

Tourism and Poverty Alleviation

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Trends in Tourism

Total international tourist arrivals have grown from a mere 25 million in 1950 to nearly 700 million in 2003. This represents an average annual growth rate close to 7% over this period. The receipts generated by these arrivals have reached over 500 billion US dollars in 2003, with an average annual growth rate even higher than that of arrivals.

Short-term data available for the first part of 2004, and reported in the last WTO World Tourism Barometer, confirm the upward trend already visible at the end of 2003. With the relaxing of the major geopolitical tensions and in spite of uncertainty constant all over the world, signs indicate that travel confidence is improving significantly. The positive economic performance and prospects in the major tourism generating markets indicate that conditions are met for demand to be back on the growth track.

Europe is the first region in the world in terms both of international tourist arrivals (57.8% in 2003) and international tourism receipts (54.8 %) (*Source: WTO barometer, Volume 2, No. 2, June 2004*). Europe is also the continent most aware about sustainability questions and has the economic and technical ability to develop sustainable practices in tourism. This represents a challenge and a responsibility for the region, since tourism policies and strategies developed here are likely to be emulated in other regions.

Similarly, Europe is the first generating market in the world (57.6% in terms of ITA). This takes a particular importance at destinations in less developed countries, especially in Africa and Asia, where Europeans often represent a strong proportion of international tourists (52% in Central Africa, 48% in South Asia, 41% in West Africa and 37% in East Africa). In Latin America, they represent the second source of tourists (23% in South America and 21% in the Caribbean).

Example: in some LDCs dependent on tourism, European tourists represented in 2002:

- The Gambia (95% of ITA at frontiers)
- Cape Verde (84%)
- Maldives (77%)
- Senegal (76%)
- Madagascar (70%)
- Angola (57.6%)
- Nepal (39%)
- Dominican Republic (37%)

(source: Tourism Market Trends, WTO 2003)

The forecasting study conducted by the World Tourism Organization to examine how tourism, and particularly tourism demand, is likely to evolve in the next twenty years provides a valuable framework to the discussion about sustainability in tourism. The results indicate that international tourist arrivals can increase at an annual average rate of around 4 per cent, to reach nearly 1.5 billion by the year 2020.

Relevance of sustainability in tourism

The impacts that these hundreds of millions of tourists moving around the globe may cause upon the natural environment and upon the social and cultural fabrics of host communities need to be anticipated, carefully studied, prevented to the extent possible and continuously monitored, if tourism is to effectively contribute to sustainable development. This needs to be clearly understood because there are complex and close relationships between tourism and the natural and cultural environments.

The concept of sustainable development refers to achieving the right balance between social, economic and environmental goals. The overarching goal in the social field is **poverty eradication** to strive for halving the proportion of people whose income is less than one dollar a day. The overarching goal in the economic field is **changing unsustainable patterns of consumption and production**, while in the environmental field, the overarching goal is **sustainable management of natural resources for development**.

This is well reflected in the new definition of sustainable development of tourism that WTO has prepared and proposed to its Committee on Sustainable Development of Tourism:

Sustainable tourism development guidelines and management practices are applicable to ***all forms of tourism in all types of destinations***, including mass tourism and the various niche tourism segments.

Sustainability principles refer to the **environmental, economic and socio-cultural** aspects of tourism development, and a **suitable balance must be established** between these three dimensions to guarantee its long-term sustainability.

Thus, sustainable tourism should:

- 1) **Make optimal use of environmental resources** that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural resources and biodiversity.
- 2) **Respect the socio-cultural authenticity of host communities**, conserve their built and living cultural assets, and contribute to inter-cultural understanding and tolerance.
- 3) **Ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders** that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

Sustainable tourism development requires the **informed participation of all relevant stakeholders, as well as strong political leadership** to ensure wide participation and consensus building. Achieving sustainable tourism is a **continuous process** and it requires **constant monitoring of impacts**, introducing the necessary preventive and/or corrective measures whenever necessary.

Sustainable tourism should also maintain a **high level of tourist satisfaction** and ensure a meaningful experience to the tourists, raising their awareness about sustainability issues.

In the three dimensions of sustainable development, tourism can make a substantive contribution, provided adequate attention is given to it by governments, at the national and local levels, by the private sector, the local communities as main actors, and the international and bilateral development agencies.

Why is tourism important for poverty alleviation?

Looking at the location of poverty in the world, and then at tourism flows, two key points emerge.

First, tourism often plays a major part in the economy of poor countries. In 2001, international tourism receipts accruing to developing countries amounted to US\$ 142,306 million. Tourism is the principal export in a third of all developing countries and, amongst the 49 Least Developed Countries (LDCs), it is the primary source of foreign exchange earnings. In some countries it plays a major part in their sustainable development strategy. For example, it was tourism that enabled Botswana to cease to be an LDC back in 1994.

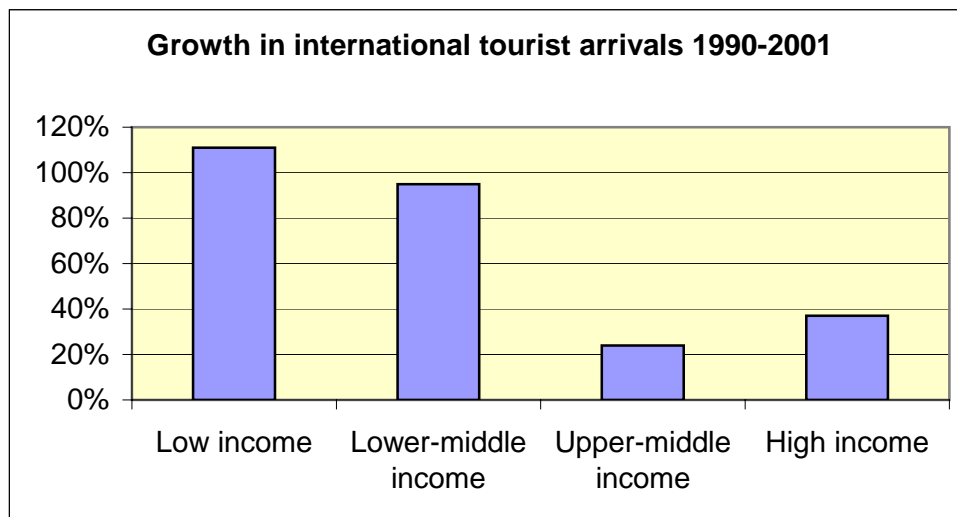
International tourism receipts, \$millions

	1990	2001	% change 1990-2001
Low income countries	10,970	16,709	52.3
Lower middle income countries	22,403	71,418	218.8
Upper middle income countries	21,710	54,168	149.5
High income countries	212,121	319,585	50.7
World Total	265,316	457,890	72.6

World Tourism Organization; World Development Report 2003 (World Bank)

Even in Europe, rural tourism is often considered as a strong tool to improve the living standards in the countryside, which results in a diminution of the drift from the land, allowing a better geographical distribution of inhabitants and of wealth in each country.

Secondly, tourism is growing much faster in developing countries than in developed countries. The graph below (also in the leaflet distributed) shows the relative growth in recent years between low- and high-income countries in terms of international tourist arrivals (ITA).



World Tourism Organization; World Development Report 2003 (World Bank)

Other reasons serve to explain why tourism is particularly well placed to meet the needs of the poor. These include:

- The fact that tourism is one of the few industries in which many developing countries, or developing regions within countries, actually have a comparative advantage over developed countries in terms of cultural heritage, natural wildlife, climate, etc.
- The attractiveness for tourism of some remote rural areas – which is particularly important, since three quarters of people in extreme poverty live in rural areas.
- The opportunity to support traditional activities such as agriculture and handicrafts through tourism.
- The fact that tourism is a labour intensive industry, which can provide jobs for women and young people.
- It is also an industry where entry barriers to establishing new small businesses can be quite low.
- And leaving aside economics, it can bring non-material benefits such as pride in local culture and a valorisation of the surrounding natural environment in the eyes of local communities.
- Having revisited the advantages of tourism and having looked at the international policy context, we have identified a set of overarching principles that should be borne in mind when seeking to address poverty through tourism. These are:
 - **Mainstreaming:** Ensuring that sustainable tourism development is included in general poverty elimination programmes. And, conversely, including poverty elimination measures within overall strategies for the sustainable development of tourism.
 - **Partnership:** Developing partnerships between public and private sector bodies, with a common aim of poverty alleviation.
 - **Integration:** Adopting an integrated approach with other sectors and avoiding over-dependence on tourism.
 - **Equitable distribution:** Ensuring that tourism development strategies focus on achieving a more equitable distribution of wealth and services – tourist arrivals growth alone is not enough.
 - **Acting locally:** Focusing action at a local destination level, within the context of supportive national policies.
 - **Retention:** Reducing leakages from the local economy and building linkages within it, focussing on the very long tourism supply chain.
 - **Viability:** Maintaining sound financial discipline and assessing the viability of all actions taken.
 - **Empowerment:** Creating conditions to empower and enable the poor to have access to information and to influence and take decisions.
 - **Human rights:** Removing all forms of discrimination against people working, or seeking to work, in tourism and eliminating any exploitation, particularly against women and children.

- **Commitment:** Planning action and the application of resources for the long term.
- **Monitoring:** Developing simple indicators and systems to measure the impact of tourism on poverty.
- In analysing a wide number of case studies in different developing countries, WTO has identified seven different ways of addressing poverty through tourism and these can be applied in almost every country, provided a number of issues are suitably addressed.

The 7 approaches for poverty reduction through tourism

The first way is simply through **the employment of the poor in tourism enterprises**. This can occur in small as well as large enterprises and in rural and urban areas. A problem can be actually identifying the poor, but policies that encourage the employment of local people are more likely to open up opportunities for the poor. The advantage of addressing poverty through existing tourism enterprises is that it enables the poor to benefit from the entrepreneurial skills and market access of others, and can potentially reach quite large numbers of people. Many issues need to be addressed in order to secure potential advantages for the poor through tourism employment, such as:

- Having proper contracts and fair pay conditions
- Providing part time work, enabling poor people also to attend to other commitments, and also helping in this way to reach more people.
- Addressing the question of how and where job opportunities are promoted.
- Looking at seasonality issues and the need to provide more year round opportunities.
- The choice of location of new developments – making it accessible to poor communities who could supply a pool of labour.
- The second way is through **the supply of goods and services to tourism enterprises by the poor**. This can happen at various points in the tourism supply chain, including the choice of products featured by tour operators as well as goods and services provided to hotels, such as food, handicrafts, building services at the construction stage, and so on. The advantage in the supply-chain approach is that this can make use of existing skills in poor communities. The two main issues to address are:
 - How to encourage and help enterprises to identify new sources of supply.
 - Working with poor communities to enable them to provide an assurance of quality and reliability.
- A practical approach is to take small steps, making a few carefully selected linkages, where success seems most likely, and then building on this.
- The third way is through **direct sales of goods and services to visitors by the poor**. This is about the informal economy, and includes stalls selling food and handicrafts, portering, some forms of transport, and informal accommodation. The informal sector is very important in many developing countries and this can be one of the most direct ways of getting visitor spending into the hands of the poor. However it is characterised by chaotic trading conditions and over-supply. Issues here include:
 - providing some order and quality control, which may include licensing,
 - giving some reassurance to visitors as potential purchasers. However, it is important still to maintain the ease of access to such trading by poor people which is the main advantage of the informal economy

Fourthly, is through supporting the **establishment of tourism enterprises by the poor**. These may be micro, small and medium sized enterprises (MSMEs), or community based enterprises. Compared with working in the informal economy, this is about helping poor communities develop something for the longer term, and about placing power and control in their hands.

The challenges are many, including:

- access to capital and therefore to loans,
- acquisition of skills, confidence and motivation,
- property rights and legal recognition, and especially

- securing access to tourism markets.

The fifth way in which tourism can address poverty is through a **tax or levy on tourism income or profits, with proceeds benefiting poverty reduction programmes**. This has the advantage of enabling resources to be channelled to the most needy people and communities without requiring their involvement in tourism activity either directly or indirectly. The approach can be at a national level, or at a local level. There are a number of examples showing how this can work quite well at a local level – such as negotiating concessions with tourism enterprises involving a proportion of income per bed night being given to the local community. However, approaches involving taxes and charges have to be treated with caution in order not to deter investment and income flows in the long term.

The sixth way has some similarities with the previous one but here we are talking about **voluntary giving by tourism enterprises and tourists**. This may include payments into general charities and programmes, such as HIV/AIDS programmes, by tourists and tour operators, or more specific support for projects in destinations visited. Many tourism enterprises are engaged in supporting social programmes in their neighbouring communities. Funds from tourists may be collected in the country of origin or in the destination, through voluntary supplements or invitations to donate. Although these approaches can generate worthwhile resources that can be directed to needy causes, it is important to be sensitive in promoting this type of activity and to avoid token gestures.

Example: In a number of developed countries, especially in Europe, there are movements amongst both tour operators and tourists which seek to promote and support the wellbeing of host communities in developing countries: examples are 'Tourisme Solidaire' in France and "Solidea" in Italy.

Finally, poor communities can benefit from **investment in infrastructure stimulated by tourism**. This is about the provision of roads, energy supplies, sanitation, clean water and telecommunications, on the back of tourism investment. Many rural families do not have access to adequate sanitation, safe drinking water, health services and school places. Their villages are often isolated, lacking road, electricity or telephone connections. Careful planning in such situations is clearly very important and local communities should be involved from an early stage.

WTO has also identified a certain number of common themes that keep recurring across all these methods. These include:

- Understanding the nature of poverty in an area and how engagement in tourism will complement and support other livelihood options.
- The whole issue of capacity building
- Trying to introduce simple processes of quality control
- Raising consumer awareness – providing visitors with better information to direct their purchasing.
- Creative, realistic and viable product development and marketing, and
- Adopting an integrated approach to planning and management at a local destination level.

It is also important to provide a framework for action by the different stakeholders, and I will refer to them in the remaining of this presentation.

International Development Agencies should pay more attention to supporting tourism as a form of sustainable development. They have considerable influence and can require that specific measures be in place to address poverty. There is greater scope for them to work together and with WTO and they should look to support capacity building and marketing rather than just capital programmes.

National governments should pay more attention to tourism in their poverty reduction strategies and in trade negotiations, where they should ensure that sustainability and poverty issues are considered alongside export promotion. Governments are often in a position to influence the location and nature of new tourism development and should seek to benefit poor communities in so doing. Other relevant instruments include legislation affecting employment and credit. Governments can also support capacity building, appropriate marketing and undertake monitoring of the impact of tourism on poverty.

Intra-regional bodies can play an important role in supporting the development and marketing of appropriate tourism in developing countries, which may lack the scale or resources to make an impact on their own. They could encourage a joint approach to poverty issues across the region, including the sharing of good practice.

NGOs have a particularly valuable role to play in networking and forging relevant linkages, in representing and championing the poor, in capacity building and in identifying social programmes that can be supported through tourism income.

Destination management organisations, which may be local authorities, private public partnerships or possibly protected area bodies, have a critical role to play in issues such as developing local supply chains and improving the relationship between the informal economy and visitors. They are also very important in supporting appropriate product development and marketing.

Tourism enterprises, including international tour operators, incoming operators and tourism service providers, must be central to any strategy to tackle poverty through tourism. They should include concern for poverty as part of their commitment to corporate social responsibility. This should be reflected in employment policies, supply chain management and support for local communities. They also have a critical role to play in providing relevant information to their guests.

Looking back over these six types of organisation, it is very important that they should not feel that they have to take action in isolation. Joint action is needed. One suggestion is the establishment of joint committees for tourism and poverty at a destination level, which seek to engage all stakeholders.

ST-EP

In this context, at the World Summit on Sustainable Development (WSSD) in 2002, WTO took a global lead in the field of poverty reduction through tourism, launching the concept of "Sustainable Tourism as an effective tool for Eliminating Poverty" (ST-EP), and began the process of putting in place an *ad hoc* programme. This initiative links the longstanding WTO pursuit of Sustainable Tourism with the United Nations leadership on Poverty Alleviation that was the focus of the WSSD in Johannesburg and the Millennium Development Goals. ST-EP may be seen as a response by the global tourism industry under the leadership of WTO to the United Nations goal to halve extreme poverty by 2015.

ST-EP does not mean a new form of tourism. It is not a new kind of tourism product. It is an approach to tourism development and management, in which all efforts are made for ensuring that tourism makes an effective contribution to reduce poverty.

After 18 months of consultations and lobbying with various possible partners for the ST-EP initiative, WTO is pleased to announce that ST-EP can start operations next year. The Korean government has committed US\$ 5 million over the next 4 years to ST-EP, plus covering all the administrative costs of a ST-EP Foundation in Seoul. We understand that the Italian, the French and the German governments are also considering matching that amount, and the Dutch Cooperation Agency is already contributing in kind; the WTO Executive Council has agreed that the Organization makes a cash contribution too. WTO is currently fielding exploratory missions to a number of countries in order to identify ST-EP projects, so that when the Foundation and the funds are in place, a project portfolio for immediate action will be ready.

Through the development agencies of its different countries, Europe has the economic power and the moral obligation to help the poorest countries. Thus, I would like to seize the opportunity of today's Euromeeting to call all European countries, regions and cities to consider tourism as a major tool to assist poor countries, regions and cities in the development of their tourism sector with the view of reducing poverty.

I encourage all of them to join the WTO-ST-EP initiative and contribute actively in reaching the UN Millennium Development Goals.

Thank

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