

9. ECOTOURISM AND POVERTY ALLEVIATION

9.1 Contribution of Tourism in Developing Countries

Ecotourism has immense potential to help the global fight against poverty. A WTO initiated study concluded that in developing countries, particularly in the least developed countries, tourism is almost universally the leading source of economic growth, foreign exchange, investment and job creation.

Foreign exchange earnings from tourism have helped to narrow trade and foreign exchange deficits. Tourism contributes significantly to 11 of the 12 countries that together account for 80 percent of the world's poor. Seven of these countries are in Asia—People's Republic of China, Bangladesh, Indonesia, Nepal, Pakistan and the Philippines. Tourism is a major source of livelihoods in the Mekong region, accounting for 9.7 percent of GDP in Lao PDR and 6.7 percent in Viet Nam. In Cambodia, tourism was a major contributor to its economic recovery in 1999, and accounts for 9.2 percent of GDP. In Thailand tourism has remained the largest source of foreign exchange earnings since 1982 (Cezayirli, 2003). The contribution of tourism earnings to Nepal's GDP increased from one percent in 1974 to 3.6 percent during 1998/99; it even crossed 4 percent in 1995 (FNCCI, 2000). But due to political disturbances it dropped to 3.1 in 2001 (Tenth Plan Document, 2002). Since ecotourism is growing in the Asia Pacific region it must account for a significant part of the above contributions.

The number of visits to national parks in potentially important ecotourism destinations has grown dramatically over the last ten years,

signaling a shift in tourist preferences from traditional popular destinations in Europe to nature destinations located mainly in the developing world. Protected areas in Nepal witnessed a four-fold increase in visitors between 1980 and 2001 (MoCTCA, 2002). Other countries have reported similar trends.

Tax revenue from (eco)tourism is an important economic benefit at national and local levels. Taxes can provide valuable financial resources for developing infrastructure, tourist attractions and other public facilities and services, and tourism marketing and training required for developing tourism, as well as to help finance poverty alleviation programs by governments. Further, tourism related revenues and levies can and in fact help to finance community needs used by all the residents (WTO, 2002). These examples can also be cited from tourism destinations in Nepal such as the Annapurna Conservation Area and Sirubari.

9.2 Contribution of Tourism at Local Level

Before initiating the discussion on how (eco)tourism can help in reducing poverty, a practical definition of poverty (IMF and IDA cited in WTO, 2002) is presented here.

"... denial of choices and opportunities and a violation of human dignity. Poverty means a lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or a clinic to go to, not having the land on which to grow one's food or a job to earn one's living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence and it often implies living on

marginal and fragile environments, not having access to clean water and sanitation".

Tourism can increase opportunities for the rural poor in their own communities. It also has the potential to help reduce rural out-migration to urban areas, increase employment opportunities for the urban poor, and give them additional income to provide for their families in the rural areas. Also, tourism related skills gained by the urban poor can be applied in rural areas, helping to reverse the migration process (NTB, 2003). Tourism provides employment opportunities by diversifying and increasing incomes that help reduce the vulnerability of the poor. Through increased national income (foreign exchange earnings and taxation), additional funds can be diverted to poverty reduction programs. The following are listed as inherent characteristics of tourism (WTO, 2002) that mark it as an industry that contributes to the welfare of the poor:

- Tourism is consumed at the point of production increasing opportunities for individual and micro-enterprises to sell additional products or services.
- The restriction of access to international markets faced by traditional sectors in developing countries is not applicable to tourism.
- Tourism depends not only on financial, productive and human capital but also largely on natural and cultural capital which are often assets possessed by the poor.
- Tourism is labour-intensive providing the poor, who have large labour reserves, with opportunities.
- Tourism thrives on diversity, drawing from a large resource base, which increases scope for wider participation.

- Tourism provides important opportunities for women to find employment.
- Tourism directly responds to poverty reduction objectives since it:
 - unlocks opportunities for pro-poor economic growth by providing formal and informal employment.
 - creates profit and collective income from locally owned enterprises.
 - facilitates social development by increasing access to infrastructure, providing local people with the opportunity to access tourism infrastructure.
 - helps increase participation of local communities in decision making as tourism products are often owned by the poor.
 - reduces vulnerability by helping to diversify income opportunities.
 - as natural and human environment are the lifelines of tourism development, it promotes environmental protection.

Box 9.1: The Earnings of One support Many

Each staff member or casual worker in the Penduka enterprise supports between 30-50 people, which means that 10,920 people are impacted by the financial benefits.

The 29 employees at WS's Rocktail Bay operations each support 5.5 relatives, which suggests that lodge wages support 10% of the local population.

Source: WTO, 2002.

However, the earlier assumption that benefits automatically trickle down to the poor with economic development is not happening. Rather poverty reduction is possible only if the benefits of growth are

redistributed to the poor through appropriate access and benefit sharing mechanisms. Further, it is possible only if the poor themselves are involved in the economic activity either through employment or entrepreneurial skills (WTO, 2002). And since ecotourism offers both opportunities, it has also the potential to contribute to poverty reduction. But experience has shown that depending upon the nature of the project and the characteristics of the destination, economic contribution of ecotourism to local communities can vary significantly (See box 9.2).

Box 9.2: Benefits to Local Communities

Over 40 percent of local people in the vicinity of Hol Chan Marine Reserve of Belize feel that they benefit from the reserve economically. Small business enterprises are able to take and spread such benefits. Another example is from Costa Rica. Altogether 10 percent of local households around Tortuguero National Park were estimated to secure economic benefits.

Source: UNEP, 2001.

The WTO (2002) suggests that tourism is not much different from other productive sectors but has the following additional advantages in terms of its potential for poverty alleviation:

- It has high potential to maintain forward and backward linkages.
- It is relatively labor intensive and employs a high proportion of women (See Box 9.3).
- It has potential in poor countries and areas with few other competitive exports.
- Tourism products can be built on natural resources and culture, which are assets, that some of the poor have.

Box 9.3: Women's Involvement in the Tourism Business

Annapurna Conservation Area is a good example of women's involvement in ecotourism projects. Women here play a crucial role in the tourism business. Often they are the managers and decision makers of their business, which is mostly hotel business. The occupational involvement of local women has been exemplary. It has become a source of inspiration for villages beyond the beaten track where women still shy away from strangers.

Source: Pradhan, 2002.

Other benefits include increased demand for local accommodation and food, and beverage outlets. This will lead to improved viability of both new and established hotels and guest houses. Additional revenue for local business such as souvenir shops can be anticipated from tourists. Ecotourism is also expected to increase the market for local products such as locally grown food grains, vegetables and fruits (Wearing and Neil, 1999).

Ecotourism is accepted as a means that can satisfy both local people in need of gainful economic activity as well as conservationists.

“It provides a means of empowerment to disadvantaged groups such as many native people (including women) by opening an economic and management role for them in ecotourism” (Gauthier, 1993).

Tourism can contribute in other significant ways to poverty reduction. For instance, it can help communities to reclaim their cultural pride,

sense of ownership and control over local development, reduce vulnerability through diversification and develop skills and entrepreneurial capacity (WTO, 2002). In Nepal, the Annapurna Conservation Area Project presents several such examples.

9.3 Recipients of Ecotourism Benefits

Local people are those most immediately affected by the emerging market for international ecotourism. Ecotourism might bring both direct and indirect economic impacts to the local communities. For instance, income generated from tourists in the local restaurant might in turn be paid to its employees (UNEP, 2001).

Box 9.4: Contribution of Ecotourism to Local Development

Ecotourism is viewed as a tool not only to create distinctive tourism products but also to improve the livelihoods of local people. Key successes include getting the government to collect entry fees from trekkers visiting the Annapurna region, and using either part or all of these funds to create an endowment fund that has been ploughed back into local conservation and development efforts. This has improved local livelihoods through expenditure on improving schools, drinking water, trails, electricity and so forth, as well as increasing local confidence. In addition to such community development programs, tourism revenue has been used as an important leverage for promoting alternative sources of energy, for training and awareness programs, the provision of soft loans to build proper facilities, and other actions that have made possible the development of eco-lodges in the Annapurna region.

Source: Gurung, 1995.

In rural areas even a few new jobs can make a big difference (Lindberg, 1996). Ecotourism-related goods and services can not only provide local people with additional income but also create new jobs. For example, private nature reserves and ecotourist destinations are being developed in

Africa. The reserves are generally established primarily for conservation purposes and are increasingly viable economically due to tourism income. The average African private reserve, which creates 457 months of employment per year, is an important source of income in a local community.

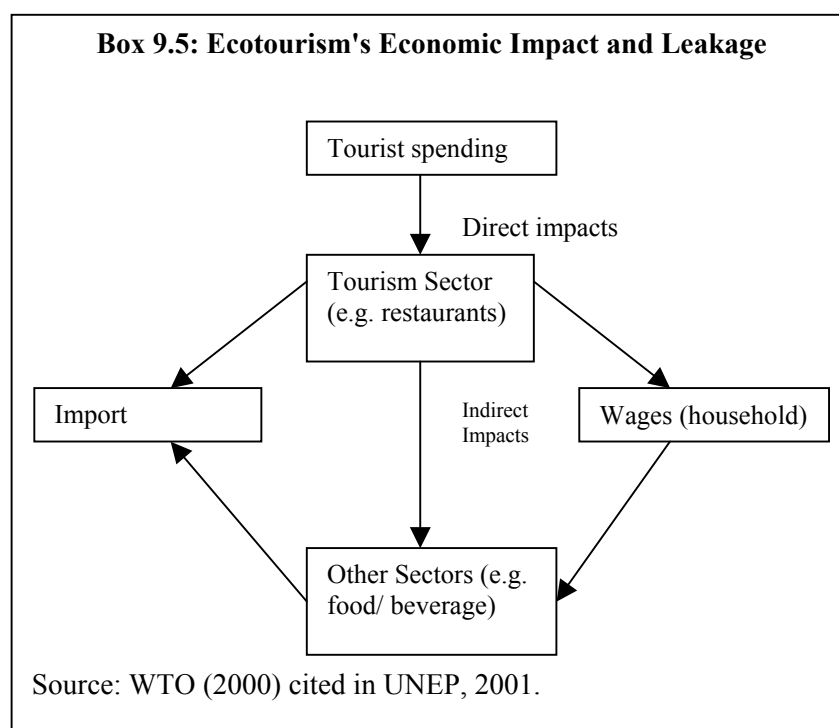
While there is great need to understand the linkages between tourism and the local farming systems, available evidence indicates that the local economic benefits of tourism are pretty much restricted to the employment of porters and guides. However, payments made to guides and porters also substantially benefit local communities. Similarly, free independent travelers mainly rely on local hotels and guesthouses for food and accommodation, which becomes an important source of income for locals (Pradhan, 2000).

“These activities have not only opened up avenues for the enhancement of off-farm income and employment in local food-deficit region, but also significantly raised the living standards of the local people. This linkage is important because it would entail considerable income and employment impacts on local economies both during tourist and non-tourist seasons. Some communities have spontaneously responded to such commercial opportunities while many have not, and there still remains a very wide scope for such development” (Sharma, 1995).

In Nepal, growing mountain-area trekking tourism which is close to ecotourism has been claimed to be a great source of employment (Hinrichsen *et al.*, 1983). Nepal has recognized the need for ploughing income from tourism back into the destination areas. The Buffer Zone Act of 1996 illustrates this commitment. It has a target to return national park benefits to communities around the Parks, administered through the Department of National Parks and Wildlife Conservation (DNPWC) and

a network of VDCs and user groups. Similarly, revenue from mountaineering fees and remote area trekking fees collected by the MoCTCA are pledged to be returned for the development of the area, with varying degrees of success.

All the evidence would suggest that ecotourism to some degree and other forms of tourism have been successful in reducing poverty in the areas where this business is established.



However, unless supplies such as victuals are from local areas where tourism thrives, there is always the possibility of high leakage from the local tourism income (See Box 9.5). Often guides and porters too are hired from areas other than the destination areas, and they also become agents for siphoning off precious resources generated by local areas (Wearing and Neil, 1999; Pradhan, 2000). Therefore, the greater the number of micro-enterprises in a tourism area, the more likely it is that a significant percentage of local people will benefit. Further, the following can be done to increase tourism benefits to the local host economy (Goodwin, 1998 cited in WTO, 2002):

- facilitate local community access to the tourism market,
- expand both backward and forward linkages, while minimizing leakage at the same time,
- strengthen existing livelihood strategies through employment, and small and micro-enterprises,
- rather than tourist influx or revenue generation, tourism projects be evaluated on the basis of their contribution to the economic development of host area,
- ensure the maintenance of natural and cultural assets, and
- minimize the negative social impacts.

In conclusion, with sufficient care and planning ecotourism has great potential for poverty alleviation. It can be a tool not only for the economic improvement of local host economy but also the country as a whole. It can also help address other dimensions of poverty and complement conservation efforts