

**THE POVERTY ANGLE OF SUN, SEA AND SAND - MAXIMISING  
TOURISM'S CONTRIBUTION**

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## **1. Introduction**

Tourism has now been recognized by the international community as a vital tool for development particularly its capacity to help in the fight against poverty yet this capacity remains unexploited. The high leakages in foreign exchange retention coupled with the lack of international focus on how tourism can directly impact on the poor are some of the factors that impede the potential contribution of the industry to poverty reduction. While recognizing that there are tremendous changes happening in the industry, it should be pointed that there is a strong case for the industry to review how it does its business by accommodating the poor into the value chain.

## **2. Tourism in the context of countries national export strategies**

Four countries in three distinct regions of the Commonwealth that have recently developed national export strategies with assistance from both the Commonwealth Secretariat and the ITC attest to the above argument in their visions of the sector:

### **i) Fiji in the South Pacific**

“A viable and sustainable tourism industry to benefit all stakeholders”

It goes on to explain, “The future of a sustainable tourism industry in Fiji depends on improving the linkages with supporting sectors such as agriculture, employment creation and local participation in the industry.”

### **ii) Grenada in the Caribbean**

“Tourism for Grenada is an economic development tool with strong social and cultural implications. Accordingly; tourism must be developed and measured relative to certain macroeconomic goals related to employment, income, investment and foreign exchange as well as linkages with other sectors of the economy such as agriculture and handicraft. Key to the tourism sector is the consumption of locally produced goods and services.”

### **iii) St Vincent and the Grenadines in the Caribbean**

“The government recognizes the tourism sector as the major growth engine for the local economy in the foreseeable future. The tourism industry is poised to lead the country into the new millennium, delivering greater economic growth and prosperity to the nation and all its inhabitants. Tourism will be developed in such a way that the resident population will have a better quality of life. Tourism will also play a pivotal role in developing new linkages and business opportunities within agriculture and other related sectoral activities”

### **iv) Botswana in Southern Africa**

“The Botswana national export strategy puts emphasis on community development through tourism to ensure that our people are empowered to control and manage valuable resources in ways that not only sustains the resources but also meets their social, cultural, economic and environmental needs.”

## **3. The national value chain component**

The potential for the tourism industry’s contribution to poverty reduction in many developing countries remains unexploited. This can be addressed by developing a national value chain component of the overall tourism value chain in a country in the following ways:

### **1. Bringing local producers into the supply chain**

- Supply of soft furnishings such as arts, crafts, table mats and candles.
- Supply of operational consumables such as uniforms, linen, handmade soap.
- Supply of services such as entertainment and floristry.

### **2. Building links with local farmers**

- Supply of vegetables
- Supply of fruits
- Supply of dairy products
- Supply of poultry products
- Supply of local foods with a view to developing theme nights.

### 3. Recruiting staff from the locality

- Middle level management
- Technicians
- Services support staff such as drivers and security.

### 4. Involving local people and products in tours, packages and excursions

- Dance groups
- Scheduled visits to local villages for local food and music.
- Visits to cultural heritage sites.
- Support services such as tour guides, interpreters and transportation.

### 5. Encouraging tourists to spend more in the local economy

- Attractive goods and services which must be highly visible.
- Tourists must trust the health and safety standards
- Tourists must feel secure and comfortable.

### 6. Building neighborhood partnerships

- In waste management.
- In water use and conservation.
- In developing sustainable energy supplies.
- In the development of local enterprises and services.
- In seafront development.
- In the creation of pedestrian streets, local restaurants and cafes
- In the management of attractions and the development of new ones.
- In policing of crime
- In the control of undesirable activities
- In the hosting of festivals for local people and tourist

## 4. Main challenges inhibiting full exploitation of potential and how they can be addressed

The following matrix identifies the main challenges that inhibit the full exploitation of the potential that exists within the local economies and how the tourist industry can address them:

Potential	Main challenges	How the tourist industry can address the challenges
1. Bringing local producers into the supply chain	<ul style="list-style-type: none"><li>• Local people not aware of the requirements of the industry</li><li>• Local producers unable to access credit to upgrade production for the industry as well as working capital.</li><li>• The seasonality of most local goods does not coincide with the tourist season</li></ul>	<ul style="list-style-type: none"><li>• The tourist industry can appoint a champion in each locality to work on identifying and mentoring new suppliers.</li><li>• The industry can change payment periods to accommodate SMEs; such as payment on delivery. They can also support credit systems to enable SMEs access credit.</li><li>• The industry can work towards introducing local produce into the supply chain according to their seasonal patterns</li></ul>

<p>2. Building links with local farmers</p>	<ul style="list-style-type: none"> <li>• Supply problems in terms of quantity, quality, product range, seasonality, packaging, transport, and health and safety requirements.</li> <li>• Weak market links</li> <li>• Narrow product range</li> <li>• Perceptions and preferences of chefs and managers on the quality of local products</li> </ul>	<ul style="list-style-type: none"> <li>• Assist farmers improve their production and delivery standards by providing advice on quality, packaging, health and safety.</li> <li>• Promote producers' associations, commercial intermediary services and physical markets.</li> <li>• Promote the development of small scale local cooperatives to provide the necessary volume and consistency of supply as well as the development of further agri-based products and new ways of adding value.</li> <li>• Encourage Chefs and Managers to try local foods and adapt their procurement practices and recipes.</li> </ul>
<p>3. Recruiting staff from the locality</p>	<ul style="list-style-type: none"> <li>• Locals often offered casual or part time jobs with no security of employment.</li> <li>• Locals often lack requisite skills for jobs in the industry.</li> <li>• Most tourist destinations affected by the HIV/AIDS pandemic</li> </ul>	<ul style="list-style-type: none"> <li>• The industry should reassess recruitment policy to provide employment to locals on a more permanent basis.</li> <li>• The industry should provide training to both unskilled and skilled locals to help them progress to more skilled and better paid jobs.</li> <li>• The industry should develop and implement a policy on HIV/AIDS, safety in the workplace and working with HIV positive colleagues.</li> </ul>
<p>4. Involving local people and products in tours, packages and excursions</p>	<ul style="list-style-type: none"> <li>• Issues to do with standards, security risks and legal liability.</li> </ul>	<ul style="list-style-type: none"> <li>• The industry should develop partnerships with the locals and the overseas operators to ensure that quality and health and safety issues are managed properly.</li> </ul>

	<ul style="list-style-type: none"> <li>• There are no incentives for tour operators and hoteliers to innovate if what they have is selling well.</li> <li>• Community behavior such as hassling and begging will keep tourists away</li> </ul>	<ul style="list-style-type: none"> <li>• The local authorities should come up with some attractive incentives to the industry</li> <li>• The industry should work with all stakeholders including the local community leaders, NGOs, local authority and Police to ensure guest security and reduce hassle for tourists.</li> </ul>
<p>5. Encouraging tourists to spend in the local economy.</p>	<ul style="list-style-type: none"> <li>• Local people hassling tourists over entering shops and taking taxis .This puts tourist off, creates an air of insecurity and can cause crime to develop.</li> <li>• Margins to locals could be unattractive due to excessive haggling by tourists encouraged by guides, taxis and outdated guidebooks.</li> <li>• Poor marketing strategies for local products and lack of a brand identity result in poor awareness amongst tourists of the opportunities to purchase local products and of their inherent value.</li> <li>• Lack of information on the local area.</li> <li>• The structure of the all-inclusive package is not predisposed to encouraging expenditure outside the resort.</li> </ul>	<ul style="list-style-type: none"> <li>• Work with local partners to ensure security of tourists in the community and reduce hassle.</li> <li>• Engage the tourists in open debate on the need for the poor local producers to get value for their products.</li> <li>• The industry should provide business advice and support to local entrepreneurs</li> <li>• Provide information to tourists through Local maps, guides to pricing and information on public transport</li> <li>• The industry should encourage spending outside the all-inclusive package by highlighting a couple of interesting purchases.</li> </ul>
<p>6. Building neighborhood partnerships</p>	<ul style="list-style-type: none"> <li>• Finding the right people to work with</li> <li>• If expectations are too high and delivery low, partnerships will collapse.</li> </ul>	<ul style="list-style-type: none"> <li>• The industry should understand the local social structures and include those leaders, poor groups and social entrepreneurs who get things done</li> <li>• The industry should find out what local</li> </ul>

	<ul style="list-style-type: none"> <li>• Communication</li> </ul>	<p>people want and balance these with the delivery.</p> <ul style="list-style-type: none"> <li>• The industry should create adequate channels of communication, both formal and informal to ensure that all stakeholders understand their roles and responsibilities in the partnership.</li> </ul>
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## 5. Conclusion

It is true that the potential for the tourism industry to contribute to poverty reduction in most developing countries remains unexploited. But it is also true that a lot progress has been made to increase the dollar retention rate in a number of developing countries. It is only by increasing the level of foreign exchange retention in developing countries in general and in local economies in particular that the tourism industry will accelerate the rate of poverty reduction in the destination countries. By identifying and addressing the challenges facing the tourism industry, then the following conclusions can be made:

i) It is both realistic and feasible to create and sustain a poverty-sensitive value chain at the national level. The success to this will be dependent on how well the tourist industry engages with the local economies in:

- Bringing local producers into the supply chain.
- Building links with the local farmers.
- Recruiting staff from the locality.
- Involving local people and products in tours, packages and excursions.
- Encouraging tourists to spend more in the local economy
- Building neighborhood partnerships.

ii) The six tourist related activities identified above will contribute to poverty reduction at varying degrees but three are considered to have the greatest impact. The three are currently being practiced in an increasing number of countries:

- Building links with local farmers-The supply of vegetables, fruits, and dairy and poultry products from the local economies offers the best opportunity for farmers to sell their products. With an assured market and good profit margins, farmers are able to improve on their business thereby increasing both the quantity and quality of their produce. On the other hand, the tourist industry is encouraged to rely more on local produce as the quantities, quality and reliability improves.
- Recruiting staff from the locality-Generally salaries and wages from tourism far exceed the salaries and wages afforded by the local agricultural sector. Strong local recruitment linkages will build a sense of place in the community and this encourages people to stay in the area. The more people stay in the area, the more the industry can tap and the more people earn, the more cash will flow into the local community from tourism.
- Involving local people and products in tours, packages and excursions-Where scheduled tourist visits are planned to dance groups, local villages for local food and music, cultural heritage sites, a support network will quickly emerge and proceeds from admission receipts and food sales will remain in the local economy. Part of this money will be pooled back into improving the facilities. The effect can only lead to increased levels of tourist money retention in the economy.

iii) In defining poverty related “assets”, care should be taken in that what is considered as poverty related assets will vary from one country to the other. Experience in Fiji, Grenada, Botswana and Solomon Islands would identify the following as key assets:

- Security and safety-Security of the tourist destination remains the top of any tourist’s concern. As most tourist attractions are removed from the major cities with some in remote poor areas, the perception (and this is a fact) that these areas are more secure is a major asset.
- Environmental conservation-Most tourist destinations are away from the smoke and noise pollution prone urban centers and this is more inviting to tourists who want to experience something different from what they are used to in their countries.
- Low cost of production-Artifacts and other produce will be substantially cheaper in the poor neighborhoods as the costs of production are much lower, the absence of intermediaries and the fact that transportation costs are not incurred.
- Authenticity-Tourists like to be identified with a destination and therefore local products that guarantee tourists authenticity are major assets to the industry.

iv) All poor producers are SMEs and any interventions to help the poor onto the value chain ladder should address most of the commonly experienced constraints by SMEs. These constraints include the inability to produce in economic quantities, inconsistency in quality, working capital problems and product development difficulties. The “destination cluster” is one approach that can be used to address some of these challenges. The following linkages would work well:

- Organizing local producers of soft furnishings, arts, crafts etc into a producers’ cooperative.
- Organizing farmers into specific produce cooperatives.
- Organizing entertainment groups into cooperatives.
- Organizing micro credit and finance schemes for the clusters.

In these clusters, the tourism industry in collaboration with the local authorities will be able to provide training on production, provide credit facilities, and organize marketing and transport of the produce. These activities will sustain the clusters.

v) Countries recognize the importance of the tourism sector in economic growth. In many developing countries, the tourism sector has grown at rates higher than other sectors in recent years but its contribution to poverty reduction remains largely unnoticeable. The question that is often asked is, “Is it possible to have economic growth without necessarily reducing the level of poverty in a country?” The answer to this question will depend on who is responding but generally it is possible to register substantial economic growth with no appreciable impact on poverty reduction. For the tourism industry to contribute to poverty reduction, then deliberate pro-poor structural and institutional arrangements must be incorporated in Tourism strategy. These would include the following:

- Ownership of tourist destinations-Should the beneficiaries of Sun, Sea and Sand remain the big business or should some levy be introduced to go into the hands of those closest to these assets?
- Should big businesses be made to contribute more to local development instead of the token “corporate responsibility” they claim to provide?
- Should tourists be made to pay for the conservation of a sustainable local environment and this to flow to addressing the needs of the local people?
- Don’t fiscal incentives such as tax holidays which are very popular with the sector deny resources to governments to provide social and other services to the poor?

vi) The key to developing a pro-poor tourism strategy lies with all the stakeholders under the umbrella of a public-private sector partnership. Each member of the partnership must be aware of the responsibilities and costs that the partnership carries. This can be summarized as follows:

- Public sector-The private sector expects the public sector to provide a conducive environment in which to thrive and prosper. This will include the provision of infrastructure, security, law and order. If these are given, then the private sector will make more money and would be willing to contribute more to poverty reduction initiatives.

- Private sector-The business of the private sector is to make money. But this should be done in an environment where the environment is preserved, the local customs respected and in harmony with the local community and generally where the private sector is a good corporate citizen. This aspect of social responsibility would include taking partners from the local community in the procurement of goods and services, employment from the locality and being involved in community affairs such as promotion of education and health.
- Trade support network-These organizations should promote best practices among their members and provide training and other advisory services to the local communities so as to be saleable to the tourist industry.
- The NGO community-These will basically include advocacy groups whose interests include lobbying for good working conditions for the employees covering salaries and wages, housing, health and other social amenities. Their responsibility will include the promotion of good work ethics, employee productivity and good relationship with employers.