

Tourism for Development

20 Reasons Sustainable Tourism Counts for Development

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Introduction

20 Reasons Sustainable Tourism Counts For Development





Sustainable tourism is a proven tool for development, benefitting communities in destinations around the world. As demand for global tourism continues to grow, the opportunities for sustainable development also increase. This report aims to raise awareness of sustainable tourism as a powerful and effective tool for development, leveraging the momentum generated by the United Nations designating 2017 as the International Year of “Sustainable Tourism for Development”.

More than 50 years after the World Bank financed its first tourism for development projects in Morocco and Tunisia,¹ the case for tourism as a sustainable development model is still a compelling one. Tourism is highly labor intensive, facilitates the development of new infrastructure, helps fund conservation, revitalizes modern and historic cities, and can contribute to international understanding. Despite these benefits, tourism is more often viewed as a luxury for those who can afford it, rather than a nimble development tool.

This paper challenges development professionals to embrace the broad, cross-cutting potential of tourism to enhance the lives of those living in existing and emerging destinations.

Sustainable Tourism is defined as:

“Tourism that takes full account of its current and future economic, social, and environmental impacts, addressing the needs of visitors, the industry, the environment, and host communities.”

(UNWTO, 2016)

While the focus of this paper is on sustainable tourism's wider benefits, it is important to acknowledge that there are tradeoffs involved. Like other economic activities, tourism both gives and takes from communities and travelers. When it is poorly planned, tourism can negatively impact cities, parks, and historic monuments, and put severe pressure on local infrastructure, resident communities, and their resources.

When properly planned and managed, sustainable tourism can contribute to improved livelihoods, inclusion, cultural heritage and natural resource protection, and promote international understanding. The goal of this paper is to build the case for this type of sustainable and inclusive tourism development.

In support of sustainable tourism, United Nations has designated 2017 as the International Year of "Sustainable Tourism for Development". Sustainable tourism is identified as a vital component to ensure the achievements of the Sustainable Development Goals (SDGs) 8, 12, and 14 and the 2030 Agenda for Sustainable Development.² This makes it an ideal moment to update and reaffirm the evidence case behind tourism as a development tool. UNWTO (the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism) outlines the five pillars of tourism for development shown below.³

Drawing from these pillars, this paper identifies 20 reasons sustainable tourism counts for tourism destinations, people who live there, and travelers. The following reasons are only a starting point for integrating a holistic approach to sustainable tourism into development projects.



Sustainable Economic Growth



Social Inclusiveness, Employment, and Poverty Reduction



Resource Efficiency, Environmental Protection, and Climate



Cultural Values, Diversity, and Heritage



Mutual Understanding, Peace, and Security

20 Reasons Sustainable Tourism Counts For Development



Sustainable Economic Growth

1. Stimulates GDP Growth
2. Increases International Trade
3. Boosts International Investment
4. Drives Infrastructure Development
5. Supports Low-Income Economies



Social Inclusiveness, Employment, and Poverty Reduction

6. Creates Jobs Efficiently
7. Promotes Inclusive Growth
8. Strengthens Rural Communities
9. Revitalizes Urban Areas
10. Improves Access to Income via Travel Tech
11. Benefits Women
12. Bolsters Artisans



Resource Efficiency, Environmental Protection, and Climate

13. Facilitates Conservation
14. Raises Climate Change Awareness
15. Propels the Blue Economy



Cultural Values, Diversity, and Heritage

16. Protects Cultural Sites
17. Sustains Intangible Culture



Mutual Understanding, Peace, and Security

18. Spreads Philanthropy
19. Cultivates Intercultural Understanding
20. Aids Post-Conflict Recovery



Sustainable Economic Growth

Tourism's broad-reaching economic benefits

1. Stimulates GDP Growth

Travel and tourism make up the largest service industry in the world and it continues to grow. This industry stimulates Gross Domestic Product (GDP) growth in host countries and contributes substantially to government tax revenues. Worth USD7.6 trillion dollars, the travel and tourism sector accounts for more than 10% of global GDP, and represents 7% of all international trade and 30% of the world's export in services.⁴ Tourism receipts provide an important source of foreign exchange for countries around the world, enabling economic growth and investment in a multitude of other sectors. In 2016, tourism grew by 3.1%, outperforming the global economy's growth of 2.5%.⁵

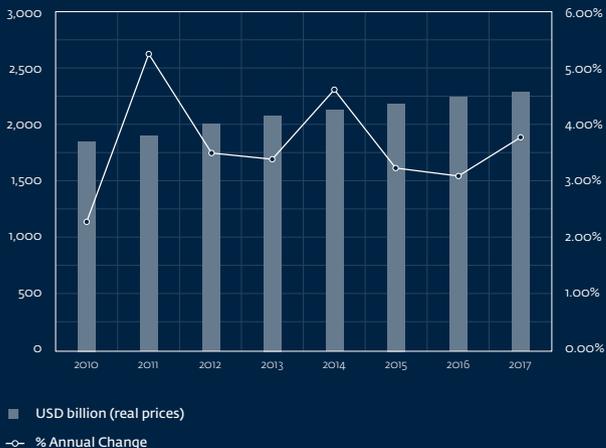
Travel and tourism make up the largest service industry in the world and it continues to grow.



2. Increases International Trade

International tourism exports have surpassed the growth of world trade over the past four years.⁶ Worth USD1.4 trillion in export earnings, tourism is the third largest global export, after chemicals and fuels, and ranked ahead of automotive products and food.⁷ From 2010 to 2015, export earnings from international tourism grew by nearly 25%, outpacing automotive manufacturing at 22%, food at 19%, and chemicals at 9%.⁸ Additionally, tourism can help open new markets, resulting in the export of new products. The growth of European tourists in Nepal, for example, led to the rapid rise of pashmina exports to the West.⁹ Tourism is shown to drive the growth of trade in countries like Nicaragua, Chile, Venezuela, and the Dominican Republic.¹⁰ Firms in Arizona were 30 to 50% more likely to trade with their Mexican counterparts, if their management had visited Mexico for leisure or business.¹¹

Direct Contribution of Tourism to Global GDP and % Annual Change
2010 to 2017



Source: World Travel & Tourism Council (WTTC), <https://www.wttc.org/datagetaway>

3. Boosts International Investment

Tourism and hospitality is now the second fastest-growing industry in terms of foreign direct investment (FDI) attraction, only surpassed by communications services. Tourism is a large contributor to FDI, considered a priority by most investment-promotion agencies for stimulating widespread economic development. About USD806.5 billion (4.4% of total investment) was invested in travel and tourism in 2016, compared to USD680 billion in the oil and gas industry.

However, the real size of the activity might be underestimated, since in the hotel industry, managerial contracts and other non-equity arrangements, such as franchises, are not reflected in the national accounts as FDI.^{13, 14} It has been argued that FDI can play a critical role in the political stability of a country, and the transfer of know-how and technology from foreign companies to the local ones.¹⁵ Empirical evidence in Africa also seems to point to a strong correlation between tourism expenditure and FDI investment, tourist arrivals and employment.¹⁶

4. Drives Infrastructure Development

Tourism sector development often results in improvements in basic infrastructure, such as airports, roads, water supply, energy, medical services, mobile phone networks, and health and safety services that are enjoyed by tourists and locals alike. In recent years, the World Bank has implemented tourism projects with infrastructure components in Ethiopia, Nepal, Georgia, Albania, Tanzania, Madagascar, Mozambique, and Senegal, among many other countries.

For example, the World Bank Integrated Growth Poles Project in Madagascar promoted tourism-led growth and resulted in many infrastructure improvements, including 60km of new road, two enhanced ports, improved public utilities, an expanded hospital, and quadrupled solid waste collection.¹⁷ The World Bank Cultural Heritage Preservation and Tourism Sector Support Project in Haiti provided much-needed infrastructure improvements for locals, such as upgraded water and sanitation, while making the country more attractive to tourists and investors.¹⁸

Tourism sector development often results in improvements in basic infrastructure.



Tourism is a large and growing contributor to foreign direct investment.

5. Supports Low-Income Economies

Tourism is particularly important for less developed and low-income economies. In 2015, the world's 48 lower income and lower middle income countries received 29 million international tourist arrivals (nearly a threefold increase in a decade) and earned USD21 billion from international tourism. Tourism is the first or second largest source of export earnings in 20 of the 48 UN-classified Least Developed Countries (LDCs).¹⁹

Tourism accounted for 26.5% of exports in Cambodia, and is expected to grow by 11.8% in 2017.²⁰ Tourism makes up 73% of exports in Sao Tome and Principe, and is projected to increase by 8.4% in the coming year.²¹ Tourism accounts for over 25% of GDP in at least seven Small Island Developing States (SIDS)²², and 10 LDCs have seen triple-digit growth in tourism arrivals since 2009, underscoring the growing importance of tourism.²³ The sector was a key driver for the graduation of Samoa, Cabo Verde and the Maldives from LDC status, and of other LDCs soon to graduate.²⁴



GASPÉSIE

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VENEZIA

MOBEK KITEWEAR
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SZYBK
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RIO DE JANEIRO

Lexington →

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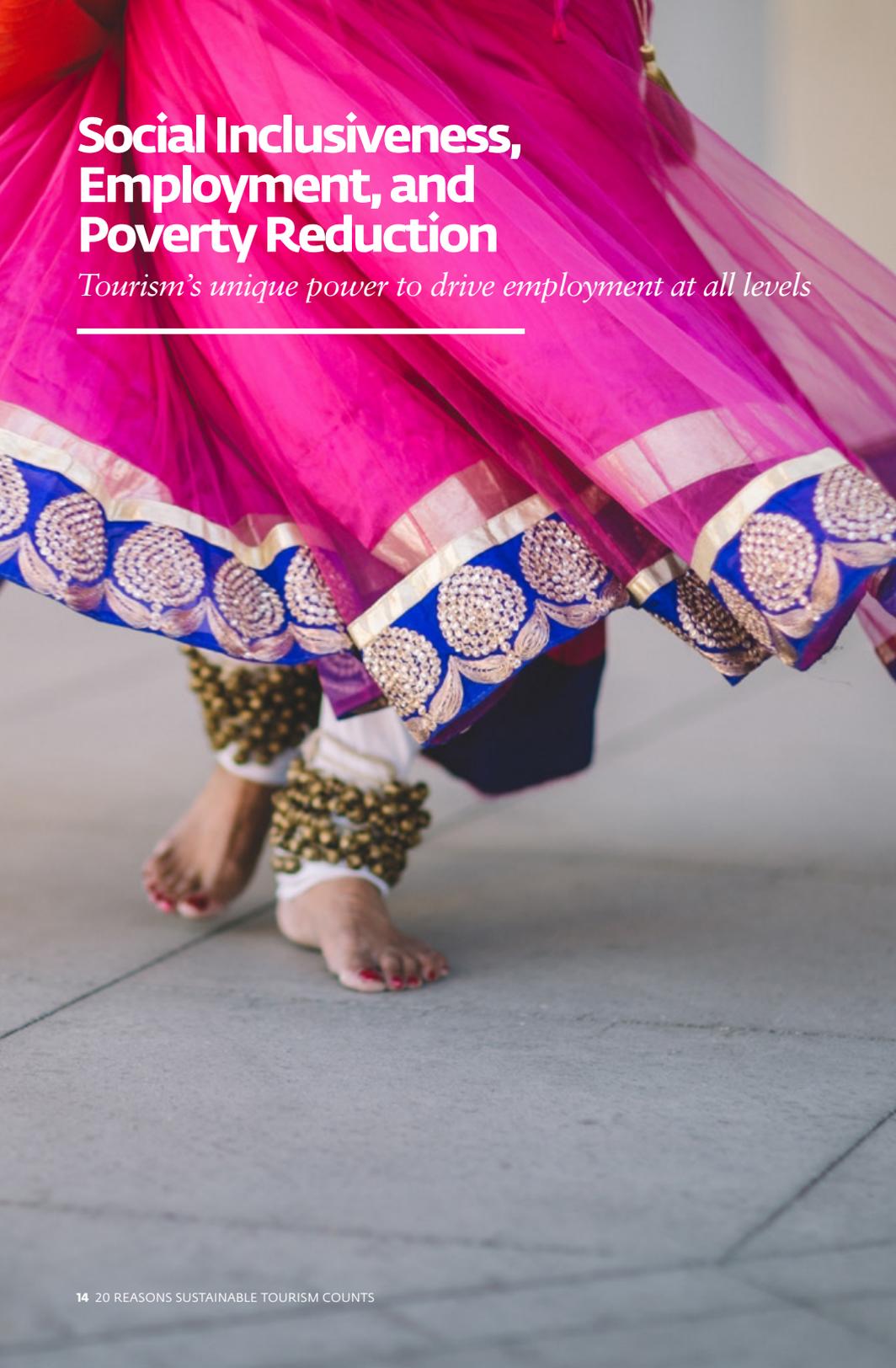
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Social Inclusiveness, Employment, and Poverty Reduction

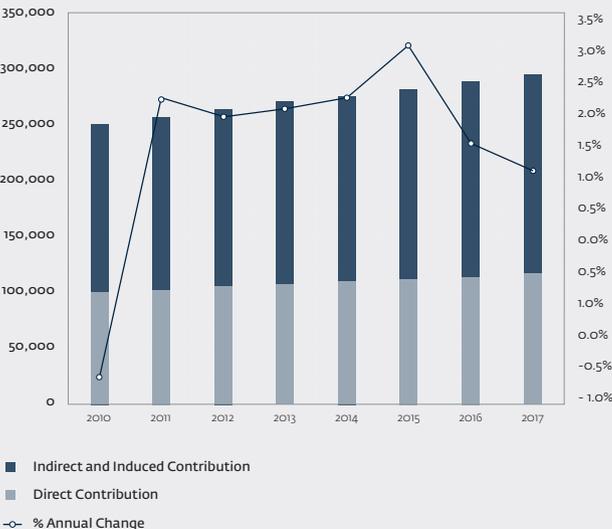
Tourism's unique power to drive employment at all levels

6. Creates Jobs Efficiently

World Bank research shows that employment is the surest pathway out of poverty.²⁵ Tourism employs 292 million people worldwide, which means that one in every ten jobs is related to tourism. In Africa, between 2000 and 2014, the number of jobs attributable to the tourism sector nearly doubled from 11.6 million to 20.5 million, which represents 8.1% of total employment in the region. Consequently, targeting sectors like tourism that are efficient and effective job creators, is an ideal way to direct development funds. As a service industry, tourism is labor intensive and is traditionally

made up of small and micro enterprises. The World Travel & Tourism Council's (WTTC) 2012 report *The Comparative Economic Impact of Travel & Tourism* found that tourism is the second most efficient job creator. When direct, indirect and induced effects are included, 50 jobs are created for every million US dollars generated in tourism receipts; giving the sector double the job creation power of the automotive, telecommunications and financial industries.^{26,27} Tourism is also one of the few services that can thrive in remote and rural areas, helping to reduce rural-urban migration through local job creation.²⁸

Total Contribution of Tourism to Global Employment and % Annual Change
2010 to 2017 (USD billion)



Source: World Travel & Tourism Council (WTTC), <https://www.wttc.org/datagetaway>

7. Promotes Inclusive Growth

Inclusive growth is broad-based and allows a wide range of a country's labor force to participate.²⁹ Tourism has a wide supply chain, which includes transport providers, cultural interpreters, accommodation, food and beverage suppliers, agriculture producers, energy and water supply, attractions, events, souvenirs, cultural heritage, arts and crafts, microbusinesses, and construction and maintenance workers. Because of this, tourism has the potential to reach and benefit large numbers of people. Several studies have highlighted the multiplier effect of tourism in local economies, and its broad employment in middle and high income countries. The WTTC found that tourism has a very high multiplier effect in relation to other industries. Every US dollar spent in the tourism

sector generates USD3.20, higher than the industry average of USD2.70. For every million US dollars spent on travel and tourism, USD701,000 of income is generated - exceeding the ratios for auto, communications, chemicals, and mining.³⁰ In Spain, tourism has become a primary source of employment and has significant multiplier effects, which are spread throughout the country. Additionally, tourism income increases are linked to positive growth to the Spanish economy overall.³¹ Similarly in Panama, the tourism sector was found to have higher multipliers than any of the country's seven other principal sectors. With a multiplier of 2.87, tourism was more than twice that of textiles at 1.3 and maize at 1.41, in which there are fewer production linkages.³²



8. Strengthens Rural Communities

From a policy perspective, rural tourism is about economic diversification: creating jobs for rural youth, ethnic minorities, women and marginalized people; alleviating poverty; and preserving heritage and culture.³³ China has been promoting rural tourism as an effective way to alleviate poverty since 2009, when it implemented the National Rural Tourism Development Program (2009-2015) allowing the country to grow rural tourism at the national level.³⁴ China estimates that by 2020, two billion travelers will visit three million rural tourism businesses annually, lifting two million people in rural areas out of poverty every year.³⁵ Revenues from rural tourism reached nearly USD82.7 billion in 2016, up 30% from the year before.

Similar impacts are found in other regions. Evidence from six southern African countries (Botswana, Malawi, Namibia, South Africa, Zambia, and Zimbabwe) found that employment generation and income opportunities for the local communities from ecotourism reduced poverty levels.³⁶ In Thailand, poverty rates are around 10% lower in villages next to protected areas, which are typically large tourism demand drivers and generate tourism business opportunities.³⁷ In Namibia, communal conservancies are considered one of the most innovative conservation models in the world, not only protecting the nation's wildlife, but allowing for inventive tourism partnerships that create jobs and attract visitors who travel to see the flourishing wildlife populations. In 2011, Namibia's Community Based National Resource Management Program generated almost USD3.7 million in direct benefits (cash returns to conservancies, employment remuneration, and in-kind contributions) to communities, and created 1,512 full-time jobs and 11,223 part-time jobs.³⁸

*Tourism has the potential to reach
and benefit large numbers of people.*





9. Revitalizes Urban Areas

Improving the competitiveness of cities is an increasingly important pathway to ending extreme poverty.³⁹ By 2050, the urban population will rise to 66%, or six billion people, with growth concentrated in Asia and Africa.⁴⁰ Many cities will continue to pursue tourism-based urban regeneration for its potential to create jobs, improve infrastructure, and attract investments.⁴¹

The 1997 opening of the Guggenheim Museum in Bilbao catapulted the Spanish city, once affected by terrorism and lagging industry, to fame. This gave rise to the 'Bilbao effect', whereby a city is positively transformed for residents, tourists, and investors by a new museum.⁴² Of the museum's one million annual visitors, 70% are international, most of whom stay overnight and travel on to Basque Country, spreading the economic impact of tourism beyond the urban center.⁴³ By actively promoting tourism, the South African cities of Johannesburg, Cape Town, and Durban have benefited from economic growth and employment, and improved local assets, such as waterfronts, cultural attractions, business centers, retail, and festivals and events. These cities now capture one-third of the national tourism expenditure.⁴⁴

When Singapore integrated tourism development into urban planning, the city-state enhanced the quality of life for its residents and gained a reputation as a vibrant global city. Since 1964, when Singapore first created its tourism board, visitation has increased from 100,000 to nearly 13 million international tourists a year.^{45, 46}

10. Improves Access to Income via Travel Tech

Tourism is leading the way in upscaling the sharing economy through technology, which is transforming the way travel is researched, purchased, provided and experienced. It also offers many new, more informal ways to earn money through tourism, that allow people to leverage existing resources, such as their home, their culinary traditions or a car. Through home-rental platforms like Airbnb and VRBO (Vacation Rentals By Owner), locals can rent out their homes to visitors looking for an authentic travel experience, which results in more money staying in the local economy. Online travel agencies and rating systems are levelling the playing fields and providing new opportunities for entrepreneurs to reach broad bases of customers.



11. Benefits Women

Tourism is one of the few sectors where female labor participation is already above parity in some regions.⁴⁷ According to the International Labour Organization's analysis of tourism, poverty reduction, and gender equality in 2013, women make up 60 to 70% of all workers in the tourism industry. In the Caribbean, women's participation in the hotel and restaurant industry ranges between 43% and 63%.⁴⁸

“Tourism also offers women the opportunity for social, professional and economic empowerment, especially through the sharing economy.”

It is estimated that more than one million women host on Airbnb, making up 55% of the global Airbnb community who earned more than USD10 billion on the platform. In Kenya, the typical female host makes enough to cover one-third of the average annual household expenditures.⁴⁹ As a result of tourism's comparative advantage for women, gender development strategies are starting to incorporate tourism as a critical sector for women's economic and social advancement.⁵⁰

12. Bolsters Artisans

Artisans benefit from selling goods to tourists, and eventually the world. The global market for artisan crafts is significant and continues to expand: world exports of artisan products rose from a value of USD17.5 billion in 2002 to USD32 billion in 2008, an increase of 87%.⁵¹ According to the *Creative Economy Report 2008*, arts and crafts is the only creative industry where developing countries have a leading position in the global market, generating 65% of all artisanal revenues.

Tourism and the expansion of leisure and art markets have contributed to the dynamism of arts and crafts in the world market.⁵² United Nations Educational, Scientific and Cultural Organization (UNESCO) also calls attention to the importance of selling artisan products to tourists in its *Crafts and Tourism Index*, citing country-specific spending. The organization estimates that tourists spend an average of USD5.5 per day on crafts while visiting Latvia. Spending ranges by country with USD35.29 per tourist in Mexico and USD62.9 in Ecuador.⁵³

Resource Efficiency, Environmental Protection, and Climate Change

Tourism places a non-consumptive value on natural assets

13. Facilitates Conservation

Nature-based tourism is in high demand, which not only increases the value placed on unspoiled nature and wildlife, it generates funds used for conservation. In 2014, nature-based visitors made up 66% of all international travelers to Australia and spent USD18.32 billion on trips to Australia.⁵⁴ In a survey of international travelers commissioned by Brand USA, the destination marketing organization for the USA, ecotourism and nature was consistently ranked in the top five motivating factors for travelers selecting their last vacation. A survey conducted by the UNWTO found that wildlife tourism accounted for 80% of total annual trip sales to Africa for the participating tour operators, with that share only increasing.⁵⁵ The economic impact of nature-based tourism

motivates local people to play an active role in nature/biodiversity conservation and prevent poaching.⁵⁶ For example, the economic value of gorilla tourism in Uganda is estimated to be worth as much as USD34.3 million, and has led to policy that supports conservation and ecotourism.⁵⁷ In Costa Rica, largely because of tourism, private reserves receive financial contributions from the government for protecting biodiversity, conserving water reservoirs, and reducing carbon emissions.⁵⁸ In the South African National Parks, tourism concessions generated USD58 million between 2002 and 2012. About 47% of tourist spending for a mountain climbing trip to Mount Kilimanjaro in Tanzania goes directly towards park fees, contributing to the realization of conservation goals.⁵⁹

14. Raises Climate Change Awareness

Tourism is often an innovator of sustainable consumption and production, and climate change awareness. There are many examples of tourism resorts introducing wind and solar power, organic farming, and sustainable fisheries to communities that would not otherwise be exposed to these environmental advances. This triggers a sustainability multiplier effect on the local community and often a certification or award of some kind. The Sustainable Tourism Program of the 10-Year Framework of Program (10YFP) on Sustainable Consumption and Production,⁶⁰ highlights the case of St Kitts and Nevis in the Caribbean, where sustainable tourism initiatives resulted in a reduction of 80,000 gallons per year in fuel imports and put a megawatt of solar energy back on the grid.⁶¹ A number of tourism companies have also introduced carbon-offset programs like United Airlines' Eco-Skies CarbonChoice, which calculates each traveler's carbon footprint and goes beyond offsetting to invest in projects that reduce carbon and give back to the destination.⁶²

Tourism is often an innovator of sustainable consumption and production, and climate change awareness.

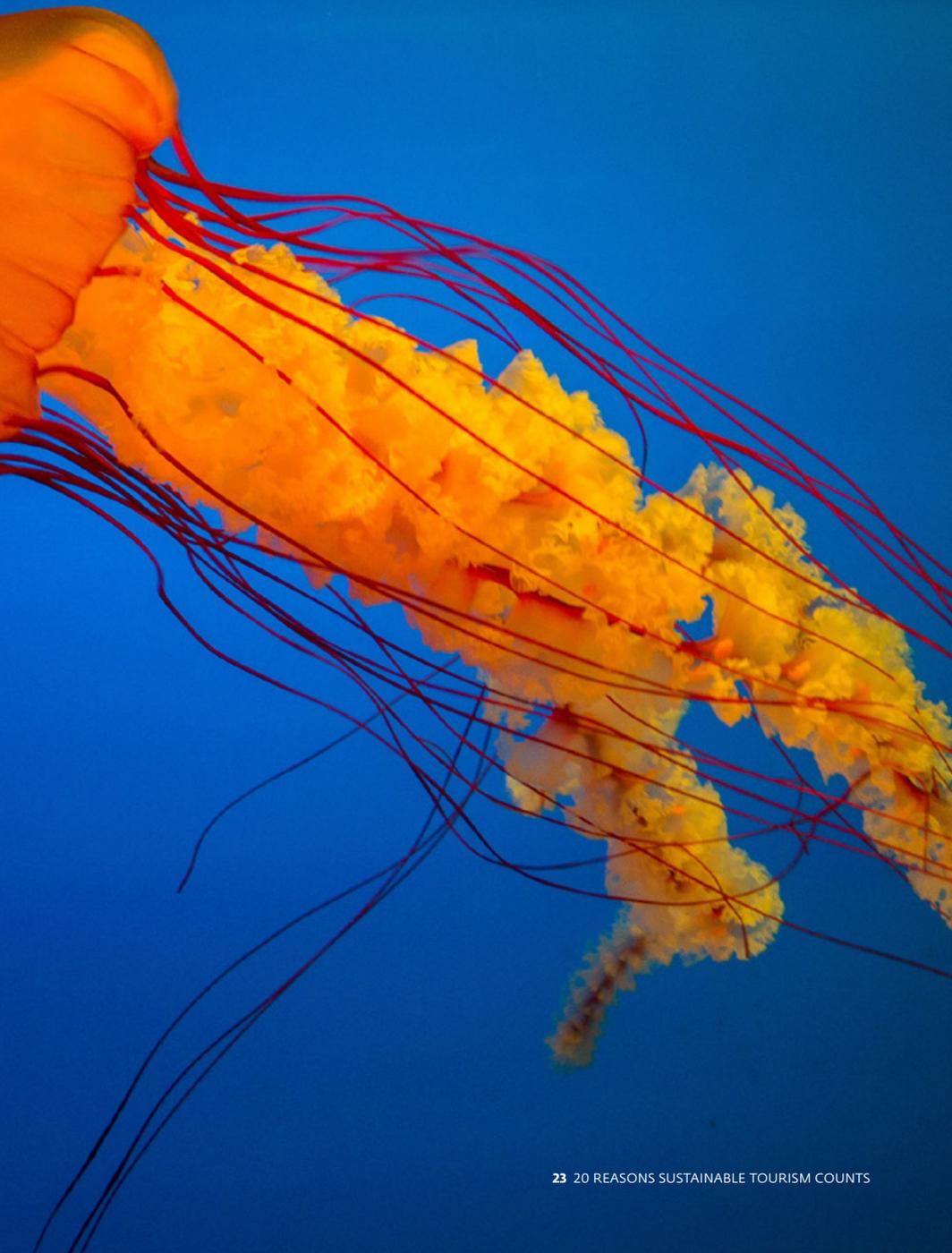


15. Propels the Blue Economy

The Blue Economy is now understood as use of the sea and its resources for sustainable economic development.⁶³ Tourism is a key driver of the blue economy, helping to increase the value of marine conservation. Tourism accounts for an estimated 26% of ocean-based economic activity, and much of the projected growth of global tourism will be coastal and marine. Many countries that rely on ocean-based tourism have recognized the importance of protecting their coastlines, coral reefs, marine biodiversity, beaches, and waters.⁶⁴ In Grenada, where tourism has become an economic lifeline post-agricultural decline, tourist entrance fees and government funding augment the protection of the natural environment, including the expansion and management of protected areas like underwater marine parks.⁶⁵

The Nature Conservancy estimates that coral reefs generate income of USD36 billion globally, USD19 billion of which derives from 'on-reef' tourism activities, such as diving, snorkeling, glass-bottom boating, and wildlife watching.⁶⁶ Palau has created marine protected areas around its coral reefs, the backbone of its diving sector, enabling the conservation of both reefs and marine life.⁶⁷ Ecuador's government recently created a new marine sanctuary and conservation areas to prevent illegal extraction of sharks and other animals, and to preserve the area's unique biodiversity. The economic driver for this effort was marine-based tourism, which brings USD178 million a year and supports one in three jobs in the country. Tourism exponentially raises the value of a live shark, from the USD200 a fisherman receives for a dead shark, to USD5.4 million over its lifetime as a tourism asset.⁶⁸

Tourism is a key driver of the blue economy, helping to increase the value of marine conservation.



Cultural Values, Diversity, and Heritage

Tourism creates a mechanism for funding preservation

*Tourism plays an important role
in cultural heritage management,
funding, and protection.*





16. Protects Cultural Sites

Tourism plays an important role in cultural heritage management, funding, and protection. Cultural tourism is an important tourism segment, and visitor spending on entrance tickets, guides and souvenirs contributes to capital needed for the protection of important sites.⁶⁹ The UNWTO Silk Road Program, with 33 member states, is an outstanding example of cultural route protection through tourism.⁷⁰ Other examples include territorial cohesion and intercultural dialogue among countries in the Mediterranean basin covering the Umayyad Route.⁷¹ The UNESCO World Heritage List currently holds 1,052 properties, 814 of which are cultural. Research shows that, apart from heritage conservation, tourism growth is one of the outcomes pursued by countries when nominating their national sites.⁷² Ensuring the protection of these sites remains the basis for their inscription in the World Heritage List, but disseminating their values and facilitating heritage interpretation to locals and visitors are vital as well.

17. Sustains Intangible Culture

Intangible cultural heritage, music, performing arts, and oral traditions can also be revived or protected by tourism.⁷³ The Tanzania Tourist Board has supported local communities in over 50 destinations to organize cultural excursions, which not only shared Tanzania's cultural diversity with its 70,000 annual tourists, it preserved that culture, and generated income for 3,000 local people.⁷⁴ Through tourism business, the Los Uros community in Peru's Lake Titicaca were able to preserve its crafts and traditional boating. In Mali, a tour-guide training and safeguarding project protected Dogon masks and dance performances, while also creating unique tourism experiences.⁷⁵

Mutual Understanding, Peace, and Security

Tourism fosters international collaboration and understanding

18. Spreads Philanthropy

Tourism can be an effective way to engage visitors in philanthropy. Often seeing a situation firsthand can change the way people empathize with those in need. In 2016, Americans gave more than USD390 billion in charitable donations, showing the potential of travel philanthropy.⁷⁶ A growing number of businesses are providing philanthropic opportunities to their guests. A hotel association in Torres del Paine, Chile, offers a voluntary contribution for a community fund at the point of checkout. The Torres del Paine Legacy Fund sees tourism growth as an opportunity to leave positive impact - transforming each new arrival into means of improving conservation efforts and addressing social issues in Torres del Paine and its surrounding communities.⁷⁷ Volunteer tourism has also grown rapidly since 1990, with an estimated 1.6 million participants annually. Though volun-tourists have been criticized, tourists have also positively impacted their host communities by providing medical assistance, educational services, agricultural workers, and ecological conservation help.⁷⁸

19. Cultivates Intercultural Understanding

Tourism fosters peace, intercultural understanding, and global citizenship. Meeting diverse peoples and experiencing other cultures play a critical role in reducing stereotypes and promoting peace, security, and intercultural understanding. Research by the WTTC and the Institute of Economics and Peace found that countries with a more open and sustainable tourism sector tend to be more peaceful.⁷⁹ Accommodation exchanges, a phenomenon that is trending upwards in travel, help foster new social ties and cultural learning, as guests often interact with hosts.⁸⁰ Tourism also leads to regional cooperation to create shared tourism products and to welcome more tourists. The Africa Union (AU) and the African Development Bank are implementing an open visa policy for members of the AU to encourage the free movement of people, and boost tourism and trade. Travel and tourism in Africa is now forecasted to rise.⁸¹ Travel can also promote family bonding, healing, self-reflection and renewal. The break from the routine at home can enable new conversations, develop new skills or passions, and forge new bonds through those memories.⁸²



*Countries with a more open
and sustainable tourism sector
tend to be more peaceful.*

20. Aids Post-Conflict Recovery

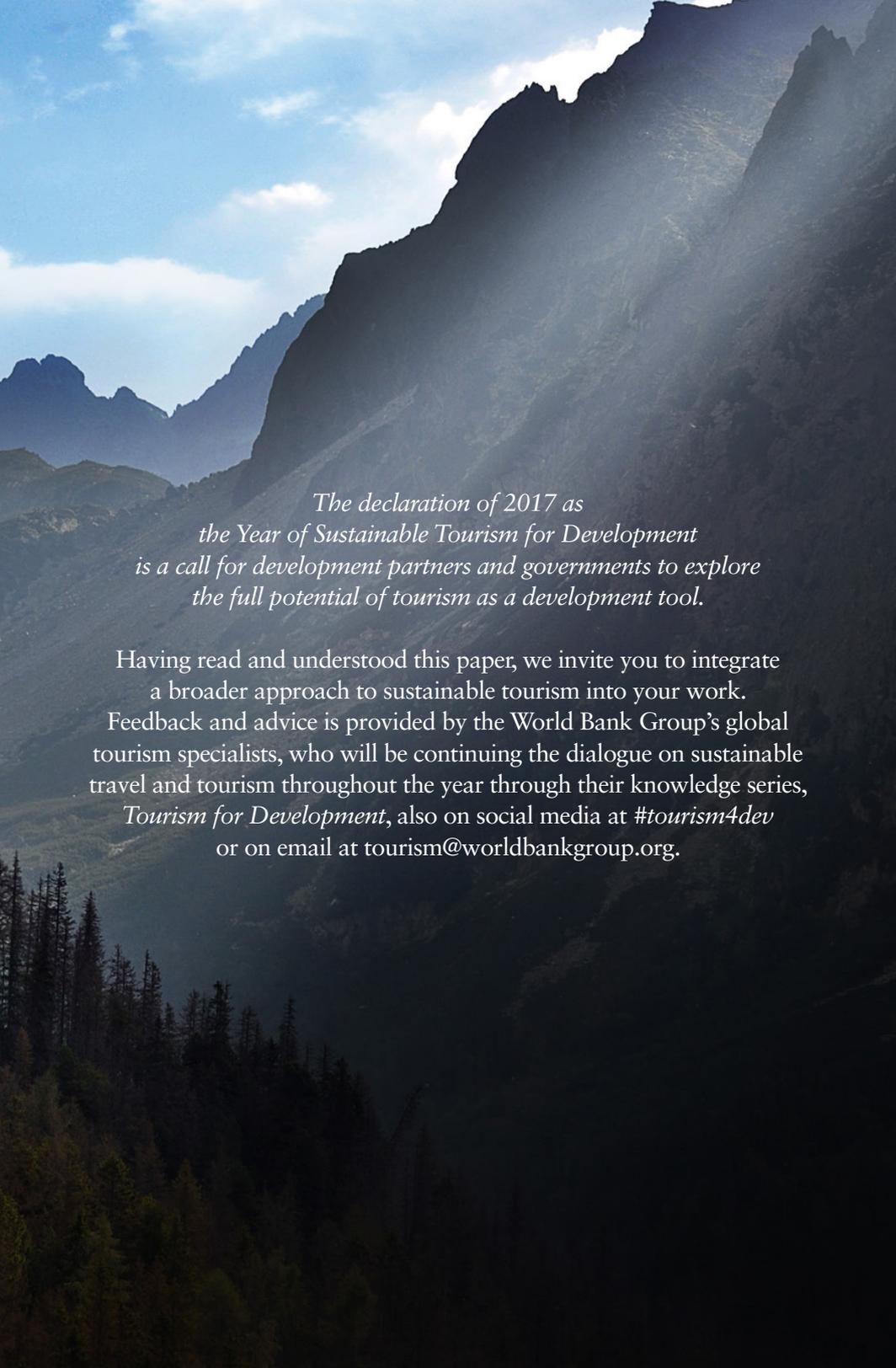
Tourism has served as a post-conflict recovery tool for many destinations. Rwanda rebranded itself as a nature-based tourism destination and is now recognized for its mountain gorillas rather than conflict.⁸³ The Rwandan government's prioritization of sustainable tourism development not only brought new inclusive job models, community support and growth, but brought improved infrastructure to the country, which contributed to post-conflict stabilization.⁸⁴ Sierra Leone is currently launching a new tourism strategy to revamp a sector that had been negatively affected by the Ebola crisis.⁸⁵ Following the years of wars in the breakup of the former Yugoslavia, the Croatian National Tourist Board has pivoted its strategic direction and marketed the country, which has led to great gains in tourism and new income, and stability as a by-product. The tourism sector also made efforts to establish cross-border travel and exchanges, which were important for re-establishing contact with former enemies and building peace in the region.⁸⁶ In Sri Lanka the tourism industry took an active role in promoting peacebuilding and helped the country recover post-conflict.⁸⁶





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post-conflict recovery tool
for many destinations.*





*The declaration of 2017 as
the Year of Sustainable Tourism for Development
is a call for development partners and governments to explore
the full potential of tourism as a development tool.*

Having read and understood this paper, we invite you to integrate a broader approach to sustainable tourism into your work. Feedback and advice is provided by the World Bank Group's global tourism specialists, who will be continuing the dialogue on sustainable travel and tourism throughout the year through their knowledge series, *Tourism for Development*, also on social media at #tourism4dev or on email at tourism@worldbankgroup.org.

End Notes

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