

TOURISM AND POVERTY ALLEVIATION



Sustainable Tourism can be one of the few development opportunities for the poor. Let us use it wisely and soon!

Acknowledgements

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Executive Summary

This report reflects the World Tourism Organization's (WTO) concern that the benefits of tourism should be widely spread in society and that the poor should benefit from tourism development. It reviews current experience of tourism and poverty reduction in order to identify what is known about the contribution, which the tourism industry can make to the elimination of poverty; and makes recommendations for action by government, the industry, development agencies and local communities

One of the cornerstones of sustainable tourism – ecological, social and economic - to which WTO is committed, is the well being of poor communities and their environment. Tourism can play a significant part in balanced sustainable development and generate benefits for the poor. The World Tourism Organization is convinced that the power of tourism – one of the most dynamic economic activities of our time – can be more effectively harnessed to address the problems of poverty more directly.

WTO intends to be a leader of that effort and a catalyst for public and private sector innovation: together with UNCTAD we are launching a new initiative to link the development of Sustainable Tourism to the cause of Eliminating Poverty.

Tourism is a principal export for developing countries and LDC's: it is growing rapidly and is the most significant source of foreign exchange after petroleum. The 49 Least Developed Countries have recognised the importance of tourism to their development and are pressing for it to be accorded a higher priority.

- Tourism is a principal export for 83% of developing countries and it is the principal export for one third of them.
- Developing countries had 292.6 million international arrivals in 2000, an increase since 1990 of nearly 95%. The 49 Least Developed Countries (LDC's) had 5.1 million international arrivals in 2000, they achieved an increase of nearly 75% in the decade.
- 80% of the world's poor, those living on less than one 1US\$ per day, live in 12 countries. In 11 of these countries, tourism is significant and growing
- The developing countries are attracting an increasing share of global international tourist arrivals up from 20.8% in 1973 to 42 % in 2000. Domestic tourism is a significant market and growing rapidly, in some developing countries, although generally not in the poorest countries.
- The developing countries and particularly the LDCs secured a larger increase in the income per international arrival between 1990 and 2000 than did the OECD or the European Union countries. The LDCs secured an increase of 45% between 1990 and 2000 and the developing countries nearly 20%, this compares with 18% for OECD countries and 7.8% for the EU.
- In 2000 tourism ranked third among the major merchandise export sectors for both developing countries and LDCs. If petroleum industry exports are discounted (and they are significant in only three) tourism is the primary source of foreign exchange earnings in the 49 LDCs.

Tourism brings relatively powerful consumers to Southern countries, an important market potential for local entrepreneurs and an engine for local sustainable economic development. It is a powerful tool for growth in developing countries.

- The consumer travels to the destination, providing opportunities for the sale of additional goods and services; the poor can become exporters.
- Tourism creates important opportunities to diversify the local economy. It can often be developed in poor and marginal areas with few other export and diversification options. Tourists are often attracted to remote areas because of their high cultural, wildlife and landscape values. One of the assets of the poor is their cultural and wildlife heritage; and tourism presents opportunities to capitalise on those assets.
- Tourism offers better labour-intensive and small-scale opportunities than all sectors except agriculture
- Tourism helps promote gender equality, employing a relatively high proportion of women than other sectors.
- Developing countries face minimal trade barriers in promoting tourism exports While Tourism suffers from leakages and demand volatility, there is no evidence that this impact is greater than for other exports.

There is a strong economic case for promoting tourism in developing countries and LDC's

Through focussing on the process of reducing leakages and maximising linkages to the local economy, substantial growth could be achieved. However, success depends on effective marketplace value and quality of the products developed and upon meaningful community-private-public partnerships.

Leakages and Linkages

Financial leakages – where a disproportionately low percentage of tourism revenues stay in the local market - reduce the development impact of tourism. In contrast linkages – use of local goods and services - results in the creation of more jobs and opportunities for small and medium sized businesses. The practical strategy is to work for local linkages, fair revenue retention and integrated development.

Effective linkages depend on the quality, reliability and competitiveness of local products so that they can be successful in the market. The local formal sector business community needs to be actively engaged through partnership approaches in the process. Poorer members of communities can be helped to access the tourism market by measures designed to assist the informal sector and by developing their links with the formal sector.

Enhancing Economic Benefits

There are a number of proven strategies which can be used to enhance overall economic benefits and which can be used in ways which have a poverty reduction focus:

- attracting higher yield market segments
- increasing tourist length of stay
- increasing visitor expenditure
- developing complementary products
- spreading the benefits of tourism geographically
- infrastructure and planning gain
- local management of tourism & partnerships
- SMME development
- reducing seasonality
- employment and training

Various steps can be taken to increase the benefits to the local economy in tourist destination areas and to secure triple bottom line sustainability:

- facilitate local community access to the tourism market
- maximise the linkages into the local economy and minimise leakages
- build on and complement existing livelihood strategies through employment and small enterprise development
- ensuring that tourism projects contribute to local economic development not just for their national revenue generation

At the same time policies and practices must also promote the preservation of natural and cultural assets. They must also minimise and ideally eliminate adverse effects on local communities and socio-cultural systems.

Affirmative action can increase net benefits for the poor

Strategies for so called “pro-poor” tourism focus specifically on unlocking opportunities for the poor within tourism, rather than simply expanding the overall size of the sector. Such strategies can be distinguished within general tourism development. Affirmative action can be applied within any segment of the tourism industry. It must specifically address the needs of those living in poverty and demonstrate positive impacts.

The four case studies in this report have been selected from amongst many examples of tourism contributing to poverty reduction in developing countries.

- The Gambia study demonstrates how **partnerships at the local level** between the private sector, government and poor producers can significantly raise incomes for the informal sector in resorts.
- The South African study demonstrates how **government policy** can encourage the private sector to adopt poverty reduction practices and to monitor and report the results.
- The Ecuador and Nepal studies demonstrate the **potential for tour operators and local communities** to increase the impact of tourism in reducing poverty.

The case studies show that affirmative action can make a difference to the poor – recognising that significant change in this area will require substantial effort.

What should be done?

The WTO is convinced that

- tourism can be harnessed to bring local economic development in forms that will assist in the reduction of poverty,
- poverty reduction criteria should play a more prominent role in decision-making about tourism development,
- tourism must be considered alongside other industries as a primary development option, in government policy and related action of development banks, as well as bilateral and multilateral agencies.

The case studies go beyond traditional assumptions about *trickle-down and multiplier effects*: they demonstrate that it is possible to measure analyse and influence local economic benefits in favour of poverty reduction.

Challenges

The scale and scope of the issues to be addressed are formidable and spread across the entire development agenda.

1. Access of the poor to the market: physical location, economic elites, and social exclusion.
2. Commercial viability: product quality and price, marketing, strength of the broader destination.
3. Policy framework: land tenure, regulatory context, planning process, government attitude and capacity.
4. Implementation: filling the skills gap, managing costs and expectations, maximising collaboration.

The successful development of pro-poor tourism initiatives involves a strong commercial orientation and the capacity to engage with a wide range of stakeholders and achieve integrated change. Given the diversity of environments and cultures around the world and the complexity of tourism, no one blueprint is likely to emerge.

Multi-stakeholder involvement is essential

- **Governments** must lead with visionary strategies, practical policies, regulations, and thoughtful, inclusionary coordination.
- The **Private Sector** is an essential player – as partner, enabler, customer, marketing channel, financial catalyser and advisor.
- **The Poor** themselves have many roles: as producers, suppliers and workers; also as participants and decision-makers.
- **Civil Society** has an important part to play to facilitate inclusion by the poor: this includes educational institutions at all levels, trade associations, journalists, community-based organisations (CBOs) and NGOs.
- **Donors** can ensure that tourism is considered when development options are being analysed, encourage the other stakeholders to increase affirmative action and provide technical assistance as well as funding for projects and expertise in this new field.

It is important to include four particular constituencies:

1. Those who manage, plan, or influence tourism operations in poor countries of the South or in areas where there are significant numbers of poor people in areas visited by tourists.
2. Those who are developing and promoting the 'sustainable tourism' agenda internationally, and recognising the importance of the economic and social dimensions of sustainability.
3. Those implementing poverty reduction approaches in areas with tourism potential.
4. Those who help form opinions about effective strategies for poverty-reduction.

This report suggests that conditions for reducing poverty through specifically focussed tourism programmes exist in the developing countries and LDCs. The case studies indicate that tourism can be harnessed for such purposes and that strategies / tools to meet these objectives are evolving.

However, there are a limited number of examples and much work needs to be done to scale-up this work if tourism is to make its contribution to the international targets for poverty reduction.

Sustainable Tourism as a tool for Elimination of Poverty (ST-EP)

To meet this objective the WTO and UNCTAD (United Nations Conference on Trade and Development), concerned with advancing the development of the world's poorest countries, agreed in June 2002 to join efforts to implement a new framework to assist developing countries and LDC's in poverty reduction through tourism.

The project, called ST-EP (Sustainable Tourism – Eliminating Poverty) seeks to refocus and incentivise Sustainable Tourism – social, economic and ecological - to make it a primary tool for Eliminating Poverty in the world's poorest countries, particularly the LDCs: bringing development and jobs to people who are living on less than a dollar a day.

The core of ST-EP will be a tri-partite institutional framework, which raises substantial funds, targets best practice research and creates an operating system that specifically encourages Sustainable Tourism geared to the Elimination of Poverty.

- The first leg will be an International Foundation, whose purpose will be to secure a sustained revenue source to advance ST-EP goals in the research, operational and promotional fields. The Foundation Board will be composed of respected individuals from the public sector, private sector and civil society. It will operate under transparent governance; to raise funds and disperse them for innovative community focused research or operational programs, which can directly benefit the world's poorest countries. It will also promote best practice widely.
- The second leg will be the research base, where a small institute will organise the worldwide networks of academic communities, to focus research on the linkages between Sustainable Tourism and Eliminating Poverty and identify practical approaches capable of replication. It will work closely with the Foundation to commission research, validate results and identify guidelines for ST-EP market related activity, based on multi-stakeholder involvement and local community benefit.
- The third leg will be sustainable operations. This programme will seed small and medium sized projects to benefit the world's poorest communities by enabling them to secure sustainable livelihoods through engaging in tourism. Projects that follow the ST-EP principles will be monitored and their performance certified; and there will be an Annual Global Awards Ceremony to promote the ST-EP vision and its champions.

The World Tourism Organization and UNCTAD will develop this concept for implementation in 2003 and beyond, engaging all stakeholders – government, the private sector and civil society.

1. Introduction

The Millennium Declaration of the United Nations identified poverty alleviation as one of the most compelling challenges the world is facing in the 21st Century. Tourism is already one of the most important sources of foreign exchange earnings and job creation in many poor and developing countries. The World Tourism Organization is convinced that the power of tourism – one of the most dynamic economic activities of our time – can be more effectively harnessed to address the problems of poverty more directly. For this reason WTO decided to produce this report on Tourism and Poverty Reduction.

Tourism “comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes” (WTO).

This report reviews the evidence that exists on the ways in which tourism can contribute to poverty reduction, and makes recommendations for action by government, the industry, development agencies and local communities. It looks first at the significance of tourism in developing countries and the role that it has played in development, focussing particularly on the 49 Least Developed Countries (LDCs). The ways in which tourism can be shaped in order to maximise the local economic impact are considered in the next section and then the evidence on explicitly “pro-poor” tourism is reviewed. The report concludes with an agenda for action.

The four case studies have been selected from amongst many examples of tourism contributing to poverty reduction in developing countries. The Gambia case study demonstrates how partnerships at the local level between the private sector, government and poor producers can significantly raise incomes. The South African case study demonstrates how government policy can encourage the private sector to adopt practices that are designed to contribute to poverty reduction and to monitor and report the results. The Ecuador and Nepal case studies demonstrate the potential for tour operators and local communities to increase the impact of tourism in reducing poverty.

1.1 The economic impacts of tourism

The importance of tourism in international trade has been growing significantly: the value of exports of tourism services was about 4% of international trade in 1980, 5% in 1990 and 6% by 1995.¹ Tourism is a major foreign exchange earner for many low-income countries and it has been an important foreign exchange earner for a number of newly industrialised countries, including among others Mexico and Thailand. Tourism is one of the five leading sources of export revenue for 69 developing countries: in 28 of these, tourism was the leading source of foreign exchange.²

Of the 100 or so poorest countries, tourism is significant in almost half of the low-income countries and virtually all of the lower-middle income countries.³ Tourism is a principal export (features in the top 5) for 83% of developing countries and the principal export for one third of developing countries.⁴ 80% of the world's poor, those living on less than one 1US\$ per day, live in 12 countries. In 11 of these countries, tourism is significant or growing, using significant to mean over 2% of GDP or 5% of exports.

Table 1 Significance of international tourism to countries with 80 per cent of world's poor⁵

Country (a)	Is international tourism an important economic sector? (b)	Have international tourist arrivals grown significantly? (1990-1997) (c)	Percentage of population living on under 1US\$ a day (d)
India	✓		53
China	✓	✓	22
Bangladesh		✓	n/a
Kenya	✓	n/a	50
Pakistan	n/a		12
Indonesia	✓	✓	15
Nepal	✓	✓	53
Nigeria		✓	29
Ethiopia	✓		34
Brazil	✓	✓	29
Peru	✓	✓	49
Philippines	✓	✓	28
Mexico	✓		15

n/a = data not available

(a) Countries identified by the World Bank – 1993 data (World Development Indices 1998). Listed according to their ranking as DFID bilateral aid recipients (largest first).

(b) ITT receipts more than 5 per cent of exports or 2 per cent of GDP for 1996 – adapted from data from WTO 1998 and World Development Indices 1998.

(c) Percentage change between international tourist arrivals for 1990 and 1997 – adapted from data from WTO 1997. International Tourism (e) Arrivals for 1997; WTO 1998.

(d) Percentage of population living under US\$1/day – UNICEF 1999, World Development Indices 1998.

Rising standards of living in the countries of the North, declining long-haul travel costs, increasing holiday entitlements, changing demographics and strong consumer demand for exotic international travel have resulted in significant tourism growth to developing countries⁶, with international tourist arrivals to the developing world accounting for 30.5% of the global total in 1997 (compared with 20.8% in 1973 and 25.4% in 1990)⁷. Tourism brings relatively powerful consumers to Southern countries, an important market potential for local entrepreneurs and an engine for local sustainable economic development.

Although the main focus of this report is on international tourist arrivals, reflecting the focus of tourism development over the last 30 years, it is important to remember that many developing countries have significant, and often rapidly growing, numbers of domestic tourists. In Mexico about 75% of hotel patrons were Mexican in 1995; in Thailand there were 7.44 million international tourist visits and about 42.5 million domestic in-country trips; in China in 1999 domestic tourists accounted for 90% of the total and 70% of the revenue, in Brazil, India, and South Africa domestic tourism is significant and growing rapidly⁸, as it has in a number of other countries including Argentina and Chile. Domestic tourism is a significant market in some developing countries, although generally not in the poorest countries. Where domestic tourism exists, it often constitutes a significant opportunity for local economic development.

1.2 The Canary Islands Declaration on Tourism in the Least Developed Countries

For the 49 Least Developed Countries (LDCs) tourism is emerging as an important development opportunity, and they are pressing for tourism to be recognised as a priority development sector. Ministers and Heads of delegations from the LDCs gathered in Gran Canaria, Spain, in March 2001 to discuss the contribution which tourism might make to development. They were convinced that “for a large majority of LDCs, tourism development can be an avenue to increase participation in the global economy, alleviate poverty, and achieve socio-economic progress.” Although there was little prominence given to tourism as a sector for economic growth in the 1981 and 1990 programmes of action, in 2001 delegates pointed to the significant comparative advantages existing in most LDCs for tourism development. The LDC representatives identified international tourism as one of the few economic sectors through which LDCs have managed to increase their participation in the global economy, principally because of the comparative advantages that LDCs enjoy in the provision of tourism services. This success had been achieved despite insufficient priority having been accorded to tourism as a sector for socio-economic development in most LDCs, and they recognised that it “can be an engine of employment creation, poverty alleviation, reduction of gender inequality, and protection of the natural and cultural heritage.”⁹

1.3 Ten Years on from the Rio Earth Summit

Although tourism had become one of the world's largest industries and one of the world's fastest growing sectors by 1992, it was not on the agenda at the Earth Summit in Rio. In 1995, the World Tourism Organization, the World Travel and Tourism Council and the Earth Council jointly produced Agenda 21 for the Travel and Tourism Industry: Towards Environmentally Sustainable Development. The publication made an important contribution by increasing awareness of environmental concerns in the industry. Agenda 21 for the Travel and Tourism Industry was strong on sustainability but considerably weaker on development. The environment was identified as a core asset for tourism, and the industry was urged to take steps to minimise its negative environmental impacts.

Similarly, the main response from the tourism industry was environmental, with less emphasis being placed by the industry on the social elements of sustainable development. At the 7th session of the UN Commission on Sustainable Development (CSD 7) in 1999, Tourism and Sustainable Development was reviewed. CSD 7 urged governments to "maximise the potential for tourism for eradicating poverty by developing appropriate strategies in cooperation with all major groups, indigenous and local communities."¹⁰ CSD 7 called on all stakeholders "to promote linkages within the local economy in order to share benefits more widely" and for greater efforts to be made to employ the local work force, to use local products and skills and to "maximise benefits for indigenous and local communities."¹¹

At CSD7, the balance of the debate about tourism and sustainable development shifted. There has been increasing emphasis placed on the economic and social aspects of sustainable development as developing country governments and NGOs have asserted the importance of development as well as sustainability. As the World Summit on Sustainable Development in Johannesburg in 2002 approached, the focus shifted further towards economic and social development and to poverty reduction in particular.

1.4 Sustainable Tourism and Poverty

The World Tourism Organization has adopted a sustainable approach to tourism development and management, and argues consistently that all forms of tourism should attain a higher level of sustainability. It applies sustainable development principles to all its tourism planning and development studies. The WTO defines sustainable tourism as follows:

"Sustainable tourism development meets the needs of present tourists and host regions while protecting and enhancing opportunities for the future. It is envisaged as leading to management of all resources in such a way that economic, social, and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity, and life support systems."¹²

Achieving sustainable tourism requires that several objectives be achieved:

- The natural, historical, cultural and other resources for tourism are conserved for continuous use in the future, while still bringing benefits to the present society.

- Tourism development is planned and managed so that it does not generate serious environmental or socio-cultural problems in the tourism area.
- The overall environmental quality of tourism areas is maintained and improved where needed.
- A high level of tourist satisfaction is maintained so that tourist destinations will retain their marketability and popularity.
- The benefits of tourism are widely spread throughout society.¹³

This report reflects the WTO's concern that the benefits of tourism should be widely spread in society and that the poor should benefit from wise tourism growth.

As Lord Marshall, Chairman of British Airways, said 1994, tourism " ... is essentially the renting out for short-term lets, of other people's environments, whether that is a coastline, a city, a mountain range or a rainforest. These "products" must be kept fresh and unsullied not just for the next day, but for every tomorrow."¹⁴ Lord Marshall is often quoted in support of the enlightened self-interest argument for sustainable tourism, maintaining a saleable product. However, the more radical part of his argument relates to the issue of who benefits from tourism in "other people's environments".

The WTO is convinced that tourism can be harnessed to bring local economic development in forms that will assist in the reduction of poverty, and believes that poverty reduction criteria should play a more prominent role in decision-making about tourism development. Poverty reduction impacts should be part of any assessment of sustainability. One of the cornerstones of sustainability is the well being of poor communities and their environment. It is important that the poor are not made more vulnerable as a consequence of tourism damaging their cultural and environmental assets. Tourism is no panacea for the poor – all forms of monoculture increase vulnerability. However, tourism can play a significant part in balanced sustainable development and generate benefits for the poor.

Poverty has commonly been identified using income or consumption criteria, but more recently the emphasis has shifted. Consulted about what poverty means to them, poor people emphasise lack of income, low levels of access to health, education, clean water; and a sense of powerlessness, insecurity and vulnerability. The sustainable livelihoods approach looks at poverty holistically recognising that poor people pursue a range of livelihoods outcomes including health, security, education and income¹⁵.

Tourism not only provides material benefits for the poor, but can also bring cultural pride, a sense of ownership and control, reduced vulnerability through diversification and the development of skills and entrepreneurial capacity. Tourism should be assessed objectively against other opportunities for pro-poor economic growth.

1.5 Managing Tourism for Development

“Tourism is like a fire, you can cook your meal with it, or it can burn your house down”¹⁶

Rapid, continuous tourism growth and the search for new destinations mean that more and more communities in the developing world will be affected – positively and negatively - by the growth of tourism. This provides opportunities for economic development and job creation which benefit the poor, but there are also negative impacts, which need to be minimised. It is frequently the natural and cultural heritage and the living culture of the local people that attract tourists. But their very sustainability will depend on coherent public and private management of the environmental, economic and socio-cultural impacts of tourism.

A tourism monoculture can adversely affect the inherent quality of the destination, as any over-dependence on a single economic activity increases the area's economic vulnerability through its dependence on decisions made elsewhere by consumers and investors. Destination management is a key requirement for sustainability.

Tourism has become an important sector for most developing countries having already overtaken cash crop agriculture and other primary industries as the major source of national income, employment and export earnings. In Kenya, tourism has displaced tea, coffee and horticultural produce as the country's leading export earner, as it has in Costa Rica. Tourism development played the major role in Botswana's graduation from LDC status and has underpinned its development. Tourism has been vital in Cuba's economy since 1990 when Russian economic support was reduced. Tourism income has assisted the Caribbean islands' economies faced with falling banana and sugar prices. China's adoption of tourism as a means of economic development is enabling it to attain very high rates of economic growth in targeted areas.

Tourism is not a traditional industrial sector, and is best understood as a range of responses to a particular consumer demand. The activity of tourism creates demand for a wide range of products and services purchased by tourists and travel companies, including a range of products supplied by other industrial sectors (e.g. food & beverage, building supplies, crafts and soft furnishings), which are not traditionally thought of as part of the tourism sector. The diversity of the industry and the high-income elasticity in markets in the industrial and middle-income countries make tourism an attractive option for many developing countries.

Tourism is marketed internationally but it is consumed at the point of production. The tourists, whether international or domestic, must travel to the “factory” to consume their holiday. This brings wealthy consumers into direct and relatively close contact with often far poorer producers. These disparities of wealth and social power are very evident and can result in unfair labour practices, the sexual exploitation of women and children, begging and theft. Tourism also brings with it pressure for cultural change and can bring disruptive local migration as people are priced off land or attracted by new job opportunities. The rate of tourism sector growth and associated impacts need to be managed if tourism is to be used for sustainable development; negative impacts need to be controlled to avoid jeopardising local communities and their social values.

The argument is often advanced that developing countries cannot exercise control over international tourism demand coming from the rich countries of the North and that the tourism industry is demand-led, making the countries of the South vulnerable to changes in demand beyond their control. However, this and many of the other disadvantages associated with tourism are actually characteristics of growth and globalisation¹⁷; they can just as easily be found in the agricultural, mining and manufacturing sectors, but this argument is not advanced so forcefully there. For example, it is not clear that the leakage effect and the perceived high level of foreign ownership are greater problems in tourism than in other sectors. While there is no doubt that tourism is vulnerable to swings in demand at the international level (e.g. recession in the tourist originating countries and changes in holiday preferences) and changes in the destination countries (e.g. political instability and hurricanes), it is not clear that tourism volatility is any greater than volatility in prices and demand in other exports, particularly commodity exports.¹⁸

1.6 Time for a Change

As the United Nations has pointed out, the paradox is that despite the successes of economic development more than 1 billion people still live on less than one dollar a day, and almost 3bn on less than two dollars. Tourism is a major international industry and there are ways in which it can contribute to meeting the challenge of reducing the numbers of people living in poverty. The WTO contends that tourism can contribute to the Priority Areas of Collaborative Action for reducing poverty through strengthening the asset base and livelihood opportunities of poor people and promoting macro economic policies that are pro-poor and pro-equity.¹⁹

The UN CSD7, urged governments “to maximise the potential of tourism for eradicating poverty by developing appropriate strategies in co-operation with all major groups, indigenous and local communities.”

As a sector for economic growth for the poor, tourism has several advantages:

- The consumer travels to the destination, providing opportunities for the sale of additional goods and services.
- Tourism creates important opportunities to diversify the local economy. It can often be developed in poor and marginal areas with few other export and diversification options. Tourists are often attracted to remote areas because of their high cultural, wildlife and landscape values. One of the assets of the poor is their culture and wildlife heritage; and tourism presents opportunities to capitalise on those assets.
- Tourism offers better labour-intensive and small-scale opportunities than all other sectors except agriculture
- It can help gender equality because it employs a relatively high proportion of women.

Tourism strategies which aim to expand opportunities and to increase net benefits to the poor are distinct from traditional ecotourism or community-based tourism, simply because of the primacy of the anti poverty goal.

Some will argue that tourism is not a viable development tool it is part of the *pleasure periphery*, and tourism jobs are sometimes dismissed as menial and insecure employment, although this has never been seriously substantiated. Recent “fair trade” campaigns have addressed poor labour conditions in the textile, clothing and footwear, and seasonal agricultural sectors, where low wages and poor factory working conditions have been revealed. These campaigns have demonstrated that not only in tourism are there major – and disturbing – disparities in wealth between producers and consumers. In assessing the relative merits of tourism and other sectors it is important to be rigorous in comparing the benefits and disadvantages for local communities, and particularly the poor amongst them, of different economic development options.

The tourism industry has been a major contributor to economic growth in a significant number of developing countries, often in the poorer areas of these countries. Where tourism can demonstrably provide economic development opportunities with significant poverty reduction impacts, it should receive support from government and donors.

2. Tourism and National Development

Tourism emerged as a global phenomenon in the 1960's and the potential for tourism to generate economic development was widely endorsed by national governments, which looked at tourism to generate foreign exchange earnings, to create employment and to bring economic benefits to regions with limited options for alternative economic development. National tourism authorities were created to promote tourism and to maximise international arrivals. The success of these authorities and of Tourism Ministries was judged by the growth in international arrivals figures. As tourism expanded and its significant economic contributions were lauded, an awareness of its negative environmental and social impacts also increased. A more sceptical attitude to the economic benefits of tourism also emerged. The importance of environmental and social sustainability was more widely accepted, and emphasis has increasingly been placed on the generation of economic benefits at the local level.

The tourism industry can be viewed as "a great school for the modernisation of a people's values"²⁰. The regional and international connections of the industry, and its international competitive nature, mean that tourism can be an important conduit for the introduction of modern management techniques and technologies. This can be a problem if the industry is reliant on imported technologies and labour brought in from abroad or from the metropolitan centres. On the other hand, it presents excellent opportunities for developing entrepreneurship, for staff training and progression and for the development of transferable skills.

Tourism development has generally been focused at the macro level: on international promotion, attracting inward investment and major hotel and resort developments, and on national and regional master planning. The primary concern has been with maximising foreign exchange earnings, in part to finance investment in technology and other imports for economic development and to finance debt.

2.1 The Comparative Performance of Developing Countries and LDCs in International Tourism

2.1.1 International Tourist Arrivals

Since the 1950's developing countries have received increasing numbers of international tourists, largely from developed countries. International tourist arrivals have been growing significantly faster in developing countries than they have in the European Union (EU) or Organisation for Economic Co-operation and Development (OECD) countries. Developing countries had 292.6 million international arrivals in 2000, an increase since 1990 of nearly 95%. The sub-group of 49 LDCs had 5.1 million international arrivals in 2000, they achieved an increase of nearly 75% in the decade. This performance by developing countries compares very favourably with the growth of tourism to countries of the OECD and the EU, which achieved around 40% growth.

Table 2 International Tourist Arrivals in thousands

Country Groups	1990	2000	Increase	% increase
OECD	338,200	471,164	132,964	39.3
EU	204,961	283,604	78,643	38.4
OTHER COUNTRIES	3,465	6,652	3,187	92.0
DEVELOPING COUNTRIES	150,563	292,660	142,097	94.4
LEAST DEVELOPED COUNTRIES (LDCs)	2,921	5,106	2,185	74.8
OTHER DEVELOPING COUNTRIES	13,755	25,562	11,807	85.8

Source: WTO

For list of countries by country groups see Annex 3

2.1.2 International Tourism Receipts

Over the last ten years there has been a higher rate of growth in the absolute value of tourism expenditure as recorded in the national accounts in the developing countries than in the developed countries. The absolute earnings of developing countries grew by 133% between 1990 and 2000 and in the LDCs by 154%, this compares with 64% for OECD countries and 49% for EU countries.

Table 3 Absolute Value (US\$ Million) of Tourism Expenditure by Country Group

Country Groups	1990	2000	Increase	% increase
OECD	201,082	330,464	129,382	64.3
EU	119,998	179,041	59,043	49.2
OTHER COUNTRIES	1,366	2,388	1,022	74.8
DEVELOPING COUNTRIES	59,645	138,937	79,292	132.9
LEAST DEVELOPED COUNTRIES (LDCs)	1,021	2,594	1,573	154.1
OTHER DEVELOPING COUNTRIES	11,045	17,041	5,996	54.3

Source: WTO

Figures relate to the credit component of the Travel item of the Balance of Payments of the corresponding countries of reference. This item is traditionally referred to as Tourism.

The developing countries and particularly the LDCs secured a larger increase in the income per international arrival between 1990 and 2000 than did the OECD or the EU. The LDCs secured an increase of 45% between 1990 and 2000 and the developing countries nearly 20%, this compares with 18% for OECD countries and 7.8% for the EU.

Table 4 Average Value per International Arrival of Tourism Expenditure by Country Group

Country Groups	1990	2000	Increase	% increase
OECD	595	701	107	18.0
EU	585	631	46	7.8
OTHER COUNTRIES	394	359	-35	-8.9
DEVELOPING COUNTRIES	396	475	79	19.8
LEAST DEVELOPED COUNTRIES (LDCs)	350	508	158	45.3
OTHER DEVELOPING COUNTRIES	803	667	-136	-17.0

Source: WTO

Figures relate to the credit component of the Travel item of the Balance of Payments of the corresponding countries of reference. This item is traditionally referred to as Tourism.

The average value has been calculated by dividing absolute value taken for the travel item in the Balance of Payments by the international arrival figure.

Data from the Balance of Payments can be used to calculate the importance of tourism (the Travel item in the Balance of Payments) as a proportion of international trade in services. For the OECD and EU country groups tourism constitutes around 28% of trade in services in 2000, this significantly less than the 43% recorded for developing countries and 70% for LDCs. For the OECD and EU country groups the credit travel item of the Balance of Payments, taken to equate to tourism receipts, amounts to around 6% of total Goods and Services in 2000. In the developing countries group it averages 6.5% and in the LDCs 15.3%.

Table 5 Travel as share of total trade in services and as share of total goods and services in 2000

Country Groups	Travel as share of total Services (%)	Travel as share of total Goods and Services (%)
OECD	28.1	5.9
EU	28.6	6.3
DEVELOPING COUNTRIES	43.3	6.5
LEAST DEVELOPED COUNTRIES (LDCs)	70.6	15.3
OTHER DEVELOPING COUNTRIES	29.0	4.9

Source: WTO

Figures relate to the credit component of the Travel Item of the Balance of Payments as percentage of items on "Services" and "Goods and Services" in the countries of reference. In such cases (6 in 1990 and 5 in 2000) wherein the percentage exceeds a 100, obviously is a question of a lack of consistence in the information provided by those countries.

In 2000 tourism ranked third among the major merchandise export sectors for both developing countries and LDCs.

Table 6 Value in US\$ million of major merchandise exports by country group

	Developing Country	R	LDCs	R
Manufactures	900,649	1	720	2
Food	120,262	2	334	4
Tourism	113,902	3	335	3
Fuels	73,624	4	2316	1
Ores & metals	41,585	5	111	5
Agriculture	25,167	6	68	6

Source: WTO

Figures relate to the credit component of the Travel Item of the Balance of Payments of the corresponding countries of reference. This item is traditionally referred as Tourism.

Merchandise exports show the f.o.b. value of goods provided to the rest of the world valued in U.S. dollars. These items have been obtained from 2001 World Development Indicators, published by the World Bank. Data for 2000 have been estimated. Agricultural raw materials comprise SITC section 2 (crude materials except fuels) excluding divisions 22, 27 (crude fertilizers and minerals excluding coal, petroleum, and precious stones), and 28 (metalliferous ores and scrap).

Fuels comprise SITC section 3 (mineral fuels).

Ores and metals comprise the commodities in SITC divisions 27, 28, and 68 (nonferrous metals). Manufactures comprise the commodities in SITC sections 5 (chemicals), 6 (basic manufactures), 7 (machinery and transport equipment), and 8 (miscellaneous manufactured goods), excluding division 68.

In the developing countries the export value of tourism grew by 154% in developing countries second only to the growth in the manufacturing sector. In the LDCs tourism grew 47%, behind manufactures and fuel but ahead of food, which declined.

Table 7 Growth between 1990 and 2000 in Top 4 Export Sectors for Developing Countries and LDCs

Tourism and Merchandise Exports	Developing Countries	R	LDCs	R
Manufactures	208%	1	217%	2
Food	58%	2	-71%	4
Tourism	154%	3	47%	3
Fuels	16%	4	1444%	1

2.2 International Tourism in the LDCs

The category of Least Developed Country was first used by the United Nations in 1971 to encourage the international community to recognise these countries as structurally disadvantaged and facing the risk of being overcome by those disadvantages. Since 1971 only Botswana has graduated from LDC status, and tourism played a very significant role in that process with the annual number of international tourism arrivals increasing by more than half a million visitors between 1985 and 1998. Cape Verde, Maldives, Samoa and Vanuatu have all been considered for graduation since 1994 and in all four of them tourism has been the single most important factor explaining the socio-economic progress which would form the basis of their graduation.²¹ As Pierre Encontre of UNCTAD concludes, "international tourism has been one of the very few economic sectors able to place some poor countries on a better development path" and to enable them to reduce their marginalization from the global economy.

In the Maldives, annual visitor arrivals tripled between 1985 and 1998, in the same period the proportion of tourism exports to GNP increased from 75% to 89%, making the Maldives the LDC most dependent on international tourism, followed by Samoa and Vanuatu, both with over 20%. International arrivals to other LDCs grew fast between 1995 and 1998 Angola and Chad experienced more than 75% growth (albeit from low base lines), Cape Verde, The Gambia, Lao, Mali and Zambia all enjoyed growth above 20%. Sudan, Sierra Leone, Sao Tome, Kiribati, Ethiopia, Eritrea, the Central African Republic and Burundi, however, all saw reductions in international visitor arrivals.²²

If petroleum industry exports are discounted (and they are significant only in Angola, Yemen and Equatorial Guinea) tourism is the primary source of foreign exchange earnings in the 49 LDCs. The combined tourism export receipts of all LDCs in 1998 accounted for 16.2% of their non-oil export receipts. This is 39% more than cotton and 82% more than textiles, their second and third most significant non-oil exports. In more than one third of LDCs tourism ranks among the top three sources of foreign exchange earnings, and it is the most important source of foreign exchange earnings in seven of them.²³

There are 28 LDCs for which there is adequate data to calculate tourism as a proportion of GDP. As can be seen from Table 8, in 8 of the 28 LDCs for which there is data, international tourist receipts is greater than 5% of the domestic economy, in a further 8 countries it is more than 2%. Table 9 reports the change in the dollar value (at current prices) of international arrivals. 15 countries saw the revenues in current dollar values increase by more than 100% in the ten years from 1990-2000. 22 of the 28 had significant increases in tourism revenues at current values – mostly from low base figures. Amongst those countries that had significant reductions in tourism earnings were Sierra Leone, Guinea, Burundi, and Equatorial Guinea all of which have suffered from political instability.

Table 8 International Tourism Receipts as % of GDP, 2000

LDC	% of GDP
MALDIVES	57.7
VANUATU	27.4
SAMOA	17.0
TANZANIA	8.2
COMOROS	7.4
CAMBODIA	7.2
LAO P.DEM.R.	6.7
ERITREA	5.9
KIRIBATI	4.6
SENEGAL	3.2
ZAMBIA	3.1
MALI	3.1
MADAGASCAR	3.1
NEPAL	3
LESOTHO	2.7
BHUTAN	2.1
SIERRA LEONE	1.9
MALAWI	1.6
RWANDA	1.3
HAITI	1.3
ETHIOPIA	1.1
YEMEN	0.9
TOGO	0.4
GUINEA	0.4
SUDAN	0.3
ANGOLA	0.2
BURUNDI	0.1
BANGLADESH	0.1

Table 9 Change in revenue from international arrivals in current US\$ values

LDC	% increase 1990-2000
LAO P.DEM.R.	3700
TANZANIA	1037
COMOROS	650
BHUTAN	400
MYANMAR	367
BANGLADESH	355
YEMEN	280
MALDIVES	261
MADAGASCAR	198
ETHIOPIA	172
NEPAL	161
RWANDA	140
ZAMBIA	122
KIRIBATI	100
SAMOA	100
MALAWI	69
MALI	51
VANUATU	49
SUDAN	43
LESOTHO	41
ANGOLA	39
HAITI	17
SENEGAL	-16
SIERRA LEONE	-37
GUINEA	-60
BURUNDI	-75
TOGO	-91
EQ.GUINEA	-100

Tourism as % of GDP data from the World Development Indicator database. World Bank.

2.3 Tourism & Development

Tourism can contribute to development and the reduction of poverty in a number of ways. Economic benefits are generally the most important element, but there can be social, environmental and cultural benefits and costs. Tourism contributes to poverty reduction by providing employment and diversified livelihood opportunities. This in turn provides additional income or contributes to a reduction in vulnerability of the poor by increasing the range of economic opportunities available to individuals and households. Tourism also contributes to poverty alleviation through direct taxation and the generation of taxable economic growth; taxes can then be used to alleviate poverty through education, health and infrastructure development. It should not be forgotten that some tourism facilities also improve the recreational and leisure opportunities available for the poor themselves at the local level.

2.3.1 Tourism, Taxation and Poverty Alleviation

Tax revenue from tourism is an important economic benefit at national and local level. Taxes can provide the financial resources for development of infrastructure, some types of attractions and other public facilities and services, and tourism marketing and training required for developing tourism, as well as to help finance poverty alleviation programmes by governments. In addition, tourism-related tax revenues can, and do, help to finance general community improvements and services used by all residents.

WTO's 1998 report²⁴ on tourism taxation emphasizes that taxation policies in a country must be carefully evaluated in an integrated manner to ensure that tourism-related taxes are giving the necessary substantial revenues; but taxes should not be so high for the country's international competitive position to be adversely affected and produce a loss of tourist markets. A balance must be achieved between, on the one hand, a level of taxation that maintains a competitive position for the country and reasonable profits for the industry and, on the other hand, receiving adequate revenues to support investment in and maintenance of the tourism sector, and to contribute towards general community welfare.

2.3.2 Tourism and Poverty Reduction

Tourism is not very different from other productive sectors, but it has four potential advantages for pro-poor growth.²⁵:

- It has higher potential for linkage with other local enterprises because customers come to the destination;
- It is relatively labour intensive and employs a high proportion of women;
- It has potential in poor countries and areas with few other competitive exports;
- Tourism products can be built on natural resources and culture, which are assets, that some of the poor have.

Many disadvantages of tourism such as leakage and volatility of revenue are common to other economic sectors. But tourism may involve greater trade-offs with local livelihoods through more competition for natural resources, particularly in coastal areas.

2.4 The comparative advantages of tourism as a development strategy for Developing Countries and LDCs

The WTO is convinced that tourism has considerable potential for growth in many developing countries and LDCs where it is a significant economic sector and growing; and that it has advantages when compared with other economic sectors. This case can be summarised:

Comparative advantages of tourism as a development strategy for developing countries.

1. Tourism is consumed at the point of production. Because of this the opportunities for individuals and micro-enterprises, in urban centres or marginal rural areas, to sell additional products (e.g. handicrafts and souvenirs) or services (e.g. guiding or music) to these potential consumers is therefore considerable.
2. Access to international markets is a serious problem for developing countries particularly in traditional sectors like food, agriculture and textiles where they confront tariff and non-tariff barriers. This is not the case for the tourism sector. The developed countries have not erected significant tariff barriers against tourism exports from the developing countries. In fact, principal trade barriers to international tourism are visa restrictions and similar taxes imposed by the exporting country as a source of revenue (or sometimes in retaliation for visa restrictions imposed by the tourist originating countries). The position of Cuba is instructive in this regard. Whilst Cuba has struggled to find export markets for its sugar and tobacco it has been much more successful in maintaining a dynamic tourism industry.
3. Most export industries depend on financial, productive and human capital. Tourism not only depends on these, but also on natural capital (e.g. wildlife, scenery and beaches) and culture, which are assets possessed by the poor.
4. Tourism has particular potential in many countries with few other competitive exports.
5. Tourism is a much more diverse industry than many others and can build upon a wide resource base. Diversity increases the scope for wide participation, and for the informal sector through livelihood diversification – for example where a farming household produces crafts or sells produce to a local lodge.
6. Tourism is often reported to be more labour intensive than other productive sectors. Data from six countries with satellite tourism accounts does indicate that it is more labour intensive than non-agricultural activities, particularly manufacturing, although less labour intensive than agriculture.²⁶
7. There is a greater uptake of jobs by women than in other sectors although it is not known if more jobs are taken by the poor and unskilled. (The percentage of female employment varies enormously by country, ranging from over 60% in Bolivia to fewer than 10% in some Muslim countries).²⁷
8. In many developing countries, for example South Africa, China, the Philippines and India, domestic tourism is growing rapidly and like international tourism brings relatively wealthy consumers to areas where they constitute an important local market, one which the poor can access at low cost and again where tourists bear the transport costs. It is not always appropriate to focus on international tourists. Recent work in Palawan (Philippines) demonstrated that domestic tourists are more “valuable” than international tourists in that the Filipino tourists were spending about 6% more per day in Puerto Princesa than were the international tourists.²⁸

2.5 Perceived disadvantages of tourism as a development strategy

- Foreign private interests drive tourism and it is difficult to maximise local economic benefits due to the high level of foreign ownership, which means that there are high levels of leakage and few local linkages.

There is no body of evidence to confirm that the leakages associated with tourism are typically greater than for other comparable export sectors, nor of any evidence that the supposed levels of foreign ownership are any higher than for comparable sectors. It is clear that the many small enterprises and individual traders sustain themselves around hotels and other tourism facilities and that these SMMEs are not foreign owned. There is often confusion about levels of foreign ownership, local ownership is often masked by franchise agreements and management contracts. WTO is studying this issue in collaboration with UNCTAD as part of its poverty elimination research.

- Tourism can impose substantial non-economic costs on the poor through loss of access to resources (particularly beaches), displacement from agricultural land and social and cultural disruption and exploitation.

Many forms of development bring with them disadvantages of this kind, negative impacts that need to be managed. The economic and non-economic negative impacts need to be determined and the issues addressed. It is for this reason that the WTO supports a holistic livelihoods approach to assessing the impacts of tourism – positive and negative – on the poor. The issues of environmental management and planning at local level are real, and not unique to tourism; they need to be addressed through the good governance agenda.

- Tourism is vulnerable to changes in economic conditions in the originating markets, which cause major swings in levels of economic activity in tourism in the destinations, and international visitor arrivals are also vulnerable to civil unrest, crime, political instability and natural disasters in destinations.

It is not clear that the volatility of export markets for tourism is significantly greater than for other commodities. Tourism has the advantage noted above that it is not subject to tariff or other non-tariff barriers and that the destination has some control over civil unrest, crime and political instability.

- Tourism requires highly sophisticated marketing

International tourism marketing is expensive, although there are more efficient and less costly forms of marketing, which are not always deployed. Attendance at international trade fairs is expensive but these marketing costs are carried at national level. The individual traders and SMMEs should not be marketing there – their market is the international and domestic tourists in the destination where they live and the hotels, resorts and inbound operators who are in contact with the tourists. Individual handicraft producers rarely export directly, they sell through wholesalers into international markets.

Tourism to many developing countries and many LDCs has been growing strongly in recent years and there are strong reasons to think that these trends will continue²⁹. There is a market opportunity in tourism for many, but not all, developing countries. Many developing countries have comparative advantage in tourism – or at least tourism constitutes one of their better opportunities for development. The disadvantages, which are often identified in relation to international tourism in developing countries, are more apparent than real when tourism is compared with other sectors. WTO has long advocated that tourism is considered alongside other industries as a development option and that where tourism presents the best opportunity for local economic development and anti poverty strategies, development banks and bilateral and multilateral development agencies should back it with determination.

The next section focuses on how the positive economic impact of tourism to developing countries with significant numbers of poor people can be maximised.

3. Tourism and Local Economic Development

Tourists are often enjoined to “leave only footprints” in order to minimise adverse environmental effects - the greater challenge is to find ways of leaving a larger economic impact in the local economy by increasing local tourist spend and the value of tourism to the local economy. Tourists, international and domestic, constitute a significant additional market in the local economy during their holiday; they consume a very wide variety of goods and services, many of which are not readily identified as tourism. The diversity of goods and services consumed directly by tourists and by the tourism industry as inputs to hotels, restaurants and tourism facilities often goes unrecognised and uncounted. It is for this reason that WTO has advocated the creation of tourism satellite accounts, which allow the disaggregation of tourism as a sector in the national economy. Using the methodologies developed by WTO it is possible to identify the value of tourism to the national economy and its impacts through different industries.

The contribution of tourism to the local economy is also often undervalued. It has five kinds of positive economic impacts on livelihoods, any or all of which can form part of a poverty reduction strategy:

- wages from formal employment
- earnings from selling goods, service or casual labour
- dividends and profits arising from locally owned enterprises
- collective income which may include profits from a community run enterprise, land rental, dividends from a joint venture or levies – these incomes can provide significant development capital and provide finance for corn-grinding mills, a clinic, teachers housing and school books
- infrastructure gains, for example roads, piped water, electricity and communications

3.1 Leakages and Linkages

The term ‘leakage’ is used to refer to the amount spent on importing goods and services to meet the needs of tourists³⁰, leakages can occur across national boundaries and will then impact on the Balance of Payments or between economic areas with national boundaries. Leakages occur when the local economy is unable to provide a reliable, continuous, competitively priced supply of the required product or service and of a consistent quality to meet the market demand. From a tourism and poverty perspective it is generally more productive to focus on the other side of the coin: linkages. It is when the local economic linkages are weak that revenue from tourism receipts in a local economic area leaks out. Engaging with local suppliers, using local capital and resources and developing the skills necessary to deliver consistently at an appropriate quality and at a competitive price can reduce leakage. This can have a demonstrable benefit for the poor as is clear from the Nepal case study (see below ##) which provides an example of what can be achieved for one small economic area.

3.1.1 Leakages

From the perspectives of local economic development and poverty reduction, what matters is not how much of a tourist's total expenditure on a trip is spent outside the country, but rather how much is not spent in the local economy, thereby limiting the benefit to local communities and the poor among them. Leakages which reduce the development impact of tourism are:

- imported skills, expatriate labour
- imported commodities, goods and services
- imported technology and capital goods
- increased oil imports
- repatriation of profits
- advertising and marketing efforts abroad
- transporting tourists to the destination country.

However developing local sources of supply, encouraging local ownership and enhancing linkages to the local economy can ameliorate all but the last two of these, creating at the same time more jobs and opportunities for SMME development.

3.1.2 Linkages

One of the best ways to enhance economic benefits to the local community and to increase the contribution to poverty reduction is to increase the extent of linkages between the formal tourism sector (hotels, lodges, restaurants, tour operators and transport providers) and the local economy. If the linkages to the local economy can be increased, the extent of leakages will be reduced. Increased integration can develop strong linkages between tourism and other economic sectors including agriculture, fisheries, manufacturing, construction and crafts production. If the tourism industry purchases from domestic industries, it strengthens them and provides additional revenue and jobs, at the same time reducing the import content and foreign exchange leakage from the tourism industry.

The creation of local linkages needs to be part of the overall tourism development strategy of governments and development agencies in the planning, construction and operational phases. Three key sets of factors are important in enhancing the extent of local linkages:

- The creation of employment at all skill levels and particularly where there is existing capacity.
- New "attractions" created through anti poverty tourism development strategies need to be integrated into the tour programmes of the ground handlers and inbound operators. Creating mutually beneficial business linkages between the formal and informal sector is critical. Local government needs to ensure that micro-enterprises and emerging entrepreneurs are promoted in local tourism marketing initiatives, where they are often neglected. Visitor attractions, parks, cultural sites and hotels should be encouraged to provide information about local products and services provided by the poor.

- The requirements of new micro enterprises for credit, marketing skills and a thorough understanding of tourist expectations need to be met. Micro enterprises may have particular difficulties in meeting health and safety, licensing and other regulatory requirements. Such regulations themselves need to be crafted to encourage inclusion through assisted education and training to ensure engagement by the poor in the industry.

For the development of successful linkages it is necessary to develop the quality, reliability and competitiveness of local products so that they can be successful in the local market. The local formal sector business community needs to be actively engaged through partnership approaches in the process. The making of effective partnership-based linkages often requires a catalyst and a sustained effort. If new planning permissions, leases or concessions are being granted, private sector companies can be asked to make the development of such linkages part of their bid.

Tourism can provide an important diversification for other sectors of the local economy and create new ones, offering additional community livelihood opportunities. If local communities and businesses participate in the development of tourism, local economic benefits and ownership are likely to be greater. Increasingly governments are adopting policies, to encourage and facilitate participation by the local communities and the poor in the development of tourism projects, resulting in increasing employment and growth of complementary products.

Benefits can be maximised through partnerships at the destination level. Hotels and tour operators working with local communities, local government and NGOs, can develop forms of tourism that bring sustainable development which contribute to poverty reduction and provide a richer experience for domestic and international tourists. Such partnerships will benefit both the host communities and the tourism industry, ensuring that more tourism dollars, euros or pounds stay in the local community where they can make significant contributions to the reduction of poverty.

Enterprises, in both their constructional and operational phases, can do a great deal to increase beneficial local economic impact through affirmative policies for employment, training, food furnishings and craft. In the South African Responsible Tourism Guidelines a whole range of practical strategies for developing local economic linkages are identified.

3.2 Market Access and Enclave Tourism

All too often, particularly in rural areas, local people are denied any significant opportunity to participate in the tourism market. Tourists are not accessible to the local community when they are within their hotels, coaches, and safari vehicles or inside sites and attractions such as museums. These are all enclave forms of tourism, where those wishing to sell goods or services to tourists are often reduced to hawking or touting at the enclave entry and exit points. Cruise ship passengers and tourists on “all inclusive” hotel or resort packages are particularly difficult for local entrepreneurs to access (and these sectors are growing rapidly).

Local involvement in the tourism industry depends to a large extent on access to the market. In many cases local benefits are greatest in the informal sector; the return on local skills and services is often maximised where the scale of capital investment is low. This aspect is sometimes neglected in tourism planning, and access to tourists for the informal sector is often restricted.

All-inclusive packages can offer tourists who do not always feel safe in a new destination a protected environment, isolated from the poverty and hassle from beggars, touts and hawkers in some destinations. Tourism can however be organised in ways that enable local people to have better access to tourists, this will require partnership approaches based on agreements where hotels facilitate access for informal sector traders and the traders reciprocate by not hassling tourists. These partnerships can create an environment in which tourists feel secure in moving beyond the enclave to local “hassle-free” craft markets and to approach local guides committed to rotation systems and abiding to codes of conduct, which they have developed and agreed amongst themselves.

Poorer members of communities can be helped to access the tourism market by measures designed to assist the informal sector and by developing their links with the formal sector. In The Gambia, the Association of Small Scale Enterprises in Tourism (ASSET) is working to improve the linkages between community-based tourism attractions, SMMEs and the formal tourism sector, represented by hotels, ground agents and the tour operating companies based in the tourist originating countries. The Gambia case study shows what can be achieved by partnership approaches to improving the relationships between the formal and informal sectors through ‘badging’, licensing and codes for the informal sector, increased promotion for these trades, improved access to the hotels and resorts, ‘free market days’ or similar arrangements, where craft workers are given access on a rotation basis to sell inside hotels; they can make a dramatic difference to their sales and earnings.

3.3 Enhancing Economic Benefits

There are a number of strategies that can be used to enhance overall economic benefits and can have a poverty reduction focus.

3.3.1 Growth and Selection: attracting more of the most appropriate market segments

The tourism sector in the poorest countries is generally highly dependent on international markets, as they do not have significant domestic markets. However, it has been noted before that a significant number of developing countries have strong domestic tourism sectors as well as significant outbound tourists. Whilst the domestic market should always be considered, for the poorest countries, and in order to maximise foreign exchange revenues, the primary focus continues to be on international arrivals. The challenge is to attract larger numbers of those international and domestic tourists most likely to benefit the poor – those predisposed to visit local markets and to seek tourism experiences of nature, culture and daily life which are most likely to be provided by poor people.

The importance of intra-regional tourism in this regard should also be noted; WTO reported intra-regional tourism as growing in most regions of the world. It is significant that 40% of Africa’s tourism comes from neighbouring African countries³¹. Opening up the roads and improving the modes of transport between countries in Africa would greatly enhance the movement of people and contribute to poverty reduction. Intra-regional tourism is especially valuable for pro-poor tourism and local economic development because of the greater likelihood of shared cultural values and familiarity with social systems between peoples of neighbouring countries.

Whilst there is a case for attracting more visitors in order to increase the economic impact, this strategy will only assist in poverty reduction if the additional visitors can be encouraged to spend in ways that benefit the poor and if they meet overall sustainability criteria. The World Bank's World Development Report,³² recognized that economic growth does not necessarily result in swift poverty reduction; this requires an explicitly pro poor strategy. Such growth requires that the benefits flow in a disproportionate way to the poor. Some of the key components of broad-based growth which assist in benefiting the poor include

- government commitment and responsiveness to the needs of the poor,
- the expansion of employment opportunities for the poor,
- improved productivity for the poor,
- improved access for the poor to credit, knowledge and infrastructure and,
- investment in the human capital of the poor (particularly education and health).

3.3.2 Increasing tourists' length of stay

Strategies which extend the average length of stay through the development of the product increase the numbers of bed nights and the expenditure of tourists on board and accommodation, and increase the economic returns which can be earned from the same number of visitor arrivals. If the additional bed nights create extra employment or create greater opportunities for the poor to sell goods and services to the tourists or to the tourism industry, then there will be a poverty reduction impact.

3.3.3 Increasing visitor expenditure

There is a market trend towards more experiential holidays; holidaymakers want to learn more about the countries they are visiting: the people their cultures, traditions, cuisine, etc. The trend is towards more active holidays, greater personal involvement and active participation instead of passive relaxation. This encourages the diversification and enrichment of the tourism product. Developing more activities and attractions, with interpretation, and providing the services of guides and transport necessary to their enjoyment increases both, expenditure and length of stay. Making more extensive use of natural and cultural heritage, whilst carefully managing the tourism impacts so as to ensure the conservation of resources, can make an important contribution both to economic development and conservation. Special interest tourists tend to spend more money on and during their holidays and to stay longer, whether those interests are based on natural, archaeological, historical or cultural heritage, or based on adventure and physical challenge.

3.3.4 Developing Complementary Products

A greater variety and richness of attractions and activities in a destination will increase the propensity of travellers to visit the destination and may extend the length of stay and increase visitor expenditure. Market trends towards more experiential holidays suggest that there are promising opportunities for the development of complementary products that enable the poor to engage in the industry and to profit from it. The established industry has an interest in the development of complementary products: tourism services (like guided walks and the performing arts) and goods (particularly crafts and other local

specialities), which complement the core tourism facilities of transport, excursions and accommodation. These complementary tourism products often provide experiences that are not provided by the tour operators but which enrich their product. Hoteliers and tour operators can encourage local people to develop tourism products and services and to support them in doing so with training and marketing. The development of appropriate complementary products will increase the attractiveness of the destination and increase tourist expenditure in the local economy.

Some examples of complementary products drawn from Africa:

- Drumming and dance classes
- Hair braiding
- Bird watching
- Craft and cookery classes
- Village and agricultural tours
- School visits
- Sharing a meal with a family in a village
- Story telling
- Bush craft
- Guided walks to look at plants and their medicinal uses
- Language classes
- Visits to craft workers
- History tours

Local communities can often engage in the provision of complementary products because it requires less capital investment and is therefore less risky. Tourism is often best considered as an additional diversification option for the poor, rather than a substitute for their core means of livelihood. As an additional source of income (or other benefits) it can play an important part in improving living standards and raising people above the poverty threshold. The poor can maximise their returns by choosing forms of participation which complement their existing livelihood strategies and which realise their cultural and social assets. Tourists are interested in the “everyday lives” of local communities and there are a host of small-enterprise opportunities for local people. Local guides and cycle-rickshaw driver/guides in India’s Keoladeo National Park, and guides and charter-boat operators in Indonesia’s Komodo National Park are examples of local people diversifying their livelihood strategies. The boat operators also fish, and many of the cycle-rickshaw drivers work in town in the low season.³³

3.3.5 Spreading the benefits of tourism geographically

Tourism experiences are shaped by the geographical diversity of beach, mountain and urban attractions, and holidaymakers can be encouraged to travel further, beyond established destinations, in order to experience particular environmental, cultural or natural heritage attractions. Heritage Trails and other similar products have been developed to extend length of stay and to spread the advantages of tourism development to new areas and communities, they can be used for initiatives which specifically benefit the poor.

National Parks, cultural sites and World Heritage sites are often the major attractions, the primary “tourism magnets” in significant parts of the developing world and they often attract people to marginal rural areas. As the major attractions in areas which would not otherwise be of interest to tourists, it can be argued that natural and cultural heritage sites should be taking a wider view of their potential to contribute to tourism development and the well-being of local communities. Changing the way in which tourism is organised in and around attractions can increase the economic development impact. For example, at Komodo National Park in Indonesia, 85% of tourism trip expenditure bypasses the local economy due to the dominance of non-local carriers and package tour operators. Estimates for average

local expenditure at Komodo per visitor demonstrate the importance of minimising enclave tourism. Cruise ship tourists spent on average US\$0.03 in the local economy, package tourists spent US\$52.5 and independent travellers US\$97.4.³⁴ There is scope for Parks and other major tourism attractions in rural areas to assist the development of small scale, locally owned attractions and tourism services.³⁵

Nature-based tourism and cultural heritage tourism in rural areas can provide significant local markets and economic development opportunities, which contribute to integrated rural development and offer local employment and supplementary or alternative income-generating opportunities for poor people. The development of tourism in such areas can significantly improve incomes for local communities and the poor, if these flagship attractions can be planned and managed so as to maximise the opportunities for local economic development and poverty reduction.

3.3.6 Infrastructure and Planning Gain

Tourism can contribute to overall socio-economic development through the provision of roads, telephones, electricity, piped and treated water supplies, waste disposal and recycling and sewage treatment. Roads developed for tourism provide opportunities for trade and conversely new roads opened to improve trade also bring tourism opportunities if they open access to tourism resources. New economic corridor development projects often create tourism development opportunities for local communities in addition to improving trade linkages. These facilities enhance opportunities for other forms of local economic development, but more could be done at local and national level to maximise those benefits, particularly when new projects are licensed. Through appropriate interventions by government and tourism planners, it is possible to maximise these planning gains and to tilt them so that they encourage local economic development and benefit the poor.

3.3.7 Local management of tourism & partnerships

Local communities and the poor amongst them are more likely to benefit from planning gain where they are involved in discussions and decisions about tourism developments and where the complementarity's between different forms of tourism development and their livelihood strategies are considered. The Manila Declaration³⁶ called for "greater involvement of communities in the planning, implementation, monitoring and evaluation processes of tourism policies, programs and projects" and for "community awareness campaigns to inform people of the benefits to be gained from tourism development". Only in this way could the negative effects of tourism be managed and the positive economic benefits maximised to benefit communities, through great employment of the local labour force in tourism and to provide for more positive participation by women and youth.

Appropriate planning structures can facilitate effective community participation in the tourism development process and provide a mechanism for capturing planning gain through infrastructural, employment and economic linkages. A planning process that addresses carrying capacity and sets limits of acceptable change is most likely to achieve local communities' active influence in tourism development as well as anti-poverty goals. It is through participatory forms of these technical processes, informed by traditional and local knowledge, that local communities can most effectively be empowered, and the environmental, social and cultural integrity of destinations maintained.

Box 1 the Nusa Dua Concept

At the Nusa Dua resort in southern Bali³⁷ is a 4,500 room 4 and 5 star development was built with assistance from the World Bank and developed and managed by the Bali Tourism Development Corporation (BTDC), a public corporation owned by the government that functions as an autonomous body. There were two traditional fishing villages and some scattered farm settlements in the vicinity, the villagers were low-income earners with basic educational levels. Meetings were held with the village leaders to explain tourism in general and the specific resort development being planned so that they would understand this new activity and how they might benefit from it. There was concern that the fishermen would be pre-empted from their fishing activities, and the villages would not benefit from the resort development in a balanced manner. Therefore, part of the planning of the resort included a community participation programme that would bring benefits of tourism to the villages. In order to maintain the fishermen's livelihood, those places on the beach used by the fishermen for launching and storing their boats were reserved for that purpose, and access was provided through the resort via pedestrian corridors to the boat storage areas. In fact, the fishing activities have proven to be of considerable interest to tourists staying in the resort and some villagers take tourists out for excursions in their boats as a source of supplementary income.

During the initial stage of the resort development, the social impact on the villages was systematically monitored to make certain that no serious problems were being generated, and the villagers were given the opportunity to work on the construction of the project. To provide the opportunity for permanent employment of villagers in the resort, priority for training (and later employment in the resort) at the hotel and tourism training centre, which was developed in the resort, was given to young persons living in the villages. Because of their limited schooling, this required special remedial courses for them so that they could then qualify to enrol, and financial assistance was provided for the students to enable them to attend the regular training programmes. Many of the villagers are now working in the resort hotels and other facilities.

The resort corporation provided basic infrastructure to the villages and nearby areas, including road improvements, piped water supply and electric power, none of which had existed previously. Schools and medical clinics were also improved. The villages were connected to and benefited from the new resort access road that linked the resort and village areas to the airport and capital city of Denpasar. Although the resort is relatively self-contained in terms, the villagers also developed small restaurants and craft shops in the villages that are visited by tourists. The resort development was completed in the mid-1990s and the villages are considered to be well integrated with the resort, and they also receive substantial benefits from it.

The Nusa Dua resort concept, which has been very successful in terms of maintaining high quality facilities, marketability and profitability, is being applied to resort development in other parts of Indonesia that have good tourism potential. With the BTDC acting as a catalyst and taking part as a developer with a share in investments, the concept has been applied to other resort projects in North Sulawesi (Tasik Ria Resort), Biak Island, Irian Jaya (Marauw Resort), Central Java (Baturaden Mountain Resort), South Sumatra (Merak Belantung Resort) and West Sumatra (Gunuang Padang Aie Manih Resort).

3.3.8 SMME development

As local experience of tourism deepens, there are often increased opportunities for the development of new locally owned enterprises providing competitive and complementary goods and services; this follows trends in developed country destinations and can be supported by government policy and SMME development strategies. The tourism industry offers viable opportunities for the development of a wide range of SMME's; even in the developed countries they constitute the largest part of local tourism supply. In Europe 70% of total tourist accommodation capacity is provided by small and medium-sized firms. Some estimates for the developing world put the comparable figure as high as 85%³⁸.

In well-established developing country destinations, like The Gambia and Goa, increasing numbers of international tourists are staying in locally owned accommodation. SMMEs are very important in the provision of restaurants and bars, handicrafts, the supply of furnishings and other consumables to hotels, the provision of transport, local tour operating, guiding and attractions. The development of SMMEs in developing countries often requires access to capital and training in business management and critically in marketing. Providing information, advisory and mentoring to small and micro enterprises and emerging entrepreneurs can make a powerful contribution to their success.

3.3.9 Reducing seasonality

Seasonality in tourist arrivals is the major cause of seasonal and casual employment. There are a number of strategies that can be employed to extend the tourism season, including festivals, the development of special interest products, attracting seminars and conventions, and pricing policies, specially addressing senior citizens who have more flexibility to travel in the low season. Strategies that reduce seasonality and successfully attract tourists in significant numbers for a larger part of the year, benefit the hotels and tour operators, their employees and those in the destination who earn all or part of their livelihood by direct or indirect sales to tourist or the tourism industry. These beneficiaries will often include the poor.

3.4 Employment and Training

The employment impact of tourism includes both direct employment in tourism enterprises and indirect employment in those enterprises and micro-enterprises that supply the tourism industry. The amount of direct employment in tourism is dependent upon the scale and form of tourism development and the extent of tourists' engagement in the local economy and with SMMEs. Maximising the employment of locals and nationals in tourism, including managerial grades, keeps income within the local and national economies and reduces wage and salary leakages (wages and salaries remitted or spent out of the local economy). However, the success of the tourism enterprise will depend upon the delivery of the appropriate level of service, and in this global industry maintaining high levels of training is an important consideration in the economic sustainability of businesses.

One of the ways in which the industry can contribute to poverty reduction is by committing to employ more local poor people and demonstrating that with training and staff development programmes those commitments can be met. The South African Responsible Tourism Guidelines (see below ##) include a number of specific ways in which enterprises can adopt employment practises and targets, which will benefit the poor. Elsewhere in Southern Africa, ZimSun committed themselves in their lease agreement to employ as many local people as possible from the Mahenye community, and to train these staff to take on middle management roles. In the construction phase of the lodges, local labour was recruited and a number of local workers completed apprenticeships. Electricians, plumbers, carpenters, bricklayers, plasterers and steel fixers were trained, creating a cadre of skilled labour in the local community available to work on other projects and able to undertake the maintenance on the lodges. In March 1997 the Mahenye and Chilo Lodges were employing 63% of their labour from the local community, and whilst only 7 women were employed in the lodge, 6 of them came from the local community.³⁹

Tourism can contribute to poverty alleviation through the creation of employment and changes in existing employment practices where pro-poor employment strategies are pursued, for example prioritising the employment of women and youth. Tourism is a relatively labour intensive industry providing direct employment in hotels and tour companies, and indirect employment in taxis, bars, restaurants and suppliers, where a proportion of employee time serves the tourism industry and tourists. Tourism can create jobs, which benefit the poor where specific measures are taken to recruit and train workers from amongst the poor. Where tourism enterprises make these efforts, there is a strong case for careful monitoring of employment effects to determine to what extent local people, and particularly the poor, benefit and to ensure that they gain kudos for it.

Beyond the hotels, particular efforts should be made to train and employ local guides, artists, performers and craft workers who are able to interpret their heritage and in so doing maintain some control over it. Entrepreneurship development programmes for tourism SMMEs are usually necessary. These programmes typically include developing business opportunity awareness, business planning including project feasibility analysis and training in management skills. Provision of continuing business advisor and mentoring services may be needed for emerging entrepreneurs over several years. Many countries already have small business development and credit programmes and tourism SMME development can sometimes be attached to these existing programmes.

3.5 Moving beyond “trickledown” effects

It has long been assumed that tourism development projects, if successful, would attract international investment, contribute foreign exchange earnings to the national accounts and generate economic development. By a process of trickledown, local communities would benefit through employment and local economic development generated by the additional spending and the new entrepreneurial opportunities which this would create.

Accepting that tourism operations need to be profitable in a competitive world market if they are to be sustainable, there are a number of things, which can be done to increase the benefits to the local economy in tourist destination areas to⁴⁰:

- facilitate local community access to the tourism market
- maximise the linkages into the local economy and minimise leakages
- build on and complement existing livelihood strategies through employment and small enterprise development
- evaluate tourism projects for their contribution to local economic development not just for their national revenue generation and the increase in international arrivals.
- ensure the maintenance of natural and cultural assets
- control negative social impacts

The South African case study, which follows, demonstrates how a national government can use policy to lead tourism to address the economic development of local communities and to engage with the poor and disadvantaged. The data reported for the three enterprises on which the monitoring methodologies were tested, demonstrate that it is possible to move beyond the assertion of ‘trickledown’ and to measure and report local economic benefits.

Case Studies from Africa

The two case studies from Africa that follow present ways of increasing linkages between formal sector businesses, hotels and ground handlers (or inbound operators), and SMMEs and ways of reporting these linkages in an accountable way. There is much to be gained by improving the linkages between the established sections of the industry and the new emerging SMME's who sometimes compete, but more often provide complementary services and products that can enrich and diversify the tourism experience and prolong length of stay. Established businesses, particularly hotels and operators (international and local), can do a great deal to assist in marketing and business development, and they should be able to claim credit and secure market advantage by so doing. It is important to be precise and open about what has been achieved by particular businesses in encouraging the development of complementary products and assisting in the development of new businesses and creating livelihoods for local people – particularly the poor and disadvantaged.

The four case studies presented in this report have been chosen because they offer a range of ways in which initiatives can be taken to increase the earnings of the poor from tourism. There are many other examples of tourism having beneficial impacts on the poor, but in each of the case studies chosen there is data to support the real linkage between tourism and poverty reduction.

The South African case study demonstrates the range of specific initiatives which tourism enterprises are being prompted to take in order to ensure that tourism contributes to the generation of economic growth for poor people. This moves beyond reliance on the trickle-down effect and enjoins businesses to actively engage in creating economic linkages, which will benefit the poor. The Responsible Tourism Guidelines are backed by transparent reporting methodologies, which enable enterprises to credibly use their achievements as part of their marketing efforts and government to monitor progress.

The Gambia case study focuses on what can be done to remove the barriers to informal sector participation in the tourism industry and to facilitate market access by the poor to enable them to increase their earnings through sales of products and services to holidaymakers. The emphasis is on the development of complementary products and local economic linkages. The Gambian case study demonstrates that significant real increases in local people's livelihoods can be achieved when established tourism enterprises (hotels and tour operators), supported by government, work with the informal sector to improve the ways in which their business is conducted – reducing hassle and enabling the informal sector to demonstrate their pride in their goods and services.

A. Responsible Tourism in South Africa⁴¹

In 1996, the new South African government produced a White Paper, *Development and Promotion of Tourism in South Africa*, after a very wide stakeholder consultation process; it embodied South Africa's commitment to responsible tourism development based on best practice principles. The White Paper identified Responsible Tourism as a key guiding principle for tourism development; it implies an agenda for action, where individuals, enterprises, trade associations, communities and governments take responsibility for achieving change to meet the triple bottom line of the sustainable tourism agenda: economic, social and environmental sustainability. It defined Responsible Tourism as "...a proactive approach by tourism industry partners to develop, market and manage the industry in a responsible manner so as to create a competitive advantage." It further "recognises the responsibility of the government and private sector to involve the previously neglected in the tourism industry." It was seen as a fresh and relevant approach, one that would enable South Africa to capitalise on trends towards sustainable tourism in the international market place. The White Paper asserted that "Responsible tourism is not a luxury for South Africa. It is an absolute necessity if South Africa is to emerge as a successful international competitor."

One of the key elements of the Responsible Tourism approach was to involve local communities through meaningful economic linkages and to use tourism as "a development tool for the empowerment of previously neglected communities" and particularly the empowerment of women. The South African government sought to involve the local community in planning and decision-making in order to ensure that communities were involved in and benefited from tourism. This required an assessment of the economic impacts as a prerequisite to developing tourism, which could only be achieved by monitoring the impacts of tourism and ensuring open disclosure of information about the results.

The White Paper concluded in 1996 that tourism development in South Africa had largely been a missed opportunity; and that the focus on a narrow market has reduced the potential of the industry to spawn entrepreneurship and to create new services, like local entertainment and handicrafts, and to drive local economic development. The South African commitment to Responsible Tourism as a means of achieving sustainable tourism met the wider South African objectives of involving previously disadvantaged groups and individuals in the industry and benefiting local communities. The commitment was made before the language of pro-poor tourism emerged and it grew out of the transformation agenda of the new South African government. The 1996 White Paper focus is on issues of economic engagement for previously disadvantaged individuals and communities and upon the generation of incomes through jobs and SMME development.

In May 2002 the Department for Environmental Affairs and Tourism launched its Responsible Tourism Guidelines, which are designed to provide national guidance and indicators to enable the tourism sector to demonstrate progress towards the principles of responsible tourism embodied in the 1996 White Paper. Individual tourism associations and enterprises are expected to develop specific market oriented policy commitments to responsible tourism within the framework of the national guidelines. The *Responsible Tourism Manual for South Africa* (2002) has been published by the Department of Environmental Affairs and Tourism to support associations, enterprises and entrepreneurs in this process. It is anticipated that this national framework combined with local and enterprise level commitment will enable South Africa to demonstrate its progress towards achieving responsible tourism - everyone in the tourism sector is expected to do something to make their product more responsible.

The Responsible Tourism Guidelines pointed out that:

“Tourism still plays a relatively small role in the South African economy and it has a long way to go if it is to fulfil its potential to significantly contribute to national income. Traditionally the main focus of governments has been on the growth in international arrivals and total foreign exchange earnings, and is now on fostering entrepreneurial opportunities for the historically disadvantaged, poverty relief, employment and local economic development. Both domestic and international tourism can create employment; it is a relatively labour intensive industry and it employs a multiplicity of skills from accountants and hairdressers to tour guides and trackers. Tourism can provide very good skills development opportunities for local communities.”

Recognising that “tourist enterprises attract domestic and international tourists and create opportunities for small entrepreneurs and economic linkages, for example agriculture, hunting, handicraft production, and a wide range of service industries which tourists are likely to consume in the destination”, the Guidelines are part of the process by which South Africa is working to maximise the local economic benefits which tourism can bring to an area. As the Guidelines make it clear, there is much to be gained from creating a more diversified tourism product and marketing a wider range of experiences, activities and services to tourists.

The Responsible Tourism Guidelines are explicit about the opportunity and about the importance of enabling the poor to engage with and benefit from the industry:

“The White Paper identified a wide range of opportunities for historically disadvantaged groups ranging from small guesthouses, shebeens and restaurants with local cuisine, through community tour guiding, music, dance and story-telling, arts and crafts, traditional hunting and medicine, to laundry, gardening and speciality agriculture. Tourism provides particular opportunities for local economic development in rural areas where it can provide people with an alternative to moving to urban areas. Tourism must be market related. If community-based and other tourism development processes are not planned, implemented and managed according to market demands, then far too many South Africans, especially the poor, are facing not merely “missed” opportunities, but the hard realities of failed or under-performing products to which tourists simply do not come. The African cultural tourism experience needs to be woven into the fabric of the mainstream South African tourism product.”

The importance of economic linkages to foster local economic development is explicit:

“The greater the proportion of total tourism spending that stays in the local area, the stronger and more diverse the local economic base. The multiplier effect is greatest where the local linkages are strongest – the imperative is clear, source the inputs for all tourism enterprises as locally as possible in order to maximise local economic benefit and to assist in diversifying the local economy. Reducing economic leakages from the local area and increasing linkages will bring significant local economic development and assist in local economic diversification. Similarly the development of complementary products will strengthen the local economy and local enterprises; groups of established enterprises working together can make a significant difference. Strong economic linkages at the local level were identified in the White Paper as a critical success factor in the local economy.”

The Guidelines contain an agenda for action from which enterprises, trade associations, communities and individuals are encouraged to select initiatives which are appropriate in their situation and to commit to reaching specific targets. The Guidelines reveal the wide variety of potentially initiatives that can be taken which benefit the poor. They also demonstrate how progress towards internally or externally set objectives can be measured. Although this framework, for use by all tourism stakeholders, was generated for South Africa, it is capable of replication and adaptation elsewhere.

Examples from the Economic Objectives and Indicators include

i. Assess economic impacts as a pre-requisite to developing tourism

- Always consider the opportunity costs of tourism for local communities and their livelihoods, and be prepared to accept that there may be more appropriate economic opportunities for the area. Maintain and encourage economic diversity, avoid over-dependency on tourism.
- Plan initiatives and investment to contribute to the broader local economic development strategy (for example, Integrated Development Plans for the area).
- Exercise a preference for business and land tenure arrangements that directly benefit local communities and/or conservation.
- Conduct market and financial feasibility assessments before raising expectations and exposing the community or local entrepreneurs to risk.

ii. Maximising local economic benefits – increasing linkages and reducing leakages

- Encourage all establishments to upgrade their standards of service, particularly small, medium and micro-enterprises and emerging entrepreneurs, and to maximise their revenue earning potential by adding value.
- Buy locally made goods and use locally provided services from locally owned businesses wherever quality, quantity, and consistency permits. Monitor the proportion of goods and services the enterprise sourced from businesses within 50 km and set 20% target for improvement over three years.
- Help local communities or emergent entrepreneurs to develop their product so that it can be more easily used by others and marketed to tourists.
- Co-operate with other formal sector businesses to maximise benefits for local community enterprises – for example, a community laundry or tailoring business may only be viable if a group of enterprises commit to source supplies there. Showcase the initiative and be explicit about whether community projects are funded by tourism revenue to the enterprise, donations from tourists or tour operators, or funds from donor aid agencies.

- Give customers the opportunity to purchase locally produced crafts and curios, set targets to increase the proportion of sales of goods sourced within 20 km of the enterprise. Assist local craft workers to develop new products to meet market demand as evidenced in the enterprise.

iii. Ensure communities are involved in and benefit from tourism

- Government and established businesses need to redress previous imbalances, and to enable the historically disadvantaged to engage in the tourism sector. For example they should source 15% of services and 15% of products, increasing by 5% per year, for 3 years, from historically disadvantaged groups, and/or individuals, and report on purchasing activities.
- Work closely with local communities, small, medium and micro-enterprises and emerging entrepreneurs to develop new products that provide complementary products for formal sector tourism enterprises.
- Develop partnerships and joint ventures in which communities have a significant stake, and with appropriate capacity building, a substantial role in management. Communal land ownership can provide equity in enterprises.
- Identify projects that the enterprise can support that will benefit the poor
- Foster the development of community-based tourism products by providing marketing and mentoring support.
- Encourage visitors to spend more money in the local economy, and to visit local bars and restaurants and participate in tours to local areas, bringing business to local communities. Where appropriate treat this as part of the business of the enterprise and charge a booking fee or commission, or sell craft and local food products through the mainstream enterprise.
- Be transparent when reporting community benefits, distinguishing between
 - Benefits to employees
 - Benefits to emerging or community based entrepreneurs
 - Community benefits, for example leasehold payments, which go to community projects (for example, grinding mills or school books) or are distributed as household income in the local area.

iv. Marketing & Product Development

- Lack of market access is a major constraint on the growth of new enterprises. Enterprises should provide information about local services and attractions provided in local communities, and encourage their clients (individuals and operators) to use them.
- Consider co-operative advertising, marketing and the promotion of new and emerging products and attractions.

- Ensure that the visual way in which the product is presented includes local cultural elements and emphasises the richness of the local complementary product.
- Consider developing and marketing fairly traded tourism products.

v. Equitable Business

- Enterprises should pay fair prices for local services purchased or packaged as part of mainstream itineraries. Beware of abusing market power and imposing unfair commissions or pushing down prices inequitably.
- Develop transparent systems of sharing the benefits of tourism through equitable contracts.
- When entering into agreements with local communities or emerging entrepreneurs ensure that the risk is equitably shared.
- Recruit and employ staff in an equitable and transparent manner and maximise the proportion of staff employed from the local community. Set targets for increasing the proportion of staff and/or of the enterprise wage bill going to communities within 20 km of the enterprise.
- Develop a community labour agreement with targets for employment and for progression. Recognise that the enterprise can play a significant role in increasing the skills and capacity of the local community and that the enterprise benefits from that.
- Go beyond the bare minimum wage rate and invest in local staff – quality is dependent upon well-motivated staff.

In South Africa enterprises are now expected to choose from amongst the wide range of economic, social and environmental guidelines policies and targets, which are appropriate to their geographical, product and market context. Enterprises are expected to select from all three categories, and to demonstrate their progress against evolving sector and national targets. Only if the enterprises report transparently, demonstrable progress against the key targets will progress be made in generating earnings for the historically disadvantaged and the poor and marginalized.

With support from the United Kingdom the project the guidelines were tested on three nature-based tour operations. Four of the six economic guidelines are reported here to demonstrate the performance of the three enterprises in February 2002; the results are presented in tabular form to permit easy comparisons between the enterprises and to demonstrate how data on levels of responsible tourism performance can be transparently reported to customers, local communities and government. This form of reporting provides consumers with the opportunity to choose responsible tourism on the basis of credible auditable information and for enterprises to derive market advantage from it. It also demonstrates how consumers or governments can compare enterprises – and how progress over time can be monitored. The data presented here shows a snapshot of the position in each enterprise in February 2002; in each case it is likely that further progress towards more responsible tourism practice has subsequently been made.

Pretoriuskop Camp, one of twelve main camps in Kruger, is located in the south-western section of the Kruger National Park (KNP) some 10 km from Numbi Gate. Pretoriuskop is often the first port of call for many photographic safari tourists visiting the park, as it links in conveniently with the towns of White River and Nelspruit. The camp and surrounding park are operated by the government parastatal South African National Parks (SANParks), while the shop and restaurant are operated by private sector companies. The camp has 352 beds distributed in accommodation varying in quality from luxury furnished ensuite chalets to rondavels with communal kitchen and ablution facilities. These vary in price from R110 to R2200 per unit/night. There are also facilities for forty camping sites (R65 per site/night). In addition to morning and evening safari drives, SANParks also operate bush braais and bush walks for visitors.

Thornybush Game Reserve lies on the south-western boundary of the Timbavati Private Game Reserve and to the north-east of the Limpopo province (Northern Province) town of Klaserie. The reserve consists of aggregated and contiguous privately owned game farms now incorporated under a common constitution. Jackalberry Lodge offers 10 beds at nightly rates of around R1,600 per bed/night. Its sister operation Waterbuck Lodge (8 beds) operates in the same way. Photographic safaris are currently operated. The reserve borders the Timbavati community. There are no joint land ownership arrangements or leases between the privately owned farms and the community, so external participation in the activities on the reserve arises primarily through formal and casual employment.

Coral Divers (CD) is a privately owned company located in Sodwana Bay in KwaZulu-Natal. The main focus of Coral Divers's operations is the provision of scuba diving trips for guests to the coral reefs that lie within Sodwana Bay. They also offer training courses through PADI, ranging from beginner to instructor levels. Coral Divers has 150 beds and offers a variety of types of accommodation ranging from safari tents, to luxury en-suite huts, and offers catered or self-catering options. Prices range from R90 to R220 per person, per night.

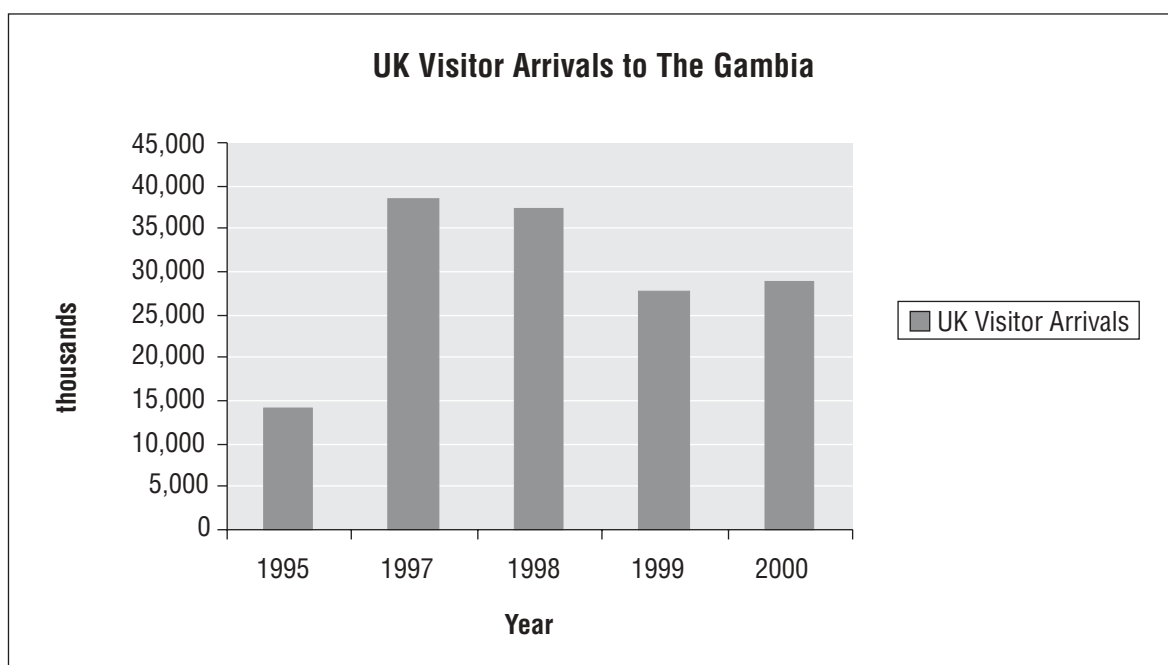
GUIDELINES ASSESSED	PRETORIUSKOP CAMP	JACKALBERRY LODGE	CORAL DIVERS (CD)
<p>1. Buy locally-made goods and use locally-provided services from locally-owned businesses wherever quality, quantity, and consistency permits. Monitor the proportion of goods and services the enterprise sourced from businesses with 50 km and set 20% target for improvement over three years.</p>	<p>0.86% of expenditure was used on items (groceries/general goods) made and purchased within 50 km of Pretoriuskop. The purchase of local brooms occurs on an ad hoc basis (e.g. a few brooms from a local broom-maker). Some products are made by Historically Disadvantaged Individuals, but not within 50 km</p> <p>21% of its annual shop profits go towards HDI programmes across South Africa.</p>	<p>0.2% of lodge and farm purchases are locally made products.</p> <p>59.6% of purchases are from local businesses (< 50 km).</p> <p>38.3% of services sourced locally (<50 km). None of the services used are sourced from Historically Disadvantaged Individual owned enterprises.</p> <p>Management willing to try and meet targets but subject to mentorship for management and structured programme to set up small businesses in region.</p>	<p>1.1% CD expenditure in 2001 on locally made products</p> <p>23.1% was on local purchases (36.9% within 100 km).</p> <p>1.9% of total expenditure on local services. Targeted improvements for local food & crafts at proposed new outlets at Mbazwana (~15 km away).</p>
<p>2. Give customers the opportunity to purchase locally produced crafts and curios, set targets to increase the proportion of sales of goods sourced within 20 km of the enterprise. Assist local craft workers to develop new products to meet market demand as evidenced in the enterprise.</p>	<p>0% of curios sold in the shop are purchased locally. Shop management has recently changed and the new operators are committed to Historically Disadvantaged Individuals' programmes elsewhere in South Africa. They will assess local products and the shop manager is committed to facilitating this process.</p> <p>No assistance currently given to assist local craft workers developing new products at Pretoriuskop.</p> <p>There is a local curio market at Numbi Gate (8 kms from Pretoriuskop camp) which only sells locally made curios. This was established with the assistance of SANParks Social Ecology Dept.</p>	<p>0% crafts and curios were purchased from local sources (< 20km)</p> <p>99.2% of total expenditure was from non-Historically Disadvantaged Individual (HDI) owned businesses (40% from a Cape Town based company)</p> <p>The majority used HDI labour but the percentage accruing to HDI's could not be quantified.</p> <p>Management willing to support local crafters but lack time, capacity & resources to develop such a programme. Structured external intervention required.</p>	<p>100% crafts purchased made within 20 km (but volumes low)</p> <p>Assist local craft workers commissioning furnishings on an ad hoc basis.</p> <p>Proposals to develop craft retail outlet (for sustainably produced crafts) at CD with local person to manage.</p>

(Cont.)

GUIDELINES ASSESSED	PRETORIUSKOP CAMP	JACKALBERRY LODGE	CORAL DIVERS (CD)
<p>3. Government and established businesses need to redress previous imbalances, and to enable the historically disadvantaged to engage in the tourism sector. For example they should source 15% of services and 15% of products, increasing by 5% per year, for 3 years, from historically disadvantaged groups, and/or individuals, and report on purchasing activities.</p>	<p>Purchases at Pretoriuskop are not geared towards local Historically Disadvantaged Individuals, save individual efforts (e.g. the local brooms purchased). Shop management will support the community in their aspect of strength e.g. agriculture, and not necessarily in the curio and craft market.</p> <p>0% expenditure by the shop currently spent on services locally (within 20 km).</p>	<p>The lodge management would like to source more local (Historically Disadvantaged Individual) goods and services but local community lack skill, capacity and capital to engage in these activities. Even curio purchases are low. The lodge management is willing consider importing skills to promote craft production in an effort to meet these targets. Management willing to increase procurement of local goods and services subject to programme that ensures supply, quality and reliability.</p>	<p>6.6% of expenditure in 2001 spent on products from companies with over 79% indigenous employees.</p> <p>100% of local services sourced from black empowerment companies or Historically Disadvantaged Individuals.</p> <p>Potential increase use of local services through training local men as guides for tours in the nearby Ozabeni Reserve.</p>
<p>4. Recruit and employ staff in an equitable and transparent manner and maximise the proportion of staff employed from the local community. Set targets for increasing the proportion of staff and/or of the enterprise wage bill going to communities within 20 km of the enterprise.</p>	<p>News of vacancies spreads by word of mouth. Senior positions are advertised internally and existing staff promoted where applicable. All labour legislation strictly adhered to and locals are afforded first choice. Gender inequalities have been addressed in KNP. Pretoriuskop management are not responsible for employment of new staff and this remains a centralised Human Resources function.</p> <p>6.25% of staff are from within 20 km</p> <p>4.31% of the wage bill finds its way back to the community closest to Pretoriuskop (within 20 km).</p>	<p>Eight employees (all male) joined the company during the year. Six were inherited from an existing operation in the reserve and two were recruited by word of mouth.</p> <p>The new employees were all engaged in the reserve and land management division. Such positions not traditionally sought by female candidates.</p> <p>The lodge recruits on an equal opportunities basis in regard to gender and race.</p> <p>66% of staff are resident within 20 km. Lodge seeks to increase labour resident near lodge.</p>	<p>News of vacancies spreads by word of mouth.</p> <p>Best person for job employed (regardless of gender or race)</p> <p>64% staff from within 20 km of CD receiving 44.9% of the total wage bill.</p> <p>Will increase above inflation, as per negotiations with unions, and with proposed employment of more local apprentices and skippers</p>

B. Improving Access for the Informal Sector to Tourism in The Gambia⁴²

Tourism is the most important sector of the economy in The Gambia, representing 58.8% of the total export value of goods and services in 1997, the sector was worth US\$75.3m. The next largest export sector was communications (8.4%) and groundnuts (8.0%)⁴³. Tourism is critical to the economy and The Gambia is very vulnerable to any downturn in the industry and competition from other beach destinations. International arrivals doubled between 1995 and 1998, however, The Gambia is under pressure over bed night rates, it is in a highly competitive sun-sand-and-sea market, and the formal sector struggles to reinvest adequately in the product. The UK market represented 41% of all non-African arrivals in 1998 and has grown from just over 14,000 arrivals in 1995 to nearly 29,000 in 2000. However, UK arrivals peaked at just over 38,000 in 1997.



Source: Department of Tourism in The Gambia

The UK Government funded an initiative to improve the linkages between the informal sector (the fruit pressers, fruit vendors, taxi drivers, guides, craft workers and market vendors) and the formal sector hotels, ground handlers and tour operators. Working with the Association of Small Scale Enterprises in Tourism (ASSET) a series of participative surveys were undertaken to collect information about the perceptions of the tourists, tour operators, hoteliers and inbound operators (or ground handlers). Each of the informal sector groups participated in the research phase identifying what they saw as the significant barriers to their participation in the industry and reporting on their sales in the peak season of 2001.

One of the major issues preventing positive dialogue and change was a legacy of distrust, the informal sector blamed the formal sector and the formal sector blamed the informal sector, informal sector groups blamed each other. The down turn in visitor arrivals in 1999 and 2000 increased the levels of conflict as each group came under pressure. There was also a high level of disunity between groups in both the informal and formal sectors. Each of the individual groups was encouraged to talk openly about their problems and to evolve and agree sets of practical initiatives that could be taken to improve their market position. In May 2001 a series of workshops was held involving each of the informal sector groups individually, the informal sector as a whole and then the informal and formal sectors together and an agenda for action was agreed. This stage was essential in order to build a shared understanding of the challenges faced by The Gambia, and to build support for a shared vision and an agreed programme of action to achieve it.. One of the most important pieces of learning in this process was that The Gambia confronts intense competition from other sun, sand and sea destinations and the Gambians in the industry need to work together to attract tourists there – the main competition that each group faces is from abroad.

The Gambia is a fairly traditional sun-sand-and-sea destination, a relatively successful winter sun destination. It enjoys relatively high levels of repeat visitation but there is increasing concern about the “beach bumsters”, unemployed youths who sell a range of services to tourists. Their style of accosting tourists discourages significant numbers of tourists from leaving their hotels and this contributes to the enclave character of some of the hotels. Although many tourists reported that they found the “bumsters” off putting or intimidating and said that this might deter them from revisiting, the surveys conducted for the project found that over a quarter of visitors had visited at least twice before and ten percent had visited over six times.

However, repeat visitors were less likely to engage in activities for which they would pay. Each first time visitor engaged on average in 4 paid activities, second time visitors in nearly 3, and those in The Gambia for a third time or more averaged only 1.8 paid activities during their visit. This is partly because repeat visitors tend to do less sight seeing and when they do they tend to be more independent, but it also reflects the lack of new day excursion and other activities. This is an area where the informal sector can make a significant contribution by diversifying and enriching the day excursion and activity offer. The exit survey revealed that the average total discretionary spend per visitor was £157, the average amount being taken home was £23, about 14% of the discretionary spending money is “lost” to The Gambia. The average disguises a wide variation – 30% of people leaving The Gambia in the peak season of 2002 had spent all the cash that they had brought with them and a further 10% were taking back less than £10. Nearly 40% were taking back between £11 and £50, some 20% were taking home more than £50. There are clearly opportunities to some encourage tourists to spend more.

The visitors surveyed in their hotels showed a high propensity, between 50 and 60%, to purchase activities like a cultural show, a visit to a village, national park, museum, bird watching trip, or fishing from a local guide – part of the informal sector. Although holidaymakers would prefer to book overnight accommodation in a village as part of the package purchased through the tour operator. The most popular activity, which was identified in the survey, was the opportunity to visit the fields and to see agriculture and crops being grown. This experience cannot be purchased in The Gambia, and yet two thirds of visitors would like to have the experience, and 62% of them would like to book through a local guide – by taking an informal sector excursion. The visitor expenditure surveys showed that between two thirds and one half of all discretionary visitors spend in The Gambia was spent in the informal sector.

Table 1 presents the barriers, which were identified by the informal sector groups in the consultation and workshop process. There was particular concern about what was said about the informal sector by the tour operator representatives at the welcome meetings and by the lack of access for the informal sector entrepreneurs to the tourists in the hotels.

Table 10 Informal sector perceptions of the barriers they encounter in attempting to access the market.

Barrier	Craft Vendors	Fruit Sellers	Juice Bars	Guides	Tourist Taxis	Solutions
Lack of promotion by the formal sector –negative presentation. Lack of linkages with the formal sector.	■	■	■	■	■	Improved access to welcome meetings and promotion in hotels
Lack of awareness among the tourists and fear	■		■		■	Education of tourists and promotion by tour operator representatives
Too much competition within the sector	■			■		Change the behaviour of micro entrepreneurs – encourage rotas and non-price competition.
Tourists bargaining too hard	■	■		■		Tour operators and hotels to give information to guests so that they are not rude and will pay a fair price.
Commissions	■		■			
Lack of advertising and promotion	■					
Lack of marketing knowledge	■					

At the end of the workshop process, there was high degree of consensus amongst the informal sector groups about the steps necessary to improve their access to the tourists in the formal sector hotels and inclusion in the tour operator endorsed and marketed excursion programmes (see Box 1 below). All the informal sector groups saw achieving a Code of Conduct, which would regulate behaviour within the group and between group members and other informal and formal sector groups, as important. Those who did not have any clear badging system (the fruit sellers, juice pressers and bird guides) also sought formal recognition.

Improving access for informal sector groups to the market in the destination.

- Licensing is an important mechanism for legitimating the informal sector. One of the major barriers encountered by the informal sector is exclusion from the formal sector.
- Licensing and badging, backed by a code of conduct, is seen by members of informal sector groups as an important mechanism to secure access.
- Hotels could set up opportunities for craft vendors to have access to tourists inside hotel boundaries.
- Issues of insurance need to be addressed on a case-by-case basis – the tour operator liability constraints need to be tackled but they are not as significant as is sometimes argued by the formal sector.
- All ground handlers interviewed noted that quality and public liability insurance were key criteria in granting local product and service contracts. Local licenses were also critical for three of the four ground handlers, while price and reliability were key factors for two of them. One also mentioned cleanliness a key criteria.
- Local guides can play a very significant role in facilitating informal sector access.
- Visitor expenditure in the informal sector is significant (one third of in-country expenditure – about £9 per day per tourist) and it can be increased.
- Craft stall holders keen to develop new products and to work together to counter aggressive bargaining by tourists.
- The problems experienced by the informal sector in general are mainly in access to the market, dealing with competition & commissions, and the fact that tourists do not have adequate information about them.

Some good practise was already evident in The Gambia and part of the purpose of the initiative was to report on and spread good practice. Good practice that was observed in linking the informal sector and tourism included the following:

Good Practise identified in the formal sector

Tour Operators

- Providing information on the range of informal sector services
- Recommending some informal sector services and products: craft markets, licensed guides and tourist taxis.
- Encouraging tourists to meet local people through visiting the beach and local markets

Ground Handlers

- Including visits to craft markets in excursion programmes
- Including visits to villages, communities and schools in excursion programmes
- Visiting schools, communities and villages in advance of tourist arrivals to help define what is required and to suggest ways of avoiding “bumstering”.

Hotels

- Local sourcing of fruit, vegetables and some meat and furnishing fabrics.
- Buying produce from local women’s’ co-operatives
- Facilitating informal sector access to hotel guests through free market days (inviting craft sellers into the hotel on a rota) and allowing fruit sellers and juice pressers to bring produce to their customers in the hotel

Some of the Welcome Meetings now involve representatives of the informal sector groups, but this remains a contested area. One of the major steps forward has been the introduction of What's On notice boards in all of the seven hotels in the project area. Each of the boards was paid for by the hotel hanging it in its lobby, and each of the informal sector groups has a poster, which advertises and promotes their service or product and this is highly valued by the informal sector as it bestows legitimacy.

The Fruit Sellers

The fruit sellers saw an increase of some 60% in their earnings as a result of the initiative. A Code of Conduct was developed with the fruit sellers, which covered their relationships with each other, the hotels and the tourists. There are a large number of fruit sellers, 26 of them working on the Kotu Beach. A new stall was built with assistance from the two local hotels and the stall holders each contributed to the costs. The DFID project employed an artist to ensure a high quality image for the stall. The stall has changed the nature of the relationship between the women and the tourists; they no longer hawk and have a degree of dignity behind their stall, which has the same functions as a uniform for them. Ndeye Kebbeh – Head of Kotu Fruit Sellers' Society – identified the following positive outcomes of the project and ASSET's work:

- Advertising via the 'What's On' boards in some hotels has helped tourists to know the fruit sellers are there.
- The workshops in 2001 were enjoyable and taught association members to make jams, sauces etc. These have not, however, been very successful in terms of sales; she feels tourists just want fresh fruit and fruit salad.
- The official registration of their society meant that they were trusted enough to get a loan, used for buying produce. The fruit sellers also now put a small amount of money into a communal fund.
- The fruit sellers adhere to their code of conduct, they identify customers who 'belong' to each of them and then do not quarrel over business.

The Licensed Guides

The licensed guides have benefited from the What's On boards, and there has been some reduction in conflict between the guides, taxi drivers and the formal sector. They have drawn up and adopted Codes of Conduct, which has made a difference to the sense of collective responsibility amongst the guides. At the Palma Rima, where there is a serious problem with "bumstering" around the hotel, the licensed guides had introduced their own logbook which records who has worked and where they took the clients, they also record the level of customer satisfaction by asking clients to write in the log. They suspend guides for minor infringements of their Code and have taken the uniform from one guide who they felt had been complicit in one of their clients being robbed in the market. The new Gambian Tourism Authority is determined to back the Guides when they take this kind of action and to withdraw the licenses of offending guides. The licensed guides at Kotu Beach were getting significantly more work in 2002, while at Senegambia the increase in earnings was a result of the increase in the average income per trip,

Table 11 Increase in Licensed Guide Earnings at Senegambia and Kotu Beach

Senegambia	2001	2002	Change
Mean income per trip	D144	D174 (10USD)	20.8%
Trips per week	2.38	2.49	4.6%
Mean weekly income	D345	D408 (24USD)	18.2%
Kotu Beach			
Mean income per trip	D93	D94.2 (5.5USD)	1.3%
Trips per week	3.06	4.2	37.25%
Mean weekly income	D285	D380 (22USD)	33.33%

The craft markets successfully introduced codes of conduct and reduced the amount of hassling of tourists in the markets and there has been an increase in the amount of time that crafts are actively produced on the stalls; this increases sales. Two experts from The Body Shop worked with the markets and some individual traders to improve their products and merchandising techniques. The Kotu Beach market is now better organised and there is considerably less hassling of customers. They now have access to the Bungalow Beach Hotel through free market days, where on a rotation each trader has the opportunity to take their stall inside the hotel; this dramatically increases sales. Average incomes have been increased three fold at Kotu Beach Craft Market to 123 dalasi (7USD) per week.. In the Senegambia Market, average earnings have increased 84% and there are ⁴³ more assistants working in the market than there were in 2001 – the number of market stalls is fixed.

Table 12 Earnings comparison for Kotu Beach Craft Market 2001 –2002

	2001 Mean	2002 Mean
Sales	96.5	335.3
Cost of Goods	55.3	209.4
Commission Payments		1.3
Income	41.2	122.8

In order to increase the contribution of tourism to the elimination of poverty, the informal sector needs to be more effective in selling products and services to the industry and the tourists. Box 3 raises some of the questions which need to be addressed in order to tackle the issues of market access for the informal sector.

Key issues to be addressed in order to create better linkages for the informal sector in traditional beach resort destinations.

1. How can the **conflict of interests** between the market-led, enclave character of the industry and the demand for access and participation by the formal sector, the informal sector and other non-tourism sectors of the economy be resolved to benefit all parties?
2. How can the **informal sector better access** tour operators, ground handlers and hoteliers that purchase tourism services and products?
3. How can the **informal sector improve its access to tourists and increase the volume and value of its** sales in order to increase revenues?
4. How can **supply side linkages be improved** so that, for example, more of the food and furnishings purchased by the industry can be locally sourced?
5. What **opportunities** are available for development or extension of tourism products and services on which the informal sector could capitalise and / or gain entry to the tourism market?
6. What **training / licensing requirements** need to be implemented to provide opportunities for the informal sector and confidence for tour operators to contract them?

The initiative has demonstrated how a series of relatively small changes can significantly increase the earnings of the informal sector entrepreneurs who operate on the margins of the tourism industry, but earn their livelihood from it. There is considerable potential for the development of complementary products, which improve the opportunities for the poor to earn a livelihood from tourism and to be less poor, whilst at the same time producing a richer and more diverse product for the tourist. The new Gambian Tourism Authority is continuing the work and has established a Responsible Tourism Partnership through which to work with the originating market tour operators, hoteliers, ground handlers and ASSET members to continue to improve the relationships between the informal and formal sectors and to continue to improve market access for the informal sector.

4. Tourism Specifically Benefiting the Poor

There is increasing awareness amongst international and national development policy makers that it is not enough to assume that the benefits of economic growth will trickle down automatically to the poor. It is now more widely recognised that a significant reduction in poverty can be achieved only if the benefits of growth are redistributed to the poor or if the poor themselves can be brought into economic activity either through employment or through entrepreneurial success. Tourism not only provides material benefits for the poor, but can also bring cultural pride, a sense of ownership and control and, through diversification, reduced vulnerability. Tourism should be assessed objectively against other opportunities for economic growth for the poor.

This section of the report summarises work done by the pro-poor tourism team funded by the UK government's Department for International Development (DFID). Six case studies were commissioned using a comparative methodology to analyse pro-poor tourism strategies in Ecuador, Namibia, Nepal, South Africa, St Lucia and Uganda. These case studies were undertaken in 2000 to begin to assess how tourism could be made more explicitly pro-poor. It's Analysis had concluded:

"The debate about whether tourism is or isn't pro-poor cannot be decided here. The answer clearly depends on circumstance, so needs to be assessed on a case-by-case basis before tourism is promoted for poverty objectives. A more useful question is: How can tourism become more pro-poor? Given that tourism is already a fact of life for many of the world's poor, the challenge is to enhance the many positive impacts and reduce costs to the poor."

"Pro-poor tourism" (PPT) is tourism that generates net benefits for the poor (benefits greater than costs). Strategies for this kind of tourism focus specifically on unlocking opportunities for the poor within tourism, rather than simply expanding the overall size of the sector (tilting, not expanding the cake).

Such strategies can be applied within any segment of the tourism industry and can be distinguished from general tourism development strategies, which aim to advance the sector as a whole, **because they specifically address the needs of those living in poverty**⁴⁴. 20% of the global population lives on less than US\$1 a day and nearly 50% on less than US\$2 a day. But poverty is not just about lack of money. Poverty is also about hunger and lack of shelter, not having access to clean drinking water and sanitation, illness and illiteracy – and the inability to do anything about them. The United Nations Millennium Declaration has pledged to halve world poverty by 2015.

Poverty is defined by the IMF and IDA as

“... denial of choices and opportunities and a violation of human dignity. Poverty means a lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or a clinic to go to, not having the land on which to grow one’s food or a job to earn one’s living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence and it often implies living on marginal and fragile environments, not having access to clean water and sanitation.”⁴⁵

Contemporary thinking on poverty reduction emphasises the complexity of the process and the need for strategies on a variety of complementary fronts and scales. Most would accept, however, that “pro-poor” growth is the essential underpinning of long-term, sustainable poverty reduction⁴⁶.

Findings from PPT case studies show that for those in regular tourism employment, wages can often reach US\$1,000 to US\$4,000 per worker per year (Table 13). Such earnings are sufficient to bring the core group of earners and their families above the poverty line. For example, at two Wilderness Safaris lodges in South Africa, each employee earns twice the average income of a rural homestead in the area. Furthermore, virtually all the case studies found that workers would not otherwise be employed because there are few other viable economic activities in the areas studied.

Casual and small business earnings per person are generally lower than earnings from regular employment, though case studies demonstrate very high variability: from a low of US\$6–10 to a high of over a thousand dollars per person per year. However, there are far more people involved on a casual basis (4–10 times the number of employees). In almost all the case studies, the importance of even small amounts of income was reported.

Use of earnings by the poor

Humla, Nepal

"In most cases, the earnings make a significant difference to the welfare of households, enabling them in particular to buy shoes, cloth, ready made clothes, salt and flour from Tibet... Without these earnings, families would be more severely underfed and poorly clothed than they currently are." ⁴⁷

Cofan community, Ecuador

"[Income also] goes towards soap, toothpaste, aspirin, rice, sardines, pasta, and flour. Money earned is also used to buy clothes, more expensive items such as radios, and, more commonly, gasoline to fuel many of the motor boats owned by community members for transportation purposes." ⁴⁸

Maputaland, South Africa

"For the majority of employees at Rocktail and Ndumu, it is clear that a large number of immediate and wider family are being supported by their wages. Although the study areas are suitable for subsistence agriculture, and people are not starving, the wages could be used to finance additional activities such as house-building and clothes purchases." ⁴⁹

UCOTA members, Uganda

"Women traditionally spend their income on their children's education, health care and clothes. Some is kept for emergencies." ⁵⁰

Table 13 Scale of earnings of poor individuals in PPT case studies

Some examples	Waged employees			Casual workers/own enterprise			% Contribution to total	
	No of people	Earnings/person/year range		No of people	Earnings/person/year range		Local income ^{1/}	
		Local currency	US\$		Local currency	US\$	Wages	Casual earnings
Wilderness Safaris								
Rocktail Bay	29	SR 1,272 - 31,800	162 - 4,051	62+	SR 311 - 29,200	40 - 3,720	77%	19%
Ndumu Lodge	21	SR 6,696 - 18,132	853 - 2,310	6	SR 3,000 - 29,200	382 - 3,720	73%	20%
SNV-related enterprises								
Current	0			30-100	Rp 534 - 6,667	7 - 90	0%	96%
Estimated	15	Rp 6,000 - 12, 000	81 - 163	80-200++	Rp 534 - 6,667	7 - 90	32%	44%
NACOBTA members								
Spitzkoppe campsite	19	N\$ 6,000	764	72	N\$ 120 - 3,000	15 - 382	55%	43%
Face to Face city tours	4	N\$ 1,200 - 3,600	153 - 459	26	N\$ 120 - 4,320	15 - 550	28%	72%
Nyae Nyae Conservancy ^{/2}	6	N\$ 9,500	1,210	48+	N\$ 1,406 - 1,750	179 - 223	18%	42%
Torra Conservancy ^{/2}	10	N\$ 15,995	2,038	-			48%	0%
Penduka crafts	23	N\$ 9,000 - 18,000	1,146 - 2,293	143-643	N\$ 50 - 12,000	6 - 1,529	5%	95%
Tropic								
Craft makers, Cofan				20	US\$ 1,200			
Craft makers, Huaorani				21	US\$ 114			
Workers, Huaorani	1	US\$ 600		14	US\$ 10			
Workers, Cofan				1	US\$ 250			

Source: Poultney and Spenceley, 2001; Nicanor, 2001; Saville, 2001; Mahoney and van Zyl, 2001; Renard, 2001; Williams, White and Spenceley 2001; Braman and Fundación Acción Amazonia 2001

Note: 1. Collective income accounts for the remaining balance of local income

2. Earnings for Nyae Nyae and Torra Conservancies are based on 1998 data. Disaggregated data for 2000 is unavailable

3. The lower estimates in Humla relate only to enterprises specifically planned with SNV, but several others (reflected in the higher end of the range) are also involved or affected.

Spread of benefits to other household members: Although the numbers of actual earners may be limited, several case studies emphasise **that the earnings of one person may support many more.**

The earnings of one support many

- “This new enterprise (Face to Face) already brings financial benefits to 48 people in terms of a monthly income that amounts to up to N\$5,000. These financial benefits have a more far-reaching impact than for just the direct income earners, as each earner supports on average 15 people. Thus the total financial benefits can be felt by as many as 720 people.”⁵¹
- Each member of staff or casual worker in the Penduka enterprise supports between 30–50 people, which means that 10,920 are impacted by the financial benefits.⁵²
- The 29 employees at WS’s Rocktail Bay operations each support 5.5 relatives, which suggests that lodge wages support 10% of the population. For Ndumu, a total population of 185 people benefit from the wages of 21 employees.⁵³
- Money distributed by the Community Trust amounts to a very small amount per person if averaged across the village population, but **is used to finance community development that would not otherwise take place.**⁵⁴

Collective income is generally used for community investment, rather than being distributed to households. Although the actual sums per person may be small – usually the equivalent of only a few cents or dollars per person – they can be disproportionately important, as they are a rare source of community funds. However, they can also be ‘lost’ through misappropriation and poor management.

4.1 Who benefits?

In most cases, regular wage earners are relatively skilled and educated (for example, they may know how to drive or be able to communicate in foreign languages), though they are still classified as 'poor'. Sometimes employment is only available to those who are 'well connected' and employers generally take the most skilled workers that they can hire. 'The poor' is a diverse group and they will not benefit uniformly, some may be disadvantaged or "not be reached while others gain. The poorest 10% are unlikely to gain directly from tourism."⁵⁵

However, the less skilled and the poorer do gain casual employment. For example, in Humla, porters and horsemen tend to be landless and amongst the poorest people. Craft earners are clearly well skilled in one domain, but may lack other marketable skills. They are often women (for example women account for 65% of staff employed at Wilderness Safaris' lodges in South Africa) and are frequently from poorer groups. Many of these people have few other income generating opportunities.

In principle, collective income benefits the community as a whole. However, inequality in the distribution of collective income and in participation in community decision-making is noted as a common - though not universal - problem. Where public investments are made (such as in schools, water) the case studies do not explore how access to the benefits varies between groups within the community.

4.2 The Impact of affirmative action on National Poverty Levels

PPT case studies show that overall the impact of such strategies is positive. At the local level:

- Although many of those involved often remain poor, they are better off than before. In particular, they are less vulnerable to hunger for example, and better able to meet their daily needs. The PPT enterprises are therefore very important to these people.
- Some households, with a member in regular employment, earn enough to move from 'poor' to fairly 'secure.'
- Benefits are spread unevenly but widely across poor households: earnings accrue directly to a few, but are used to support a larger number of relatives or are re-spent locally, generating incomes for others. Collective income and other livelihood benefits generally affect many more in the population.
- In a few cases whole communities can actually be said to have 'escaped' poverty through the impact of the PPT.

The increase in livelihood security comes from **a combination** of several elements including: increased regular wage income; opportunities for small income to fill gaps; business opportunities beyond agriculture; better access to markets, infrastructure, and information, and financial assets; and the presence of an outside 'friend'.

The scale of benefits can be small in absolute terms from an outside perspective. Nevertheless, from the perspective of the poor, they can be very significant (see Box 6). Indeed, where benefits are small because the destination is remote and tourism is limited (as in Humla), the significance of benefits to the poor can be all the greater.

Box 2 Small but significant benefits

*The contribution of tourism is small relative to the more accessible areas of the country (e.g. Annapurna region etc). However, if revenue from tourism could be better retained in Humla, instead of being concentrated with outside trekking agencies, the potential for benefits to Humla people is great, especially in view of the lack of alternatives available to improve livelihoods for people of Humla*⁵⁶

Substantial benefits accruing to the non-poor are not necessarily an argument against investment, if the scale of benefits to the poor can still be increased. As the evaluator of a Community Tourism Programme in Tanzania summarised it:

*“Of course, this small project will hardly bring about much change in the underlying conditions, e.g. in the unequal distribution of foreign exchange earnings from tourism...[but] people participating in the programme are not so much interested to know whether the major share from the tourism business continues to go to the mainstream entrepreneurs; **what they are interested in is the small share which they can earn themselves in order to improve their livelihood and that of their families**”.*⁵⁷

Nevertheless, it is probably true that the small scale of the PPT initiatives so far has meant that this kind of tourism generates a minor dent in national poverty even when multiplier effects are taken into account. PPT is not a panacea but is one contribution to rural development and the alleviation of poverty.

4.3 Enhancing Local Impacts of Tourism for Poor People

4.3.1 Challenges

In addressing the potential for tourism to contribute to poverty alleviation several critical factors constraining progress need to be addressed:

1. Access of the poor to the market: physical location, economic elites, and the social exclusion of poor producers.

Access to a market of a sufficient size to ensure net earnings and other benefits for the poor is critical. In many areas where tourists might encounter the poor, those entrepreneurs who currently own the hotels, lodges and guesthouses and arrange tour programmes for their guests effectively arrange for tourism to take place in an enclave – the tourists are relatively isolated from the poor. Successful strategies require support from those in the local elites who control access to tourists – local hoteliers, ground handlers and guides are critical to the process of negotiating access for the poor to the tourists. The local business community and politicians need to be engaged in PPT initiatives.

2. Commercial viability: product quality and price, marketing, strength of the broader destination

The success of PPT strategies is dependent upon the locality being sufficiently strong as a tourism destination to attract sufficient tourists for the viability of new enterprises, and the product must be attractive and competitively priced. If the destination as a whole does not flourish, how can PPT thrive?

3. Policy framework: land tenure, regulatory context, planning process, government attitude and capacity

The changes necessary to enable the poor to engage successfully in tourism often requires a coordinated approach and government plays a significant role in that it sets the regulatory framework (licensing hotel development, guides, food sellers and other traders), government can facilitate infrastructure development and it exercises planning controls. Government can promote engagement of the poor in tourism particularly when it is negotiating concessions, locating and constructing craft markets and planning tourism development. It can further assist by including poor producers in its marketing initiatives. PPT cannot thrive if national or local government is obstructive.

4. *Implementation challenges in the local context: filling the skills gap, managing costs and expectations, maximising collaboration across stakeholders.*

Successful PPT often requires an integrated approach at the local level with capacity building and skills development, particularly focussing on SMME's. In Nepal the Humla initiative grew out of a long established SNV (Netherlands's Development Organisation) project and in Uganda and Namibia, both the Uganda Community Tourism Association (UCOTA) and the Namibian Community Based Tourism Association) NACOBTA are NGO's with substantial training and capacity building programmes. Successful PPT involves a strong commercial orientation and the capacity to engage with a wide range of stakeholders and achieve integrated change. Given the diversity of environments and cultures around the world and the diversity of tourism, no one blueprint is likely to emerge. Table 14 summarises the key issues and their implications.

Table 14 Critical issues and implications for PPT

Issues		Implications
<i>Market access</i>	Strength of existing economic elites	Gaining access to the tourists is not easy Partnerships with established tourism businesses, government support, marketing links, intensive communication, profit motives and realism are needed.
	Location of poor people	Poor people – and their products– are often in remote areas with poor infrastructure. Investment in infrastructure – particularly roads and communications – may be needed to ensure viability.
<i>Commercial sustainability</i>	Attractiveness and quality of product	Unattractive products do not sell and will threaten the commercial viability of an enterprise. Involving the private sector in product development should help ensure that initiatives are commercially realistic.
	Marketing	Marketing is critical to compete in the crowded tourist product market. Government or private sector support may be needed to develop effective links and marketing strategies.
	Cost benefit	PPT can be expensive, especially when transaction costs are included. Costs may exceed the capacity of a company, community, or even government tourism department to cover, making external (often donor) funding important.
<i>Policy framework</i>	Land tenure	Secure land tenure is important for attracting PPT investment. Land rights need to be clarified before tourism development goes ahead.
	Government attitudes	Government attitudes can be the driving force or the stumbling block. Commitment is critical but not enough, on its own.
<i>Implementation issues</i>	Skills and capacity gap	Capacity building will be an essential part of any initiative. Some form of external facilitation may be required.
	Communication and collaboration	PPT is most effective when different stakeholders work together. Effective partnerships are critical to development; the investment of time and energy in creating them is necessary to success.
	Meeting expectations	Mismatched expectations and benefits can kill initiatives. It is important to deliver short-term benefits while long-term schemes are developing.

4.3.2 Opportunities to explore

Despite the sometimes formidable challenges described above, there are many opportunities that bode well for the wider implementation of tourism which specifically benefits the poor including:

- widespread commitments to poverty reduction and growing interest in PPT;
- the considerable uptake of eco-tourism, community-based, sustainable and responsible tourism approaches;
- explicit government statements relating tourism to development and sustainability goals, the influential role of government in most tourism destinations (indeed tourism is one sector in which Master Plans continue) and the fact that, to date, the paucity of practical guidance at local government level may have constrained the translation of commitments into practice. Poverty reduction is part of maintaining a sustainable destination.
- the potential contribution of the many tourism operators, tourism boards, NGOs and donors who have distinct interests in ‘tilting’ tourism to specifically benefit the poor (that are not common to other economic sectors such as textile production or agro-processing).

Even where commitment to PPT is lacking, some of the principles and actions can be incorporated into mainstream tourism development. In particular, developing new products to complement a mainstream package (such as a Caribbean cruise or an African safari) benefits the destination as well as the poor. Similarly, some recommended government measures (such as geographical dispersal of tourism and investment in human capacity and infrastructure) are of wide relevance to anyone committed to the development of sustainable tourism.

4.4 Lessons on good practice

PPT is relatively untried and untested, and there is no blueprint. ‘Best practice’ cannot yet be established, but lessons on ‘good practice’ emerge:

1. It needs a diversity of actions, from micro to macro level, including product development, marketing, planning, policy, and investment. It goes well beyond community tourism, any form of tourism can be pro-poor.
2. A driving force is useful, but other stakeholders, with broader mandates, such as donors, NGOs, educational institutions and a range of government agencies are critical. Poverty alleviation can be incorporated into tourism development strategies of government or business (with or without explicit pro-poor language). Broader policy frameworks and initiatives outside tourism, such as on land tenure, small enterprise and representative government, are also key.
3. Location matters: it works best where the wider destination is developing well.

4. The poverty impact may be greater in remote areas, though tourism itself may be on a limited scale.
5. PPT strategies often involve the development of new products, particularly based on local culture. But these should be integrated with mainstream products if they are to find markets.
6. Ensuring commercial viability is a priority. This requires close attention to demand, product quality, marketing, investment in business skills, and inclusion of the private sector.
7. Economic measures should expand both regular jobs and casual earning opportunities, while tackling both demand (e.g. markets) and supply (e.g. products of the poor).
8. Non-financial benefits (e.g. improved roads, better communications and improved sanitation) can reduce vulnerability; more could be done to maximise these.
9. Poverty alleviation is a long-term investment. Expectations must be managed and short-term benefits developed in the interim.
10. External funding may be required and justified to cover the substantial transaction costs of establishing partnerships, developing skills, and revising policies (not generally for direct subsidies to enterprises).

The lessons also suggest particular roles for different stakeholders:

Governments must provide visionary strategies, practical policies, enlightened regulations, and thoughtful, inclusionary coordination.. At a minimum, there needs to be an enabling policy environment and a coordinated approach across government departments.

The Private Sector is an essential player, as partner, facilitator, customer, marketing channel and advisor. It can be involved directly, for example in joint product development with poor people. At a minimum, it should be involved in product and market development; to ensure affirmative anti poverty strategies are commercially robust.

Donors must ensure that PPT is considered when development options are being analysed, encourage the other stakeholders to participate, provide technical assistance and source funding to enable the further development of projects and expertise in this new field. Donors can also promote PPT within the international agenda, with other governments and the industry, particularly within the overall framework of sustainable tourism.

Civil Society has an important part to play to facilitate inclusion by the poor: this includes educational institutions at all levels, trade associations, journalists, community –based organisations (CBOs) and NGOs

The Poor have many roles: as producers, suppliers and workers; also as participants and decision-makers. While this is often on an individual basis, there is also a key role for engagement as a community – in managing common assets or benefits and liaising with outsiders. Actions by the poor and their partners that may enhance the ability of the poor to engage effectively include measures that:

- Increase understanding of the tourism industry
- Develop skills for small business and tourism employment
- Increase physical access to tourism markets, address cultural (e.g. gender) obstacles to market activity
- Strengthen community organizations capacity in management, negotiation, and the representation of the views of the poor to others
- Develop transparent and equitable measures for managing collective benefits
- Explore options for developing cultural traditions into products
- Expand dialogue with private operators
- Explore the pros and cons of household dependence on tourism
- Maintain realistic expectations

4.5 Next steps

To develop such strategies further, continued efforts to test, learn from experience and share findings are needed. It is important to work and develop knowledge with four particular constituencies:

- i) Those who manage, plan, or influence tourism operations in poor countries of the South or in areas where there are significant numbers of poor people in areas visited by tourists.
- ii) Those who are developing and promoting the 'sustainable tourism' agenda internationally, and recognising the importance of the economic and social dimensions of sustainability.
- iii) Those implementing poverty reduction approaches in areas with tourism potential.
- iv) Those who help form opinions about effective strategies for poverty-reduction.

Mainstreaming a focus on poverty across the tourism industry in the South would be a formidable challenge. But given the importance of tourism in many very poor areas, it is surely worth rising to this challenge.

The two case studies, which follow, illustrate the range of challenges to be faced by development agencies and entrepreneurs engaging in the development of pro-poor forms of tourism. In both cases the initiatives grew out of previous programs with local people.

Case Studies

C The Humla District of Nepal⁵⁸

Introduction

This case study illustrates the challenges faced by the poor in breaking into the existing well-established tourism industry with its connections to the tourism market, but also demonstrates the potential for developing local economic linkages as a poverty reduction strategy.

Humla is a very remote district of Mid-West Nepal in the north-west corner of the country bordering Tibet. Due to its lack of infrastructure, lack of communications, severe cold mountain climate (altitude ranges from 1,500 to 7,300 metres) and difficult walking conditions, Humla is a very difficult and unpopular place to work and considered a 'punishment post' amongst government workers.

Two distinct cultural groups (between whom there is little communication) dominate the area: Tibetan extraction (Bhotiya) Buddhists belonging to the Lama caste, and who speak a Tibetan dialect, are concentrated at the highest altitudes nearest the Tibetan border. This is the area most frequented by tourists en route to Tibet. Hindu caste Nepali-speaking people of the local 'Khas' ethnic subgroup belong to castes such as Bahun (Brahmin), Shahi Thakuri, Chhetri and occupational castes such as Damai, Sunaar, Kami and Sarki. The latter are treated as untouchable and are traditionally called 'low caste'. Nowadays they are more politely referred to as 'Biswa Karma', which is the name of the deity for machinery in the Hindu pantheon. For both groups, however, the majority of people in Humla, including those living along the Simikot- Hilsa trail, fall beneath the international poverty line of US\$1 per day.

Tourism in Humla District is concentrated along the Simikot – Hilsa trail which is above 2500m and subject to cold, snowy conditions for 5-6 months of the year. Most of the tourists visiting Humla come from Europe (approx.79%) especially Germany (approx.27%) while a smaller proportion comes from USA (c.11%). However, numbers of tourists are relatively low (an average of 626 per year between 1996 and 2000) compared to the more accessible and well known areas of the country such as the Annapurna region, and tourism accounts for only a small proportion of economic and social growth.

PPT Interventions in Humla

The Dutch development agency SNV, operates a District Partners Programme (DPP) in Nepal in conjunction with district and village development committees, NGOs and the private sector. The objective of the DPP is to “benefit women and disadvantaged groups at village level.” Tourism development is one means of achieving that objective in Humla.

SNV has recognised that even with the limited tourism revenue earned by Humla, the majority is captured by Kathmandu-based trekking agencies rather than being retained within Humla. In Humla itself, benefits from tourism are concentrated amongst the better off rather than the very poor or poorest. SNV’s strategy revolves around developing tourism initiatives that benefit poor and disempowered groups. The focus of the initiative is at the local level – on specific enterprises and communities along a trekking trail – although SNV also engages at the policy level with the Nepal Tourism Board in Kathmandu. The emphasis is on social mobilisation through the development of community-based organizations; business planning and training designed to enable the poor to develop micro-enterprises and to take up employment opportunities. This case study therefore provides a valuable example of the process by which local economic linkages can be developed so that the goods and services required by the tourism industry are produced and supplied locally rather than ‘imported’ from Kathmandu.

Prior to the inception of the DPP, substantial construction work on the Simikot – Hilsa trail was undertaken by SNV between 1985 and 1999. This included widening the trail for mules, horses and yaks and making the most dangerous stretches substantially safer and easier to walk. Drinking water was provided in the villages of Kermi and Yari (as well as elsewhere off the tourist trail) and micro-hydro electricity provided in Yalbang/Yanger village and associated Buddhist Monastery, Namkha Khyung Zong. Construction of two bridges on the main trekking trail also served to improve the main trail for local trade and tourism purposes.

The DPP differs significantly from previous SNV programmes in the district because of its focus on capacity building and its efforts to work through local government. The programme has three inter-linked components: Local Governance, Social Mobilisation and Economic Opportunities with sustainable tourism being one of the sub-sectors of the Economic Opportunities component. SNV estimates that less than 1% of Nepal’s tourism earnings reach remoter rural areas and attempts to address this issue by expanding the access of the poor to the tourism sector to generate more income and employment in rural areas. Activities have focussed on developing local tourism products to provide local benefits as well as capacity building programmes for local government, Community-based Organisations (CBOs) and NGOs to create linkages with the national tourism sector and to provide the required tourism services and products to tourists and trekking companies locally.

At the macro or policy level, two SNV expatriate staff posted in the National Tourism Board and a national level sustainable tourism expatriate advisor in SNV-Kathmandu work more closely with central government and policy-level organizations in the tourism sector.

Constraints and Opportunities for Pro-Poor Tourism

Since much of the tourist trail falls within a restricted area close to the Tibetan border, all tourists who travel to Humla to walk from Simikot to Holy Mount Kailash and Lake Manasarovar must, by law, be members of an approved trekking group of at least 5 members, and be accompanied by trekking company staff from approved agencies in Kathmandu. Due to the lack of guaranteed local supply, many Kathmandu trekking companies bring all the food they need with them from Kathmandu or Nepalgunj. However, recent studies have shown that trekking tour companies were prepared to use local products and services if available, especially considering the excessively high transportation costs and limitations on the weight of equipment that can be brought into the district. There is consequently significant potential for providing supplies of basic commodities such as vegetables, eggs, meat and fruit locally. Furthermore, these products also have potential local markets should tourist numbers decrease for any reason and so present a low-risk strategy.

A potential problem is the attitude of tour companies towards the poorer or poorest people seeking work or sales. Private sector operators need service guarantees, reliability and trustworthiness from their local employees or partners. In addition, several tour companies, including some Kathmandu-based trekking companies run by richer individuals from Humla, have established relationships with the Humla-based 'elite' who operate a monopoly on trekking work in the district. Although demand for jobs as horsemen or porters is high, jobs usually go to people from villages around Simikot (e.g. Baraunse, Bargaun) who are often friends or relatives of the mule owners. As well as controlling the labour market, these individuals also have political and social power and are able to prevent poorer competitors from participating.

Through the DPP, the development of a focal point for local sustainable tourism in Humla has been proposed in the form of a multiple use visitor centre. This would entail a physical location where different stakeholders in the tourism trade may meet and exchange services, products and information and would facilitate the provision of local services such as transportation, portering equipment, horsemen for driving the animals, and the supply of vegetables, fruit, poultry and eggs could be coordinated through such a nodal point. This would hopefully allow poorer people to enter the market and benefit from tourism. However, the local chairman has pointed out that while certain rules to increase the fair distribution of labour and services between different groups could be introduced, the general way that Nepalese society functions to benefit the better off (especially those with connections in Kathmandu) could not be reshaped by the mere construction of a centre.

Results

Even before the start of the program, a major SNV achievement was to open the trail between Simikot and Hilsa for use by yaks and mules. Without this, trekking tourism could not have developed. Under the DPP supplementary developments such as drinking water supplies, trail improvements, irrigation, electrification and so on have further improved the tourism infrastructure and local capacity has been built to generate and maintain the necessary infrastructure for tourism. One main achievement of the sustainable tourism programmes has been improved sanitation as over 400 toilets have been built between Simikot and Yari. This not only makes the area more acceptable to tourists but also benefits the local people.

Social mobilisation through the formation of some active and forward-looking CBOs along the Simikot-Hilsa trail has been a priority of the Programme. These CBO members have the potential to gain from tourism through the development of small business and the subsequent supply of goods and services previously provided from Kathmandu. Several Community Tourism initiatives have been planned along the Simikot–Hilsa trail, although the only working example so far is the Salli Khola Community Campsite. There are also plans to develop Kermi Hot Springs as a tourist attraction with an associated community campsite. In Tumkot village plans for a village and monastery tour are being made, which could potentially involve poor members of the community. However, it is noticeable that those who take leading roles in CBOs are better educated and more entrepreneurial than most villagers. This means that many of the benefits of the CBO are concentrated amongst the better-off people in the community, rather than the poorest of the poor. The biggest challenge facing DPP and its partner NGOs is to support pro-poor strategies within CBOs to fully enable the poorest of the poor to take up tourism opportunities without alienating those with skills to organise and implement community level activities.

In Yalbang the Namkha Khyung Zong Monastery has collected more than Rs 366,000 (5,250US\$) from tourists over 4 years and uses the money for renovations, new buildings and to help fund large religious gatherings held there. Since the monastery is by far the most important local institution to the community, they feel that these donations assist them. Here tourism is helping to restore and maintain cultural traditions although the bulk of their funds come from Taiwan where the most senior Lama lives and has many devotees.

Significance of Tourism to Poor People

For most people in Humla, income from tourism is additional income on top of subsistence farming livelihoods. However, in the face of the severe food deficits in Humla, this additional income is essential to survival for many families. For the very poorest landless people such as the horsemen, porters, and casual- and skilled labourers these tourism earnings are their main livelihood, but for many of the hotel and campsite owners the enterprise is a contribution to their household income and pays for food in the deficit months. In most cases the earnings make a significant difference to the welfare of households, enabling them in particular to buy shoes, cloth, ready-made clothes, salt and flour from Tibet and rice from the Nepal Food Corporation in Simikot. Without these earnings, families would be more severely underfed and poorly clothed than they currently are.

Tourism earnings support a single mother

The potential for tourism-related business such as small teashop-style 'hotels' to support particularly disadvantaged people can be seen from the story of Namda, a woman in her mid-thirties who runs a small 'hotel' in the village of Yalbang adjoining the campsite that is on school land. Abandoned by her husband, and with two children to support, Namda went to the biggest Lama (religious leader) in the Monastery above the village and asked for assistance. He lent her Rs 7,000 and she started her own business. At first she ran a tea stall with no building, but in time she built a small 'hotel' building on school land beside the tourist campsite and now runs a thriving hotel serving local beer and alcohol, Chinese imported alcohol, tea, Nepali food and snacks to local people and beer and coke to tourists. Although she is dependent on loans to start the business each season in April, she makes enough profit (c. Rs 15,000 per season) to repay the loan and support herself and her two daughters through the winter.

SNV has assumed a great challenge in its sustainable tourism programme in Humla. It is working in one of the remotest and poorest areas of one of the world's poorest countries.

Thanks to SNV's infrastructure development prior to DPP the tourist trails have become safe enough for adventure trekkers and tourist numbers have increased. SNV recognises the potential for tourism, despite the small numbers, because of the dearth of livelihood alternatives in such a remote area. By working through local government and local CBOs and NGOs and focusing upon capacity building, SNV is facing the challenge of developing remote areas of Nepal in the context of the new policies of decentralisation of government. Despite many issues concerned with controlling corruption and breaking down monopolistic control of labour markets, social mobilisation with communities and training in participatory planning is contributing to pro-poor tourism and opening up the market so that local people are able to take up opportunities formerly controlled by Kathmandu based operators.

While there still exist considerable barriers to the participation of the poor in an established tourism market dominated by powerful interests, this case study illustrates the potential to develop local linkages as a means of breaking into the market and contributing to poverty reduction. While progress has been slow, owing to the nature of the tourist industry in Nepal and the constraints imposed by the caste system, at the very least, the SNV initiative has succeeded in bringing hope to a very poor and under-developed remote area.

D Private Sector Partnerships in Ecuador

Introduction

This case study illustrates how a small company, driven by motivated individuals, has gone well beyond normal business practice to support community tourism. It focuses on the role of Tropic Ecological Adventures in seeking to establish joint products with remote Amazonian communities, and in marketing other well-established community initiatives.

The Ecuadorian Amazon, composed mostly of lowland tropical rainforest, is commonly acknowledged by researchers and conservationists as one of the most biologically and culturally diverse of the world. While the vast majority of the Ecuadorian Amazon is currently covered either by protected areas or indigenous territories, the Ecuadorian government retains the rights to all subsurface resources, most importantly oil. Many oil concessions overlap with protected areas and indigenous territories.

Many indigenous communities still have subsistence economies but with increasing integration into the market economy – especially for those near oil roads or gateway towns - money is becoming increasingly prioritised. With few income earning opportunities available many indigenous communities have turned to the oil companies for handouts (usually food, clothes, chain saws, or outboard motors) or jobs as manual labourers, or to extractive practices such as logging and clearing of land for cattle. As indigenous groups become increasingly aware of the negative socio-cultural and environmental impacts of oil exploitation and other environmentally destructive practices, many indigenous communities see the development of tourism as one of their only economic alternatives, and one capable of promising economic benefits, environmental protection, and cultural pride and empowerment.

Development of Community-based Tourism in Ecuador

The Ecuadorian Amazon has been an established tourism destination since the 1970s, due to its diversity of indigenous groups and large tracts of primary forest with ample opportunities for viewing wildlife. There is a wide range of ecotourism opportunities in the region from high-end lodges with private reserves, to rustic cabañas and river adventure trips, to national parks and indigenous territories. The majority of tourists to the region are independent travellers, or backpackers, with limited finances who pay between \$25 and \$50 per day for all-inclusive multi-day 'jungle adventure' trips, but rarely are local communities effectively organised to control or capture ample benefits from the often unannounced presence of these tour groups.

Within the last ten years, many indigenous communities have started to organise themselves in order to run their own tourism programmes. Some have effectively organised at the community level to receive independent travellers and tourists interested in indigenous culture, either directly or in partnerships with private sector tour operators. Indigenous community-operated tourism projects in the Ecuadorian Amazon, particularly those of RICANCIE (Quichua network of 9 communities geared towards mid to economic market segment) and more recently KAPAWI (Achuar partnership with Canodros – an operator which also has a luxury ship in the Galapagos), have become well-known in the international ecotourism literature for their abilities to capture diverse benefits for local people. Unfortunately however, many community-based initiatives struggle to attract enough tourists due to a lack of marketing skills and effective partnerships with the private sector and their long-term commercial viability is doubtful.

Tropic Ecological Adventures' PPT Initiatives

Tropic Ecological Adventures is a small for-profit company that was established with the specific objective of demonstrating the “viability of environmentally, socially and culturally responsible tourism” as an alternative to oil extraction in the Ecuadorian Amazon. It operates tours to natural areas in Ecuador, including the Amazon, usually for small, high-paying groups. Tropic’s initiatives are diverse and include: co-developing community based ecotourism operations with indigenous communities, promoting and marketing independent community-based ecotourism operations, creating business alliances with other responsible private companies in areas where Tropic and communities have no product, playing an active role in industry associations to promote policy change, providing financial support for the NGO Acción Amazonía, and assisting with research in related areas. Tropic has links with several communities to whom it provides technical and marketing assistance – for example, it markets the long-established Cofan initiative at Zabalo, although operations were suspended in 2001 due to security issues in this area near the Colombian border. Tropic has also developed a partnership with the Huaorani communities of Quehueriono and Huentado to develop a joint initiative, bringing tourists into the community for overnight stays and to experience the Huaorani culture and lifestyle.

The relationship that Tropic’s founder Andy Drumm established with the Huaorani was originally one of collaboration on environmental protection issues. During 1993 it became apparent that the communities had title to territories with considerable natural and cultural resources, which could be developed into an ecotourism programme that they could manage themselves. Tropic provided training to the community, some capital investment and encouraged them to build a rustic tourist cabaña alongside the Shiripuno River in the traditional Huaorani style. In return Tropic received access to Huaorani Territory around Quehueriono and, with Huaorani and bilingual guides present, its clients were able to visit the community and use the community’s extensive system of forest trails. Tropic marketed all-inclusive tours to the Huaorani Territory from \$125 to almost \$200 per person per day depending on group size, length of stay, and transportation options (canoe and air). Itineraries were fitted to match the interests of the clients but usually included visits to oil facilities, talks with community elders, guided rainforest hikes, canoe trips, a community meeting, and opportunities for intercultural exchange through song, dance, and stories. Employment opportunities generated by the programme included jobs as guides, boatmen, helpers and cooks. In addition, for each tourist, a fee was payable to a special community fund.

Elements in Tropic's Huaorani initiative that are specifically pro-poor include: direct but limited employment, capacity-building at the community level, opportunities to sell local handicrafts, investment in useful community infrastructure (canoe, motor repairs, radio), and a commitment to limit potential negative social and cultural impacts. Income received and generated by the community does not necessarily affect their level of subsistence, which remains still largely dependent on the forest, but it does provide critical funds for education and both long-term and emergency healthcare. Tropic raised funds from clients to buy a radio that is both a key tool for the Quehueriono community in emergencies, and has the potential to help the community build both territorial control and cultural empowerment. Tropic has also supported community members with transportation, food, and accommodation on visits to Quito for workshops and medical emergencies.

The Cofan Tourism Project in Zabalo includes two initiatives. One is a partnership with Transturi (a subsidiary of Metropolitan Touring, Ecuador's largest tourism company), whose boats (including its luxury Flotel Orellana) visit the community weekly for short visits. The community charges the company \$3 per tourist and sells a wide-variety of handicrafts to tourists through a carefully managed craft cooperative. The Cofan's partnership with Transturi is the mainstay of the community bringing in an estimated \$12,000 to \$15,000 per year. In addition, the community runs its own tours where tourists are lodged in community cabañas, accompany Cofan guides on walks through the forest, and are able to learn about the daily life of the community and the Cofan culture. While the Cofan do their own limited marketing, they also retain active partnerships with a number of tour operators, including Tropic, in order to maintain a more consistent flow of tour groups.

The table below summarises Tropic's activities aimed at addressing the barriers to the participation of the poor in the tourism industry in Ecuador.

Table 15 Specific actions to involve the poor in tourism

Barriers	Actions Taken
Lack of human capital of the poor – i.e. skills	Through workshops, training courses, and direct experience Tropic actively promotes the transmission of tourism skills. It encourages the community to select cooking apprentices to accompany Tropic's professional cook and to help Huaorani participants in the formal guide training offered by the Ministry of Tourism.
Lack of social capital, organizational strength	Tropic has given orientation and planning workshops in Quehueriono. At one workshop, two Cofan were contracted to share their experiences and to suggest community management of the programme. It encouraged elders to be active in discussions and decision-making.
Gender norms and constraints	Tropic has made efforts to ensure that women's opinions are expressed in the meetings and encourage the men to take them seriously. This did not violate gender norms, as Huaorani women are more active participants in decision-making than other Amazonian groups.
Location	Tropic bought a boat for the community and helped pay for repairs on the community's outboard motor. It raised money from its clients to buy Quehueriono a multi-frequency radio to facilitate communication with other indigenous organizations, airline companies, the hospital, government ministries, and ONHAE.
Lack of ownership, tenure	Tropic's community partnership was designed to strengthen Huaorani rights to their territory by offering support on issues of environmental protection and control of exploitative tourism practices.
Lack of product	Tropic adapted the existing forest trails to create a couple of circuits. It integrated the river journey out of the community to the bridge into the itinerary, insisting that the canoe be poled down river rather than use the noisy outboard motor. It also worked with the community to build cabañas in the traditional Huaorani style and encouraged the community to build another traditional structure on a hill that could serve as a lookout and lunch destination.
Inadequate access to tourist market	Tropic markets and sells trips to Quehueriono and Huentado using its web site, brochures, and recommendations through publications produced by its clients many of whom conservation and ecotourism professionals. It has worked with NBC, the Discovery Channel, the Independent on Sunday newspaper, Stern Magazine and raise awareness about the plight of the Huaorani.
Low capacity to meet tourist expectations	Tropic has provided capacity building to the Huaorani community and worked with them to establish a dynamic itinerary that includes discussions with elders, and has helped to create balanced intercultural exchanges. It has encouraged its clients to be understanding and respectful of local conditions and rustic infrastructure.
Tourist market segment inappropriate	Tropic has introduced the Huaorani to a new, higher-end segment of the international tourist market.

Impacts of the Initiatives

Since 1996, Tropic has sent over 44 tour groups and more than 140 passengers to Amazon community-based projects and has generated over \$20,000 of total income for these communities (See Table 16).

Table 16 Aggregates for Tropic's Amazon community-based tourism initiatives since 1996

Community programme	No. of tour groups	No of passengers	Aggregate \$ into community
Huaorani	19	75	5,333
Cofan	12	40	12,641
Siecoya, RICANCIE, Huacamayos	13	29	5,519
Totals	41	129	23,493

Note: Aggregate numbers for the Huaorani Program do not include food, gasoline, oil and other such costs that are included for the other programmes. These aggregate numbers include money collected as a community fee, income earned through employment and other services such as food, accommodation, and excursions. These figures do not include money generated through handicraft sales.

Tropic's ability to sell these projects is a modest but demonstrable achievement, considering that the Ecuadorian Amazon in particular has experienced three major kidnappings (one involving tourists, the other two involving oil company employees), all of which received widespread international press coverage. Tropic has provided more groups and passengers to the Cofan project of Zabalo than any other private sector partnership with the community. In early 2001, the Flotel moved away from Cofan territory as a result of perceived security problems resulting from the US backed "Plan Colombia". It has also been forced to cease sending clients to that region. The loss of this business is expected to be critical for the Cofan.

In addition to wages earned by community members, the Cofan earned money through an \$8 per person per night community fee for lodging and handicraft sales. Randy Borman, spokesperson for the community, estimates that each household in Zabalo earned on average \$100 per month selling handicrafts. Perhaps more than half of this monthly total came from Flotel tourists who visited the community for short-stays and visits to the handicraft cooperative. In Zabalo, the majority of households, especially those whose men work as either guides or cook-administrators, were able to move up from a classification of 'poor' into a more stable economic condition. Money earned by residents of Zabalo is primarily used to buy extras and not for self-sustenance which comes mainly from their forest gardens where they grow manioc, banana, and other staples. The artisan sales go to items such as soap, toothpaste, aspirin, rice, sardines, pasta, and flour. Money earned is also used to buy clothes, more expensive items such as radios, and, more commonly, gasoline to fuel many of the motorboats owned by community members for transportation purposes.

In the Huaorani programme, the main beneficiaries of employment opportunities were the community leader, Moi, and his immediate family. Moi tends to delegate friends and family members, most commonly his brothers, to work as assistants (boat men, cook assistants, punteros) on Tropic's tours. Tropic has made efforts to ensure that other families receive sufficient benefits and Drumm has raised the issue at numerous public community meetings. The difficult situation that resulted may be exacerbated by the Huaorani cultural traditions of gift sharing that have more to do with family than community ties. Nevertheless, Moi and his immediate family - parents and some brothers and sisters (in total around 12 people) - have received enough financial benefits and training to effectively move from 'poor' to 'not poor' status.

All households, however, receive an equal portion of the community fee paid by the tourists and this often goes towards buying medicine, clothes, backpacks, pocketknives, boots, machetes, and other 'modern' items increasingly needed or desired by the Huaorani. It has also provided money for emergency operations for community members and for transportation to/from important Huaorani assemblies and negotiations with oil companies. Many community leaders also use Tropic's office as a home-base in Quito, from which they make and receive phone calls, get advice on issues relating to their tourism projects, and learn from its wide-range of tourism materials and brochures available in the office. Tropic frequently provides technical assistance and advice free-of-charge to other indigenous groups and community leaders interested in working in tourism throughout Ecuador, and often links them with volunteers and other professionals who may be better suited to help them.

In the case of the Huaorani communities of Quehueriono and Huentado, Tropic's continued presence and involvement, even when tourist numbers are low, gives both communities the feeling that they have an outside organization on which they can depend, if not for direct economic assistance, then for advice and further connections. For remote communities such as these, this outside 'friend' should not be underestimated, as it can provide a valuable type of insurance where there are commonly no other options. The availability of support from Tropic still provides enough incentive to prevent these two communities from asking for extensive support from the oil companies.

Even though the Huaorani programme has faltered recently, community members are still proud of their tourism project and relationship with Tropic. Tourism is something commonly talked about by many Huaorani as a solution to their economic and cultural struggles, and they hope that tourism development can combat the oil industry, which continues to build roads into their territory and work indiscriminately with their communities.

Tropic's founder, Andy Drumm, summarised their achievements with the Huaorani programme by stating:

'At least for a period, we demonstrated that tourism is something that is empowering and collaborative, and is not exploitative in the Huaorani's relationship with an outside organization. The community benefited materially. Tourism promotes self-esteem in the community, which is not something that outside involvement in communities usually does. Tropic brought the plight of the Huaorani and other communities to the outside world, resulting in greater awareness of the Huaorani, the questionable actions of the oil companies who work in that area, and the Huaorani's potential and need for community-run tourism. When we bring a group into Huaorani Territory it is a very respectful group with high potential to continue a relationship with the Huaorani and make donations. Often, Tropic clients buy all the "artesanía" (handicrafts) available in the community, which typically is more than \$150 per group.'

Opportunities to Explore and Challenges to Address

Although Tropic found that its community-based programmes were less profitable and less marketable than some of its other activities, it has managed to successfully address this problem by coupling them with more mainstream packages such as visits to the Galapagos Islands. Selling cruises in the Galapagos Islands accounts for nearly 40% of the company income, and has proven to be a key survival tactic in their continued commitment to sell the Amazon community-based projects. Unfortunately, however, a decline in tourism in the Ecuadorian Amazon in 1999 and 2000, following kidnappings and political upheaval, has heightened competition amongst tour operators and driven down prices, which has undermined Tropic's impact-minimising approach of bringing in small groups of high-paying tourists. A further setback arose from the Civil Aviation Authority's decision to close down the airstrip at the Huaorani site (due to poor maintenance – a community responsibility).

Tropic believes its limited economic capacity is a critical obstacle to making the capital investment needed to upgrade community infrastructure (including cabañas, canoe, outboard motor) and to improve its marketing reach through more sophisticated promotional materials and qualified personnel. Tropic recognises that its patchy marketing success of the Huaorani programme has prevented a sufficiently constant flow of groups to encourage and maintain the commitment of a remote community, which barely understands the dynamics of the tourism business. A challenge for the company will be to channel money earned back into a new, carefully planned Huaorani project to make good on the international acclaim it has generated for the company and fulfil the expectations of the hopeful communities.

Tropic's experience demonstrates that the success of private sector/community partnerships often depends on a precarious balance between the abilities of both the company and the community to deliver the services to which they commit. Before a private sector partner initiates a relationship with a local community, it is essential for the company to analyse the level of commitment in training and orientation needed for the community to be able to provide what they promise. Without more comprehensive and ongoing training programmes for communities, private sector partners are likely to struggle to achieve success in pro-poor initiatives. As with Tropic, many small private operators lack the

funds needed for a more complete investment in capable personnel, lasting infrastructure, and training for the communities. Linkages with, and assistance from, a third party (non-governmental organization, government ministries, indigenous organizations, researchers) in community training and orientation may prove critical for these small private sector partners.

This case study demonstrates how a small, committed private tour operator can work at various levels to encourage pro-poor tourism initiatives through its support and marketing of community-based ecotourism projects. The Tropic experience offers significant insights into the importance of marketing and what can happen with community projects when private partners do not, or are not able to, meet community expectations. Tropic's strategy to package community projects with other conventional attractions was necessary to help attract the high-end market often not attracted to other community and pro-poor tourism initiatives.

Tropic has demonstrated with some success, that while pro-poor elements may be difficult to implement, the results certainly make the effort worthwhile, considering the overall livelihood improvements that are possible. While the economic benefits may not seem robust, the communities with whom Tropic works have received significant livelihood improvements that range from improved access to communication and healthcare to technical support and connections with other committed individuals. Tropic's ability to maintain a positive relationship with many indigenous communities highlights the diverse ways that a small private operator can overcome financial and staff limitations to impact on the livelihoods of the poor.

Tropic was able to send over 120 passengers and deliver economic inputs of well over \$20,000 into Amazon communities. Additionally, Tropic's clients spent thousands of dollars on local handicrafts, donated radios, educational supplies, and provided funds for medical emergencies in these same communities. In the Ecuadorian Amazon, where many 'poor' communities are indigenous people who derive their sustenance directly from the forests, these diverse improvements in livelihoods, specifically those involving environmental protection and awareness and cultural empowerment, should not be underestimated. Tropic has created considerable benefit despite Tropic's small size and consequent financial constraints.

The case study highlights a number of key issues affecting PPT:

- the importance of **non-financial benefits** and the important role that a company like Tropic plays in **linking remote communities with the outside world;**
- the **limitations of community-based programmes** (because of a lack of awareness of tourism in the community, as well as the need for external investment in infrastructure, marketing and training);
- the challenges of achieving **commercial viability.**

5. Conclusions and Recommendations

This report has reviewed the importance of tourism to developing countries and LDCs and has demonstrated that tourism is growing rapidly, both in volumes and in economic importance, in many of them. At the macro economic level there is considerable evidence that tourism presents good opportunities for economic development in many developing countries. If petroleum industry exports, significant in only three LDCs, are discounted, tourism is the primary source of foreign exchange earnings in the 49 LDCs.

Tourism contributes to poverty reduction by creating employment and diversified livelihood opportunities, which provide additional income or contribute to a reduction in the vulnerability of the poor by increasing the range of economic opportunities available to individuals and households. Tourism also contributes to poverty alleviation through direct taxation and the generation of taxable economic growth, taxes can be used to alleviate poverty by providing education, health and infrastructure development.

The macro economic case for the significant contribution of tourism to economic development in the developing countries, and in LDCs in particular, is well made. At the micro-economic level a great deal is known about the kinds of strategies which can be used to increase the local economic impact of tourism and they were detailed in section 3.3. Central to any strategy of using tourism for pro-poor economic development is the opening of access for the poor to tourists in the local economy and increasing the linkages between tourism enterprises and those parts of the local economy which can benefit the poor through employment, livelihood diversification or micro-enterprise development.

The traditional priorities of tourism development have been its contribution to GNP, to foreign exchange earnings and to employment. Performance has been assessed by measuring the rate of growth in total international visitor arrivals rather than net national income from the industry. By comparison with the attention paid to headline visitor numbers and foreign exchange revenue, little emphasis has been placed neither on the import requirements of the industry nor on the distribution of benefits. The industry has generally been managed for foreign exchange benefits rather than as a pro-poor development strategy. The objectives of tourism policies, development plans and development assistance projects of international agencies and of governments need to be focused more directly to the poverty agenda. Concern is rightly expressed about the potential negative social, cultural and environmental effects of tourism, but active local management and regulation can reduce the negative effects, while improving the participation of the poor and improving the distribution of benefits.

Tourism is one of the very few economic sectors where government level master planning is still undertaken. These plans are produced in order to create a framework for the development of tourism. It can have a significant impact on economic development more generally through the influence exerted by Tourism Master Plans on decisions about airports, roads and other infrastructure. Through focussing on the process of reducing economic leakages and maximising linkages to the local economy, much pro-poor local economic growth could be achieved. However, success will depend on the market orientation and quality of the products developed and upon the community-private-public partnerships that develop to facilitate this pro-poor economic growth.

Broad based growth through tourism can benefit the poor if they are able to access a commercially viable market – for the poor the market is those tourists attracted and brought to the local area by the efforts of the industry and government destination marketing and promotion. The impacts of different forms of tourism development need to be considered in tourism development planning and tourism needs to be considered as one of the options for pro-poor economic development. In those circumstances where tourism is an appropriate form of economic development, and where there is a reasonable prospect of tourism delivering pro-poor growth, development agencies should be prepared to pursue it as they would other industrial sectors.

It is clear from the studies reviewed that there are a wide range of initiatives which can be taken by the private sector, government and civil society which can make tourism more pro-poor, initiatives which can generate net benefits for the poor through economic gain, other livelihood benefits or effective engagement in decision making for the poor. The examples presented in this report from The Gambia, South Africa, Ecuador and Nepal each demonstrates how tourism can be made more pro-poor. In each case there is some data available to demonstrate how the poor have gained net benefits. The South African government's Responsible Tourism Guidelines are backed by a methodology for measuring and reporting in a transparent way the positive impacts of tourism on the poor. There are doubtless many more examples of tourism business which has positive impacts on the poor. However, there has been relatively little specific analysis of the impacts of tourism on the poor, few studies have considered the issue of who benefits from tourism development and the relative benefits to poor and none poor individuals and households.⁶⁰

5.1 Sustainable Tourism as a tool for Elimination of Poverty (ST-EP)

The WTO is committed to identifying ways in which tourism can make a significant contribution to the international effort to harness business and economic development to tackle the scourge of poverty and to make its contribution to achieving the international targets of halving the number of people living in extreme poverty by 2015⁶¹. The case studies reported here demonstrate what can be learned from action research where multi-stakeholder groups of private sector operators and accommodation owners (in originating and destination countries), governments, NGOs and local communities and poor people co-operate to achieve poverty reduction objectives and to validate those strategies by researching and reporting in a clear and transparent way on the results. Only in this way can a sound set of tools and strategies for forms of tourism development, which are demonstrably pro-poor, be developed.

To meet this objective the WTO and UNCTAD (United Nations Conference on Trade and Development), concerned with advancing the development of the world's poorest countries, agreed in June 2002 to join efforts to implement a new framework to assist developing countries and LDCs in poverty reduction through tourism. The framework will facilitate the involvement of the community of donors and secure multi-stakeholder support for poverty reduction policies. The goal of the ST-EP initiative is to refocus Sustainable Tourism and make it a primary tool for Eliminating Poverty in the world's poorest countries, particularly the LDCs - bringing development and jobs to people who are living on less than a dollar a day.

The core of ST-EP will be a tri-partite institutional framework, which raises substantial funds: targets best practice research and creates an operating system, which specifically encourages Sustainable Tourism geared to the Elimination of Poverty.

The first leg will be an International Foundation, whose purpose will be to secure a sustained revenue source to advance ST-EP goals in the research, operational and promotional fields. The Foundation Board will be composed of respected individuals from the public sector, private sector and civil society. It will operate under transparent governance; to raise funds and disperse them for innovative community focused research or operational programs, which can directly benefit the world's poorest countries. It will also promote best practice widely.

The second leg will be the research base, where a small institute will organise the worldwide networks of academic communities, to focus research on the linkages between Sustainable Tourism and Eliminating Poverty and identify practical approaches capable of replication. It will work closely with the Foundation to commission research, validate results and identify guidelines for ST-EP market related activity, based on multi-stakeholder involvement and local community benefit.

The third leg will be sustainable operations. This programme will seed small and medium sized projects to benefit the world's poorest communities by enabling them to secure sustainable livelihoods through engaging in tourism. Projects that follow the ST-EP principles will be monitored and their performance certified; and there will be an Annual Global Awards Ceremony to promote the ST-EP vision and its champions.

The World Tourism Organization and UNCTAD will develop this concept for implementation in 2003 and beyond, engaging all stakeholders – government, the private sector and civil society.

5.2 Partnerships in Destinations

A destination focus is critical; changes need to be made in the areas where tourists, local communities and tourism businesses interact. Benefits will only be achieved through partnerships at the destination level. Local economic development and the tourist's holiday experience are both centred on the destinations. It is in particular destinations that most can be done to generate pro-poor economic growth through tourism and through the development of complementary local products enriching the tourism offer in the destination. Hotels and tour operators need to work with local communities and local government to develop forms of tourism, which bring sustainable pro-poor local development and provide a richer experience for domestic and international tourists. Such partnerships will benefit both the host communities and the tourism industry, ensuring that more tourism dollars stay in the local community where they can make significant contributions to the elimination of poverty.

At the destination level, where the poor and tourists interact, the generation of benefits will, of course, be dependent upon the quality of the product and the tourism services, and upon the national and international market. A shift is proposed from a top-down to a bottom-up approach, based on business linkages between the industry and poor producers of tourism goods and services, firmly linked to international and domestic markets. Successful implementation of such strategies will require local and international partnerships and the empowerment of local communities in the tourism development process at the destination level. New development projects should be assessed not by their contribution to growth in international arrivals or contribution to gross revenues alone but by their effect on local pro-poor sustainable development. Commercial viability is paramount; tourism can only thrive where there are sufficient quality attractions, access and infrastructure. Pro-poor tourism cannot be developed without latching on to an existing tourism product, or an existing flow of tourists and the poor do not have sufficient resources – including their time and their labour - to risk engaging in initiatives which do not have strong links to demonstrably viable markets for their goods and services.

In existing destinations, hoteliers and tour operators, local government and local communities all need to be empowered to take control of their destination within the context of the domestic and international tourism market. Development aid in support of appropriate initiatives in existing and new destinations would assist in developing forms of tourism in which there is full participation by local communities and where distribution issues are addressed in order to deliver poverty elimination. Independent monitoring and verification are a necessary part of this process.

Appropriate planning structures facilitate effective community participation in the tourism development process and provide a mechanism for capturing planning gain through infrastructural, employment and economic linkages. A planning process that addresses carrying capacity and sets limits of acceptable change is most likely to enable local communities to exercise influence over tourism development. It is through participatory forms of these technical processes, informed by traditional and local knowledge, that local communities can most effectively be empowered, and that the environmental, social and cultural integrity of destinations can be maintained.

The domestic and international tour operators and destination management companies can offer advice on product development and are a useful “reality check” helping significantly to reduce risk. Their participation in marketing alongside the efforts of national and regional marketing boards and associations is critical to the success of pro-poor tourism initiatives. Public/private sector partnerships and joint ventures may be particularly appropriate in ensuring success and maximising revenues to the poor within a supportive policy and planning programme. Participation by the poor in these planning processes is critical to their success.

Partnerships in destinations can

- enable local community access to the tourism market and overcome market access barriers associated with enclaves
- maximise the linkages into the local economy and minimise leakages
- build on and complement existing livelihood strategies through employment and small enterprise development
- evaluate tourism projects for their contribution to local economic development, not just for their national revenue generation and the increase in international arrivals.
- ensure the maintenance of natural and cultural assets
- manage, reduce and, where possible, eliminate negative social impacts associated with tourism.

5.3 The Government Agenda

Effective national government strategy is essential if the maximum benefit from pro-poor tourism is to be realised. The World Tourism Organization believes that the maximisation of the benefits from tourism in developing countries and LDC’s requires an inter-departmental approach across government and strong partnerships in destinations between local and national government, communities and the private sector tourism industry in the originating and destination countries.

National and local governments can

- develop and use new indicators of successful tourism development to complement existing measures, these new indicators need to focus on local economic impact and poverty reduction,
- consult with the poor when planning tourism and where possible respond positively to their ideas,
- use incentives and planning controls to encourage developments and initiatives which disproportionately benefit the poor,

- include tourism, where appropriate, as an additional element in rural and corridor development projects,
- assist in spreading the benefits of tourism to poor areas where tourism can offer a commercially viable local development opportunity - location matters commercial viability and pro-poor benefits require that tourists are available to purchase the products,
- review regulations to identify those which may restrict access for the poor to engagement in tourism and consider how those barriers can be overcome without jeopardising health and safety or quality,
- ensure that the SMME products of the poor are included in appropriate local and national marketing efforts.

5.4 The Private Sector Agenda

International agencies and governments have been active in the planning and promotion of tourism, but the private sector has been the real engine of its development. Tourism is primarily a private sector industry. Companies based in the tourist-originating countries dominate international tourism, whilst in the destination countries, the established entrepreneurs in the metropolitan centres dominate the national industry. It is at the destination level that the opportunities for local people to gain from this export industry need to be maximised. As is demonstrated by the case studies from Ecuador, The Gambia and South Africa there is a wide range of ways in which formal sector tourism enterprises can develop business linkages with local poor producers and create opportunities for them as well as facilitate access for poor producers and service providers to the tourists.

The private sector is an essential player in pro-poor tourism; tourism businesses can do a great deal to assist in tilting tourism towards the poor and some of what can be done will benefit the private sector. Private sector tourist enterprises can

- provide a market for the labour and products of the poor and source a greater proportion of their inputs locally, support these initiatives with appropriate training,
- provide mentoring and technical support, and assist in raising the quality of locally produced goods and services, particularly those complementary products provided by the poor,
- develop infrastructure, for example roads and bridges, and share access to it with the poor,
- support the development of complementary products provided by the poor and encourage tourists and operators to experience the products; market these products and encourage clients to visit craft markets, take guided walks and use the services of the poor where they can recommend the quality of the services provided,
- move on beyond the green agenda to encompass the economic and social aspects of sustainable development,

5.5 The Civil Society Agenda

The development of effective strategies for poverty reduction through tourism requires participation by the poor themselves and this engagement often needs to be facilitated by civil society including educational institutions at all levels, trade associations, journalists, CBOs and NGOs. However, it is important to recognise that tourism is a market driven activity and that the poor can ill afford to pay the price of failure. Particular care should be taken when only the poor are contributing their time or labour with no recompense and where the risk is not shared equally by all those involved. Civil society can assist the development of pro-poor tourism by

- assisting the poor in having their voices heard at tourism policy making levels, develop processes that amplify the voice of the poor at policy level,
- explore options for linkages between private operators and poor suppliers; facilitate the process to reduce time and risk for them,
- acting as a catalyst for pro-poor tourism initiatives and assisting in bringing stakeholders together,
- using expertise in SMME development and micro-credit to assist the process of developing commercially viable pro-poor tourism through capacity building ,
- providing training in market research, understanding consumer tastes and product promotion to increase sales for small traders,
- offering awards which recognise achievement in poverty reduction through tourism,
- promoting critical awareness of new pro-poor products and encouraging tourists to experience them.

5.6 The International Agenda

The WTO considers that tourism is a legitimate recipient of development co-operation and direct foreign aid where it can be demonstrated that the tourism industry can assist in achieving development objectives. Aid and international development agencies can assist in mitigating negative impacts and tilt the industry towards benefiting the poor. There is no universal formula for ensuring pro-poor tourism development. Each country needs to develop its own strategy and this is likely to vary from one area to another within countries. Appropriate technical assistance from the developed countries could assist developing countries in avoiding the mistakes made in developed tourism destinations. Assistance is required at national and local levels, in the policy and planning stages and in the public management and regulation of the industry. Two of the key problems confronting the regulation of the industry relate to the effective implementation of planning and building regulations, and the levying of taxation on tourism businesses. This falls within the good governance agenda of the development community.

International organizations, multi-lateral and bilateral development agencies and development banks can assist the effort to harness tourism for pro-poor development by

- assisting in the development of local public/private partnerships in appropriate developing country destinations,
- assisting in the development of appropriate policy and legislative frameworks and technical skills and methodologies to realise this shift in the management of the tourism development process toward poverty reduction objectives,
- providing funding: external support is often required to meet the investment costs of establishing partnerships, developing skills and creating new commercially viable products which benefit the poor,
- assisting, through training, in the building of local and national capacity to manage tourism at the local level in order to achieve sustainable tourism and alleviate poverty,
- supporting public education programmes in the originating markets which encourage ethical trade and ethical consumption in tourism,
- building the political will to meet development targets through people's experience as tourists,
- encouraging countries to consider tourism as a development strategy and intra-governmental initiatives to use tourism for poverty reduction by involving other ministries alongside the tourism ministry. Very often tourism ministries and authorities have responsibility for international marketing and promotion and regulation but do not have the capacity to work at the destination level where new product development and effective management of existing destinations require cross-sectoral initiatives.

5.7 The WTO Agenda

In addition to developing ST-EP, the World Tourism Organization in co-ordination with multilateral and bilateral aid agencies and development banks will

- assist in the development of appropriate policy and legislative frameworks and technical skills and methodologies to realise this shift in the management of the tourism development process,
- assist, through training, in the building of local and national capacity to manage tourism at the local level in order to achieve sustainable tourism and alleviate poverty,
- encourage the development of pro-poor and destination based tourism development projects.

Annex 1: Definitions and Technical Terms

Definitions⁶²

Domestic tourism comprises the activities of residents of a given country or other area travelling to and staying in places inside that country or other area but outside their usual environment for not more than one consecutive year for leisure, business and other purposes.

Domestic tourist: a domestic visitor who stays at least one night in a collective or private accommodation in the place visited.

Inbound tourism comprises the activities of non-resident visitors in a given area that is outside the usual environment for not more than one consecutive year for leisure, business and other purposes.

International tourism comprises inbound tourism and outbound tourism

International tourist: an international visitor who stays at least one night in a collective or private accommodation in the country visited.

Outbound tourism comprises the activities of residents of a given area travelling to and staying in a place outside that area and outside their usual environment for not more than one consecutive year for leisure, business and other purposes.

Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. The usual environment of a person consists of certain area around his/her place of residence plus all other places s/he frequently visits.

Tourist (overnight visitor) is a visitor who stays at least one night in a collective or private accommodation in the place visited.

The problem of Leakages

Tourism leakages generally are defined as the amounts subtracted from tourist expenditures for taxes, repatriated profits, wages paid outside the region, and for imported goods and services. Tourism leakages are difficult to measure accurately, but in an aggregate sense, can be estimated as a destination's change in income from tourism, over a given time period, divided by the change in tourist

arrivals for that same time period. However, leakages arise under different circumstances that need to be explicitly recognized in order to develop effective strategies to address leakage levels along the value chain. The leakage definitions below correspond to UNCTAD's leakage categories.

External Leakages

These leakages are tourism expenditures that originate outside of the tourism destination and its linked domestic industries. External leakages arise in a number of ways. First, they accrue to foreign investors financing developing country tourism infrastructure and facilities, through repatriated profits earnings and profits and amortization of external debt. Second, they flow to external intermediaries for bookings; to-destination travel on foreign airlines, cruise ships, and other forms of foreign-owned transportation; and to tour operators. For example, in 1992 in South America, tour operators received between 50 and 55 percent of prearranged tourism booking prices.

The extent and impact of external leakages varies by country and specific destination area. For external leakages associated with capital investments for development of tourism facilities, leakages can be extensive over both the short and longer terms, depending on how financing is structured. However, at least over the near term, these leakages often are unavoidable and necessary in order to access sufficient sources of development finance. As the country's financial system matures, then over time it is likely that these types of leakages can be avoided.

Internal Leakages

Average internal leakages for most developing countries range between 40 to 50 percent of gross tourism earnings for relatively small economies, and between 10 and 20 percent for more advanced, diversified economies (UNEP). Internal leakages primarily arise from the tourism cluster primarily through imports that are paid and accounted for domestically. As a result, these leakages can be tracked with reasonable reliability through Tourism Satellite Accounts (TSA), such as those established by the World Tourism Organization (WTO) in about 44 countries to date. While establishing reliable TSAs in developing countries remains problematic due to data availability and quality, so far TSAs indicate substantial leakages along the entire tourism value chain for imported goods and services.

The extent of internal leakages in any destination is largely a function of tourist demand for level and quality of leisure services and entertainment-related and retail goods. The particular tourist segment catered to may require wine and name brand alcoholic beverages that are produced elsewhere, organic produce, scuba equipment produced at international safety standards, hotel quality linens and mattresses, modern HVAC systems, and satellite television access. Particularly in LDC tourist destinations, each of these goods and services will likely need to be imported. As a general rule, to the extent that the local destination economy is weaker with respect to the lack, or inferior quality, of domestically produced goods and services, then the higher the internal leakage levels will be to provide these services. This situation can be detrimental if the level of leakage is deemed unacceptably high relative to the stage of the destination's development and its goals for attracting segments of the tourist market. At the same time, if the local economy already is heavily dependent on tourism (an extreme

case is the Maldives, with 83 percent of jobs associated with tourism and linked industries), then it may be necessary to tolerate higher internal leakages in order to maintain the competitive position of the destination and thus preserve jobs and incomes at least over the shorter term.

Internal leakages also occur when costs are paid out locally for capital and labour from foreign sources, although in the case of tourism this type of leakage frequently is less than for other sectors of the economy, such as agriculture and heavy industry⁶³.

Invisible Leakages

Invisible leakages are those real losses or opportunity costs that cannot be documented reliably, but which can exert significant and cumulative effects. One major source of invisible leakage is financial, associated with tax avoidance, informal currency exchange transactions, and off-shore savings and investments. These leakages can be best addressed by actions beyond the reach of the tourism cluster industries, through tax enforcement, monetary and fiscal policy, and agreements with other countries.

Another source of invisible leakage arises from the non-sustainability of environmental, cultural, historic, and other tourism assets over time. Resource depletion and damage (for example, to coral reefs, beaches, wildlife, forests, water availability and quality, historic structures or districts) may negatively impact tourism arrivals and expenditures over the short term, and also lead to depreciation of a destination's value as an attraction over the longer term as well as to the deterioration of the quality of life for local residents.

How Leakages Arise Along the Tourism Value Chain

The tourism value chain is a continuum of related economic activities associated with visitors that can be carried out at least in part within a region. Given globalisation of production and trade, in no case would any destination's entire value chain be delivered and captured wholly within any one region. Each region will differ in the percent of the total value that they can deliver—with this percent fluctuating as the total tourism industry evolves.

Given the evolution of the value chain, the leakages associated with tourism will fluctuate with changes in the stage of tourism development, the capacity to meet its investment, service, and goods needs domestically, and the tourism sub-markets that are being marketed and supplied. As the destination matures and communications technology improves and becomes more cost-effective, these types of leakage can be plugged significantly.

Annex 2: The 49 Least Developed Countries

Country	GNP/ capita rank	GNP/ capita 1998	Population 1999 (millions)	Population earning below US\$1/ day %	Inter- national tourist arrivals 1995	Inter- national tourist arrivals 1998	Mean annual growth in arrivals, 1995-98	International tourism receipts 1998 (\$ millions)	Inter- national tourism receipts as % GDP, 1998	International tourist arrivals as % regional arrivals, 1998	International tourism receipts as % regional receipts, 1998
Afghanistan		..	26		4	4		1		0.077	0.023
Angola	34	380	12		9	52	79.4	8	0.11	0.208	0.081
Bangladesh	31	360	128	29.1	156	172	3.3	51	0.12	3.296	1.198
Benin	35	380	6		138	152	3.3	33	1.43	0.609	0.335
Bhutan	44	470	0.8		5	6	6.3	8	2.01	0.115	0.188
Burkina Faso	14	240	11	61.2	124	160	8.9	42	1.63	0.641	0.426
Burundi	3	140	7		34	15	-23.9	1	0.11	0.060	0.010
Cambodia	16	260	12		220	286	9.1	166	5.78	0.327	0.241
Cape Verde	77	1290	4		28	52	22.9	20	3.71	0.208	0.203
Central African Republic	22	300	4	66.6	26	7	-35.4	6	0.57	0.028	0.061
Chad	12	230	7		7	38	75.8	10	0.59	0.152	0.101
Comoros	33	370	0.5		23	27	5.5	16	8.11	0.108	0.162
Congo, Dem. Rep.	2	110	49		35	53	14.8	2	0.03	0.212	0.020
Djibouti		..	0.6		21	21	0	4	0.77	0.084	0.041
Equatorial Guinea	69	1060	0.4					2	0.44		
Eritrea	7	210	4		315	188	-15.8	34	5.00	0.754	0.345
Ethiopia	1	100	63	31.3	103	91	-4	16	0.24	0.365	0.162
Gambia, The	27	340	1	53.7	45	91	26.5	33	7.84	0.365	0.335
Guinea	48	540	7			23		1	0.03	0.092	0.010
Guinea-Bissau	5	160	1								
Haiti	39	410	8		145	147	0.5	57	1.47	0.123	0.048
Kiribati	72	1170	0.1		3	2	-12.5	2	4.43	0.002	0.003
Lao PDR	24	320	5		60	200	49.4	80	6.34	0.229	0.116
Lesotho	50	590	2	43.1	87	150	19.9	18	2.05	0.601	0.183
Liberia											
Madagascar	17	260	15	60.2	75	121	17.3	91	2.43	0.485	0.923

The 49 Least Developed Countries (Cont.)

Country	GNP/ capita rank	GNP/ capita 1998	Population 1999 (millions)	Population earning below US\$1/ day %	Inter- national tourist arrivals 1995	Inter- national tourist arrivals 1998	Mean annual growth in arrivals, 1995-98	International tourism receipts 1998 (\$ millions)	Inter- national tourism receipts as % GDP, 1998	International tourist arrivals as % regional arrivals, 1998	International tourism receipts as % regional receipts, 1998
Malawi	8	210	11		192	220	4.7	15	0.89	0.882	0.152
Maldives	71	1110	0.3		315	396	7.9	303	82.29	7.588	7.118
Mali	15	240	11	72.8	42	83	25.5	50	1.90	0.333	0.507
Mauritania	40	410	3	3.8				20	2.00		
Mozambique	9	210	17	37.9							
Myanmar		..	45		117	201	19.8	35		0.230	0.051
Nepal	10	210	23	37.7	363	464	3.6	153	3.20	8.891	3.594
Niger	6	200	11	61.4	17	20	5.6	18	0.88	0.080	0.183
Rwanda	13	230	8	35.7	1	2	26	19	0.94	0.008	0.193
Samoa	70	1070	0.2		68	78	4.7	38	21.66	0.089	0.055
Sao Tome and Principe	18	270	0.1		6	5	-5.9	2	4.90	0.020	0.020
Senegal	47	520	9.2	26.3	280	352	7.9			1.411	
Sierra Leone	4	150	5	57	38	6	-23.9	8	1.19	0.024	0.081
Solomon Islands	61	780	0.4		12	13	2.7	7	2.33	0.015	0.010
Somalia		..	9		10	10	0	0		0.040	0.000
Sudan	21	290	29		63	38	-14.8	2	0.02	0.152	0.020
Tanzania	11	210	32	19.9	285	450	16.4	570	7.03	1.804	5.783
Togo	25	320	5		53	69	9.2	11	0.73	0.277	0.112
Tuvalu					1	1				0.001	0.000
Uganda	23	310	22	36.7	188	238	8.2	144	2.12	0.954	1.461
Vanuatu	75	1260	0.2		44	52	5.7	52	21.60	0.059	0.075
Yemen, Rep.	30	350	17	5.1	61	88	15.3	64	1.07	0.583	0.747
Zambia	26	330	10	72.6	163	362	30.5	75	2.24	1.451	0.761
TOTALS					3702	4831*					

*excluding Guinea

Sources: World Tourism Organization database, United Nations Statistical Office, World Bank

Annex 3: List of countries by country groups

COUNTRIES	OECD	EU	Other countries	Developing countries	Least developed countries	Other developing countries
AFGHANISTAN				X	X	
ALBANIA				X		
ALGERIA				X		
AMERICAN SAMOA						X
ANDORRA			X			
ANGOLA				X	X	
ANGUILLA				X		
ANTIGUA AND BARBUDA				X		
ARGENTINA				X		
ARMENIA				X		
ARUBA				X		
AUSTRALIA	X					
AUSTRIA	X	X				
AZERBAIJAN				X		
BAHAMAS				X		
BAHRAIN				X		
BANGLADESH				X	X	
BARBADOS				X		
BELARUS				X		
BELGIUM	X	X				
BELIZE				X		
BENIN				X	X	
BERMUDA				X		
BHUTAN				X	X	
BOLIVIA				X		
BONAIRE				X		
BOSNIA AND HERZEGOVINA				X		
BOTSWANA				X		
BRAZIL				X		
BRITISH VIRGIN ISLANDS				X		
BRUNEI DARUSSALAM				X		
BULGARIA				X		
BURKINA FASO				X	X	

COUNTRIES	OECD	EU	Other countries	Developing countries	Least developed countries	Other developing countries
BURUNDI				X	X	
CAMBODIA				X	X	
CAMEROON				X		
CANADA	X					
CAPE VERDE				X	X	
CAYMAN ISLANDS				X		
CENTRAL AFRICAN REPUBLIC				X	X	
CHAD				X	X	
CHILE				X		
CHINA				X		
COLOMBIA				X		
COMOROS				X	X	
CONGO				X		
COOK ISLANDS				X		
COSTA RICA				X		
COTE D'IVOIRE				X		
CROATIA				X		
CUBA				X		
CURAÇAO				X		
CYPRUS				X		
CZECH REPUBLIC	X			X		
DEMOCRATIC REPUBLIC OF THE CONGO				X	X	
DENMARK	X	X				
DJIBOUTI				X	X	
DOMINICA				X		
DOMINICAN REPUBLIC				X		
ECUADOR				X		
EGYPT				X		
EL SALVADOR				X		
EQUATORIAL GUINEA				X	X	
ERITREA				X	X	
ESTONIA				X		

Source: United Nations Development Programme

COUNTRIES	OECD	EU	Other countries	Developing countries	Least developed countries	Other developing countries
ETHIOPIA				X	X	
FIJI				X		
FINLAND	X	X				
FRANCE	X	X				
FRENCH GUIANA						X
FRENCH POLYNESIA						X
GABON				X		
GAMBIA				X	X	
GEORGIA				X		
GERMANY	X	X				
GHANA				X		
GREECE	X	X				
GRENADA				X		
GUADELOUPE						X
GUAM						X
GUATEMALA				X		
GUINEA				X	X	
GUINEA-BISSAU				X	X	
GUYANA				X		
HAITI				X	X	
HONDURAS				X		
HONG KONG, CHINA						X
HUNGARY	X			X		
ICELAND	X					
INDIA				X		
INDONESIA				X		
IRAN, ISLAMIC REPUBLIC OF				X		
IRAQ				X		
IRELAND	X	X				
ISRAEL						
ITALY	X	X				
JAMAICA				X		
JAPAN	X					
JORDAN				X		
KAZAKHSTAN				X		
KENYA				X		
KIRIBATI				X	X	
KOREA, DEMOCRATIC						
PEOPLE'S REPUBLIC OF		X				
KOREA, REPUBLIC OF	X			X		
KUWAIT				X		

COUNTRIES	OECD	EU	Other countries	Developing countries	Least developed countries	Other developing countries
KYRGYZSTAN				X		
LAO PEOPLE'S						
DEMOCRATIC REPUBLIC				X	X	
LATVIA				X		
LEBANON				X		
LESOTHO				X	X	
LIBERIA				X	X	
LIBYAN ARAB JAMAHIRIYA				X		
LIECHTENSTEN			X			
LITHUANIA				X		
LUXEMBOURG	X	X				
MACAU, CHINA						X
MADAGASCAR				X	X	
MALAWI				X	X	
MALAYSIA				X		
MALDIVES				X	X	
MALI				X	X	
MALTA				X		
MARSHALL ISLANDS				X		
MARTINIQUE						X
MAURITANIA				X	X	
MAURITIUS				X		
MEXICO	X			X		
MICRONESIA (FEDERATED STATES OF)				X		
MONACO			X			
MONGOLIA				X		
MONTSERRAT				X		
MOROCCO				X		
MOZAMBIQUE				X	X	
MYANMAR				X	X	
NAMIBIA				X		
NAURU				X		
NEPAL				X	X	
NETHERLANDS	X	X				
NEW CALEDONIA						X
NEW ZEALAND	X					
NICARAGUA				X		
NIGER				X	X	
NIGERIA				X		
NIUE				X		
NORTHERN MARIANA ISLANDS						X

Source: United Nations Development Programme

COUNTRIES	OECD	EU	Other countries	Developing countries	Least developed countries	Other developing countries
NORWAY	X					
OMAN				X		
PAKISTAN				X		
PALAU				X		
PALESTINE						X
PANAMA				X		
PAPUA NEW GUINEA				X		
PARAGUAY				X		
PERU				X		
PHILIPPINES				X		
POLAND	X			X		
PORTUGAL	X	X				
PUERTO RICO			X			
QATAR				X		
REPUBLIC OF MOLDOVA				X		
REUNION						X
ROMANIA				X		
RUSSIAN FEDERATION				X		
RWANDA				X	X	
SABA				X		
SAINT EUSTATIUS				X		
SAINT HELENA				X		
SAINT KITTS AND NEVIS				X		
SAINT LUCIA				X		
SAINT MAARTEN				X		
SAINT VINCENT AND						
THE GRENADINES				X		
SAMOA				X	X	
SAN MARINO			X			
SAO TOME AND PRINCIPE				X	X	
SAUDI ARABIA				X		
SENEGAL				X	X	
SEYCHELLES				X		
SIERRA LEONE				X	X	
SINGAPORE				X		
SLOVAKIA	X			X		
SLOVENIA				X		
SOLOMON ISLANDS				X	X	
SOMALIA				X	X	

COUNTRIES	OECD	EU	Other countries	Developing countries	Least developed countries	Other developing countries
SOUTH AFRICA				X		
SPAIN	X	X				
SRI LANKA				X		
SUDAN				X	X	
SURINAME				X		
SWAZILAND				X		
SWEDEN	X	X				
SWITZERLAND	X					
SYRIAN ARAB REPUBLIC				X		
TAIWAN (PROVINCE OF CHINA)						X
TAJIKISTAN				X		
THAILAND				X		
THE FORMER YUGOSLAV						
REP. OF MACEDONIA		X				
TOGO				X	X	
TOKELAU				X		
TONGA				X		
TRINIDAD AND TOBAGO				X		
TUNISIA				X		
TURKEY	X			X		
TURKMENISTAN				X		
TURKS AND CAICOS ISLANDS				X		
TUVALU				X	X	
UGANDA				X	X	
UKRAINE				X		
UNITED ARAB EMIRATES				X		
UNITED KINGDOM	X	X				
UNITED REPUBLIC OF TANZANIA				X	X	
UNITED STATES	X					
UNITED STATES VIRGIN ISLANDS						X
URUGUAY				X		
UZBEKISTAN				X		
VANUATU				X	X	
VENEZUELA				X		
VIET NAM				X		
YEMEN				X	X	
YUGOSLAVIA				X		
ZAMBIA				X	X	
ZIMBABWE				X		

Source: United Nations Development Programme

Endnotes

- 1** Page S (1999)
- 2** Diaz (2001)
- 3** DFID (1999)
- 4** Page S (1999)
- 5** DFID (1999)
- 6** WTO (2001b)
- 7** Opperman M and Chon, K-S (1997)
- 8** Ghimire K (2001)
- 9** Third United Nations Conference on the Least Developed Countries UN General Assembly A/CONF.191/BP/4 5 April 2001reprinted as The Canary Islands Declaration on Tourism in the Least Developed Countries in WTO&UNCTAD (2001)
- 10** Text Agreed in Drafting group on Tourism and Sustainable Development UN CSD7 29 April 1999
- 11** *ibid* §7
- 12** WTO (1998b)
- 13** WTO (1998b)
- 14** quoted in Goodwin (2002)
- 15** Chambers R (1987); Scoones I (1998).
- 16** Asian proverb
- 17** The 1999 Department for International Development, Sustainable Tourism and Poverty Elimination Study concluded that “many of the disadvantages of tourism are actually characteristics of growth and globalisation” and that “many of the differences between tourism and other sectors might be perceived rather than real.”
- 18** DFID (1999)
- 19** ACC/CCPQQ ‘Poverty Eradication’ 8 September 1999.
- 20** Greenwood, 1972 quoted in Harrison D (1992)
- 21** Encontre (2001)
- 22** Table 17 in the Technical Appendix gives detailed figures for each of the 49 LDCs.
- 23** WTO & UNCTAD (2001)
- 24** WTO (1998) Tourism Taxation WTO, Madrid
- 25** DFID (1999)
- 26** Page (1999)
- 27** DFID (1999)
- 28** Goodwin H (1998)
- 29** WTO (2001b)
- 30** For a fuller discussion of leakages see the note in the Technical Appendix
- 31** WTO, Tourism Market Trends, edition 2001.
- 32** World Bank (1990)
- 33** Goodwin, H (2000a)
- 34** Walpole M J & Goodwin H (2000)
- 35** Goodwin H (2000b)
- 36** Manila Declaration on World Tourism, Philippines 22 May 1997
- 37** WTO (1999a)
- 38** Yunis E (2000)
- 39** Goodwin et al (1997)
- 40** Goodwin H (1998a)
- 41** DEAT (2002)
- 42** Bah A and Goodwin H(2002)
- 43** WTO/UNCTAD (2001)
- 44** The Sustainable Tourism and Poverty Elimination Study (DFID 1999)
- 45** IMF & IDA (1999)
- 46** For a small sample of the literature on the relationship between economic growth and poverty reduction, see for example McKay 1997; Goudie and Ladd 1999; Ravallion 1997; and World Bank 2000, Chapters 3-5.

- 47** Saville (2001)

- 48** Braman and Fundación Acción Amazonia (2001)

- 49** Poultney and Spenceley (2001)

- 50** Williams, White and Spenceley (2001)

- 51** Nicanor (2001)

- 52** Nicanor (2001)

- 53** Poultney and Spenceley (2001)

- 54** Poultney and Spenceley (2001)

- 55** DFID (1999)

- 56** Saville (2001)

- 57** Cattarinich (2001)

- 58** Saville N (2001)

- 59** Braman S (2001)

- 60** The DFID Sustainable Tourism and Poverty Elimination Study (1999) concluded that no donor agency was “actively pursuing the poverty agenda through tourism, nor has there been significant analysis by donors of how tourism could contribute to poverty elimination.”

- 61** Defined as living on less than the equivalent of 1US\$ per day.

- 62** WTO (1995)

- 63** WTO&UNCTAD (2001)

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