

Sheet No. 7: Economic data on the importance of tourism in the poorest countries

Defining “poor” countries

Just as there are many understandings of what is and isn't a developing country so it is equally difficult to draw up a definitive list of the 'poorest' countries. There is no international consensus on what poverty is and how it should be measured although a common way of defining what constitutes poverty is a financial income level below which people are described as poor. So-called 'poverty lines' have been defined both nationally, for individual countries, and internationally. At the international level, the World Bank has defined poverty as a per capita income of less than US\$1 per day (adjusted for purchasing power parity). This is also the indicator used in the United Nations Millennium Development Goals, one target of which is to halve the number of people living in poverty by 2015.

Poor countries can thus be categorised according to the proportion of the population living on less than \$1/day – although it should be noted that comprehensive, comparable data does not exist for all countries.¹ Poor countries can also be categorised according to the absolute numbers of poor people (defined as above) rather than the proportion – thus large countries with large numbers of poor people such as India and China would feature, rather than smaller countries which may have a larger proportion overall (but a smaller absolute number) of poor people, such as Mali and Burkina Faso. Other indicators commonly used include average GNI (gross national income) or GDP (gross national product) per capita – although again it should be noted that in countries with high levels of wealth inequality this indicator may be severely distorted by the proportion of the population with a high income.

All of these indicators are limited in that they focus purely on finances and ignore the multi-dimensional character of poverty. However, given the lack of other commonly-used measures, for the purposes of this PPT information sheet, data is provided on the importance of tourism in the poorest countries defined as:

- those which contain the greatest numbers of the 1.2 billion people who live on less than \$1/day (Table 1);
- those with the highest proportion of people living on less than \$1/day (Table 2); and
- those with the lowest average per capita GNI² (Table 3).

In addition, Table 4 provides tourism statistics for the 49 countries described by the United Nations as the “Least Developed” in terms of their income, human assets and economic vulnerability.

Key Trends

The tables show that tourism makes significant contributions to national GDP in the majority of countries with the largest numbers, and highest proportions, of poor people. Data on tourism contribution to GDP is sketchier for countries that rank amongst the 50 poorest according to average per capita GNI. However, The Gambia, Laos PDR, Tanzania, Papua New Guinea, Zambia and Kenya stand out as being poor countries where tourism is a highly significant economic sector.

¹ Another internationally recognised poverty line is US\$2 per day per person. While there are many problems in trying to use these exactly to measure poverty, and country-specific measurements and other measures of human development are important, the broad issue is to focus on countries where the 1 billion poorest of the world live.

² Gross national income (GNI) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. GNI per capita is gross national income divided by mid-year population. GNI per capita in US dollars is converted using the World Bank Atlas method. The GNI (rather than GDP) is frequently used as a basic poverty indicator.

Table 1: The significance of tourism in countries with the highest numbers of poor people

Position	Country	Population below 1\$/day (million) ³	International arrivals in 2000 ('000) ⁴	Growth in international arrivals 1990-2000 (%) ⁵	Contribution of tourism economy to GDP in 1999 (%) ⁶	Tourism receipts as percentage of exports in 1999 ⁷
1	India	461.9	2641	54.72	4.9	8.7
2	China	237.1	31229	197.9	9.8	10.4
3	Nigeria	91.2	813	327.9	2.7	10.9
4	Pakistan	45.8	543	28.1	5.1	10.4
5	Bangladesh	38.8	200	73.9	3.4	2.1
6	Ethiopia	21.0	125	58.23	6.3	26.2
7	Brazil	20.4	5313	387	7.6	8.3
8	Mexico	16.4	20643	20.2	10.4	19.3
9	Indonesia	15.5	5064	132.5	9.8	12.9
10	Russian Federation	10.3	21169	n.a.	n.a.	n.a.
11	Nepal	9.7	451	76.9	7.3	27.8
12	Ghana	9.0	373*	144.5	6.7	10.4
13	Mali	8.2	91	106.8	6.4	19.7
14	Colombia	8.1	530	-34.8	7.1	12
15	Madagascar	8.1	160	201.9	7.8	18.6
16	Kenya	8.0	899	10.4	9.5	28.5
17	Burkina Faso	7.7	218*	194.6	5.1	3.4
18	Mozambique	7.4	n.a.	n.a.	n.a.	n.a.
19	Tanzania	7.4	501	227.5	10.4	13.9
20	Niger	6.5	50	138.1	3.6	11.1
21	Zambia	6.3	574	307.1	9.5	9.1
22	Venezuela	5.6	469	-10.7	7.6	12.5
23	Cameroon	5.4	n.a.	n.a.	4.2	11.6
24	South Africa	5.0	6001	483.2	6.9	5.7
25	Peru	4.3	1027	224.0	9.8	9.5
26	Zimbabwe	4.1	1868	208.8	5.6	7.3
27	Sierra Leone	3.2	10	-89.8	3.6	9.4
28	Yemen Republic	2.9	73	40.4	2.5	4.4
29	Senegal	2.8	369*	50	7.5	14.4
30	Ecuador	2.7	615	69.9	9.8	15.4
31	Central African Rep.	2.4	10*	66.7	4.1	3.1
32	Egypt	2.2	5116	112.2	10.6	26.1
33	Turkey	1.6	9587	99.8	9.5	18.5
34	Honduras	1.6	408	40.7	10.3	7.1
35	Lao PDR	1.5	300	2042.9	10.9	3.4
36	El Salvador	1.3	795	309.8	7.2	22.1
37	Sri Lanka	1.3	400	32.2	8.8	13
38	Thailand	1.2	9509	79.5	13.2	19.8
39	Bolivia	1.2	342*	34.7	8.5	13.4
40	Guatemala	1.1	823*	61.7	9.1	14.2
41	Paraguay	1.1	221	-21.1	8.5	2.6
42	Lesotho	0.9	186*	8.8	8.9	27.3
43	The Gambia	0.8	96*	-4	13.3	16.7
44	Mauritania	0.8	n.a.	n.a.	n.a.	n.a.
45	Algeria	0.6	866	-23.8	6.4	10.3
46	Morocco	0.6	4113	2.21	12.4	25
47	Namibia	0.6	560*	n.a.	13.2	11.7
48	Moldova	0.5	n.a.	n.a.	n.a.	n.a.
49	Côte d'Ivoire	0.5	n.a.	n.a.	4.1	3.2
50	Costa Rica	0.5	1106	154.3	13.2	18

* figures are for 1999 instead of 2000

Tourism to the Least Developed Countries (LDCs)⁸ collectively is still at a low level. In 2001 less than 1% of international arrivals world-wide were received in LDCs leading to approximately 0.5% of international tourism receipts. However, WTO/UNCTAD note that in these countries "tourism can make a substantial contribution to ... development ... and in combating poverty" (WTO/UNCTAD 2001:11). In 1998, tourism was a leading

³ World Bank database http://millenniumindicators.un.org/unsd/mi/mi_source_xrxx.asp?source_code=45

⁴ WTO (2001)

⁵ own calculations based on WTO (2001) data

⁶ WTTC database – supplied to authors by WTTC in February 2003

⁷ WTTC database – supplied to authors by WTTC in February 2003

⁸ Least Developed Countries currently contain 49 countries – 34 in Africa, 9 in Asia, 5 in the Pacific and 1 in the Caribbean. The following criteria are used to determine LDCs: a) a low national income (per capita GNI), b) a low level of human capital development (a composite index based on health, nutrition and education indicators), c) a high degree of economic vulnerability (a composite index based on indicators of instability of agricultural production and exports, inadequate diversification and economic smallness)

export sector for 31 LDC countries and it is the first source of export earnings in seven. Tourism receipts to LDCs more than doubled between 1992 and 1998, from \$1 billion to \$2.2 billion, with five countries: Cambodia, The Maldives, Nepal, Tanzania and Uganda capturing 51 per cent of the total. Apart from the petroleum exporting countries (Angola, Yemen and Equatorial Guinea) tourism is a primary source of foreign exchange earnings for all the others. Encontre (2001) argues that steady tourism development is likely to have a measurable socio-economic impact and can drive a Least Developed Country near the threshold of “graduation” (moving out of LDC status). He argues that five graduation cases in recent years (Botswana, Cape Verde, Maldives, Samoa and Vanuatu) show a close association between tourism development and “the socio-economic progress that explains the context of proximity to, or realization of graduation” (Encontre 2001:108).

Table 2: The significance of tourism in countries with the highest proportions of poor people

Position	Country	Proportion of the population below US\$1/day (%) ⁹	International arrivals in 2000 ('000) ¹⁰	Growth in international arrivals 1990-2000 (%) ¹¹	Contribution of tourism economy to GDP in 1999 (%) ¹²	Tourism receipts as percentage of exports in 1999 ¹³
1	Mali	72.8	91	106.8	6.4	19.7
2	Nigeria	70.2	813	327.9	2.7	10.9
3	Central African Rep.	66.6	10*	66.7	4.1	3.1
4	Zambia	63.7	574	307.1	9.5	9.1
5	Niger	61.4	50	149.48	3.6	11.1
6	Burkina Faso	61.2	218*	194.6	5.1	3.4
7	The Gambia	59.3	96*	-4	13.3	16.7
8	Sierra Leone	57	10	-89.8	3.6	9.4
9	Madagascar	49.1	160	201.9	7.8	18.6
10	Ghana	44.8	373*	155.5	6.7	10.4
11	India	44.2	2641	54.7	4.9	8.7
12	Lesotho	43.1	186*	8.8	8.9	27.3
13	Mozambique	37.9	n.a.	n.a.	n.a.	n.a.
14	Nepal	37.7	451	76.9	7.3	27.8
15	Zimbabwe	36	1868	208.8	5.6	7.3
16	Namibia	34.9	560*	n.a.	13.2	11.7
17	Cameroon	33.4	n.a.	n.a.	4.2	11.6
18	Ethiopia	31.3	125	58.2	6.3	26.2
19	Pakistan	31	543	28.1	5.1	10.4
20	Bangladesh	29.1	200	73.9	3.4	2.1
21	Mauritania	28.6	n.a.	n.a.	n.a.	n.a.
22	Kenya	26.5	899	10.4	9.5	28.5
23	Senegal	26.3	369*	50	7.5	14.4
24	Lao PDR	26.3	300	2042.9	10.9	3.4
25	Honduras	24.3	408	40.7	10.3	7.1
26	Venezuela	23	469	-10.7	7.6	12.5
27	El Salvador	21	795	309.8	7.2	22.1
28	Ecuador	20.2	615	69.9	9.8	15.4
29	Tanzania	19.9	501	227.5	10.4	13.9
30	Colombia	19.7	530	-34.8	7.1	12
31	Paraguay	19.5	221	-21.1	8.5	2.6
32	China	18.8	31229	197.9	9.8	10.4
33	Mexico	15.9	20643	20.2	10.4	19.3
34	Yemen Republic	15.7	73	40.4	2.5	4.4
35	Peru	15.5	1027	224	9.8	9.5
36	Bolivia	14.4	342*	34.7	8.5	13.4
37	Panama	14	479	123.8	15.5	7.1
38	Mongolia	13.9	158	7.5	n.a.	n.a.
39	Costa Rica	12.6	1106	154.3	13.2	18
40	Trinidad and Tobago	12.4	336*	72.3	10.7	17.5
41	Côte d'Ivoire	12.3	n.a.	n.a.	4.1	3.2
42	Turkmenistan	12.1	n.a.	n.a.	n.a.	n.a.
43	Brazil	11.6	5313	387	7.6	8.3
44	South Africa	11.5	6001	483.2	6.9	5.7
45	Moldova	11.3	n.a.	n.a.	n.a.	n.a.
46	Guatemala	10	823*	61.7	9.1	14.2
47	Armenia	7.8	30	n.a.	n.a.	n.a.
48	Indonesia	7.7	5064	132.5	9.8	12.9
49	Russian Federation	7.1	21169	n.a.	n.a.	n.a.
50	Sri Lanka	6.6	400	34.2	8.8	13

* figures are for 1999 instead of 2000

⁹ World Bank database http://millenniumindicators.un.org/unsd/mi/mi_source_xrxx.asp?source_code=45

¹⁰ WTO (2001)

¹¹ own calculations based on WTO (2001) data

¹² WTTC database – supplied to authors by WTTC in February 2003

¹³ WTTC database – supplied to authors by WTTC in February 2003

Table 3: The significance of tourism in countries with the lowest per capita GNI

Position	Country	GNI ¹⁴ per capita in 2001 ¹⁵ (US\$)	International arrivals in 2000 ('000) ¹⁶	Growth in international arrivals 1990-2000 (%) ¹⁷	Contribution of tourism economy to GDP in 1999 (%) ¹⁸	Tourism receipts as percentage of exports in 1999 ¹⁹
1	Congo Dem. Rep	80	n.a.	n.a.	8.1	8.4
2	Burundi	100	30	-72.5	4.2	7.4
3	Ethiopia	100	125	58.2	6.3	26.2
4	Liberia	140	n.a.	n.a.		
5	Sierra Leone	140	10	-89.8	3.6	9.4
6	Eritrea	160	70	n.a.	n.a.	n.a.
7	Guinea-Bissau	160	n.a.	n.a.	n.a.	n.a.
8	Malawi	160	228	75.4	2.4	10.1
9	Niger	180	50	138.1	3.6	11.1
10	Tajikistan	180	n.a.	n.a.	n.a.	n.a.
11	Chad	200	44	388.9	8.2	16.7
12	Mozambique	210	n.a.	n.a.	n.a.	n.a.
13	Burkina Faso	220	218*	194.6	5.1	3.4
14	Rwanda	220	n.a.	n.a.	3.4	8.6
15	Mali	230	91	106.8	6.4	19.7
16	Nepal	250	451	76.9	7.3	27.8
17	Central African Rep.	260	10*	66.7	4.1	3.1
18	Madagascar	260	160	201.9	7.8	18.6
19	Uganda	260	151	118.8	6.4	3.2
20	Cambodia	270	466	2641.2	8.4	9.9
21	Tanzania	270	501	227.5	10.4	13.9
22	Togo	270	60	-41.8	1.7	9.6
23	Kyrgyz Republic	280	69*	n.a.	n.a.	n.a.
24	Ghana	290	373*	155.5	6.7	10.4
25	Nigeria	290	813	327.9	2.7	10.9
26	Lao PDR	300	300	2042.9	10.9	3.4
27	The Gambia	320	96*	-4	13.3	16.7
28	Zambia	320	574	307.1	9.5	9.1
29	Sudan	340	50	51.5	5.8	7.3
30	Kenya	350	899	10.4	9.5	28.5
31	Bangladesh	360	200	73.9	3.4	2.1
32	Mauritania	360	n.a.	n.a.	n.a.	n.a.
33	Moldova	400	n.a.	n.a.	n.a.	n.a.
34	Mongolia	400	158	7.5	n.a.	n.a.
35	Guinea	410	33	n.a.	4	4.4
36	Vietnam	410	2140	756	6.9	8.9
37	Pakistan	420	543	28.1	5.1	10.4
38	Yemen Republic	450	73	40.4	2.5	4.4
39	India	460	2641	54.7	4.9	8.7
40	Haiti	480	143	-0.7	4.9	21.6
41	Zimbabwe	480	1868	208.8	5.6	7.3
42	Senegal	490	369*	50	7.5	14.4
43	Angola	500	51	-23.9	6.7	4.8
44	Lesotho	530	186*	8.8	8.9	27.3
45	Uzbekistan	550	n.a.	n.a.	n.a.	n.a.
46	Armenia	570	30	n.a.	n.a.	n.a.
47	Cameroon	580	n.a.	n.a.	4.2	11.6
48	Papua New Guinea	580	58	41.5	10.6	6.5
49	Georgia	590	384*	n.a.	n.a.	n.a.
50	Côte d'Ivoire	630	n.a.	n.a.	4.1	3.2

* figures are for 1999 instead of 2000

¹⁴ Gross national income (GNI) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. GNI per capita is gross national income divided by mid-year population. GNI per capita in US dollars is converted using the World Bank Atlas method.

¹⁵ World Bank database http://millenniumindicators.un.org/unsd/mi/mi_source_xrxx.asp?source_code=45

¹⁶ WTO (2001)

¹⁷ own calculations based on WTO(2001) data

¹⁸ WTTC database – supplied to authors by WTTC in February 2003

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Table4: Classification of the Least Developed Countries according to the importance of the tourism sector in their economy (tourism as a percentage of total exports / tourism economy as percentage of GDP in 1998)

LDCs with a prominent tourism sector in 1998		LDCs with a less prominent tourism sector in 1998		LDCs without significant tourism activity in 1998	
Countries for which tourism is the first export sector	Countries for which tourism is second or third export receipt earner	Countries with a less prominent tourism sector but demonstrating significant growth in their tourism performance		Countries hosting little tourism and not demonstrating significant progress in their tourism performance	
Comoros (31.3 / 14.0)	Benin (9.5/5.0)	Bangladesh (3.7/3.3)		Afghanistan (N/A/NA)	
Gambia (15.2 / 12.0)	Cambodia (12.4/8.0)	Bhutan (N/A/NA)		Angola (6.9/8.4)	
Maldives (71.6/86.9)	Cap Verde (41.8/12.0)	Burkina Faso (4.8/5.0)		Burundi (5.4/3.6)	
Samoa (na/NA)	Haiti (14.8/5.1)	Ethiopia (11.7/5.8)		Central African Republic (11.2/4.1)	
Tuvalu (na/NA)	Lao (18.3/10.4)	Malawi (7.5/2.7)		Chad (30.4/5.9)	
Tanzania (49.5/9.4)	Lesotho (16.8/8.6)	Mali (13.2/6.3)		Congo (9.4/8.4)	
Vanuatu (43.8/39.7)	Madagascar (18.3/7.7)	Mauritania (NA/ NA)		Djibouti (NA/NA)	
	Nepal (21.1/7.5)	Myanmar (53.0/6.4)		Equatorial Guinea (NA/NA)	
	Sao Tome & Principe (18.3/7.9)	Yemen (10.2/2.9)		Eritrea (NA/NA)	
	Senegal (14.8/7.8)	Zambia (17.8/8.7)		Guinea (1.4/3.8)	
	Uganda (24.2/6.1)			Guinea-Bissau (NA/NA)	
				Kiribati (16.0/21.0)	
				Liberia (NA/NA)	
				Mozambique (NA/NA)	
				Niger (13.7/3.3)	
				Rwanda (20.2/3.6)	
				Sierra Leone (6.2/3.5)	
				Solomon Islands (5.1/6.3)	
				Somalia (NA/NA)	
				Sudan (3.6/5.5)	
				Togo (4.1/ 2.3)	

Source: WTO/UNCTAD (2001)

References:

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 World Travel and Tourism Council (WTTC) (2003) – 2003 data set supplied to authors

These Pro-Poor Tourism Info-Sheets are produced by the Pro-Poor Tourism Partnership, with funding from the UK Department for International Development (DFID). They were written by Caroline Ashley, Dorothea Meyer, Dilys Roe and Harold Goodwin, and draw on a number of PPT reports and products. The opinions expressed are those of the authors and are not necessarily those of DFID. While copyright rests with the PPT Partnership, we encourage you to re-produce and share these sheets with others, while ensuring the PPT Partnership is credited and informed.

Pro-Poor Tourism Partnership:
 ICRT - Harold Goodwin; IIED - Dilys Roe; ODI - Caroline Ashley.
 Website: www.propoortourism.org.uk
 Contact us at: info@propoortourism.org.uk