

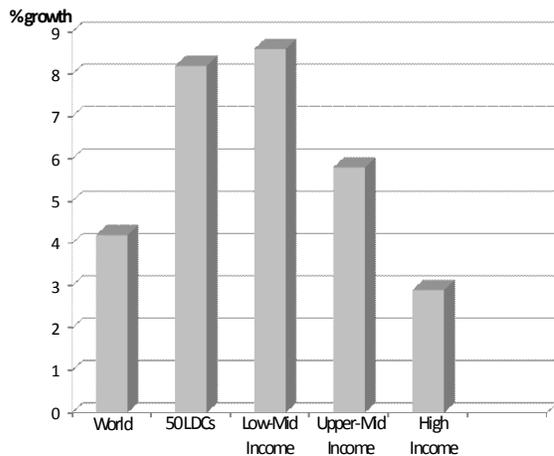
The Contribution of Tourism to Economic Growth and Food Security

Robert B. Richardson, Michigan State University
Prepared for USAID Mali, Office of Economic Growth
June 2010

Introduction

Many developing countries have managed to increase their participation in the global economy through development of international tourism. Tourism development is increasingly viewed as an important tool in promoting economic growth, alleviating poverty, and advancing food security. This briefing note aims to review the relationship between tourism and poverty reduction, and to explore how investment in tourism development in Mali may contribute to national development goals. Numerous studies have demonstrated that tourism can play a significant role in balanced sustainable development, and that it can be effectively harnessed to generate net benefits for the poor (UNWTO, 2002). Tourism is a principal export for 83% of developing countries, and it is the most significant source of foreign exchange after petroleum. Figure 1 illustrates that the rate of tourism growth in lower-middle income developing countries and in the 50 least developed countries (LDCs) has been approximately double the world average growth rate in recent years, and almost triple the growth rate for high income countries. Developing countries' share of international tourist arrivals more than doubled from 1973 to 2000 (UNWTO, 2002). Tourism comprises a significant part of the world's growing service sector; in sub-Saharan Africa, tourism accounts for approximately 55% of service-sector exports (UNWTO, 2004).

Figure 1: Annual growth in tourism arrivals by category of country, 1990-2005 (Source: UNWTO)



There are several international initiatives that have highlighted the potential of tourism to contribute to economic growth and poverty reduction, as well as to environmental protection, cultural preservation, and job creation. The United Nations World Tourism Organization (UNWTO) emphasizes poverty reduction as one of its primary themes for tourism development, and its Sustainable Tourism—Eliminating Poverty (ST-EP) initiative (<http://www.unwto.org/step/>) focuses on aligning the goals of sustainable tourism with activities that specifically alleviate

poverty. The activities of this initiative include the development of capacity-building seminars and the publication of research reports designed to raise awareness about the role of tourism in alleviating poverty. The Pro-Poor Tourism Partnership is a collaborative research project of the International Centre for Responsible Tourism, the International Institute for the Environment and Development and the Overseas Development Institute. The Partnership (<http://www.propoortourism.org.uk/>) has worked to develop strategies for tourism development and management that results in increased net benefits for poor people. The goals of these and other related initiatives are frequently aligned with

the objectives of sustainable tourism, ecotourism, community-based tourism, and fair or equitable tourism (Ashley, Roe, & Goodwin, 2001).

The potential of tourism development as a tool to contribute to economic growth and poverty reduction is derived from several unique characteristics of the tourism system (UNWTO, 2002). First, tourism represents an opportunity for economic diversification, particularly in marginal areas with few other export options. Tourists are attracted to remote areas with high values of cultural, wildlife and landscape assets. The cultural and natural heritage of developing countries is frequently based on such assets, and tourism represents an opportunity for income generation through the preservation of heritage values. Therefore, tourism enables communities that are poor in material wealth but rich in history and cultural heritage to leverage their unique assets for economic development (Honey & Gilpin, 2009). Tourism is the only export sector where the consumer travels to the exporting country, which provides opportunities for the poor to become exporters through the sale of goods and services to foreign tourists. Tourism is also labor-intensive and supports a diverse and versatile labor market; it provides small-scale employment opportunities, which also helps to promote gender equity. Finally, there are numerous indirect benefits of tourism for the poor, including increased market access for remote areas through the development of roads, infrastructure, and communication networks.

Several strategies for tourism development have been found to be effective in creating employment and income opportunities for vulnerable groups and communities (UNWTO, 2000; Ashley, Roe, & Goodwin, 2001). The tourism development projects that have been most effective at contributing to poverty alleviation include those that

- Promote employment of the poor in tourism businesses (including training, particularly for non-educated women)
- Promote the establishment of tourism enterprises by the poor (such as micro and small enterprises)
- Promote the supply of goods and services to tourism businesses by enterprises that are owned by or employed by the poor (supply chain)
- Promote the direct sale of goods and services to tourists by the poor
- Involve partnerships with local governments to support fiscal strategies, such as taxes or levies that fund road construction, communication networks, rural schools, sanitation or health improvements
- Facilitate voluntary donations and support from tourism enterprises and tourists, and
- Invest in infrastructure and local capacity building.

Economic benefits of tourism include the expansion of business opportunities for the poor, expansion of employment and wages by ensuring commitments to local jobs and training of local residents, and the development of collective community income. Non-economic benefits include capacity building, training, improved access to services and infrastructure (such as health care, radio access, security, water supplies, and transportation), and mitigation of environmental impacts and natural resource conflicts (Mowforth & Munt, 2003; UNWTO, Tourism and Poverty Alleviation, 2002). Many of the physical and environmental benefits may have been motivated by tourism development, but they indirectly benefit local communities.

Although the potential benefits of tourism development have been well documented, tourism has also been associated with negative impacts, for example as a delivery mechanism for health pandemics and terrorism (Honey & Gilpin, 2009). Tourism has been criticized as a development strategy for reasons related to the distribution of economic benefits. In some cases, high levels of financial

leakages of tourism revenues have resulted from large-scale development of capital-intensive development projects, propagation of enclave tourism, and the appropriation of control over resources to powerful external interest groups (Akama & Kieti, 2007). The presence of significant leakage (when financial revenues from tourism leave the area or are remitted to other countries) reduces the economic development impact of tourism (UNWTO, 2002). The main causes of leakage include foreign ownership, employment of foreign nationals, and imported materials and food (Bélisle, 1984).

The overall economic impact of tourism is maximized through enhancing linkages with other local economic sectors. Strong economic linkages with tourism and other sectors (such as agriculture and small enterprises) will enhance the multiplier effect, thus contributing to increased revenue retention and creation of employment opportunities for local people (Akama & Kieti, 2007). The enhancement of economic linkages through tourism development results in a greater demand for local goods and services, the creation of more jobs, and the development of more opportunities for local businesses. Effective linkages depend in part on the quality and reliability of local products for the tourism market.

Other challenges to effective tourism development include shortages of skilled local staff, conflicts of interests, and safety conditions in the area or in the country (UNWTO, 2006). Coherence between the actions of the various stakeholders in the tourism sector is a particular challenge, often because of a lack of trust between private and public interests (IMF, 2006). Several solutions to these have been proposed, including participatory processes to engage local communities, development of education and training programs, and the implementation of conflict management systems.

Economic Growth, Poverty Reduction and Food Security

As an engine for economic growth, tourism has been found to be resilient and associated with positive impacts in terms of generating foreign exchange earnings, creating employment and income, and stimulating domestic consumption (Modeste, 1995; Durbarry, 2002; Steiner, 2006). Several studies in various developing countries around the world have found a positive and significant relationship between tourism and economic growth (Shan & Wilson, 2001; Durbarry, 2002; Croes & Vanegas, 2008). Studies of the relationship between tourism specialization and economic growth rates have found that small states are faster growing especially when they are highly specialized in tourism (Lanza & Pigliaru, 2000). Tourism has also been described as having a snowball effect in contributing to economic growth, since the development of new tourism destinations is often accompanied by the arrival of new businesses and NGOs (Honey & Gilpin, 2009; Western, 2008).

Although community participation has been described as integral to effective and sustainable pro-poor tourism development, the evidence of community-based approaches as potential avenues of poverty reduction through revenue sharing and community participation has been mixed. Community-based natural resource management programs such as CAMPFIRE (Communal Areas Management Program for Indigenous Resources) in Zimbabwe and ADMARE (Administrative management design for game management areas) in Zambia have been promoted as having contributed to the dual objectives of conservation and rural development, but also criticized as having failed at effectively controlling poaching and empowering local communities (Rodary, 2009). Community-based tourism enterprises in Kenya have been described as relying heavily on donor funding and not having a significant impact on poverty reduction at the household level (Manyara & Jones, 2007).

Few studies have examined an empirical link between tourism and poverty reduction. Croes and Vanegas (2008) investigated the relationship among tourism development, economic expansion, and

poverty reduction in Nicaragua. They found a one-way causal relation between tourism development and economic expansion, and between tourism and poverty reduction. These authors have characterized the relationship among tourism, economic growth, and poverty reduction as related to the “democratization of the dollar” by highlighting the employment, income and participation opportunities that are derived from a transfer of wealth and income from residents of wealthier countries to developing countries (Vanegas & Croes, 2003).

The UNWTO reviewed 49 tourism development projects submitted by its member states (including nine from Africa) as examples of sustainable tourism initiatives (UNWTO, 2000). The institutional arrangements for these projects varied from central governments (30%) and trade associations (30%) to private companies (20%) and local authorities (10%). The factors that were found to contribute to the success or sustainability of tourism development projects included

- Local community involvement in the planning, development and management of the projects
- Cooperation among different partners in the pursuit of the project’s objectives
- Environmental commitment of the project’s promoters, and
- Continuous monitoring of the project’s performance

In addition to these macro-level assessments of tourism on economic growth and poverty reduction, household survey data can be used to estimate the impact of tourism development on household welfare by analyzing the impact of tourism on household income or consumption in tourism regions (such as those adjacent to national parks or cultural attractions). This approach was used to estimate the impact of wildlife conservation on household welfare in Zambia; households in game management areas were more likely to have higher levels of income and consumption after controlling for other variables, but the gains accrued primarily to the non-poor (Bandyopadhyay and Tembo, 2010; Fernandez et al., 2009). Ecotourism has been shown to deliver concrete benefits to rural communities in Kenya by giving local people lead roles in managing and conserving wildlife areas. Admission fees for Kenyans to visit parks were reduced in order to promote domestic tourism (Honey & Gilpin, 2009).

There have been several initiatives to understand and strengthen the link between tourism and food security in Mali. The UNWTO ST-EP initiative implemented a project in Mali to protect the health of female artisans in Djenné by raising awareness of the risks of inhaling toxic smoke from plastics, improving working conditions, and providing protective equipment and tools. The Netherlands Development Organization (SNV) is presently conducting a value-chain analysis for tourism in Pays Dogon to map where the rural poor participate and to identify opportunities for increasing the benefits for the poor. Partners of the Global Sustainable Tourism Alliance are working in Pays Dogon to provide training for guides, build capacity for hospitality employees, and develop marketing materials to promote tourism in the region. These initiatives could be replicated in other regions throughout the country to achieve greater benefits.

The literature on the relationship between tourism and poverty reduction emphasizes several specific policy recommendations for host communities, host governments, and foreign stakeholders (Honey & Gilpin, 2009; IMF, 2006; Mowforth & Munt, 2003). They are summarized as follows:

Strategies for host communities

- Identify and protect cultural and natural assets that form the basis for comparative advantage in tourism
- Maintain focus on the community as the center of the tourism development strategy to ensure local ownership of projects and retention of profits

- Encourage widespread community participation in tourism planning processes
- Build capacity through the development of physical infrastructure and human capital
- Promote improvement in the delivery of tourism services to ensure quality and authenticity
- Raise awareness among tourists to encourage them to appreciate and respect the sites they visit
- Facilitate voluntary contributions from tourists and tourism enterprises for responsible initiatives

Strategies for host governments:

- Establish a comprehensive and coherent tourism strategy and implement policies that support the mission outlined in the strategy
- Enact robust legislation to protect tourist attractions and employees
- Reduce bottlenecks and constraints that hinder investment and development (i.e., minimizing competing or overlapping bureaucracies)
- Design a creative marketing strategy that leverages the comparative advantages of the host country
- Support efforts to reduce crime and corruption through legislation, monitoring, and enforcement
- Adopt internationally-recognized tourism standards
- Promote domestic tourism and develop a culture of travel among local people (e.g., through reduced fees)

Strategies for foreign stakeholders:

- Prioritize tourism as an economic force by directing investments in capital and infrastructure that concurrently support tourism development and poverty reduction
- Provide technical assistance by facilitating training, capacity-building, and the transfer of technologies at the local level
- Support strengthening of institutional mechanisms for responsible, pro-poor tourism development
- Support coordination between investment programs for road and security infrastructure, and local development of tourism attractions and sites
- Support income-generating initiatives such as revenue-sharing from tourism and integrated conservation-development projects
- Encourage domestic ownership of tourism businesses and management of tourism sites
- Promote tourism to home countries to encourage their fellow citizens to visit the host country

The Potential of Tourism in Mali

Tourism in Mali is presently based on its endowment of cultural assets, including four sites inscribed by the United Nations Education, Scientific and Cultural Organization on the World Heritage List. Mali has the second most World Heritage sites among the countries of West Africa¹. They include

- The Old Towns of Djenné², which have been inhabited since 250 B.C., and were a market centre and an important link in the trans-Saharan gold trade
- Timbuktu³, which was the intellectual and spiritual capital and a centre for the propagation of Islam throughout Africa in the 15th and 16th centuries

¹ There are five World Heritage Areas in Senegal: three cultural sites and two natural sites.

² The UNWTO's Sustainable Tourism for Eliminating Poverty (ST-EP) program has supported an effort to train the female artisans of Djenné (Honey & Gilpin, 2009).

³ Timbuktu was inscribed on the List of World Heritage in Danger in 1990, but it was removed from that list in 2005 after a range of preservation measures were implemented, including the adoption of a management plan, work on water infrastructure, restoration work on buildings and mosques, and the compilation of an inventory.

- The Cliff of Bandiagara⁴ (the Dogon cliffs), which features a landscape of sandy plateaux and cliffs, the architecture of houses, altars and sanctuaries, and age-old social traditions, including masks, feasts, rituals, and ceremonies involving ancestor worship, and
- The Tomb of Askia, which features a dramatic 17-meter pyramidal structure built by Askia Mohamed, the Emperor of Songhai, in 1495 in his capital of Gao.

In addition to these designated World Heritage sites, there are nine other cultural properties submitted for consideration for the World Heritage List, which may provide future potential for tourism development. There are also numerous other tourism resources based on the diverse cultures of the empires and kingdoms that have flourished in Mali over the centuries. There are many festival events that vary across regions and ethnic groups throughout the year, including the Dogon mask festivals and the Deegal cattle crossing festivals. Mali is gaining increasing notoriety among jazz and blues enthusiasts, who are drawn to events such as the Festival on the Niger in Segou and the Festival in the Desert, a large music event near Timbuktu. Such festivals have been used to spread other development messages by promoting AIDS awareness and good citizenship. A rich arts heritage provides a range of tourism development opportunities through the development of museums and galleries and the promotion of arts and crafts products, including indigo and mud dyed cloth, wood carvings, gold and silver work, and ethnic musical instruments. Mali's cultural assets are also described as including Malians themselves, who personify the concept of "diatiguiya," which embodies hospitality, openness, and a quality of sharing and listening (Embassy of Mali, 2008). In addition to cultural assets, Mali is also endowed with an extensive natural heritage that includes vibrant landscapes, the Sahara desert, and the wetlands of the central Niger Delta that host thousands of water birds.

According to data from the World Travel and Tourism Council (2010), international visitor arrivals more than doubled during the decade of 1997 to 2007, and has now reached approximately 200,000. The direct economic impact of travel and tourism in Mali is estimated at US\$223 million (or 2.1% of gross domestic product [GDP]) and direct industry employment is approximately 33,000. The economic outlook for tourism in Mali is positive. The contribution of the travel and tourism economy (including direct and indirect impacts) to GDP is expected to rise from 4.9% (US\$523 million) in 2010 to 6.1% (US\$1,090 million) by 2020. The contribution to employment is expected to rise from 80,000 jobs (3.9% of total employment or 1 in every 25.6 jobs) in 2010, to 129,000 jobs (4.8% of total employment or 1 in every 20.8 jobs) by 2020. Mali ranks 9th among sub-Saharan African countries in WTTC's growth forecast (WTTC, 2010), and far higher than other countries in West Africa.

The cultural uniqueness of Mali among its neighbors provides the basis for a comparative advantage for tourism development in the region. Mali has promoted tourism by structuring the nation's cultural heritage as the engine of economic and social development. The government has also updated policies relating to the organization of the profession of travel organizers and guides (IMF, 2006). Investments directed at enhancing economic linkages with tourism (i.e., capacity-building to promote entrepreneurship among micro-enterprises, small farms, and craft artisans) are likely to direct some of the benefits of tourism development to the poor (Akama & Kieti, 2007).

The combination of cultural assets with high economic value, abundant labor resources, a bright outlook for tourism growth, and critical development challenges provides Mali with an opportunity to integrate tourism into its strategy for economic growth and poverty reduction. A tourism policy that builds upon the existing foundation of cultural heritage, respects social and cultural traditions,

⁴ The Cliff of Bandiagara is inscribed as both a cultural and natural site on the World Heritage List.

minimizes economic leakages, and adheres to the pro-poor tourism development strategies that are described above is likely to produce economic benefits that are consistent with the literature cited in this paper. Research related to the relationship between tourism and economic development in Mali could include an analysis of the economic impact of tourism, an examination of the effects of tourism on rural household welfare, an analysis of barriers to participation in tourism by micro-enterprises, and a study of the role of local purchasing in strengthening backward economic linkages.

References

- Akama, J. S., & Kieti, D. (2007). Tourism and socio-economic development in developing countries: a case study of Mombasa Resort in Kenya. *Journal of Sustainable Tourism* , 15 (6), 735-748.
- Ashley, C., Roe, D., & Goodwin, H. (2001). *Pro-Poor Tourism Strategies: Making Tourism Work For the Poor*. London: Overseas Development Institute.
- Bandyopadhyay, S., & Tembo, G. (2010). Household consumption and natural resource management around national parks in Zambia. *Journal of Natural Resources Policy Research* , 2 (1), 39-55.
- Bélisle, F. (1984). Tourism and food imports: the case of Jamaica. *Economic Development and Cultural Change* , 32 (4), 819-42.
- Croes, R., & Vanegas, M. (2008). Cointegration and causality between tourism and poverty reduction. *Journal of Travel Research* , 47, 94-103.
- Durbarry, R. (2002). The economic contribution of tourism in Mauritius. 29 (3), pp. 862-65.
- Embassy of Mali. (2008). Retrieved from The Embassy of Mali: <http://www.maliembassy.us/>
- Fernandez, A., Richardson, R. B., Tschirley, D., & Tembo, G. (2009, September). Wildlife Conservation in Zambia: Impacts on Rural Household Welfare. (Food Security Research Project, Working Paper No. 41).
- Honey, M., & Gilpin, R. (2009). *Tourism in the Developing World: Promoting Peace and Reducing Poverty*. Washington: United States Institute for Peace.
- IMF. (2006). *Growth and Poverty Reduction Strategy Paper*. Washington: International Monetary Fund, IMF Country Report No. 08/121.
- Lanza, A., & Pigliaru, F. (2000). Why are tourism countries small and fast growing? In A. Fossati, & G. Panella (Eds.), *Tourism and Sustainable Economic Development* (pp. 57-69). Dordrecht: Kluwer.
- Manyara, G., & Jones, E. (2007). Community-based tourism enterprises development in Kenya: an exploration of their potential as avenues of poverty reduction. *Journal of Sustainable Tourism* , 15 (6), 628-44.
- Modeste, N. C. (1995). The impact of growth in the tourism sector on economic development: the experience of selected Caribbean countries. *Economia Internazionale* , 48, 375-85.
- Mowforth, M., & Munt, I. (2003). *Sustainable Tourism in Developing Countries: Poverty Alleviation, Participatory Planning, and Ethical Issues*. London: Routledge.
- Rodary, E. (2009). Mobilizing for nature in southern African community-based conservation policies, or the death of the local. *Biodiversity and Conservation* , 18, 2585–2600.
- Shan, J., & Wilson, K. (2001). Causality between trade and tourism: empirical evidence from China. *Applied Economics Letters* , 8 (4), 279-83.

- Steiner, C. (2006). Tourism, poverty reduction and the political economy: Egyptian perspectives on tourism's economic benefits in a semi-rentier state. *Tourism Hospitality Planning and Development* , 3 (3), 161-77.
- UNWTO. (2006). *Poverty Alleviation Through Tourism: A Compilation of Good Practices*. Madrid: United Nations World Tourism Organization.
- UNWTO. (2000). *Sustainable Development of Tourism: A Compilation of Good Practices*. Madrid: United Nations World Tourism Organization.
- UNWTO. (2002). *Tourism and Poverty Alleviation*. Madrid: United Nations World Tourism Organization.
- UNWTO. (2004). *Tourism and Poverty Alleviation: Recommendations for Action*. Madrid: United Nations World Tourism Organization.
- Vanegas, M., & Croes, R. (2003). Growth, development and tourism in a small economy: evidence from Aruba. *International Journal of Tourism Research* , 5, 315-30.
- Western, D. J. (2008). *Ecotourism, Conservation and Development in East Africa: How the Philanthropic Traveler Can Make a Difference*. Washington: Center for Responsible Travel.
- WTTC. (2010). *The Economic Impact of Travel and Tourism: Mali*. London: World Travel and Tourism Council.