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Introduction

In 2008, 924 million tourists travelled abroad. That is a lot of people – amounting to over 100,000 people every hour. Three-quarters of these journeys started in a high or upper-middle income country. Remarkably 40 per cent of these journeys ended in a developing country destination. International tourists are significantly better than development agencies at spending money in poor countries. In 2007 tourists spent US$295 billion in developing countries – almost three times the level of official development assistance. It is for this reason that tourism has been described as the world's largest voluntary transfer of resources from rich people to poor people. Understanding the impact on poor countries of this huge inflow of well-heeled humanity has fascinated researchers since mainstream tourism started in the 1970s.

Despite the voluminous research outputs of economists, anthropologists, sociologists, geographers and a range of development practitioners, there is little understanding and no consensus on what impact tourism has had on poverty in the developing world.

The aims of this book are to gather together what is already known about the poverty-reducing impacts of tourism across a range of developing countries to answer three questions:

1 What are the pathways by which tourism affects the poor?
2 What is the evidence of the effects of each of these pathways?
3 How can these pathways be measured?

The goal of this book is both practical and urgent – to understand whether a private sector service activity, like tourism, can reduce poverty in developing countries. The lessons emerging from this review are intended to be useful and relevant. We hope this book is used by researchers and students, but also by development practitioners, public policy makers, civil society organizations and those living around and working in the tourist industry.

Our focus is on the economic effects of tourism on destinations. A broad range of economic effects are examined: direct and indirect; financial and non-financial; static and dynamic. While recognizing that the non-economic impacts of tourism can be important to those living in destinations, the rationale for this focus on economic effects is threefold.

First, there already exists a huge amount of literature focusing on the anthropological, social and environmental impacts of tourism. Research examining the economic effects of tourism on poor people is more limited and, hence, is in greater needs.

Second, the economics literature examining the link between tourism and poverty – such that exists – is a broad church. Findings are scattered across a range of approaches using different research methods and scales of analysis that are developing in splendid, and almost total, isolation from each other. The content and bibliographies of studies on tourism and poverty raise the question of whether many researchers are even aware of the existence of relevant work on the same issue emanating from different stables.

This book has discovered pockets of excellent and relevant scholarship, existing across a broad range of approaches, but with precious little effort to build bridges between these islands of expertise. We face the paradox that the increasing variety provided by greater research specialization has sometimes allowed us to become more, not less, parochial. As with popular music, greater variety has not always delivered greater choice. This book is about synthesis – not just because we all benefit from sharing ideas but because, in doing so, we test and sharpen our own thoughts. 'Talking Timbukto' is not a magical album just because the late Ali Farka Toure and Ry Cooder are superb individual musicians; it is because they blended Malian and American blues to create something truly special. This book represents an attempt figuratively to climb a tree to get a broader view of the research landscape and bring these disparate threads of research together.

Third, focusing on the economic effects of tourism on the poor goes to the heart of what is currently the most critical challenge facing development. The first Millennium Development Goal (MDG) – halving the 1995 rate of US$1-a-day poverty by 2015 – is a promise made at the dawn of the new millennium by global leadership. Partly influenced by the impact on poverty of buoyant growth in Asia and partly by the failure of many social welfare-orientated development programmes to reduce poverty, the focus on how to achieve the first MDG is narrowing. Stimulating an inclusive pattern of dynamic economic growth in developing countries, especially in Africa, is increasingly identified as the central challenge to successfully meeting the MDG targets.

Because relevant academic literature in this field is not abundant – and often not particularly policy relevant or empirically based – a book restricting itself to this type of research would be frustratingly short and inconclusive. To avoid this, we have drawn heavily on the so-called 'grey' literature. This is because much of the most relevant research, which has been written for policy makers by practitioners with an interest in poverty impacts, has not been through a formal peer review process. The reader must be as vigilant as the authors in recognizing that we are often dealing with a literature of variable quality, and so have a responsibility to retain a healthy scepticism about claims made without an adequate foundation.

This book focuses on Africa because this continent presents people working in development – and poor people themselves – with the most intractable contemporary development challenge. However, we include work from Asia and Latin America. This partly reflects the global shortage of sound analysis available, so putting up geographic barriers to the use of the limited supply of good work around makes little sense. Also, as illustrated later in this book, whilst tourism has shown impressive rates of growth in parts of Africa, the density of poverty-reducing local linkages is variable. Other places, particularly some parts of Asia, show a different pattern with much stronger links between tourism and poor people in the destination economy. In this sense, limiting our study to Africa simply illustrates the problem – to demonstrate solutions we need to look more broadly.

In the same way that there are different types of poverty, there are also different types of tourism. In this book we have tried to explicitly distinguish between different segments of the tourism market – where material allows. In parts of Africa, mainstream beach tourism and business tourism are more important than the traditional preoccupation with low volume wildlife-related tourism. The rationale for seeking a rich mix of tourism forms is that different types of tourism can have different impacts on the poor – and these differences are important for policy makers. However, the extent to which the existing literature differentiates by segments of the tourist market is generally disappointing.

Statements about the impact of tourism on the poor should also be qualified in terms of which of the resource 'poor' are affected. The literature is often not very rigorous in applying terms like 'poor' people, 'local' people, 'unskilled' and 'semi-skilled' labour. Local area studies usually implicitly focus on poor households within a destination, and not on poor households elsewhere. The distinction between effects of tourism on poor households within, and outside, tourist destinations often explains why studies at contrasting spatial scales of analysis have different conclusions about the effect of tourism on the poor – they look at different groups of people. In this book we highlight distinctions such as these, where answers to questions about how tourism affects poverty may reflect the research methods used as much as the performance of this sector of the economy.

This book is split into three sections. The first section provides an introduction to the issues covered. In the second section, evidence from the literature about the different pathways leading from tourism to the poor is reviewed. In the third section a critical assessment of the rich variety of tools that researchers have used to measure the effects of tourism on poverty is outlined.

Current debates, policy questions and the lack of data

There are diverse views on the effects of tourism on developing country destinations and the populations within them.

At the multilateral level, the United Nations World Tourism Organization (UNWTO) (previously the World Tourism Organization or WTO) is a sector advocacy organization that has been a firm proponent of tourism's contribution to poverty reduction (WTO, 2001, 2002a). Since 2002 it has specifically recommended the adoption of pro-poor approaches (WTO, 2002b, 2004). The UNWTO New Year message for 2007 stated that this year:

> *…should be a year to consolidate tourism as a key agent in the fight against poverty and a primary tool for sustainable development (UNWTO, 2007).*

Many national governments in developing countries have recent and explicit policy statements asserting a role for tourism in strategies for the reduction of poverty. About 80 per cent of African Poverty Reduction Strategy Papers include a reference to encouraging tourism (Gerosa, 2003). Although tourism advocates often leap on this as evidence that African governments understand the potentially positive role of tourism, the priority afforded to tourism in important policy documents is very much less than more traditional preoccupations with agriculture, rural development and infrastructure.

At a local level many local governments, non-governmental organizations (NGOs) and civil society organizations embrace tourism as a tool to facilitate local economic development. However, the empirical basis for making policy choices or recommendations often appears thin, as Box 1.1 illustrates.

There are others who see the pro-poor potential of tourism as over-stated. Tourism is criticized by some as having high 'leakages', benefiting only a skilled labour 'aristocracy' and representing an unacceptable juxtaposition between the luxury enjoyed by the tourist and the poor living conditions for people situated around the destinations (see Table 1.1). Many Western tourism researchers have highlighted the negative cultural and social effects of tourism on poor local communities and frequently question the supposed economic benefits of trade in tourism services (Diamond, 1977; Broham, 1996; Clancy, 2001; Scheyvens, 2002; Jules, 2005; Slob and Wilde-Ramsing, 2006; UNEP, 2007).

A serious problem confronting organizations that are either euphoric or despondent about the destination effects of tourism is the often worryingly weak empirical basis for their assertions. Strong views seem to be strongly held, often without the burden of credible evidence. Even where data are cited, the analysis is often unable to withstand rigorous scrutiny. Examples of this are the oft-repeated figures about the level of leakages of tourist revenue, dissected further in Chapter 5.

Developing country governments and donors alike are preoccupied with the imperative to allocate scarce investment funds wisely to make optimal use of national assets and maximize sustainable poverty reduction and shared economic growth. Policy makers need information about the extent to which investment in tourism will facilitate meeting their poverty reduction objectives. They need to know how an expansion of tourism demand can affect poverty

Box 1.1 *Support for pro-poor tourism strategies but not measuring impacts*

Harold Goodwin (2006a) observes:

> *In the last ten years, despite the increasing focus on tourism and poverty reduction, there have been very few reported interventions where any attempt has been made to measure beneficiary impact. With major programmes of intervention underway through SNV and ST-EP there is a pressing need to begin to measure and report impacts.*

Sadly, this assertion from one of the leading thinkers in pro-poor tourism (PPT) has much to support it.

The WTO launched its publication *Tourism and Poverty Alleviation* in Johannesburg in 2002 (WTO, 2002b); published recommendations for action on tourism and poverty alleviation in 2004 (WTO, 2004); and has launched a Foundation: Sustainable Tourism – Eliminating Poverty (ST-EP) that is now developing pilot projects in many developing countries. All this is based on the assumption that tourism can be an effective tool for poverty reduction. The WTO called for broad and specific indicators of poverty alleviation resulting from tourism, saying that 'such reporting may be a condition of any assistance given' (WTO, 2004). However, to date, WTO and ST-EP are not generating the empirical evidence that would either provide the information for their partners to overhaul tourism policy in a pro-poor way, or would substantiate the benefits of specific interventions.

The bulk of the pro-poor tourism literature has not been aimed at measuring impact but on assessing what strategies can help expand impacts on the poor. While there have been practical reasons to focus on promoting interventions, the lack of quantification of impact is indeed recognized as a weakness in the pro-poor tourism literature by its proponents (Saville, 2001; Poultney and Spenceley, 2001; Nicanor, 2001; Bah and Goodwin, 2003; PPT Partnership, 2004; McNab, 2005; Ashley et al, 2005; Goodwin, 2006a) as well as its detractors (Chok and Macbeth, 2007).

Tourism advisers from the Netherlands Development Organization, SNV, have just completed an assessment of government strategies for increasing local economic impacts of tourism in Rwanda, Kenya, Ethiopia, Tanzania and Mozambique. Not only the assessments, but the policy document and strategies they review, are strikingly devoid of empirical evidence concerning impacts of tourism on poor people, bar some headline employment figures, a couple of pieces of data from village projects and the occasional statistic from a World Bank report (Verdugo, 2007; Weru, 2007; Mtui, 2007; Sarmento, 2007). Policy recommendations have fragile empirical foundations.

Table 1.1 *Examples of claims made by tourism researchers and practitioners*

Negative claims	*Positive claims*
Up to 85% of the supposed benefits of tourism 'leak' out of developing countries (cited in Bolwell and Weinz, 2008), due to the power of international tour operators (Broham, 1996), foreign ownership, and high import propensity of tourism (Jules, 2005)	Services generally, and tourism in particular, are among the most viable growth paths for developing countries due to relatively low entry barriers and buoyant growth (Benavides and Perez-Ducy, 2001)
Tourism employment is seasonal, low-paying and exploitative (Clancy, 2001; Slob and Wilde-Ramsing, 2006)	Although we need to be cautious of generalizations, 'tourism-led growth' is a reality and the sector often outpaces the manufacturing and agricultural sectors in its relative contribution to economic growth (Lejárraga and Walkenhorst, 2006)
Tourism employment is secured by those with skills, and is not accessible to the poor (Dwyer et al, 2000)	Compared with other sectors, a relatively high share of tourism employment is unskilled or semi-skilled and available to a wider cross-section of the labour market
Poor people are particularly vulnerable to the costs of tourism – wildlife damage to agriculture, opportunity costs of land, lost access to and depletion of natural resources	Tourism creates opportunities for peripherally located markets because the customer comes to the product (the tourist destination or excursion) and makes discretionary expenditure
Tourism expansion crowds out other domestic sectors, leading to de-industrialization and long-term reductions in welfare for the population (Dwyer et al, 2000; Chao et al, 2006)	Tourism has become one of the major sources of GDP growth in many of the Least Developed Countries and a key contributing factor for those that have graduated out of LDC status (Encontre, 2001)

compared, for instance, with another sector. The issue of how government policy can influence the poverty impacts of tourism is of particular concern.

Whilst this book cannot answer all these questions, it provides a start. The review outlines the conceptual links between tourism and poor people. It assembles evidence of the scale of these pathways and highlights some of the variables that appear to affect the strength of these relationships. It also helps in understanding where gaps exist and which gaps should be filled in order to be able to provide policy makers with the sound advice they currently lack.

Why focus on the tourism sector?

At first sight a focus on tourism from people driven by a desire to reduce world poverty seems incongruous. Can you really contribute to fighting poverty from a sun bed by the pool side? For poverty practitioners, tourism has three great attractions.

First, tourism is an important part of the economy in poor countries. Although aggregate tourism receipts[1] are concentrated in rich countries, like economic activity more generally, tourism is relatively more important in poorer counties than in rich countries (see Figure 1.1). Tourism is as significant as manufacturing, and much more important than mining, in the export basket of the Least Developed Countries (LDCs). The continent of Africa's share of global tourism (some 50.5 million arrivals in 2006 or 6 per cent of global arrivals of 851 million) is much larger than its average share of world trade. There are many poor countries, such as Ethiopia and The Gambia, which are small destinations in international terms, but for whom tourism makes an important contribution to the economy of 29.8 per cent and 33.1 per cent of total exports respectively (World Bank, 2009).

Secondly, long-term prospects for growth appear relatively robust, with developing countries capturing a growing share of the tourism market (Lejárraga and Walkenhorst, 2006). Trade in tourist services is the only economic sector where the South has consistently enjoyed a large trade surplus with the North.

The traditional panacea of export-led manufacturing as the answer for Africa still has its advocates (Teal, 2005). However, there is a growing recognition that the emergence of large, low income, predominantly Asian exporters of manufactured goods is fundamentally changing the world economy. Specifically, it is much less likely that Africans can productively engage with the world economy predominantly through the export of manufactured goods. This suggests that an economic transition from agriculture to service activities (such as tourism) – leapfrogging the manufacturing sector – may not be as fanciful as it would have sounded a few years ago.

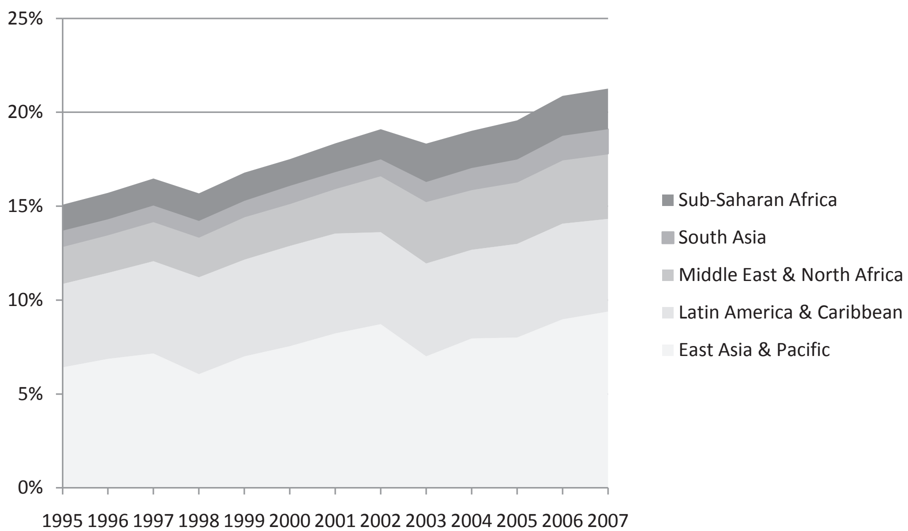

Figure 1.1 *International tourism receipts as a percentage of the world total, 1995–2007*

The third part of the case for poverty practitioners looking at tourism is the simplest. Under certain conditions, tourism can demonstrably benefit poor people. Furthermore, a number of strategies can boost these benefits to the poor, thus warranting policy attention so as not to fritter away this potential (DFID, 1999; Ashley et al, 2001; Ashley, 2006b; Mann, 2006).

Definitions

An important lesson emerging from this book is that definitions of basic terms vary. These differences have important impacts on the findings and impair meaningful comparisons. Researchers define terms differently, while economists and pro-poor tourism practitioners may use the same word with a quite different meaning. The analytical part of this exercise has been bedevilled by contrasting and often sloppy usage of terms found in the literature reviewed.

To illustrate the point, the contrasting definitions of 'tourism', 'pro-poor', and 'poor' are highlighted below. It is important to keep these definitional issues in mind when reviewing literature on the effects of tourism on poor people.

Tourism is defined as, 'the activities of people travelling to and staying in places outside their usual environment for no more than one year for leisure, business, and other purposes not related to an activity remunerated from the place visited' (World Bank, 2009, p393). While this definition of a 'tourist' is readily adopted by most, it is often quite tricky to apply in practice in a developing country. For instance, a lot of domestic tourism in developing countries – often very much under the radar of official statistics that will equate 'tourist' with 'foreigner' – is business tourism. A trader from a peripheral town who comes to the capital city to buy goods to take home to sell is a business tourist. However, if she sells any goods in the capital city, she is earning funds from the destination and becomes a migrant worker. The distinction is subtle and the implications of defining a person as a 'tourist' or a 'migrant' are important.

Defining the 'tourism sector' or 'tourism industry' itself, is also surprisingly difficult. This is partly because tourism is an economic activity which is a composite of services and goods surrounded by rather unclear boundaries – so it is inherently a slippery animal. Also 'tourism' is not a clearly identifiable sector of the economy in the 1993 international standard system of national accounts (SNA) – so official statistics about 'tourism' are contested. Activity in the sector is usually estimated simply by summing the economic sub-sectors of hotels, restaurants and transportation. But of course, many (although not all) tourists do rather more than eat, sleep and travel and this 'other' spending is not attributed to the tourist sector.

Recreation, culture, shopping and leisure are central to many tourism experiences. Sometimes spending on these 'non-tourist' activities is very significant and results in a lot of expenditure by tourists falling outside these tightly drawn International Standard Industrial Classification (ISIC) categories that constitute 'tourism' (see Box 1.2). Definitions of 'tourism' have, themselves, stimulated important debates within the literature reviewed.

Box 1.2 *The challenge of defining tourism: Narrow or broad, supply- or demand-led?*

The SNA is based on ISIC categories. This is a United Nations system for classifying economic data – by chopping the economy up into categories according to clear definitions. 'Tourism' is generally estimated by combining ISIC Division 55 (hotels and restaurants) with ISIC Divisions 60, 61, 62 and 63 (comprising land, water and air transport, and supporting transport activities respectively) (Slob and Wilde-Ramsing, 2006). Using this sector-based, supply-side definition, much tourist spending falls outside the official definition of 'tourism'.

To address this weakness, Tourism Satellite Accounts (TSAs) seek to define a larger and more realistic tourist sector by combining a demand-based definition (i.e. mainly what visitors spend their money on) with a supply-focused definition (keeping sectors as the basis for assessment).

Tourism demand is estimated mainly as resulting from tourist expenditure but also other elements of demand such as capital formation (WTO, 2000). This demand is then related to different sectors of the economy, to identify industries that are 'tourism characteristic' (industries that would cease without tourist consumption) and 'tourism connected' (industries where tourists consume significant quantities of the output) (Medlik, 2003, p96).These in turn are used to assess the size of a broadly defined tourism economy. Two different terms are important:

1 Gross domestic product (GDP) of tourism industries is the total value added by all 'tourism characteristic' industries, including the share of their output that is sold to non-tourists. This supply-based definition is useful for maintaining compatibility with SNA and for comparison with other sectors.
2 Tourism GDP is the value added specifically due to tourism expenditure across all economic sectors, whether they are 'tourism characteristic' or not. This demand-based definition is a more accurate reflection of activity caused by tourists.

Another important distinction, emphasized by the World Travel and Tourism Council (WTTC) (WTTC and OE, 2006) is between the 'travel and tourism industry' and the 'travel and tourism economy'. Estimates of the size of the travel and tourism industry are derived only from tourism consumption. Estimates of the size of the larger travel and tourism economy derive from 'total tourism demand' which – in addition to tourism consumption – also includes government spending, capital formation, and travel and tourism non-visitor exports. This calculation includes indirect value added from sectors that supply the tourism sector.

The emergence of TSAs is largely a counter-reaction to the tight definitions of the official tourism sector. Input-output tables are used to build up a broader view of the tourist economy by measuring the scale of inter-sector linkages between narrowly defined 'tourism' and the rest of the economy. The results generated by applying these tools suggest that definitional issues are not just the territory of pedants. Often the 'true' size of the tourism economy is found to be at least twice as large as that reflected in the official estimates derived from the accommodation, restaurant and travel sectors in the national accounts.

It may seem self-evident that policy questions about how tourism contributes to poverty reduction are about achieving pro-poor growth from tourism. However, this stimulates definitional debates because 'pro-poor growth' is itself a contested term.

There is an undemanding definition of pro-poor growth (growth where any positive benefit at all that trickles down to the poor is regarded as 'pro-poor'). By this definition almost all economic growth is pro-poor – even if the main beneficiaries of growth are the non-poor and growth is associated with rising inequality. At the other end of the spectrum is a restrictive definition of 'pro-poor' growth (that growth is only pro-poor if it reduces inequality) under which most commercial growth – certainly in tourism – would be excluded (see Box 1.3). Neither is it particularly helpful in guiding policy approaches towards tourism.

Whilst the idea of finding a pattern of growth which is redistributive is obviously appealing to many development specialists, the restrictive definition creates real difficulties in practical application. For instance, the most dramatic reduction in poverty ever experienced in world history (the graduation of about 800 million Chinese out of poverty during the decade after 1995) would not be defined as pro-poor growth because this rapid decline in poverty was associated with increasing inequality, albeit from very low levels. Also, during a period of negative growth, the restrictive definition would regard a period where the living standards of the poor were falling more slowly than the welfare of the rich as 'pro-poor'. Even though poverty is increasing, inequality is reducing – hardly a desirable outcome developmentally.

The pro-poor growth debates also include some interesting discussion in the middle ground (Grinspun, 2004; Osmani, 2005). Applying the concept of incremental benefits implies that pro-poor tourism is tourism that boosts the net benefits to the poor in comparison to what they would otherwise have been. This definition has conceptual problems but is more oriented to the policy priority to reduce poverty and tallies with common usage of the term 'pro-poor tourism'.

However, agonizing over subtle nuances in which definition of pro-poor tourism to adopt is not the best use of our time. Of concern to policy makers and practitioners in the field is not so much how to label their tourism, but how – and how much – to invest in developing tourism; the likely impact on poverty; and how to enhance the poverty reduction effect. This pragmatic approach represents an implicit acceptance of Osmani's relative definition (2005) – growth is pro-poor if it benefits the resource poor more than in the past.

Box 1.3 *Applying definitions of pro-poor growth to tourism*

The broad definition of pro-poor growth (summarized in Ravallion, 2004) labels growth as pro-poor so long as the poor benefit (i.e. absolute or relative poverty falls, even if inequality increases). Most episodes of growth would therefore fall under this so-called World Bank definition of pro-poor growth. Applied to the tourism sector this would require that net benefits to the poor are positive. In practice this would be difficult to assess, as positive flows tend to be financial and evident, while the negative effects of tourism are more often non-financial impacts on livelihoods (access to resources) or even more intangible assets such as culture. In terms of policy usage, this broad definition may lead a few to recognize the need to assess the negatives, but would probably lead many more to simply reassure themselves that tourism growth is inherently pro-poor.

The narrow definition of pro-poor growth (expounded by Kakwani and Pernia, 2000) requires that the poor benefit proportionately more than others, so that inequality is reduced along with poverty. In other words, tourism is only pro-poor if it reduces inequality as well as directing resources to poor people. Although the authors have found some examples of supply chains into the tourism value chain that may meet this restrictive definition of pro-poor tourism, they are few and far between. In fact, much developing country government public expenditure fails to be redistributive in this sense. Tourism is a private sector-driven activity and needs to generate returns to the owners of businesses in order to be sustainable. There can be few commercial activities that successfully meet this benchmark of pro-poor growth.

The policy implications of defining most tourism (indeed most private sector development) as anti-poor are questionable. This is a poor rationale for not developing the tourism industry if it can generate substantial net benefits for poor people that exceed their opportunity costs (what they would be doing if there was no tourism) – particularly if these net benefits can be increased via the type of deliberate interventions highlighted in this review. This thought is echoed in criticisms of both the narrow and wide definitions.

Osmani (2005, p1) argues that 'pro-poor growth demands a break with the past that makes growth more conducive to poverty reduction. . . from the point of view of the poor; there must be an improvement over business as usual'. So 'pro-poor' growth is simply growth that benefits the poor more than some previous benchmark. In practical terms, this moves us away from categorizing whether a growth experience is or is not pro-poor, and focuses minds on both enhancing poverty impacts and comparing whether a particular set of policies is likely to be more pro-poor than another. This emphasis on boosting net benefits is embraced by the definition of pro-poor tourism posted by the Pro-Poor Tourism Partnership (PPT Partnership), which first coined the phrase (PPT Partnership, no date). This need to shift emphasis from the conceptual to the practical is also recognized by Ravallion (2004, p1), who argues, 'the real issue is not whether growth is pro-poor but how pro-poor it is'.

Defining how tourism affects 'the poor' and 'poverty reduction' is futile without defining who the 'poor' are and what is meant by poverty reduction. And yet, in the wide-ranging tourism studies literature, this is generally attempted in only a rather crude way. Documents reviewed often do not address the issue directly and implicitly assume that, for instance, tourism growth inevitably benefits the poor – an echo of the undemanding definition of pro-poor growth. Alternatively, studies focus on specific groups of people who may act as proxies for the poor (for instance 'rural residents' or 'crafters'). This lack of careful definition is a weakness in the application of pro-poor tourism (Jamieson et al, 2004).

There are three key difficulties in seeking to apply the conventional international income poverty benchmark of extreme poverty (US$1 per person per day at 1995 purchasing power parity). The first is a practical one. Virtually no tourism studies apply this international ruler to measure the impact of the tourist sector. The second difficulty is that many developing countries apply national income poverty rates that are much lower than the international 'dollar a day' formulation. The third difficulty is that poverty itself is now widely regarded as a multi-dimensional phenomenon. The ability of the poor to influence decisions that affect their lives, vulnerability or resilience to shocks, access to services and assets, strength or disruption of social networks, are all important factors to take into account in assessing poverty.[2] Tourism may affect many of these aspects of well-being or livelihoods, without directly changing household income (Gujadhur, 2001; Saville, 2001; Bramman and Fundación Acción Amazonia, 2001; Ashley and Jones, 2001; Poultney and Spenceley, 2001).

To avoid falling at this definitional hurdle, we will retain an agnostic view on what is the correct poverty level to apply to tourism studies and, instead, highlight the poverty line selected (if any) by researchers in the studies reviewed. The focus is on financial flows, but highlighting also the other impacts that affect livelihoods and economic aspects of well-being.

In our own work we are increasingly using a dynamic and self-categorizing definition of 'poverty'. For instance, asking hotel managers what proportion of their staff are from a poor background, as a way of estimating the role of tourism in lifting hotel employees out of poverty over time.

Types of literature available

This book straddles an extremely diverse and fragmented research literature (Zhao and Ritchie, 2007). Researchers in a rich mix of institutions have been assessing issues relevant to tourism and poverty. Different approaches have been adopted by researchers seeking to answer somewhat different questions for a variety of institutional, professional and philosophical reasons. Most have addressed rather specific pieces of the tourism and poverty jig-saw and, in so doing, become so specialized that they have lost the ability to talk to others outside the confines of their own disciplinary silo. Few have seen the importance of harnessing the insights provided by a range of different approaches to answer the question 'how can tourism reduce poverty?' This book is a quite deliberate attempt to break out of this rut and assess the contribution of a range of approaches to our question.

Some analyses aim to measure the contribution of tourism to the wider economy. This has been a particular focus of TSAs, which aim to demonstrate the size (and, therefore, importance) of tourism. Other analyses explore the impacts of a specific tourist enterprise or intervention. For example, researchers working with community-based tourism, eco-tourism, or corporate social responsibility have documented the direct impacts of tourism at the enterprise or very local area level, tending to overlook the more indirect ways that tourism can affect poverty.

A sensible way of categorizing this diverse literature is to group it in terms of what the researchers themselves are trying to achieve. The four categories of research methods in Table 1.2 address four quite distinct questions:

1 What are the economic effects of tourism on the rest of the economy?
2 How big is tourism?
3 In what ways does tourism affect poor people?
4 How can tourism be grown?

Assessing the effects of tourism activities on the economy

This has mainly been the domain of quantitative academic economists working in universities. They have used a range of economic tools to assess the economic impact of tourism. The results of this kind of analysis are reported in the academic literature, but with limited evidence of engagement with policy makers. These approaches look beyond the bald arrival numbers and aggregate spend statistics, to model how tourism affects wider and longer-term prospects for economic growth. Some recent analyses have looked at the impact of tourism on specific groups and how policy variables influence the results of who benefits from tourism.

Table 1.2 *A categorization of the literature*

Primary objective of analysis	*Research methods used*
Assess the economic effects (direct, indirect, static and dynamic) of tourism activities on the (macro) economy	Regression analysis, Social Accounting Matrices, Computable Generalized Equilibrium models
Describe the size of the tourist sector	Tourism Satellite Accounts
Measure impacts of tourism on poor people or local economies at tourist destinations	Livelihoods analysis, enterprise analysis, local economic mapping and pro-poor value chain analysis
Develop and enhance the tourism sector, its growth and competitiveness	Tourism master plans and conventional value chain analysis

Exploring the macro-economic trends, econometric models and cross-country regression analysis have been used to look for correspondence between tourism growth and other economic change over time. For example, studies have assessed the correspondence between tourism growth and variables such as income levels, volatility of GDP growth and competitiveness of non-tourism exports, and have explored such relationships for specific countries or groups of countries such as small island states (Ghali, 1976; Brau et al, 2003; Oh, 2005; Brakke, 2005; Algieri, 2006).

Another approach has been to build economic models for a specific destination economy, to assess impacts of tourism demand on other sectors and economic variables. Such models vary from relatively simple Input–Output models (I–O models) to Social Accounting Matrices (SAMs) and, more recently, Computable General Equilibrium models (CGE models) (Lin and Sung, 1984; Kweka et al, 2003; Aylward and Lutz, 2003; Bigsten and Shimeles, 2004; Sinclair et al, 2004; Kweka, 2004; Sahli and Nowak, 2005; Blake et al, 2008).

I–O models examine the links between a unit increase in tourism demand and resulting increases in demand for other sectors, so have traditionally been used to calculate 'tourism multipliers'. These much-used (and often misused) ratios describe the way the effects of changes in tourism demand ripple through the rest of the economy. SAMs can add a distributional element to such models by adding consideration of benefits that accrue to different types of households. Both I–O models and SAMs look only at one-off or static effects of a change in tourism demand. In contrast, CGEs are dynamic and designed to model the way that economies actually respond to changes in demand through price changes that lead to further changes in demand (Dwyer et al, 2000). CGEs are also well-suited to model the impact of policy changes. Although few analyses have been carried out in developing countries, the Nottingham Business School has illustrated the future potential of these approaches.

Estimating the size of the tourism sector

TSAs are a very significant contemporary focus for tourism research[3] and focus upon estimating the size of the tourism sector. They draw on input–output tables, combined with surveys of tourism spending, to assess the volume of economic activity related to tourism spending. TSAs seek to capture all the direct and indirect activity attributable to tourism. As a result, this tends to generate a larger estimate of the contribution of tourism to the economy than the SNA. Applying the logic that 'bigger is better', TSA results are used by lobbyists (private sector or ministries of tourism) to make the case that tourism is a more important economic sector than commonly regarded and, thus, deserves more favourable treatment from public-sector decision makers.

While the onerous data requirements for TSA are a particular burden for developing countries, there are now well over a dozen developing countries with TSAs. They are supported both by the UNWTO (which represents member governments) and the WTTC (the industry body), with slightly different methodological emphases.

Notwithstanding their popularity amongst industry lobbyists, TSAs shed little light on how different components of the tourism sector contribute to its aggregate impact, how those impacts are distributed and how they can be increased.

The Namibian TSA, published by WTTC (WTTC, 2006) provides an example. The 60-page document provides a very clear message that tourism makes an important economic contribution to Namibia. Nearly 20 graphs and tables comparing Namibian results with others in sub-Saharan Africa are used to reinforce the message that investment should be encouraged and growth rates maintained. But the extensive data that goes into building the supply side and demand side aggregates are not disaggregated to illustrate how economic impact, or indirect to direct ratios, vary by type of tourist or type of tourism, nor how changes in the structure of tourism would deliver different aggregate results.

Measuring the impact of tourism on poor people or local economies in tourist destinations

The fields of anthropology, sociology, community development, community based conservation, micro enterprise and, more recently, pro-poor tourism, sustainable livelihoods and corporate social responsibility (CSR), have spawned a host of a studies that focus on the impacts of tourism on specific groups of poor people in local areas. They are usually conducted by NGOs, researchers, community organizations, conservation organizations, consultants, students, or – increasingly – private sector operators. The purpose is generally to understand how to enhance impacts on the lives of a specific target group and to assist in evaluating or designing interventions. Or they may aim to highlight negative impacts of tourism and advocate for alternative development paths.

Most attempts to actually measure the effects of tourism on poor people have been focused at the micro level – a single enterprise (a lodge, resort, or community business), or related enterprises within a single community. There are innumerable such micro-level case studies (for example, Elliot, 1998; Elliot and Mwangi, 1998; Gujadhur, 2001; Bramman and Fundación Acción Amazonia, 2001; Halstead, 2003; Murphy and Halstead, 2003; Mulonga and Murphy, 2003; Clauzel, 2005; McNab, 2005; Hainsworth, 2006). The enterprises studied are often those that are not mainstream tourism products but are pro-poor in some way. Methods vary but usually use a combination of sustainable livelihoods analysis (SLA) (Ashley, 2000), which includes non-financial impacts on how people live, and micro-economic analysis of enterprise operations (revenues, profits, wages and so on). These studies focus heavily on how to boost shares of direct benefits to the poor, usually with little consideration of the wider growth of tourism, or other types of economic impacts.

Some of the most useful findings in recent years come from pro-poor analyses that adopt a somewhat broader lens. First, there are some studies that have focused not just on one tourism enterprise, but that compare pro-poor impact data across a cluster of enterprises. For example, studies of African safari lodges by MAFISA, a Johannesburg-based research organization (Massyn and Koch, 2004a, 2004b), or Caribbean resorts by GTZ, the German international cooperation enterprise for sustainable development, help to illustrate how key structural or operational factors affect pro-poor flows (Lengefeld and Beyer, 2006).

Second, pro-poor assessment has recently moved to mapping the entire tourism economy or value chain (a value chain covers all elements of providing goods and services to tourists, from supply of inputs to final consumption of goods and services, and includes analysis of the support institutions and governance issues within which these stakeholders operate) (Ashley 2006a; Mitchell and Faal, 2007; Mitchell and Le Chi, 2007). This approach is no longer bound to one pre-defined community but can ask the question, which poor people are most affected by engagement in this tourism industry? The aim of this work is to provide pro-poor guidance into wider policy on development of the sector. Because it analyses participation of the poor in the overall value chain, the studies can integrate questions about the shares of benefits accruing to the poor with other questions about returns to other stakeholders, how the overall chain is developing, and where priority areas to focus pro-poor interventions are.

Developing and enhancing the tourism sector, its growth and competitiveness

Probably the best-resourced area of tourism research is work that is done for developing tourism master plans – or variants thereof. Such plans are generally funded by governments and donors and undertaken by specialized Western tourism consultancy practices.

Tourism plans usually aim to set policy and budget priorities for tourism infrastructure, marketing, investment incentives and other public sector interventions that affect overall growth of the sector (CHL Consulting, 2002; Crompton and Christie, 2003; Hashemite Kingdom of Jordan, 2004; Government of the Federal Republic of Nigeria et al, 2006; FIAS, 2006; Fries et al, 2006). To do this they draw on analyses of tourism demand (segments, trends, expenditure and sometimes very comprehensive tourist surveys), and of the strength and weaknesses of their current tourism supply. Perhaps surprisingly, they rarely draw on research that investigates the distributional impact of tourism development, nor of 'what if…?' modelling of economic impacts of alternative proposed policy options.

Other types of research that aim to inform tourism sector development include value chain analysis (VCA) focused on sector competitiveness (such as FIAS, 2006 on Mozambique) and trade studies, such as Diagnostic Trade Intervention Studies (DTIS) initiated by UN organizations (see Sharma, 2005 on Tanzania; Mitchell and Faal, 2007 on The Gambia; Mitchell, 2008 on Cape Verde). Such studies look at obstacles to enhanced competitiveness, and are also aiming to inform ongoing policy of the government, though are not necessarily pegged to a specific master plan and may be as much about broad services or investment policy as about tourism.

In conclusion

There are several different ways of measuring and modelling the effects of changes in tourism demand on the broader economy – all of which are partial. In this diversity of approaches each has a different scope that reflects the contrasting interests of the tourism researcher. At heart, the key issue that should influence the choice of approach is 'what is the question you wish to answer?'

If the question is how can we grow the tourist sector or impress on decision makers in Treasury the real scale of existing tourism activities, TSAs or tourism master plans have an important role.

Academic economic analysis on the effects on the broader economy of changes in tourism demand has injected much-needed rigour into the debate, in the sense of helping us understand some of the reasons why tourism has particular effects on the macro-economy. These approaches also tend to analyse linkages between the tourist and non-tourist economies more systematically than others. However, most of the analysis has a limited focus on the impact of tourism on the poor and is often rather isolated from policy.

By contrast, most of the pro-poor tourism literature is so heavily focused on benefit shares accruing to specific poor groups it almost appears as if researchers believe the key function of tourism is to benefit poor people. Much pro-poor tourism research has ignored the health of the mainstream tourism sector itself and can be parochial in the sense of focusing on a beneficiary community and missing important impacts (particularly indirect, induced and dynamic impacts) through which tourism activity can significantly affect large numbers of poor people.

Table 1.3 lists the main methods used in these bodies of research, and summarizes the main research foci of each. Note the rather narrow focus of input–output analysis, tourism satellite accounts, master plans, conventional VCA and sustainable livelihoods approaches. From this analysis, the computable generated equilibrium modelling (incorporating social accounting matrices) and destination-level local economic mapping appear to have the broadest coverage of these important issues.

Notes

1 International tourism receipts are defined as 'expenditure of international inbound visitors including their payments to national carriers for international transport. They should also include any other prepayments made for goods/services received in the destination country' (Medlik, 2003, p96).

Table 1.3 *An overview of the research approaches in the literature*

Research methods / *Research focus*	*I-O analysis*	*TSAs*	*Regression analysis*	*CGE (and SAM)*	*Micro enterprises/ livelihoods analysis*	*Local economic mapping (pro-poor value chain analysis)*	*Master planning*	*Conventional value chain analysis*
Size of tourism-related economy	★★★	★★★	★	★★		★	★	
Competitiveness of tourism sector			★	★		★	★★★	★★★
Impact of tourism on macro-economy	★★★	★★	★★★	★★★			★	
Impact of tourism on poor people			★	★/★★★	★★★	★★★	★	
Geographical scale	Regional/ National	National	National/ international	Regional/ National	Local	Destination	National	Tourist product
Policy relevance	★	★	★	★★★	★★★	★★★	★★★	
Extent of application	Widespread	Growing considerably	Widespread	Limited	Limited	Very limited	Everywhere	Very limited
Consideration of: • Non-financial issue • Direct effects • Secondary effects • Dynamic effects	 No ★ ★ No	 No ★ ★ No	 No ★ ★ Some	 No ★ ★ Some	 ★ ★ Some No	 Some ★ ★ Some	 Few ★ Some Few	 No ★ ★ No
Cost	Modest	High	Modest	Reasonable	Modest	Modest	High	Reasonable
Implemented by	Academics	Public bodies/ consultants	Academics	Academics	Researchers/ practitioners	Researchers	Consultants	Consultants/ academics

Blank indicates no relevance; ★ indicates some relevance; ★★ indicates high relevance; ★★★ indicates primary focus.

2 Reflected, for example, in the capability index and human poverty index of the United Nations Development Programme (UNDP). See UNDP, 1996; UNDP, 1997; McKinley, 2006.
3 TSAs have been, by a wide margin, the most important subject of articles to the journal *Tourism Economics* over the past decade. See Wanhill, 2007.