

CAN TOURISM HELP REDUCE POVERTY IN AFRICA?

Many African governments either do not take tourism seriously or fail to make the link between tourism and poverty reduction – or both. Tourism ministries focus on marketing and monitoring arrival numbers; other ministries undervalue an export that is not visible on the quayside and is often merged administratively with conservation. Both miss out on the potential to link national development strategies with tourism.

Some countries with very limited tourism potential have emphasised tourism in their Poverty Reduction Strategy Papers (PRSPs). Some with strong existing tourism virtually ignore the sector (Roe, 2004). Even where countries with an important tourism sector have recognised its pro-poor benefits in PRSPs (Malawi, Mozambique, Zambia), this support is often not reflected in sectoral policies and plans. Given strong donor influence on the agenda of the first round of PRSPs, though, this may simply reflect their ambivalence towards the sector. In short, consistent support for the sector does not exist.

Many development agencies have a relationship with tourism that is ambivalent at best and, at times, hostile. This has been attributed to the prevalence of generalisations such as, tourism is elitist, it provides mainly menial seasonal jobs and causes environmental and social degradation (Goodwin, H, 2005). Notable exceptions to this in the donor community are GTZ and the Dutch government that supports large numbers of SNV tourism projects. The Asian Development Bank – but not its African sister organisation – and European Commission are the main multilateral financiers of the sector. The UK Department for International Development (DFID) embraced the need for private sector export-led growth, and launched ‘pro-poor tourism’ internationally in 1999, but has subsequently shifted away from specific support to the sector.

An analysis of total bilateral and multilateral disbursements by the OECD DAC during 2003 and 2004 revealed total support for tourism at US\$153 million – an average annual figure of US\$77 million. This tourism spend represents about 0.1% of total net official aid flows, that amounted to US\$77 billion in 2003 (DAC, 2005). Interestingly, a number of the larger NGOs, philanthropic foundations and environmentalists, most prominently Conservation International and the World Wildlife Fund, have entered this ‘gap’ in support for tourism.

Tourism researchers have generally failed to position themselves in the void between the development industry – who often do not appreciate the poverty reducing impacts of tourism – and the mainstream tourism industry – which generally does not see reducing poverty as its priority or responsibility (Shepherd, A and Fritz, 2005). This has resulted in a lack of empirical analysis to inform policy decisions. Although there are large numbers of micro-level case studies, often from an anthropological, sociological or environmental perspective, and plentiful tables showing tourism receipts as a contribution to foreign exchange,

there is a dearth of reliable data focusing on the economic impact of tourism in developing country destinations (Sinclair, MT, 1998). Particularly scarce is data on the impact of tourism on poor people.

Instead, a surprising proportion of tourism studies literature catalogues the perils of the sector. The attack on mainstream international tourism was launched from the dependency perspective in the 1970s and 1980s and, more recently, from a somewhat reformulated ‘alternative’ or ‘sustainable’ tourism vantage point (Cornelissen, S, 2005). According to these critiques, international tourism in developing countries is almost inevitably exploitative of the environment, local economy, culture and people. In fact, tourism seems best avoided unless it is so small-scale, indigenously owned, environmentally sensitive and totally ‘authentic’ that it disappears from the mainstream view. Allowing our pro-poor focus to be deflected away from mainstream tourism operations – to the comfortable ghetto of small, niche operations – is a strategic mistake because it is mainstream tourism that

has the economic muscle to seriously tackle African poverty at scale.

However, there is a quiet, but significant, reappraisal of this standoff. The tourism industry, owing in part to demands from tourists for a more ethical approach, is beginning to change. In September 2005, the World Tourism Organization (UNWTO) received support from the UN, public, private and civil society decision-makers worldwide when tourism was identified as one of the most effective tools for sustainable growth in the world’s poorest

countries. The UNWTO Sustainable Tourism – Eliminating Poverty (ST-EP) Programme is another indication of growing commitment to enhance the development performance of tourism.

It is time for a re-examination of the evidence of the potential role for tourism as part of a broader pro-poor growth strategy in Africa.

The Case for Tourism as an Engine of Pro-Poor Growth in Africa

The case for tourism is based upon four propositions.

Proposition One: Tourism is significant for African economies

The dominance of high-income countries in international tourism is striking. Almost two-thirds of all international tourists in 2003 arrived in rich countries. Africa represents a drop in the ocean, with just over 4% of the total number. Before dismissing these figures as evidence of the irrelevance of tourism for Africa, consider the following.

First, Africa’s 4% of global international arrivals (and 3.7% of receipts) is a success given the marginalisation of Africa in the global economy – with less than 2% of global exports. The



Wildlife in Malawi. ‘As the rich world gets richer, the demand for travel to destinations in Africa is projected to increase’.

Table 1: Selected North African countries and international tourism (over 0.5m visitors p.a.)

Inward international tourism: For 2003	Tourist arrivals (000s)	Tourism receipts (US\$ M)	Tourism as % exports	Human Development Index (rank) ²
Egypt	5,746	4,704	23.4%	0.659 (119)
Tunisia	5,114	1,935	17.6%	0.753 (89)
Morocco	4 552	3,802	26.7%	0.631 (124)
Algeria	1,166	161	n/a	0.722 (103)
North African total	16,720	10,606	n/a	
South Africa	6,505	5,232	11.5%	0.658 (120)
Zimbabwe	2,068	44	n/a	0.505 (145)
Botswana	975	309 ¹	n/a	0.565 (131)
Kenya	927	611	17.1%	0.474 (154)
Mauritius	702	960	29.8%	0.791 (65)
Zambia	578	149	11.2%	0.394 (166)
Tanzania	552	441	28.1%	0.418 (164)
Sub-Saharan sub-total	19,438	11,844	11.7%	
Africa	36,158	22,450		

Source: World Bank World Development Indicators 2005. Notes: ¹ World Travel Organisation Statistics 2003, ² UNDP Human Development Report 2005. The Human Development Indicator (HDI) is a composite index comprising health, education and income variables. The HDI ranges from top ranked Norway at 0.963 to bottom-ranked Niger on 0.281 (177th ranked)

importance of domestic and regional tourism in parts of Africa reinforces the picture of African tourism success.

Second, Table 1 shows the contribution tourism is already making to the macro-economy of some destinations. International tourism is just as important to countries such as Mauritius, Tanzania, Morocco and Egypt as it is to countries on the periphery of Europe, such as Spain, Bulgaria and Greece (where international tourism receipts as a % of exports was 19.4%, 19.9% and 29.4% respectively in 2003). The difference is that African tourism is taking place in some of the least developed countries in the world.

Third, although some two-thirds of international tourism receipts in Africa are concentrated in four key countries – South Africa, Egypt, Morocco and Tunisia – tourism is important to a much broader range of African countries. Tourism constitutes more than 10% of total exports for more than half the African countries for which there are data (Roe, D; et al, 2004).

In the Gambia and Ethiopia, international arrivals only number some 200 and 400 tourists each day respectively – that is just five and ten coach loads of visitor daily. However, this trickle of visitors contributes 30.5% and 23.1% respectively to total exports for these two countries.

Tourism is, therefore, much more important across a broader range of African countries than is commonly recognised.

Proposition Two: Some of the benefits of tourism already reach the poor

It is quite clear that Africa is missing out on the spectacular and sustained income growth in Asia that almost halved world poverty between 1980 and 2000, and is on track to further halve 'headcount' global poverty to 10% by the Millennium Development Goal (MDG) target of 2015.

The consequence of African poverty remaining so persistently high is the 'Africanisation' of world poverty – by 2015 the UN projects on the basis of current trends that two-thirds of the world's poor will be Africans (UNDP Gapminder, www.gapminder.org).

Underlying all credible policy prescriptions to tackle African poverty is pro-poor growth – that is economic growth that benefits the poor at least as much as everyone else. The Africa Commission proposed a 2010 economic growth target of 7% and stressed the centrality of private sector enterprise and employment creation to the achievement of this target. This

approach also underlies the DFID White Paper on International Development (2006) – with a clear identification of the importance of outward orientated global processes to accelerate growth and poverty reduction in developing countries (Benn, H, 2006).

We have already established that tourism is an important sector in a broad range of African economies. As a private sector led, outward orientated industry, the question is whether tourism can contribute to Africa's urgent need for pro-poor growth. This should be examined at two levels. First, can international tourism benefit poor countries? Second, can international tourism benefit poor people in the developing world?

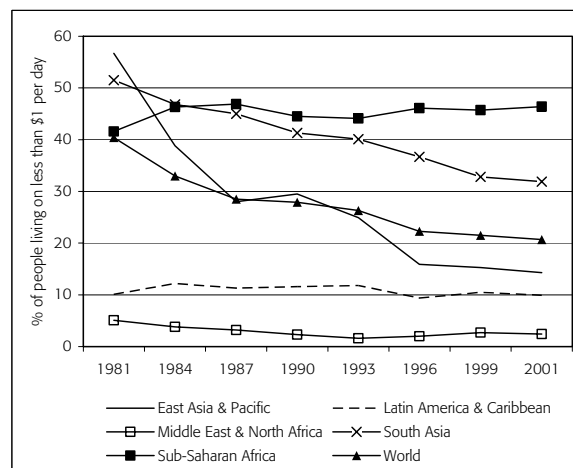
The extent to which the benefits of tourism remain in poor countries is disputed. In much of the developing world, amongst a wide range of stakeholders, tourism is generally regarded as a benign economic activity. On the other hand, the tourism studies literature tends to focus upon the 'leakage' of tourism benefits out of the local economy in the developing world due to large foreign tourist companies control of the sector, incentives

offered by host governments to the detriment of their tax base and the welfare of tourism workers (Brohan, J, 1998). A striking feature of these claims regarding the impact of international tourism on developing countries is the lack of sound empirical analysis to support them. Table 2, summarises the analyses based upon empirical data.

This evidence is not extensive, definitive nor comprehensive. For instance, tourism's impact on environmental and cultural factors is poorly covered by these economic studies. However, it confirms that poor countries can capture significant benefits from international tourism at the macro-level. Tourism expansion is associated with accelerated economic growth, job creation and welfare, improved exports and public finances. The depiction of international tourism as a neo-colonial activity with huge 'leakage' of the benefits from the host receives little empirical support in these analyses.

The second question, whether international tourism can benefit poor people in the developing world, is also difficult to address directly because the data is missing. However, it is known that the most important pro-poor impact of tourism results from the employment of local people in tourism establishments.

Figure 1: Regional Trends in World Poverty



Source: UNDP Human Development Report 2005

Note: Income poverty is measured in terms of US\$1 per day at 1995 Purchasing Power Parity (PPP)

Where	How	Findings
Mauritius, South Africa & Zimbabwe	Quantitative empirical desk-top analysis	Tourism is well-linked into the local economy and is overwhelmingly locally-owned, directed and controlled. Tourism has an industrial structure similar to non-tourism goods and services. It has low barriers to entry, is not import intensive and has a pro-poor impact. ¹
Egypt	Input-output model	Impact of international tourism on jobs and economic activity is much greater than suggested in national accounts – as this focuses only on the minority (i.e. 30-40%) of tourist expenditure that takes place in hotels and restaurants. Direct tourism jobs constitute 5.7% of national employment – and 12.6% if indirect and induced jobs are included. Tourism contributes over 10% to national GDP. ²
Tanzania	General Equilibrium Model	Tourism has a substantial positive impact on GDP, total welfare, exports and tax revenue. Urban areas will benefit more from tourism expansion than rural areas unless government invests in improving infrastructure – under this scenario the distributional impact of tourism expansion disproportionately benefits the rural areas.
14 'tourism countries'	Cross-country regression	The economic performance of the 'tourism countries' (i.e. the national economies most heavily dependent on tourism in the world) exceeded the total sample of 143 countries without a tourism specialisation in all categories (OECD, Oil exporters, developing countries, small countries) from 1980 to 1995. Tourism specialisation appears to be an independent determinant of dynamic growth – which cannot be explained by conventional theory regarding countries saving / investment propensities, openness to trade, or starting from a poorer base. ³
Indonesia	General equilibrium model	Examined the impact of globalisation (in the form of tariff reductions) as a stand-alone policy and in conjunction with tourism growth. Tourism growth amplifies the positive impacts of globalisation on production and welfare. Tourism receipts mitigate the adverse effects of globalisations – particularly the government deficit and trade balance. ⁴

Sources: 1. Page, S (1999) *Tourism and development: The evidence from Mauritius, South Africa and Zimbabwe* Internal ODI Working Paper, ODI, London, UK; 2. Tonamy, S and Swinscoe A (2000) *The Economic Impact of Tourism in Egypt* Working Paper No.40. 3. Brau, R; Lanza, A and Pigliaru, F (2003) *How Fast are the Tourism Countries Growing? The cross country evidence* Presented at the Tourism and Sustainable Economic Development Conference 19-20th September 2003, Sardinia, Italy; 4. Sugiyarto, G; Blake, A and Sinclair, MT (2002) *Economic Impact of Tourism and Globalisation in Indonesia* Christel DeHaan Tourism and Travel Research Institute, Nottingham University Business School, UK

The cross-country comparison data in Table 3 indicates that tourism is significantly more labour-intensive than other non-agricultural sectors. This supports the claim that tourism is an efficient generator of employment in developing countries.

As jobs in tourism tend to include a relatively high proportion of semi-skilled and female workers and encompass a range of enterprises from micro to the multi-national, there are fairly robust grounds for expecting tourism jobs to target the poor rather than the elite in developing countries.

Tourism is not a panacea for pro-poor development in Africa, nor is tourism equally appropriate for all countries. However, there is evidence that poor host countries can capture considerable macro-economic benefits from tourism, and reasonable

Employment: Output Ratio	Chile	Indonesia	Philippines	PNG	South Africa	Thailand	New Zealand
Tourism	0.93	0.74	0.97	0.93	0.84	0.93	1.15
Manufacturing	-	0.51	0.43	-	0.58	0.57	0.71
All non-agricultural	-	0.67	0.72	-	0.54	0.67	0.97
Agriculture	-	2.75	2.07	-	9.70	3.67	1.35
Average for whole economy	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Source: Bennet, O; Roe, D and Ashley, A (2000) *Sustainable Tourism and Poverty Elimination Study* Deloitte, London, UK. *Note:* A labour intensive sector such as agriculture contributes more to employment than to output – so has a ratio of >1.0, the lower the ratio the lower the labour intensity of the activity.

grounds for suggesting that economic benefits, particularly employment, reach the poor in Africa.

Proposition Three: The prospects for African tourism look good

There are several reasons to be cheerful about the prospects for African tourism. Not only do the tourism numbers themselves look good, but history and theory suggests things should get better.

Between 1980 and 2003, tourism as a percentage of total African exports grew from 2% to over 11%. This increase reflects, in part, the failure of African non-tourism exports to grow. Nevertheless, it represents an important transfer of resources from predominantly affluent source countries to Africa. International tourism receipts for Africa were US\$22.5bn in 2003, which compares favourably with other major international financial transfers to Africa such as official aid (US\$26.1bn in 2003 in World Bank, 2005, *ibid*) and workers remittances (US\$20.5bn estimated in 2005, World Bank, 2005).

Second, despite growth in global tourism receipts over the past decade of about 3% each year, tourism in Africa has increased its global market share of international arrivals – from 3.6% in 1995 to 4.1% in 2003. It is notable that Africa is increasing market share in a very competitive and sophisticated service sector in a highly deregulated environment.

Third, the relative value of Africa's global tourism assets is likely to increase because lower population densities compared with Asia and Latin America mean that demographic pressure on natural areas is lower than elsewhere. The rapid growth of tourism in Rwanda and Uganda reflects the draw of

experiencing wild gorillas in their natural habitat. Both states have a degree of political volatility and lawlessness that should preclude discretionary activities like top end niche eco-tourism. The existence of a thriving tourism sector – simply reflects the attractive force of the tourism product available in Africa.

Fourth, tourism to 'exotic' locations has a high income elasticity of demand. As the rich world gets richer, the demand for travel to destinations in Africa is projected to increase.

This analysis therefore suggests that tourism in Africa should continue to grow both absolutely and in terms of global market share.

Proposition Four: Interventions to increase the pro-poor impact of tourism in Africa are tried and tested and ready for replication

Evidence is emerging from the microeconomic level suggesting that there is a range of practical and tested steps that can be taken by tourist product owners and managers to strengthen linkages between different types of tourism operations and the local economy. These range from sophisticated

partnership arrangements, involving ownership of tourism facilities and land by local communities, to employment and small, medium and micro-enterprise (SMME) linkages between tourist products and local people (Ashley and Mitchell, 2006).

One of the most elaborate forms of pro-poor tourism is where poor local communities go into partnership with tourism developers up to, and including, the point of holding equity in the tourism asset. In Southern Africa, the confluence of two policy priorities, the devolution of land rights to poor rural communities and the commercialisation of aspects of state game reserves, has created opportunities for innovative partnership arrangements between communities and tourism operators.

Obviously, poor communities do not often own valuable real estate in areas of outstanding tourism value. However, there is a range of other potential linkages between tourism operations and the local community that can be strengthened, going beyond the normal employment of local unskilled people and purchasing of some basic supplies (Ashley, et al, 2005). On-the-ground experience has revealed a number of features of such initiatives.

First, an important part of most successful private sector/community partnerships is skilled facilitation to broker linkages that are financially and socially viable and sustainable.

Second, pro-poor tourism is not a zero sum game, with tourism companies and local communities competing over a fixed resource: both can benefit. Involvement of the local community often enhances the tourism brand and reaps rewards in greater customer satisfaction – a ‘win-win’ situation. This is an important factor in extracting pro-poor tourism, in the minds of policy makers, out of the narrowly-defined Corporate Social Responsibility (CSR) ghetto.

Third, there is growing evidence that these kinds of pro-poor initiatives can be applied in the mainstream market, not just in relatively small niche eco-tourism operations. In Gambia, craft and juice suppliers have linked successfully with large hotels (Goodwin, H, 2005). In South Africa, pro-poor tourism principles have been applied by large hotels and established international operators.

Finally, developing these linkages can have an important impact upon the local economy. Local entrepreneurs not only gain revenue from new contracts or customers, but the business advice, scale of demand, access to new markets, and enhanced reputation that comes from working with an established operator can lead to knock-on effects enabling a small enterprise to expand further.

Whatever the inherent pro-poor characteristics of tourism, these can be significantly enhanced with the adoption of a pro-poor approach by tourism establishments.

Implications for the pro-poor tourism policy agenda

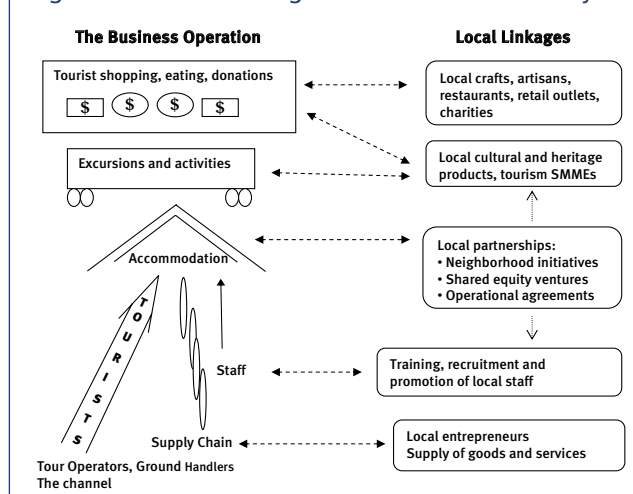
International tourism is already important for Africa – and is likely to grow. Even without concerted support from governments and donors, tourism in Africa has brought more benefits to the poor and the host economy than critics often assert. Finally, there are practical and mutually-beneficial steps tourist companies can, and are increasingly willing, to take to increase the pro-poor impact of their operations.

It matters because the search is on to identify strategies that have some prospect of delivering on the commitments to rapid economic growth and poverty reduction emanating from the MDGs, Africa Commission and the G8 Summit. We believe pro-poor tourism may well be part of the answer.

At the strategic level, a pro-poor tourism agenda in Africa should include the following:

- African governments create a more enabling environment for tourism. Clear actions that could facilitate the growth of tourism in Africa – and its impact on poverty – most notably

Figure 3: Tourism Linkages into the Local Economy



include improving economic infrastructure and the enabling environment;

- Donors join in the reassessment of their current virtual ‘boycott’ of the tourism sector and consider funding research and pilot projects to scrutinise tourism as a means of poverty reduction and better understand its role in boosting African pro-poor growth.
- Donors increase support for African enterprise that has a real comparative advantage and realistic prospects of creating large numbers of sustainable jobs in the private sector.
- Tourism practitioners and researchers interested in poverty reduction engage in dialogue with the mainstream tourism industry, rather than just pigeon-holed niche markets, to find ways of increasing the positive impact on the poor which make sustainable business sense.
- Tourism practitioners and researchers stop presenting the sector as exceptional or unique or inherently suspect and instead focus on how to integrate tourism into mainstream PRSPs and broader pro-poor growth debates.
- Recent signs within the mainstream tourism industry of a willingness to recognise broader social and economic impacts of tourism in developing countries should be encouraged, and informed by the findings of appropriate aggregate policy analysis.

The references can be found on the web version:

www.odi.org.uk/publications/briefing/bp_march06_tourism1_web.pdf

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