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TOURISM AS A STRATEGY TO PROMOTE ECONOMIC DEVELOPMENT IN THE THIRD WORLD

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International tourism has emerged as one of the most rapidly growing economic sectors and developing countries are attracting an increasing share of tourists. While tourism offers many third world countries an opportunity for economic development, it also poses several risks for local populations. This paper traces the emergence of Third World tourism and discusses the benefits and risks of developing nations pursuing tourism as an economic development agenda. It concludes with a "pro-poor" framework that policymakers in developing nations can use to assure that the local population benefits from international visitors while minimizing risks.

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INTRODUCTION

Over the past sixty years, the tourism industry has emerged as one of the most dynamic and rapidly growing economic sectors with continuing growth in international arrivals, countries sending and receiving tourists, jobs created and total gross revenue generated. According to the World Tourism Organization (UNWTO), developing countries witnessed a 94 percent increase in international arrivals between 1990 and 2000; and the 49 Least Developed Countries (LDCs) enjoyed a 75 percent increase with 5.1 million international arrivals in 2000. Furthermore, developing countries are attracting an increasing share of global international tourist arrivals up from 20.8 percent in 1973 to 42 percent in 2000 (UNWTO, 2002).

The UNWTO predicts these trends will continue and projects annual international arrivals to reach 1.6 billion by 2020 (UNWTO, 2001). Today, tourism generates US\$3 billion daily in export income and over US\$1 trillion annually, which accounts for roughly 10 percent of global GDP and 10 percent of global employment (UNWTO, 2008). In addition, tourism expenditure in developing countries increased by 133 percent between 1990 and 2000. These trends, paired with the growing share of travel going to Third World destinations present the developing world with a sizable opportunity to harness tourism's economic benefits by proactively integrating tourism into their economic agendas (UNWTO 2002).

This paper discusses a "pro-poor tourism" strategy, using revenues from tourism to unlock employment opportunities for the poor and help alleviate poverty (Ashley, Roe, Goodwin, 2001, viii). Secondly, it illustrates the economic value for host countries focusing on pro-poor tourism compared to mass tourism, while prescribing ways Third World governments can implement pro-poor tourism policies to ensure that tourism revenues help alleviate poverty and directly provide additional income to the poor. This paper's ultimate objective is to increase awareness of pro-poor tourism amongst tourists, nongovernmental organizations (NGOs), and the private sector, thereby creating a demand for pro-poor tourism products and services.

Section One discusses the rise of the tourism industry, the growing segmentation of tourists and types of tourism, changes in tourism consumption patterns and an overview of the way tourists' destinations evolve. Section Two investigates potential negative consequences of the tourism industry on a Third World country, while Section Three discusses the social, cultural, and economic benefits of utilizing pro-poor tourism. Finally, Section Four recommends ways that governments can work with local communities to plan, control, and implement a tourism industry that will alleviate poverty and drive economic growth while avoiding common pitfalls.

SECTION ONE: NEW TOURISM AND NEW TRAVELERS

Though many factors such as globalization and communication innovations have contributed to the phenomenal growth in the tourism industry over the past sixty years, the rise in discretionary income worldwide and the desire to travel must not be discounted. In 1989, Valene Smith

attempted to express and quantify factors contributing to the past and predicted growth of the tourism industry with the following equation:

$$T = L + I + M$$

Smith defined “T” as tourism, “L” as leisure time, “I” as discretionary or surplus income, and “M” as the motivation behind travel or the reason triggering a person to vacation (Smith, 1989). Though this equation begins to describe the factors contributing to the growth in the tourism industry, it paints an incomplete picture. By not accounting nor controlling for the world’s rising population and the possibility that individuals are spending a larger portion of their discretionary income on travel, Smith’s model falls short. In addition, explaining a growing trend by quantifying subjective factors like the desire to travel is problematic. Instead, governments should understand these subjective factors and capitalize on the growing trend to travel by analyzing the tourists themselves so as to devise a strategy to “pull” specific tourists to a country and develop a tourism industry that maximizes the benefits to the poor.

Tourism’s growth has led to the emergence of new kinds of tourists with diverging demands, which in turn has fragmented the industry. This new segment of tourists require that a new classification system be developed to distance them from the pre-packaged, regimented, and more traditional mass tourists. In fact, this group dislikes being called “tourists,” and they prefer to be labeled as individual travelers. Recent literature assign these independent travelers to a multitude of sub-categories (“adventurers,” “backpackers,” “eco-tourists,” “ego-tourists” and “the new middle class”) based on the form of tourism they practice, such as volunteer tourism, religious tourism, academic tourism, etc. This paper will simply refer to this varied category of tourists as “travelers” (Ashley et. al, 2001).¹

Typically these travelers seek an authentic indigenous experience, which tends to lead them to the least-developed, most poverty-stricken areas. By constantly searching for the strange and undiscovered, these “Peace [C]orps-type travelers [seem to be] looking for a meaningful vacation” (Kutay, 1989, 35), and thus see themselves as different from other tourists (Hutnyk, 1996, 9). Travelers are aware of the potential positive and negative consequences of their presence on the Third World, and not only strive to practice low-impact tourism, but tourism that offers maximum benefit to the native population. In addition to their own utility, they hope that their travels can add value to indigenous communities by either supporting local businesses or forging new cultural understandings with the Third World (Seabrook, 1995):

Suffice it to say they share in varying degrees, a concern for ‘development’ and take account of the environmental, economic and socio-cultural impacts of tourism. They also share an expressed concern, again with varying levels of commitment, for

participation and control to be assumed by 'local people' and the degree to which they engage and benefit the poor (Mowforth and Munt, 2007: 94).

Though these travelers inject less capital into the local economy than mass tourists, they derive utility from interacting with the locals and understand the importance of ensuring that they participate in the tourism industry in a positive way. These travelers tend to spend more time in host countries and typically frequent locally owned micro-enterprises such as guesthouses, restaurants, tourist operators and shops. In essence, they attempt to practice their own form of informal pro-poor tourism on a micro level by ensuring that the money they personally spend goes directly to local communities and the poor, specifically in rural areas (Parnwell, 2002). Early experience shows that pro-poor tourism strategies do appear to "tilt" the industry at the margin and expand opportunities for the poor (IIED, 2001).

Traditional mass tourists, on the other hand, are more homogeneous in terms of what they expect from their vacation. They prefer reliable, shorter, and more mainstream travel experiences in established destinations, and they typically do not venture into undeveloped, rural or especially poor regions. These risk-averse tourists spend the majority of their travel budget on international flights and expensive foreign-owned restaurants and hotels arranged by foreign tourist operators. Their consumption habits have very limited economic benefits on host countries, and more than 50 percent of their gross tourism revenue either does not reach Third World destinations or leaks out of host countries, thereby ending up back in the developed world (Mowforth, Martin, and Ian Munt, 2004). For example, 60 percent of Thailand's \$4 billion dollar-per-year tourism revenue leaves the country, and up to 70 percent of the Caribbean's "all-inclusive" driven tourism revenue leaves the region (Frueh, 1988 in Mowforth and Munt, 2007, 176). With the demand for imported goods and penetration of transnational hotel chains, airlines, restaurants, shops and tourist operators into Third World markets, mass tourism often establishes thin economic links with local businesses and a country's poor (Mowforth and Munt, 2007, 174). In fact, the lack of ties between "all-inclusives" and a country's poor has driven some countries, such as The Gambia, to ban "all-inclusives" altogether (Pattula, 1996, 38-9). Furthermore, these transnational businesses often end up crowding out or inhibiting the creation of domestic businesses, thereby preventing any spillover of technical knowledge into domestic firms. Without the transfer of technology and innovation from foreign to domestic firms, a country cannot benefit from foreign direct investment (Ernst, 2005). Thus, even when considerable gross revenue is generated, the actual economic value that mass tourism produces for the native population of a Third World country is minimal.

In addition to leakages of tourism revenue and the crowding out of domestic businesses, the tourism industry often inflates local prices of commodities and services due to increases in demand and the willingness of foreigners to pay more for products. When locals do not experience increases in income that match the increases in cost of local goods and services, locals' overall purchasing power declines and basic necessities can become unaffordable. Thus,

it is critical to ensure that the poorest individuals benefit from the tourism industry so that they experience simultaneous increases in income. The combined effects of leakages, crowding out of domestic enterprises, and price inflation demonstrate that simply increasing the amount of tourists or the amount of money tourists spend may not be the most efficient way to alleviate poverty. Instead, attracting a different demographic of travelers that tend to establish stronger economic links with a host country's poor may prove a more effective means to ensure that the net benefits of tourism reach the poor.

Typical Destination of Revenue				
	Mass Tourists		Travelers	
	Stays in Local Economy	Leaks Out of Local Economy	Stays in Local Economy	Leaks Out of Local Economy
Flights		X		X
Hotels		X	X	
Tour Operator		X	X	
Food & Drink	X	X	X	
Shopping	X		X	

SECTION TWO: THE RISKS OF INTEGRATING TOURISM INTO THE ECONOMIC AGENDA

Because a major goal in promoting pro-poor tourism development is to spur economic growth and alleviate poverty, Third World governments must first understand the economic, social, cultural, and environmental consequences of placing tourism as a focal point in their country's economic agenda. This section will outline the risks and potential negative consequences associated with tourism, while the next section will outline the benefits of pro-poor tourism.

The major challenges associated with the tourism industry include (1) volatility and seasonality; (2) the limited human capital of local communities, the fragmented and complex nature of the industry, and high start-up costs; (3) the tendency to distribute benefits unequally and further inequalities; and (4) the resulting environmental, social and cultural degradation (transculturation) of tourist destinations.

First, the volatility and seasonality of the tourism industry creates dangerous income fluctuations not only for tourism businesses, but also for the community at large when consumption patterns suddenly and drastically decrease. Any destination relying primarily on international tourists, rather than domestic tourists, creates a high-risk environment as small

firms find their revenue streams to be at the mercy of exogenous forces (Gartner, 2004, 41). Terrorism, natural disasters, political upheavals and even the destination evolution cycle may pose additional risk to businesses. Areas that depend on international tourists are most at risk, as domestic tourists' travel patterns are more resilient to forces such as political upheavals and natural disasters. For example, during the 2004 Maoist insurgency in Nepal, tourism-based businesses such as hotels and restaurants reported large declines in revenue compared to the prior tourism season. Similarly, the 2004 Asian tsunami not only claimed lives and physically destroyed businesses, but even some businesses left untouched by the water ended up in bankruptcy. Those that remained solvent found domestic tourism (along with relief volunteers) to be their main source of revenue during the years it took international tourists to return to Thailand's tsunami-affected regions.²

The highly volatile market demand and high transaction costs associated with starting a business, compounded with the complexity of running a tourism-based business, multiplies the risk for entrepreneurs with limited human capital and poor management skills. Entrepreneurs in the developing world often lack formal business training or "managerial capital" to help them manage their cash flows, market strategy and product mix to minimize risk (Bruhn, Karlan, and Schoar, 2010).³

Another risk of developing a tourism industry includes the potential of the industry to increase economic disparities even within local communities since the poorest community members, who disproportionately lack property rights and access to capital, may find themselves squeezed out. For example, after the 2004 Asian Tsunami, almost half of the affected coastal villages in Thailand became embroiled in land conflicts with land speculators and wealthy businessmen looking to build new hotels on beachfront property. In Thailand, "of the 428 coastal villages affected by the 2004 Asian Tsunami, 89 had 'extremely shaky land status' and many became embroiled...in land conflicts" (Mowforth and Munt, 362).

Unfortunately, the risks and negative consequences of tourism are not just economic but also social, cultural and environmental. Even travelers recognize how their presence alters local cultures through a process of transculturation, where people from wealthier and more urban areas add to the erosion of traditional beliefs, dress and other customs. Travelers' desires to experience the "unknown" may adversely affect local cultures, thereby unintentionally imposing a version of cultural imperialism through the direct or indirect importation of thoughts and ideas. Lastly, increasing the number of people in one area puts added pressure on a destination's environment and natural resources. For example, tourism development in Goa, India "has resulted in the loss of biodiversity, erosion of sand dunes, declining fish catches, accretion and siltation and depletion of groundwater" (Chauhan, et. al, 1998).

This risk of cultural erosion is amplified when developing nations try to appeal to mass tourists. While Murphy (1985) argues that tourism follows a cyclical pattern where the wealthy, mass tourists first "discover" a destination and commercialize it, this paper argues the opposite is more likely to occur in Third World countries, specifically in regards to rural destinations.

Generally speaking, younger, more adventurous travelers are the pioneers of the tourism industry. The “discovery” of tourism destinations forms from the “bottom-up” when travelers “find” an interesting destination with exceptional charm and beauty. Low-budget accommodation begins to appear, often in the form of an extra room in a house or an impromptu bungalow built on a local’s property. These micro-businesses expand and upgrade over time, while information about the destination leaks through the “traveling” network first by word of mouth (which has become increasingly powerful due to the Internet) or guidebooks such as the Lonely Planet or Rough Guide. Neighbors in the community recognize the economic benefits of catering to travelers and begin emulating micro-business models, leading to a proliferation of additional guesthouses, restaurants, vendors and shops. Over time, the number of visiting travelers multiplies exponentially, and existing businesses expand and upgrade, while nicer, more expensive businesses enter the community funded and run by local elites, city elites or foreign companies. Hence, mass tourism eventually claims the destination as a “tourist-powered small city,” leaving travelers to discover new, untouched destinations and the previous destination transformed (Learned, 2004).

SECTION THREE: BENEFITS OF DEVELOPING A PRO-POOR TOURISM INDUSTRY

Though tourism as an industry can yield unintentional negative consequences, instituting a pro-poor tourism strategy may help mitigate these negative consequences and yield immense benefits for both Third World governments and local communities. The benefits of tourism are (1) economic, through job creation and wage increases; (2) social, through human capital improvements and increasing opportunities for vulnerable groups such as women and minorities that drives overall social equity; and (3) cultural, by facilitating a two-way dialogue and understanding amongst diverse peoples.

Though tourism can be volatile and seasonal, the industry’s unpredictability discourages employers from making major investments in capital that substitute for labor. Tourist firms’ need to quickly adjust to rapid changes in consumer demand at the lowest cost possible. This, paired with tourists’ preferences to be served by labor rather than machines, ensures that tourism remains a labor-intensive industry that provides many secure jobs to locals.

Moreover, tourism helps inject capital directly into businesses and the local economy, thereby enabling businesses to grow and increase their demand for labor. A 2004 Israeli study on the short-run output and employment effects of tourism found that tourism-based businesses increase labor inputs faster than other firms and therefore register higher impacts on employment. The same study showed that the return on investment for government funds in terms of job creation is extremely high when it comes to promoting a tourism industry, particularly in the short run. This is partially because the tourism industry provides many opportunities for entrepreneurs to create micro-enterprises and the tendency for tourism

businesses not to substitute capital for labor (Felsenstein and Fleischer, 2004 in: Thomas, R., 2004).

Other research by Dorosh, Paul and Klytchnikova concludes that tourism has a large multiplier effect on the economy with the potential for significant benefits to the poor and the environment, noting “households reap about 56 percent of the total gains in income from tourism expenditures: the remainder of the gain in income accrues to formal enterprises and government... On average a US\$1 increase in output of goods and services from the Zone Colon le [in Panama] leads to an additional US\$0.42 increase in value added from non-traded goods and services” (Dorosh, Paul and Klytchnikova, Irina, 2009). Collectively, these benefits can result in substantial economic benefits and make tourism a large part of developing economies. For example, a recent World Bank study concludes that tourism contributes 17 percent to the Maldives’ GDP and somewhere between 6 percent and 9 percent of Panama’s GDP (Chauhan, Mascarenhas, Noronha, Saeed and Sawkar, 1998).

As noted above, tourism may change local social structures and customs, but some of these changes may be positive. In particular, women in patriarchal cultures often experience an increase in job opportunities. Since tourism is largely a service industry, tourism-based jobs are often deemed appropriate for women. The accessibility of tourism-based employment to women has transformed the industry into the largest employer of women worldwide, and in Bolivia, 60 percent of tourism employees are women (UNED, 1999). In addition to the increase in job opportunities, the exchange of ideas between local women and Western women on subjects such as gender equality may help deconstruct indigenous social norms over time. In this sense, cultural erosion that results from tourism can be constructive in the alleviation of gender inequalities.

Benefits of Tourism		Negative Consequences of Tourism
Economic	Job creation and increased income and wages, specifically to poor and vulnerable groups	Volatile and Seasonal industry with high transaction costs
Social	Human capital improvements	Limited human capital of local communities to manage fragmented and complex businesses
Social	Opportunities for vulnerable groups	Unequal distribution of benefits
Social, Cultural & Environmental	Promotes cultural understanding	Transculturation

Interactions between travelers and locals also help build human cultural capital for travelers and locals alike through the exchange of new ideas and, most notably, the adoption of different languages. These exchanges between people of different cultures make tourism an excellent mechanism for promoting cultural understanding, as it “promotes better understanding between races, religions and human beings worldwide” (UNWTO/OMT, 1999).

SECTION FOUR: RECOMMENDATIONS FOR ADOPTING A PRO-POOR TOURISM STRATEGY

As discussed, developing a tourism industry can yield both positive and negative economic, social, cultural and environmental consequences. Overall, governments must coordinate the effort to develop a tourism industry because the positive externalities associated with the industry would likely not be realized if communities were left to act autonomously.⁴ However, the way a government plans, develops and controls a tourism industry may help minimize the risks and maximize the benefits. Above all else, the most critical ingredient in implementing a pro-poor tourism strategy is treating locals as key stakeholders: “the debate is currently not one of whether local communities should be involved in the development of tourism to their areas, but how they should be involved” (Mowforth and Munt 2007, 96). Central to the pro-poor tourism agenda is the fostering of community participation both as planners and implementers to ensure a more equitable distribution of costs and benefits of tourism. The first step is to educate locals about tourism and its positive and negative consequences to enable them to decide whether they even want to develop a tourism industry. Second, governments must teach locals about tourists themselves, why they travel, and what types of products and services they want. This will help locals develop feasible enterprises, and “by supplying the host population with comprehensive information about tourists and tourism, many misunderstandings could be eliminated, feelings of aggression prevented, more sympathetic attitudes developed and a better basis for hospitality and contact with tourists created” (Krippendorf, 1987, 143).

While treating locals as stakeholders must remain a critical theme in adopting a pro-poor tourism strategy, this section will describe specific policies that Third World governments can adopt to promote pro-poor tourism and ensure that tourism revenues contribute to poverty reduction rather than leak back to the developed world. These strategies expand on the seven mechanisms that the UNWTO recommends to help the poor benefit from tourism (see Exhibit 1 in the appendix). The recommended policies are: (1) promoting local networking and sharing of best practices, establishing multi-use community-visitor-consumption centers and establishing micro-enterprise development silos; (2) integrating volunteer tourism and (3) human capital and infrastructure development; (4) partnering with the private sector and NGOs and encouraging the use of local suppliers; (5) joining the World Tourism Organization and working with the UNWTO to set expectations and measureable goals; (6) guidebook outreach and creating or strengthening a tourism authority; and (7) instituting tourism taxes.

(1) Establishing Local Micro-Networks, Developing Human Capital and Leveraging Micro-Enterprise Development Silos

Though treating locals as stakeholders is critical, it does not guarantee “bottom-up” development, as communities themselves are heterogeneous and dynamic. Furthermore, communities may not always choose the best way to plan, develop, control and invest in a tourism industry as locals often lack information about how tourism increases incomes and how investments will increase the tourism industry. Thus, this paper cautions against the assumption that simply a greater degree of local control and participation will result in a tourism industry that will effectively alleviate poverty.

Instead, this paper stresses the importance of educating the community on how everyone benefits either directly or indirectly from tourism revenue and allowing the community to understand that tourism revenue is not a zero-sum game. Education, along with the establishment of micro-networks, can help ensure that every member has an equal voice. This will encourage the participation of local communities in the development of action plans that decide what could attract travelers to their communities and the type of pro-poor tourism they want to promote (eco-tourism, cultural tourism, religious tourism, etc.). Explaining that “tourism is place oriented [and] success is not just about the individual entrepreneur but also about the community and environment surrounding the business” may help entrepreneurs realize how they draw on the community to run successful businesses (Murphy, 1985 in Wilson et al. 2001). Furthermore, networks can double as a forum where entrepreneurs can share best practices, seek advice and draw upon others’ strengths and successes to minimize risks. In fact, research demonstrates that “small business owners often learn best, and are more interested in hearing from, their peers than from external sources” (Carlsen and Schaper, 2004 in Thomas, 2004).

Training centers or multi-use community-visitor-consumption centers centrally located within a town or village can transform into micro-enterprise silos, which serve as “one-stop shop” advice centers so entrepreneurs seeking help can consult with their network or local experts. These training centers are another way to develop human capital, which can help entrepreneurs successfully start and grow businesses. Training in marketing, finance, information technology (IT), tourists’ expectations and English in particular will help locals build sustainable businesses and engage with their consumers (Hall, 2004 in Thomas et al. 2004). Training centers can double as consumption centers (markets) so they are accessible to both locals and travelers.

(2) Promoting Volunteerism as a Means of (3) Low-Cost Human Capital and Infrastructure Development

To ensure that these centers remain sustainable, governments should not only work with the private sector and NGOs, but should also promote volunteer tourism, (i.e. First World travelers coming to Third World countries for extended periods to aid development efforts and build their own personal cultural capital).

Volunteers can help with infrastructure development projects such as roads, hospitals, community centers and schools (critical for long-term development), while also participating in educational projects by helping to train local teachers specifically in English and computer science.⁵ Volunteers can help local entrepreneurs develop human capital by assisting them in creating new businesses, devising marketing strategies, developing pricing structures, and registering businesses with travel sites such as LonelyPlanet.com and Yelp.com. This latter strategy is particularly important because travelers are increasingly using the Internet to book travel and learn about destinations.⁶ These exchanges between locals and volunteers can help locals understand travelers and their consumption preferences so as to help them craft commercially feasible businesses, while still providing travelers with their desired local interaction.

(4) Establishing Partnerships and Ensuring Locals Remain Part of the Supply Chain

In addition to working with local networks to help share best practices and maximize success rates, governments must involve the private sector and NGOs to help local communities ensure the commercial feasibility of their businesses (Ashley et. al, 2000), while providing access to micro-finance loans (as access to capital remains a critical challenge in starting a business in the Third World) and aiding efforts to develop human capital.⁷ In addition to advice, these micro-enterprise silos can help entrepreneurs apply for micro-loans from NGOs while simultaneously serving as markets where entrepreneurs can sell their goods to travelers and locals alike, both directly and through online portals such as Etsy and One Thousand Villages. Lastly, these markets will help ensure that entrepreneurs establish economic links with local suppliers so that all community members can benefit from tourism, including farmers and laborers. For example, opening markets for entrepreneurs allows them to increase their disposable income, which can be used to increase consumption.

(5) Joining the World Tourism Organization and Setting Measurable Goals

Most Third World governments would benefit from joining the World Tourism Organization (UNWTO) when planning and executing their pro-poor tourism strategy. The UNWTO's "overall goal is the promotion and development of travel and tourism as a means of simulating business and economic development" (UNWTO/OMT, 1991). The organization pays specific attention to tourism in the Third World, hosts annual conferences, tracks industry trends and best practices, and provides technical assistance to countries looking to develop their tourism industry as an engine for socio-economic growth and poverty alleviation. In addition, the UNWTO has established a Global Code of Ethics⁸ and guidelines for responsible travel to help mitigate the negative consequences of tourism. To build on this foundation, governments should encourage local communities to develop culture- and country-specific codes of conduct for both locals and travelers alike to encourage respectful and positive interactions.

A partnership with the UNWTO would also help local governments manage the expectations of both locals and travelers, while defining measurable development goals to

document successes. Rwanda, for instance, set a target to generate a minimum of US\$100 million in revenue from direct and indirect receipts from tourism by 2010. Setting expectations during the planning phase will help locals understand that improving livelihoods using tourism takes time and will help locals evaluate how they are performing in terms of meeting their goals. Publicly stated goals, such as increasing literacy by a certain percent or decreasing unemployment by a certain percent, can also help travelers understand their critical role in making a pro-poor tourism strategy a success. To define these goals, governments may draw upon their relationship with the UNWTO, which is committed to helping member states “measure how many jobs tourism generates in the economy, tourism’s contribution to GDP, and tourism’s ranking in comparison with other sectors of the economy” (UNWTO, 2009).

(6) Guidebook Outreach and Creating or Strengthening a Tourism Authority

Guidebook outreach and creating or strengthening a tourism authority are key elements to aid the implementation of a pro-poor tourism strategy, as they can help inform travelers of a country’s code of ethics, educate them on ways to practice pro-poor tourism, and advertise volunteer opportunities throughout the country. A tourism authority website can be a vital source of information for travelers.⁹ It can serve as an interactive trip planning tool by providing information on where to stay, route suggestions based on reported user preferences, time of year and duration of trip recommendations, local transportation details, advice on what to bring (versus what to buy in the country), ways to donate to particular programs (school construction, community centers, etc.), and information regarding volunteer opportunities (list of organizations, description of projects and type of help needed). It can also serve as an interactive forum for travelers to submit business ideas for locals and post testimonials of their travel experiences. Though a tourism authority website is an important hub of information for travelers when planning their trip, extending the tourism authority by establishing information outposts in major bus/train stations, airports and cultural sites can help improve travelers’ experiences. In addition, a tourism police should be established to hear both local and traveler grievances, which may be filtered to the tourism authority’s central command and ensure that policies are created to improve the experience of travelers and locals alike. Thailand’s tourism police force, which plays a critical role in ensuring traveler safety by minimizing violence, terrorism and political upheavals, provides a model for such an agency.

(7) Tourism Taxes

Tourism taxes should be levied on both tourists and foreign-owned businesses (with the exception of international airlines) to encourage the tourism industry to remain locally owned. A targeted tax policy can help stunt leakages by preventing the proliferation of foreign-owned firms with high leakage rates, while encouraging local sourcing. Taxes can also be used to fund tourism development projects such as infrastructure development, the tourism authority, and its tourism police force. A tourism authority website can be used to post information on how tourism taxes such as luxury taxes, departure taxes, entrance fees and tourist operator licenses are being spent.

These recommendations allow governments to play a vital role in the promotion of pro-poor tourism by helping lay a foundation where a pro-poor tourism industry may thrive, but the recommendations and/or development of a tourism industry as a whole does not necessarily ensure economic growth and may not be applicable for every country. Thus, this paper proposes these general recommendations be used as a foundation for each individual country and be

Recommendation	Description & Benefits
Treating locals as stakeholders	This must remain a key component of all recommendations below
Promoting local networking and sharing of best practices, establishing multi-use community-visitor-consumption centers and establishing micro-enterprise development silos	To reduce externalities and information failures Helps to develop human capital Prevents leakages To increase efficiency of tourism-based businesses
Integrating volunteer tourism and human capital and infrastructure development	Cost-effective way to develop in-country infrastructure and human capital (specifically “managerial capital” Volunteers can help business owners craft commercially feasible businesses and provide travelers with their desired interactions with locals
Partnering with the private sector and NGOs and encouraging the use of local suppliers	To ensure best practices are shared Partnerships with NGOs may open up new markets where entrepreneurs can sell their goods Local suppliers improves the economic ripple effect of tourism
Joining the World Tourism Organization and working with the UNWTO to set expectations and measurable goals	Helps locals understand that improving livelihoods using tourism takes time Helps ensure locals are treated as stakeholders and everyone abides by the same Code of Ethics
Guidebook outreach and creating or strengthening a tourism authority	Helps travelers plan trips and find volunteer opportunities A tourism police can enhance both travelers and locals interactions both on-the-ground and at the policy level
Instituting tourism taxes	A targeted tax policy can help stunt leakages by preventing the proliferation of foreign-owned firms with high leakage rates Taxes can help fund infrastructure development projects and the tourism authority

tailored to their own local needs. Once again, this will be best done by ensuring that locals maintain a key role in planning, designing, implementing and controlling their tourism industry.

CONCLUSION

If implemented properly, tourism can be used as a strategy to promote economic growth and development by creating jobs, injecting capital directly into the local economy, increasing wages in formal employment, and increasing income from selling goods, services and casual labor (Ashley et. al, 2000). Designing and implementing a pro-poor tourism industry that targets individual travelers, rather than mass tourist organizations, can help ensure that the net benefit of the tourism industry (benefits minus costs) reaches the poor to encourage decentralized, people-inclusive growth that stays in a country and helps eradicate poverty.

Though governments can take specific steps to ensure that tourism improves the livelihoods of the poor, the most fundamental element is ensuring that locals themselves act and remain key stakeholders in planning, implementing and running the tourism industry. The main role of governments is to foster an environment where locally based tourism can thrive by providing travelers with a safe atmosphere (i.e., minimizing violence, terrorism and political upheavals) and giving locals the flexibility to work within and benefit from the industry. Though tourism must be seen as only part of an overall development strategy, a pro-poor tourism strategy can be a very effective tool for spurring economic growth through job creation and improving the livelihoods of the poor.

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APPENDIX

The World Tourism Organization's Seven Benefits of Pro-Poor Tourism	
Overview of How the Poor Benefit	Explanation
Employment of the poor in tourism enterprises	The relationship between tourism enterprises and the employment of local people is symbiotic, in that both sides stand to benefit considerably. This addresses poverty directly by enabling the poor to develop their own skills (specifically transferable skills); by allowing for the possibility of a large number of people to benefit directly; and raising the standards of service. It is important that the provision of education & training is strengthened.
Supply of goods and services to tourism enterprises by the poor or by enterprises employing the poor	One of the fundamental conditions to achieving poverty reduction is in ensuring that goods and services in the tourism supply chain, as much as possible, come from local sources at all stages. The objective would be to maximize the proportion of tourism spending that is retained in local communities and to involve the poor in the supply process. Such a measure would help support traditional forms of rural activities and skills, enhance the quality and identity of the local tourism product and help establish stable sources of business.
Direct sales of goods and services to visitors by the poor (informal economy)	Where visitors engage with this informal economy, it can be a successful direct route to providing income to the poor, and it can provide visitors with a colorful and rewarding experience. Information provision to tourists on available local products is important, as well as training to local people to ensure their products meet the quality requirements of visitors.
Establishment and running of tourism enterprises by the poor (formal economy)	The establishment and management of more formal tourism enterprises by the poor, either individually or at a community level. Advantages of enterprise formation at the local level are that it places power and control in the hands of the local people, it can guarantee investments for the longer term and it enables enterprises to establish a scale of operation needed to attract customers.

Tax or levy on tourism income or profits with proceeds benefiting the poor	The revenues that are earned by national or local government from tourism, which can be used to reduce poverty. It has the advantage that all of the poor can benefit from tourism without being directly engaged in the sector. The extent to which state revenue earned from tourism is put towards poverty alleviation will depend on national priorities and programs. Taxes or levies raised locally, for example through levies on bednights or entrance fees for protected areas, can often be used fully or partly for community benefits. Transparency in the application of local taxes is essential, as well as consultation with the private sector to avoid deterring the industry and travelers by imposing too high taxation levels.
Voluntary giving/support by tourism enterprises and tourists	Voluntary support in money or in kind, given by visitors or tourism enterprises to the poor, can act as influential drivers for local poverty reduction. Various studies have pointed to a willingness amongst tourists to give something back to the area they are visiting.
Investment in infrastructure stimulated by tourism also benefiting the poor in the locality, directly or through support to other sectors	Tourism development, particularly in a new, remote or rural location, which can include investment in new infrastructure, such as roads, water and energy supply, sanitation and communications. With careful planning, such infrastructure can also bring positive benefits to the poor, by providing them with basic services and opening up new and faster routes to access markets.

Source: UNWTO, 2008

ENDNOTES

¹Segmenting all tourists as “mass tourists” and “travelers” does not mean that they cannot be further sub-segmented as religious mass tourists versus religious travelers. Though this paper discusses generalizations characterizing mass tourists versus travelers, some people themselves can move between categories at different points of their lives or act as mass tourists on one vacation and travelers on another (e.g. a college student going on spring break in Mexico (mass tourist) and then spending the summer volunteering in a Third World country (traveler)).

² This is based upon my experience working for the 4Kali.Org Foundation in Khao Lak, Thailand after the 2004 Tsunami and my experience in Nepal during the 2004 Maoist blockade of Kathmandu. These conclusions were reached while doing aid assessment interviews throughout Khao Lak, Thailand and conducting informal interviews in Nepal. (Britni Must, 2010)

³“Bruhn, Karlan, and Schoar (2010) examine whether lack of managerial knowledge can be alleviated by providing consulting services to supplement the managerial skills of the business owners. They conducted a randomized control trial in Mexico where small businesses were paired with a consultant from one of a number of local management consulting companies for the period of one year. Early results show that the consulting services had a positive effect on firms’ productivity. Productivity increased significantly, either measured as the residual from a productivity regression or return on assets. Monthly firm sales and profits also are higher in the treatment group than in the control group (78 percent and 110 percent, respectively).” Bruhn, Miriam, Karlan, Dean and Schoar, Antoinette (2010) *American Economic Review Papers & Proceedings*.

⁴Since the majority of investments involved in developing a tourist industry are in public goods (such as roads, airports, etc.), the private market will under-invest in these goods and not account for the positive externalities associated with their development. In addition, locals often lack information about how tourism increases incomes and how investments will increase the tourism industry.

⁵ For example, volunteer organizations such as Pisco Sin Fronteras in Pisco, Peru bring together travelers to rebuild schools, dig trenches for water pipes, build hospitals, participate in environment workshops within local schools, etc. For more information about a list of

organizations looking to utilize traveler human capital to develop local infrastructures and local human capital, see southamericavolunteer.net.

⁶60 percent of travelers from Europe and the USA use the Internet as a source of information about travel and 30 percent book their trips to Africa through the Internet (UNCTAD, 2005)

⁷ NGOs may also help promote a pro-poor tourism strategy for a specific country, region, continent or worldwide: http://www.propoortourism-usa.org/about_propoor_tourism.html

⁸ The UNWTO's Global Code of Ethics are: (1) tourism's contribution to mutual understanding and respect between peoples and societies, (2) tourism as a vehicle for individual and collective fulfillment, (3) tourism as a factor of sustainable development, (4) tourism as a user of the cultural heritage of mankind and contributor to its enhancement, (5) tourism as a beneficial activity for host countries and communities, (6) obligations of stakeholders in tourism development, (7) right to tourism, (8) liberty of tourist movements, (9) rights of the workers and entrepreneurs in the tourism industry and (10) implementation of the principles of the Global Code of Ethics for Tourism.

⁹ Governments can include information on the tourism authority website on ways travelers can practice responsible tourism. South Africa's tourism authority website serves as an example of ways the government can promote responsible tourism: <http://www.southafrica.net/sat/content/en/us/full-article?oid=7171&sn=Detail&pid=1>