

DFID/DETR Workshop on Sustainable Tourism and Poverty

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Sustainable Tourism and Poverty Elimination

A Discussion Paper by

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Background Paper for Workshop on
Sustainable Tourism and Poverty Elimination
in preparation for the 1999 Session of the Commission on Sustainable Development

1. The UN Commission on Sustainable Development will discuss tourism in 1999. This paper has been produced in order to consult stakeholders on the development of UK policy on sustainable tourism and poverty elimination. Central to the debate on tourism and development are the issues of how employment and other benefits to destination countries can be maximised at the local level, and how negative social and environmental impacts can be minimised. This paper addresses ways by which existing tourism to developing countries can be improved and new tourism developments planned, so as to maximise their contribution to local sustainable economic development and poverty elimination. Britain is the world's fourth largest buyer of international tourism. What contributions can it make to the development of sustainable tourism and poverty elimination?
2. Tourism is the world's fastest growing industry and is expected to continue to grow at between 4 and 5% per annum. There were 592m international arrivals in 1996 and the WTO forecast for 2020 is 1.6bn. Since the 1950's developing countries have received increasing numbers of international tourists, largely from developed countries. In 1996 developing countries had 31% of world international tourist arrivals a gain of more than 2% between 1990 and 1996. 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 countries with international visits to the developing world accounting for 25% of the global total. Tourism brings relatively powerful consumers to Southern countries, potentially an important market for local entrepreneurs and an engine for local sustainable economic development. Between 1985 and 1995 average gross receipts per tourist arrival increased by 117% in developed countries, in the developing countries the increase was only 75%, a rise from US\$401 to US\$702. This suggests that there is Northern pressure on Southern prices and that there is scope for increased local earnings.
3. Tourism is marketed internationally but it is consumed at the point of production. International agencies and governments have been active in planning and promotion but the private sector has been the real engine of tourism development. 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.
4. Tourism has become an important sector for developing countries seeking to maximise foreign exchange earnings, increase employment and secure financial resources to conserve natural and cultural heritage. Critics point out that tourism creates foreign dependency, is vulnerable to factors outside the control of the destination, and that it reinforces socio-economic and spatial inequalities. Decisions made by tourists and the

industry in the originating countries can assist or harm local communities. Inappropriate tourism development can result in local people losing access to water, land and communal areas, and to the creation of tourist enclaves and to social pollution.

5. The positive contribution of tourism is significant, but there are a number of challenges to be met if the potential for sustainable local development and poverty elimination, through the localisation of benefits, is to be realised. These challenges include issues of ownership, economic leakage (from the local economy and through imports), local employment, benefit distribution, social and environmental impacts and dependency. These problems can only be effectively addressed at the destination level with the active participation of the local communities.

The UK Tourism Footprint

6. The UK is the world's third largest tourist originating country. In 1996 there were 27,054,000 UK international holiday departures, half taking independent holidays, half on inclusive packages. About 10% of these tourists travelled to developing countries. Tourism is a major British import from the developing world. During 1996 £406m was spent on holiday visits to Africa, £282m on trips to the Caribbean, £119m on trips to India, £98m on trips to Central and South America and £296m on the rest of Asia (excluding Japan).
7. 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. The social impact of British, and other Northern, tourists is also an issue. Everyone involved in the industry needs to encourage tourists travelling to developing countries to be aware of the effects of their behaviour on host communities. Experiencing different cultures is an important motivator for travel - if difference is not valued and respected both guests and hosts will lose. VSO's Worldwise tourism campaign has drawn attention both to the negative impacts of tourism and the opportunities it offers tourists to make a difference by the way they spend their money in the holiday destinations.

<p>Q Can an adequate regulatory framework be established within which codes of ethical and sustainable trading, labelling and ratings systems can have credibility and achieve change?</p>

Economic Development

8. Rapid and sustained tourism growth and the search for new destinations mean that more and more communities will be affected by the tourism industry. This provides opportunities for economic development, but there are also costs to be minimised. The demand side drives the industry; however, the sustainability of the sector at the destination is dependent upon some public control over the effects of the industry on the environment and socio-cultural structure of the area. It is the natural and cultural heritage of the area and the living culture of the local people that attract tourists. The negative impacts of tourism on the environment and local communities need to be managed and the adverse impacts mitigated in order to maintain the asset. A tourism monoculture

adversely affects the inherent quality of the destination and over-dependence on tourism increases the economic vulnerability of the area to decisions made elsewhere by consumers and investors.

9. Tourism development frequently brings with it demands for goods and services which are not produced in the local economy. These goods and services are then sourced outside of the local area, often internationally, and only a small proportion of the expenditure remains in the local economy. This is a particular problem in rural areas. These leakages reduce the development impact of tourism, whereas the development of linkages results in the creation of more jobs and opportunities for SME development. Different forms of tourism (enterprises, markets and consumers) will have different costs and benefits for particular areas. Tourism can provide an important diversification for the local economy, offering additional livelihood opportunities for local communities. Those who participate in the policy making, planning and design of new tourism products and the redevelopment of existing destinations are most likely to benefit.
10. 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, safari vehicles or inside sites and attractions such as museums. These are all enclave forms of tourism, where those wishing to sell to tourists are often reduced to hawking at the enclave entry and exit points. Cruise ship passengers and tourists on “all inclusive” packages are particularly difficult for local entrepreneurs to access (and these sectors are growing rapidly). Tourism needs to be organised in ways that enable local people to have better access to tourists.
11. Accepting that tourism operations need to be profitable in a competitive world market if they are to be sustainable, there is a strong case for intervention at a local level in tourist destination areas to:
 - enable local community access to the tourism market and avoid 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
 - control negative social impacts
 - control the rate of growth of tourism

Q How can these objectives be achieved given the dominance of the tourist originating countries?
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Q Can Northern governments, international aid agencies and NGO's and Southern governments work together to redress the balance?

Achieving Local Economic Development

12. Local benefits, including poverty elimination, will be maximised where tourism develops strong linkages into the local economy. The distribution of employment, including gender

distribution, and access for local entrepreneurs from the formal and informal sectors to the tourism market are essential to poverty elimination. Tourism needs to be developed in ways which create new employment and business opportunities for local people and which complement their main livelihood strategies. Integrated development needs to be planned with the full participation of both the industry and the local communities. It needs to be supported with access to credit and with appropriate training, to ensure that local people have access to the full range of jobs in the local tourism industry.

13. Infrastructural development can also be planned so as to benefit local communities through the provision of roads, telephones, piped and treated water supplies, waste disposal and recycling and sewage treatment. 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 developments are licensed.
14. The World Travel and Tourism Council estimates that the industry employs 1 in 9 people around the world and high rates of growth are expected. Employment in the industry is often attractive in areas where there is significant unemployment and underemployment. Governments need to ensure that local labour is employed and trained for more senior management posts, that gender bias is avoided and that international minimum labour standards are applied. The world's diversity of natural and cultural heritage is an important resource for the tourism industry - involvement of local people is important to the quality of the tourism experience. 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.
15. Entrepreneurial activity is often limited to local elites with privileged access to source markets in the metropolitan centres or to the owners of hotels and local agencies. Hoteliers and tour operators need to be proactive in encouraging 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 spend in the local economy.
16. Locally owned small enterprise development is an important mechanism for diversifying the local economy. Farmers may grow new crops in order to supply the local hotels or lodges and restaurants, diversifying existing business activity. New businesses may be developed to provide additional tourism products and services as the numbers of tourists increase. Assistance with marketing, training, product and service development and micro credit would facilitate this diversification. Partnerships and joint ventures with existing tourism entrepreneurs and companies can minimise and spread risk and can also provide access to capital and expertise.

Q How can developing country governments and donors identify projects and destinations where local economic benefits are likely to be maximised through market access, local linkages, taxation and employment?

Q How can best practice in local integrated tourism development be identified and then shared?

Sharing Local Economic Benefits

17. Equity and benefit distribution issues are central to the poverty elimination agenda. Local development requires that the benefits of tourism be distributed beyond the local or national elites and those who find employment in their hotels and agencies. Local ownership is important, but so is the distribution of that ownership. Inward migration and outsider purchasing of land reduce the local benefit from tourism development; and food and land price inflation can jeopardise the livelihoods of local communities. Methods of minimising these potentially adverse consequences of tourism development need to be considered.
18. Where there is communal land ownership, there is scope for leasehold and rental agreements with hotels that provide local communities with a percentage of profit or turnover. These earnings can be used for community projects such as wells or schools, or distributed to households. Some tour operators support the concept of rural development funds financed from tourism revenue, but mechanisms need to be found to realise this support for integrated rural development. Bed-night levies or access charges can be used to fund local development or to produce household income. Transparency and good government in decision-making about community projects and the distribution of household income is essential to the successful implementation of these strategies.

Enhancing Local Participation in Tourism Planning and Management

19. 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. Mechanisms which give communities land tenure or tourism rights (a form of ownership) can enable them to secure a community income for the development of community assets or for household distribution. The effective taxing of tourism enterprises ensures that the industry makes a contribution to community services. Governments and the tourism industry should consider how local communities could be given “ownership” of a proportion of access fees.
20. Appropriate planning structures would 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 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 the environmental, social and cultural integrity of destinations maintained.

Q How can local communities be empowered to participate in the management of destination areas?

Q How can the international tourism industry, NGOs and governments assist in programmes to enhance local participation in the industry?

Developing Partnerships

21. Benefits will only be achieved through partnerships at the destination level. Hotels and tour operators need to work with local communities and local government to develop forms of tourism which bring sustainable 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 pounds stay in the local community where they can make significant contributions to the elimination of poverty.

22. At an international level, the British government could:

- assist in the development of local public/private partnerships in appropriate developing country destinations
- 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
- support public education programmes which encourage ethical trade and ethical consumption in tourism
- build the political will to meet development targets through people's experience of tourism
- encourage intra-governmental initiatives to use tourism for local economic development 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.

Q What role can UK tour operators and NGO's play in developing these partnerships?

Conclusion

23. Tourism development has often 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. 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. There needs to be a shift from top-down to bottom-up approaches to tourism development.

24. In the tourist originating countries of the North, positive endorsement of the Manila Declaration (WTO, Philippines, May 1997) and its aspirations for a new form of tourism and an international code of tourism ethics would have value in setting a new agenda for action. International agencies should assist in the development of those forms of tourism, tailored to particular destinations, which are integrated into the local economy, where

tourism can complement existing livelihood strategies and where the distribution of benefits will contribute to the elimination of poverty. The particular characteristics of the destination will determine its market niche and its contribution to the world's diversity. The conservation and maintenance of natural and cultural diversity is a key element in this approach.

25. 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. 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 but by their effect on local sustainable development. 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.