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Pathways to Prosperity?

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ODI Tourism Event: Pathways to Prosperity? Mainstreaming pro-poor approaches in tourism, 15 June
2007



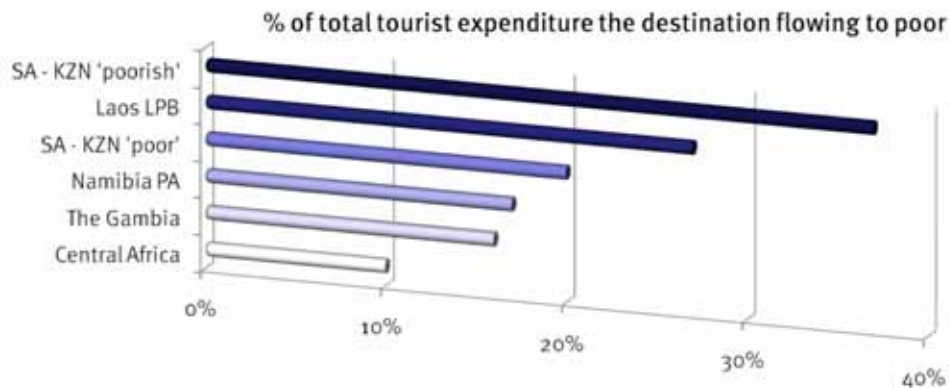
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What do we need to know?

- How and under what conditions does tourism impact on poor people?
- How can we measure these effects?
- What policy measures can best sharpen the poverty reducing effects of tourism at scale?
- What information do policy makers need?



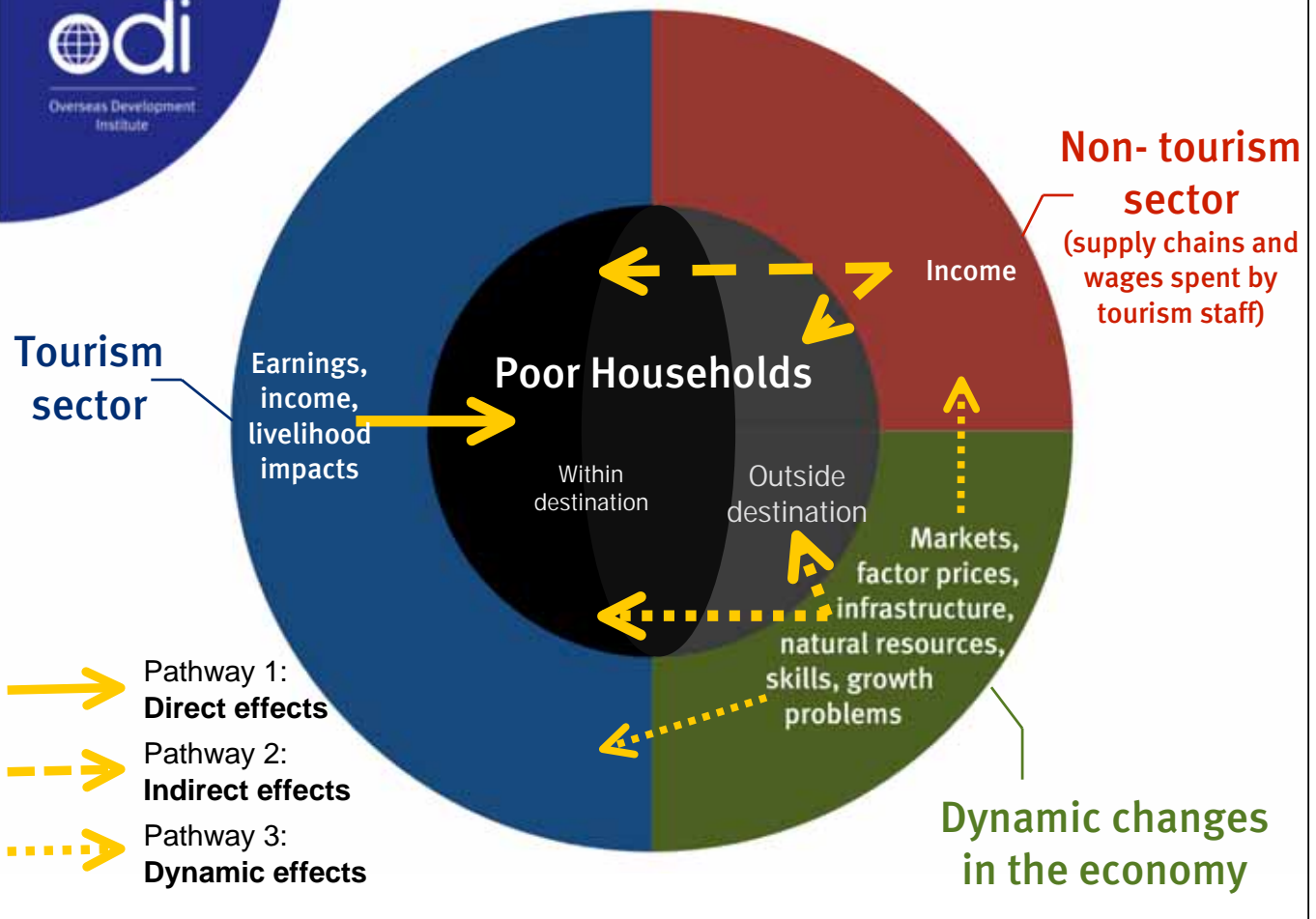
Can tourism reduce poverty?



- Remarkably few studies directly measuring scale of flows from tourism to the poor
- Some social accounting matrix, value chain and sustainable livelihoods analyses have tried to quantify % of total tourist expenditure at destination reaching the poor
- Even fewer systematic analyses of what difference these cash benefits from tourism can make to poverty levels around tourist destinations

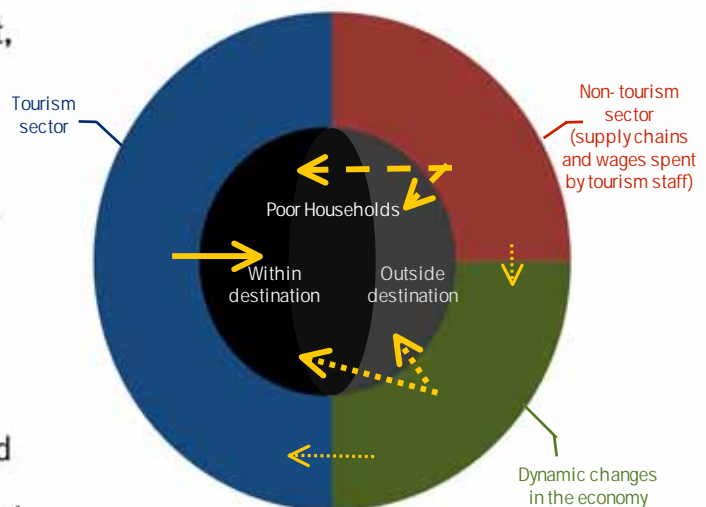
A new conceptual framework:
3 pathways by which tourism affects different poor people





3 pathways by which tourism affects different poor people

1. Direct income from employment, small and informal sector, and non-labour income.
 - Labour income
 - Tourism SMEs
 - Non-labour income
 - Non-economic livelihood effects
2. Indirect income from supply chains, and from tourism staff spending their wages.
 - Indirect effects
 - Induced effects
3. Dynamic effects on the local and national economy.
 - Improved infrastructure 'spill over'
 - Human resource development
 - Changes in productive structure of economy
 - Tax



Evidence for Pathway 1: Direct effects

- **Formal sector jobs** can be 10% to 80% of income of the poor
- **Informal sector** is where thousands of the poor gain access
- **Joint ventures**, donations, community tourism generate small income compared to others, but may be significant at local level.
- **Livelihood impacts**: very mixed, but rarely quantified
- Tourism is generally more **labour-intensive** than other non-agricultural sectors. Often includes more women and un-skilled workers.



Evidence for Pathway 2: Indirect effects



- Linkages are largest in big, rich, diversified economies
- But indirect effects boost economic impact of tourism sector by 50%-90% in small, poor countries.
- Linkages have important poverty reducing potential (particularly in food and craft sector).
- Increasing linkages is policy-sensitive.

Evidence for Pathway 3: Dynamic effects

- Effects are important and under-researched
- Infrastructure can stimulate non-tourist growth and redistribution
- 'yellow brick road' to export diversification
- Tourism often pays a significant share of tax
- Potential negative effects on agricultural exports



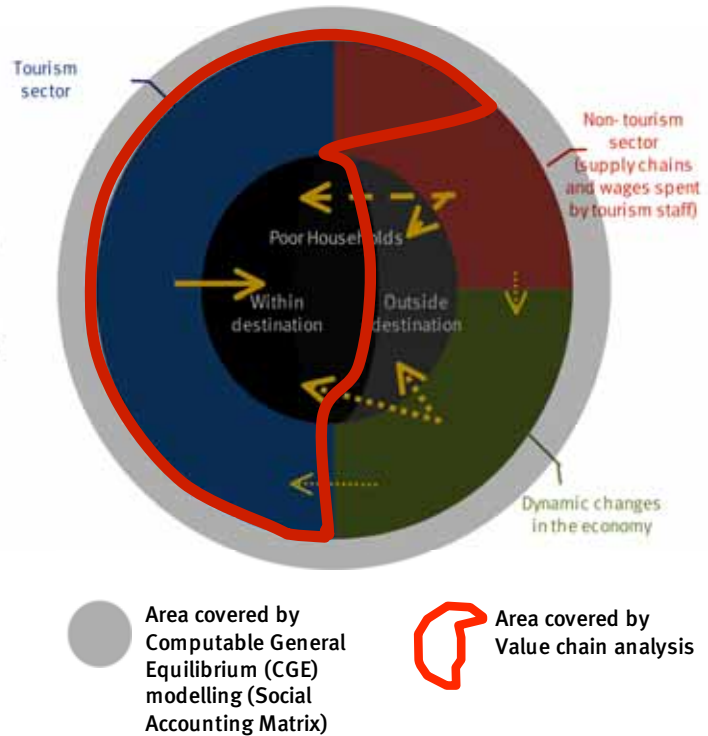
What have we learned?

- More evidence is available than had been thought
- But it is very fragmented and partial
- There is a lack of synthesis into coherent body of knowledge
- Definitional nightmare

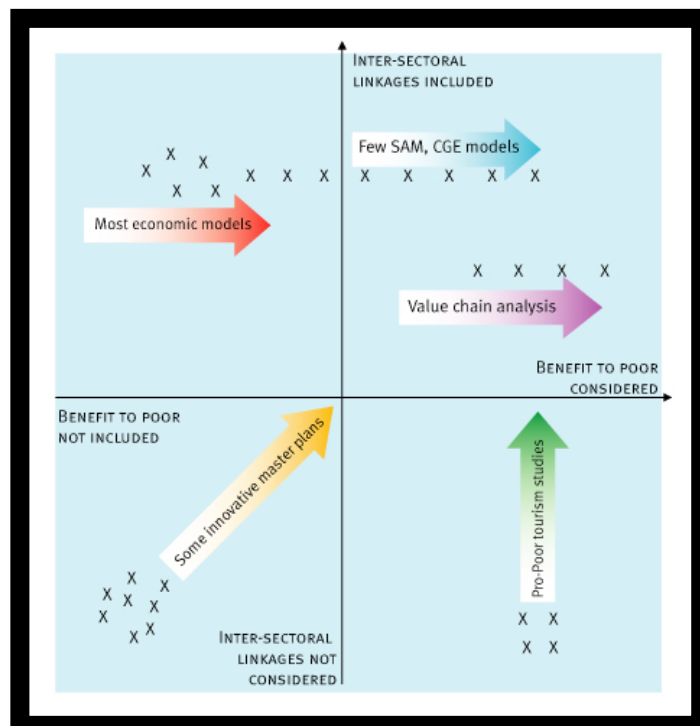


How to measure the pathways?

- Definitions
- Range of research methods available
- None measures all pathways satisfactorily
- Some are more partial than others



How to measure the pathways?



Policy implications

1. Tourism has a place in shared growth strategies in some developing countries
2. Pro-poor tourism should aim to reduce poverty at scale
3. Policy goal should be both the growth of tourism and the benefits flowing to poor people
4. Policy makers need a mix of policy levers – and should consider all different impacts at the destination (avoid exclusive focus on pathway 1)
5. Domestic tourism in the South is growing fast in several regions (reduces danger of 'Dutch disease')
6. Poor research support for policy-makers (gaps include poverty reduction impact of different types of tourism; different types of policy initiative; tourism vs. other sectors)



Next steps

Questions and answers