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International Tourism to Sustainable Development**

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АНОТАЦІЯ

Йусуф Патіенсе Омовунмі. Внесок міжнародного туризму в сталий розвиток – Рукопис.

Дипломна робота на здобуття ступеня магістра за спеціальністю 8.03050301 – Міжнародна економіка. – Тернопільський національний економічний університет. Тернопіль, 2017.

Дипломна робота присвячена теоретичним аспектам дослідження важливості розвитку туристичної індустрії та її впливу на сталий розвиток країни. Проведено бенчмаркінг особливостей розвитку туристичної інфраструктури в розрізі регіонів та країн світу. Виявлені як позитивний, так і негативний вплив туристичної галузі на національні економіки, в тому числі на Нігерію. Запропонована система напрямків та інструментів, спрямованих на підвищення конкурентоспроможності туристичних підприємств та важливості розвитку сталого туризму.

ANNOTATION

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Thesis is devoted to theoretical aspects of the investigation the importance of the tourism industry development and its impact on sustainable development of country. The features of tourism infrastructure development in view of the regions and countries are made benchmarking. The positive and negative impacts of the tourism industry on the national economy, including Nigeria are analyzed. The system of directions and tools aimed at improving the competitiveness of tourism enterprises and the importance of sustainable tourism is proposed.

РЕЗЮМЕ

Дипломна робота містить 122 сторінки, 13 таблиць, 28 рисунків, список використаних джерел із 93 найменувань.

Метою дипломної роботи є аналіз прямого та непрямого впливів розвитку туризму на добробут населення, в тому числі на подолання бідності, а також визначення факторів, які б могли допомогти країні максимізувати економічні вигоди від туризму та мінімізувати економічні втрати від нього.

Об'єктом дослідження є туризм та взаємозв'язок між ним й іншими секторами економіки, які мають вирішальне значення для скорочення масштабів бідності та прискорення економічного зростання.

Предметом дослідження є внесок стійкого туризму на рівень зайнятості, доходів громадян, залучення іноземної валюти та формування місцевих й національних бюджетів тощо.

Одержані висновки та їх новизна: запропонувати систему напрямків та інструментів прискорення розвитку індустрії туризму як основного фактора стійкого розвитку.

Ключові слова: туризм, туристична інфраструктура, туристична індустрія, індустрія гостинності, стійкий розвиток, прямий вплив туризму, непрямий вплив туризму, туристичні прибуття, туристичний продукт, нагромадження від туризму, сталий туризм, інституційна підтримка розвитку туризму, локальні органи влади, національні уряди, закони та акти, які регулюють туризм.

RESUME

Thesis contains 122 pages, 13 tables, 28 figures, list of sources with 93 titles.

The aim of the thesis is to analyze the direct and indirect livelihood impacts from tourism and their implications on poverty alleviation and identify factors, which could help the country to maximize economic gains from tourism and minimize economic losses from it.

Object is tourism and linkages between it and other sectors of the economy that are critical for poverty alleviation and economic growth.

The subject of research is contribution of the sustainable tourism sector towards employment, incomes, foreign exchange and public revenue generation and etc.

The resulting conclusions and innovation: is to propose the system of directions and instruments the strengthening of the tourism industry development as the main factor of sustainable development.

Keywords: tourism, tourism infrastructure, tourism industry, hospitality industry, sustainable development, the direct impact of tourism, the indirect impact of tourism, tourism arrivals, tourism product, tourism revenues, sustainable tourism, institutional support of tourism development, local authorities, national governments, laws and acts governing tourism.

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INTRODUCTION

Actuality of the research. Poverty alleviation is of a major concern for many developing countries. Poverty can be alleviated mainly through achieving higher sectoral growth and ensuring that the poor have a share in that growth. Thus, as many region and countries are rapidly becoming a major tourist destination, it is worthwhile to examine the effects of this industry on poverty alleviation through the enhancement of the nation's economy and the improved livelihoods of the people in tourist areas.

There is evidence that tourism contributes a lot to the economic growth of even countries with poor economies through foreign exchange earnings, creation of employment opportunities and provision of public revenues. With proper interventions, such economic benefits can play a crucial role in the process of poverty alleviation. In general, tourism as an industry can play very important roles on economic, improved livelihoods and socio-cultural development that are critical for poverty alleviation. Tourism is a complex industry, which is driven by the private sector and often by large international companies, which may have little or no interest in ensuring that poverty is alleviated among the locals. It is also possible that with the current technological development that tourism earnings remain outside the destination country due to leakages. In addition, tourism can cause negative impacts such as environmental problems, cultural pollution and immoral behaviour including that of prostitution.

However, it is also clear that the link between tourism and economic growth and poverty reduction is not automatic. It very much depends on whether tourism generates employment opportunities, creates linkages – in particular with agriculture and service-providing sectors – and stimulates the development of basic infrastructure through the construction of roads, port and airport facilities and the provision of financial services from which the economy as a whole can benefit. It also depends on whether the development of tourism is guided by a national strategy comprising policy, regulatory and institutional frameworks with sufficient incentives to stimulate the development of supply capacity in national markets.

Equally important is the extent to which the national strategy limits financial leakages from the domestic economy, which appears to be a perennial problem in many developing countries, and the efforts made to minimize the adverse impact of tourism on the environment and on cultural heritage.

The tendencies of tourism industry development and in its contribution in socio-economic problems solution are researched by the following authors such as: Allen, L.R., Smith, M.D., Krannich, R.S., Ryan, C., Ritchie, J.R., Pimar, I., Perdue, R.R., Long P.T., Kang Y.S., Ongyerth, G.T., Omurgonulsen, U., Ndajiya, A., Shehu.M., Yunusa.H.M., Manning, T., Lindberg, K., Johnson R.L., Lawrence.R.E, Patrick.T.L, Richard.R.P., Scote.K., Ladan.A.F., John.E.F.

The goal of thesis is to analyze the direct and indirect livelihood impacts from tourism and their implications on poverty alleviation and identify factors, which could help the country to maximise economic gains from tourism and minimise economic losses from it. Being the fastest growing sector in the economy, one would like to know more about the net benefits to the society at large, and in particular to the poor.

The specific objectives of the study included attempts to:

- to consider the essence, structure of tourism industry and factors which its importance determining;
- to research linkages between tourism industry and sustainable development;
- to investigate the role of institutions as driving factor in the tourism industry development;
- to compare international tourism and tourism industry development in world economy;
- to analyze contribution of tourism industry development in social-economical problems solution: world experience;
- to estimate the national policy in tourism product promotion;
- to propose the system of directions and instruments of tourism industry improvement;

○ to ground the role and the importance of the sustainable tourism development.

The object of the research is tourism and linkages between it and other sectors of the economy that are critical for poverty alleviation and economic growth.

The subject of the research is contribution of the sustainable tourism sector towards employment, incomes, foreign exchange and public revenue generation and etc.

The following **methods** are used in this research paper: inductive and deductive analysis, comparative, quantitative, qualitative analysis, statistical analysis, benchmarking, regressive analysis, analytical analysis.

Database of the research are articles of foreign authors, reports, books, monographs, special journals, information data on the Internet, statistics data, data of international tourism organizations.

Novelty of research is to propose the system of directions and instruments the strengthening of the tourism industry development as the main factor of sustainable development.

Practical importance of thesis: The result of this research can be used by the national government, local authorities, community, different tourism non governmental organisations and individuals whose has tourism business.

The scope and structure of master's work. Thesis contains 122 pages, 13 tables, 28 figures, and list of sources with 93 titles.

CHAPTER 1. THE THEORETICAL FOUNDATIONS OF INVESTIGATION THE IMPORTANCE OF THE TOURISM INDUSTRY IN SOCIO-ECONOMICAL DEVELOPMENT

1.1. The essence, structure of tourism industry and factors which its importance determining

Tourism is a sector of the economy of the non-productive sphere including the enterprises and organizations which satisfy tourists' needs for tangible and intangible services. In the last decade tourism became an integral part of the world economy. Its phenomenon is able to solve economic, social, public, environmental problems. Many countries consider tourism to be an effective economic mechanism. It is taken for granted that tourism has already produced a substantial impact on the development of economies. The economic importance of tourism to a destination is commonly underappreciated and extends well beyond the core of hospitality and transportation sectors. The modern conditions of the world economy consider tourism as a single socio-economic space.

Tourism is an economic activity, which belongs to the invisible trade section of the balance of payments accounts. It is deemed to be an export of services to the foreign countries from which the visitors originate. There is no universally agreed **tourism** perspective and the nature and core of tourism still remains a disputed subject (Smith, 1994; Theobald, 2005; Page& Connell, 2006). Often, tourism is referred to as an invisible export industry with no tangible product (Page& Connell, 2006; Sadler& Archer, 1975) or 'a multi-product industry that encompasses a number of different economic activities' (Wall& Mathieson, 2006:119).

Lejárraga and Walkenhorst (2007:3) provide a more suitable definition by describing **tourism** as an economic sector that is not defined by a single commodity, but more a cluster of interrelated industries. In the 1993 international

standard system of national accounts (SNA) tourism is not recognized as a clearly identifiable sector of the economy (Mitchell& Ashley, 2010:8).

According to **Weaver and Lawton** (2002:47) ‘the tourism industry may be defined as the sum of the industrial and commercial activities that produce goods and services wholly or mainly for tourist consumption.’ However, this definition neglects the purchase of goods and services, which are not produced wholly or mainly for tourists, because tourists also consume goods and services that are not designed for their consumption.

Smith (1994:592) provides a helpful example illustrating the difficulties of defining the scope of the tourism industry: At holiday destinations meals produced in restaurants are consumed by both, locals and tourists. Tourists thereby turn a restaurant meal into a tourism product and it becomes part of their tourism experience. From an empirical and statistical perspective the value of the prepared meals accounts as an output of the foodservices industry. However, as a share of the foodservices output is converted into a tourism product, parts of the sales would need to be allocated to the tourism industry. Consequently, from a broader perspective ‘tourism encompasses a multiplicity of economic activities spanning the agricultural, manufacturing, and services sectors – including foods and beverages, furniture and textiles, jewellery and cosmetics, and transportation and communication services, among many others’ (Lejárraga& Walkenhorst, 2007:3).

Evidently, ‘tourism is an economic activity which is a composite of goods and services surrounded by rather unclear boundaries’ and therefore, a lot of spending of tourists cannot be traced and recorded (Mitchell& Ashley, 2010:8). This issue of lacking universal definitions and indistinct limitations of the scope of tourism is where the impreciseness of defining and measuring leakage rates starts. Since tourism, as an industry, is not consistently bounded, official tourism statistics remain contested (Theobald, 2005) and as these represent the basis to measure economic impacts, the results may be inconsistently based on different denominators.

There is no consensus as to the origin of the infrastructure does not exist. In ukrainian scientific turn this definition appeared in the late 40-ies of XX century and used to describe complex industries, serving industrial and agriculture, namely the construction of canals, ports, bridges, roads, etc. The interpretation of the concept of infrastructure in the most general form given in Great Encyclopedic Dictionary, which states that the term derives from the Latin infrastructure. infra – below, under, and structure – construction, location, set construction, buildings, systems and services necessary for the operation of branches of material production and living conditions of society. Sometimes the term infrastructure represent a set of so-called infrastructure industries (transport, communications, education, health, etc.) [5].

S. Mocherny under the infrastructure defines "complex sectors of the economy (of material and non-material production) serving industry and agriculture." Separately term view of the market infrastructure, which is "a set of enterprises, institutions, organizations, that provide stability and functioning of the market mechanism of regulation of the economy, continuous movement of goods and services in different spheres of social production."

The interpretation of the concept of infrastructure were made in the late 60's and early 70's of the twentieth century. In the works of J. Clark, A. Marshala, A. Hirschman, where the field of study "Social Overhead Capital" has expanded the concept of infrastructure, which involved not only the field of transport, communications and logistics that make non-productive sector and institutional infrastructure but also as one that covers all the power without which production and operation of all public services [2, p. 373].

In economic dictionary provides the following definition: infrastructure is a set of links, businesses and organizations within these units, the types of activities required to support and create conditions for the proper functioning of production, sales of goods and livelihoods.

Analysis of the many definitions of the nature of infrastructure leads to the conclusion that it is a material condition for the location and operation of social

production and the normal life of people. However, this definition, which basically is correct, while insufficient for a complete description of infrastructure as the economy. First, the many definitions difficult to determine which range of industries, unified by their functional significance, including infrastructure, secondly, designation of additional infrastructure and support industries and infrastructure prevents differentiation of primary production, and thirdly, "the sphere of public service ", "social infrastructure ", "nonproductive sphere ", "service sector " does not also possible precise nature of infrastructure.

Tourism infrastructure is interconnected system of enterprises and entrepreneurs that provide tourists all necessary and sufficient for consumption for the process of tourism travel services, works and goods. The rapid development of mass tourism in the world caused equal development of the *tourism industry* and related sectors of the economy, science and culture and the education system. Based on these assumptions, the tourist infrastructure is collection of hotels and other accommodation, transportation, catering facilities, accommodation and entertainment facilities, educational facilities, medical, health, sports, religious, religious, business and other purposes, organizations that tour operator and travel agency activities and provide tourist and excursion services.

Currently the term "**tourism infrastructure**" has many definitions, some of which are presented in table 1.1.

Table 1.1

Definitions of the term "tourism infrastructure"

The essence of the concept	Author
The set of industries and activities that serve the production as a whole, provide the foundation for the development of tourism.	V.S. Pacuc

<p>A necessary condition for the development of recreational resources and development tourism industry. Feature tourist infrastructure is that it caters to tourists and the local population, so it contributes to the development of the tourism development area, improves the living conditions of the area and creates a large number of jobs.</p>	<p>V.F. Buylenko</p>
<p>A set of tourist enterprises. It is well-formed tourism infrastructure will enable companies to develop the maximum area of a country.</p>	<p>O.D. Chudnovsky</p>
<p>The set of industries, businesses and organizations within these industries directed activities designed to create conditions for the proper functioning of the production and circulation of goods and livelihoods.</p>	<p>V.I.Kurilova</p>
<p>The industry of social production, consisting of enterprises that produce goods or services intended for sale in the tourist market segment.</p>	<p>T.A. Frolova</p>
<p>A collection of activities, services and industries which deliver a travel experience comprising transportation, accommodation, eating and drinking establishments, retail shops, entertainment businesses and other hospitality services provided for individuals or groups traveling away from home.</p>	<p>R.W. McIntosh, C.R. Goeldner</p>
<p>A collection of independent, geographically separate tourism economic units with specialized material technical base and specializing in the manufacture and sale of tourism services and products, united by the unity of activity and management.</p>	<p>M. A. Zhukova</p>
<p>A certain set of social relations in the sphere of production, exchange and distribution of products; part of the economic complex of the country, including certain industry types of production and economic activity; economic science that studies tourism as a sector of the economy of a country or region (tourism economy); social science that studies behavior in the areas of production of the tourism product, consumption, distribution and exchange.</p>	<p>I. V. Zorin</p>
<p>A sum of production and non-production activities aimed at the creation of goods and services to the travelling public.</p>	<p>UNO Trade and development Conference, 1971</p>

<p>The system of transport, service, manufacturing, retail, entertainment and other enterprises and organizations of government and civil administration, institutions of science and education, which directly or indirectly create and implement a tourism product.</p>	<p>V.Y. Yermachenko, L. I. Korzhylov</p>
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The **tourism industry** can be defined as “the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and purposes other than being employed in the place visited. In its broadest sense, the tourism industry is the total of all businesses that directly provide goods or services to facilitate business, pleasure and leisure activities away from the home environment.

The tourism industry includes enterprises that provide accommodation, meals and drinks in venues outside of the home. These services are provided to both country’s residents and overseas visitors.

The study of various structures is associated with understanding the place and role of tourism in the national economy, in its component systems, with determination of the ways of their more effective functioning. The organizational structure of the economy characterizes the relationship between different elements of social production both vertically and horizontally. Currently, this system structures include hundreds of thousands of associations, enterprises and organizations of the production complex and non-productive sphere.

The general classification of industries is divided into the material production sphere and the non-productive sphere. The sphere of material production consists of the industries that determine the kinds of activities that bring material benefit in the form of products, energy, in the form of handling, storage, sorting, packaging and other functions, which make a continuation of production in the sphere of circulation, in particular trade and general commercial activities to ensure the functioning of the market. Other activities are in the non-productive sphere.

The classifier does not set tourism activity in a separate branch, and creates a special industry group (under the code 91 620) in the industry of health, physical

culture and social security (91 000), which brings together enterprises, institutions and organizations that produce goods and services to serve tourists and visitors to meet their needs. This fact gives reason to select tourism as a separate industry. Firstly, it is connected with world famous tourism as a social phenomenon and financial returns, as an economic phenomenon. It should be noted that the basis of functioning of the tourism industry is the creation and promotion of a tourist product. Figure 1.1 below shows the structure of the tourism industry, which essentially creates and implements a tourism product.

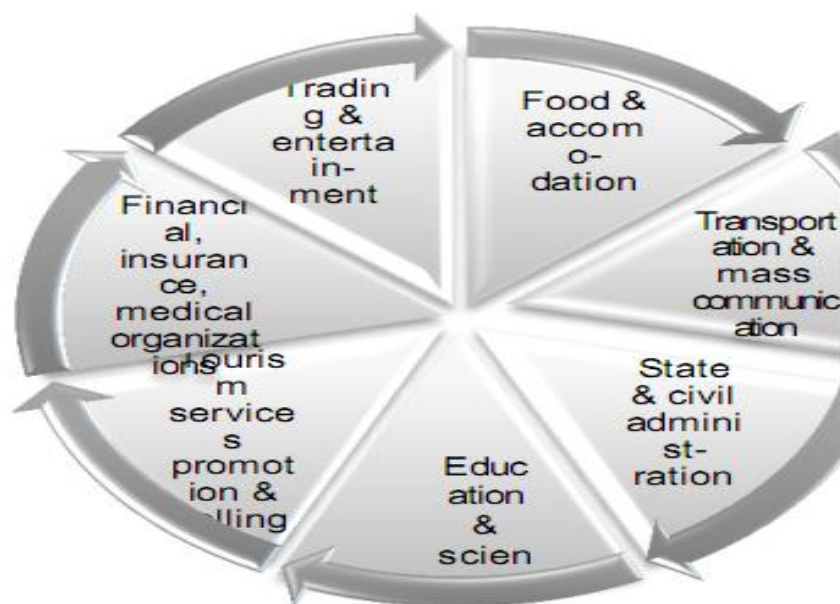


Figure 1.1. Tourism industry structural elements

The interaction of the socio-economic cycle is completed by providing consumers with a certain set of values (a tourism product), aiming to satisfy tourist needs of the population. It is necessary to reveal the contents, effect and significance of each group of elements of the industry:

- **Transportation and mass communication.** Transportation is one of the most important conditions for the promotion of tourist services. This is presented by the transport infrastructure (air, rail, water, road, public transport), which performs the function of a comfort and speed conductor to certain tourist sites and destinations. The

transport component with its traffic, affordability (economic, that is the price level, and formal, i.e. the time to get to the airport or a train station) is an important condition for the formation of the national tourism market and its interaction at the regional and global levels [7].

- **Promotion and selling of tourism services.** This group of elements is represented by the activity of travel agencies, tour operators, tourist information office, etc. They ensure the availability and diversification of the market offer in the field of tourism. These enterprises directly form a tourist product of different consumer characteristics. But the promotion of the tourist product is impossible without advertising. Therefore, companies that specialize in providing services in the advertising sector are also associated with the process of realization of a tourist product.

- **Food and accommodation.** The elements of this group should include such places of temporary accommodation, as hotels, motels, hostels, campgrounds, etc. The eating places are restaurants, cafes, bars, canteens, mobile trade food, drinks. These facilities provide a primary need of a tourist as a person.

- **Financial, insurance, medical organizations.** This group of elements is represented by banking institutions that provide insurance services, and simplicity of money usage through international payment systems. Compulsory insurance is also an indirect service that is always used by tourists going abroad. And the third element in this group is medical care, which comes in need when tourists face with health problems while traveling.

- **Trading and entertainment.** The trading and entertainment facilities in this group include shopping malls, fairs, exhibitions, parks, zoos, amusement parks, etc. Objects of entertainment make an integral part of tourism resources and provide recreation and leisure for tourists. It should be noted that entertainments have a regular contact with the trade, after all, selling of souvenirs, food and other commodity reflects the nature of tourism in the region.

- **State and civil administration.** This group represents the government and public authorities which establish and implement the state policy in the field of

tourism with the help of laws, bylaws, regulations of the Cabinet of Ministers, orders of the President. Coordination of the state policy is carried out by local authorities (regional and city departments and tourism offices). The activity of public organizations in tourism, which are different federations, unions, association, etc. are also important.

7. Education and science. This group presents educational institutions that provide training of specialists for the tourism industry, as well as scientific centers, institutions dealing with the problems of functioning and development of the industry. This link is intended to create professional specialists and profound scientific basis. This group of elements is really important nowadays, as the industry requires a strong intellectual impetus for the effective management in both the public and private sectors.

Figure 1.2, below, illustrates the overlap and inter-related nature of the relationship between the tourism and hospitality industries. Definitions for both industries cover hotels, accommodation, restaurants and public houses. Activities specific to the hospitality industry include catering activities, licensed clubs and takeaway food shops. Activities specific to the tourism industry include travel agency activities, cultural activities, sporting and recreational activities, and passenger transport services.



Figure 1.2. Mapping of tourism and hospitality industries

So, the tourism value chain can incorporate many sectors in an economy. Its promotion will require the construction and operation of hotels, restaurants and other tourism-related facilities through backwards linkages and the development of basic infrastructure services, such as energy, telecommunications and environmental services; agriculture, manufacturing and other support services. It can also create a wide range of forward linkages with sectors supplying services consumed by tourists. These include financial, telecommunications, retail, recreational, cultural, personal, hospitality, security and health services. In addition, countries wishing to strengthen their tourism sector will need to develop other tourism-supporting infrastructure such as airports, proper roads, ports, hospitals and banks, which are essential for providing access to high-quality services and creating a competitive tourism destination (figure 1.3).

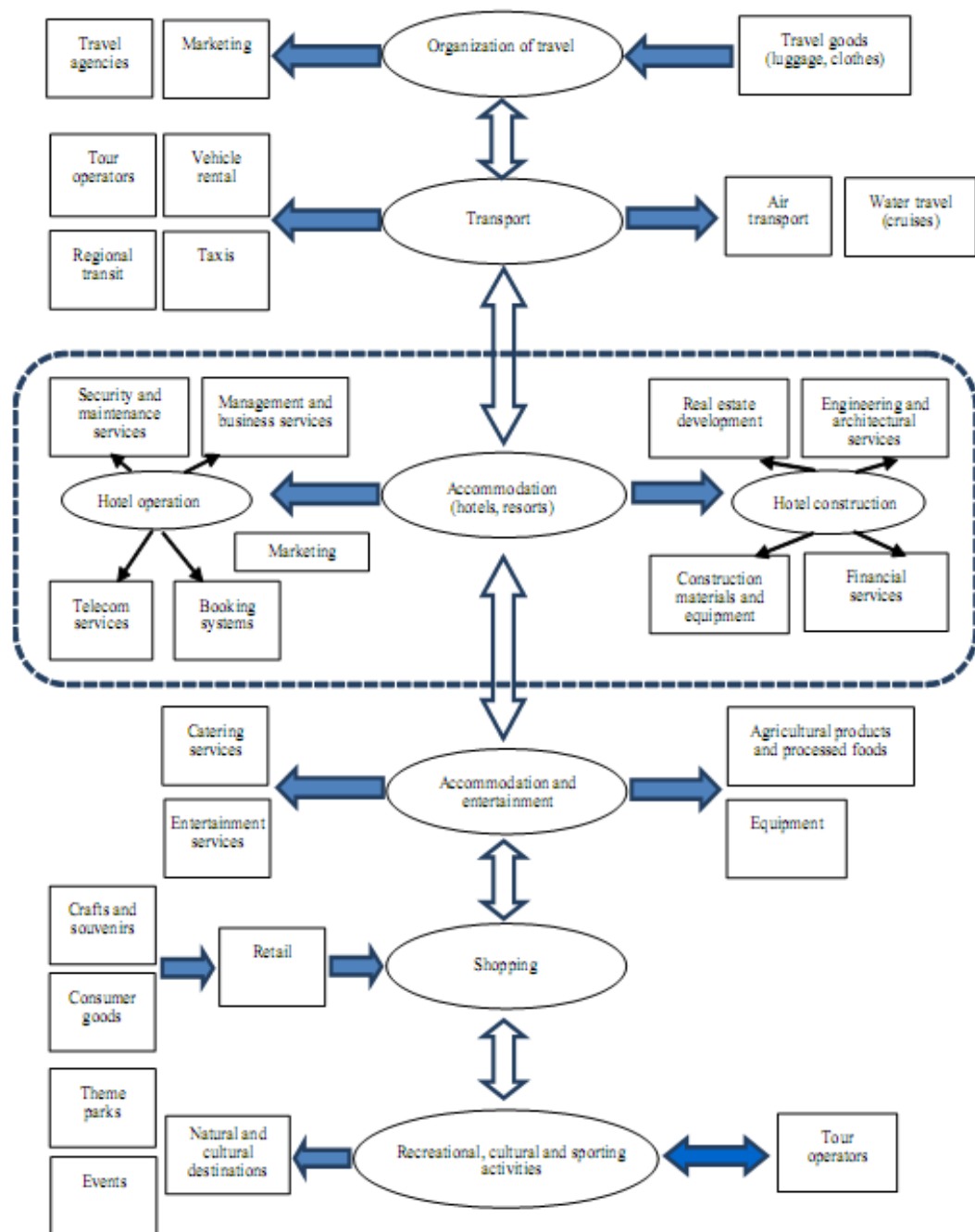


Figure 1.3. Tourism value chain

At this stage of development, regardless of the political system of the country or territory of the tourist center of tourism there are several different types of enterprises engaged in tourism activities, such as tourism organizers (tour operators and travel agents), carriers, hotels and other businesses of accommodation catering, entertainment, etc. Additional businesses include tourism enterprise banking services, insurance, media and others. In special types of tourism can participate

therapeutic, educational, sporting and other institutions whose activities are adequate to the purposes of a particular tourism product. It is important that all these organizations harmoniously complement each other and provide all services necessary and sufficient for the consumer quantitative and qualitative indicators assortment.

So, tourism infrastructure is a combination of enterprises, institutions and establishments, which are aimed at meeting the needs of people who are involved in the rehabilitation and recreation, as well as means of communication and transport facilities and tourist accommodation to ensure stable operation conditions. In other words, the development of the tourism sector involves diverse actors ranging from governments – which influence its development through policy intervention, infrastructure development and regulations – to key players in the private sector. These include the numerous small and large, and local and foreign enterprises that provide supplies and services such as hotels, restaurants, transport, local guides, and various leisure and entertainment services. This diversity presents a dilemma. On the one hand, it shows that unlike other sectors that are inherently enclaves, such as the extractive sector, tourism creates linkages across sectors in the economy and, therefore, is more likely to contribute to economic diversification. On the other hand, the diverse range of actors and activities in the tourism sector adds to the challenge of creating a sustainable tourism sector, which requires that each area or activity be sustainable. A range of policies and regulations, investments and training are necessary to make all tourism-related activities sustainable and to contribute to sustainable development.

1.2. The research of linkage between tourism industry and sustainable development

Many countries have managed to increase their participation in the global economy through development of international tourism. Tourism development has been increasingly viewed as an important tool for promoting economic growth, job opportunities, advancing food security, etc. Tourism can play a significant role in the balanced sustainable development to generate net benefits for the whole economy. According to the recent statistic researches the total contribution of the tourism industry to the global economy is over 7.5 trln. USD while the number of international tourist arrivals worldwide is about 1.1 bln. people [1]. Income from tourist services is a special way of obtaining foreign currency without the export of products and labor, i.e., they are "invisible exports". For some countries the income from foreign tourism has become the main source of foreign currency earnings. It has a great impact on many sectors of the economy: construction (particularly railways), transport and communications, public catering enterprises and public utilities, retail trade and some services.

The given data proves the fact that countries with better economic indexes essentially lead in the tourism industry development. Tourism's economic impacts are therefore an important consideration in the state, regional and community planning and economic development. Economic impacts are also important factors in marketing and management decisions. Communities therefore need to understand the relative importance of tourism to their region, including tourism's contribution to economic activity in the area. Tourism is an important industry in many developing countries providing foreign exchange, employment, incomes and public revenue. It has become an important sector and it potentially constitutes one of the fastest growing sectors.

The contribution of the tourism sector to economic growth, job creation, domestic capacity-building and poverty reduction depends on the following factors:

- the extent to which the tourism sector is integrated into the national economy through backward and forward linkages with other sectors and integration into regional and global value chains;
- the extent to which revenue generated by tourism, including foreign exchange, is used to finance infrastructure development, support local enterprises, in particular small and medium-sized enterprises (SMEs), and to develop the skills and institutions needed to create a vibrant local economy;
- the policies and strategies adopted by governments, and whether they encourage increased domestic and foreign investment in tourism, transfer of technology and know-how; promote labour-intensive activities; and target regions where the poor live and work;
- national efforts to ensure that tourism activities are carried out sustainably and meet economic, social and environmental objectives.

There are three core channels of impact that stem from the activities of the tourism industry. Formally, regional economists distinguish **direct**, **indirect**, and **induced** economic effects. Indirect and induced effects are sometimes collectively called **secondary effects**. The **total economic impact** of tourism is the sum of direct, indirect, and induced effects within a region.

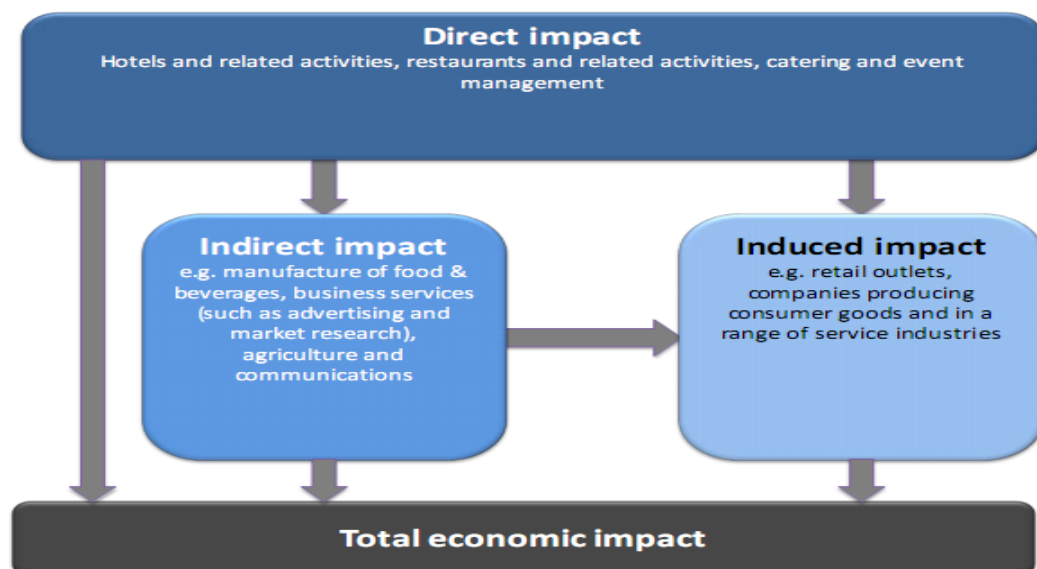


Figure 1.4. The economic impact of the tourism industry

Direct impacts – employment and activity in the hospitality industry itself. Direct effects are production changes associated with the immediate effects of changes in tourism expenditures. For example, an increase in the number of tourists staying overnight in hotels would directly yield increased sales in the hotel sector. The additional hotel sales and associated changes in hotel payments for wages and salaries, taxes, and supplies and services are direct effects of the tourist spending.

Indirect impacts – employment and activity supported as a result of hospitality firms purchasing goods and services from suppliers. This includes, for example, jobs in the manufacture of food and beverages, agriculture, business services (such as advertising and market research), and communications.

Indirect effects are the production changes resulting from various rounds of re-spending of the hotel industry's receipts in other backward-linked industries (i.e., industries supplying products and services to hotels). Changes in sales, jobs, and income in the linen supply industry, for example, represent indirect effects of changes in hotel sales. Businesses supplying products and services to the linen supply industry represent another round of indirect effects, eventually linking hotels to varying degrees to many other economic sectors in the region.

Induced impacts – employment and activity supported as employees within the hospitality industry and its direct supply chain spend a proportion of their wages on consumer goods and services. This stimulates economic activity in retail and leisure outlets and their domestic supply chains. Induced effects are the changes in economic activity resulting from household spending of income earned directly or indirectly as a result of tourism spending. For example, hotel and linen supply employees, supported directly or indirectly by tourism, spend their income in the local region for housing, food, transportation, and the usual array of household product and service needs. The sales, income, and jobs that result from household spending of added wage, salary, or proprietor's income are induced effects.

By means of indirect and induced effects, changes in tourist spending can impact virtually every sector of the economy in one way or another. The

magnitude of secondary effects depends on the propensity of businesses and households in the region to purchase goods and services from local suppliers. Induced effects are particularly noticed when a large employer in a region closes a plant. Not only are supporting industries (indirect effects) hurt, but the entire local economy suffers due to the reduction in household income within the region. Retail stores close and leakages of money from the region increase as consumers go outside the region for more and more goods and services. Similar effects in the opposite direction are observed when there is a significant increase in jobs and household income.

Final demand is the term used by economists for sales to the final consumers of goods and services. In almost all cases, the final consumers of tourism goods and services are households. Government spending is also considered as final demand. The same methods for estimating impacts of visitor spending can be applied to estimate the economic impacts of government spending, for example, to operate and maintain a park or visitor center.

A standard economic impact analysis traces flows of money from tourism spending, first to businesses and government agencies where tourists spend their money and then to :

- other businesses – supplying goods and services to tourist businesses,
- households – earning income by working in tourism or supporting industries, and
- government – through various taxes and charges on tourists, businesses and households.

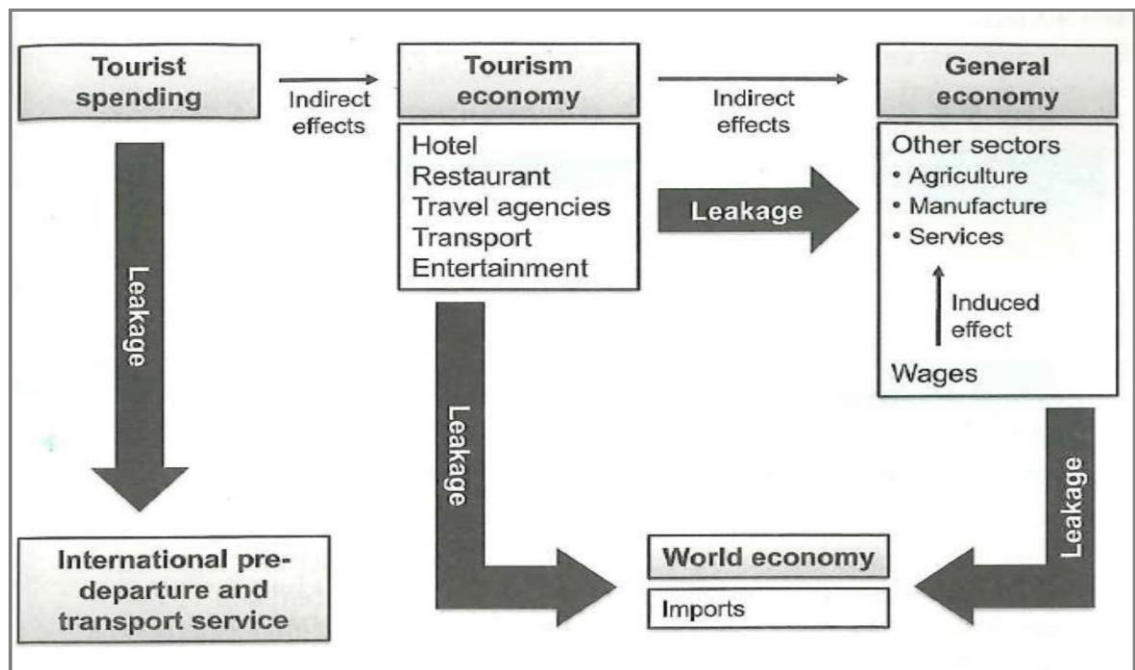


Figure 1.5. Leakages in tourism

In accordance with standard economic impact assessments, the scale of the impact of the industry is measured using five key metrics:

- *Gross value added contribution to gross domestic product (GDP)* - measures the contribution to the economy of each individual producer, industry or sector. It is a measure of output and is aggregated across all industries or firms to form the basis of a country's GDP, the main measure of the total level of economic activity;

- *Employment* – in the hospitality sector, including temporary or seasonal employment.

- *Taxation* - covering tax revenue streams generated for the country's exchequer.

- *Exports / In-bound spending* - the amount overseas' visitor spend on hospitality goods and services.

- *Investment* - capital spending by the hospitality industry including, for example, construction spend on new hotels and the purchase of items such as new furniture and equipment for hospitality venues.

Gross domestic product characterizes the growth rate and the level of the economy development. Often GDP is used to estimate the level of life of the

population of the state. The higher is the rate, the higher is the level of life. Taking into account that GDP characterizes the level of the whole economy development.

The direct contribution of travel and tourism to GDP reflects the "internal" spending on travel and tourism (total spending within a particular country on travel and tourism by residents and non-residents for business and leisure purposes) as well as government "individual" spending i.e. spending by government on travel and tourism services directly linked to visitors, such as cultural (e.g. museums) or recreational (e.g. national parks).

The "induced" contribution measures the GDP and jobs supported by spending of those who are directly or indirectly employed by the travel and tourism industry. The total contribution of the tourism industry includes its "wider impacts" (i.e. the indirect and induced impacts) on the economy [5].

Tourism activities can affect poverty alleviation positively or negatively. Positive contributions may be registered through employment creation, income generation, increased asset ownership, contribution to basic needs and contributions to community **benefits:**

- **on Employment Levels.** A number of employment generation activities have shown an increasing trend in all three areas of study. It was observed that a significant number of people in the surveyed households are employed in campsites, guesthouses and tourist hotels and restaurants. This is an indication that tourism activities are important for the livelihood of the members of these households.

- **On Income Levels.** It was not easy for instance, to get accurate data on salaries for employees of tourist hotels, restaurants, guesthouses and campsites. The study, therefore, reports in this section only the number of people, by income groups who received incomes from various tourism related activities. This reflects how impacts of tourism is being felt in the areas of the study through backward and forward linkages between tourism and other sectors of the economy such as agriculture, transport and other services.

• **Tourism Employment and Income Multipliers**. The positive impacts of tourism can also be measured through employment and income multipliers. Tourism employment multipliers summarize either the direct, indirect and induced employment generated by an additional sum of tourism expenditure in the destination economy, or the ratio of the increase in direct employment to the increase in overall employment. In either case, however, the higher the multiplier coefficient, the greater the amount of additional employment that will be created by a given increase in tourism expenditure. Apart from the direct employment created by tourism related hotels, restaurants, guest houses and campsites in the surveyed areas, there are also indirect employment opportunities created mainly by the linkages of tourism to other sectors.

On the other hand, the conceptual basis of the tourism income multipliers is the assumption that a direct injection of cash into a destination economy, for example, through spending by tourists, will result in increased incomes for the suppliers of tourism services (direct incomes). A proportion of the additional incomes will be saved while the remainder will be either spent on replenishing stocks or redistributed to tourism employees in the form of wages (indirect incomes). Also, a proportion of these indirect incomes will in turn be saved or spent on consumer goods and services, thereby generating induced incomes in the economy. Of course, at each stage of expenditure it is assumed that a proportion of expenditure is on imports, resulting in a leakage of expenditure from the local economy.

• **Increased Asset Ownership**. Increased ownership of assets is an important reflection of how the poor are raising their abilities to get out of poverty. Assets/Resources that were considered are Physical Assets, Human Resources, Natural Resources and Social Capital. The results indicate that tourism had significant positive impact on physical and human resources assets. In these two types of assets the responses show that positive impacts of tourism outweigh negative impacts by far. The most important specific impacts identified include the

acquisition of cash, capital, consumer durables, equity investment, training, employment opportunities and good use and management of resources.

On the other hand, both the positive and negative impacts of tourism are significant and more or less balanced with regard to natural resources and social capital. Whereas, there are positive impacts there are also significant negative impacts. These (marginally also mentioned under physical and human resources) include high competition in the use of resources (assets), loss of access to resources, exhaustion of resources, conflicts with investors and distortion of traditional culture.

- **Contribution of Tourism Activities to Basic Needs.** Interviewees were asked to provide information on the contribution of the various economic activities to their basic needs. The basic needs were grouped into immediate needs (food, water and energy) and indirect needs/assets (cash, goods for barter exchange, reserves, inputs to production and social capital).

- **Community Benefits.** Some of the community benefits in tourist localities have been the improvement in infrastructure and social services.

The livelihood approach to development and poverty reduction tries to incorporate all these concerns. Under this approach not only the economic benefits from tourism are examined but also their contribution towards the improvement of the livelihood of the people.

The contribution may be direct (for instance, adding to income, health, food) or indirect (affecting their assets, activities and options). The model is people centered and attempts to assess impact based on people's own perspectives. Specifically, the model articulates the ownership of assets used for certain strategies and activities in order to generate outcomes that contribute towards poverty alleviation. To arrive towards that end, three key themes need to be explored, namely livelihood strategies, livelihood changes due to tourism and differences between stakeholders. A simplified version of the livelihoods framework is presented in Figure 1.6:

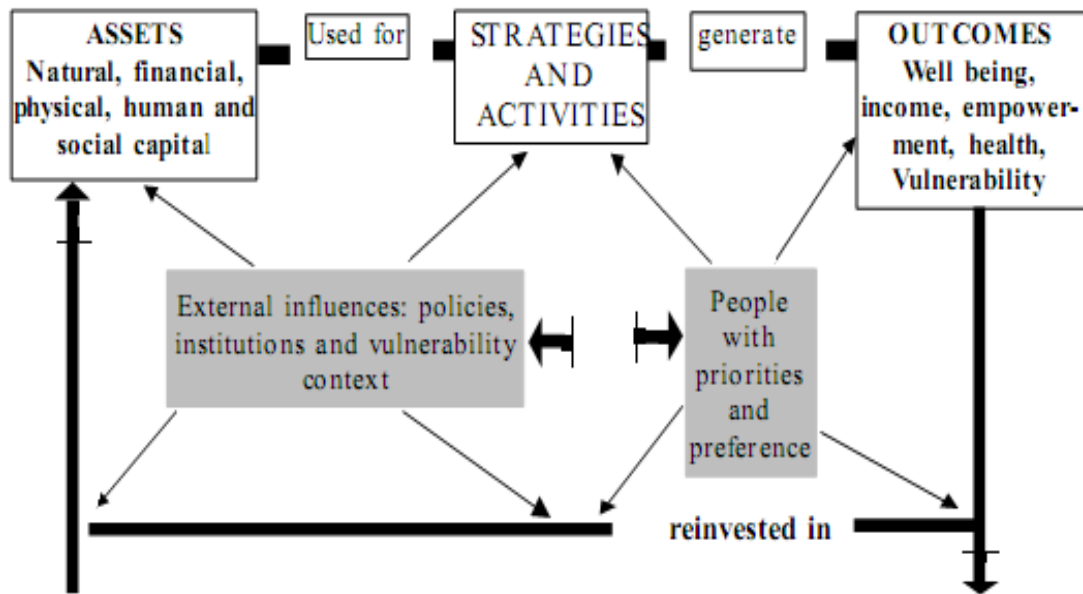


Figure 1.6. A simplified livelihoods framework

So, tourism as a sector can theoretically be linked to poverty alleviation by identifying its advantages in the development of local economies. These include the facts that:

- **The consumer (tourist arrivals)** comes to the destination, thereby providing opportunities for selling additional goods and services (e.g. agricultural products, handicrafts) produced by locals including the poor. The resulting income and employment generation may help reduce poverty levels particularly income poverty of the local residents including the poor. The fairly poor who participate in these activities may directly reduce their poverty. In addition, the poor can reduce their poverty if the earnings from tourism are used to support their health and education services which are linked to poverty alleviation by improving their well-being and capabilities.

- **Tourism** is an important opportunity to diversify local economies. It can develop in poor and marginal areas with few other export and diversification options. Remote areas, particularly, attract tourists because of their origin, cultural, wildlife and landscape value. Thus, poverty may be reduced as tourism creates new employment opportunities and income generating activities. Sometimes the

infrastructure and social service facilities are established or improved using earnings from tourism. Using such facilities the poor not only improve their incomes but also their social well being and capabilities.

- **Tourism** offers labour intensive and small-scale opportunities compared to other non-agricultural activities, it employs a high proportion of women and values natural resources and culture, which may feature among the few assets belonging to the poor. Thus, tourism offers opportunities in terms of employment creation and income generation, to the vulnerable groups such as women to reduce their poverty.

Tourism, on its own, may not be the answer to the elimination of poverty, but it can make a significant contribution. The impact of tourism on poverty reduction, however, depends on a number of factors. It depends, for example, on the type of tourism, in particular, whether it is large-scale tourism or specialized or exclusive tourism. The former is highly likely to generate more employment, including for semi-skilled workers, and to provide opportunities for direct sales of goods and services to visitors by the poor or small enterprises.

The poverty reduction impact of tourism also depends on the level of out-of-pocket expenditure that occurs or is encouraged in a destination. This matters because a much higher proportion of discretionary spending usually reaches the poor (often through the informal economy) than of big-ticket items such as accommodation, tour operators and international travel.

As noted above, the linkage with local food production and supply also matters. The agricultural supply chain for the tourist sector often sustains more poor households than jobs in hotels and restaurants. Similarly, the wage level determines the pro-poor impact of tourism; the higher it is, the more it can reduce poverty, as long as the poor have access to jobs. Investment in infrastructure, utility services, transport network and so on, stimulated by tourism, could also benefit the poor locally either directly or through support of other sectors.

Thus, the pro-poor impact of tourism development is not only or not predominantly a matter of size (i.e. tourist arrivals and tourism growth rate), but

depends on how the poor are integrated in, or can become part of, the tourism value chain.

Employment generation is key to poverty reduction. As a highly labour-intensive activity, the tourism economy tends to create a high proportion of employment and career opportunities for low-skilled and semi-skilled workers, particularly for poor, female and younger workers. It can be a major source of employment for many workers who have become unemployed during the financial crisis or are joining the workforce.

Moreover, the benefits of ICT infrastructure open up vast opportunities outside the tourism sector. For instance, telecommunication links, such as mobile phone facilities and Internet coverage benefit the poor because they provide or facilitate access to information that is crucial for their livelihoods, for example, crop prices.

The sector also has the capacity to integrate a large number of local entrepreneurs into its value chain, such as craftsmen/women or local guides. An important share of tourism out-of-the pocket expenditure is spent on buying local crafts and art, and this expenditure generally represents direct income to local communities. Moreover, the exchange between tourists and local entrepreneurs contributes to the positive image of the destination.

Beyond the more immediate benefits that tourism can generate, the industry offers another valuable asset, that is, knowledge and technology transfer. In a dynamic industry where client preferences tend to be diverse, acquiring certain intangible knowledge – knowledge of customer's needs, access to booking systems, brands and forms of business organization – becomes key a competitive advantage and is crucial to capture global demand. In this respect, transnational corporations (TNCs) play an important role in facilitating knowledge transmission either through foreign direct investment (FDI) or other non-equity modes of investment, such as licensing or franchising, which are common forms of entry in the tourism industry. Attracting FDI remains a key requirement for the tourism sector in developing countries where domestic resources are limited. Investment

requirements cover primary facilities such as hotels and recreational amenities, as well as supportive physical infrastructure and basic services. However, FDI can also be a challenge for countries that are trying to capture a greater share of tourism earnings.

Together with benefits, linkages and multipliers, tourism effects may result in some costs or negative impacts. These may be seen through environmental problems, cultural pollution, immoral behaviour and conflicts with other socio economic activities. These negative impacts are categorized as direct and indirect effects.

Direct Negative Impacts:

- *Environmental Problems:* Much has been said about the environmental impacts of tourism, for example, pollution, coral reef damage or spoiling the beauty of a palm-fringed beach. Larsen (1998), for instance, notes that apart from the positive impacts from tourism, there are negative environmental impacts, which need to be assessed and addressed properly. ODI (1999) also points out that with increased tourist activities many people suffer reduced access to natural resources and/or degradation of natural resources on which they depend.

- *Cultural pollution:* Cultural pollution has been cited as common especially in small island states. The cultural changes that accompany tourism are part of the general changes that take place as communities adapt to new economic realities. Some communities are more able to resist the pressure for cultural change (Shah and Gupta, 2000).

- *Immoral Behaviour:* There is a type of tourist group commonly known as “hippies” in many of the developing countries. These are mostly young people from the affluent societies who explore the third world in an unstructured manner, trying to identify with the local stream of life. In many of the receiving countries such type of tourists have been associated with immoral behaviours like drug abuse, sexual immorality, loose hygienic standards, crime, laziness and exploitation (O’Grady 1982).

Indirect Negative Impacts:

- *Exclusion of local people from access to resources:* Generally there has been a tendency of excluding local people from land allocated to investors. Although this is not intentional, the practice has been so. This was found to be prominent in Kiwengwa (North Unguja) where some investors have direct exclusive use of near-shore coral reefs, whereas the locals have been denied this right.

- *Intensified utilization of resources outside tourism areas:* The exclusion of local people from land allocated to tourism investors and the alienation of some resources (such as coral reefs) for tourist purposes has intensified the use of similar resources elsewhere, that is, outside tourism areas.

- *Increased utilization of fish and other coastal marine products:* Presence of tourist hotels normally increases the price fishermen receive for their fish and other marine products. But on the other hand, there are no prospects for sustainable supply of these resources as hotel demand could exhaust them.

- *Displacement of People from Land:* Local people are displaced from land allocated to hotel developers. There were reported cases of displaced fishermen and seaweed farmers by hotel developers in Kiwengwa. Also, the dominance of employees from outside the local area during hotel construction, partly, reflects the inclusion aspect. Nevertheless, there were no reported cases of conflicts in the study areas resulting from exclusion and inclusion.

So, reducing poverty through engaging in tourist activities is theoretically possible. However, due to the process of globalization, modernization and information technology the poor may not automatically reduce their poverty through tourism activities. In addition it is also noted that tourism is currently a complex industry, which is driven by the private sector, and often by large international companies, which may have little or no interest in ensuring that poverty is alleviated among the locals.

There are also (potentially) some **negative effects** arising from tourism which can have unfavourable economic effects. These include the large-scale transfer of tourism revenue out of the host country and exclusion of local

businesses, inhabitants and products. These result into losses of incomes to the displaced particularly because in most cases the tourist industry is highly imports dependent.

In general it is therefore possible that, the poor may gain few direct economic benefits from tourism while bearing many of the costs and hence fail to reduce their poverty. Previous tourism development plans tended to ignore the negative impacts that could be inflicted. In the tourism planning process in most South East Asian countries in the 1970s and the 1980s, for instance, it was assumed that any economic gains tourism brought to local communities would more than compensate any losses. Little attention was given to the impact that diversion of natural resources for tourist facilities would have on local communities or the environment. The large-scale tourism could pose its own problems in terms of pressure on domestic resources, the environment and the preservation of cultural heritage; therefore, it requires a strategy to mitigate any possible negative impacts

1.3. The role institutions as driving factor in the tourism industry development

In many countries tourism is the priority direction of development of the national economy and culture. This is due to the dynamism, high profitability and a large positive socio-economic and cultural impact of tourism on developing countries. To our mind tourism as an influential tool which is able to: provide socio-cultural needs; maintain an inflow of foreign currency; strengthen international relations; provide development of weak economic regions; bring about environmental improvement. The development of the tourist industry will strengthen its links with other priority areas of social, economic and cultural development of individual regions and the whole country. This will lead to the credence to country in the world market of tourist services, strengthening the economy, an increase of the revenues in the state

and local budgets, attracting foreign currency and various investments. Moreover it will create a powerful industry, new jobs, preservation of historical and cultural heritage, the advancement of the spiritual potential of the society.

To achieve such a level the tourism industry requires **solid governmental support**. The governmental support consists in a modern approach based on the socio-economic expediency and logic. A new financial program for the industry development is required as well. The program should base on the strong opportunities of the national tourism industry and the development vector of the tourist flows (whether it is reasonable to develop inbound or domestic tourism). The further tourism development will depend on the real place and governmental attitude to the industry.

To attract increasing number of tourists and remain competitive, the tourism sector should have access to reliable and efficient utilities such as electricity, clean water and modern sanitary services. These are, of course, utilities that countries should develop for the well-being of their population, regardless of concerns for tourism. However, policy efforts to promote the tourism sector will give additional impetus to the development of these essential services. Today's tourism industry creates additional demand for information and communications technologies (ICTs), providing another opportunity to deepen linkages. A recent study by the Economic Commission for Latin America and the Caribbean (ECLAC) states the causes of the industry's low development consist in the complicated socio-economic situation in the country, absence of a stimulation mechanism for the tourist industry. Tourism can be especially important in regional areas because it diversifies the area's economic base and expands the employment market.

As a highly interconnected industry, maximizing the potential of tourism requires coherent and comprehensive policy frameworks. Such policy frameworks need to ensure that sustainable tourism is integrated into the country's overall economic, social and environmental policies. Integrating multiple policy areas and actors requires a high degree of institutional capacity. It also calls for strong tourism agencies that are capable of coordinating with other governmental agencies and stakeholders, such as *local authorities, the private sector and NGOs*.

This is a challenge, given that the industry is fragmented with many enterprises, particularly of small, medium-sized and micro enterprises.

“Stakeholders” are any people or groups who have an interest (or stake) in decisions being made by a management agency. In MPA decision-making, stakeholders include any individuals or groups involved, interested in, or affected (positively or negatively) by coastal and marine resources and their uses. In coastal communities, stakeholders include local residents and fisher people, as well as members of other groups such as:

- MPA management
- Members of the local municipality
- The tourism industry (tour operators, hotels, restaurants, etc.)
- The fishing industry (local and non-local)
- Local biodiversity conservation organizations
- Community development organizations
- Indigenous people’s organizations
- Coastal farming communities
- Transportation authorities
- The scientific community

It is imperative that stakeholders be involved in all stages of planning. With stakeholder support, sustainable tourism plans are more likely to succeed. There are more than political advantages to be gained by involving stakeholders. When a community has management responsibility, feels involved, and understands the benefits that will come to them from responsible MPA management and from sustainable tourism, there is a good chance that they will use more care in using the MPA’s resources and in supporting responsible tourism practices.

Stakeholders can only be involved once you know who they are. They must be identified, and then approached and queried as to their interests and opinions. As an initial step, the MPA tourism planning team can brainstorm with local contacts about who to specifically invite or consult with, and how to engage those individuals or groups. Once the key stakeholders have been identified, the team

should determine the best means of engaging different stakeholders, based on their level of input and potential involvement in future tourism development. Ideally, representatives of major stakeholder groups should eventually be involved with MPA managers in a **working group** that will, together, help develop the plan for sustainable tourism (figure 1.7.).



Figure 1.7. The system of stakeholders in tourism development

The process of identifying stakeholders also helps to identify which individuals and groups will be affected – and how – by both MPA management and sustainable tourism. It is a process of trying to discover who is likely to gain from tourism development and who is likely to lose, and by how much. Understanding the different groups in your area can allow MPA managers to understand who needs to be involved in sustainable tourism planning. Understanding the stakeholders can also help to predict changes in social behavior, local culture, traditions, and quality of life issues that might result from tourism development.

A critical aspect of sustainable tourism planning, therefore, is to identify and understand the major stakeholders, and to understand their point of view, goals, and motivations. We will start with the most important stakeholder, **the local community**. Later we will explore some other major stakeholders such as **national government, local government (authority) and NGOs**. The information here is

only a starting point; to really begin to understand stakeholders in your area, it will be essential to actually meet and talk with them.

Community members play an essential role in tourism. They may play many direct roles in the tourism industry, including:

- Renting land for development
- Working as occasional, part-time, or full-time staff for private tour operators
- Providing services to private operators such as food, guides, transportation, lodging
- Forming joint ventures with private tour operators, who usually provide marketing, logistics, and bilingual guides, while the community provides most services
- Operating independent community-based tourism programs

In addition, even if they are not directly involved in the tourist industry, they play many indirect roles that affect the success of any sustainable tourism enterprise. **Local residents' informal interactions** with tourists play a large role in making the tourists' experience a positive or a negative one, i.e. whether the tourists feel welcome, safe, and comfortable. Local landowners also play a crucial role in the ecological health of the area, especially in buffer zones of core protected areas, near beaches, around river mouths, etc. And, of course, coastal communities themselves will be enormously affected by tourism. Their homes, towns, families and lives will be changed if tourism becomes a major part of their area. To make the tourist-resident interaction a mutually beneficial one, and to make sustainable tourism a success, it is of paramount importance to understand the benefits and threats of tourism for local communities.

In many biodiversity hotspot countries, tourism destinations are under the influence of various *governmental agencies*, whose mandates include culture, historical heritage, parks, coastal protection, economic development, fisheries management, and forestry. Smooth coordination among these departments and coherence between tourism policy and other government policies, including

biodiversity conservation, are not always the rule, and therefore different policies may undermine rather than support each other.

Cultural heritage is one of the main drivers of tourism, but large crowds of visitors can pose a serious risk to the conservation of these sites. In developing cultural heritage sites, it is essential to create partnerships with local communities to enable the assessment and management of the impacts of tourism on their communities.

Tourism development can contribute to raising awareness of natural and cultural heritage and to more resources being allocated to the protection and conservation of that heritage. It can even contribute to the continuation, rejuvenation and enhancement of traditions. However, local communities can be negatively affected by the sector.

At the destination level, **local authorities** are often responsible for implementing policies regarding tourism and biodiversity conservation. Local authorities are well placed to negotiate between the various interests of local and outside entrepreneurs, civil society, and national government agencies, and they hold essential regulatory and zoning mandates that allow for the enforcement of guidelines and standards. On the other hand, the capacity of local authorities to manage this complex and fragmented industry effectively, and to ensure its positive contribution to local strategies for sustainable development, is dependent on whether local policymaking is coherent with national policy instruments and agencies.

In many transitional and developing countries, governments may also play a direct role of tour operators and hotel managers. either to try to jump-start quality standards or to generate revenue.

National governments usually set the framework for tourism development and biodiversity conservation through policy and legislation. Some examples of these include:

- **Laws and regulations** defining standards for tourism facilities, access to biodiversity resources, and land-use regulation and zoning. This may include

requirements for environmental impact statements (EIS's) before development.

- **Infrastructure** design, development, and regulation (water, energy, roads, airports, etc.).
- **Economic instruments** defined in policy, such as incentives for sustainable tourism investment and the creation of private reserves.
- **Standards for health and safety**, including quality controls and regulation of business activities; these are aimed at protecting consumers and at meeting the needs of residents—including traditional communities and indigenous people—and protecting their lifestyles.
- **Establishment and maintenance of protected areas** and conservation corridors of interest to tourism. Managers of public protected areas often are the most effective players for conservation benefits from tourism development.
- **Allocation of tax revenues** for the protection of biodiversity-based tourism attractions, such as national parks and reserves.

The quality of tourism infrastructure is highly dependent on access to finance to undertake public and private investments. In many developing countries, access to credit is extremely costly, and public spending for building and upgrading infrastructure is often very limited. Policies should thus facilitate access to credit, especially for SMEs, given that they are the backbone of the tourism industry. This requires that banks rethink how they evaluate environmentally sound investments. While such investments have a cost, their payback periods can be relatively short and lead to cost savings that make them financially viable and attractive.

Moreover, policies should encourage domestic investment alongside foreign capital involvement (TNCs/FDI, development assistance and triangular cooperation). The benefit of foreign investment goes much further than the capital injection. Importantly, some national experiences have shown that governments can negotiate with TNCs the terms of involvement in their economies and thus align TNCs with national policies, and for instance, engage investors in helping to finance infrastructure and operate services. Moreover, by sharing information and

coordinating negotiations with foreign investors and tour operators, domestic tourism firms can secure higher volumes and margins for nationally produced tourism goods and services.

Promotion and marketing of tourism destinations require a coordinated approach developed jointly with the *private sector*. Investment promotion agencies can play an important role in reaching out to foreign investors, guiding them towards sustainable development, and targeting foreign investors in economically, socially and environmentally sustainable projects.

Outbound operators play a critical role – they can ensure a steady flow of tourists and can influence consumer choices, often even determining how much tourists will pay. However, outbound operators do not live or work locally, and do not have a stake in sustainability in any particular area. This is particularly true of the multinational corporations - if poorly planned tourism causes environmental conditions to worsen in a particular area, they can simply shift to another area. Many also remain unaware of the environmental and cultural impacts of their activities. However, some major travel companies have recognized that promoting conservation and sustainable development can maintain the cultural and biological integrity of the places they visit, enhancing the quality of the product they are selling and improve their reputation and their repeat business.

Implementing sustainable tourism is a very costly and challenging venture. Success is more likely if the tourism industry is part of this process from the beginning. Therefore, tour operators should be considered as key stakeholders who can be essential to the success of the whole project. The experience of a private tour operator or tour developer is invaluable and can provide essential information such as:

- Information about the potential market.
- Advice on visitor preferences for attractions, lodging, food and transport.
- Marketing.
- Providing services to facilitate visitor access to & appreciation of the site
- Training of local guides and entrepreneurs.

- Investing in a local sustainable tourism operation.
- Operating a sustainable tourism operation.

Many **conservation-oriented NGOs** ("non-governmental organizations", such as Conservation International, Rainforest Alliance, etc.) embrace sustainable tourism because of its direct link to conservation. Conservation NGOs frequently act as:

- Facilitators between other players, e.g. communities and the tourism industry.
- Partners with sustainable tourism companies, whether locally owned or not.
- Trainers and sources of technical information and expertise.
- Partners with protected area administrators, often helping obtain funding or carrying out some activity, e.g. an environmental education or interpretation program.
- Managers of their own private protected areas or, sometimes, of government-administered protected areas.
- Rarely, NGOs may directly provide tourism services, such as promotion, lodging, transportation and food.

However, this can distract an NGO from its primary mission and can remove opportunities for community-based enterprises or the private sector.

NGOs that are not primarily conservation-oriented also play a role in sustainable tourism. These NGOs fall into two major groups: NGOs that promote economic development, and trade NGOs of certain industries such as associations of private tour operators, airlines and hoteliers. These NGOs are valuable players because they provide a forum for discussion, offering a means of communications with great numbers of interested individuals. They often have regular conventions or meetings, and communicate industry concerns through publications such as newsletters. Members are often asked to subscribe to certain principles or "codes of ethics".

So, the dynamic of growth in tourism, as well as the need to increase its contribution to development, heighten the need for the various public, private and social sector actors intervening in tourism production at any level (national, subnational, supranational) to reach understandings and complementarity that draw in a balanced way on their respective capacities and resources for the direction, organization and management, and, if considered appropriate, to achieve synergies; but first of all, to organize themselves and cooperate in defining and pursuing general objectives beneficial to society as a whole, diminishing the negative impact that tourism activity has tended to generate.

Viewed in this fashion, intergovernmental and intragovernmental relations, as well as relations between the government and tourism production agents, provide a framework for better understanding the role played by government as a tourism agent, which, while not its only or principal role, is in fact highly relevant to increasing the contribution of tourism to development, making it possible to determine under what conditions and subject to what requirements government can act with a clear and shared vision for the construction of a possible and desirable future for tourism, with the capacity to undertake, promote and efficiently produce the services that, depending on their functions, help to generate and sustain value in tourism production.

CONCLUSION TO CHAPTER 1

Tourism is not limited only to activities in the accommodation and hospitality sector, transportation sector and entertainment sector with visitor attractions, such as, theme parks, amusement parks, sports facilities, museums etc., but tourism and its management are closely connected to all major functions, processes and procedures that are practiced in various areas related to tourism as a system. Also, tourism industry involves the functions of planning, organizing, coordinating, training and monitoring, evaluating at all levels (international, national, regional, local). Therefore, tourism integrated into the functional unit of the economy.

Tourism has significant positive impact on the economy, but the subsector is still under-invested and under-utilized. There are three main pathways through which tourism can affect poor people and poverty reduction in a different way:

- *Direct effects:* Direct effects are considered to be workers and entrepreneurs that directly participate in the tourism sector; examples of direct effects are labour earnings from tourism jobs, other forms of tourism income and non-financial livelihood changes.
- *Indirect effects:* Indirect effects contain incomes from non-tourism sectors (food, construction, transportation etc.) that supply tourism.
- *Dynamic effects:* Dynamic effects include other export sectors, factor markets, human and private development, the natural environment, business climate, growth in the local and national economy, infrastructure of the destination etc. and are generally effects on the macro economy.

Tourism has direct impact on employment, income, infrastructure and standard of living. There is also a direct linkage between tourism, environment and the local economy in terms of social and economic development.

Tourism may have many different effects on the social and cultural aspects of life in a particular region or area, depending on the cultural and religious strengths of that region. The interaction between tourists and the host community can be one of the factors that may affect a community as tourists may not be

sensitive to local customs, traditions and standards. The effect can be positive or negative on the host community.

Tourism is an economic sector able to offer a significant contribution to the economic growth of a region and to the labor market, and creates occupation opportunities directly and indirectly through the supply of goods and the necessary services for tourist activities. Moreover, tourism produces social benefits to the region (i.e. small and medium-sized enterprises' development, creation of new jobs, improvement of infrastructure etc.). Culturally, tourism is considered as an element of community enrichment; this is attributed to the meeting of different cultures. Also, tourism can positively contribute to the maintenance of natural environment by protecting, creating or maintaining national parks or other protected areas.

The major benefit of tourism for a region or country is economic as it provides an opportunity for job creation and generation of revenue at international, national, regional and local levels. Tourism can also benefit economies at regional and local levels, as money comes into urban and rural areas which in turn stimulates new business enterprises and promotes a more positive image in an area.

Tourism activities increase the tax-revenue of the centre and the state governments. Many types of taxes are included in tourist-related goods and services. All tourist earnings increase many economic activities in the countries and these economic activities are a big source of taxable earnings for the governments. Due to numerous economic benefits of tourism and its potential growth it helps in the increase of standard of living of the people by offering new and better jobs, which in terms helps them to improve the quality of life and their families. Tourism helps in the improvement of health and family welfare by adopting the direction of the advance countries in this direction. Health conference, convention, seminars, exchange of views of the leading experts "helps in this" regard.

However, building linkages requires an effective national strategy comprising targeted policies, regulatory and institutional frameworks, and

sufficient incentives to stimulate private investment and the development of domestic supply capacity. Having a national strategy is critical, but active government involvement in the development of basic infrastructure is equally important. Developing countries that have been most successful in tourism development have been those that have designed a clear public- and private-sector strategy for investment and the development of essential tourism-supporting infrastructure.

CHAPTER 2. THE ANALYSIS OF POTENTIAL ROLE THE TOURISM IN ECONOMIC GROWTH AND POVERTY REDUCTION

2.1. The benchmarking international tourism and tourism industry development in world economy

Tourism has recently become a global economic phenomenon; it takes place in destinations across the world, from leading capital cities to small towns and from villages in rural and coastal areas to some of the remotest areas on the planet. According to the World Tourism Organisation's (UNWTO) January 2014 report, global international tourists arrivals went up by almost 7% in 2013 compared to the same period 2009. This is a good recovery following a decline of 2009 which was due to factors such as the global economic recession. Emerging economies remain the main drivers of this recovery for the tourism sector. From the year 2000, international arrivals worldwide rose from 675 million to 940 million in 2014.

According to World Travel & Tourism Council's (WTTC) estimates, global travel and tourism sector's contribution to GDP is expected to rise from 9.3% in 2014 to 9.7% by 2020. It further estimates that total employment is expected to rise from 235,785,000 jobs (8.1%) of global employment to 303,019,000 (9.2%) by 2020 (figure 2.1).

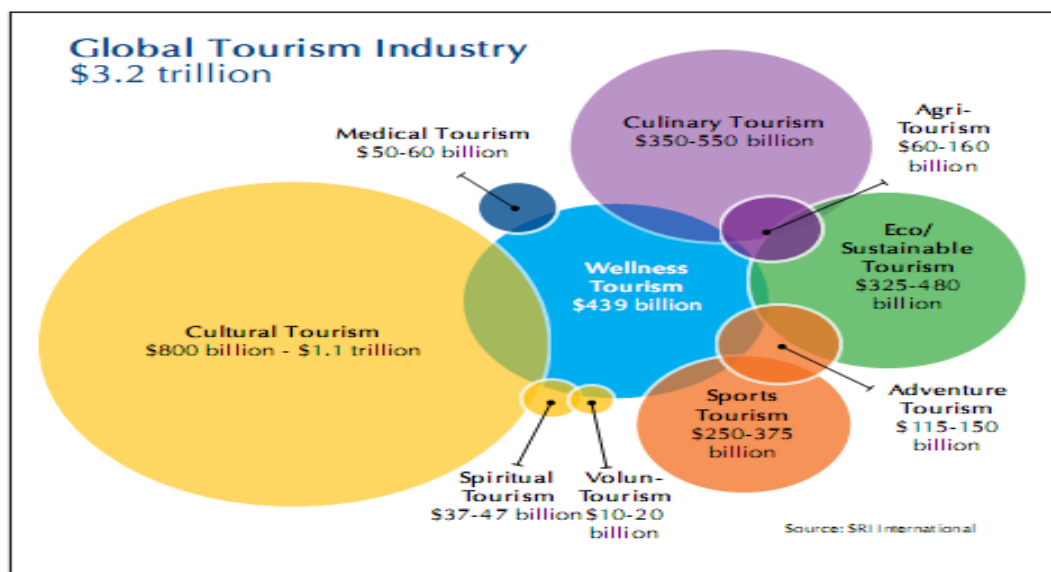


Figure 2.1. Global tourism industry

International tourist arrivals grew by 7% in 2014 to a record 940 million, with positive growth reported in all world regions. Reflecting global economic trends, growth was driven largely by emerging economies, a development that looks set to continue over the coming years. The recovery of international tourism has confirmed the sector's extraordinary capacity to bounce back time and again from external shocks. Tourism is an extremely resilient sector and given its contribution to global economic growth, job creation and development, its faster-than-expected recovery in 2014 was welcome news (figure 2.2). The global economic downturn in 2008-2009 has demonstrated more than ever the need for political recognition and support of the tourism sector.

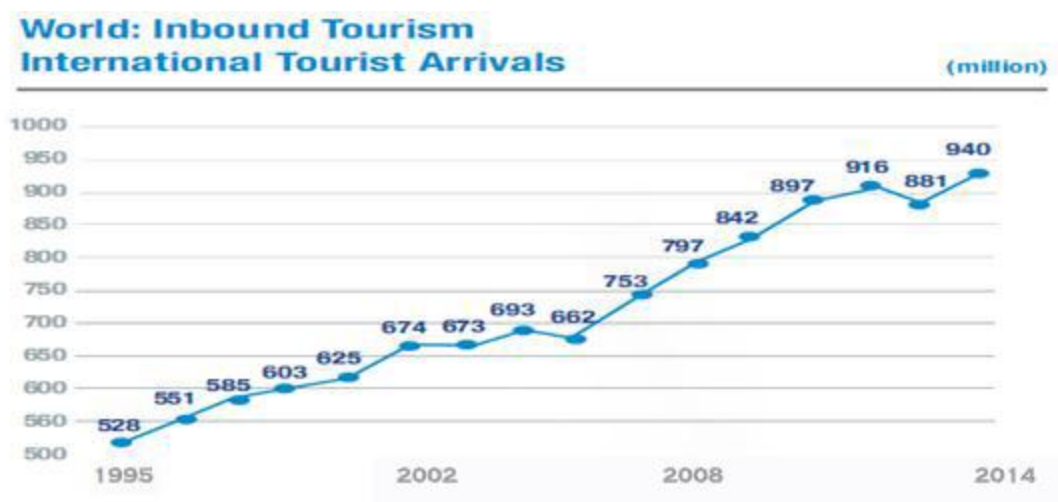


Figure 2.2. International Tourist arrivals

The recovery is expected to endure over the longer term with 4 per cent annual growth in international arrivals projected through 2020, when it should reach 1,6 billion – nearly 60 per cent above current levels.

International tourism in developing regions such as East Asia and the Pacific, South Asia, Africa and the Middle East currently grows at 8 % annually. Compared to international tourism in developed countries and more mature regions such as Europe and the Americas where growth only accounts for 5 % per year this growth is really high (figure 2.3).

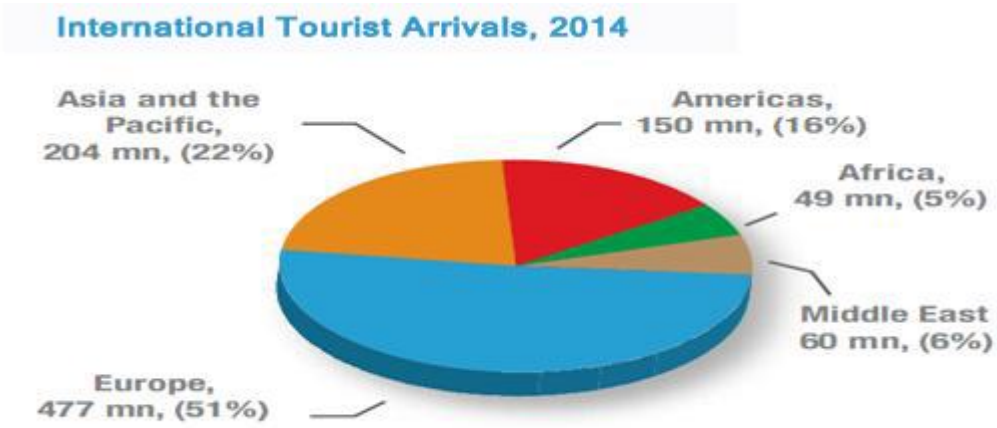


Figure 2.3. International Tourist arrivals: regional view

While Europe and North America remain the traditional destinations, the market share of emerging economies increased considerably from 30 per cent in 1980 to 47 percent in 2014. With emerging economy destinations growing faster than advanced economy destinations, the market share of the former will expand further (figure 2.4). As regards source markets, generally about three quarters of all international tourists are from developed countries.

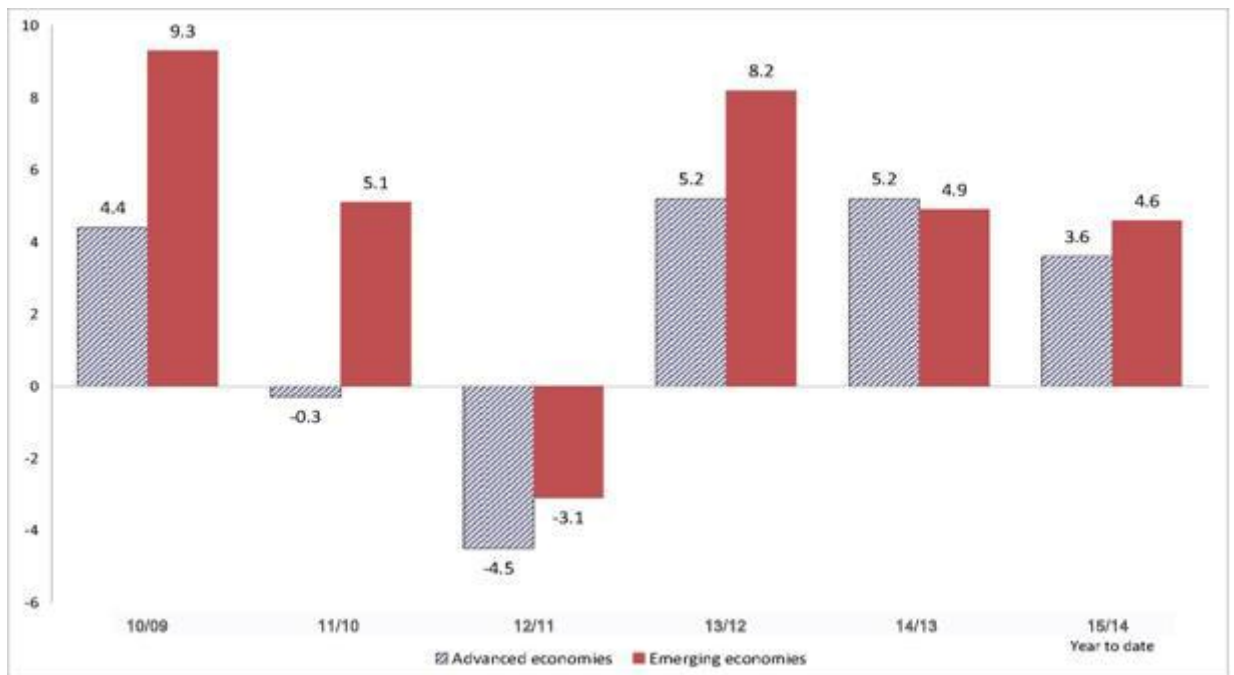


Figure 2.4. International tourist arrivals, 2009–2015, by type of economy (Change, in percentage)

It is expected that this growth in developing countries remains steady until

2020 with over 5% annually. Europe, East Asia and the Pacific, and the Americas are projected to be the top three receiving regions, followed by Africa, the Middle East and South Asia.

The strong recovery of the tourism sector in 2014 is evidence of its resilience and capacity for rapid recovery. Nonetheless, recovery came at different speeds. Emerging economies proved to be the primary drivers of the international tourism rebound, posting an average growth in international tourist arrivals of around 8% in 2014 whereas advanced economies recovered at a much slower pace of around 5%.

Asia and the Pacific (+13%), the first region to rebound from the crisis in 2009 continued to grow strongly in 2014. The Middle East (+14%) also experienced rapid growth in 2014, though in comparison to the particularly depressed figures in the previous year. The signs of economic recovery in the Americas favoured a fairly strong rebound in tourism (+6%). Africa (+7%) was the only region to experience positive tourism results in 2009, and continued to grow throughout 2014 benefiting from the FIFA World Cup in South Africa. In Europe (+3%), the region most seriously affected by the global economic crisis, the average growth in international tourist arrivals was lower than in other regions due to the air traffic disorder caused by the eruption of the volcano and the economic uncertainty affecting the euro zone.

Over the last two decades, the sector grew considerably faster in developing countries than in developed economies, due partly to increasing disposable income and the fact that travel is now relatively less expensive and easier. Today, developing countries account for over 45 per cent of world tourism arrivals and more than 35 per cent of international tourism receipts. The growing trend in intraregional travel has also contributed to the growth of the tourism sector in many developing countries.

According to World Travel & Tourism Council estimates, the top 10 countries with the highest growth rates in travel and tourism in 2014 were all developing countries. These include Uganda (17.2 per cent), Thailand (15.7 per cent), Uruguay (15.1 per cent), Hong Kong, China (14.4 per cent), Namibia (13.4

per cent), Turkey (13.4 per cent).

UNWTO predicts continued growth in international tourism, though at a slower and more moderate rate than the previous year, at 4%-5%. In line with trends of recent years, this development is expected to be driven by emerging economies. Destinations that rebounded from the economic crisis during 2014 are expected to continue and grow further. Advanced economies, on the other hand, are likely to face major challenges, including high unemployment rates, public deficit constraints and weak consumer confidence, which may cause growth to be slower.

Despite the growing number of international tourist arrivals, it is also tourism receipts that grew intensely. Figure 2.5 and 2.6 exemplifies the distribution of tourism receipts in developing (and developed) regions.

Growth in expenditure continued to be led by emerging markets in 2014 – major growth rates came from China (+25%), the Russian Federation (+27%) or Brazil (+51%). The multi-speed nature of tourism recovery widely reflected the broader economic situation and the dynamism of emerging economies.

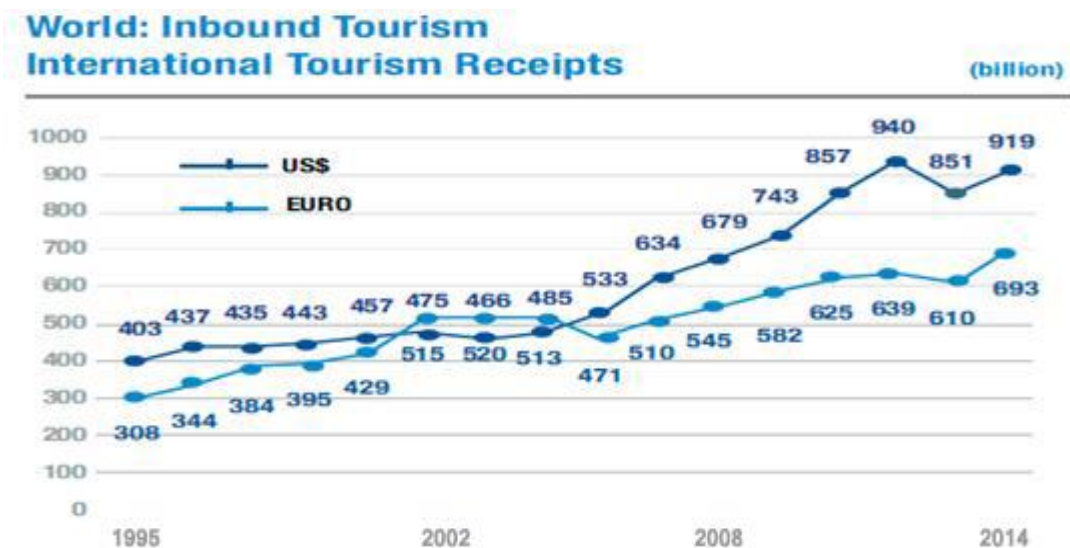


Figure 2.5. International tourism receipts

International Tourism Receipts, 2014

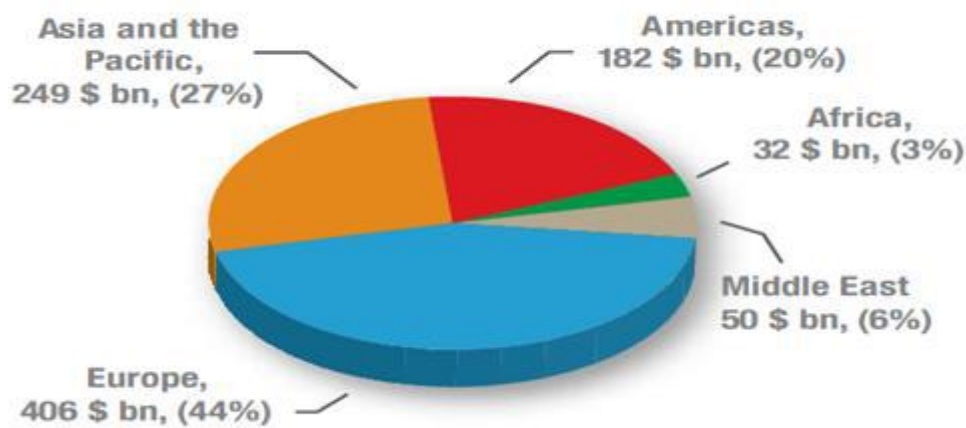


Figure 2.6. International tourism receipts: regional view

In general it is estimated that tourism in developing countries contributes 40% to a nation's GDP whereas tourism makes up between two and 12% of GDP in developed and advanced economies.

Travel & Tourism is an export industry when it provides services to international visitors and draws in spending from abroad. The industry represents a substantial share of total exports for many countries around the world, forming an essential component of global trade. Tourism generated 10% of all UAE exports (including oil) and 15% of Turkey's exports in 2014. In industrialised economies such as the UK, Australia, Italy, US, and France, Tourism still generated more than 5% of total exports in 2014 (figure 2.7). Visitor receipts represent a substantial share of national service exports around the world, generating foreign exchange and financial stability – especially for emerging economies. For example, more than half of all service exports are generated by Travel & Tourism in the UAE, Jamaica, Turkey, South Africa, Mexico, and France. Between 25% and 50% of service exports are generated by Travel & Tourism in the US, China, Russia, Australia, Italy, Argentina, and Indonesia (figure 2.8).

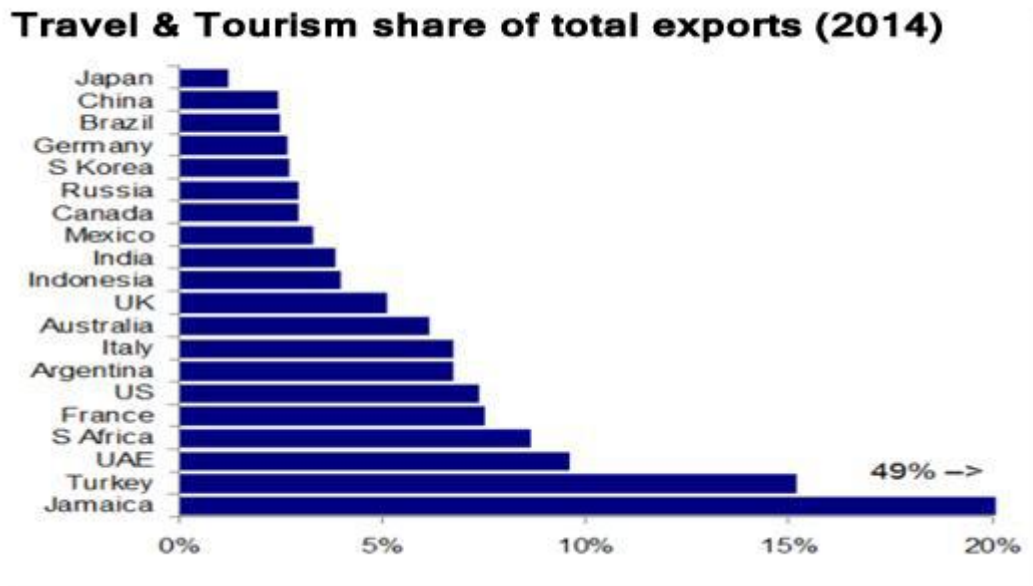


Figure 2.7. Travel and tourism share of total exports

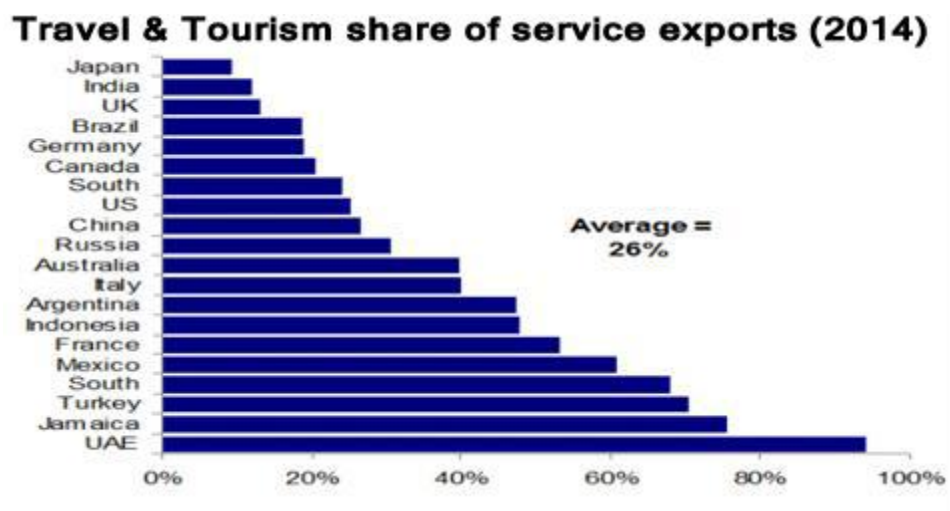


Figure 2.8. Travel and tourism share of service exports

So, the tourism sector ranked fourth in global exports in 2014, accounting for 30 per cent of the world’s exports of commercial services, or 6 per cent of total exports.

The most essential criterion identifying the structure of the tourism industry is the share of inbound and outbound tourism. Scientists argue on the optimal ratio of these flows, but it is usually recommended to keep the outbound flow less than the inbound one. Nine countries with significant progress in the development of the tourism industry were chosen (table 2.1). The choice of the countries is reasoned geographically (the listed countries represent all the continents).

Table 2.1**Tourist flows in the world**

Country	Inbound tourism (arrivals)	The average spending per 1 inbound arrival * (USD)*	Outbound tourism (departures)	The character of tourist flows **
Australia	6 604 000	2 725	698 000	↑
Belgium	7 500 000	1 736	9 500 000	↓
Brazil	5 677 000	1 000	8 119 000	↓
China	56 739 000	935	100 000 000	↓
Croatia	10 904 000	1 008	2 280 000	↑
France	84 000 000	2578	26 000 000	↑
India	6 578 000	2600	14 920 000	↓
Russian	30 792 091	635	54 069 079	↓
Ukraine	2 323 110	166	2 519 390	↓
United States of America	72 540 000	2619	60 240 000	↑

* Except transportation costs.

** ↑ - inbound tourism prevails; ↓ - outbound tourism prevails.

An international comparison of national performance in tourism from a research study published by the World Economic Forum report on competitiveness in the tourism and travel since 2014. The research was done taking into account 133 countries that were analyzed and classified on the basis of 70 indicators.

The table 2.2. presents the competitiveness of the EU-27 without Croatia, and reflects the general competitiveness – both at European level and worldwide; and detailed using three key indicators: legal framework, infrastructure and business environment, human, cultural and natural resources, as it provides the methodology for assessing the World Economic Forum.

Table 2.2

Competitiveness in the tourism sector in the European Union

Country	Rating		Legal	Infrastructure	Human, cultural
	European level	World			
Austria	2	2	4	6	7
Germany	3	3	13	3	9
France	4	4	8	7	11
Spain	5	6	29	8	5
Sweden	6	7	12	14	8
Great Britain	7	11	28	11	6
Netherlands	8	13	22	9	17
Denmark	9	14	10	10	28
Finland	10	15	5	25	21
Portugal	12	17	15	24	16
Ireland	13	18	7	22	32
Cyprus	15	21	25	13	37
Belgium	16	22	21	32	20
Luxembourg	17	23	20	16	42
Greece	18	24	18	27	27
Czech Republic	19	26	16	36	34
Estonia	20	27	17	21	47
Italy	21	28	46	26	22
Malta	22	29	11	31	52
Slovenia	24	35	38	33	61
Hungary	25	38	26	42	59
Slovakia	26	46	34	54	55
Latvia	27	48	32	43	86
Lithuania	28	49	30	46	89
Bulgaria	29	50	56	48	46
Poland	32	58	72	68	29
Romania	36	66	61	64	77

The Union estimated the growth of GDP from tourism enterprises at 65.60% while the economic contribution of tourism is increasing, 64.50% in 2014 compared to 2009.

To pay attention to specific the tourism's industry development in South Africa. The annual numbers of tourism trips to South Africa show a decreasing trend over the period. The number of trips declined from 35,9 million in 2007 to 29,7 million in 2014. Of the 35,9 million trips recorded for 2007, 68 percent were visiting Friends and Relatives (VFR) and those who were travelling for holidays were about 16 percent. About 7 percent and 4 percent of the trips were people who were travelling for business and religious purposes respectively. Those travelling to seek medical treatment in other provinces made up 1 percent of the total trips. In 2014, those who took trips for VFR declined to 74 percent, a decline of 2 percentage points from 2009. The number of tourists that took trips for holidays in 2014 also rose to 13 percent, an increase of 1 percentage point from 2009. The trips for business declined by 2 percentage points to 5 percent and for religious declined by 1 percentage point to 3 percent.

Table 2.3 shows the different types of tourism products that contributed to the total industry in South Africa in October 2014. The table 2.3. shows that the largest share of tourism products were in the accommodation and attraction & activities categories. Together, they accounted for a share of 73,7 percent, with accommodation contributing the largest share of 46,2 percent (24,628) and the attraction activities 27,5 percent (14,640). The third largest was restaurants at 9 percent (4,801), followed by shopping activities at 5 percent (2,929). The lowest was conference activities and tourism offices, respectively at 0,8 percent.

Table 2.3

Type of Tourism Products in South Africa, October 2014

	Number	% of Total
Accommodation	24,628	46.2%
Attractions & Conferences	14,640	27.5%
Restaurants	4,801	9.0% [^]
Shopping	2,929	5.5%

Tour guides	1,375	2.6%
Tour operators	471	0.9%
Tourism offices	421	0.8%
Transport	1,164	2.2%
Travel agent	850	1.6%
Travel services	576	1.1%
Other category	1,023	1.9%
Total	53,294	100%

Moreover, data indicates that about 51 per cent of all international tourist arrivals are associated with leisure tourism; 15 per cent with business travel; 27 per cent with other purposes, including family visits, religious pilgrimage, health and education; and 7 per cent are unspecified. Over half arrive at their destination by air transport (52 per cent), the remainder by surface transport (48 per cent).

Market trends that are affecting the tourism industry include demographics and lifestyle changes (e.g. ageing travellers, more young people travelling and reduced leisure time). The youth market accounts for 20% of global tourism, and will seek more active tourism products in the form of adventure tourism. Due to the effects of aging and decreasing numbers of children per family, 65% of world growth through to 2050 will be in populations aged 45 and above. Aging populations are demanding more health and wellness tourism products; however, rising retirement age levels will partially slow the growth of travel by seniors.

More people are interested in ‘volunteering’ (combining unique travel opportunities with meaningful volunteer work); gap years are not only taken by the youth, and travellers are looking for authentic and niche experiences, among other trends. The demand for mass-based leisure tourism is being replaced by a desire to connect emotionally with destinations, local people and local cultures.

Price-conscious customers in traditional source markets are retiring later, are travelling for shorter periods, are spending less, and are taking trips closer to home. At the same time, the ageing baby-boomer market of Europe and America are moving into a consolidation phase of their lives, and their travel preferences are maturing. The general trend is for travellers to book later and to keep their options open until as late as possible in order to obtain better deals. In response to the more value-oriented mindset, various destinations are developing innovative travel packages and new

products to attract customers. An appropriate response to these trends will therefore ensure the resilience of the industry in the long term.

Demographic and psychographic changes, such as the aging of populations in industrialized countries (the primary market for most international travel destinations), increasing interest in more active and educational pursuits (“sight doing” vs. “sight seeing”), and greater concern for the environment are just a few trends shaping destination development across the globe.

The rapid emergence of new outbound travel markets, like China, India, Brazil, and Russia (BRIC) is another major trend, both in terms of travel demand and sources of investment for tourism projects. The removal of barriers to travel, including the easing of entry requirements and the adoption of open skies policies (for new airline routes, code sharing agreements, etc.) are also increasing travel supply and demand.

Visitor expectations are also changing, as are motivations for travel. While cultural heritage tourism remains one of the largest and fastest growing global travel markets, new market niches are emerging on a daily basis. The primary trend is increasing market fragmentation, as the internet, social media, and other tools increasingly allow travelers and the travel trade to tailor trips to more specific and more specialized interests (e.g., landscape photography and Arabic cooking). This trend is creating a wide variety of opportunities for emerging destinations to create travel experiences that can, if effectively promoted, quickly find markets. Another important trend is the increasing interest in nature-oriented travel, as the environmental threats of population growth, the rapid expansion of extractive industries (oil, gas, minerals), and global climate change become better known. While many of the world’s most unique and outstanding natural attractions are located in developing countries, these same resources are also some of the most threatened, by resource extraction, the changing climate and the encroachment of human populations on fragile, biodiversity-rich ecosystems.

The recent global financial crisis has fundamentally changed the economic and consumer landscape for tourism. Traditional source markets are showing a decline in

outbound travel, and demand in the Western world remains weak. The European Union's working population is declining, as is Japan's. At an average of 6% economic growth, China, India and other emerging markets are expected to recover faster than traditional source markets. The growing middle-income countries will become the leading outbound markets of the future. This does not render the traditional markets insignificant, and income per capita in these markets will still overshadow those in the emerging markets. However, overall, the long-term opportunity lies in the fact that the middle class will increasingly be found in China, India, Africa and Latin America, and that the share of discretionary spending and consumption in these markets will increase dramatically.

Another striking feature of the tourism sector is that women make up between 60 and 70 per cent of the labour force, and half of the workers are aged 25 or younger. Entry into the tourism workforce is also comparatively easy for migrant workers. For many developing countries, tourism services provided by their nationals working abroad bring significant remittance inflows. Countries hosting migrant workers also benefit from tourism and travel services exports generated by the expenditure of migrant workers in their economies.

Concerns about the employment pattern of the industry relate to the seasonality and temporary nature of many jobs, together with the relative high share of unskilled and semiskilled employment opportunities, and in some cases poor employment conditions. Efforts are being made by the International Labour Organization (ILO) and non-governmental organizations (NGOs) to create awareness of poor working conditions and to sensitize tourism employers and the relevant officials to the importance of encouraging decent work and decent wages in the tourism sector. ILO estimates that in terms of the sector's employment-generating capacity, one job in the core tourism industry creates about 1.5 additional or indirect jobs in tourism-related economic activities. The majority of tourism-related businesses in developing countries, particularly in least developed countries (LDCs), tend to be small, medium-sized and micro enterprises, many of which are operating in the informal economy.

Thus, it is evident that the travel and tourism sector is crisis-sensitive, but also responds well to signs of recovery. However, the UNWTO expects that the economic crisis will soften demand in the short term, but that the tourism industry will bounce back and continue its growth path in line with the long-term arrivals growth forecast of 4% per annum. The Council forecast that the global travel and tourism economy will grow by 4,3% per year over the next ten years, which will create an additional 66 million jobs by 2020.

2.2. The analysis contribution of tourism industry development in social-economical problems solution: world experience

The growth and development of tourism in developing countries is enormous and many new destinations have emerged beside traditional countries such as Western Europe and North America. Despite the growth of tourism in the last decades that accentuates the potential of tourism as a growth industry tourism in developing countries can be seen as a vehicle of economic and social development. It is included in recent Poverty Reduction Strategies in more than 80% of low income countries. Tourism often creates an improvement of living standards through a redistribution of wealth (investment in tourism infrastructure from more developed and richer countries of the world or via direct tourist expenditure) and provides an important source of increased employment, income, labour intensity and foreign exchange earnings (due to more tourist arrivals).

The global picture naturally hides important heterogeneities among countries. The sector's direct contribution to GDP, employment, income and foreign exchange earnings is greatest in developing countries that are largely dependent on tourism, such as many small island developing States. International tourism is a key source of foreign exchange and thus a crucial contributor to the balance of payments and to macroeconomic stability, especially in developing countries. In absolute terms, however, the economic impact of tourism is most

significant in large and diversified economies such as the United States of America, China, Japan, France, Brazil, Spain and Italy. UNWTO estimates that “in advanced, diversified economies, the contribution of tourism to GDP ranges from approximately 2 per cent for countries where tourism is a comparatively small sector, to over 10 per cent where tourism is an important pillar of the economy”.

Moreover, tourism's contribution to the national economy remains at a very high level – particularly with regards to the balance of payments. Due to the fact that tourism utilises man-made and natural infrastructure (beaches, wilderness areas etc.), it has low start-up costs compared to other industries. In contrast to trading blocs such as the European Union tourism hasn't got any trade barriers, i.e. that governments do not put forward any restrictions or limitations when citizens want to travel. Last but not least, tourism offers direct and indirect backward linkages and in contrary to other industry sectors, developing countries can promote non-substitutable cultural and natural resources in tourism.

Tourism is one of the biggest industries in the world, contributing trillions of dollars to the global economy, creating jobs and wealth, generating exports and boosting taxes. The industry provides over 260 million jobs around the world directly or indirectly and through other related sectors. The World Travel & Tourism Council (WTTC) reported that in 2015 tourism directly contributed to 2.8% of global GDP, accounted for 259 million direct jobs, and 4% of global investment. Including indirect impacts, WTTC estimates that in 2017 the industry will contribute nearly US\$6 trillion to global output, or 9% of world GDP. Travel and tourism investment is forecast to increase to US\$1.5 trillion by 2021. Tourism is also the top export earner in 60 countries and the primary source of foreign exchange earnings for one third of developing countries and one half of least developed countries.

The contribution of Travel & Tourism sector to global GDP is more than double that of the automotive industry and one-third larger than the global chemicals industry. The Travel & Tourism sector is three-quarters the size of the global education, communications, and mining sectors. With the addition of

indirect and induced economic impacts, the total GDP impact of Travel & Tourism was \$6.3 trillion in 2014. This impact is larger than that of some of the most important manufacturing sectors – namely automotive and chemicals manufacturing. Travel & Tourism’s total economic impact exceeds that of the mining sector and nearly equals the global education sector. At 9.1% of global GDP, Travel & Tourism generates more economic output than automotive manufacturing (7.9%), mining (8.0%) and chemicals manufacturing (9.0%) (figure 2.9.).

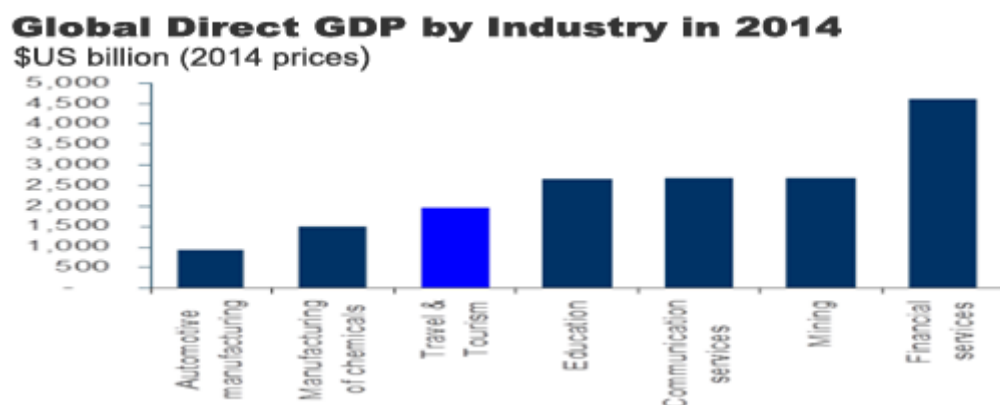


Figure 2.9. Global direct GDP by industry in 2014

In every region of the world, the Travel & Tourism industry directly contributes more to GDP than automotive manufacturing. In the Americas, Travel & Tourism GDP is three times larger than auto manufacturing. In Europe, Travel & Tourism GDP is twice the size of auto manufacturing. Travel & Tourism GDP is larger than the chemicals industry in every world region except Asia, where it is only 9% lower (figure 2.10.).

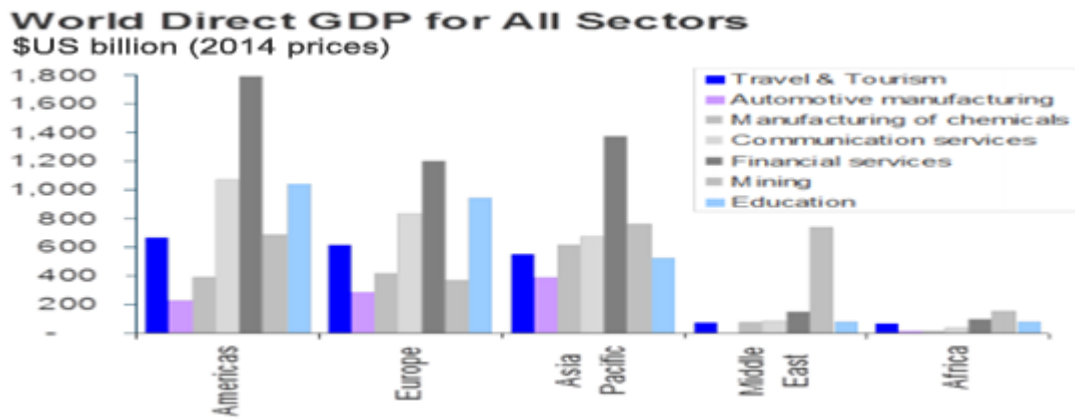


Figure 2.10. World direct GDP for all sectors

In terms of employment, the importance of Travel & Tourism is even more pronounced. With 98 million people directly employed in 2014, Travel & Tourism directly employs:

- 6 times more than automotive manufacturing;
- 5 times more than the global chemicals industry;
- 4 times more than the global mining industry;
- 2 times more than the global communications industry;
- A third more than the global financial services industry.

With a total impact of 8.7% of world employment, Travel & Tourism is one of the leading job creators in the world. The industry sustained 255 million jobs in 2014. This exceeds the jobs impact of auto manufacturing, chemicals manufacturing, and mining, and is nearly on par with education (figure 2.11.).

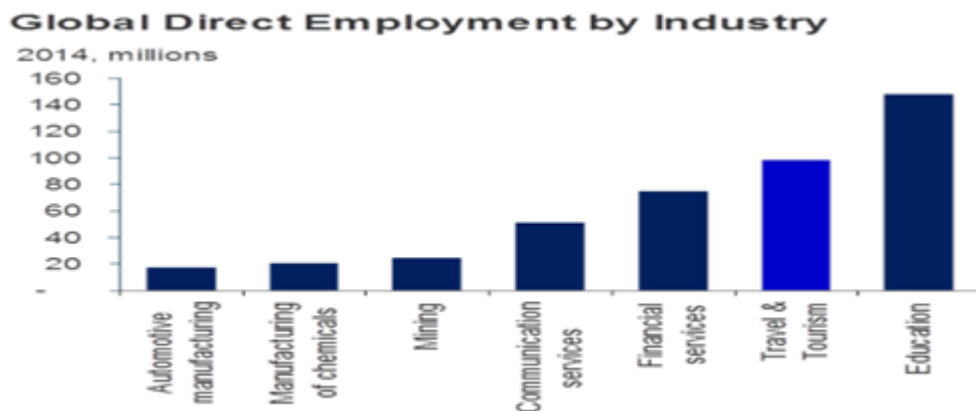


Figure 2.11. Global direct employment by industry

Indirect job creation from Travel & Tourism spending is also significant. In 17 out of 20 countries examined, the indirect job creation from Travel & Tourism spending is greater than that of spending in other industries on average. The only countries where this is not the case are ones in which agriculture remains a significant employer (China, India, Indonesia).

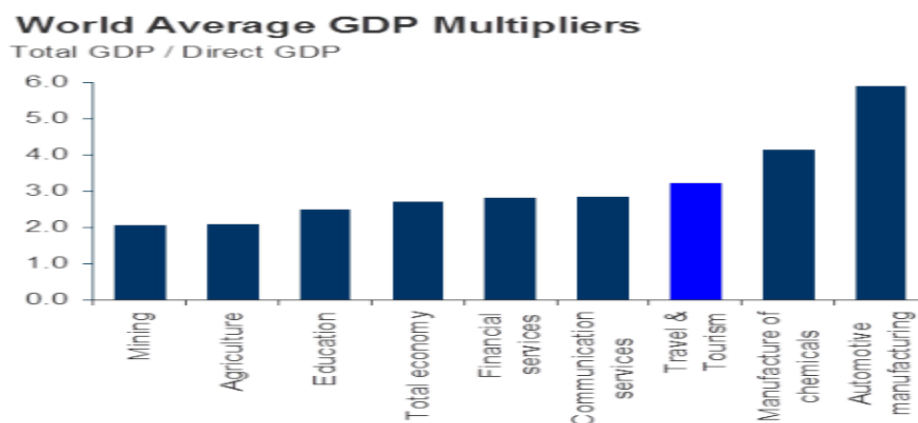


Figure 2.12. World average GDP multipliers

The Oxford Economics global industry model projects Travel & Tourism direct industry GDP to grow at an average of 4.2% per year over the next decade, greater than the 3.6% average annual growth expected for the total global economy. Expectations are for employment to grow 1.9% per annum over the next decade. This is greater growth than forecast for the mining sector as well as the total global economy, which Oxford Economics expects to grow 1.2% per annum through 2022. The World Travel and Tourism Council estimates that the total impact of travel and tourism on global economic output will reach \$9.2 trillion by 2021 (figure 2.13).

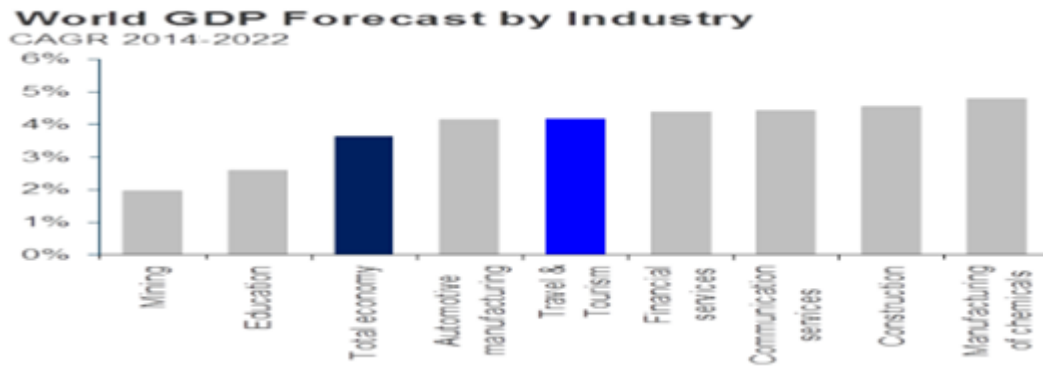


Figure 2.13. World GDP forecast by industry

So, the United Nations in 2014 reports that “Travel & Tourism’s total contribution to the global economy stood at \$7 trillion representing 9.5% of global GDP, not only out pacing the wider economy, but also growing faster than other significant sectors such as financial and business services, transport and manufacturing.” It is also noted that one out of every eleven new jobs created in the world is in tourism. It is further observed that a growing number of tourist destinations worldwide are opening up as more and more nations are tapping into the industry, with a corresponding increment in investment, turning tourism into a key driver of socio-economic progress through job creation, export revenues from foreign tourists as well as infrastructure development.

Table 2.4. contains GDP-related indexes that appropriately describe the tourism industry development in the mentioned ten countries. Basing on the data, it is possible to identify a tendency that countries with much higher GDP/capita (Australia, USA, and France) have a positive balance of tourist flows. Thus, positive economic indicators in tourism and the importance of the industry, largely depend on the overall socio-economic indicators. Among the countries with positive tourist flows one can distinguish a group of countries with high economic performance, where tourism, in turn, is not the main income (Australia, France), and countries like Croatia, where tourism is a major revenue for the national economy (table 2.4).

Table 2.4**Tourism contribution to GDP in world's economies**

Country	Country's GDP per capita (USD)	Direct contribution of the industry to GDP per capita (USD)	Total contribution of the industry to GDP per capita (USD)	Capital investments (bn, USD)	Average income per month (USD)	Population (mln, people)
Australia	61 137	1 517	5 956	18.5	2 610	23.13
Belgium	45 537	1 009	2 490	2.34	3 035	11.2
Brazil	10 958	364	852	23.2	778	203
China	6 569	154	644	3.1	670	1 368
Croatia	13 312	1 388	3 180	1.04	1 756	4.2
France	42 911	1 609	3 843	19.1	2 886	64
India	1 414	29	92	32.3	300	1 260
Russian Federation	14 924	203	670	12	1 200	146
Ukraine	3 862	70	202	0.450	275	43
United States of America	49 992	1 406	4 425	145.7	3 263	320

The World Bank predicts that Africa is on the brink of an economic takeoff, much like China 30 years ago and India 20 years ago. More than half of the world's fastest growing economies are in Sub-Saharan Africa and it is predicted that Africa's economy will grow at an average rate of 7% over the next 20 years, catching up to and eventually surpassing China's growth rate.

Already a good number of economies in Africa are aware of the tourism income multiplier; they derive substantial revenue from tourism. In Gambia, tourism accounts for as much as 22% GDP. 12.1% of Kenya's total GDP comes from the sector while employing more than 10% of the total labour. In Ghana it accounts for 7.2% GDP and 5.8% employment respectively. Following the rebasing of the economy in 2015, Nigeria emerged not just Africa's biggest economy, ahead of South Africa with GDP of \$384.3 billion but also the 26th largest economy in the world. The nominal GDP also places Nigeria ahead of countries like Austria with \$394.7 billion, Venezuela with \$381.26 billion, Columbia \$369.6 billion, Thailand \$365.96 billion, Denmark \$314.88 billion, Malaysia \$274.7 billion and Singapore \$269.87 billion (table 2.5, 2.6).

Table 2.5**Tourism's Total Contribution to GDP in Selected African Countries**

S/N	Countries	2015 % Share
1	Gambia	21.8
2	Morocco	18.7
3	Tunisia	15.2
4	Namibia	14.8
5	Tanzania	12.9
6	Egypt	12.6
7	Kenya	12.1
8	Senegal	11.6
9	South Africa	9.5
10	Nigeria	3.2

Table2.6**Tourism's Contribution to Aggregate Employment in Selected African Countries**

S/N	Countries	2015 % Share
1	Namibia	19.4
2	Gambia	18.7
3	Morocco	16.7
4	Tunisia	13.8
5	Egypt	11.5
6	Tanzania	11.2
7	Kenya	10.6
8	Senegal	10.2
9	South Africa	10.1
10	Nigeria	2.8

As one of the world's largest industries, tourism has grown rapidly and continuously for more than half a century and has become a significant source of global employment and economic output. The travel and tourism industry has had an increasingly significant contribution to the global economy as well as within South Africa (figure 2.14).

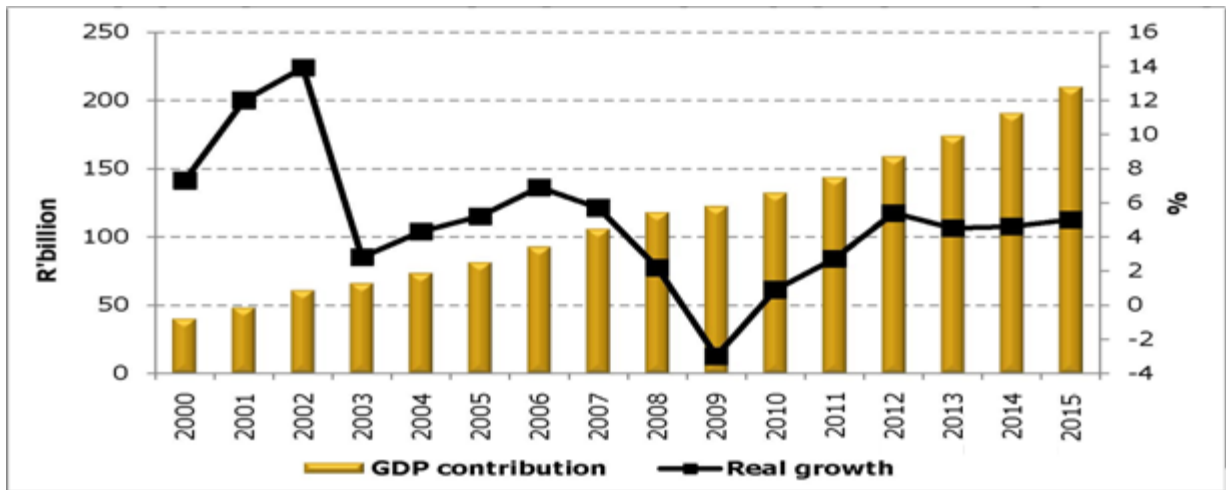


Figure 2.14. GDP Contribution and Growth Rate of the Tourism Industry in South Africa, 2000-2015

Figure 2.14. shows the GDP contribution of the tourism industry to the country's economy from 2000 to 2015, growth rates during this period are also included. In 2002, the contribution made by the tourism industry to GDP is estimated to have been R39.8bn. For 2011, the contribution by this industry was R143.5bn; this is approximately 5 percent of total GDP. In 2009, during the global economic crisis, the industry's contribution to GDP had a negative growth rate of 3 percent. This was because travel and tourism activity was reduced as tourists economised on the duration of their stay, scaled back on their expenditure and also sacrificed secondary holidays. The tourism industry's contribution to GDP increased to approximately R209.2bn by 2015, with an average growth rate of 4.9 percent.

South Africa's ranking within the travel and tourism industry and its 10-year real growth per annum (from 2002 to 2015), compared to the world average. The South African tourism industry is ranked 108th in terms of its direct contribution to the national economy. The 10-year average growth rate per annum of the industry's contribution is 2.7 percent, which is lower than the world average of 5.2 percent for 2015. Amongst the top countries in terms of tourism contribution to GDP is Namibia, ranked 68th with a real growth percentage of 4.4 per annum in

2015. In terms of the direct contribution to employment brought by the tourism industry to the national economy, South Africa is ranked 78th, with 3.9 percent 10-year average real growth per annum, which is also lower than the world average of 5.3 percent for the same period. In terms of capital investment attracted by the tourism industry, South Africa is ranked 67th with a real growth rate of 7.6 percent per annum, which is just below the world average of 8.3 percent. The 10-year real growth rate of 8.7 percent in visitor exports compares dismally, since it is substantially lower than the world average of 15.9 percent in 2015. The tourism industry played huge role in the employment of labour in the South African economy (figure 2.15).

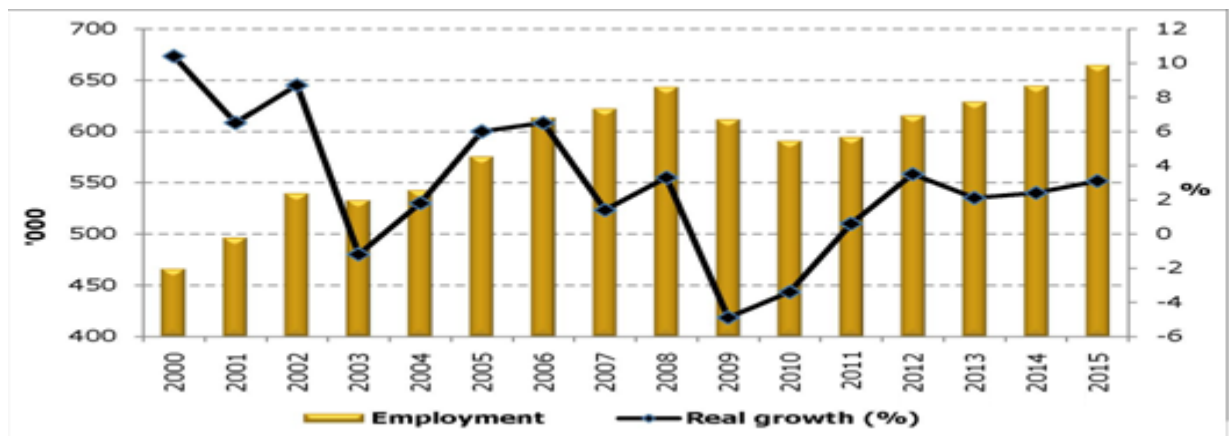


Figure 2.15. Employment contribution and Growth Rate of the Tourism Industry in South Africa, 2000-2015

Nigeria is far from being Africa's preferred tourist destination. Generally, the contribution of tourism to Nigeria's GDP is 5% lower than Africa's average. In other words Nigeria's growing middle class with an increasing international exposure will induce a domestic-driven tourism market, just the way Nollywood created an entertainment industry that now accounts for 1.2% of GDP. Tourism increases foreign exchange to provide the investment necessary to finance the development of other sectors and macroeconomic growth. The socioeconomic impact of tourism subsector is seen in promoting sports, arts and cultural exchanges, as well as intermarriages. Individuals from diverse cultural backgrounds

meet, promoting unity, peaceful coexistence at continental and global levels, beyond racial, ethnic and religious divides.

Impact of tourism on Nigeria's economy based on the indices of employment, GDP, Exports and capital investment has been dismally poor, compared to nine other selected African countries. The poor performance of the Nigeria's tourism sector is caused by under-investment in the sector and lack of priority attention to the industry. Other problems confronting the sector are social and political instability, lack of integrated community-based natural resource management system, poverty, unemployment, dependency and indiscriminate hunting of wildlife, corruption, policy inconsistency, lack of proper implementation, project monitoring and transparency, as well as abandoned rural tourism projects. However, table 2.7-2.10 show a projected positive impact of tourism on Nigeria's economy between 2015-2024.

Table 2.7

Projected Tourism's Direct Contribution to Employment 2015-2024

S/N	Countries	2015-2024 %Growth
1	Namibia	7.3
2	Nigeria	3.3
3	Morocco	2.7
4	Egypt	2.5
5	South Africa	2.4
6	Kenya	2.3
7	Tanzania	2.2
8	Senegal	1.7
9	Tunisia	1
10	Gambia	0.2

Table 2.8

Projected Tourism's Aggregate Contribution to Employment 2015-2024

S/N	Countries	2015-2024 % Growth PA
1	Namibia	6.3
2	Nigeria	3.6
3	Tanzania	2.7
4	Morocco	2.4

5	Egypt	2.4
6	Kenya	2.3
7	South Africa	2.1
8	Senegal	1.8
9	Gambia	1.5
10	Tunisia	0.9

Table 2.9

Estimated Visitors' Exports Contribution to Aggregate Exports

S/N	Countries	2015-2024 %Growth
1	Namibia	7.1
2	Tanzania	6.2
3	Morocco	6
4	Kenya	5.2
5	Egypt	4.9
6	South Africa	4.1
7	Senegal	3.8
8	Nigeria	3.5
9	Tunisia	2.9
10	Gambia	1.2

Table 2.10

Estimated Tourism's Contribution to Capital Investment 2015-2024

S/N	Countries	2015-2024 % Growth PA
1	Gambia	8.2
2	Tanzania	6.7
3	Morocco	5.4
4	Kenya	5.4
5	Nigeria	5.1

These tables comparatively show that Nigeria will drive the continent's tourism industry long-term growth. This forecast is predicated on Nigeria's latent tourism potentials and the renewed interest in the industry. Nigeria has a significantly increasing domestic demand for, and consumption of tourism. Success in a comprehensive poverty reduction program would further increase domestic demand and consumption of tourism. There is a promise of huge foreign

exchange from international tourists, but domestically-induced, which will stimulate Africa's tourism market like never before. In figure 2.16, domestic travel spending generated 91.6% of tourism revenue in 2015, which makes investment in Nigeria's tourism sector sustainable.

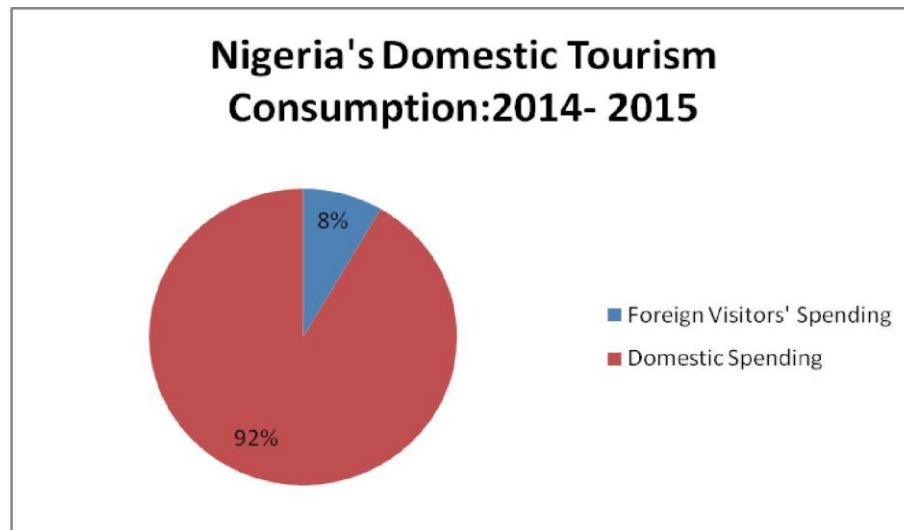


Figure 2.16. Nigeria's Domestic Tourism Consumption 2014-2015

For instance, if we assume that 10% out of 175 million Nigerians travel locally for business, leisure, culture, etc, spend only 10% of the per capita income of N3,400 (\$340), we will probably be having a tourism market that is worth more than \$9billion. This alone will account for roughly 20% of Africa's current tourism industry. This clearly showcases the multiplier effect of tourism and the possibilities in the industry, and the more reason why it is in the interest of government to get the industry organized in order to increase non-oil income.

In a study conducted on 140 nations by Travel and Tourism Competitiveness Index (TTCI, 2015) Nigeria performed higher than some African tourist nations. The assessment which was based on three important pillars of the TTCI, is very crucial for the sustenance of Nigeria's tourism industry: On natural resource pillar it ranked 68 out of 140, cultural resource pillar it ranked 98 out of 140 while environmental sustainability is 63/140.

It is estimated that there are about 101 tourist attractions of international repute in Nigeria, spread across the six geopolitical zones and spanning different types of tourism assets such as rocks, plateaus, hills, springs, lakes, waterfalls, beaches, museums, shrines, cultural festivals, parks, gardens, game reserves, zoos, etc. Nigeria is blessed with huge tourism resources, including the tropical rain forest cluster. In this cluster, lie the most beautiful natural, cultural, historical and man-made tourist attractions in Africa. Calabar, Lagos, Abuja carnivals, and a variety of cultural and sports festivals are a part of Nigeria's tourism assets. Nigeria's football is one of the best and most entertaining in the world. Calabar is the tropical rain forest cluster capital, but also includes Ebonyi, Akwa Ibom, Abia and off course Cross Rivers State. There is simply no type of natural or historical tourist attraction found anywhere in the world that is not found in this cluster. The attractions that have strategic significance include: Tinapa Business tourism resort at Calabar, Cross River National Park, Afikpo Caves, the slave routes at both Cross River and Akwa Ibom States, river cruising and sea sports fishing from Calabar, Obudu Ranch Resort, Akwa Ibom Golf and Leisure resort, and Trail of Mary Slessor activities.

In Tanzania, "gross tourism receipts accounted for less than 10% of total export earnings in the 1980s. By 2000, tourism was the top export earner, above coffee and cotton, and now accounts for over 35% of total goods and services exports".

Obviously the fiscal impact of tourism may differ from country to country, depending on national policies but also on the linkages with the rest of the economy and the degree of maturity of the tourism sector. Enclave type of tourist centers where most supplies come from abroad and with mostly foreign employees, are expected to have minimal impact on host country economies and fiscal revenues. Also early periods of tourism development are expected to have high leakages and therefore minimal revenues. On average, it is estimated that about 55 percent of tourism expenditures remains outside the destination country,

rising to 75 percent in specific cases such as the Gambia and Commonwealth Caribbean, but as little as 25 percent for large economies such as India.

This study has proven beyond reasonable doubts that tourism has significant positive impact on sustainable development. However, this impact is yet to be fully realized in Nigeria due to certain challenges in the industry. Tourism can become an avenue for Nigeria's rapid economic transformation and dilute the current attention paid to crude oil. Presently the world economy is driven by the services sector to which tourism is a major component. As already noted the volume of business activities generated by tourism globally equals or surpasses that of oil exports. Unlike oil that is non-renewable and suffers global price volatility, tourism is renewable and sustainable. There is absolutely no reason why the Nigerian macro economy should enter depression, because of oil price fluctuations, if tourism and agriculture were taken up as profitable diversification options.

2.3. The estimation the national policy in tourism product promotion

With increasing globalization and disposable income, tourism has over the last few decades become one of the largest and fastest growing industries. In 2014 the industry generated an estimated 5 per cent of global gross domestic product (GDP) and between 6 and 7 per cent of the overall number of jobs worldwide. Demand is expected to be sustained due to rising household incomes in emerging economies fuelling leisure activities and growing international trade, which bolsters business travel. Given its size, the sector bears considerable potential for economic growth, diversification and structural transformation of economies.

The tourism sector has gained considerable importance at the global and national levels as a source of economic growth and employment. As a result, governments have been paying increasing attention to the development of the sector with an expectation that it will help generate employment and higher income, thereby contributing to poverty reduction.

Total international arrivals amounted to 1,284 million tourists in 2015, an increase of 5.5% over 2010. This increase was due in large part to increased air accessibility and growing disposable income among travelers. International tourism receipts totaled \$733 billion, a year-over-year growth of 4.3% from 2010 to 2015. Receipts and arrivals are forecasted to see annual growth of 4.5% and 6.5% from 2015 to 2020, respectively, slightly higher than the arrivals growth in the past (4.2%). This growth in receipts will generate \$13 trillion between 2007-2017. In 2015, 75 countries earned in excess of US \$1 billion in international tourism receipts. The top 10 tourism earners in 2015 accounted for half of world receipts, while their combined share for arrivals was 47%; these countries have above-average revenue per tourist (figure 2.17).

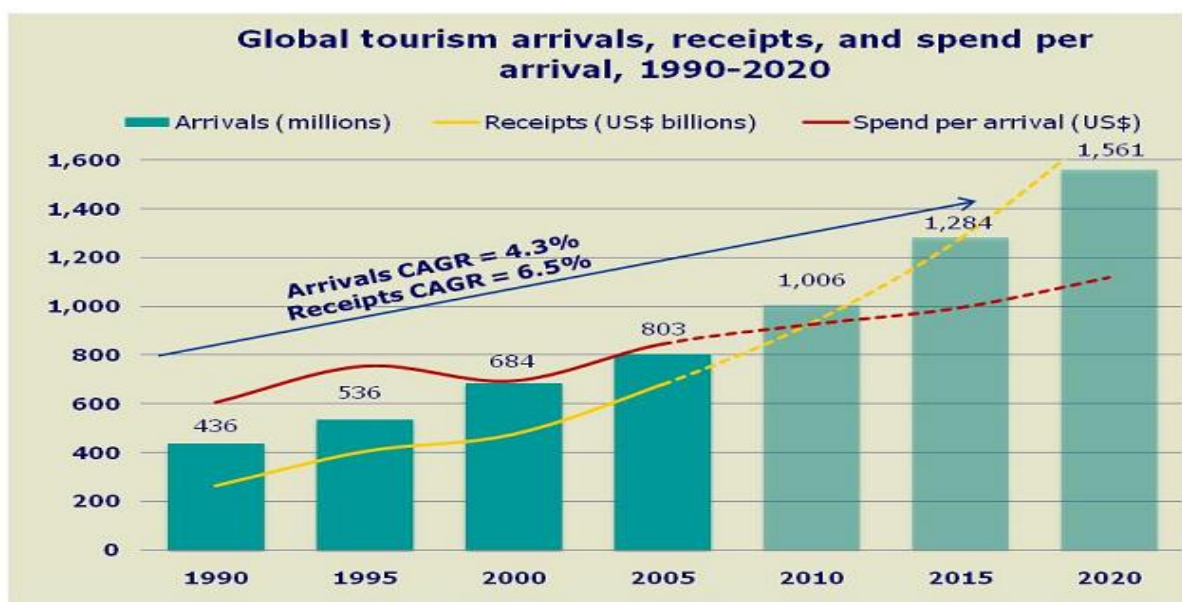


Figure 2.17. Global tourism arrivals, receipts, and spend per arrival, 1990-2020

Industries can also be evaluated on the basis of how spending flows to households and to other parts of the economy. The sectors most supportive of economic development tend to be those that generate the most household income and retain a higher share of expenditure within the local economy after accounting for imports. For every \$1 million in Travel & Tourism spending, \$701,000 in income is generated. This exceeds the income proportions for auto,

communications, chemicals, and mining. In terms of money retained in the local economy, on average, 91% of each dollar spent remains, while just 9% is leaked out as imports. The share of spending that remains in the country varies by country, from 70% in Jamaica to 98% in Mexico; most countries fall within the range of high 80s to mid-90s in terms of this share. When all countries are aggregated, the share of retained Tourism spending is greater than the mining, chemicals, and auto manufacturing sectors (figure 2.18).

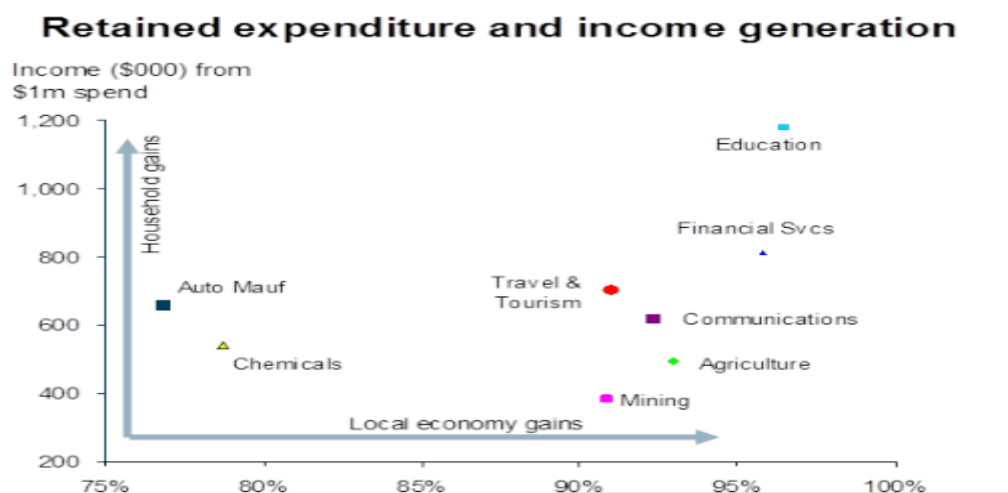


Figure 2.18. Retained expenditure and income generation

The future global tourism industry will be characterized by new source markets, more travelers, and increasing consumer expenditures.

The total money spent annually on tourism increased from \$20bn in 2007 to \$25.8bn in 2008, before declining to \$22bn in 2009 and then \$21.1bn by 2014. When breaking down the expenditure by purpose, 45.5 percent came from VFR, 37 percent from holidays, 14 percent from business and 3 percent from religious reasons for 2008. In 2014, this rose to 51 percent for VFR, for holidays it declined 6 percentage points to 31 percent, business fell to 9 percent and religious reasons remained at 3 percent. The average amount spent per trip in 2007 was \$550 and per day was \$120. This increased to \$780 per trip and to \$170 per day in 2008. By 2014, these amounts had declined to \$710 per trip and \$160 per day.

Table 2.11

Top tourism spenders, 2014

Top tourism spenders, 2006		
Spending by industry and government on tourism development		
	Total (US\$ billion)	Per capita (US\$)
1 Germany	74.8	908
2 United States	72.0	241
3 United Kingdom	63.1	1037
4 France	32.2	529
5 Japan	26.9	211
6 China	24.3	19
7 Italy	32.1	397
8 Canada	20.5	621
9 Russia	18.8	132
10 Korea	18.2	373

According to the WTTC, overall travel and tourism related investment totaled nearly \$612 billion in 2014 and is expected to reach \$652 billion in 2017, or 4.5% of total global investment. In 2010, travel and tourism investment in Africa comprised 9.2% of total investment, or more than US\$1.2 billion, and is projected to reach \$2.7 billion by 2020.

The institutional tourism structures at the following levels are set out below:

- National level
- Provincial level
- Regional level
- Metro level
- Local government level

One of the most important trends shaping tourism-related investment, and investment in developing countries in general, is investment in projects using a *Triple Bottom Line* approach, which seeks returns on investment that are financial, social, and environmental.

A related trend is *social investing*, where the primary focus is on using investment to affect social change. Also referred to as *socially responsible investing* (SRI), the aim is to evaluate social impacts of investments, both positive and negative. According to The Social Investment Forum, SRI now accounts for more than 10% of total U.S. investment. A more recent and closely related trend is

impact investing, which in general is more project - or venture capital-focused, as opposed to social investing, which typically focuses more on portfolio investment.

A country's investment environment is influenced by many factors, including overall political stability; the degree to which rule of law is respected and enforced; the laws and regulations that impact access to capital and credit; the degree to which government agencies seek to facilitate or inhibit private investment; the quality and maintenance of transport and other tourism-related infrastructure; the level of and attitudes toward corruption; and tax and immigration policies, as they relate to both foreign and domestic investors and tourism-related businesses. The investment environment is primarily a function of government policy. While business practices can also impact the attractiveness of a potential investment destination, those practices are permitted or prohibited by government policy. Policies that directly and indirectly impact tourism planning, financing, regulation, and promotion define the viability of a proposed investment project.

Some of the most common investment-climate-related barriers include:

Insufficient information available to analyze opportunities. Investors often lack reliable, comparable, and timely tourism data and other information necessary to adequately forecast and plan for development. The inability to gauge potential demand increases project risk. Key information includes: Reliable visitor data, by month, year, point of entry, destination, country of origin, average length of stay, average daily expenditure, purpose of travel, etc. Industry performance data, including hotel occupancy and average daily rates, by region and accommodations category, number of visitors to specific regions and visitor attractions, utilization rates, environment carrying capacity, etc. Reliable or comparable data on tourism investment flows

Political stability. More commonly referred to in the investment community as *political risk*, this is typically defined as the amalgamation of all non-market factors that can negatively impact an investment. They include civil insurrection or terrorism (both very effective at driving away visitors), regime change, and respect

for rule of law (the degree to which new governments respect agreements, rules, and regulations established by previous governments).

Government support (or lack thereof) for tourism and tourism-related investment is also critical . National, regional, and local governments, in both the industrialized and developing world, are locked in fierce competition for investment flows. The most commonly used tools to attract investment include tax incentives, subsidies, streamlining of the investment approval process, and facilitating access to credit (loan guarantees and the like).

Many governments, particularly in developing countries, do not have enough resources or simply choose not to compete and sometimes, wittingly or unwittingly, erect barriers to investment, including currency controls, limited access to financing, burdensome investment approval processes, and simple bureaucratic inefficiency.

Another area in which governments compete that is more specifically related to tourism is in destination promotion. The image of the country as an attractive and safe vacation destination is critical to the success of tourism development and investment promotion efforts. Billions of dollars are spent each year on destination promotion and image building. If the country is unwilling or unable to invest in promotion, or suffers from a poor image, this needs to be factored in the decision making process.

Zoning laws: Laws that control the location of businesses and type of and limits to development in an area (height, density, type of business, construction, environmental impact, etc.).

Licenses and approvals: Restrictions may apply to one category of tourism business but not another, i.e., tour operators vs. travel agents. Licenses and approvals to create and operate a business can present the investor with confusing application procedures and lengthy waiting periods.

Access to land and foreign ownership restrictions: Many countries control foreign ownership and investment by specifying a minimum level of local ownership. Land is of particular concern, as many countries restrict foreign

ownership or leasing of land. These regulations often have a significant impact on the types and terms of financing available for project development.

Import restrictions: In addition to subjecting the investor to excessive delays or denials to import required equipment and supplies, other restrictions include mandatory waiting period for import permits, licensing for commodity imports, additional foreign exchange requirements to pay for imports, outright bans on certain products, quotas that limit quantities, prior approval of the Ministry of Finance or Central Bank for an advance payment for imports, delays obtaining duty-free status, etc.

Taxes and custom duties: Such costs impact profit margins and international price competitiveness, since businesses often pass on those costs to the consumer.

Foreign exchange controls and remittances: Access to foreign exchange at market rates is especially important for tourism-related businesses, where many (often most) transactions involve foreign exchange. Obstacles to accessing foreign exchange or remitting profits can forestall investment. Outright blocks, delays, and limits on repatriation of profits, as well as other restrictions, such as requiring central bank approval for repatriation of funds or to set up an offshore escrow account negatively affect a country's ability to attract investment.

Air access: Adequate aviation infrastructure is essential for airlines and tourists to access destinations at a reasonable price. Lack of direct air routes and a limited number of flights, difficult flight connections, and high airfares all limit tourist flows. While this barrier often transcends government policy (e.g., a lack of demand may drive up costs), sometimes governments actively restrict air access to protect a national airline or for other reasons. The preferred approach of the United States and many partner nations is an Open Skies policy which eliminates obstacles to free and fair airline competition.

Tourism-related infrastructure: Inadequate infrastructure — water supply, transportation, waste and sewage treatment, electricity, and communications — can be a major impediment to tourism investment. Infrastructure requirements are

compounded since tourists tend to create more waste and use more water and energy than average residents in a destination. Unreliable infrastructure also increases costs and negatively impacts the visitor experience.

Environmental degradation: Environmental sustainability is a growing concern for competitive tourism destinations; in particular, issues such as coastal zone management, water pollution, and waste management. Environmental regulations that are clearly defined and enforced reduce uncertainty and risk and increase long term project viability. Environmental concerns are especially important for tourism-related investments, as most investments take advantage of natural resources.

Access to capital and credit: As a capital-intensive industry, tourism projects often require substantial investments in land, construction, equipment, furnishings, marketing, transportation, and working capital. In developing countries, underdeveloped capital markets, political risk, and government restrictions limit access.

Commercial banks, venture capital firms, and institutional and individual investors often lack the expertise to work with small- and medium-sized tourism enterprises. Typical reasons for limited capital availability include:

- ❖ Tourism development projects being viewed as high risk due to poor past performance, lack of experience and knowledge of the tourism sector;
- ❖ An extended payback period due to high upfront development costs and developer unwillingness to make long-term commitments in light of excessive uncertainty;
- ❖ Lack of capital markets, stock exchanges, and other vehicles that provide liquidity and exit strategies.

Materials and supplies: In many destinations tourism development requires the importation of construction and other materials and specialized equipment. Imports add significant costs to a business, particularly when the government imposes import duties.

Cross-sector linkages: Weak cross-sector linkages may exist between

tourism and agricultural production or manufacturing, which hurt investor ability to develop a competitive product. Difficulties in meeting standards stem from inadequate market and technical knowledge, a shortage of business skills, and absence of economies of scale.

Labor challenges: Tourism is a service-oriented, labor-intensive industry requiring semi-skilled and skilled workers and well trained managers.

Many investment barriers have a greater impact on domestic investors than foreign. In Asia, the Asian Partnership for Cooperation (APEC) recently completed a study of these “behind-the-border” barriers cover a raft of domestic policies, rules, procedures, and laws (or lack thereof) that unnecessarily impede investment in domestic businesses.

The barriers come in many forms from excessive regulation, unclear property rights, and poor legal systems to a lack of appropriate laws that foster competition. All these barriers have a deleterious effect on investment and impede growth through one of three channels:

- They can unnecessarily increase costs, making businesses less profitable and therefore less attractive for investment. Examples would be excessive regulation, complex licensing procedures, and poor infrastructure such as inadequate roads that increase transport costs.
- Barriers can increase risk that chills the incentive to invest. Examples would be unclear property rights, poor contract enforcement, and the uncertainty of government policy and its enforcement.
- Barriers can limit business competition that, while perhaps helping a favored few firms obtain monopoly status, increases costs for other firms, impeding their competitiveness and stifling innovation.

Tourism planning and development is holistic and cuts across different segments of the economy and different ministries. In order for tourism to succeed in any country, there must be close cooperation between various levels of government as well as the private sector. Any country must take the issue of tourism planning and implementation very seriously and urgently too. We also

recommend institutional capacity building. This will involve the strengthening of all the institutions that drive tourism to make them more efficient and alive to their responsibility. The county's ecosystem; environment, wildlife, soil water, rivers, streams, forests, rocks, falls, sun and air space etc must be seen and treated as part and parcel of inseparable sustainable tourism development program.

CONCLUSION TO CHAPTER 2

As one of the world's largest industries, tourism has grown rapidly and continuously for more than half a century and has become a significant source of global employment and economic output. The World Travel & Tourism Council (WTTC) reported that in 2014 tourism directly contributed to 2.8% of global GDP, accounted for 259 million direct jobs, and 4% of global investment.

Including indirect impacts, WTTC estimates that in 2017 the industry will contribute nearly US\$6 trillion to global output, or 9% of world GDP. Travel and tourism investment is expected to reach US\$652.4 billion in 2017 and is forecast to increase to US\$1.5 trillion by 2021 (World Travel & Tourism Council and Oxford Economics, 2011).

Developing countries particularly benefit from the tourism industry's positive economic, environmental, and social impacts, through the creation of jobs, preservation and celebration of indigenous culture, reduction of poverty, and promotion of environmental conservation (environmentally-friendly alternative livelihoods).

Nigeria's tourism landscape is extremely rich and beautiful for global tourist attraction; the weather, climate, vegetation, quality airspace, sunshine, beautiful scenery, the rock, falls, captivating beaches, historical relics, rich cultural diversity, friendly peoples and wildlife are Nigeria's tourism assets. This makes Nigeria a leading tourism paradise in Africa. The World Trade Organization (WTO, 2014) noted that tourism and hospitality industry is one of Africa's greatest but most under invested assets, with market worth \$50billion, but has \$203.7 billion of untapped potential which represents four times its current level. The Organization's forecast for international tourist arrivals to Africa indicates that "there will be 77.3 million visitors in 2020. This represents an annual growth rate of 5.5% over the decade, which is above the global growth rate of 4.1%. Elsewhere it is estimated that Africa, together with Asia will contribute more than half of the projected growth in international visitation with 30% of that growth expected around the world, (Bichaka et al. 2007). Similarly, the United Nations in 2013

reports that “Travel & Tourism’s total contribution to the global economy stood at \$7trillion representing 9.5% of global GDP, not only out pacing the wider economy, but also growing faster than other significant sectors such as financial and business services, transport and manufacturing.” It is also noted that one out of every eleven new jobs created in the world is in tourism,(John,2000). It is further observed that a growing number of tourist destinations worldwide are opening up as more and more nations are tapping into the industry, with a corresponding increment in investment, turning tourism into a key driver of socio-economic progress through job creation, export revenues from foreign tourists as well as infrastructure development, (WTTC, 2014, 2015). The forecasts are also that “international tourist arrivals are expected to grow by 3.3% in the next 15 years to reach 1.8billion tourists in 2030.In Nigeria, the downstream economic impacts from the exports revenues of international tourists’ spending are estimated to generate additional annual gross revenue of \$224m (N29b).

CHAPTER 3. THE WAYS THE STRENGTHENING OF THE TOURISM INDUSTRY DEVELOPMENT AS THE MAIN FACTOR OF SUSTAINABLE DEVELOPMENT

3.1. The system of directions and instruments of tourism industry improvement

The tourism industry is massive. It is considered to be the biggest industry in the world. It consists of an enormous number of small and medium-sized enterprises, and also includes large multinational corporations that control an increasing percentage of the overall market. In Europe, for example, five companies control over 60% of organized outbound travel (i.e. tourists who travel on pre-planned tours). It involves a huge variety of people, including tour operators and travel agents who assemble trips; airline and cruise ship employees; minivan drivers; staff of big hotels and small family lodges; handicraft makers; restaurant owners; tour guides; and all the other people who independently offer goods and services to tourists. The complexity of this sector indicates how challenging it can be for protected-area staff and local communities to learn about and form partnerships with the tourism industry.

Members of the tourism industry are valuable to sustainable tourism for many reasons. First, they understand travel trends. They know how travelers act and what they want. Second, the tourism industry can influence travelers by encouraging good behavior and limiting negative impacts in protected areas. Third, the tourism industry plays a key role in promoting and actually carrying out sustainable tourism. Its members know how to reach travelers through publications, the Internet, the media and other means of promotion, thus providing a link between sustainable tourism destinations and consumers.

Travel guides, magazines, and newspapers can make huge contributions to raising consumer awareness about critical issues facing the tourism industry and help to stimulate a demand for change. For example, National Geographic Traveler

magazine routinely highlights issues of sustainable tourism and profiles tourism businesses that are leading the way in implementing sustainable tourism practices. Audubon magazine has developed a “Tread Lightly” code of conduct for travel in natural areas. Reaching out to particular market segments of tourists who are interested in sustainable tourism may be more beneficial than advertising widely to a mass market (figure 3.1).

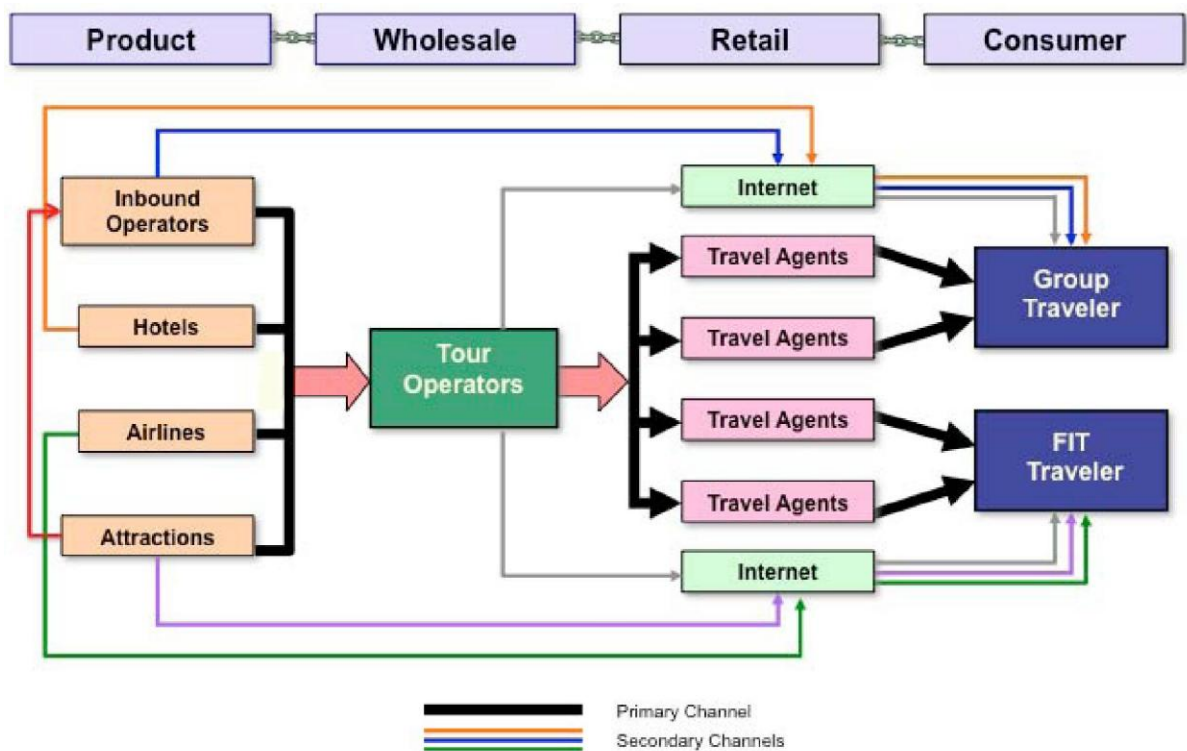


Figure 3.1. Tourism Supply Chain (Solimar International, 2014)

There are different types of local linkages and different ways in which businesses can participate – illustrated in Figure 3.2. The more local linkages are built the more opportunities to boost the local economy exist. Governments can highly influence flows to the poor which is most notably because collected quantitative data reveals that the type or size of the tourism sector does not matter. What matters is how the tourism sector is structured, i.e. how, when and where tourists spend their money and how supply chains and linkages work. Nevertheless, it remains quite challenging for governments to decide which local

linkage(s) to choose first because time and commitment are needed and all linkages cannot be implemented simultaneously.

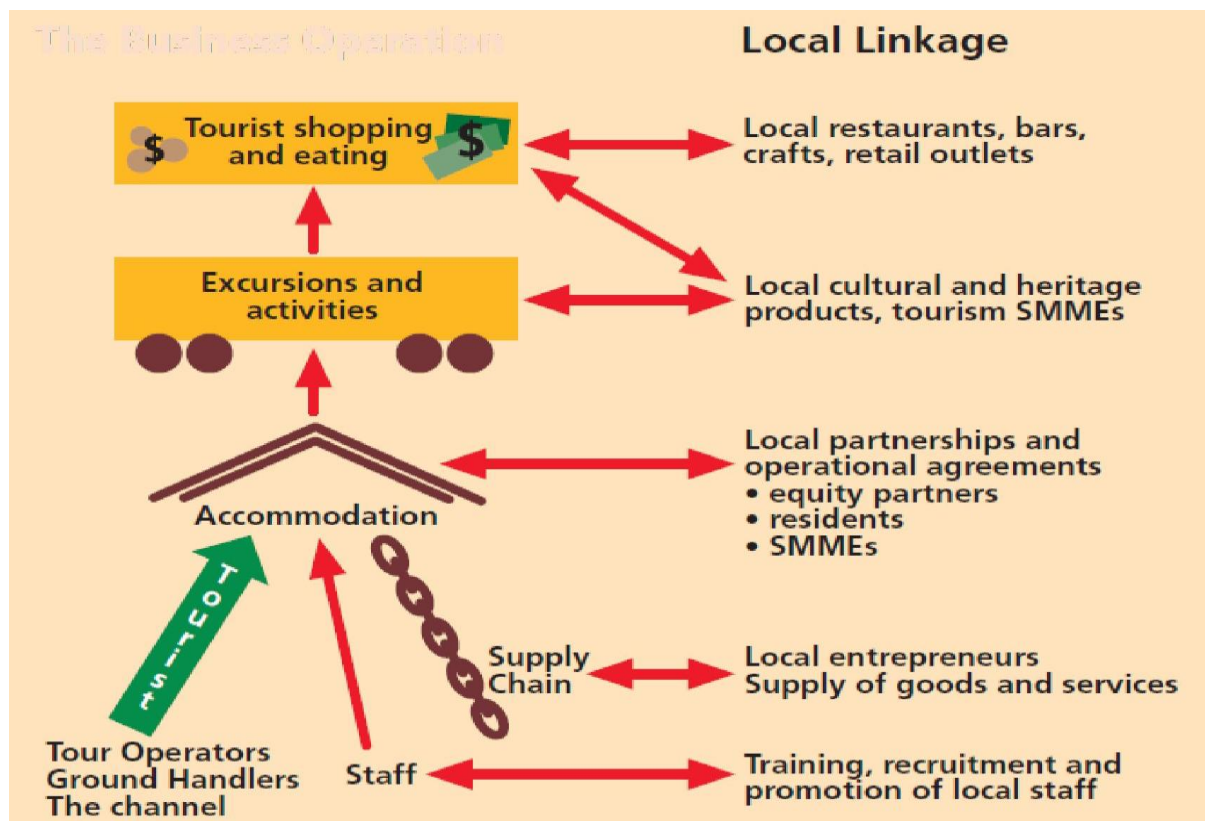


Figure 3.2. Different types of linkages between tourism and the local economy

For instance, when regarding the bottom of Figure 3.2. local training, recruitment and promotion of staff can have great pro-poor impacts owing to the fact that employment of local personnel is usually cheaper than taking people from outside into account. Local wages can provide the greatest cash flow from tourism companies into the community. Nonetheless, many companies are known for paying low wages and often opportunities for local applicants and appropriate training are lacking. Furthermore, tourism is often seen as a seasonal and menial sector. In order to avoid these obstacles some opportunities can be adapted: Using labour-intensive services (e.g. babysitting) that have a high job creation potential, increasing better conditions of employment staff (e.g. bonuses, health policies,

safety at work, pensions) and enabling to move up the management chain by offering career progression and training generate local benefits from employment.

Procurement from local enterprises, often seen as the only type of a local linkage, offers a direct transformation of the supply chain and can be a good opportunity to stimulate the home economy, to work with more loyal suppliers and to create distinctive or cheaper products. It is often a missed opportunity as most tourism businesses tend to deal with already established large, possibly distant suppliers. This is of major importance when regarding the problematic situation of many local entrepreneurs: they are operating under such constraints that earning a decent living is almost not possible. Thus, companies can enter into the supply chain by breaking contracts into smaller more manageable chunks, providing advice on product standards and safety issues or helping suppliers to obtain the right working tools.

Then, local partnerships provide the opportunity to deliver social and economic benefits not only faster, but also at a higher quality and to a broader number of people, than it could be reached by companies acting alone. Examples of local partnerships are neighbourhood partnerships, legal equity-based joint venture partnerships or other arrangements which at least go beyond a conventional commercial contract or a one-way donation.

Selling local cultural and heritage products to tourists delivers a range of advantages for local communities. On the one hand, it makes the tourist's journey memorable and unique; on the other hand, word-of-mouth stories attract guests and customers and make them return. Local economy also benefits from a product diversification or enhancement. Local or heritage products can be archaeological excursions, dance festivals, theme nights, etc.. It is essential that cultural entrepreneurs should be advised how to meet tourists expectations (regarding safety, translation, accessibility).

Last but not least, tourist expenditure in the local economy can be strongly increased by tour operators and hotels by giving advice on what to produce, how to

sell the product or service, assist with marketing activities or providing a sales side at their front door.

Seven strategic areas — energy, climate change, water, waste, biodiversity, cultural heritage, as well as linkages with the local economy — correspond to specific sustainability drivers. Recommendations include the following.

Private Sector Orientation: Engaging the tourism industry through private sector organizations is a key step to develop sustainable and productive small and medium tourism enterprises.

Destination Planning and Development: It is critical to include goals for environmental sustainability in a destination's development strategy.

Fiscal and Government Investment Policies: Creating a sustainable tourism industry requires policies that:

- Encourage investment sustainability and promote sustainable use of natural resources.
- Define and commit critical government green economy investments in protected areas, cultural assets, water and waste infrastructure.
- Use tax policy to encourage investment in sustainable tourism activities.
- Provide clear price signals to orient investment in water, electricity, and waste management services.

Finance and Investment: Poor understanding of the benefits of sustainable investing is a major obstacle in many countries. Approaches to overcoming this challenge include:

- Private sector awareness programs and policy coordination to improve understanding of sustainable investing.
- Promoting external funding, including FDI, private equity and portfolio investment aligned with sustainable financing strategies to supplement local and regional funds for local tourism development.
- Adoption of rules, regulations, standards, and certifications that promote sustainable investment, and discourage investments that harm the environment, through:

- Voluntary standards.
- Zoning laws and environmental impact analysis.
- Tax incentives that support sustainable investment.
- Fees and levies that more fully reflect the true cost of unsustainable investments.
- Partnerships to distribute costs and risks of funding sustainable tourism investments for small and medium enterprises such as technical, marketing, or business administrative assistance and support.

Competitive advantages in tourism depend on several factors, including the investments made to create an attractive product or destination, quality standards, levels of access, adequacy of supply to demand, but also on appropriate market intelligence and effective promotional strategy. Adequate qualitative and quantitative knowledge of tourism markets and identifiable trends are the foundation for informed decision-making on key issues such as product development and tourism promotion.

As discussed, The World Economic Forum's (WEF) Travel & Tourism Competitiveness Report (2014) specifically highlights investment as a key indicator of competitiveness in travel and tourism. It ranks 139 countries based on an assessment of three tourism-specific measures and 14 sub-measures (Figure 3.3).

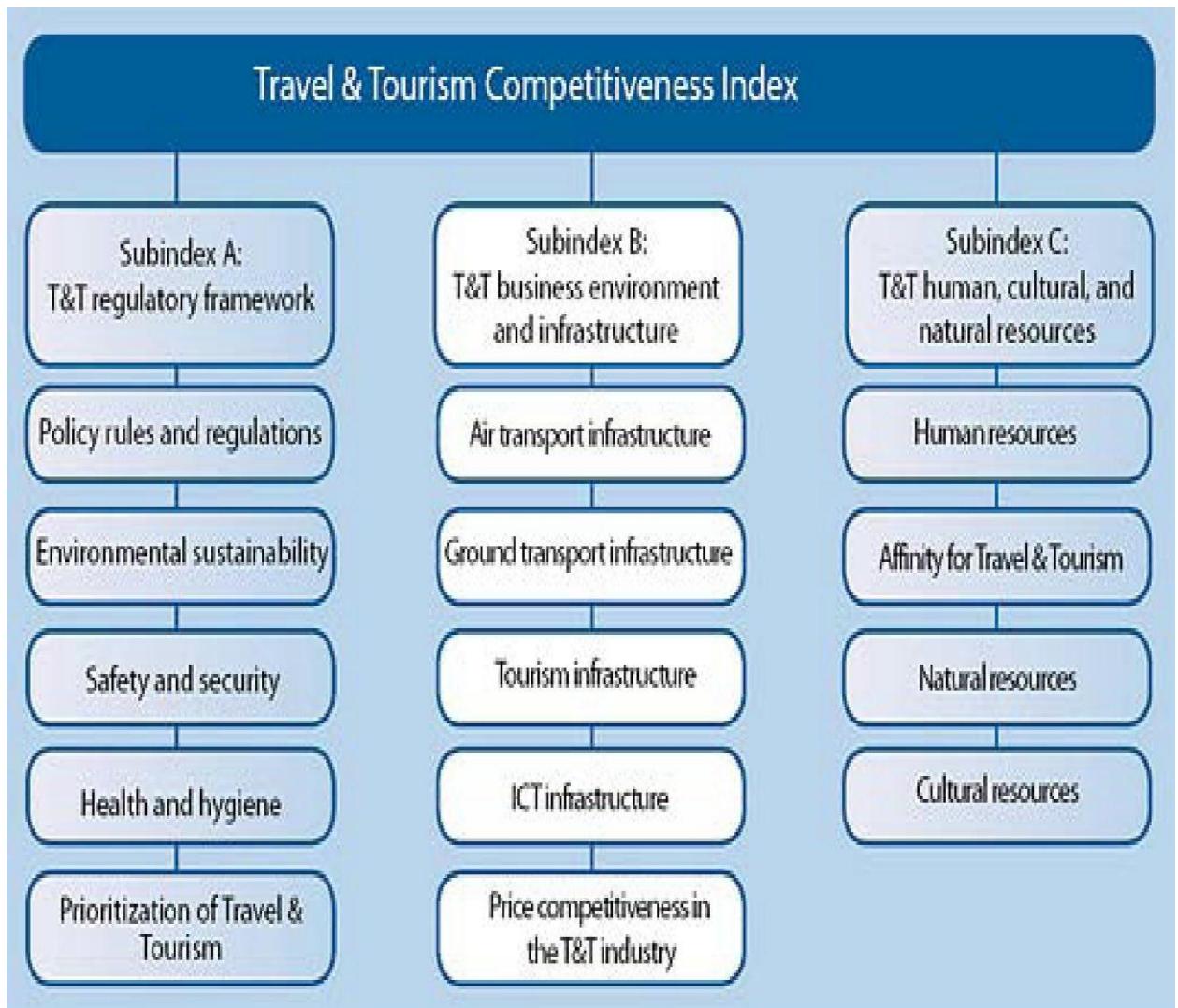


Figure 3.3. Travel & Tourism Competitiveness Index (World Economic Forum, 2014)

Several countries use this annual ranking to implement reforms and improve their competitive position. While all these variables have an impact on the investment environment, most present long-term challenges that can often only be addressed through major investments in infrastructure, training, and programs to promote tourism awareness.

In addition to IFC Doing Business Reports, the following indicators, benchmarks, and tools can assist in evaluating and comparing the investment environment in a given country against other investment destinations.

This IFC Tourism Sector Diagnostic Tool supports responsible tourism development and builds on other tools. It generates information allowing countries

to identify impediments to tourism investment and take actions to remove them.

The tool also accomplishes the following:

- Increases investment attractiveness.
- Improves sustainable development preparedness.
- Strengthens relationships.
- Improves knowledge management.
- Builds on existing tools.

The tool diagnoses three critical interdependent drivers:

- Destination image.
- Market demand.
- Investment climate.

The Transparency International's Corruption Perceptions Index ranks countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. With governments committing huge sums to tackle the world's most pressing problems from the instability of financial markets to climate change and poverty, corruption remains a major obstacle to progress.

The Wall Street Journal and The Heritage Foundation (2014) developed Index of Economic Freedom index. Economic freedom is essential for productivity, efficient movement of labor, capital, and goods and protects citizens from corruption and coercion. Economic freedom is measured through ten components:

- Business freedom.
- Trade freedom.
- Fiscal freedom.
- Government spending.
- Monetary freedom.
- Investment freedom.
- Financial freedom.
- Property rights.
- Freedom from corruption.
- Labor freedom.

Many developing countries simply do not possess the resources to make these kinds of investments, so short- and medium-term efforts should focus primarily on the first column, improving the regulatory framework. One of the most important — and one that many developing countries fail to do — is to make tourism development a national priority.

As a highly interconnected industry, maximizing the potential of tourism requires coherent and comprehensive *policy frameworks*. Such policy frameworks need to ensure that sustainable tourism is integrated into the country's overall economic, social and environmental policies. Integrating multiple policy areas and actors requires a high degree of institutional capacity. It also calls for strong tourism agencies that are capable of coordinating with other governmental agencies and stakeholders, such as local authorities, the private sector and NGOs. This is a challenge, given that the industry is fragmented with many enterprises, particularly of small, medium-sized and micro enterprises.

It can be helpful for policymakers and businesses to have guidelines that suggest actions on how they can contribute to sustainable tourism. UNCTAD proposed a series of guidelines for economic, social and environmental considerations that can strengthen the positive impacts of tourism:

(a) Economic guidelines – Assess economic impacts before developing tourism, maximize local economic benefits by fostering linkages and reducing leakages, ensure that communities are involved in and benefit from tourism, assist with local marketing and product development, and promote equitable business and pay fair prices;

(b) Social guidelines – Involve local communities in planning and decision-making, assess the social impacts of tourism activities, respect social and cultural diversity, and be sensitive to the host culture;

(c) Environmental guidelines – Reduce negative environmental impacts when developing tourism, use natural resources in a sustainable way and maintain biodiversity.

Promotion and marketing of tourism destinations require a coordinated approach developed jointly with the private sector. Investment promotion agencies can play an important role in reaching out to foreign investors, guiding them towards sustainable development, and targeting foreign investors in economically, socially and environmentally sustainable projects.

Although many international tourism companies make considerable donations to developing countries these donations are often not self-sustaining and separated from regular day-to-day business. Likewise, most of the tourist dollars paid for a journey is left in the hands of tourism firms far away from the destination, and especially by importing goods to satisfy the visitor's demand foreign currency gained through tourism is lost in the local economy. Besides, many properties are owned by foreign companies. Large leakages in the economy are the consequence then.

Therefore, another possibility to implement pro-poor actions and to reduce these leakages is to invest in local linkages where the local economy (local residents, SMMEs and MSEs) and tourism companies (well-established, corporate and medium-sized businesses) thrive and work together. This provides an opportunity for tourism companies to boost and contribute more to the local economy and develop and enhance their private businesses simultaneously. Hence, the creation of local businesses and economic links creates positive effects for both parties. By this account it is also the imports can be replaced through cooperation with traditional sectors (e.g. agriculture) of the economy and a production of sufficient and more qualified services and products is feasible. However, companies also have to face certain constraints while investing in local linkages, as Table 3.1 shows.

Table 3.1

Benefits and constraints for companies investing in local linkages

<i>Benefits of building local linkages</i>	<i>Constraints of building local linkages</i>
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Improved customer satisfaction (identified by managers as the most important benefit)	Lack of acceptable local suppliers and products (owing to a lack of quality, quantity or reliability of local goods)
Enhancement of brand and USP (company becomes known for PPT involvement, leads to competitive advantages)	Price (the shift to local delivery can be costly, because discounts and other benefits from established suppliers are missing)
New or more distinctive products and services (guests value the difference and are more enthusiastic about spending money)	Exclusionary procedures and policies (some tourism companies are obliged to always use the same supplier in contracts)
Greater local support and social licence to operate by local residents and municipality	Inertia or staff resistance to change (e.g. difficulty in motivating staff for change)
Improved staff morale and service (that leads to an enhancement in customer service and satisfaction)	
Preferential recognition from government and increased score in the Tourism BEE Scorecard	
Improved corporate governance and organisational development (general business processes are optimised)	
Cost-saving (due to cheaper local supplies)	
Access to responsible financing (institutional lenders focus on conscientious commerce performance in their deals)	
General recognition and marketing advantage from word-of-mouth-marketing, more media response, industry awards	

The quality of tourism infrastructure is highly dependent on access to finance to undertake public and private investments. In many developing countries, access to credit is extremely costly, and public spending for building and upgrading infrastructure is often very limited. Policies should thus facilitate access to credit, especially for SMEs, given that they are the backbone of the tourism industry. This requires that banks rethink how they evaluate environmentally sound

investments. While such investments have a cost, their payback periods can be relatively short and lead to cost savings that make them financially viable and attractive.

Moreover, policies should encourage domestic investment alongside foreign capital involvement (TNCs/FDI, development assistance and triangular cooperation). As argued above, the benefit of foreign investment goes much further than the capital injection.

Importantly, some national experiences have shown that governments can negotiate with TNCs the terms of involvement in their economies and thus align TNCs with national policies, and for instance, engage investors in helping to finance infrastructure and operate services. Moreover, by sharing information and coordinating negotiations with foreign investors and tour operators, domestic tourism firms can secure higher volumes and margins for nationally produced tourism goods and services.

Overcoming investment barriers is a complex, long-term task, typically beyond the reach of individual investors. The most reasonable approach investors and project promoters can take to overcome investment barriers involves:

- Understanding which major barriers their project will likely face.
- Identifying tools to mitigate those barriers, e.g., political risk insurance.
- A realistic assessment of whether or not a project has a reasonable chance of being implemented with the time and resources available.

- The odds of being able, through negotiation, to overcome specific barriers, e.g., the terms of a concessions agreement or ownership requirements. This process begins with a discussion with government officials related to the specific barrier and with other investors who have attempted to overcome similar barriers.

Although tourism employs a comparatively high share of un- and semi-skilled workers, it also needs professionals with specific skills. There is an increasing need for specialized training to expand tourism markets, including management and leadership training, information technology and foreign

languages. To adopt more environmentally friendly technologies and manage tourist facilities in ways that comply with sustainability standards, it is necessary that the skills base be compatible with sustainability objectives. This calls for investment in human resources development so that people can acquire those skills, and in addition, engage in higher value added activities.

Deciding not to proceed with an investment is also a part of the process of climate reform. Government officials, investment promotion agencies, and others should be made aware of the reasons behind the decision not to invest so that they can attempt to address those barriers and make the country a more attractive destination for investment in the future.

3.2. The importance of the sustainable tourism development

There are various factors which have led to an increase in tourism demand for developing countries in the last 50 years such as the powerful growth of international tourism, the increases in leisure time and wealth, the technological advances in transport and, in particular, political changes.

Equally, the structure and tastes of tourism demand have changed over the past 20 years: Although standardised mass tourism holiday packages are most popular within tourism consumers, a shift to more active/participatory and individualistic forms of tourism can be seen, particularly cultural tourism, adventure tourism, heritage tourism, ecotourism and, in general: long-haul tourism. There is the phenomenon of the so-called “new tourist”, i.e. a tourist that is more experienced, quality-conscious, discerning, adventurous, flexible, environmentally sensitive and inclined to gather experiences and get to know new cultures.

Visitor expectations are also changing, as are motivations for travel. While cultural heritage tourism remains one of the largest and fastest growing global travel markets, new market niches are emerging on a daily basis. The primary trend is increasing market fragmentation, as the internet, social media, and other tools

increasingly allow travelers and the travel trade to tailor trips to more specific and more specialized interests (e.g., landscape photography and Arabic cooking). This trend is creating a wide variety of opportunities for emerging destinations to create travel experiences that can, if effectively promoted, quickly find markets.

Another important trend is the increasing interest in nature-oriented travel, as the environmental threats of population growth, the rapid expansion of extractive industries (oil, gas, minerals), and global climate change become better known. While many of the world's most unique and outstanding natural attractions are located in developing countries, these same resources are also some of the most threatened, by resource extraction, the changing climate and the encroachment of human populations on fragile, biodiversity-rich ecosystems.

Tourism is one of the largest global industries, with much of the growing market focused around pristine natural environments such as coastal and marine protected areas. MPAs are increasingly attracting interest from foreign visitors, as well as local residents. Tourism can benefit local communities and MPAs through revenue generation and employment. However, tourism can also threaten MPA resources by destroying habitat, disturbing wildlife, impacting water quality, and threaten communities by over-development, crowding, and disruption of local culture. In addition, conventional tourism often does not benefit the local community when tourist revenue "leaks" to outside operators.

In contrast, sustainable tourism is deliberately planned from the beginning to benefit local residents, respect local culture, conserve natural resources, and educate both tourists and local residents. Sustainable tourism can produce the same profits as conventional tourism, but more of the profits stay with the local community, and the region's natural resources and culture can be protected. In many cases, conventional tourism practices of the past have posed a major threat to marine conservation due to lack of management controls and effective planning mechanisms. In contrast, sustainable tourism deliberately seeks to minimize the negative impacts of tourism, while contributing to conservation and the well-being of the community, both economically and socially. Conventional tourism does not

often provide sources of funding for both conservation programs and local communities, while providing incentives for protecting areas from practices and development that are harmful to the natural beauty of an area. Opportunities and threats can only be controlled through well-planned and managed sustainable tourism.

Sustainable tourism appeals to many of the same tourists who enjoy “**nature tourism**”, “**adventure travel**”, or “**ecotourism**” – i.e., tourism that focuses on appreciation of wild areas, wildlife, and local cultures. The WTO estimates that nature tourism generates 7% of all international travel expenditure. If all nature-related travel is included (not just specialty nature-tourism tours), the fraction of total tourists who are interested in nature tourism may be as high as 40-60%. The World Resources Institute found that while tourism overall has been growing at an annual rate of 4%, nature travel is increasing at an annual rate of between 10% and 30%. These patterns of growth are of particular interest since a significant percentage of new tourism facilities in developing countries with high biodiversity will likely be built in coastal and natural areas that harbor threatened ecosystems.

Sustainable tourism development has significant potential to create alternative, sustainable livelihoods and alternative sources of income for developing economies, and help place an economic value on threatened natural resources. Sustainable tourism is environmentally responsible travel and visitation to natural areas, in order to enjoy and appreciate nature (and any accompanying cultural features, both past and present) in a way that promotes conservation, has a low visitor impact, and provides for beneficially active socio-economic involvement of local peoples.

According to survey, conducted by MORI on behalf of the Association of British Travel Agencies (ABTA), 85 percent of British tourists believe that it is important not to damage the environment. Of those surveyed in the 2012 study, 36 percent ‘deliberately’ saved water by showering instead of taking baths, 18 percent switched off air conditioning to save energy and 17 percent decided not to have their hotel towels washed on a daily basis. When asked how much more they

would be willing to pay for environmental, social and charity guarantees, 31 percent said that they would be willing to pay 2 percent extra (\$20) on a holiday worth less than US \$1000 and 33 percent said they would pay 5 percent more (\$50) on a holiday worth more than US \$1000.

Surveys of other nationalities of tourists, primarily in Europe and the United States, have found similar results. For example, German tourists are particularly demanding for environmental quality in their destinations, according to the annual Reiseanalyse survey. In the 2012 survey, 65 percent of German respondents valued clean beaches and water, while 42 percent said they wanted to be able to find environmentally friendly accommodation.

The World Tourism Organization surveyed tourists from the United States, United Kingdom, Canada and France to better understand their motivations for travel. The results indicated a clear preference for wildlife viewing in a wilderness environment. Other priorities included: viewing rare species, visiting indigenous people, archeology, and bird-watching. Ecotourists also strongly preferred education and interpretation with high-quality guides, as well as the opportunity to visit remote, uncrowded areas.

Most likely this trend has followed the global increase in interest in the environment. As people hear about the fragility of the environment, they become more aware of conservation issues around the world. At home, they are willing to pay more for “green” products and services and are taking specific conservation actions such as recycling. For their own pleasure, they want to learn first-hand about endangered species and threatened habitats. They want to understand the complex challenges of conservation and want to experience them first hand.

Travelers are also seeking more remote destinations. They are looking for experiences off the beaten path, seeking wild and unspoiled areas. Culturally, many travelers want to escape the sameness of familiar tourism environments and instead want to experience the diversity and richness of local cultures. Many travelers then become activists. As they experience a threatened wilderness or local culture and learn about its plight, they want to help. International and national

travelers are looking for environmental education, are willing to pay entrance fees, and are eager to buy local products and services that strengthen the local economy.

Sustainable tourism has three key components, sometimes referred to as the “triple bottom line”: (*International Ecotourism Society, 2014*):

- **Environmentally**, sustainable tourism has a low impact on natural resources, particularly in protected areas. It minimizes damage to the environment (flora, fauna, habitats, water, living marine resources, energy use, contamination, etc.) and ideally tries to benefit the environment.

- **Socially and culturally**, it does not harm the social structure or culture of the community where it is located. Instead it respects local cultures and traditions. It involves stakeholders (individuals, communities, tour operators, government institutions) in all phases of planning, development, and monitoring, and educates stakeholders about their roles.

- **Economically**, it contributes to the economic well being of the community, generating sustainable and equitable income for local communities and as many other stakeholders as possible. It benefits owners, employees and neighbors. It does not simply begin and then rapidly die because of poor business practices.

A tourism enterprise that meets these three principles will “do well by doing good”. This means running a tourism business in such a way that it doesn’t destroy natural, cultural, or economic resources, but rather encourages an appreciation of the very resources that tourism is dependent on. A business that is run on these three principles can enhance conservation of natural resources, bring appreciation to cultural values, bring revenue into the community, AND be profitable.

One of sustainable tourism’s greatest contributions is the degree to which it can shift tourism’s impacts on a local community from “threats” to “benefits”.

Benefits from tourism are the following:

1. **Revenue for Protected Areas.** Funding protected areas is a major concern for MPA managers. Governmental funding of MPAs is often not sufficient for conservation needs, and many important natural areas will not survive without

new and additional sources of revenue. Tourism offers opportunities to generate income in diverse ways, allowing MPA managers to better protect sensitive areas.

2. *Employment.* Tourism can bring new jobs to an area, considered one of the greatest benefits to local communities. To meet the demands of tourism in and around a MPA, residents may find employment driving taxis, as lodge owners, concession stand owners or tour guides. An increase in visitation to a MPA also increases the need for rangers, enforcement personnel, researchers and educators. Local residents are in a good position for tourism and MPA-related jobs because they are familiar with the natural and cultural resources of the area. However, they may need training in skills such as language and interpretation, handling of groups, food preparation, first aid, and motorboat maintenance. Tourism also increases the demand for indirectly related employment including service sector jobs, construction jobs and purveyors of goods such as food supplies.

3. *Political justification for MPA's.* The potential of sustainable tourism may sway government officials to provide protected status to an area or to strengthen the protective status of an existing protected area or reserve, particularly if it can generate income and provide other national benefits. And, as government officials begin to think more about the importance of managing natural areas, visitors are more likely to visit and support a natural area if it is protected, which in turn adds justification to the existence of protected areas.

4. *Environmental Education.* Sustainable tourism provides an ideal audience for environmental education. Once visitors have seen coral reefs and marine mammals, they want to learn about animal behavior and coral reef ecology, as well as the challenges of conserving these resources. Many also will want to know the economic, political and social issues that surround conservation.

Threats from tourism are following:

1. *Environmental impacts.* Improper or heavy visitor use can cause trampling on sensitive intertidal habitats, mangroves or seagrass beds; disturbance to wildlife such as seabirds or marine mammals; damage to coral reefs from scuba or snorkel fins; and impacts to water quality from the increase in wastewater

discharge or depositing of marine debris in coastal and marine areas. In addition to the immediate local damage, these impacts can cause longer-lasting subtle changes and problems, including the alteration of such animal behaviors as eating habits, migration and reproduction. Many changes are difficult to detect, but all are important indicators of the health of natural resources.

2. *Economic instability.* Tourism revenue may not be retained by the local community but instead land in the pockets of outside investors. This is called **leakage** of revenue. If leakage is high, there will be little local support for the MPA or marine conservation. Even if some residents are able to generate revenue from tourism, if income benefits to the community are small, or not sufficiently linked to conservation efforts, residents may re-invest those funds in high-impact activities with greater economic returns, such as illegal fishing or mariculture. For those who do find stable jobs in tourism, if the jobs do not provide management or ownership opportunities, local employees will not be motivated to commit to sustainable tourism as a career.

3. *Excessive Development.* When a location becomes a popular tourist destination, local entrepreneurs will create lodging, restaurant and other services to cater to visitors' needs. In some cases where tourism demand is strong, people from other parts of the country will move to a community to take advantage of the increased economic opportunity. With the increased need for tourism services comes an increased infrastructure demand: hotels, restaurants and homes for recently arrived employees or entrepreneurs. These demands place pressure on basic services such as water supplies, wastewater treatment, electricity, etc. In addition to the burden put on municipal services, increased development typically occurs with minimal planning and can become an aesthetic problem as well as an ecological problem for both the community and the protected area.

Stakeholders – those with an interest or stake in the decisions being made - should be involved at all stages of planning for any management endeavor in protected areas, including sustainable tourism in and around MPAs. Stakeholders include local community members, government, NGOs, as well as the tourism

industry and the tourists, and many other groups. A first step in planning for sustainable tourism is to identify the stakeholders and open communications with them. Local communities, NGOs, and the tourism industry all need to collaborate to help produce sustainable tourism enterprises that are locally beneficial and also economically feasible.

The tourist is the ultimate actor in making sustainable tourism a reality. If tourists do not choose to come to the MPA, or are not willing to pay fees to support sustainable tourism, the project will fail.

Attracting tourists to sustainable tourism at MPAs usually involves two factors.

1. Communicating to the tourist that the MPA exists and what its attractions are. This is where the marketing experience of experienced tour operators will be essential. Getting the MPA listed in major travel guides such as Lonely Planet, Rough Guide, etc. is also helpful, as these guides can help attract independent travellers (those not on pre-planned tours) to the MPA.

2. Encouraging the tourist to patronize sustainable tourism rather than conventional tourism. The tourist may need to be willing to pay higher fees to visit a site that is sustainable, rather than attending a similar tourism experience elsewhere that is less environmentally friendly. Fortunately, surveys of tourists have shown that, in general, though tourists primarily want to relax when on vacation, they do *not* wish to do this at the expense of local people or their environment. As we saw yesterday, several European surveys indicate that tourists are willing to pay up to 5% more (of their entire trip budget), e.g. for such extra costs as MPA entrance fees, if they know that the extra money will support the local environment and the community. However, tourists, like everybody, have limited budgets, and there does come a point past which an excessively high fee will turn tourists away.

Local residents play an important role in sustainable tourism for two main reasons. First, it is their homelands and workplaces that are attracting nature travelers. Second, the support of local residents are essential for the success of any

conservation effort, including sustainable tourism. In addition, local or traditional knowledge is often a key component of visitors' experience and education.

The negative environmental, cultural, and social impacts of unsustainable tourism development have affected local people most acutely. Traditional communities and indigenous people can play a major role in conserving biodiversity, but this has been acknowledged only recently, and important issues relating to participation, land and resource use, and democracy still need to be addressed in the context of tourism development.

Community members play an essential role in tourism. They may play many direct roles in the tourism industry, including:

- Renting land for development.
- Working as occasional, part-time, or full-time staff for private tour operators.
- Providing services to private operators such as food, guides, transportation, lodging.
- Forming joint ventures with private tour operators, who usually provide marketing, logistics, and bilingual guides, while the community provides most services.
- Operating independent community-based tourism programs.

In addition, even if they are not directly involved in the tourist industry, they play many indirect roles that affect the success of any sustainable tourism enterprise. Local residents' informal interactions with tourists play a large role in making the tourists' experience a positive or a negative one, i.e. whether the tourists feel welcome, safe, and comfortable. Local landowners also play a crucial role in the ecological health of the area, especially in buffer zones of core protected areas, near beaches, around river mouths, etc. And, of course, coastal communities themselves will be enormously affected by tourism. Their homes, towns, families and lives will be changed if tourism becomes a major part of their area. To make the tourist-resident interaction a mutually beneficial one, and to make sustainable

tourism a success, it is of paramount importance to understand the benefits and threats of tourism for local communities.

There are a variety of ways that governments and private-sector operators can make tourism more sustainable. As noted, long-term prospects for sectoral growth depend on building adequate infrastructure and supply chains, and strengthened policies and institutions to ensure that tourism activities are carried out sustainably, meeting economic social and environmental objectives. As the sector matures, planning at the national level, environmental regulations and cultural preservation initiatives will also become increasingly important. In the short term, however, some of the main requirements for implementing sustainable tourism would include the following:

(a) Creating awareness of how environmental damage can reduce the attractiveness of destinations;

(b) Promoting knowledge of principles and methods of environmental management, including energy and water conservation strategies;

(c) Providing tourism firms with access to market information and financial resources;

(d) Enhancing coordination between government departments dealing with tourism and the environment and private investors in the tourism sector;

(e) Upgrading infrastructure in isolated tourism sites where private-sector investment is unlikely to go.

Promoting sustainable tourism is far-reaching and involves broad actions, ranging from the adaptation of new technologies and practices to obtain efficiency improvements in energy, water and waste systems, to the implementation of policies to restore biodiversity. This can lead, among others, to energy-efficiency gains in transport and accommodation, fewer health risks or the upgrading of the attractiveness of a destination. To enable stakeholders to move towards more sustainable tourism, there are many elements that are required or must be considered. They may include:

(a) Clustering;

- (b) Linkages with local suppliers of goods and services;
- (c) Skills and human resources development;
- (d) Access to finance and investment;
- (e) Institutional framework and mainstreaming of tourism in national policies;
- (f) Promotion and marketing;
- (g) Protection and conservation of cultural heritage.

So, sustainable tourism has the potential to reduce the threats posed by conventional tourism to natural areas and to the people who live in and around them. However, successful sustainable tourism requires rigorous planning and management to realize its potential. Balancing the costs and benefits is not easy. In some cases, minor negative impacts need to be accepted in order to gain greater benefits. For example, tourism may result in trampled shoreline areas along trails but also allow for hiring of more MPA staff. Hiring the additional staff may be more important to the overall conservation of the MPA, and worth the sacrifice of intact vegetation by trails.

Deciding whether or not to pursue development of a sustainable tourism program is not an easy task. Effective planning of sustainable tourism seeks to maximize the local benefits of tourism and minimize the local costs, while still remaining economically feasible. Any such planning must include all relevant stakeholders. Most importantly, it must include the local community and it must include experienced tourism operators. In addition, it should include as many other stakeholders as possible. In other words sustainable tourism:

- (a) Planned with three goals: profit, environment, and community (triple bottom line).
- (b) Usually planned in advance with involvement of all stakeholders.
- (c) Locally oriented.
- (d) Locally controlled, at least in part.
- (e) Focus on educational experiences.
- (f) Conservation of natural resources a priority.

- (g) Appreciation for local culture a priority.
- (h) More revenue stays with local community and MPA.

CONCLUSION TO CHAPTER 3

Many developing countries consider tourism to be important for economic progress and poverty reduction. The development of tourism is guided by a national strategy comprising policy, regulatory and institutional frameworks with sufficient incentives to stimulate the development of supply capacity in national markets. Equally important is the extent to which the national strategy limits financial leakages from the domestic economy, which appears to be a perennial problem in many developing countries, and the efforts made to minimize the adverse impact of tourism on the environment and on cultural heritage. While the role of tourism in structural economic progress and sustainable development is not a new topic on the international agenda, how to make tourism more sustainable and contribute to developing countries' sustainable development objectives is still a challenge that requires urgent attention.

However, it requires a strategy that takes into account economic, environmental, social and cultural factors. According to UNWTO, such a strategy should ensure the following:

- (a) Make optimal use of environmental resources that constitute a key element in tourism development, while, at the same time, maintaining ecological balances and helping to conserve natural heritage and biodiversity;
- (b) Respect the sociocultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to intercultural understanding and tolerance;
- (c) Ensure viable, long-term economic operations, providing socioeconomic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

Overcoming policy-related barriers and making the investment climate more competitive is a complex, challenging, and often long-term task. Incremental, short-term progress can, however, be made, either by addressing a specific barrier that affects investment in general or barriers that impact a specific project.

The first step to identify barriers and their potential impact through benchmarking, interviews with other investors, and investment intermediaries, e.g., investment promotion agencies, financial institutions, and investment consultants and promoters. Once barriers have been identified, a market assessment can qualify risks that those barriers pose and how that risk might be mitigated.

Tourism has the potential to contribute to economic growth and poverty reduction, in particular in low-income developing countries. The sector's capacity to generate employment and income owing to its backward and forward linkages makes it important for economic diversification and economic growth. At the same time, however, the negative impact it can inflict on the environment and culture cannot be overlooked. To ensure that tourism provides employment and income opportunities in the long run and contributes to sustainable development, its operations, including the activities that are linked with it, must be sustainable.

In light of the potential negative effects of tourism, the need for promoting sustainable tourism to ensure future gains and to minimize the possible negative impact on the environment and cultures has acquired renewed urgency. This, in turn, has heightened the awareness of policymakers, tourists and tourism business operators about the need and value of conserving unique natural, social and cultural assets of destinations. Tourists are becoming more demanding of the environmental quality of destinations. Similarly, tourist destinations have incentives to conserve and improve the environment, not only for their own sake, but also for creating value. Indeed, sustainability and creating pro-poor and environmentally conscious tourism business have become important marketing tools and could also provide tourism service providers with a competitive edge.

Sustainable tourism development, including the potential of the sector to facilitate intercultural understanding and tolerance, requires the engagement and

respect of all relevant stakeholders, in particular of local communities, as well as strong political leadership to ensure wide participation and consensus building. Sustainable tourism should maintain a high level of tourist satisfaction and ensure a meaningful experience to travellers, raising their awareness about sustainability issues and promoting sustainable tourism practices.

Well-planned sustainable tourism programs provide opportunities for the visitor to experience natural areas and human communities, and learn about the importance of marine conservation and local culture. Additionally, sustainable tourism activities can generate income for both local communities and MPAs. Sustainable tourism is particularly promising as a key mechanism for local communities to benefit from the environmental and biodiversity resources of the MPA, such that they may be motivated to preserve those resources.

Therefore, sustainable tourism is understood to be long-term ecologically acceptable and tangible, economically feasible and profitable, and ethically/socially legitimate and conducive for the local people as well as culturally conformist. In the following these traditional three pillars of sustainable tourism and the possible achievement of its aims plus the political sustainability:

Economic dimension. In order to preserve economic sustainability longer term prosperity has to be the foundation for continuing sustainable development. Economic sustainability can be reached through the calculation of benefit and follow-up costs of infrastructure, optimisation of marketing effects, generation and protection of knowledge, creation of networks of industry sectors, adequate, long-lasting value added and long-lasting economic revival through tourism.

Ecological dimension. Ecological or environmental sustainability implies that resources are conserved and effectively managed. It can be reached through the preservation of areas of unspoiled nature, avoidance of negative impacts through the construction of infrastructure, development of an environment management system, avoidance of loads through events and long-lasting preservation of the value of nature (e.g. biodiversity).

Socio-cultural dimension. Socio-cultural sustainability can be obtained if special attention is paid to the alleviation of poverty, construction of equal opportunities, promotion of human rights, increase of self-determination and political freedom, strengthening of the regional identity (including culture, subjective well-being, solidarity, public spirit), inclusion of the community and provision for its interests and development of course of action for future generations.

Political dimension. Sustainability is also highly influenced by political decisions as differing political ideologies may lead to different perspectives on sustainable development.

CONCLUSION

Tourism is not limited only to activities in the accommodation and hospitality sector, transportation sector and entertainment sector with visitor attractions, such as, theme parks, amusement parks, sports facilities, museums etc., but tourism and its management are closely connected to all major functions, processes and procedures that are practiced in various areas related to tourism as a system. Also, tourism industry involves the functions of planning, organizing, coordinating, training and monitoring, evaluating at all levels (international, national, regional, local). Therefore, tourism integrated into the functional unit of the economy.

Tourism has significant positive impact on the economy, but the subsector is still under-invested and under-utilized. There are three main pathways through which tourism can affect poor people and poverty reduction in a different way:

- *Direct effects:* Direct effects are considered to be workers and entrepreneurs that directly participate in the tourism sector; examples of direct effects are labour earnings from tourism jobs, other forms of tourism income and non-financial livelihood changes.
- *Indirect effects:* Indirect effects contain incomes from non-tourism sectors (food, construction, transportation etc.) that supply tourism.
- *Dynamic effects:* Dynamic effects include other export sectors, factor markets, human and private development, the natural environment, business climate, growth in the local and national economy, infrastructure of the destination etc. and are generally effects on the macro economy.

Tourism has direct impact on employment, income, infrastructure and standard of living. There is also a direct linkage between tourism, environment and the local economy in terms of social and economic development.

Tourism may have many different effects on the social and cultural aspects of life in a particular region or area, depending on the cultural and religious strengths of that region. The interaction between tourists and the host community can be one of the factors that may affect a community as tourists may not be

sensitive to local customs, traditions and standards. The effect can be positive or negative on the host community.

Tourism is an economic sector able to offer a significant contribution to the economic growth of a region and to the labor market, and creates occupation opportunities directly and indirectly through the supply of goods and the necessary services for tourist activities. Moreover, tourism produces social benefits to the region (i.e. small and medium-sized enterprises' development, creation of new jobs, improvement of infrastructure etc.). Culturally, tourism is considered as an element of community enrichment; this is attributed to the meeting of different cultures. Also, tourism can positively contribute to the maintenance of natural environment by protecting, creating or maintaining national parks or other protected areas.

The major benefit of tourism for a region or country is economic as it provides an opportunity for job creation and generation of revenue at international, national, regional and local levels. Tourism can also benefit economies at regional and local levels, as money comes into urban and rural areas which in turn stimulates new business enterprises and promotes a more positive image in an area.

Tourism activities increase the tax-revenue of the centre and the state governments. Many types of taxes are included in tourist-related goods and services. All tourist earnings increase many economic activities in the countries and these economic activities are a big source of taxable earnings for the governments. Due to numerous economic benefits of tourism and its potential growth it helps in the increase of standard of living of the people by offering new and better jobs, which in terms helps them to improve the quality of life and their families. Tourism helps in the improvement of health and family welfare by adopting the direction of the advance countries in this direction. Health conference, convention, seminars, exchange of views of the leading experts "helps in this" regard.

However, building linkages requires an effective national strategy comprising targeted policies, regulatory and institutional frameworks, and

sufficient incentives to stimulate private investment and the development of domestic supply capacity. Having a national strategy is critical, but active government involvement in the development of basic infrastructure is equally important. Developing countries that have been most successful in tourism development have been those that have designed a clear public- and private-sector strategy for investment and the development of essential tourism-supporting infrastructure.

As one of the world's largest industries, tourism has grown rapidly and continuously for more than half a century and has become a significant source of global employment and economic output. The World Travel & Tourism Council (WTTC) reported that in 2014 tourism directly contributed to 2.8% of global GDP, accounted for 259 million direct jobs, and 4% of global investment.

Including indirect impacts, WTTC estimates that in 2017 the industry will contribute nearly US\$6 trillion to global output, or 9% of world GDP. Travel and tourism investment is expected to reach US\$652.4 billion in 2017 and is forecast to increase to US\$1.5 trillion by 2021 (World Travel & Tourism Council and Oxford Economics, 2011).

Developing countries particularly benefit from the tourism industry's positive economic, environmental, and social impacts, through the creation of jobs, preservation and celebration of indigenous culture, reduction of poverty, and promotion of environmental conservation (environmentally-friendly alternative livelihoods).

Nigeria's tourism landscape is extremely rich and beautiful for global tourist attraction; the weather, climate, vegetation, quality airspace, sunshine, beautiful scenery, the rock, falls, captivating beaches, historical relics, rich cultural diversity, friendly peoples and wildlife are Nigeria's tourism assets. This makes Nigeria a leading tourism paradise in Africa. The World Trade Organization (WTO, 2014) noted that tourism and hospitality industry is one of Africa's greatest but most under invested assets, with market worth \$50billion, but has \$203.7 billion of untapped potential which represents four times its current level. The

Organization's forecast for international tourist arrivals to Africa indicates that "there will be 77.3 million visitors in 2020. This represents an annual growth rate of 5.5% over the decade, which is above the global growth rate of 4.1%. Elsewhere it is estimated that Africa, together with Asia will contribute more than half of the projected growth in international visitation with 30% of that growth expected around the world, (Bichaka et al. 2007). Similarly, the United Nations in 2013 reports that "Travel & Tourism's total contribution to the global economy stood at \$7trillion representing 9.5% of global GDP, not only out pacing the wider economy, but also growing faster than other significant sectors such as financial and business services, transport and manufacturing." It is also noted that one out of every eleven new jobs created in the world is in tourism,(John,2000). It is further observed that a growing number of tourist destinations worldwide are opening up as more and more nations are tapping into the industry, with a corresponding increment in investment, turning tourism into a key driver of socio-economic progress through job creation, export revenues from foreign tourists as well as infrastructure development, (WTTC, 2014, 2015). The forecasts are also that "international tourist arrivals are expected to grow by 3.3% in the next 15 years to reach 1.8billion tourists in 2030.In Nigeria, the downstream economic impacts from the exports revenues of international tourists' spending are estimated to generate additional annual gross revenue of \$224m (N29b).

Many developing countries consider tourism to be important for economic progress and poverty reduction. The development of tourism is guided by a national strategy comprising policy, regulatory and institutional frameworks with sufficient incentives to stimulate the development of supply capacity in national markets. Equally important is the extent to which the national strategy limits financial leakages from the domestic economy, which appears to be a perennial problem in many developing countries, and the efforts made to minimize the adverse impact of tourism on the environment and on cultural heritage. While the role of tourism in structural economic progress and sustainable development is not a new topic on the international agenda, how to make tourism more sustainable and

contribute to developing countries' sustainable development objectives is still a challenge that requires urgent attention.

However, it requires a strategy that takes into account economic, environmental, social and cultural factors. According to UNWTO, such a strategy should ensure the following:

(d) Make optimal use of environmental resources that constitute a key element in tourism development, while, at the same time, maintaining ecological balances and helping to conserve natural heritage and biodiversity;

(e) Respect the sociocultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to intercultural understanding and tolerance;

(f) Ensure viable, long-term economic operations, providing socioeconomic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

Overcoming policy-related barriers and making the investment climate more competitive is a complex, challenging, and often long-term task. Incremental, short-term progress can, however, be made, either by addressing a specific barrier that affects investment in general or barriers that impact a specific project.

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