

Coastal tourism and local impact at Ngapali Beach: Initial Findings.



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Scoping Study Outline

The research findings in this report are from a scoping study using rapid rural appraisal techniques. N=19 semi-structured, in-depth interviews with an average length of 60 minutes were conducted by two researchers at Ngapali Beach, Thandwe district in Rakhine state, over 5 working days. Interviewees who participated in this scoping study did so voluntarily and were guaranteed anonymity and confidentiality. They were directly and indirectly related to the tourism industry and included hoteliers, restaurant owners, wholesalers and crafts people.

Findings of scoping report

Tourist Types

Tourists were mainly Europeans from Germany, Spain, Italy, Russia and the UK; although an increasing number of domestic tourists were observed by many participants. The typical age of the international visitors was 50 years old and they normally stayed at Ngapali beach for around 3-4 days, usually at the end of a cultural tour of Myanmar's key sites (Mandalay, Inle Lake, Bagan). This market is traditionally high spend staying in four and five star hotel resort / hotel accommodation. Their

motivation for visiting Ngapali in particular is to relax in an unspoilt coastal setting – Ngapali’s Unique Selling Point. It is unlikely that this market would continue visiting if the coastline was developed beyond its current capacity.



Map of Ngapali Beach with tourist related infrastructure.

Socio-economic issues

Local people were strongly positive about tourism and they expressed a good level of understanding about the advantages of hosting tourism. They were very aware of the clear economic benefits from tourism in Ngapali specifically mentioning employment, raising income levels, new opportunities and livelihoods, and the possibilities for new, small business start-ups.

Concerning **economic linkages**: as a main fishing area locally sourced fish/seafood was the most evident with supply to the hotels and seafood restaurants, although it was observed that a high percentage of the catch comprised small local fish to be dried for fish paste. In addition there was some evidence of some local vegetables being supplied, as well as some fruit, rice and other local non-food services. In terms of **economic leakage**, this could not be easily ascertained in this short scoping study, but it was noted that the dominant ownership pattern was majority Myanmar ownership. The entrance of Hilton as part of a Joint Venture with Eden group was noted and this could signal the start of other Joint Ventures with international hotel groups.

For **employment**, the scoping study showed a surprisingly high proportion of national Myanmar staff at hotels with very few expatriates employed except in senior positions such as General Manager or Executive Chef. This is to be commended and differs significantly from other competing resorts in the region. For other tourism sectors such as souvenir shops or restaurants, not surprisingly, staff are normally all from Myanmar.

We also found several examples of international **best practice** in the hotel sector that had a positive effect on staff retention particularly quality training, profit-sharing and common attitudes of managers 'looking after their people'.

Local Voices	<u>Positive Experiences</u>	<i>'More development is good because of employment'</i> Respondent 9	<i>"People who lived in little wooden houses, they move, build a much better place. Perhaps buy a taxi. Get a better life."</i> Respondent 2
	<u>Concerns</u>	<i>"If not so many hotels some can do fishing. If I could stop the hotels I would stop here."</i> Respondent 13	<i>"It's cheaper to fly to Thailand than from Yangon to Ngapali."</i> Respondent 15

Human Resources Issues

The study revealed significant sector knowledge/experience of tourism in the local area. Given the establishment of early hotels since the 1960s, there were in some cases two entire generations in the local community who had been employed in tourism and had good knowledge of both the industry and tourists' preferences and demands. Additionally, hotels typically employed local craftsmen to build and furnish the interiors of rooms, public spaces and kitchens.

The research also indicated that the demand for hospitality labour was broadly matching supply at present levels of hotel and overall resort development. There was some comment however from respondents about poaching of staff but from this small study sample it is unclear how significant a problem this may be. Concerns were also expressed about rapid hotel expansion and whether new international hotels would offer higher wages/training/promotion opportunities and how that might negatively affect other hotels' business and operations.

Environmental concerns

These especially focussed on solid waste management, illegal sand mining and water supply. Several respondents commented on the issues of solid waste management and noted how the hotels have jointly bought garbage trucks to take the waste to a dump site. We were told that this was a temporary solution to the growing waste problem and respondents were concerned about how this would operate if more hotels arrived at the resort. Illegal mining of beach sand was observed on several occasions by the researchers, sometimes with trucks with crews mining sand in broad daylight.

"They take sand from the beach. Lots of garbage. Last 5 to 6 years no plastic rubbish. Before in the seas there were leaves now in the rainy season lots of garbage in the sea. When I was young I collect firewood on the beach or dry coconut leaves and coconut. Now lots of rubbish, water bottles, Coca Cola bottles, tins." (Respondent 13)

Water supply was also an issue highlighted in several interviews with concerns that the existing old reservoirs would not be sufficient to cope with increased tourist numbers, especially if new hotels built large fresh water swimming pools and other water features.

Extended and expensive supply chain

The supply chain for fresh and perishable foods is extended and expensive. Meat, dairy, fruit and eggs are typically sourced and air freighted from Yangon. The alternative is a more than 13 hour journey by road which results in wastage with broken eggs and damaged soft fruits, for example. Typical costs to air freight for 1kg of fresh meat is K1000 whereas the same weight by road costs is K300. The research found that hoteliers preferred to pay more to air freight fresh and perishable food to limit food waste and lower costs. For dried/non-fragile goods and some frozen goods, road transport is used. While some vegetables, fruit and other items are sourced from Thandwe market, much comes from Yangon where the choice and quality is better.

Challenges

Concerns about the **future development of the coastal strip** (shown in the map) were expressed by all participants – even those who considered that more tourists were good. There was little knowledge of the master plan for the area (or even if a destination master plan existed), but the rise in land prices and outside investors over the past 2-3 years has led to increasing concern among civil society and businesses.

"It feels like we are the last person in the queue. We need to be higher up. There is not enough detail in the master plan. How can we plan for water and electricity? Timings – we are walking in the dark." (Respondent 11)

Future tourism development also raised social concerns from respondents especially concerning sex tourism (and associated disease), prostitution, drugs and crime. A common sentiment expressed was broadly 'not wanting to be like Pattaya'.

Clarification

The scoping study identified a number of issues and challenges that required clarification for a responsible and community-initiated future development of Ngapali beach:

- Lack of direct flights from other / between tourist destinations
- Status of the destination master plan and lack of detail of the zones (hotel and city)

- Assumption of tourist types for planning purposes
- Issue of planning controls for example height / size of development

Initial Recommendations

From this scoping study, a few initial recommendations can be offered. Ngapali beach has – at present – a Unique Selling Point of its unspoilt beautiful beaches and low rise, unobtrusive hotel development with relatively small numbers of hotels and associated tourism infrastructure. At present it seems that the relatively low numbers of higher spending tourist in the area are having minimal negative social impacts, and significant positive impacts on the local host community.

The ‘Seychelles Plus’ model

The resort is at a key stage in its development with clear interest from outside investors and international hotel groups. If mass tourism is permitted it is likely to lead to severe impacts on the environment and there are structural challenges based on the extended (and expensive) supply chain noted earlier. Given the high cost for businesses of the extended supply chain, it seems that the optimum business model is for small numbers of high value customers (four/five star and boutique hotels) with sufficient margin to cover the higher operating costs. If mass tourism were to be developed, given the high cost of the extended supply chain, it is very unclear how the business model might work without leading to significant pressure for high volume operations with very thin margins. That would result in large numbers of tourists being needed yet, it is unlikely that supply costs could be driven down in a short enough time frame to seriously compete on price with other established mass tourism destinations in ASEAN.

Therefore, instead of permitting mass tourism at Ngapali, it is suggested that lessons can be learnt from the Seychelles case and adapted for the context of coastal Myanmar. We suggest a model called ‘Seychelles Plus’ be explored, that is an emphasis on an **upmarket resort offer of four/five star hotels plus boutique hotels combined with strong and effective economic linkages to the local economy to benefit the host community**. The Seychelles have been successful in developing an upmarket, exclusive and luxury destination with a four and five star hotel offer. They have enforced strict planning regulations limiting the height of hotels to broadly less than palm tree level. This has resulted in high value, low volume tourism and has avoided some of the problems of mass tourism as seen in Bali or Phuket for example. However, regarding local supply chain and linkages, the Seychelles have been less successful. The Seychelles have experienced problems in developing effective economic linkages from the hotel sector partly due to being a small island economy with a limited agricultural sector that cannot supply much of the hotels’ demands and so most F & B is sourced from large regional centres such as Dubai (Hampton and Jeyacheya, 2013). Coastal tourism in Myanmar is not so constrained and has a large agricultural hinterland so that local linkages could be developed for certain key products. Developing local linkages and encouraging more participation in tourism would follow the new national policies on responsible and community tourism in Myanmar. A ‘Seychelles Plus’ model is timely and would benefit from the growing importance of CSR (Corporate Social Responsibility) in leading international hotel groups. This could also be another source of funds

for local projects and could leverage extra targeted funding for say cooperatives of farmers or small producers such as local jams or soaps to supply the hotel sector. It is recognised that more work and detail is needed on this concept, but there is clear potential given sufficient political and development partner support.

A Strategy for Coastal Tourism in Myanmar

Given the length of coastline in Myanmar and the present undeveloped state of most areas for international tourism, it is recommended that the Ministry, in conjunction with its international development partners, urgently develop a coastal tourism strategy. The rapid growth of other coastal resorts across ASEAN countries will generate some useful lessons from these comparator studies, both positive and negative for Myanmar's coastal tourism. A Strategy for Coastal Tourism in Myanmar could include implementation work plans with milestones/deliverables, first for Ngapali as a pilot, and then the lessons learnt could be used in other coastal resorts in the country.

Ngapali Tourism Advisory Board

Another practical recommendation is the formation of a Tourism Advisory Board for the sustainable development of Ngapali. Such a board could comprise representatives from the tourism industry, government and the local community. This could enhance the channels of communications between government, local community and the tourism industry.

Ngapali Destination Master Plan and capacity building

It is recommended that a Destination Master Plan be funded utilising expert input from key stakeholders in the existing tourism sector in Ngapali. To address issues of implementation, funding could be sought for capacity building for government planners (both local and central) to be empowered to effectively implement such a Destination Master Plan.

Conclusion

This report gives initial findings from the brief scoping study. It is recognised that, although the authors have confidence in the broad themes identified from respondents, this study was necessarily limited its scope and coverage by its modest funding. It is hoped that further funding can be obtained to develop and widen the study with more extensive fieldwork and a larger sample size.

Reference

Hampton, M.P. and Jeyacheya, J. (2013) *Tourism and Inclusive Growth in Small Island Developing States*. Commonwealth Secretariat, London, UK, ISBN 9781849291071.

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