

Technical Cooperation Abstract

I. Project Basic Information

▪ Country/Region	Mexico
▪ TC name	Support to the National Gastronomy Policy, through tourism
▪ TC number	ME-T1289
▪ Team Leader/Members	Adela Moreda (INE/RND), Team Leader; César Bustamante (RND/CME), Elizabeth Chávez (INE/RND)
▪ Operational support, client support or investigation and dissemination	Client support, in the framework of sector dialogue
▪ Number and name of the operation that will be supported by the TC	NA
▪ Request (IDBDOCS #)	#39420049
▪ Date of TC abstract	09/03/2015
▪ Beneficiary (countries or entities that will receive technical assistance)	Mexico: Chiapas, Michoacán and Tabasco
▪ Executing agency and contact name	IDB: INE/RND
▪ Funding requested to the IDB	US\$ 395,000
▪ Local counterpart, if any	NA
▪ Disbursement period	10 months
▪ Requested initiation date	01/04/2015
▪ Types of consultants (firms or individual consultants)	Firms
▪ Preparation unit	INE/RND
▪ Unit responsible for disbursement (URD):	INE/RND
▪ TC included in the Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	
▪ Sectoral priority GCI-9:	Poverty reduction and equity enhancement

II. Rationale and Objective

Social indicators in Mexico have been regressing in the last few years. Between 2010 and 2012 real wages fell by 12.8%¹. In 2012, the volume of population living in absolute poverty² stood at 45.4% compared with 44.3% in 2008. Moreover, over the same period food poverty³ increased one percentage point reaching almost 20% of total population in 2012⁴. There has been no improvement in income equality either, since the Gini coefficient remains around 0.50.⁵ Inequality is also felt at a geographical level, as shown by the higher poverty rates than the

¹ IDB Country Strategy

² Integrates assets poverty, capacities poverty and food poverty (Coneval)

³ Food Poverty (Coneval): insufficient income to acquire the basic food basket, even if use of all income became available in the home exclusively for its acquisition.

⁴ Poverty data: Coneval

⁵ IDB Country Strategy

national average of the three States⁶ selected by the Mexican authorities for this TC: Chiapas, Michoacán and Tabasco. The IDB country strategy identifies low productivity⁷ as one of the main barriers to reduce poverty.

- 2.1 Mexican authorities have identified tourism as a sector able to boost growth, while enhancing a better income distribution throughout different regions and poor population groups. The total contribution of tourism to GDP places the country in the 9th position in a world ranking of 184 countries, which gives an idea of the importance of tourism for the Mexican economy⁸. However, the tourism sector is characterized by an excessive geographical concentration and dependence on sun and beach resources⁹, which are both limiting tourism economic benefits to certain areas and population strata. The current tourism sector program (PROSECTUR 20013-2018) advocates the need to enhance greater supply diversification and innovation, in order to extend the tourism multiplier effect to new areas and beneficiaries. Gastronomic tourism stands out among the diversification possibilities, since Mexican cuisine was awarded with the UNESCO nomination of Intangible Heritage in 2010¹⁰. Mexican cuisine is founded on an extended food chain (from planting and harvesting, to selling and cooking) that involves native ingredients, unique farming and cooking methods.
- 2.2 The three states selected for this TC are well positioned to generate new income opportunities for their most disadvantaged population segments, through a broader participation in the culinary tourism supply chain. For instance, 16% of the total area of Chiapas is used in agriculture products such as corn, beans, bananas, cacao and coffee, and almost 40% of the population in the State is engaged in the primary sector. Tabasco is the principal producer of cacao in the country, with the 70% of total production, while Michoacán crops 90% of avocados' total national production.
- 2.3 The **objective of the TC is to generate new income opportunities for population strata living in poverty** in the States of Chiapas, Michoacán and Tabasco, through their integration in the culinary tourism value chain. This TC is aligned with the objectives of the current National Development Plan (NDP) and PROSECTUR, as it will contribute to a more efficient use of existing tourism resources and the expansion of development opportunities into new regions and beneficiaries. The TC contributes to the GCI-9 goal of poverty reduction and equity enhancement, since it focuses on three States with absolute and extreme poverty rates above the national average. The TC is also aligned with the productivity axis of the Bank's strategy in the country, as it will support the competitiveness of rural MSMEs and their effective integration in global chains related to Mexican gastronomy and the tourism sector.

⁶ Coneval data for 2012: National absolute poverty rate of 45.4% versus 74.4% in Chiapas, 54.4% in Michoacán and 49.7% in Tabasco; National extreme poverty rate of 9.8% versus 38.3% in Chiapas, 13.5% in Michoacán and 14.3% in Tabasco.

⁷ Labor productivity in Mexico was 19.2% in 2012 compared with an OECD average of 45.7%

⁸ *World Tourism and Travel Council-WTTC*

⁹ PROSECTUR: 43% of overnight stays in 2013 were concentrated in 5 of the 32 Mexican States; in 2012, 65% of foreign tourists stayed in sun and beach destinations.

¹⁰ Mexico is one of the two world countries with this UNESCO nomination (the other country is France)

III. Activities and Expected Results

The TC integrates three components, with their respective activities and results:

- a) Component 1: Analysis of current and potential demand. The component will support the carry out of a rigorous study on current and potential demand for gastronomic tourism in Mexico, allowing a subsequent efficient allocation of resources. The study will help meet the socio-demographic and psychographic profile of different source markets and demand segments, including determinants and preferences, as well as willingness to pay for the creation of new gastronomic tourism products in the three states selected for the TC. Two activities will be achieved: i) Qualitative demand analysis: Review of secondary sources, interviews with gastronomic tourism services providers and focus groups with key gastronomic tourism stakeholders in the domestic and international markets; ii) Quantitative demand analysis: achievement of surveys statistically significant of current and potential market trends, at a national and international level. The result will be the development of a strategic portfolio of demand segments and culinary tourism products where to concentrate efforts.

- b) Component 2: Strengthening of the gastronomic tourism supply chain. The component will seek to maximize the local capture of tourism benefits, reviewing current production models and designing new formulas of public-private partnerships and local participation. The component will include two activities: i) Diagnosis of social inclusion in current gastronomic tourism value chains, in order to identify those nodes where greater local participation and social inclusion is possible and to evaluate the volume of poor people currently engaged in those chains; ii) Analysis of gastronomic tourism products currently offered in the three selected states, based on the demand preferences and willingness to pay identified in the previous component. The result of the component will be the evaluation of local bonds between gastronomic tourism and poor population and the characterization of gaps in the competitive capacity of local MSMEs along the gastronomic tourism value chain. The component will therefore identify bottlenecks in market information access, marketing activities, professionalization and formalization of human resources, new technologies and finance access.

- c) Component 3: Investment Plan for Culinary Tourism. This last component will support the design of an investment plan for culinary tourism in each of the three selected states. The activity will integrate the development of these three plans, based on the information gathered in the two previous components. The plans should include measurable objectives, strategic lines and specific investment actions, responsible entities, schedule and monitoring indicators. The result will be a clear roadmap on priorities and investment opportunities for public and private sectors. These plans will be the framework that the Bank will use in the context of a future support to implement the recommendations arising from this TC.

IV. Estimated budget

Activity/Component	Description	IDB/Fund US\$	Local counterpart To be determined	Total US\$
C1: Demand Analysis		190,000		190,000
Qualitative analysis	Secondary sources, interviews, focus groups	40,000		40,000

Quantitative analysis	Significant surveys in key markets	150,000		150,000
C 2: Strengthening of tourism value chains		115,000		115,000
Diagnosis of social inclusion in tourism value chains	Evaluation of level of participation of poor people	65,000		65,000
Analysis of culinary tourism products	Gaps between current supply and demand preferences	50,000		50,000
C3: Investment Plan for Culinary Tourism		90,000		90,000
Investment Plan Chiapas	Plan	30,000		20,000
Investment Plan Michoacán	Plan	30,000		20,000
Investment Plan Tabasco	Plan	30,000		20,000

V. Executing agency and structure

This operation will be executed by the Environment, Rural Development and Disaster Risk Management Division (INE/RND) at the Inter-American Development Bank, in accordance with the Bank's Technical Cooperation Policy (Document GN-2470-2). The main reason that justifies the execution of the project by the Bank is that INE/RND has gained invaluable know-how with the preparation and execution of a significant amount of tourism operations in Latin America and the Caribbean, which has allowed to extract important learned lessons and identify market trends that are key for the management and results of this technical assistance. The contracting of project consultants will be carried out by the Bank in accordance with document GN-2350-9 (Policies for the Selection and Procurement of Consulting Services Financed by the IDB) of March 2011.

VI. Project risks

The success of the project will depend on a significant level of engagement and participation of the relevant public and private stakeholders and potential outbound markets during the demand study phase, in order to obtain valuable inputs to establish feasible and sustainable culinary tourism investments in the three selected states. The operation will mitigate the risk by engaging government officials and private sector representatives in the foreseen activities and through an intensive dissemination strategy during the preparation of each of the CT Components.

VII. Environmental and social classification

It is not anticipated that the activities to be financed in this TC will have negative direct social or environmental impacts. Therefore the team considers that, according to the Bank's Safeguards Screening Toolkit, this operation should be given a classification of Category "C" because: (i) there are no environmental or social risks; and (ii) there is direct contribution to solve social issues.