

## The Poverty Angle of Sun, Sea and Sand – Maximising Tourism’s Contribution

‘Only connect!’ E.M. Forster

**INTRODUCTION**

It is a stark truth that in some of the poorest but most remarkable parts of the world, tourism has consistently failed to benefit the poor. Further, for increasing numbers of tourists, this is an odious state of affairs. Yet change *is* possible, and ‘pro-poor’ tourism strategies can bring a powerful set of benefits to all those involved. This will take knowledge, imagination and effort among policymaking and business communities. Much needs to change in tourism development.

As well as often appalling over-development of some ‘sun, sea and sand’ destinations there has been significant underdevelopment of key tourism assets for Least Developed Countries (LDCs). For development to widely benefit the poorest countries, all stakeholders need to recognise that tourists are becoming more sophisticated, informed, and increasingly likely to demand richer experiences that involve – and benefit – local people.

Locations delivering ‘pro-poor’ tourism strategies will reap considerable benefits among the emerging generation of international tourists, attuned as they are to issues of poverty and the potential impact of their consumption. Just as growing amounts of wealth have followed green, organic and fairly-traded products so, in due course, will the phenomenon of more enlightened consumption translate into tourism services. This cycle is likely to be more rapid than the development of environmental awareness and consumerism – for it will be accelerated by the digital revolution. The revolution that is already allowing people to pool their knowledge, and become cleverer and more informed consumers.

**Focus point: “Islands of plenty – in a sea of poverty”**

One very real risk for tourism policy makers, developers and the industry is that tourism can create *islands of plenty in a sea of poverty*. Further, where the tourism economy is based mainly around FDI, and barely involves local or national economies in construction or operations, a dual economy can emerge. An extreme case is the Caribbean cruise liner, often creating only those economic links needed in order to deliver shore excursions. All other economic activity – from infrastructure and staff salaries, to food and beverage sales – simply floats by, offering little economic benefit to the very countries whose highly attractive natural resources are the prime basis of the business. One study showed in Komodo<sup>i</sup> that wealthy cruise tourists brought an average of 3 cents per visitor to the local community, while independent travellers brought an average of 97.43 dollars into the local community.

**CONTEXT**

The benefits of tourism for national economic development were recognised in the 1960s. Yet the development world withdrew from financing tourism in the 1970s. It had watched some tourism lead to the poor being displaced from land and resources. Tourism was also seen as a wealthy industry, not needing development funds. The juxtaposition of tourist wealth and employee poverty is also uncomfortable, even distasteful, for many in development. Yet those same professionals (sometimes tourists too) often significantly underestimate the profound value of employment and enterprise opportunities to the poor.

Tourism as a development strategy for those rich in cultural and natural heritage is recognised for the LDCs.<sup>ii</sup> Yet tourism is often a strategy of last resort, when there are few other development opportunities, and can prove difficult to develop due to access and product issues. So where a viable commercial market has not been identified and developed, it should not be surprising if tourism struggles or fails.

Further, over-dependency on any single commercially sector is generally inadvisable, yet tourism dependency normally results from a lack of commercial growth elsewhere in the economy. Globalization makes it difficult for many developing countries to identify and develop economic sectors where they have any significant comparative advantage. Meanwhile the market for “sun, sea

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and sand” remains highly competitive, and mainly focussed on retail price – with air access costs and room rates consequently squeezed.

Tourism has been seen as benefiting *national* development and foreign exchange earnings, foreign loan repayments and capital goods or arms purchases. Pro-poor tourism shifts the focus to *local* level benefits. International or domestic, any visitor is potentially valuable to a poor producer, but data on domestic tourism and its value is difficult to generate, resulting in an over-reliance on international visitor arrivals data at the national level.

Tourism has nonetheless contributed to economic development in many developed and developing countries. Botswana and the Maldives graduated from the LDC category at least in part due to their successful tourism industries.

### **Focus point: All-inclusive resorts – not always bad**

All-inclusive resorts are often criticised for keeping tourists in enclaves, thus reducing the chance for tourists to spend in the local economy and, potentially, with the poor. They often source inputs internationally. Enclave tourism varies from full-board arrangements in hotels and safari experiences to coach tourism where tourists only meet poor producers between hotel door and coach – and coach and natural or cultural heritage site. Tourism impacts should be judged on the strength and breadth of their local economic links, and the opportunities they create for poor producers. An all-inclusive resort or hotel working with local supply chains to buy fruit, vegetables, locally-produced rum or other products; which employs and trains local staff; and which creates opportunities for poor local producers to sell arts and craft or provide guiding and storytelling services to guests, should not be stigmatised. Not every all-inclusive is bad and the public policy objective must be to improve their local economic impact and a contribution to poverty reduction. It is the impact of the enterprise on local economic development and poverty reduction, not the form of its organisation, which is of primary importance.

### **PRO-POOR TOURISM STRATEGY: DISTINGUISHING CHARACTERISTICS**

Any type of tourism can potentially reduce poverty. A strategic approach begins by noting that the poor are often rich in culture, and in their connection to their natural environment. Further, it sees that tourists increasingly wish to connect to such authentic experience.

The challenge lies in finding ways that the full range of tourism businesses and travellers, tourists and holidaymakers can help contribute to poverty reduction. The Pro-poor tourism approach applies across private sector, government and to development organisation (agency, bank or NGO) interventions.

Pro-poor tourism means net benefits reach the poor – whether economic (wages, sales revenues or donations) or non-financial (increased household level security, access to education or transport). More rarely, it helps the poor to participate in decision-making.

The focus is on *net benefits* because engaging in tourism can involve costs or negative consequences. These may be at individual (e.g. time being trained – a significant opportunity cost, or loan repayments) or group level (e.g. people may lose access to natural resources – for example, river frontage to water cattle or communal land leased to a lodge).

**Focus point: Nine ways tourism links to poverty**

1. **Tourists are an additional local market for the poor.** However, it is essential to develop quality local products and services which can be sold by economically poor producers and to facilitate access to tourism.
2. **Diversifying livelihood strategies can reduce vulnerability.** Households often depend on both subsistence and cash-based activities. Tourism offers a chance to earn cash income.
3. **Small increases in earnings make a big impact.** For the very poor, tourism is often the only route to cash income, their main livelihood strategy being subsistence farming or hunter/gathering.
4. **Poor producers can export directly, without tariffs.** Art and craft products can be developed and 'market tested' on tourists at the place of origin, prior to later export of the successful products.
5. **Natural and cultural heritage assets are sustainable.** Most export industries depend on the consumption of natural resources and labour. With tourism, poor communities can generate value from their own 'assets', through guided walks, dance, music, story telling and so on.
6. **A wide range of opportunities.** Domestic and international visitors have many interests – creating diverse opportunities to develop goods and services, helping the poor identify particular niches. This also reduces competitive pressure.
7. **Tourism is more labour intensive than most sectors.** Adding services can increase employment, but businesses may target skilled labour elsewhere rather than train local labour from amongst the poor. Training and employment progression are critical. Tourism can employ women and youth as well as men.
8. **Tourism can increase pride in cultural and natural heritage.** This can encourage young people to stay in rural areas as they identify a route out of poverty for themselves.
9. **Tourism educates holidaymakers about those with whom we share our planet.** It can help develop 'mutual understanding and respect between people and societies,'<sup>iii</sup> foster international social solidarity and understanding, and a willingness to contribute aid at government or individual level.

**THE PLAYERS**

Tourism is complex. Ensuring effective pro-poor tourism will require efforts across and within all sectors. Nevertheless, each individual sector brings particular assets to the table.

***Private Sector***

Tourism is generally driven by the private sector, which has access to a range of scarce resources, from tourists and their wealth to skills and ideas. They can contribute by:

1. *Recruiting* the poor and ensuring they spread this benefit across multiple local poor households.
2. *Training* their recruits and actively helping them make progress.
3. *Sourcing* goods and services from the poor – fruit and vegetables, arts and crafts for soft furnishings and for resale, guiding, performances.
4. *Encouraging* tourists to purchase from the poor by stopping at local craft markets and creating chances for crafters to demonstrate and sell inside hotels.
5. *Assisting* the development of SMMEs owned and managed by the poor, providing mentoring, product development assistance and a flow of visitors.
6. *Paying* a proportion of revenue or turnover to support development opportunities for the poor and/or adding a voluntary donation to client invoices.
7. *Making* donations, and encouraging visitors and suppliers, to donate to local schools and clinics or other charitable groups working with the poor.
8. *Shaping* infrastructure development to provide benefits to the poor – for example piping potable water to village, school or clinic.

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9. *Promoting* their efforts as widely as possible, ensuring both competitive advantage and the spreading of positive ideas.

### **Local Government**

Local government is capable of being highly responsive, given adequate resources. They are well placed to bring together private sector tour operators and accommodation providers, local attractions, civil society and economically poor producers. They might consider:

1. *Investing* in tourism promotion, marketing, information centres and official endorsements that highlight guided walks, wildlife and cultural experiences offered by the poor, as well as the chance to buy interesting foods, crafts and other goods and services.
2. *Reducing* market barriers by creating pro-poor craft markets.
3. *Linking* with educational institutions to provide training to promote pro-poor tourism employment;
4. *Working* with business groups, like Rotary and Chambers of Commerce and Trade, to assist local tourism businesses to identify local economically poor producers who could become suppliers and to establish poor producers in the supply chain of local enterprises through training, mentoring, micro credit, financial planning with expertise and resources to meet the costs of establishing a viable supply chain.
5. *Connecting* with business groups and civil society to support training, product development and the creation of markets and distribution channels. A local ‘label’ championing local products, reassuring purchasers on quality and provenance, and enabling market access for small and poor producers, can be very effective.
6. *Developing* new small enterprises alongside business organisations using a variety of models, including marketing networks and co-operatives, to help grow micro-businesses.
7. *Imposing* a local business levy, or using part of admission charges for public spaces, to assist with their pro-poor tourism development plans.
8. *Establishing* local initiatives with business organisations, and encouraging voluntary donations to fund them, alongside charitable causes (e.g. health and education) which benefit the poor, encouraging both enterprises and tourists to donate.
9. *Attaching* conditions to planning permissions and licenses so that new infrastructure developments benefit the poor, roads built for tourism projects are routed to bring transport gains to the poor and hotels encouraged to provide water or waste treatment services to adjacent poor communities.
10. *Using* its procurement processes to purchase from poor producers.

### **National Government**

While the private sector, communities and NGOs often look to the tourism department for assistance with local initiatives, this is rarely an area where the lead government department on tourism has expertise. Further, tourism ministries often lack clout, and thus need the enlightened support of more powerful ministries. An inter-departmental approach is nearly always essential, as are strong partnerships between local and national government. Governments should be looking at:

1. *Reviewing* policies to ensure that the regulatory framework helps support pro-poor tourism.
2. *Reducing* major obstacles like the number of licenses and permissions the poor they may need to participate economically.
3. *Including* tourism in national Poverty Reduction Strategy Papers (PRSPs) to make it easier to access development bank and international development agency funding.
4. *Making* tourism part of economic corridor development projects and other local economic development planning processes.
5. *Ensuring* property rights for poor communities, which are all too often undermined or negated by tourism development. A favourable legislative framework, and government

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- action enforcing regulations, is often needed to protect the poor from displacement and to ensure their rights to fair compensation for their land (or an appropriate leasehold revenue).
6. *Using* agricultural policy to create links between poor farmers and the tourism industry.
  7. *Assembling* national business enterprise development programmes that also apply to tourism.
  8. *Considering* that while business environment legislation and policy is rarely controlled or influenced by tourism, access to credit, business licensing, employment legislation, small and micro-enterprises, fire regulation, environmental health and health and safety all impact on the capacity of the poor (and others) to develop enterprises to engage in tourism.
  9. *Requiring* investors and developers, through the use of licensing and planning regulations and permissions by planning authorities (local government and national parks), to provide:
    - infrastructure gains to poor communities (roads, sewage treatment, waste management etc);
    - employment (specific commitments on local employment for the poor, training and progression);
    - and micro-enterprise opportunities – for example that the hotel gift shop will sell locally sourced craft etc.
  10. *Addressing* poverty reduction through Master Plans and Tourism Strategies –Poverty reduction should be addressed in all parts of the strategy or plan and the likely impact of the approach should be calculated and included in the document.
  11. *Getting* national and local tourist boards and development agencies to ensure that the products of poor people are included in tourism marketing initiatives.
  12. *Recognising* that the ‘wealth-bringing’ tourist for poor, local people may not resemble a ‘wealthy tourist’ when they first arrive (but will increasingly do so as they get older and return).

### ENGAGEMENT: HOW TO WIN PLAYERS FOR PRO-POOR TOURISM

Given the many competing demands of time, attention and energy on people, engaging players in any intervention is rarely easy. A compelling case needs to be made, and action to back it up implemented. Additionally, as noted above, market pressures from consumers can be expected to make the benefit of intervention more apparent, both to national governments and businesses seeking to capture future generations of savvy tourists.

#### *The Poor*

The poor, as individuals and communities, are generally keen to get involved, reckoning on potential benefits. Two principles will make an intervention more attractive:

1. Employment of one member of a household in a tourism enterprise, which can make a significant contribution to the economic security of the household, without creating dependency.
2. The poor are generally not in a position to take risks. Opportunities requiring low levels of investment, and based on existing livelihood assets, are more likely to provide sustainable incomes. .

#### *The Private Sector*

Aside from tourists, potentially the most responsive player, and certainly one of the most influential, is the private sector. A number of arguments can be made in favour of pro-poor tourism:

1. **Enhanced product range:** Traditional resort activities increasingly need supplementing with a rich mixture of activities and experiences, products and services. These can often be provided by poor producers, and sold by operators and hoteliers on commission. Design and quality, scale and continuity of supply, market access and pricing are all issues which

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- will need to be addressed. The private sector should get involved at an early stage to help shape new products that meet the requirements of the enterprise and its clients, the tourists.
2. **Market advantage:** Consumers are increasingly socially, culturally and environmentally aware. There is market advantage for companies, particularly those taking a leadership role, that address the needs of the destination, including poverty reduction. Combined with offering better experiences of the destination this builds brand recognition and value. This market advantage comes in the form of media coverage, referrals of new clients – and repeat business.
  3. **Business Environment:** Tourism business, like other businesses, benefit from a favourable environment. Demonstrating concern for the natural and cultural environment through business practices or philanthropy, and contributions to local economic development through employment, purchasing and market access activities, are all important to the enterprise’s (and the industry’s) licence to operate.
 

Enterprises, particularly where they collaborate to achieve local economic development, can improve the general environment for business ... Resentful communities can make it significantly more expensive for the industry to operate and reduce the quality of the experience.<sup>iv</sup>
  4. **Partnerships:** Enterprises can achieve much individually, but partnering with other businesses (often beyond tourism), local government, NGOs and communities can achieve more. Partnerships bring skills and resources, and help address the ‘freeloader’ problem.
  5. **Minimising risk:** Brand image and value are vital to an industry selling a product that is intangible at the point of purchase, and where the *experience* sold is much more than the transport, accommodation and guide services the operator directly owns or manages. Consumer legislation in significant source markets, in particular Europe through the EU Package Travel Directive 1992, constrains the willingness of operators to promote or sell products and services they do not own or control. The private sector needs to be engaged in the development of new products it can ‘endorse’. Again, an argument for getting involved at an early stage to ensure the business can sell or recommend the product or service.
  6. **Staff Morale:** Changing consumer attitudes to what constitutes a good holiday experience and the relevance of the corporate social responsibility agenda also applies to staff, in the originating markets and in destinations, and engagement can contribute significantly to staff morale and retention and to pride, service quality and sales.

### ***Public Sector & International Development Organisations***

Although some recent conferences have discussed greater engagement by development banks, a number of problems with engaging them in local initiatives remain:

1. Development banks mainly lend for infrastructure development, and focus on large scale development and loans which can be repaid from earnings. This militates against engagement in micro-enterprise development for poor producers because the scale of engagement is too small to cover the bank’s transaction costs and it is unclear who will cover the loan repayments.
2. Development Banks and the IFC do have funding grants for initiatives which support enterprise development; however, these are focussed on large scale results.
3. Most donors remain to be convinced that tourism can significantly contribute to poverty reduction. They want evidence that tourism can have a positive scaleable impact on poverty reduction. Further, most bilateral donor agencies increasingly adhere to principles of country-led development whereby they provide broad-based support to developing country national budgets to enable these countries to pursue the priorities identified in their poverty reduction strategies. If tourism does not feature in the strategy it is very difficult to justify donor assistance to the industry.

Donors and Development Banks can support the harnessing of tourism for poverty reduction by:

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1. **Open minds** are needed about how tourism can contribute to poverty reduction;
2. **Tourism beyond infrastructure.** Tourism is about more than infrastructure, it is a broad activity requiring the development of an integrated and rich tourism market-orientated range of economic activities including formal and informal sectors
3. **Robust reporting.** Where tourism and poverty reduction initiatives are funded robust reporting of poverty reduction impacts is needed to justify further funding and to hold to account those implementing the initiative.
4. **Tourism Master Plans and Regional Tourism Development Strategies.** These must explicitly and convincingly address the poverty reduction agenda;
5. **Reviewing initiatives** to ensure there is adequate tourism expertise and private sector engagement in product identification and development, to provide a reasonable expectation of success and to ensure that donor competition is avoided;
6. **Economic Development Corridors/Economic Development Strategies:** to ensure that when plans are developed, tourism is included in the strategy as another local market recognising that it contributes to export-led poverty reduction
7. **A supportive national institutional framework** must be in place when pro-poor tourism projects are funded. Particularly important due to development banks' influence on the powerful finance, trade and development ministries.
8. **Working with the World Tourism Organisation** to improve the quality of technical assistance for sustainable tourism development and tourism and poverty reduction in particular. Sharing information and assessing the impacts of particular approaches is necessary to identify good practice, to avoid duplication and address scalability.
9. **Encouraging partner countries** to consider the significance of tourism in poverty reduction strategies and other economic development policies

### FOCUS AND VERIFIERS

It is not enough to measure the impacts of tourism and poverty reduction initiatives in terms of the inputs. Funders and implementers need to identify target beneficiaries and measure the impacts of the interventions on the groups of poor people who are the focus of the intervention. It may be objected that not all of the benefits will be reported in this way, there will be unplanned benefits. However, **the important thing is to verify the planned benefits**, to demonstrate the positive impacts and to maintain focus on benefiting the poor.

The process is simple and can be empowering for the poor producers if they are engaged in it. For example in The Gambia we worked with particular economically poor groups to reduce the barriers to access which they experienced and identified for the multi-stakeholder process which worked to reduce the barriers.

The producer groups assisted us in collecting earnings data over a 10 week period in 2001, in the same 10 week period in 2002, after the intervention, the research was repeated again with the active engagement of the producers.

The earnings and employment opportunities of the poor producers were all increased, sometimes dramatically, in ways that are sustainable. Individuals and households were demonstrably taken out of poverty. These benefits will continue as long as the changes introduced through the intervention continue and the results are scalable if applied in other locations.

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**Verifiers in The Gambia**

2001/2002	Change in net earnings	Net jobs increase
Juice Pressers	<b>121%</b>	0
Licensed Guides (S)	<b>18%</b>	0
Licensed Guides (K)	<b>33%</b>	0
Craft Market (K)	<b>198%</b>	<b>43</b>
Craft Market (S)	<b>96%</b>	<b>19</b>

K: Kotu Beach; S: Senegambia Source: Bah & Goodwin 2003<sup>v</sup>

**Focussing on target beneficiary groups is essential** for good practice in ensuring that the beneficiaries gain from interventions, only in this way can best practise be identified and the impacts verified. Without this verification, funding will not be secured and successful initiatives will not be scaled up. Funders need to insist on robust reporting of results, outputs not inputs, in order that the poor benefit and that we build support for interventions to benefit the poor through tourism. <sup>vi</sup>

**END NOTE**

International tourists are attracted to poor countries for many reasons, but natural and cultural heritage are central. The collective custodians of that heritage are the people of a country – rich or poor. Confronted with extreme poverty, tourists increasingly wish to do something, to get involved, to make a difference. Doing so can often become the highlight of their trip.

It is up to the complex web of players involved in tourism to create pro-poor tourism opportunities. Achieving this will ultimately benefit not only the poor, but all those concerned.

Each extra sale by a poor producer to an international visitor contributes to a country’s foreign exchange earnings.

Every sale to an international or domestic visitor is revenue to the household.

Each such transaction is also a connection. And in connecting we are made more human.

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<sup>i</sup> Walpole M J & Goodwin H (2000) *Local Economic Impacts of Dragon Tourism in Indonesia* **Annals of Tourism Research** 27 (3) 559-576 and Goodwin H & River Path Associates (1999) **Changing the Nature of Tourism: Developing an agenda for action** Department for International Development (ISBN1 86192 023 7)

<sup>ii</sup> See for example UNCTAD & WTO (2001) *The Least Developed Countries and International Tourism in Tourism in the Least Developed Countries* published for the Third UN Conference on the Least Developed Countries, World Tourism Organization, Madrid.

<sup>iii</sup> Article 1 of UNWTO **Global Code of Ethics**

<sup>iv</sup> Goodwin H, Higon S, and Robson S (2004) **Tourism and Local Economic Development** - International Business Leaders Forum and International Tourism Partnership

<sup>v</sup> Bah A & Goodwin (2003) **H Improving Access for the Informal Sector to Tourism in The Gambia** Pro-Poor Tourism, London

<sup>vi</sup> See Goodwin H (2006) **Measuring and Reporting the Impact of Tourism on Poverty Proceedings Cutting Edge Research in Tourism** New directions, challenges and applications School of Management University of Surrey [www.haroldgoodwin.info/resources/measuring.pdf](http://www.haroldgoodwin.info/resources/measuring.pdf)