

Tourism and poverty elimination: untapped potential

Tourism is an industry that affects the livelihoods of many of the world's poor, positively and negatively. Poverty elimination is an international goal in development assistance, but is not at the heart of the international tourism debate. To date, few tourism initiatives have been driven by poverty objectives, despite substantial intervention in the sector by donors, governments and development organisations. The conventional focus on promoting international tourism to maximise foreign exchange receipts has missed the potential to enhance net benefits and opportunities for the poor. A key question now is **how can tourism become more pro-poor?** An explicit focus on pro-poor tourism can help governments and NGOs to meet poverty elimination targets, and help business secure the long-term basis of the industry.

Community tourism and sustainable tourism provide some useful lessons and contain elements of pro-poor tourism, but are not the same thing. Pro-poor tourism focuses explicitly on maximising benefits for the poor (as the end, not a means). Experience to date, though limited, suggests strategies need to be implemented at destination, national and international level by all stakeholders: southern governments, NGOs, business and donors. Expanding informal sector opportunities and linkages with the local economy is a priority.

The international poverty agenda

'Poverty elimination' is at the heart of the international development assistance agenda, with a target of halving the proportion of people living in poverty by 2015. Investment in basic needs cannot achieve this alone, nor can conventional economic growth – **pro-poor growth** is needed. Tourism is already contributing to growth in poor countries (see Box 1), but pro-poor tourism is needed to maximise its potential contribution to poverty elimination.

"The global industries and global companies must shoulder responsibility . . . Responsibility for providing equal opportunity and fighting poverty, because the consequences of inequality and poverty are among the greatest threats to the social environment."

Director of Environment, Touristik Union International (TUI),
leading European operator.

What is pro-poor tourism?

Pro-poor tourism generates net benefits for the poor (i.e. benefits are greater than costs). Economic benefits are only one (very important) component – social, environmental and cultural costs and benefits also need to be taken into account.

Pro-poor tourism strategies are concerned specifically with impacts on poor people, though the non-poor may also benefit. Strategies focus less on expanding the overall size of tourism, and more on unlocking opportunities for specific groups within it (on tilting the cake, not expanding it). However, these strategies have to be integrated with general tourism development for two reasons: mainstream activities (such as tourism planning) need to be influenced by pro-poor perspectives; and pro-poor tourism cannot succeed without successful development of the whole tourism destination.

Box 1: Importance of tourism to poor countries

While poor countries currently only command a minority share of the international tourism market, tourism can make a significant contribution to their economies. 80% of the world's poor (below US\$1 a day) live in 12 countries. In 11 of these, tourism is significant and/or growing. Of the 100 or so poorest countries, tourism is significant in almost half the low income countries and virtually all the lower-middle income countries (accounting for over 2% of GDP or 5% of exports).

Impacts of tourism on the poor

Tourism affects the livelihoods of the poor in many ways. It is important to look at the positive and negative, direct and indirect effects. Case studies of social disruption tell one side of the story, economic analysis of wages and employment creation another. Inevitably, impacts vary between poor groups, men and women, destinations, types of tourism, and over time. Although generalisations are difficult:

- the main positive impact is often creation of economic opportunities. For the poor, and particularly women, these are not necessarily full-time jobs but **expansion of informal sector activities**. Other positive impacts can include skill development, incentives for natural resource conservation, enhancement of infrastructure and public health;
- negative impacts include lost access to natural resources (coastal and/or wildlife areas), conflicts with other livelihood activities, exclusion from tourism planning and lack of self-determination, cultural intrusion and social disruption. However, many of the **negative effects associated with tourism are in fact consequences of globalisation** and occur in other economic sectors too;
- **net benefits are more likely to be experienced by the 'fairly poor' than the 'poorest'**. The poorest have least capital and skills to exploit the economic opportunities, but are likely to suffer the negative impacts on local resources;

More than one in four of the world's population live in extreme poverty. Governments worldwide have agreed to work together to halve the proportion of people living in extreme poverty by 2015, and to other targets including primary education and improved healthcare. The British Government is strongly committed to these targets.

- limited evidence indicates that **domestic and regional tourism, and independent travellers can create proportionately more local economic opportunities** than international and packaged tourism. Cruises and enclave tourism generate the least number of economic linkages – although they can also limit the spread of unwanted environmental and social impacts. ‘Eco-tourism’ or nature-based tourism is sometimes promoted as a solution to sustainable development in rural areas, but it has not been proven to generate less damage and more benefits than mass tourism.

There is considerable debate and contrasting evidence over the impacts of tourism on local people (though very little, explicitly, on its impacts on poverty). Whether tourism is or isn’t pro-poor cannot be answered with a simple ‘yes/no’ – it is quite clear the answer varies. A more useful question is **whether it can become more pro-poor? If so, how?**

Can tourism really be pro-poor?

Commercial reality dictates that there are limits to the extent that tourism can be made pro-poor. It is a commercial sector driven by business opportunities, not an engine for providing social services to the poor. Nevertheless, there are compelling reasons for focusing efforts on developing pro-poor tourism:

- Tourism is a massive and growing industry already affecting millions of the poor, so a marginal improvement could generate substantial benefits;
- Tourism has advantages over other sectors in relation to poverty elimination (see Box 2);
- Although the poorest may not benefit directly, the costs they face can be reduced. Benefits can be expanded for the fairly poor, such as street vendors, casual and unskilled workers and artisans, which may also indirectly benefit their poorer relatives and neighbours;

Box 2: The potential of tourism for poverty elimination compared to other economic sectors

Compared with other economic sectors, tourism offers four advantages for pro-poor growth:

1. Because the **customer comes to the ‘product’**, there are opportunities to make additional sales. By comparison, a factory producing shirts for export cannot also sell the customer a cup of tea and rickshaw ride;
2. There is some evidence that tourism is **more labour intensive than manufacturing** and employs a higher proportion of women;
3. Unlike many other traded-good industries, it has **potential in poor countries and areas** with few other competitive exports;
4. Tourism products can **be built on natural resources and culture** which are assets that some of the poor have.

Many of the disadvantages of tourism such as revenues staying outside the host country, high import content and swings in demand/revenue are common to other sectors, although problems of displacement of local people can be more acute within tourism.

- Considerable progress in placing environmental issues on the tourism agenda shows that concerted action can make a difference;
- The limited evidence available suggests a range of strategies can be used to develop pro-poor tourism. Little is being done in practice, so much remains to be done.

Recent and current international initiatives in tourism

Poverty elimination is not yet at the centre of the international debate about tourism. Over the last 20 years, governments and donors focused on tourism development to maximise foreign exchange earnings. More recently, three trends have emerged in donors and NGOs:

- Green tourism – addressing problems such as waste disposal and energy use, and making tourism environmentally sound (a theme also taken up by business);
- Nature-based and community-based tourism, often in and around conservation areas (i.e. using tourism to create incentives for conservation); and
- Cultural heritage initiatives (e.g. restoration of historic buildings).

‘Sustainable tourism’ combines some elements of all these trends. However, **neither community tourism nor sustainable tourism are the same as pro-poor tourism** (see Box 3). Many tourism initiatives, however labelled, will have benefited the poor, but only in a few cases have initiatives been designed or evaluated according to their direct contribution to poverty elimination.

Box 3: The difference between ‘sustainable’ tourism, community tourism and pro-poor tourism

Calls for **sustainable tourism** often go beyond environmental measures, to include social, economic and cultural concerns. It is recognised that host communities must benefit if tourism is to be viable in the long term, however benefits to local people are generally of secondary importance, as a means of achieving sustainability. The language of sustainable tourism often reveals a protectionist or defensive approach: ‘preserving local culture’, ‘minimising costs’. In contrast, **pro-poor tourism aims to expand opportunities. Net benefits to the poor is a goal in itself, to which environmental concerns should contribute.**

Community-based tourism usually seeks to promote initiatives of local communities or individuals. These are important components of pro-poor tourism and have generated the most useful lessons on pro-poor strategies. But maximising impacts on poverty elimination requires additional elements, beyond the grass-roots (e.g. expanding the formal sectors’ use of local labour, goods and services, particularly in high-density (urban/coastal) environments; expanding informal sector linkages; ensuring infrastructural development and environmental strategies benefit the poor; and creating a supportive policy framework and planning context that addresses needs of poor producers and residents within tourism).

Strategies for pro-poor tourism

A range of strategies are needed to promote pro-poor tourism, at the local destination, national/policy level, and the international level.

A destination focus is ideal for practical measures to maximise benefits for the poor within a specific area (e.g. coastal zone, district/region, island, city, valley/mountain). Pro-active initiatives can bring government, communities, NGOs and business together to stimulate economic linkages, local participation and partnerships. However, practical action usually needs to be accompanied by a supportive policy framework.

National/policy-level interventions may be needed on issues ranging from planning and policy objectives, licensing and registration systems, tenure laws, tourism training, business

incentives/regulation and infrastructural development. Development of pro-poor tourism requires a strong planning framework and government commitment. If this exists, small changes in rules can have a significant effect on implementation and impacts.

Five priority issues to address at both destination and national/policy level are:

i **Expansion of business and employment opportunities for the poor**

Economic opportunities for the poor can be enhanced by supporting micro-enterprise, developing linkages with formal sector tourism business and improving the number and quality of employment opportunities. **Linkages** are frequently discussed, rarely seen and particularly important but difficult to develop.

Strategies to stimulate micro-enterprise and promote business linkages

Governments can:

- **Remove red tape** and regulations that suppress the informal sector (e.g. the Fiji Tourism Development Plan identified 24 requirements needed from different government departments by new businesses – a particular obstacle for small entrepreneurs);
- Ensure planning and siting decisions **do not prevent market access** for local entrepreneurs (e.g. site lodges outside or at the edge of parks, or give local entrepreneurs a market place and advertising outlet inside the park – as in some South African national and provincial parks);
- **Enhance the assets of the poor** (e.g. human assets through training, natural assets through devolution of tenure) and encourage products that build on these assets;
- Assess which **sub-sectors** of tourism generate the most local economic opportunities (e.g. backpackers, domestic tourists) and encourage them;
- Use **planning gain** to encourage business to develop their own plans for expanding linkages (e.g. the South African government asks potential investors to submit their plans for boosting local development when they bid for a tourism lease. This is one of the criteria on which bids are judged);
- **Enhance participation** of the poor in decision making so they can shape economic opportunities to their livelihood interests.

NGOs can:

- Provide **credit and non-financial services** for micro-enterprise. This needs to draw on lessons learnt about small enterprises such as marketing, prioritising commercial viability and avoiding on-going subsidies;
- **Build the capacity** of poor people to assess tourism options, have a voice in planning and implement their chosen options;
- **Facilitate communication** and time-consuming negotiation between tourism businesses and local people;

- Take time to **understand tourism businesses** so they are well positioned to advise or mediate on combining commercial and developmental goals.

Businesses need to assess how their operation can enhance linkages and explore opportunities to:

- **Out-source** (e.g. laundry, transport);
- **Support local enterprise** (e.g. provide business advice, share marketing or infrastructure);
- Set up ways for **tourists to visit local sellers** or vice versa. Bring poor producers into commission deals if necessary;
- Explore potential **partnerships with communities** when making new investments (e.g. some tourism investors in eastern and southern Africa are building on communal land in partnership with communities);
- Join **partnerships with donors, NGOs and governments**. Advise them on whether, and how, their approaches can be commercially feasible;
- **Be open-minded** (e.g. are poor quality and reliability of local supplies the real obstacle to linkages, or is it poor attitude and communication?).

Donors can support government, NGOs and businesses in all the above, build strategic partnerships between them and encourage exchange of experience. In some circumstances they can subsidise transaction costs of changing to local suppliers (e.g. training).

It is important to identify why linkages do not currently exist.

Is it because products need improving, transaction costs of change are too high and communication lacking? If this is the case, donors or NGOs (or committed businesses) can facilitate change. If it is because local supply is not and will not be commercially feasible, intervention is not appropriate. The lack of examples of strong linkage suggest **it is difficult and time-consuming – but also that concerted efforts have rarely been applied.**

ii **Addressing environmental effects of tourism**

Environmental issues that most affect the poor must be addressed. Some environmental mitigation measures conflict with local livelihoods (e.g. reducing visitor numbers through price increases to Indonesia's Keoladeo National Park would mainly affect backpackers who provide most custom for local salespeople). Other environmental strategies complement livelihoods (e.g. labour-intensive litter collection in Nepal's Annapurna Conservation Area, and compulsory use of guides in Monteverde Cloud Forest Reserve, Costa Rica). Thus, it is important to **consider livelihood issues and involve poor people when designing and implementing environmental strategies.**

iii **Addressing social and cultural effects of tourism**

Social and cultural impacts of tourism (including gender analysis) must be assessed in addition to environmental considerations. **Simply ensuring costs to the poor are addressed** when new initiatives are planned is a big step forward. Negative effects can be mitigated through codes of conduct, setting and implementing labour standards, zoning, restrictions on behaviour and exploitative industries (such as child prostitution) and supporting local initiatives to shape tourism. It is also important to enhance positive impacts (e.g. development of new infrastructure for local needs).

iv **Building a supportive policy and planning framework**

Government commitment to developing tourism for poverty elimination (not just for macro-economic growth or foreign exchange) is the best basis for developing policies, planning frameworks and regulations that incorporate pro-poor tourism, and supporting contributions of other stakeholders. It is as important to **remove constraints** as to create opportunities, as existing policies can often unintentionally undermine poor producers and residents.

v **Developing pro-poor processes and institutions**

Participation by the poor in decision-making is a critical component of all the above (e.g. in northwest Namibia, an Austrian-funded tourism planning process that entails wide community consultation is underway). Processes also need to bring together different sectors, local and national levels and stakeholders to ensure tourism serves broad development needs. Institutions and incentives may need reform to encourage decision-making in favour of the poor.

At the international level

Action is needed to encourage socially-responsible behaviour among consumers and the industry, and to put pro-poor considerations at the heart of international discussions and agreements such as at CSD. For example:

- The many environmental programmes, voluntary codes and certification schemes run by industry associations could **be expanded to incorporate socio-economic issues and ethical trading commitments** (e.g. to improve employment conditions, pay tax, maximise local linkages, support local development initiatives, and enhance communication and joint planning locally);

- **Partnerships** between industry associations and development organisations to develop the above, or other new poverty-focused business initiatives could be encouraged. Development organisations need to help promote poverty issues on the business agenda (e.g. by attending trade conferences, working together on codes and pilot strategies);
- Supporting **ethical consumerism** through education and market information;
- Identification and dissemination of **'good practice' guidelines** on pro-poor tourism, as has been done for eco-tourism;
- Supporting the implementation of international labour codes (e.g. those of the ILO) and legal measures against exploitative industries.

Simply putting pro-poor tourism at the top of the international agenda will help to focus attention on making the most of tourism's potential contribution to poverty elimination.

Some underlying principles for pro-poor tourism

- Pro-poor strategies need to be complemented by the development of wider tourism infrastructure. A balanced approach is critical – if competitive products, transport systems or marketing do not exist, the industry will decline and so will any pro-poor strategy;
- Pro-poor principles apply to any tourism segment, though specific strategies will vary between, for example, mass tourism and wildlife tourism;
- Focus on expanding benefits, not just minimising costs to the poor;
- Draw on lessons from other sectors (such as small enterprise, good governance, and poverty analysis) and apply these to tourism;
- Involve businesses in development initiatives and be commercially realistic;
- Do not expect all the poor to benefit equally, particularly the poorest 20 per cent. Some will lose;
- Learn by doing – the effectiveness of pro-poor strategies is not proven, but we won't know what can be done to reduce poverty through tourism until more concerted efforts are made.