorts and hotels is nonexistent. The guest can only by chance or by personal impression value the quality of the accommodation. The development of clear standards and quality control is extremely important to ensure the tourism image of the area. This problem is very glaring in Panglao, Bohol. Resorts are pricing their rooms at a very exorbitant rate taking advantage of the shortage of rooms in the area without due consideration of their facilities and amenities. Some interventions to address this issue are urgent.

In the nontourism centers, it is often difficult or impossible to pay by credit card or to obtain cash from automatic teller machines (ATMs) even in larger cities. This matter has to be looked into, hence the need to also involve the banking sector in the process of tourism development.

6.3.8 Lack of a Common Brand in Promoting Central Philippines as One Destination

Although there are wide variations among the Visayan Islands, there are no big differences from one island to another island. To a foreign visitor, all islands are more or less beautiful. Other attractions are even similar in different provinces like Ati-atihan in Aklan, Dinagyang in Iloilo, Maskara in Bacolod and Sinulog in Cebu. In tourism terms, the destination Visayas offers one single product only.

Therefore the Visayas or in future, the **Central Philippines** (CP) can be presented at exhibitions and tourism fairs as **one destination**. While there are differences and individual characteristics in these islands, it is obvious that the Visayas / CP is one destination only and therefore should be marketed together. Due to the new government decision of creating a **Tourism Region**, it might be easier in future to promote Central Philippines as one destination only and / or labeled with any other marketing brand name, such as *Sunrise Islands*, or *Paradise Islands*, or *Heaven on Earth Islands*, or.....

Under this umbrella all islands and regions can be marketed as special products. Promotion and marketing should be planned and developed together by the private and government sectors. This branding and marketing of **one destination** only would make the promotion of the destination easier, cheaper and in the end more successful.

6.3.9 Mismatch between Product Offers and Customer Demand

The offers printed in many brochures are often not adapted to the expectations and the demands of potential visitors. They are not benchmarked with the neighbor islands, or the rest of the Philippines, nor of the neighboring countries.

For most islands, the attractions are displayed without asking the questions
What is attractive to whom?
Whom do we want to attract?

The perception of an attraction differs with the visitors' age, gender, nationality, personality, personal interests, lifestyle, etc. Young persons (with differences in gender) are more attracted than the older ones to sports activities like diving, hiking, climbing, surfing, etc.

General statements may state that

- Korean visitors are very often interested in golf courses and Karaoke
- Japanese visitors need Japanese speaking staff members and Japanese food of high quality, private whirlpools, two beds in the hotel room, Karaoke and golf
- Chinese are mostly attracted by casinos, gambling and nightlife
- Europeans may often be interested in nature oriented offers including diving
- mainland Chinese travelers are looking for low prices.

There are many exceptions of these statements, but such basic generalizations have to be taken into consideration before the tourism product is going to be developed. There is also a need to focus limited resources by concentrating on only few foreign markets like Japan, Korean, China and Germany. And as such, their individual needs and preferences have to be considered in product planning.

To find out visitors' expectations, it is necessary to be informed about the following points

- number of tourist arrivals
- country of origin
- length of stay
- average expenditures
- gender
- age
- profession or occupation.

These data are necessary for understanding the profile of the actual visitors. The information has to be collected and is needed for further proper planning, product development and marketing. To open up new markets and products, a clear traveler profile is needed and can only be found by market analysis in the respective source countries.

Closer cooperation between regions and stakeholders, strategic planning and the definition of priority development areas, clear branding and marketing and more demand oriented offers are the challenges for future tourism development in the Central Philippines.

6.3.10 Misrepresentation of Tourism Products

Tourism products described in the brochures and flyers are sometimes deceiving or misrepresented. Waterfalls, caves and other natural tourist attractions that are promoted in the brochures are not so accessible or are even very expensive since there are no service providers in the area like transport and tour guides. In some cases, tourists become preys of *tour guides* who take advantage of the situation. So, the visitor ends up in time consuming travel with tricycle, jeepney, *habal-habal* (back ride on a motorbike) and walking in order to reach his or her goal.

Offered products are often not at all or are only marginally developed or the development needs a longer time to materialize than the promotion. Marketing and promotion should be carried out in coordination with product development. Promotion at a too early stage can lead to confusion of visitors and journalists and might end up in a negative image for the product.

Travelers' magazines in Europe / USA use insider terms to describe such situations: *high development potential* means *wait some years, at present the product is not satisfyingly offered*. For a very limited number of lovers of not developed destinations it means *go there before tourism starts, you can enjoy undisturbed nature, but don't expect any infrastructure*.

The presentation of similar attractions and nearly the same products for the different islands shows another problem of today's tourism in the Visayas / Central Philippines. Information material should present a wide range of given possibilities. This kind of information of *each and everything* bears the high risk to attract nobody in the end. The slogan *we have it all*, is most negative in terms of promotion.

7 Conclusions and Possible Interventions

7.1 National / Local Government

The recently created **Super Region Central Philippines** as the **Tourism Center of the Philippines** is confronting the concerned governors with a completely new situation. The region has to foster tourism on a supra provincial level, otherwise the government concept is bound to fail. Local government units must put aside their personal or turf interest over the general interest in order to push the region in its vision of making Central Philippines as the **Tourism Center**. In this case, one body maybe created to market Central Philippines as one destination. There is also a need to come up with a **Tourism Master Plan for Central Philippines** to guide government planners and implementers in allocating resources for infrastructure.

It shall be the general role of national government

- to sponsor tourism as priority sector (**Central Philippines Super Region**)
- to direct Infrastructures expenditures
- to facilitate private investment through incentives and streamlined processes.

In Table 1 below, government units can provide the necessary hardware and software to push the tourism sector forward.

7.2 Private Sector

The private sector, through the local chambers of commerce and industry and other organizations, shall champion tourism as engine of growth. In this regard, private sector shall provide investment capital, coordinate to develop attractive programs and packages as well as coordinate to improve long term institutional commitment to the master plan.

In Table 1 below, some hardware components such as hotels and restaurants as well as the human resources shall be handled by the private sector.

Table 1: Main Components of Tourism Industry

Tourism Industry	
1. Hardware	physical infrastructure (site, hotel, casino, airport, attractions, roads, water, power), etc
2. Software	private / public policy environment: operating rules: aviation schedule, visa regulation, investment laws, law and order, etc

3. Human Resources skills, services for the tourism industry, from taxi driver to liftboy, tour guide, friendly, helpful police, etc.

The tourism industry needs highly complex, intralinked and interlinked planning as well as implementation and large scale investments. Concentrated tourism centers need concerted and harmonized cooperation in binding agreements of all private and public stakeholders at all levels.

7.3 Development Organizations

7.3.1 GTZ Decentralization Program

The objective of the Decentralization Program (DP) is to enable the state, economic sector and civil society in the Visayas to act in a framework beneficial to decentralization, in effect helping local governments improve governance and service delivery.

In this regard, the tourism sector in the Visayas can be assisted by the DP by way of enabling the local government executives in terms of tourism development and planning. Fora and workshops can be organized to enhance the capacity of local government officials and employees. This particular intervention is responsive to the identified problems of the sector discussed earlier in this report. The problems of lack of tourism master plan and lack of knowledge in tourism can be readily addressed by the DP.

Seminars and workshops, for tourism employees of Regions VI, VII, VIII shall be organized. Possible subjects include

- 1 collection and management of a database, evaluation, presentation and interpretation of statistical data about (local and regional) tourism. The basis should be the same in all regions to facilitate the collation of overall evaluation at a later stage
- 2 encoding visitor profiles and their analysis
- 3 recognition of tourism demands
- 4 identification and development of the tourism product
- 5 identification of roles of public and private sectors
- 6 marketing and product planning
- 7 finding of cooperation partners.

Benchmarking visits and / or study tours can be organized among different LGU executives to observe some good practices from other areas in the Visayas or even outside of the Visayas.

7.3.2 GTZ Small and Medium Enterprise development for Sustainable Employment SMEDSEP Program

The SMEDSEP Program is an integrated approach for the development of the private sector in the Philippines with a regional focus on the Visayas. With tourism as one of the identified priority sectors, the Program can provide support in the following areas

- identification of the gaps and constraints of the tourism sector by analyzing the value chain and addressing those gap with some public - private sector cooperation
- capacity building for business development providers that provide services to tourism companies. Service providers may include travel and tour operators, transport organizations, marketing companies, consulting and training firms, schools and the academe
- support in the development of tourism standards and classification to be applied at the local level such as standards for Panglao, Bohol hotels and resorts
- organizational development support for tourism organizations like hotels, restaurants, resorts, transport, etc.

7.3.3 Other Development Organizations (CIM / DED)

Other Development Cooperation organizations could provide an important contribution. There is a need for consultation and process follow-up on the one hand on tourism (development of destinations, promotion and marketing) and on the other hand on coordination, regional planning, development strategies, decision making.

- It has to be discussed whether the governors are interested in this kind of cooperation and whether the appropriate support can be offered by a consultant from CIM or DED.
- It might also be possible to support a highly interested governor (Camarines Sur, Camiguin, Southern Leyte, Palawan, etc) or a Mayor (Guiuan, Iloilo City, etc) with an Integrated Expert / CIM. His or her work can function as a lighthouse project and can be of help to other governors also.

Comment [LSt1]: MINDANAO!

ANNEX

Annex 1: Terms of Reference

Consultancy to identify possible interventions to support tourism development in the Visayas

Date: Commencing on 04 September 2006 for 12 calendar days

Table of Contents

- 1. Background**
- 2. Rationale**
- 3. Objectives**
- 4. Scope of Work**
- 5. Expected Output**
- 6. Budget**

1. Background

The SMEDSEP Program is an integrated approach for the development of the private sector in the Philippines with a regional focus on the Visayas. Its vision is to “make the Visayas the location of choice for competitive SMEs.” Its mission is “to facilitate the development and replication of sustainable models for improving the local business climate (esp SME) in the Visayas.” The program objective is the creation of better business conditions.

The second phase of the Program commenced on 01 September 2006 and will run for three more years. The program is currently doing some preparatory activities as inputs to the Strategic and Operational Planning for Phase 2 that will also take place in September to be participated in by officers and staff from the German Technical Cooperation (GTZ) and the Department of Trade and Industry (DTI).

The objective of the Decentralisation Program is to enable the state, economic sector and civil society in the Visayas to act in a framework beneficial to decentralization, in effect helping local governments improve governance and service delivery. Its three components, namely, political, fiscal and institutional decentralization, are meant to reinforce the initiatives of GTZ and its implementing partners in making decentralization work by (a) replicating best practices, (b) increasing local government revenues and (c) improving the delivery of basic services.

2. Rationale

The Mission is to analyze the state of the tourism sector in the Visayas, successful efforts of promoting tourism, the roles of different stakeholders in tourism promotion and to come up with possible interventions for GTZ to support the sector in the scope of the abovementioned programs and in response to the call of the President of the Philippines to make Central Philippines as the **Tourism Center** of the country. This is in recognition of the vast tourism resources in the Visayas and its ecotourism potential that would contribute to more investments and employment.

3. Objective

The objectives of the Consultancy Mission are to

- determine the status and results / outcomes of tourism-related interventions made by GTZ's SMEDSEP 1 and Decentralization Program;
- recommend scope for additional and relevant support toward achieving intended impact within these two GTZ projects
- identify promising and feasible interventions to support the development of the Visayas as the country's **Tourism Center**.

4. Scope of Work

The consultant shall

- study all the required documents of the SMEDSEP Phase 1 relating to tourism: particularly the Negros Tourism Subsector Analysis, Mission Reports of the Tourism Consultant – Mr Gottfried Hiltz-Ward, and the LRED reports specially the lighthouse projects in Baybay and Palompon, both in Leyte province as well as the documents relating to Phase 2 (offer, strategy planning, good practice)
- study relevant documents of the Decentralization Project particularly the Tourism Master Plan (2005 - 2015) of Siquijor Province in Region 7
- meet with the relevant officials from GTZ, DTI, Department of Tourism (DOT), Philippine Tourism Authority (PTA), key tourism stakeholders (private and local government units) from Region 6, 7 and 8, and officers of the Negros Island Tourism Inc (NITI) in Negros Occidental
- draft a work plan detailing the steps to be undertaken and the methods to be applied in order to achieve indicated objectives. Upon acceptance of the work plan, it shall become an integral part of the contract
- provide a debriefing session toward the conclusion of the engagement with SMEDSEP and Decentralization Project managers / technical staff on the 15 September with some key stakeholders (date to be specified).

5. Expected Output

Two weeks after completion of the mission to the Philippines, a draft report will be sent to the Program Manager of SMEDSEP. The draft report shall include

- an analysis of the status, opportunities and constraints facing the Tourism Sector in the Visayas and
- recommendations on the possible GTZ interventions for the promotion of tourism sector in the Visayas.

The final version of the report shall be submitted within one week after the comments on the first draft of the document were received by the consultant.



6. Budget

The consultant shall, in the proposal, submit a detailed budget. Agreements reached on budget issues shall form part of the contract. Payments shall be administered in accordance with GTZ policies and guidelines.

Manila, 30 August 2006

Martina Vahlhaus
Program Manager
GTZ SMEDSEP

Annex 2: Mission Programme

 <p>Small and Medium Enterprise Development for Sustainable Employment Program</p>	 <p>German Technical Cooperation</p>
---	---

WORK SCHEDULE for Mr Dietmar Quist

Nature of Assignment		Short term mission of Mr Dietmar Quist for the Small and Medium Enterprise Development for Sustainable Employment Programme (SMEDSEP) on the Consultancy to identify possible interventions to support tourism development in the Visayas.		
Time Frame		04 to 15 September 2006		
Objective		The objectives of the Consultancy Mission are to: (1) determine the status and results / outcomes of tourism related interventions made by GTZ's SMEDSEP 1 and Decentralization Project; (2) recommend scope for additional and relevant support toward achieving intended impact within these two GTZ projects; and (3) identify promising interventions to support the development of the Visayas as the country's Tourism Center .		
Date 2006	Time	Activities	Location	Remarks
04 Sep (Mon)	AM	Briefing with SMEDSEP and Decentralization Program Managers	GTZ Office Manila	Belle to arrange meeting
	PM	Meeting with Perry on Global Health - Medical Tourism	GTZ Office Manila	Belle to arrange
05 Sep (Tues)	AM	Meeting with Mr. Schumacher (ECCP)	Manila	Belle to arrange meeting
	PM	Meeting with Department of Tourism Official in charge of		Armando Datuin to arrange meeting

		Regional Planning and other Tourism Stakeholders		
06 Sep (Wed)	AM	Review related documents (NITI reports, LRED Lighthouse Projects, SMEDSEP Phase 2, GTZ Decentralization)	Manila	Belle to arrange flight and hotel
07 Sep (Thu)	AM	Depart for Tacloban 06:00 flight Meet with DTI and DOT Regional Directors, Provincial Governor, other stakeholders	Tacloban	Rita Pilarca to accompany. RD Cynthia / DTI 8 to organize meeting
	PM	Depart for Ormoc City. Overnight at Sabin Resort	Ormoc	
08 Sep (Fri)	AM	Meet with Ormoc, Palompon and Baybay LGU	Ormoc	
	PM	Travel to Cebu via Supercat at 18:30		
Sept 9 (Sat)		Meeting Tourism Stakeholders	Cebu	DTI to organize
Sept 10 (Sun)		Travel to Bohol Review documents	Bohol	
11 Sep (Mon)		Meeting with DTI RD, Provincial Governor, Bohol Chamber	Bohol	DTI to organize
12 Sep (Tue)		Meeting with DOT RD, Xavier Aboitiz, Joel Yu	Cebu	DTI to organize

13 Sep (Wed)	PM	Travel to Bacolod via Air Phil 13:10 flight Meeting with NITI officials, Provincial Governor, DTI PD, ANP CIM Expert (Gerd Rainer) Stay at L'Fisher Hotel	Bacolod	DTI to organize
14 Sep (Thu)	AM	Travel to Iloilo via ferry at 06:00 AM Meeting with DTI and DOT RDs, Provincial Governor, Tourism Stakeholders, DTI PD	Iloilo	DTI to organize
15 Sep (Fri)	AM 14:00	Travel to Manila PAL AM flight Debriefing with SMEDSEP and Decentralization Project Managers & Technical Staff	Manila	Belle to organize MV, H Mayer, RP, Olive, AD, other technical staff recommended by MV

Mission Coordinator: Ms Rita I Pilarca
Mobile 0915 927 7958

Annex 3: Contacts

Name	Position	Organization
Martina Vahlhaus	Program Manager	GTZ - SMEDSEP
Herwig Mayer	Program Manager	GTZ - Decentralisation Programme
Gerry Constantino	Manager	ECCP.Manila
Ceferino S Rodolfo	Senior Technical Advisor	GTZ Trade Project
Armando S Datuin	Program Adviser and LIC Expert	GTZ SMEDSEP
Ruth Minerva G Cruz	General Manager	The Quiet Place Farm Resort
Evelyn Macayayong	Chief, Coordination and Investment Promotion	Department of Tourism, Manila
Edwin R Glindro	Director	Phil Chamber of Commerce and Industry
Christine L Clamor	Specialist	Phil Chamber of Commerce and Industry
Rita I Pilarca	Regional Coordinator and BDS Adviser	GTZ SMEDSEP
Emmanuel Joseph Solis 11	Program Officer	GTZ Decentralization
Nonet Madrinan-Bolo	President	Bohol Federation of Travel and Tour Operators
Sandra Fuentes	Marketing Manager	Orientwind Travel and Tours-Dumaguete
Remedios L Petilla	Congresswoman	Southern Leyte
Jericho Petilla	Governor	Leyte
Roland Hidalgo	Coordinator	Tacloban City Planning & Development Office
Orlando Uy	President	Tacloban Chamber of Commerce and Industry
Wilson Chan	President	The Leyte Park Resort
Vicky Arnaiz Lanting	Resident Manager	The Leyte Park Resort
Trina Dacoycoy	Tourism Officer	Department of Tourism-Region 8
Edward Chua	CEO	Asian Development Foundation College
Desiderio Belas	Provincial Director	Department of Trade and Industry(DTI)- Leyte
Jocelyn Blanco	Regional Director	Department of Trade and Industry – Region 5
Cynthia Nierras	Regional Director	DTI Region 8
Ma. Delia Corsiga	Chief, Industry Development Division	DTI Region 8
Eric Codilla	City Mayor	Ormoc City

Roy Bernard Fiel	President	Ormoc Chamber of Commerce and Industry
Jerry Letrondo	Municipa; Administrator	Palompon, Leyte
Aileen Suarez	Tour Operator	Ormoc
Annaliza Gonzalez-Kwan	Municipal Mayor	Guiuan, Samar
Gloria Adapon	Regional Coordinator	GTZ-SMEDSEP
Leon Calipusan	Mayor	Loboc, Bohol
Ma. Elena Arbon	Provincial Director	DTI Bohol
Asteria Caberte	Regional Director	DTI Region 7
Peter Dejaresco	Chairman	Bohol Provincial Tourism Council
Oroncia Balio	Provincial Tourism Officer	Bohol Provincial Government
Tomas Abapo Jr	Provincial Administrator	Bohol Provincial Government
Norris Oculam	President	Bohol Chamber of Commerce and Industry
Milagros Espina	Executive Director	Cebu Visitors Convention Bureau
Joel Mari Yu	Managing Director	Cebu Investment and Promotions Center
Patria Aurora Dawnie Roa	Regional Director	Department of Tourism- Region 7
Roberto Varquez	Center Manager	Cebu Investment Promotion Center
Txabi Aboitiz	Head	Aboitiz Equity Ventures
Marlene Catalina Rodriguez	Regional Director	NEDA Region 7
Ma. Agnes Toling	Sr. Tourism Operations Officer	DOT Region 7
Gerhard Rainer	CIM Expert	Association of Negros Producers, Bacolod City
Aboy Evaristo	Owner-Manager	Aboy's Restaurant, Bacolod City
Augusto Sison	General Manager	The Sugarland Hotel, Bacolod
Jose Maria Valencia	Chief of Staff	Office of the Governor, Negros Occidental Provincial Government
Ives Javellana	Executive Director	Association of Negros Producers
Jose Divinagracia	Provincial Director	DTI Guimaras
Diosdano Cadena Jr	Provincial Director	DTI Iloilo
Mario Nillos	PPDO	Provincial Planning and Development Office- Iloilo
Heloise Javellana	Department Head	Iloilo City Tourism and Development Office
Manuel Gruenberg	Operations Coordinator	

Vicente Azurin Jr.	Resident Manager	Sandcastles Boracay / Antique
Angeles Gabinete	OIC - TS	Provincial Economic Development Office - Guimaras
Christeta Galotera		Tourism Office - Guimaras
Olive Fillone	Program Advisor	GTZ Decentralization
Maria Carmen Yturralde	Division Chief	DTI 6
Dominic Abad	Regional Director	DTI 6
Alexander Valenciano	Chief	NEDA Region 6

Annex 4: References

1. Bohol Investment Promotion Center (2006): Bohol, economic fact book
2. Dept of Tourism, Western Visayas Regional Development Council, Canadian Urban Institute (undated): Western Visayas Tourism Action Plan 2010
3. Department of Tourism (undated): 2005 Central Visayas Situationer
4. Hilz-Ward, Gottfried (May 2005): Small and Medium Enterprise Development for Sustainable Employment Program, GTZ, Project No. 01.2467.7-001.00: Preparation of a Tourism Action Plan for Negros Occidental: Mission Report
5. Official Website of the Republic of the Philippines: www.gov.ph, Super Regions
6. Siquijor Integrated Resource Management Project / GTZ (2005): Province Island of Siquijor, 7. Tourism Master Plan 2005 - 2015
8. World Tourism and Travel Council (2006)
www.wttc.org/2006TSA/pdf/1.Philippines.pdf



Contact Information

Manila Office

9/F German Development Center
PDCP Bank Centre Building
V.A. Rufino cor. L.P. Leviste Streets,
Salcedo Village, Makati City

SMEDSEP and Decentralization Programs
c/o GTZ Office Manila, P.O. Box 2218 MCPD
Makati City, Philippines

Tel. No.: +63 2 8123165
E-mail: info@smedsep.ph
Website: www.smedsep.ph

SMEDSEP Cebu Office

38 Acacia Street, Lahug, Cebu City 6000
Tel.: +63 32 4122256
Telefax: +63 32 444494
E-mail: cebuoffice@smedsep.ph