

**PAPER BY THE HONOURABLE MINISTER FOR TOURISM,
ENVIRONMENT AND COMMUNICATIONS OF SWAZILAND - T F
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**“INCREASING TOURISM’S CONTRIBUTION TO POVERTY
REDUCTION AND SUSTAINABLE SOCIO-ECONOMIC
DEVELOPMENT ON THE AFRICAN CONTINENT”**

HONOURABLE CHAIRPERSON

YOUR EXCELLENCIES

DISTINGUISHED GUESTS

CONFERENCE PARTICIPANTS

LADIES AND GENTLEMEN

It is a great honour to me personally and the Swazi government to be invited as a key speaker to this high profile and very important conference. First let me congratulate the organisers of the conference for coming up with a vision of building strategic alliances towards sustainable tourism development, peace and reconciliation on the African continent.

Ladies and Gentlemen, my task today is to share with you my version of the topic assigned to me namely "Increasing Tourism's Contribution to Poverty Reduction and Sustainable Socio-Economic Development on the African Continent"

There is need to move away from the conventional approach of assessing the impact of tourism in terms of its contribution to Gross National Product and employment created. The overall impact of tourism on the economy is estimated by looking at the effect of tourism expenditures through direct, indirect and induced spending using a multiplier effect approach. Also, tourism growth is most often measured through increases in international arrivals, length of stay, bed occupancy, tourism expenditures and the value of tourism spending.

The downside of these approaches is that none of them provide a clear indication of the impact on the poor or even the trends which result from overall growth or decline on the poor.

Literature is abundance that point to tourism development as a way of bringing about economic development in a region or country has been generally made in general terms with a focus on economic modernisation and economic growth. The assumption is that tourism development will eventually benefit the poor through the “trickle down” effect. It is no doubt that tourism development does employ those in the lower social and economic classes. However, there is extensive evidence that suggest that tourism development enriches local elites, international and expatriate companies and generate low paying and low status employment. Further, poorly planned and managed tourism can adversely damage the ecological systems, raise the cost of living for local people and destroy social and cultural traditions and lifestyles.

Chairperson, the challenge for Africa is to demonstrate the impact of tourism on poverty reduction - the focus on macro economic impact and its potential to bring economic growth to the poor and marginalised individuals and communities rather than on measuring and demonstrating specific impacts on poverty.

Chairperson, we need to review those economic growth interventions that can contribute to our overall development, preferably focus on those specific at reduction of poverty. There has been growing evidence that economic growth may not necessarily reduce poverty and that policy commitments to reduce poverty can only be achieved if there is a specific and concerted effort to raise the well-being of the poor in Africa. The millennium development goals are the most recent and explicit statement of this commitment with an explicit focus on reducing the numbers of people living in extreme poverty (defined as those living on less than 1U\$ per day). It is widely recognised that poverty is multifaceted. The poor have low incomes and lower levels of consumption than those who are not living in poverty. The poor are characterised by their lack of purchasing power in the market and by human underdevelopment, they are generally socially excluded and have minimal access to education, health and other forms of social welfare enjoyed by others in their society who are poor; they suffer relative deprivation and are generally marginalised in the decision making processes. They generally lack marketing skills and have few employment opportunities. The poor lack access to savings and capital and generally experience high levels of vulnerability to

changes in market conditions. The result is that their basic needs are not met and do not have a state of well-being.

Chairperson, this conference could not have come at the better time when our continent is faced with high levels of poverty. We should therefore make serious commitment as a continent to identify the form of economic development which will impact positively on the lives of our poor people and which enable them to move out of the quagmire of poverty. **This calls for tourism that will specifically focus on addressing poverty. This would be tourism that will move beyond the “trickle down” theory and generate net benefits for the poor.** This is referred to Pro-Poor Tourism. It is an approach designed to unlock opportunities for the poor.

Tourism is pro-poor if it provides:

- Economic gains through the creation of full or part-time employment or the development of SME opportunities through sales to tourism businesses or tourists.

- Other livelihood benefits such as access to potable water, roads which bring benefits to poor producers through, for example, improved markets, improved health or education etc.
- Opportunities and capacity for engagement in decision-making in order that the poor are able to improve their livelihoods by securing better access to tourists and tourism enterprises.

Chairperson, tourism can only benefit the poor and poor communities in Africa when we move beyond the language of multipliers and "trickle down" and to identify specific benefits to poor individuals and communities. This suggest that, for example, facilitating local community access to the tourism market and building on and complementing existing livelihood strategies, there is need to be able to identify which poor individuals and communities have benefited and by what extent. There is need to move away from economics to reliance on accountancy when reporting on the specific poverty tourism initiatives which are claimed to make contribution to poverty reduction. This analysis will be particularly relevant for our course as we need to persuade development agencies and banks that tourism really can make a contribution to poverty reduction.

POLICY

Chairperson, it has been suggested that those countries that have unsuccessful in integrating tourism as a tool for economic development have usually had inadequate or non-existent poverty led tourism policy frame works. It is no doubt that policy making is a clear and important first step towards ensuring the role of tourism in reducing poverty. At the national level there is need for the establishment of an inter-ministerial working group, in order for the different ministries and policy makers to begin to understand the important role tourism can play in poverty reduction.

Assistance for Small and Medium-Sized Tourism Enterprises

Chairperson, Small and Medium-sized enterprises (SMEs) face a number of challenges both in terms of their original establishment as well as in their ongoing operations. Small-scale tourism enterprises have an important impact on poverty reduction. In most countries

these lack access to technical expertise and credit at reasonable interest rates hence many such new businesses find it difficult to obtain the necessary capital to start. This is where government intervention is required to support policies that will support the creation of tourism oriented small and medium-sized enterprises. These would go in as far as having micro-credit funds to be used by both the formal and informal sectors.

Pilot Community Tourism Projects

Chairperson, demonstration tourism projects should be established in order to increase knowledge of poverty/tourism relationship. Such projects should be focused at local and national participation “learning by doing” and designed in such a way that the learning can be effectively extracted from the demonstration process.

Identifying Pro Poor Tourism Markets

Chairperson, there is need to target also domestic tourists as they are important clients for self-employed sellers and owners of small tourism establishments. Budget and independent tourists and backpackers are the most likely to use less expensive tourism facilities provided by local people. This segment of tourists tend to

stay longer at destination than group tours and interact more with the local economy, though they have a low expenditure per day. The challenge is for destinations to look very carefully at the backpacker market since in effect they can become an important source of the income that is suited to the tourism infrastructure of an area.

Controlling Tourism Economic Leakages

Chairperson, it is estimated that in some developing economies anywhere between 50-75% of tourism expenditures do not remain in the destination country (OECD 2001). It should be quickly mentioned that in others higher levels of tourism expenditures do remain in the country but are not necessarily directed to the poor. Leakages occurs due to a number of factors; the use of imported skilled labour and luxury products, repatriation of profits by owners of tourism establishments and the considerable amount of money spent on marketing and other services based on the originating country. If we are to address poverty through tourism, Chairperson, it is important to be concerned with how much remains within a particular destination than simply how much remains in the country.

At the initial stage of tourism development it is important that local people be involved in providing locally produced goods and services to stimulate local entrepreneurial spirit. Much as this has economic benefits, it also ensures a unique visitor experience. The increase of the local content of goods and services can only occur with the support and encouragement of government policy. The challenge is on our governments to develop domestic policies that are aimed at lessening the level of leakage from international tourism.