

The tourism industry has established itself as one of the world's major industries, one that offers significant opportunities for employment creation, local economic development and integration in to the international market. Millions of poor people live in places that are also tourism destinations. But many tourism companies claim that poverty reduction is not their business. This brief explains why poverty does matter to tourism businesses and describes what companies – both in the originating and destination countries – can do to contribute to the global effort on poverty reduction.

This policy briefing paper is based on the report *Pro-Poor Tourism Strategies: Making Tourism Work for the Poor* by Caroline Ashley, Dilys Roe and Harold Goodwin (April 2001). Findings are based on six case studies of pro-poor tourism initiatives in South Africa, Namibia, Uganda, Nepal, St Lucia, and Ecuador. Examples of initiatives in other destinations are particularly welcomed.

Reports, case studies, a policy brief and further details are on:

www.propoortourism.org.uk

We welcome further contributions of experience in pro poor tourism.



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Why Should Poverty Matter to Tourism Companies?

Tourism business and poverty reduction may seem worlds apart. But, corporate responsibility aside, four facts deserve consideration:

1. Tourism, more than most industries, depends on a stable operating environment within a destination.
2. Tourism is particularly vulnerable to local or international instability.
3. Tourism to poor destinations is growing.
4. Market trends reveal growing consumer awareness of socio-economic issues.

Poor People and Tourism

Millions of poor people live in and around tourism destinations. Some – the ones you hear about in crime statistics or see in pictures of riots – resent tourism for taking their land or resources. Many others – workers and entrepreneurs – earn a living from it. And yet more would like to be involved. The poor identify many aspects of their lives, beyond jobs and income, to which tourism businesses can make a difference. Some of these are not often recognised by outsiders.

Table 1: Some well-known destinations in poor countries

| Country ¹ | Population below US\$2/US\$1 per day ² | Key destinations marketed | Market segment |
|----------------------|---|---|---|
| India | 86/44 | Goa, Kerala, Rajasthan | Mass market: winter sun Niche: wildlife, culture, adventure |
| The Gambia | 84/54 | The Gambia | Mass market: winter sun |
| Nepal | 83/38 | Kathmandu, Himalayas | Niche: trekking, climbing, culture |
| Kenya | 62/27 | Mombassa/Malindi, Masai Mara and other national parks | Mass market: winter sun and wildlife Niche: wildlife |
| Indonesia | 55/8 | Borneo, Bali | Mass market: winter sun, culture Niche: wildlife, culture |
| Egypt | 52.7/3.1 | Cairo, Luxor, Hurgada, Sharm el Sheik, Nile | Mass market: winter sun, culture, diving, cruises |
| Sri Lanka | 45/7 | Sri Lanka (often combined with Maldives) | Niche: winter sun, diving |
| South Africa | 36/12 | Cape Town, Durban, Kruger National Park | Mass market: city tourism, cruises Niche: wildlife, wine tours |
| Mexico | 35/12 | Cancun, Mexico City, Cozumel | Mass market: summer/winter sun Niche: culture, diving |
| Jamaica | 25/3 | Jamaica/Caribbean | Mass market: summer/winter sun |
| Brazil | 25/9 | Rio and Bahia | Mass market: beach tourism and culture |
| Costa Rica | 23/7 | Costa Rica | Niche: ecotourism |
| Dominican Republic | 16/3 | Dominican Republic/Caribbean | Mass market: summer/winter sun |

Tourism Companies and Poverty

Some tourism companies are already involved in initiatives with poor communities – but while this is progressive it is also piecemeal. There are a plethora of sustainable tourism and responsible tourism initiatives, but most have made much more progress on environmental issues than socio-economic ones. Some in the industry like to think that poverty is simply not their field and not their problem – but this position becomes less tenable, particularly in the light of recent terrorist attacks and the likely links between terrorism and poverty. And then there are many more who would perhaps like to make more positive contributions, but don't have the skills, time or insights as to how.

This paper is written for tourism businesses (in both originating and destination countries), and aims to relay some of the views of the poor, and the experience of innovative "pro-poor" business practices. Its purpose is to demonstrate how much more can be done by business to harness tourism for poverty reduction.

"The business case for poverty reduction is straightforward. **Business cannot succeed in societies that fail.**" (World Business Council for Sustainable Development 2001)

Why Does Poverty Matter to Tourism Companies?

Many tourism companies claim that poverty reduction is not their business, but there are four key reasons – two risks and two opportunities – why tourism companies should be concerned:

1. **RISK:** In those places where the poor feel that they are not benefiting sufficiently or fairly from tourism, conflicts and violence can arise. Simply moving on to a new destination may be an option for originating market tour operators who sell fairly standard products around the world. But hoteliers and destination-based tour operators are not so 'footloose.' Neither are those European based operators who specialise in particular destinations. 'All-inclusive' tourism resorts have been developed in part to ensure that tourists do not encounter poverty and its consequences. However, beyond the enclave, tourism is dependent upon the tolerance of local communities. Furthermore, tourism is a service and entertainment industry. Well-motivated local staff, who feel their community is deriving benefits from tourism, are likely to provide a better service for clients, as are local guides who are able to provide valuable insights into the area. **Enlightened self-interest requires that tourism companies consider the dynamics of the relationships between the industry and the local community in the destinations.**
2. **RISK:** Tourism is particularly vulnerable to local or international instability. Tourists have been specifically targeted in Kashmir, the Philippines and Egypt by groups alienated for a range of reasons including poverty. The attack on New York on September 11th has had a particular impact on the tourism industry, and this must only reinforce the importance of addressing poverty since many believe that poverty fuels terrorism.³ One of the messages that emerged from the World Economic Forum in February 2002 was that government leaders need to act to pre-empt the potential wrath of the poorest countries, and that **chief executive officers need to spend some time and money on being good corporate citizens.**⁴
3. **OPPORTUNITY:** Although poor countries currently have only a minority share of the international tourism market (approximately 30 per cent) their share is growing. International tourism arrivals in developing countries have grown by an average of 9.5 per cent per year since 1990, compared to 4.6 per cent worldwide. **Of the top 40 tourism destinations in 1998 11 are poor countries.**⁵ Conversely, of the poorest 100 countries, well over half have a tourism industry that is growing and/or significant (for example, see Table 1). In terms of just UK arrivals, destinations such as Mexico and the Dominican Republic roughly match UK arrivals to Malta (at nearly 50,000 per year), while India, Egypt, Jamaica and The Gambia receive roughly half as many as the Turkish South Aegean.
4. **OPPORTUNITY:** While destination, activity, availability and price are the major determinants of holiday choice, commercial market research suggests that tourists are attaching increasing importance to ethics and the corporate social responsibility of holiday companies.⁶ Furthermore, more and more tourists are rejecting all-inclusive resorts in favour of experiencing local culture – the Thomson Holidaymaker Report and a recent Mintel Survey both found that mainstream tourists want more active and participatory holidays. Beyond individual morals, there is growing recognition that businesses should not only have responsibility towards their shareholders but also to wider society. We do not assert that holidaymakers choose primarily on the basis of a company's commitment to ethical or socio-economic policies. Other things being equal, **holidaymakers prefer to travel with companies that make corporate social responsibility commitments.** Despite its scale, the travel and tourism industry has not been in the forefront of developments in corporate social responsibility, although recent initiatives by the UK Association of Independent Tour Operators and UNEP's Tour Operators Initiative are indicative of change.

How Does Tourism Matter to the Poor?

Poor people identify many ways in which tourism can boost, or disrupt their livelihoods. **Employment and business opportunities** are of course a priority. Those with a secure job can lift a whole household out of poverty. So operators committed to training and employing local people can make a big difference. Many more people also participate in tourism through small enterprises including selling drinks, food and crafts; supplying cultural services – such as dancing displays or traditional villages; or supplying inputs to the accommodation facilities such as locally produced food, thatch and so on. Incomes from these enterprises may be small but can be a critical buffer.

Wilderness Safaris South Africa, which operates lodges in partnership with local communities, has a local employment policy that means that all staff except management are recruited from the local area. The company also has a training programme that enables local people to advance in the company. As well as benefiting the local community, Wilderness Safaris benefits from low staff turnover (most local staff remain in their jobs until they are forced to leave).

But it is striking that poor people also prioritise many other aspects of tourism. Particularly:

In Ecuador, Tropic Ecological Adventures raised funds from clients to buy a radio for one remote community, which is a huge leap for them in terms of communications – especially in emergencies. Tropic also allows community members to use communication facilities at its head office and provides transport in emergencies. One of the major benefits, identified by the poor, of their involvement with Tropic, was that it brings them greater contact with the outside world.

Infrastructure. The poor invariably lack access to core assets and services – water, health facilities, communications – and are often hampered by poor roads. When communities can share in the benefits of road improvement, water and sewage systems, or health facilities that are developed for tourists, impacts can be substantial and shared by many people.

Security. It is not only tourists who are troubled by crime and insecurity. Physical violence is also a major concern of the poor, particularly women. Measures to boost security can make an area safer for all, particularly if measures are designed collaboratively, with such a goal in mind.

Improved communication. Many of the poor are cut off from power, influence, and information. Even if the economic benefits of tourism are tiny, the poor attach value to their dialogue with a tourism operator because it provides information, new perspectives, and contact with wider markets.

Imholz Reisen, part of ITV (in turn part of TUI), operates in its Egyptian programme a 'Tourism for Development' programme whereby \$1 per person per night in Egypt goes to a specially established fund, administered free of charge by an international accounting firm, which is used to fund projects aimed at poverty elimination. The company's activities reflect the view that it is only through the well being of the local community that the long term viability of the destination will be assured. Explore Worldwide also supports a number of projects around the world such as the development of new schools, a system to support SOS villages for orphaned children, and the collection of tourists' left over currency.

Income for the community. There are many ways that community associations earn money from tourism. Some earn substantial lease fees or profit shares from a tourism partnership on their land. Others get donations from visiting tourists. While funds may sometimes be misused, there are also cases where they are invested in local needs – such as a well or a school. As community bodies have very few, if any, alternative sources of funds, tourism income is what makes such investment possible.

Participation, optimism and local change. The struggle to make ends meet is easier to cope with if there is, at least, positive change afoot. Optimism and pride are noted benefits where local residents participate in tourism planning, traditional cultures are revitalised, or tourism is planned as an element of wider economic development.

Of course poor people also bear the costs of tourism. In too many places they poor have lost access to land, forest, water, or marine resources to tourism development. Access to fish or forest is often a staple part of a family's livelihood, not the optional extra that it is to most in originating countries. Minimising these negative impacts can be even more important than trying to stimulate new benefits for the poor.

What Can Tourism Companies Do?

Many progressive tourism companies are already working towards more sustainable or responsible forms of tourism, and taking commercial advantage from this. In the UK for example, the Association of Independent Tour Operators and Responsible Travel.com both offer a wide range of responsible tourism products, many of which are pro-poor. Pro-poor tourism is not a specific product or form of tourism but an approach that requires tourism managers to be aware of the ways that their activities can affect the poor and to identify, and capitalise on, opportunities for the involvement of the poor⁷, building on what already exists for a positive impact on the bottom line. This might include:

At Kololi Beach in The Gambia local fishermen provide a tourist attraction as they continue their traditional activity, involving willing tourists in pulling in the nets as they go!

- **Balancing the environmental focus of sustainable/responsible tourism with attention to socio-economic issues.** Within the tourism sector, there are many codes, guidelines and initiatives for sustainability. But most focus on environmental issues, with sometimes a concern for local culture or employment mentioned towards the end. It is time to move socio-economic issues up the priority list, include the wider range of issues prioritised by the poor (consultation, infrastructure, etc.), and develop the implementation and monitoring tools that now exist for green improvements. Furthermore, when issues of water, waste and energy are tackled, the aim should not only be to maximise efficiency and conservation per se, but to also reduce consumption practices that particularly affect poor resource users too.

- **Developing complementary products** with local people to make destinations more attractive to tourists, extend the length of stay and provide employment and other income benefits to the poor whose way of life constitutes an important part of the holiday experience.
- **Sourcing supplies locally** – another area that can bring benefits to both sides, but often involves some transaction costs to establish the contacts, trust, business skills among suppliers, and reliability of supply. Local help may be at hand in the form of NGOs, community associations or even other businesses.

Lianshulu Lodge in Namibia helped a neighbouring community establish a traditional village for tourists. Lianshulu directs clients to this village as part of their stay at the Lodge. In Chiclayo in Peru a local hotelier invites in crafts people to demonstrate their crafts in the hotel lobby and to sell directly to guests.

Tiger Tops Mountain Travel, a British owned company, actively purchases local produce at its lodge near Pokhara in Nepal. This lodge was opened in October 1998 and received the 1999 PATA Heritage & Culture Gold Award. Starwood Hotels & Resorts maximises the use of local African produce through interaction with local farmers.

- **Looking beyond the money**, to how infrastructure, security measures, and decision-making can be shared. Such measures can involve some time and effort, but be rewarding to the enterprise, as well as the poor.

In South Africa, in response to a series of violent car-jackings, including one company vehicle, Wilderness Safaris set up a community security team which looked after the community area and proclaimed area around its lodge. The project has been a great success since the team backs up lodge and guest security while protecting the community as well.

- At the destination level, just **getting dialogue going** between operators and poor people is a great start. Internationally, tour operators already provide overseas staff and suppliers with guidance on meeting Health and Safety standards and addressing environmental concerns. This could be expanded to **include pro-poor issues** – for example training on what can be done to work with the poor, and targets that can be set, such as X% of jobs to be filled by local people within Y km over Z years. Just stating that poverty issues are a concern, and a matter for ongoing dialogue and improvement, is a great start.

British Airways Holidays conducts Life Cycle Assessments in its most important destinations in cooperation with local stakeholders. Similarly, the Scandinavian Leisure Group (part of British-owned MyTravel) has established an auditing system in its tourism destinations, and has used this to open up a constructive dialogue with local stakeholders and the Tour Operators Initiative is also developing a destination dialogue process. All of these processes could be applied in developing countries and could be extended to ensure the poorest groups are represented and that their concerns are addressed

ACTION POINTS

Tourism companies along the supply chain – from mass tour operators in originating countries to lodge developers in remote locations – can act on some or all of the following points.

In the tourist originating country, tourism companies can:

1. Provide tourists with information on the importance of pro-poor tourism and highlight local enterprises and attractions that they can support
2. Provide tourists with information on the local culture and traditions, appropriate forms of dress and behaviour
3. Request local representatives to keep up to date with, and support, local initiatives. Include pro poor issues in staff training, particularly for overseas representatives
4. Provide a facility for tourists to donate to community projects
5. Market those packages that do exist with a strong community/pro-poor element
6. Provide commercial advice to NGO/Government sustainable tourism initiatives
7. Encourage supply chain partners to recruit and train local employees
8. Encourage supply chain partners to source goods and services locally wherever possible
9. Build socio-economic considerations into existing checks and balances – e.g. health and safety procedures
10. Negotiate fair contracts with local suppliers including risk sharing

In the destination country, companies can:

1. Actively pursue a local employment policy
2. Provide a training programme to enable local people to take up management positions
3. Source goods and services locally wherever possible. Explain what is needed to potential suppliers
4. Help local people to market small tourism enterprises by directing tourists to local attractions or including visits in the tourist itinerary
5. Provide business advice to local people wishing to establish complementary enterprises
6. Develop joint ventures and other types of partnerships with local people
7. Engage in dialogue with local stakeholders to develop a shared vision of tourism in the local area
8. Ensure local people still have access to valuable resources such as inshore fisheries, firewood and water, and are not harmed by sewage and waste disposal
9. Provide advice to tourists on local cultures and traditions encouraging them to dress and behave appropriately and to support traditional crafts and culture
10. When developing lodges and so on, allow local people to share infrastructure (access roads, piped water, electricity) developed for tourists
11. Allow local people to access healthcare, communications and other services that are provided for tourists
12. Encourage tourists to donate to community projects – schools, clinics and so on

Please do not hesitate to contact us for further information, help and advice.

¹ Countries are not ranked on the basis on numbers of arrivals or tourism receipts since these fluctuate year by year (in particular a boom in 2000 was followed by a crash in 2001). However all the countries are noted as significant destinations in either the WTO 2001 Highlights report or in the AC Neilson statistics of key destinations compiled for the UK Industry.

² US\$1 per day is the internationally recognised poverty line. 20% of the world's population (1.2 billion people) live below it. Nearly 50% live below US\$2 per day. Source: World Bank 2001 *World Development Indicators*

³ *International Herald Tribune* at <http://www.globalpolicy.org/wtc/terrorism/2012iht.htm>; *World Bank president says poverty, terror fight linked* http://www.boston.com/dailynews/052/economy/World_Bank_president_says_pove:.shtml

⁴ *U.N.'s Kofi Annan Says Business Has Crucial Role in Eliminating Poverty* <http://www.bsr.org/BSRMagazine/News/news.cfm?DocumentID=702>

⁵ WTO (1999) *Tourism Highlights*

⁶ See Tearfund (2000) *Tourism – an Ethical Issue* and Tearfund (2002) *Worlds Apart*

⁷ This paper attempts to increase that awareness; further papers will be forthcoming including some that address beach tourism. Additional help and advice can also be provided on request.