

Pro-Poor Tourism: Harnessing the World's Largest Industry for the World's Poor

Dilys Roe *IIED, UK* and Penny Urquhart *Khanya, South Africa*

Tourism is one of the world's largest industries, generating an estimated 11% of global Gross Domestic Product (GDP), employing 200 million people and transporting nearly 700 million international travellers per year – a figure that is expected to double by 2020. Developing countries currently have only a minority share of the international tourism market (approximately 30%) but this is growing. International tourism arrivals in developing countries have grown by an average of 9.5% per year since 1990, compared to 4.6% worldwide. The tourism industry makes important contributions to the economies of developing countries, particularly to foreign exchange earnings, employment, and GDP.

Tourism is clearly of great significance to developing countries. But is it important in those countries with the highest proportion of poor people? The small island economies which are most dependent on tourism tend to be middle income and contain few of the world's poor. Nevertheless, analysis of tourism data shows that in most countries with high levels of poverty, tourism is significant or growing. Tourism is therefore a fact of life for many of the world's poor.

A reduction in world poverty is an internationally agreed priority and targets have been set to halve poverty by the year 2015. Achieving poverty reduction requires actions on a variety of complementary fronts and scales, but a prerequisite of significant progress is **pro-poor growth** – growth which benefits the poor. As an industry that is clearly important in many poor countries, can tourism be one source of such growth?

Can tourism benefit the poor?

Sceptics argue that because tourism is often driven by foreign, private sector interests, it has limited potential to contribute much to poverty elimination in developing countries. It is noted for high

levels of revenue 'leakage', and of the revenue that is retained in the destination country, much is captured by rich or middle-income groups – not the poor. Tourism is also a volatile industry, being extremely susceptible to events which are difficult to control – political unrest, exchange rate fluctuations, natural disasters. The recent foot and mouth outbreak in the UK is an obvious example of the speed and severity with which a national tourism industry can be affected by events outside its control. In poor countries, tourism can have a particular effect on the poor themselves, causing displacement, increased local costs, loss of access to resources and social and cultural disruption.

However, many of the supposed disadvantages of tourism are in fact common to many types of economic development in a globalising world while many of the advantages appear to have greater pro-poor potential:

- It is a diverse industry. This increases the scope for wide participation, including the participation of the informal sector
- The customer comes to the product, providing considerable opportunities for linkages (e.g. souvenir selling)

KEY CHALLENGES:

- The potential for tourism to deliver pro-poor growth in the least developed countries offers significant benefits to the world's poorest people
- International tourism often falls between departments dealing with development, trade, environment and other issues – greater co-ordination should be attempted, in order to maximise the potential to support sustainable, pro-poor tourism (PPT)
- The private sector, community organisations in destination countries, international NGOs and governments should all be involved in efforts to develop PPT
- The Johannesburg Summit offers an opportunity to highlight the potential for tourism to make a real difference, to draw attention to existing examples of PPT, and to pressure the industry, consumers and governments to do more in future

- Tourism is highly dependent upon natural capital (e.g. wildlife, scenery) and culture. These are assets that some of the poor have, even if they have no financial resources
- Tourism can be more labour intensive than manufacturing (though less labour intensive than agriculture)
- Compared to other modern sectors, a higher proportion of tourism benefits (jobs, petty trade opportunities) go to women

Given that tourism is already a fact of life for many of the world's poor, whether or not it is more or less pro-poor than other sectors is perhaps irrelevant. The challenge is to enhance the many positive impacts it can have and reduce the costs it can place on the poor.

Pro-poor tourism and sustainability

The World Tourism Organisation defined sustainable tourism as early as 1988 as "leading to the management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems". However to date, much of this debate has focussed around environmental sustainability or enhancing community involvement in tourism. While many initiatives incorporate pro-poor elements, this approach to 'sustainable tourism' fails to take into account the links between poverty, environment and development. In a world of growing inequality, there can be no doubt that attacking poverty is a critical component of sustainable development. Significantly though, the 1999 meeting of the UN Commission on Sustainable Development urged governments to: "maximise the potential of tourism for eradicating poverty by developing appropriate strategies in co-operation with all major groups, indigenous and local communities." **Pro-poor tourism** attempts to do this, putting poor people and poverty at the centre of the sustainability debate.

Pro-poor tourism (PPT) is defined as **tourism that generates net benefits for the poor**. Benefits may be economic, but they may also be social, environmental or cultural. Pro-poor tourism is not a specific product or sector of tourism, but an approach to the industry. Strategies for making tourism pro-poor focus specifically on *unlocking opportunities* for the poor within tourism, rather than expanding the overall size of the sector. Three core activities are needed: increasing access of the poor to economic benefits (by expanding business and employment opportunities for the poor, providing training so they are in a position to take up these opportunities and spreading income beyond individual earners to the wider community); addressing the negative social and environmental impacts often associated with tourism (such as lost access to land, coastal areas and other resources and social disruption or exploitation); and policy/process reform (by creating a

policy and planning framework that removes some of the barriers to the poor, by promoting participation of the poor in planning an decision-making processes surrounding tourism, and by encouraging partnerships between the private sector and poor people in developing new tourism products.

How can pro-poor tourism be supported?

Government, the private sector, non-governmental organisations, community organisations and the poor themselves all have critical and very different roles to play in PPT. The private sector can be directly involved in pro-poor partnerships. At a minimum, private operators should participate in product and market development to ensure commercial realism. There is much that only governments can do, so a leading role for government in PPT is a great advantage. At a minimum, there needs to be a policy environment that facilitates PPT. The poor themselves are critical to PPT, but they often also need to be organised at the community level in order to engage effectively in tourism. It is often invaluable to have a fourth party to catalyse and support PPT efforts of others – this is often, though not always, a role for a non-governmental organisation. Donors, through their role in supporting tourism plans, and the 'sustainable tourism' agenda, can also promote PPT.

Early experience shows that PPT strategies do appear able to 'tilt' the industry, at the margin, to expand opportunities for the poor and have potentially wide application across the industry. Poverty reduction through PPT can therefore be significant at a local or district level. National impacts would require a shift across the sector, and will vary with location and the relative size of tourism. This would be a challenge indeed, but surely a challenge worth rising to? ●