BIZCOMMUNITY

Can tourism alleviate global poverty?

By Susanne Becken

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Wouldn't it be great if something as simple and pleasurable as international travel could help end something as grinding and enduring as global poverty? After all, the industry is booming, growing at least 4% a year since the 1960s (with a brief slowdown in 2009), according to the United Nations World Tourism Organisation (UNWTO).

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In 2016, over 1.3bn international tourists spent an estimated $1.4 trillion. That's the equivalent of Australia's gross domestic product, dispersed around the world.

The UN has even declared 2017 the International Year of Sustainable Tourism for Development, heralding the role of international travel in reducing poverty. But how much global tourism money really makes its way to poor countries?

That big tourism pie

Researchers from Griffith University and University of Surrey provide a mechanism to get find out – Global Sustainable Tourism Dashboard. And, spoiler alert, it's not inspiring.

The dashboard was launched in January 2017 to measure tourism's impacts and contribution to the UN's 2015-2030 Sustainable Development Goals. Among other sustainability-related indicators, it can determine whether tourism is really redistributing wealth by tracking how much travel money arrives in the world's least developed countries (LDCs) and small island developing states (SIDS).

Some 14% of the global population lives in LDCs (which includes Cambodia and Some 14% of the global population lives in LDCs, (which include Cambodia and Senegal, among others) and SIDS, like Vanuatu and the Dominican Republic.

Yet in 2016 these countries saw just 5.6% of global international tourism expenditure. If we take Singapore (a small island developing state in name only) out of the mix, it falls to 4.4% – just $62bn out of the $1.4 trillion spent worldwide on travel in 2016.

Mainly, the dashboard shows, global tourism is an economic exchange between rich countries. Citizens of ten nations, most of them in Europe and North America, make about half of all international travel. China, which in 1995 was not a member of this frequent flyer club, broke into the top ten in 2000.

Money can't buy everything

If the share isn't great, the total amount of traveller money spent in these countries is still substantial – $79bn in 2016 alone. This is as much as the foreign aid budget of the US, Germany, UK and France combined, based on figures from the World Economic Forum.

But money alone doesn't reduce poverty. If it did, Thailand, the world's fourth most popular tourism destination, would be rich (it earned $54bn from international tourism in 2016).

Whether a cash injection turns into development depends on many well-studied factors. For example, less developed countries lack the critical goods and services that tourists require, including airports, accommodation, key attractions, tour guides, and telecommunications, to name just a few.

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This leads to what economists call “leakage”. When a country must import everything from generators and solar panels to certain kinds of food, it spends a considerable proportion of tourist dollars before they can multiply in the local economy.

In developing countries, leakage ranges from 40% in India to 80% in Mauritius, according to researcher Lea Lange who wrote a 2011 paper for the German development agency GIZ, depending also on the factors that are included in the analysis.

Part of the broader leakage problem is that tourism investors are often foreign, so the profits are expatriated. Cruise lines are notorious for this. Ships may well visit a dozen small island developing states on any given marine jaunt, but most of the profit goes back to headquarters, which are typically located in Western countries.

Don't let that dollar go

Governments can reduce leakage by thinking strategically about procurement, emphasising local business development, integrating supply chains and investing in education and training to prepare workers for tourism jobs.

Such changes helped Samoa, where tourism is one of the economy's main pillars, develop a more diversified and lucrative portfolio. Tourism income has grown from $73m in 2005 to $141m in 2015 (at current prices), when the industry contributed 20% of the country's GDP. It welcomes about 134,000 international visitors annually.

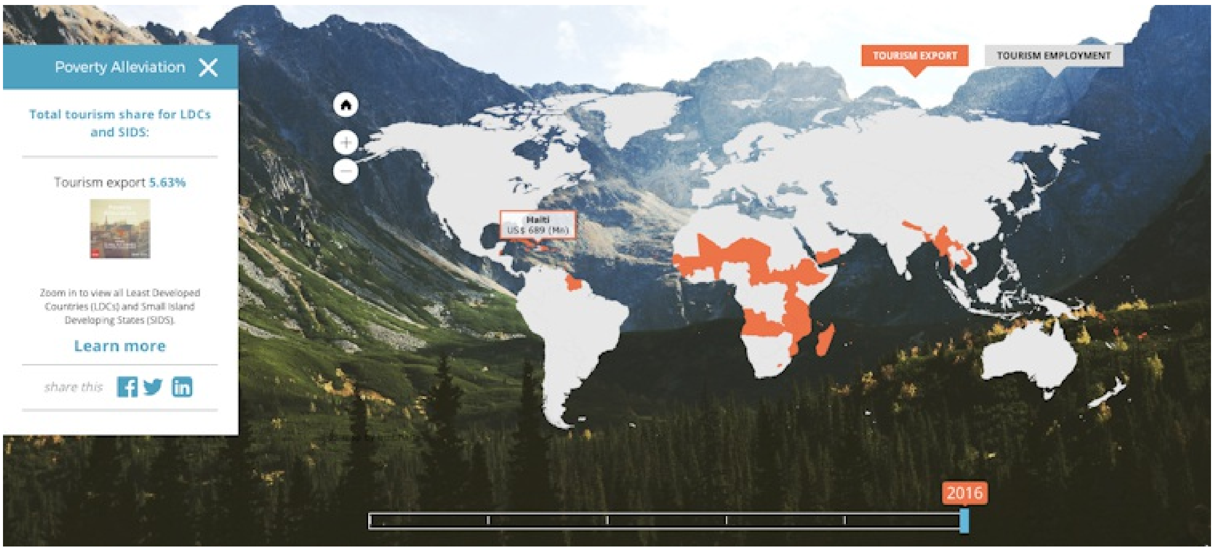
Among other innovations launched jointly by donors, government and community groups, Samoa increased locals' share of traveller resources by reinventing its *fales* – simple, sometimes open-air beach huts that often attract backpacker-types – to appeal to luxury travellers.

Out of the 2,000 hotel rooms in Samoa, about 340 are now *fales*, which are typically owned and operated by local families. The Samoa Tourism Authority assists them in business planning, marketing, and service delivery.

Samoan tourism was given a boost by a lucrative 2009 contract with the Body Shop to produce and sell coconut-based beauty products. With the Samoan Women In Business Development Initiative securing continuity and scale, this deal is likely to create positive domestic tourism spin-offs like greater entrepreneurial capacity among Samoan women, business confidence, and brand enhancement of Samoa with luxury connotations.

By 2014, Samoa was no longer classified as a least-developed country.

Making sure that visitor dollars benefit local people also depends on the commitment of foreign-owned companies, particularly hotel groups, to partner with and invest in local communities.



The Global Sustainable Tourism Dashboard provides an insight into how the sector is contributing to key sustainability goals.
The Tourism Dashboard, Author provided

The Marriott in Port au Prince, for example, has been feted not just for setting up shop in earthquake-shattered Haiti (one of the world's least-developed countries) in 2015 but for hiring local, paying well and focusing on professional development. This has proven to be a good business strategy, too. With happy workers, the hotel has very low turnover.

Making tourism work

Ecuador, Fiji and South Africa are among other countries illustrating that tourism can contribute to development and alleviate poverty. The English travel agency Responsible Travel, which holds annual World Responsible Tourism Awards, showcases more great examples.

International organisations such as the UN can help countries find this balance by financing transport connectivity, for example, and facilitating infrastructure investment that's mindful of potential tourism uses.

Capacity-building among domestic stakeholders is also critical. Only when a destination's tourism offices, luxury hotels, and ecoparks are run and staffed by well-trained locals can the benefits of tourism be equitably distributed, its costs effectively managed and its growth sustainable.

Individuals have a role to play, too, by making ethical travel choices. Tourists visiting developing countries can maximise the community benefits of their trip by "going local" on everything from food and tour companies to craft purchases.

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Opting for certified "responsible" companies and simply by asking the right questions may also send an important signal over time that tourists care about their impacts.

Tourism will never end poverty. But if governments, industries and consumers start paying attention, they can make it a force for change.

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