Transformation through Tourism: Harnessing tourism as a development tool for improved livelihoods.

Hannah R. Messerli (PhD)
Finance and Private Sector Development, Tourism
Africa Region, World Bank, Washington, DC

Is tourism a viable development tool? While the number of tourist arrivals at developed and developing countries grows, the question continues to arise as to the true propoor impact of tourism. In tandem with academic efforts to understand tourism’s propoor impact as discussed in the articles in this volume, debate continues across the development community about whether or not tourism should be used in poverty alleviating efforts.

The World Bank, with its commitment to poverty alleviation has focused on facilitating enabling environments for investment and job generation by working with governments to strengthen the private sector in markets around the globe. While such efforts have emphasized cross sector activities, increasing effort is being dedicated to addressing weaknesses prohibiting the growth of specific industries such as ICT, agribusiness and tourism. Across the World Bank Group, programs and projects have tapped tourism as an economic development tool in a variety of locations, with diverse approaches and varying results. With each effort, there is a commitment to take note of lessons learned in order to inform future efforts. The purpose of this note is to highlight some examples of the Bank’s recent work in tourism and explore possible approaches for the future. Current World Bank efforts key to supporting tourism which benefits the poor is:

1) public/private dialogue engaging the broadest spectrum possible of stakeholders;
2) facilitation of public/private partnerships to address bottlenecks; and
3) holistic development which strengthens the value chain.

Zambia’s Jobs, Prosperity and Competitiveness Program

Engaging stakeholders is crucial to every tourism development effort. This approach has guided World Bank efforts in all sectors and countries. However, experience in tourism has shown that the role of dialogue across a wide spectrum of direct and indirect stakeholders is especially important. In Zambia, the Jobs Prosperity and Competitiveness program, a World Bank effort
supported by a number of donors such as DFID and Norway, demonstrates truly collaborative efforts to foster discussion---and action---across the public and private sectors. Specifically, the Government of Zambia asked for new approaches and innovation which: 1) would build demand for results; 2) generate a large supply of results (using crowd sourcing followed by competitive selection); and 3) facilitate accountability across the activity spectrum. Analysis is being utilized widely by Government particularly for the Sixth National Development Plan and by the industry and business communities to gain insights that are enabling the sector to become more competitive. Consensus on industry diagnostics has contributed to a shared view of opportunities and constraints that also serves as a platform for launching action such as the preparation of a new tourism policy and national tourism and hospitality act. Extensive crowd sourcing has even been utilized to identify a new tourism brand for the country. While early World Bank support for the tourism sector was often in the form of funding for national tourism plans, support to Zambia is not only helping the sector develop---it is raising awareness with all income levels of the population about tourism.

**Kenya’s Competitiveness Partnership Initiative**

A new joint World Bank and International Finance Corporation (IFC) program is underway in Kenya. Although home to the iconic safari tourism product delivered by a strong private sector, Kenya’s public and private sector continues to grapple with improving the sector’s economic productivity through job generation and SME/enterprise development that reaches marginal populations such as youth, women and the poor. Product diversification and expanding tourism development beyond hubs such as Nairobi and Mombasa are just a few options. A series of President’s Round Table working meetings with ministry representatives and members of the Kenya Private Sector Alliance (KEPSA) has led to a tactical and focused effort to address key constraints. Strengthening value chain linkages with communities proximate to tourism development as well as support for SMEs are two areas likely to engage and benefit the poor in a sustainable and economically productive manner.

**Ethiopia’s Sustainable Tourism Development Project (ESTDP)**

In June 2008, the World Bank’s Board approved a loan to the Government of Ethiopia for US$35 million. While the Bank supports Ethiopia in a variety of propoor initiatives from food security to electricity generation, this loan is unusual its purpose: to contribute to enhancement of
the quality and variety of tourism products and services in targeted destinations in order to increase tourist visitation, foreign exchange earnings, and jobs. As an example of a World Bank lending operation, ESTDP is targeted to support destination development, market development and institutional capacity building---all of these activities are focused on the tourism sector in destinations around the country. The project’s activities are dedicated to enabling the private sector to deliver a high value cultural heritage tourism product through support for business development, training, community engagement and institutional strengthening at the national state and local levels. In each of this project’s components, development of propoor tourism is a priority. For instance, a matching grant scheme designed to support tourism businesses is also open to communities in rural areas to develop their offerings for visitors as well as products (such as crafts, specialty foods and cultural activities) which can be supplied to tourism entities along the value chain.

**Using tourism as an economic development tool for improved livelihoods**

Known by all yet fully understood by few, tourism is a sector of good times that is often not taken seriously. Tourism needs public sector intervention to create the conditions necessary for private sector engagement and support at all levels to be sure that both formal and informal economies grow. As for the propoor tourism debate, what have we learned? Tourism can benefit the poor when forward and backward linkages are developed and nurtured. At the same time, sustainable and economically productive tourism is a complex mix of large and small entities along the tourism value chain. The opportunities are many particularly in tourism operators, for example, accessing fresh produce and amenities locally. Yet this can be difficult to sustain in destinations with extreme seasonality and an environment with an under-developed labor force.

**Going forward…**

Growing demand from client governments across Africa generated the need to build capacity and knowledge in this sector. Extensive research, commissioned by the World Bank in 2008 and 2009, considered the role of tourism in economies throughout Sub-Saharan Africa. Findings indicate that tourism with diversified products, can reach the poor while protecting natural assets and conserving cultural heritage. In response to the growing demand for “impactful” development that demonstrates quantifiable return on investment to donors, governments and local populations alike, approaches utilizing public/private dialogue, partnerships between the
public and private sectors and holistic development of tourism value chains can all be utilized to engage and benefit the poor.