TOURISM, LOCAL ECONOMIC DEVELOPMENT, AND POVERTY REDUCTION

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Executive summary. It is ten years since the British government’s Department for International Development (DFID) commissioned a discussion paper on Tourism and Poverty Elimination; since then the language has weakened to reduction and then alleviation. The development of the pro-poor tourism approach over those ten years is discussed and is differentiated from ecotourism and community-based tourism. The paper concludes with the identification of some of the key principles and lessons learnt, case studies which provide guidance about different approaches, and some evidence of what can be achieved.

It is ten years since the British government’s Department for International Development (DFID) commissioned a discussion paper on Tourism and Poverty Elimination (Goodwin 1998). The new government, and in particular its Secretary of State for International Development Claire Short, was focusing DFID’s policy and interventions on poverty elimination. The previous government had commissioned research into the, then, relatively new idea of ecotourism, seeking empirical evidence that ecotourism made a contribution to conservation and the livelihoods of local communities. The results were disappointing, demonstrating the gap between the claims made for ecotourism and the results for conservation and local communities in and around national parks, where it might be expected that the impact could be found (Goodwin et al 1997). This three year research study had established that at the park, or system level, it was difficult to identify significant livelihood or conservation benefits from tourism. One of the characteristics of the debates about ecotourism and community-based tourism (CBT) is that there has been little attempt to document the development impacts of the approach; the ideas are seductive, but there is little evidence of the net benefits which accrue to local communities or to conservation. The discussion paper sought to connect the objective of poverty elimination to the mainstream industry, turning its back on the established paradigms of ecotourism and CBT which rarely connected with the mainstream industry. There was no reference in the 1998 paper to ecotourism or to community-based tourism.

The DFID discussion paper on Tourism and Poverty Elimination was commissioned in preparation for the 1999 Session of the Commission on Sustainable Development at the U.N. in New York, a process which originated with the Rio conference on environment and development in 1992. The paper addressed the issue of how the economic benefits of international tourism in developing countries could be maximised, through employment and micro enterprise opportunities. DFID was particularly interested in how British overseas tourism could contribute, but it was clear that domestic tourism also presented significant opportunities. The paper assumed that tourism to developing countries was significant and growing, and that this trend would continue; the question was how tourism’s impact on poverty reduction could be maximised. The paper included discussion of the negative economic, social, and environmental impacts of tourism—the minimisation of which was necessary to maximising the net benefit. The paper argued the case for enhancing local participation in planning and
management and for ensuring that the poorer members of the community were enabled to secure access to the market and ownership rights; but, the paper also accepted the neo-liberal paradigm. The paper concluded that

*There needs to be a shift towards building partnerships which bring to the international and national market places tourism experiences which reflect the characteristics of the destination, involving local communities and giving them a degree of control as hosts.... 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, firmly linked to international and domestic markets.*  

(Goodwin 1998, 7-8)

Encouraged by the discussion which resulted from the initial paper, DFID commissioned a study on Sustainable Tourism and Poverty Elimination from Deloitte and Touche, with a strong private sector orientation, working with researchers with strong environment and development credentials (Bennett, Roe and Ashley 1999). This study analysed DFID’s tourism-related initiatives, and those of other development agencies, and made the case for intervention by DFID. It was in this report that the concept of Pro-Poor Tourism was coined and defined as

... tourism that generates net benefits for the poor (benefits greater than costs). Strategies for pro-poor tourism focus specifically on unlocking opportunities for the poor within tourism, rather than expanding the overall size of the sector (‘tilting’ not expanding the cake).  

(Bennett, Roe, and Ashley 1999, ii)

The 1999 study supported the arguments made in the 1998 discussion paper in recommending investment in encouraging pro-poor tourism “so long as it complements a successfully developing tourism industry and is not done in isolation of the bigger picture” (Bennett, Roe, and Ashley 1999, ii). Pro-poor tourism needed to connect with the mainstream because “pro-poor tourism cannot succeed without successful development of the whole tourism destination” (DFID 1999, 1). The pro-poor tourism (PPT) approach was predicated on engagement with the mainstream industry, and recognised from the outset that tourism could only make a significant contribution to the elimination of poverty where it occurred at a scale sufficient to impact on a significant number of households, and to contribute enough to household incomes to raise them out of poverty. This differentiated the pro-poor tourism approach from that of ecotourism and CBT practitioners whose objectives were less focused on poverty reduction; they were concerned rather with conservation and wildlife and with community benefits. Ecotourism and CBT initiatives generally sought to develop an alternative, abhorred engagement with the mainstream industry, and often lacked a market and commercial orientation.

The other major difference followed from the definition of pro-poor tourism, defined as tourism which generates net benefits for the poor. This recognises that tourism development may have some negative impacts, particularly on the poor, which need to be mitigated and the determination of net benefits requires measurement and calculation. The Pro-Poor Tourism Partnership (www.propoortourism.org.uk) of Caroline Ashley, Harold Goodwin, and Dilyes Roe grew out of a DFID-funded desk study of initiatives in Africa, Asia, and South America, which reinforced the importance of measuring and reporting impacts and concluded that “ensuring commercial viability must be a priority. This requires close attention to product quality, marketing, investment in business skills, and inclusion of the private sector” (Ashley, Roe, and Goodwin 2001, 42). In 2002 the PPT Partnership published a brief for the private sector on the tourism industry and poverty reduction (Roe, Goodwin, and Ashley 2002). Engagement with the private sector, and the
mainstream industry in originating markets and destinations, was at the core of the strategy proposed in the original work on tourism and poverty elimination—failure to achieve this engagement has been a major weakness.

Harrison in his critique of pro-poor tourism “accused [PPT] of failing to confront mass tourism” and of failing to “take sufficient account of commercial viability and access to markets, with NGO and INGO representatives preferring instead to seek aid money for projects” (Harrison 2008, 863). Quite so, the criticism is valid of the practise of pro-poor tourism but not of its conceptualisation. The importance of the market and commercial viability have been emphasised from the beginning, and the PPT Partnership has been critical of much of the work justified by the rhetoric, but not the principles, of pro-poor tourism (Goodwin and Roe 2006 and Goodwin 2008).

Harrison in his critique points out that “there are several arguments to the effect that PPT projects have simply not delivered benefits, or adequate benefits, to the poor, and that the term ‘pro-poor’ tourism is a misnomer” (Harrison, 2008, 860-861).

The PPT Partnership has argued both in unpublished evaluations of practice for the Dutch government and in successive Annual Registers for the reporting of net benefits. For example, in 2005: an “initiative can only be described as pro-poor where it is possible to demonstrate a net benefit for particular individuals or groups—the beneficiaries of the initiative” (PPT Partnership 2005, 1). In 2006, we called again for “data that reports net benefits to the poor” (PPT Partnership 2006, 1), and in 2007 we wrote in the editorial that “we still do not have enough examples of initiatives with clear demonstrable impacts … we lack case studies which demonstrate the mainstreaming of tourism and poverty reduction strategies” (PPT Partnership 2007, 1). We still do. Practitioners have not been required by donors to prove the efficiency or efficacy of their interventions, and have not seen value in doing so. Of course, any reporting of impacts on poverty as opposed to standard UNDP monitoring of inputs carries risk—and most of us are risk averse.

Over the ten years from 1998, when the first discussion paper was written for DFID, (Goodwin 1998) until Harrison’s 2008 critique, the PPT Partnership has consistently pointed to the importance of “commercial engagement with the private sector” (Ashley, Roe, & Goodwin 2001). There were successful initiatives with demonstrable results in The Gambia (Bah & Goodwin 2003), followed by the current “Gambia is Good” initiative, South Africa (Ashley, Poultney, & Hayson 2005) and Tanzania (Goodwin 2007). Each of these initiatives demonstrated that close engagement with the private sector ensured that initiatives could result in significant net livelihood benefits for the poor.

Scheyvens has been very critical of the practise of pro-poor tourism but recognises that

... the PPT Partnership firmly believe that it is important to bring about changes in mainstream tourism, including challenging corporates to change the way they operate, rather than to establish numerous community-run bungalow style ventures with dubious business prospects. (Scheyvens, 2007: 244)

Scheyvens recognises that there are “various approaches to PPT that have been adopted by a range of agencies who do not share the same vision of poverty reduction through tourism” (Scheyvens 2007, 243). Indeed, many of those who have adopted the language (perhaps because of its efficacy in securing continued funding for ongoing CBT and ecotourism approaches and securing ‘business as usual’ for those NGOs and development agencies engaged with CBT and ecotourism) have used the language of PPT but have not engaged substantially with the private sector. Neither the practitioners
Pro-poor tourism development in The Gambia
nor the funders have been willing to account neither for the expenditure of development funds nor the use of the valuable time of the economically poor in receiving training or participating in implementing projects. In societies without welfare funding for the economically poor, their time is not for free: time spent in training or in labour in developing a community lodge is time not spent securing food. Where the time of the poor has been used without sufficient livelihood benefit to repay that time, then they have endured a net loss as a consequence of the intervention.

The PPT Partnership focused from the outset on net benefits because we recognised that for the economically poor there were costs (at the individual, household, and community level) and potential benefits. Unless the costs were outweighed by the benefits, then the intervention could not be described as pro-poor. Where households and communities were left in debt, or where there was no return on their investment, then the economically poor have been exploited by those who claimed to be working in their interest.

There is also an important issue of scale: CBT and ecotourism represent a small fragment of the industry. Given the scale of the challenge of poverty, it is important to look for ways in which the scale of the tourism industry can be used to address the challenge of poverty, and that means engaging with the private sector. None of the authors of the critiques of pro-poor tourism published in the special edition of Current Issues in Tourism (2007) referred to the work on tourism and poverty reduction in The Gambia where the focus was on enabling the economically poor to secure better access to traditional mass beach tourism (Bah & Goodwin 2003). The PPT Partnership has had very little success in encouraging practitioners and academics to engage with the mainstream industry to address poverty, although Harrison and Schipani (2007) concluded that donor-assisted community-based tourism and the private sector need each other and suggested that

... instead of automatically assuming that tourism enterprises in the private sector are unwelcome and inferior competitors of ‘alternative’ donor-assisted, community-based tourism projects, they might be considered as potential partners in tourism development, with their own expertise and links to the community and with an entitlement to at least some of the financial and technical support provided, on a regular basis, by international aid agencies. (Harrison and Schipani 2007, 226)

Quite so, rare support for the views of the PPT Partnership, but still the very conditional ‘might.’ There is an example in the coffee co-operatives on the Tanzanian slopes of Kilimanjaro where very close market linkages with a Dutch originating market operator is delivering immediate, defined, and significant benefits for the economically poor (Goodwin 2007).

Tourism and development

The initial conceptual work on PPT was not undertaken in ignorance of the debates about the relationship between tourism and development. Harrison points out that “When looking at tourism and its contributions, if any, to ‘development’ there is no quick fix, and no easy moral short cut.” He asserts that “PPT can stay on the academic and commercial margins of tourism, while its active practitioners continue to seek both profitable (and undoubtedly useful) consultancies” (Harrison 2008, 866). The PPT Partnership may be judged remiss in not having engaged more with the academic literature; we sought rather to publish in ways which enabled the easiest possible access to practitioners and communities alike through the Internet.

Although familiar with the critiques of tourism, this was not for us the central issue. Work by de Kadt, Harrison and the development studies and social anthropology literature informed our thinking, but we sought to address a different question. How can existing tourism be made more pro-poor?
We accepted that tourism exists in the world and that international and domestic tourism is growing rapidly. It is also clear that there is a high propensity to travel amongst those with increasing access to the resources of leisure time and cash to take holidays in the emerging economies (Ghimire 2001).

The PPT Partnership has consistently argued that all forms of tourism can be more pro-poor. It is not the form of tourism so much as the impacts of the tourism that need to be considered in evaluating its contribution to local E.D. and poverty reduction. The impacts of all-inclusive and enclave resorts are contested. All accommodation is more or less inclusive—guests can choose room only or full-board options in most hotels. Many also offer pools and other recreational activities and provide shopping and cultural experiences. In practice, it is difficult to identify precisely at what point a hotel or resort becomes all-inclusive. Most safari experiences are all-inclusive and enclave in character. The guest pays a day rate, which includes accommodation, game viewing, and all meals and often includes alcohol (generally imported). At the significantly cheaper all-inclusive resorts, tourists consume local alcohol, the resorts employ local people on annual permanent contracts, sell local food and crafts, and provide local entertainment.

It is important to remember that the impacts of tourism, positive and negative, are not uniform. It is not the case that all-inclusives are always bad and that accommodation-only deals are always good. Circumstances alter cases. Leakage occurs in tourism where goods are imported into the local area or from abroad and when profits or salaries are remitted from the local economy to the national financial centre or abroad. The dependency theorists drawing on work by Andre Gunder Frank argue that it is the exploitation of the periphery by the core metropolitan areas that traps those in the peripheral areas in poverty—this applies within and between countries. Tourists are generally considerably wealthier than those who work in the industry. Indians travelling to Kerala or Britons travelling to The Gambia in pursuit of sun, sand, and sea holidays enrich themselves (through the experiences) and the industry (through profits). However, it is also true that tourism development often brings modernisation with the introduction of new technologies and working practices. It is assumed that there will be a “trickle down” effect and that the development of modern tourism infrastructure will contribute to the transformation of the economic and social conditions in which people live. Greenwood characterised the tourism industry “as a vast school for the modernisation of a people’s values” (Harrison 1995, 21). The theoretical debate is interesting, but there is too little empirical evidence to determine which theory most adequately accounts for reality. There are too few empirical studies of the impacts at local level. Confusion is compounded by erroneous assumptions about ownership: national elites often own all, or very significant parts of the hotels, transport companies, and ground handling—even if they carry international branding.

Research undertaken by the World Tourism Organisation for a conference on Tourism in the Least Developed Countries (LDCs) in 2001 demonstrated that for the 48 LDCs tourism contributed 1.47 percent of total GDP. In 20 of the 48 LDCs tourism accounted for 2 percent or more of GDP, making it a significant sector. Those countries most dependent on tourism are (international tourism receipts as percent of GDP), Nepal (3.2 percent), Cape Verde (3.71 percent), Kiribati (4.43 percent) Sao Tome & Principe (4.9 percent), Cambodia (5.78 percent), Lao PDR (6.34%), Tanzania (7.03 percent), The Gambia (7.84 percent), Comoros (8.11 percent), Vanuatu (21.6 percent), Samoa (21.66 percent), and Maldives (82.29 percent) (Diaz & Perez-Ducy 2001, 77-78).

It is not generally the case that tourism displaces other viable economic activities; rather, tourism provides a source of foreign exchange earnings for countries with little, or
nothing else, to trade internationally. Consider the fate of many of the Caribbean islands: they have lost their markets for sugar and tobacco and now rely on tourism. Tourism is the primary source of foreign exchange earnings in the LDCs, except in the petroleum exporting countries (Angola, Yemen, and Equatorial Guinea). The combined value of LDC tourism exports in 1998 accounted for 16.2 percent of total non-oil export receipts. Tourism is the largest source of export earnings in seven of the LDCs (Diaz & Perez-Ducy 2001, 30). The two countries which have graduated from LDC status, Botswana and the Maldives, both had very significant and successful tourism sectors.

Tourism and poverty reduction

One of the major reasons why tourism is so significant for LDCs is that the originating market countries cannot put up protectionist barriers against the destination countries, and tourism has potential in economically poor countries and regions with few other competitive export opportunities. Although it is an advantage of tourism that the holidaymaker pays the cost of their flight, because the producer does not have to pay the cost of sending the goods to market, one of the challenges for tourism to those countries heavily reliant on sun, sand, and sea tourism is to differentiate their product from their competitors.

The market for sun, sand, and sea tourism is highly competitive and flight distance from originating markets is a major determinant of commercial viability; isolated islands like Kiribati in the Pacific find it very difficult to compete with islands offering similar experiences with better air access, like Fiji. Often flight costs are regarded as leakage, as are the costs incurred in marketing by the originating market-based tour wholesaler or agent. These are the costs of marketing and of transporting the goods to market – these are not in the analysis of other industries regarded as leakage. In those cases where subsidised national carriers secure the flight bookings there may be less leakage—but the net benefit of the tourist arrival will be less.

The PPT Partnership has consistently placed the emphasis on developing initiatives which benefit the economically poor in those areas where there are already sufficient numbers of tourists to provide a viable market. The biggest advantage of tourism is that the end consumer, the tourist, travels to the ‘factory’ to consume the product. Thus in theory a hotel is more beneficial than a shoe factory—both create employment, and tourism is relatively labour intensive. The hotel also attracts consumers who will stay in the hotel and are available as potential customers to the local community, if they can produce goods and services which can be sold to the holidaymakers. There are considerable opportunities to develop linkages and to make sales both to tourism enterprises and to tourists. It is also significant that the natural and cultural heritage of local communities is often an asset of the economically poor: there are opportunities for the economically poor to develop goods and services, crafts, local foods, music, dance, storytelling, and guiding services which are sought by tourists and which can provide additional, supplementary livelihoods for households—avoiding the dangers of dependency.

The PPT approach draws heavily on livelihoods analysis (Ashley 2000 and Ashley, Roe, & Goodwin 2001), essential if tourism is to be used to contribute to the livelihoods of the economically poor and to maximise net benefits. In order to maximise household benefits and to avoid creating dependency, it is important that tourism is used as a livelihood diversification. It is important to start by looking at what the local economically poor have that might be saleable to the existing tourists—the ones already coming to the area where the local community has goods and services sell.

The language of PPT reflected the focus of development agencies and banks on poverty reduction, following the adoption of the UN Millennium Development Goals. It was not envisaged as a product, nor did we envisage that the language would be used with com-
munities or in the market place. In fact, the same approaches that can be used to develop livelihoods for the poor can be used to pursue local E.D. through tourism.

A number of key principles have been identified from desk research and from implementation projects (Ashley, Roe, & Goodwin 2001, WTO 2002, PPT 2005):

1. There is no blueprint for PPT and none should be expected. Local initiatives must be based on a careful analysis of the local tourism market (international and domestic) and the opportunities for the economically poor.

2. PPT is about changing the distribution of benefits from tourism in favour of the poor—it is not a product or market.

3. PPT initiatives involve the private sector in reducing poverty through business activity rather than through philanthropy.

4. Action is generally required at a number of levels; successful initiatives engage the private sector, the economically poor, and government. Initiatives often fail if one of these parties does not play its part. Through multi-stakeholder partnerships, the economically poor can achieve a degree of empowerment and control.

5. Location matters. PPT works best where there is a viable market. It works best in thriving destinations. However, in remote areas like West Humla in Nepal a well targeted initiative can make a significant difference to local livelihoods (Saville 2001).

6. Government policy initiatives on land tenure, training and education, and small enterprise support can create a favourable environment. Infrastructure gains for the poor can include paved roads, bus services, Internet cafes, and improved communications. Government can assist in ensuring that these infrastructure developments benefit both tourists and the economically poor.

7. PPT approaches need to be incorporated into broader tourism development strategies, there needs to be an explicit focus on local E.D. through linkages. Engaging with the mainstream is essential. Poverty reduction requires action on a significant scale. PPT approaches, and strategies need to be included in local and national tourism development plans.

8. Evaluate tourism projects for their contribution to local E.D. and poverty reduction, not just for their contribution to foreign exchange earnings and international arrivals. Focus on net benefit.

9. The development of new products needs to be undertaken carefully. There needs to be a commercially viable market amongst those tourists already in the area, and it needs to be possible for the economically poor to be able successfully to engage in that market.

10. The economically poor can benefit through employment and the development of micro enterprise opportunities in crafts and food. The strategy works best, and the risk is least, where the tourists provide an additional market for the economically poor producers based on existing livelihoods: a basket maker who develops an additional product to sell to tourists, or a farmer who grows some vegetables for the local hotel or guest house.

11. The cultural and natural heritage of the economically poor is an asset. PPT should not be used to secure access for the mainstream industry to these assets—dance, music, stories, medicinal, and culinary herbs—without equitable returns to the “owners” of the heritage.

12. One of the major challenges is to secure market access for the economically poor to enable them to sell to the tourists in an
organised and dignified way rather than through hawking.

13. When selling to hotels, restaurants or other tourism businesses quality, continuity of supply, volume and pricing are significant challenges. The challenges can be met, but it takes considerable effort.

14. Manage expectations and do not encourage the economically poor to get into debt. They may never be able to repay the loan and may be made landless.

15. External funding may be essential to fund start up costs and to support the development of relationships between local producers and the industry. However, sustainability requires a viable market and an ability to trade profitably without subsidy.

16. The private sector can contribute a great deal through partnership and mentoring and through ensuring that the product is both fit for market and finds a market.

17. An initiative can only be described as pro-poor when there are demonstrable and measurable net benefits for the locally economically poor (Goodwin 2007). In assessing net benefits the costs, including loss of access to natural resources, land price inflation, and social impacts need to be taken into account.

18. The beneficiaries of PPT are the financially poor and marginalised. They have low incomes and are often unable to access health and education services. It is difficult for the poorest of the poor to engage in tourism. Philanthropy may be a more viable strategy for assisting the poorest.

19. Where initiatives can be appropriately structured, benefits can be secured for individuals and households and for the community (Goodwin 2007, 70-71).

20. Philanthropy and volunteering can make a contribution—but both approaches also need to be subjected to careful scrutiny; too often the costs of volunteers for their maintenance and transport falls on poor communities.

There have been surprisingly few initiatives written up in any detail. The following case studies provide some guidance as to what might be done in a practical way to implement the principles of PPT:

1. West Humla, Nepal: an initiative which grew out of an SNV agricultural development and local capacity building project, demonstrates how a carefully crafted intervention can have a significant impact even where there is only a small numbers of tourists—an “import substitution” initiative (Saville 2001)


3. There was an interesting Pro-Poor Tourism Pilots initiative in South Africa which looked at what could be achieved by working with private sector companies through their supply chains to address poverty reduction (Ashley, Poultney, and Hayson 2005).

4. Making Tourism Count for the Local Economy in the Caribbean: a set of briefing notes on how the private sector can build linkages in the local economy, encourage tourists to spend more, and build neighbourhood partnerships—of broad relevance well beyond the Caribbean (Ashley, et al. 2006)

5. A coffee plantation tour organised with a coffee co-operative on the slopes of Kilimanjaro in Tanzania: an initiative which secured significant livelihood benefits for individuals, households, and
the community very quickly, with a very impressive rate of return on the investment (Goodwin 2007)

6. A review of the Nam Ha Ecotourism Project in Lao and a comparison with the achievements of the private sector in alleviating poverty in the region (Harrison & Schipani 2007)

It is surprising that so few of the initiatives on local E.D. and poverty reduction through tourism have resulted in published results. There is plenty of scope for research and publication.

References and further reading


Ashley C & Roe D (2003) Working with the Private Sector on Pro-Poor Tourism, Opinions and experience from two development practitioners, PPT Partnership, London.


- Brief 1: Overview: tourism and the local economy-building linkages
- Brief 2: Bringing local producers into the supply chain
- Brief 3: Building links with local farmers
- Brief 4: Employing local staff
- Brief 5: Involving local people and products in tours, packages and excursions
- Brief 6: Encouraging tourists to spend in the local economy
- Brief 7: Building neighbourhood partnerships
- Brief 8: Managing internal change


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