Locally-driven (Community-based) Tourism Development
A tool for poverty alleviation?

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Executive Summary

This article tries to analyse the pitfalls when it comes to supporting locally driven or community based tourism development. It relates this (idealistic) development objective promoted by NGO’s and donor communities to the larger context of recent global trends in the trade of services and the principles of community based development.

Though recent industry development in tourism is paying more attention to local actors and impacts at the destination level, it is argued that structural causes of uneven and unequal development will dampen any potential positive impacts related to poverty alleviation in developing countries.

After reviewing the external and internal conditions that are required for assuring a real locally driven development, we have come to the conclusion that these will not be present in developing countries. Thus, the promise of poverty reduction through community based tourism will rarely be met. Moreover, taking into account the negative environmental and social impacts related to tourism development, one should ask oneself if it should be promoted at all. However, we have addressed some conditions that contribute to achieving successful CBTD in developing countries.

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Introduction

In a globalised world, destinations in developing countries should take their opportunity on the move towards sustainable tourism development! Reality or dream? We presume that it is hardly possible to reach local development through tourism, especially if this should include local participation, control, preservation of cultural identity and environment (triple bottom line principles), principles even more difficult to hold on to in the least developed countries. Our focus in this contribution lies in the so-called “community-based” approach of tourism development. First, we will describe recent global changes in the tourism industry and related dimensions of nation state’s tourism development policies. Secondly, the concept of community-based tourism will be described and limitations encountered when supporting it. Our main goal is to demystify some of the arguments used for supporting community-based tourism. We suggest abandoning the development rationale on which this concept is based and propose to assess communities’ capacities and opportunities to engage in “locally-driven tourism development” from business rationality. Only by enhancing these business capacities, locally driven tourism ventures in developing countries will be able to compete in the global tourism industry.

Global Trends in tourism: what’s new?

It is not just recent that tourism has been seen as a possible strategy of growth for developing economies. The promise of increased (hard currency) tourism, placing this sector on a secondary (or sometimes primary) source of income for a nation’s economy, is very attractive. Tourism is seen as an agent of development. So what's new? Why has it turned into fashion again in the last 10 years?

- The growth of the world-wide travel and tourism industry. Through achieving annual growth rates higher than the average growth of GDP in many developing countries, the argument of tourism as a developing strategy has become more appealing. Increased speed of globalisation, liberalisation of trade in services (GATS), the incredible development of cheap technologies facilitating world-wide cross-cultural communication, combined with lower airfares will most probably drive this growth further. Now, many claim tourism to be a major source of employment world-wide. According to the World Travel and Tourism Council (WTTC), a group of more than 80 chief executives of the travel and tourism industry, tourism accounts for one out of nine jobs in the world economy. Others however, state that the sector is probably less labour intensive than is commonly assumed (Christie, 2002).
- Increased power and dominance of transnational corporations in the tourism industry, continuously searching for new destinations to satisfy needs of consumers, who are demanding for specialised and diversified tourism products. Some proclaim that “Transnational organisations call the shots, the nation state shrinks to insignificance, both as a unit of analysis and as a political agent” (Peck, 2000). As a result, newly emerging tourism destinations, available in developing countries with their abundant supply of natural and cultural resources, will experience an increasingly shorter life cycle.
- Not only is tourism a growing industry, promoters of the sector have been very effective in convincing multilateral and bilateral donor organisations, for being the promised solutions for governments struggling with poverty issues in developing countries. Tourism gives hope! It is recognised as a serious development strategy for the Third World: the International Monetary Fund (IMF) has included tourism as part of its Structural Adjustment Programmes (SAPs). SAP’s aim to open up the local economies to foreign investments, while eliminating subsidies and protection to local industries.
- Persisting negative outlook for macro-economic growth, and the lack of alternatives for developing economies to participate in global markets (low commodity prices, persisting trade barriers), combined with the absence of long term high economic growth in developed economies. It is thus not surprising those developing economies, highly indebted and in need of cash, consider tourism as a solution to balance-of payments deficits. 
- For the sake of its own long-term survival, the tourism industry is gradually recognising negative impacts on the environment, social relations and economic structures in the destinations developed. Pressed by consumer awareness, services are responding more to the demand for sustainable tourism.

The focus and methods of many nation’s tourism policy development have been responding to meet these changing patterns in tourism. Development theory after the second world war generally talks about four
phases: the modernisation, dependency, economic neoliberalism and alternative development (Telfer, 2003). More recently, of particular importance has been given to increased involvement of government in regional development, environmental regulation and the marketing of tourism. Reduced direct government involvement is seen in the supply of tourism infrastructure putting greater emphasis on the development of (public-private) partnerships and industry self-regulation (Hall, 1994). In particular, the already mentioned government interest in the potential economic benefits has been a driving force for tourism development.

**Principles of Community Based Tourism Development**

A key issue addressed by alternative methods is the way processes of global tourism expansion and uneven development have played themselves out at the subnational levels of regions and communities. In the past many times governments “top-down” planning and promoting tourism has left destination communities with little input or control over their own destinies.

These new approaches of tourism development are usually called community-based, sustainable and pro-poor tourism development. In these conceptions communities are of vital importance as an intermediate level of social life between the personal (family/individual) and impersonal (global/institutional) (Milne, 2001). It is thus not surprising that a community approach becomes a standard ingredient of the various hallmarks of the tourism development process in rural and remote areas, where getting the community “on side” is seen as essential for the development of successful tourism product.

Also in earlier but still valuable references it is stated that communities should be given the opportunity to participate and decide what kind of future they want to live in (Murphy, 1996). The essence of this approach is concentrated in the community; it is the focal point. When tourism development depends upon the involvement of local people as part of the tourism product, the industry can only be profitable when involving the community in the decision making. The development of a destination community is seen as a core component of the tourism product (Murphy, 1996).

Also other references (Brohman, 1996) have advocated community participation in tourism development as a tool to solve major problems of tourism in the developing nations. Specifically, in the case of contribution to equal distribution of benefits, community participation in the tourism development process will certainly achieve equal distribution of benefits, discourage undemocratic decision-making and will meet the needs of the local community in a better way. Community involvement in establishing desired conditions is perhaps the single most important element of growth management in tourist destinations (Brohman, 1996).

The above mentioned approach is especially important when tourism is used as a strategy to support the development of or in local communities. As a consequence, within this development framework, community-based tourism includes the participation of locals in the development and the decision-making process, which affects their future. More recently also NGO’s take up these principles of Community Based Tourism:

**Community tourism should...**
1. Be run with the involvement and consent of local communities. (Local people should participate in planning and managing the tour.)
2. Give a fair share of profits back to the local community. (Ideally this will include community projects (health, schools, etc.).)
3. Involve communities rather than individuals. (Working with individuals can disrupt social structures.)
4. Be environmentally sustainable (Local people must be involved if conservation projects are to succeed.)
5. Respect traditional culture and social structures.
6. Have mechanisms to help communities cope with the impact of western tourists.
7. Keep groups small to minimise cultural / environmental impact.
8. Brief tourists before the trip on appropriate behaviour.
9. Not make local people perform inappropriate ceremonies, etc.
10. Leave communities alone if they don't want tourism. (People should have the right to say 'no' to tourism.)

Source: [http://www.tourismconcern.org.uk/resources/community_what_is.htm](http://www.tourismconcern.org.uk/resources/community_what_is.htm), visited on nov.12 2004
A first conclusion from the above is that in the definitions as well as description of principles, communities are seen from a developing rationality. In this perspective, community-based tourism is seen as a possible agent of development and poverty reduction. As a result, concepts like empowerment, participation, partnership and community capacity (Telfer, 2001) are analysed as constraints. Without neglecting the importance of all these aspects for supporting community-based development, we do believe that for it is far too ambitious to use the same objectives when talking about tourism development in developing countries.

**Limitations of CBTD in developing countries**

Community participation in tourism development has been originally developed and implemented in the so-called developed world, where tourism supply emerged. In these regions, special programmes have supported locally driven development. An example of this is the EU’s LEADER programme focusing on development of sustainable rural areas.

It is now claimed that developing countries could avoid many of the problems that have plagued past tourism development by involving diverse social groups from the popular sectors of local communities in decision making. They should become convinced of the benefits of tourism and thus support its development or at least acquiesce to it with resignation rather than apathy.

From the summary reflected above it becomes clear that a community-based approach requires mutual collaboration and co-operation, conceptualised as a process of joint-decision-making among autonomous key stakeholders of an inter-organisational, community tourism domain. It should be resolving planning problems and managing issues related to development of that domain. And it is exactly this that is missing in most developing countries. Top down or bottom up??? Now we come to the discussion of “preserve or develop” that is never ending, especially when focusing on developing countries. Community participation has been used to attempt readjusting the balance of power and reassert local community views against those of the developers or local authorities. Furthermore, though we think that community participation is a powerful tool to educate the community in rights, laws and political good sense, the question should be asked to what extent local people, with sometimes limited understanding of wider issues, can accurately decide what is best for their long term well-being. Also, community participation should not only focus on this political dimension, ignoring financial and economic considerations which are often the primary drivers at local level.

The counter-argument that is used here is that for community-based tourism to be really “owned” and supported by local people, initiatives must come from the local community itself and not “down” from the central government or non-governmental organisations. At this moment we are touching the structural causes of poverty especially in developing countries where still the ownership of land and major other factors of production is in the hands of some people. The community could work, manage tourism projects, have sense of pride and ownership but most of the economic benefits will end up with the legal owners of this property. In this case, locals are not able to build up their capital and earn the financial benefits unless they own (Legal Ownership) the land/projects.

In the WTO ethical codes under Article 4 in the paragraph “Tourism activity should be planned in such a way to allow traditional culture products, handcrafts and folklore to survive and flourish rather than causing them to degenerate and become standard. Meanwhile Article 5 (WTO) includes the statement “Local population should be associated with tourism activities and share equitably in the economic, social and cultural benefits they generate.”

The answer to the question to what extent should or could locals participate in and decide about their long term well-being could be perhaps in the middle of this minefield of opposing meanings, but would seem to be a mix of both. We will address these points when analysing the conditions to achieve local development through tourism.

So what limitations are we confronted with when trying to apply the community based approach to tourism in developing countries? Let us look at some of the major constraints identified (Tosun, 2001).
1. **Centralised public administration.** Planning and tourism has been centralised by governments for achieving their pre-determined objectives. Related to this, attitudes of government officials or related professionals can be seen as a barrier. They claim that planning and development efforts are a “value-free” or politically neutral exercise. In this perspective, the participation of a community in the development process can only serve to politicise it and deviate it from its professional base. Although, some governmental officials or professionals are sensitive to the need for some forms of participation, they may consider a “present-oriented” mentality making it impossible for them to develop projects beyond current needs and problems. The major tension between governmental professionals and participation is coming from the confidence of the professional that his/her qualification and ideas find the “right-answer” to development problems. That is to say that the possibility and the alternatives being suggested from locals are seen as unrealistic.

2. **Lack of access to market information.** In most developing countries, tourism data is insufficient and data collected may not have been disseminated to the citizens in a way that is comprehensible. Most residents are not well informed concerning tourism development resulting in low local involvement. An example of this is Turkey, where the investment and incentives in the department of tourism are not accessible for the majority of indigenous people in local tourist destinations. They are only accessible for the rich and educated elite.

3. **Lack of appropriate legal systems.** Participatory development strategies may bring groups into the policy-making process, and thus creating opportunities for those who are poorly organised may not negate the influence of the interest groups already active in tourist development. Thus a legal structure which can defend community interest and ensure the community’s participatory right in tourism development is needed. However, the legal structures in many developing countries do not encourage local people to participate in their local affairs.

4. **Lack of tourism expertise.** Most developing countries lack expertise in the development of tourism, even less of approached that involve community participation. Local governments have no idea of how to incorporate it in their planning. For example, in Turkey, in the absence of expertise, tourism development has only been seen as contributing to economic growth with tourism development plans focusing on improving infrastructure, increasing bed capacity and other parts of tourist superstructure. These activities, when exclusively focusing on economic growth, are not effective planning and do not reflect the concerns of contemporary approaches to tourism development.

5. **Lack of qualified human resources** in the tourism sector in many local destinations in the developing world has stimulated an influx of employees from other parts of the world to work in the tourism industry. In Turkey, few attractive jobs requiring high skills are occupied by foreigners (e.g. the laws relating to the tourism industry allow companies to have a non-Turkish workforce of not more than 20%) and well educated rich and high income groups.

6. **Lack of financial resources.** In many less developed communities financing opportunities for tourism are lacking, and must come from outside interested parties. The loss of control emerging from outside investment is not easy to overcome. Despite efforts to encourage community participation, if residents do not own the tourism infrastructure, control over growth and style of development is difficult to achieve.

In addition to the above we would like to highlight some “cultural limitations” leading to almost “no opportunities” which may tourism offer for local sustainable development.

- Local communities are confronted with limited capacity to handle those issues directly affecting their dignity. The great majority of the people in developing countries have difficulties in even meeting their basic needs. This limits them from becoming closely involved in issues of community concern in relation to tourism development. The lack of effective grass-root organisations that can be instrumental in determining and improving the collective interests of poor deepens this dependence. As earlier mentioned in the absence of corrective measures, popular participation in administration is likely to be manipulative in nature. Host communities in developing countries usually and widely have hardly any access to the services of a welfare state. When tourism development has taken place in a local destination of a developing country, central and local government as usual may have invested large amounts of public resources in tourism to create infrastructure based on western standards to attract maximum number of tourists while local communities in tourist destinations live on the poverty limit. That is to say that socio-economic and political issues have been arranged in isolation from local communities in tourists
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destinations. This has the result that the host community has not been given the chance to develop their capacity. Under these circumstances, the development of local tourism through community-based tourism is likely ineffective and minimal in nature. The aspect of limited capacity of poor people meant when it comes to tourism development and decision-making process. Then a limited capacity will be recovered, but if we talk about community development, we expect that communities and locals will engage and involve in the community concerns and issues related to the community.

- Apathy and low level of awareness in local communities. “Citizens tend to participate only when they are strongly motivated to do so, and most of the time they are not motivated” (Tosun, 2001). This may arise from the belief that their ideas will not be considered, as we have discussed in the “attitudes of professionals” above. Consequently, this does not motivate them to express an interest, and indeed many people often act with a fear of making objections that could be used against them at a later time or date. Others (Simmons 1994) argue that the potential poor knowledge of tourism amongst people makes it necessary to put considerable efforts to persuade the general public to participate in the tourism development process. There is an evidence of a need for greater awareness about tourism, its benefits and its costs, how the industry structured and about the current contribution of tourism to community’s welfare (Simmons, 1994). In short, the apathy and low awareness in host communities in developing countries exist as one of the main limitations to participatory tourism development approach and local development (Getz, 1995).

**Conditions for successful CBTD in developing countries: the public environment**

Under which pre-conditions or necessary conditions is local development through tourism possible? We will shortly address some issues that relate to the public environment and will contribute positively to the implementation of a community-based tourism approach aiming at local development. To facilitate local development through tourism in general and community tourism in particular, the public environment should take into consideration the following aspects:

1. There is a need for *empowerment* of local authorities. They are responsible for facilitating development and should be able to defend, protect and reflect the concerns and interests of people in their administrative territories. They should be empowered politically, legally as well as financially. Supporting locally-driven tourism will require re-structuring of public administration systems and re-distribution of power and wealth. For this, ambitious political choices and logical decisions are needed, based on large heavy social, economic and environmental trade-off. These can only be taken and enforced when a local government feels itself supported and trusted. This would include decentralisation of administration, more involvement of economic and social players and strengthening of the role of civil society. A good example of facilitating local empowerment, though not directly related to developing countries is the restructuring of winter sports resorts in the French Alps (Tuppen, 2000). In this case the decentralisation law enhanced the responsibilities of local authorities, encouragement of bottom-up approach towards the development of tourism projects and the ability of community to influence tourism development. This has resulted in emphasising sustainable tourism strategies. Lower public administration levels should be encouraged to develop ideas for tourism development, and supported by donors and international organisations in strengthening their institutions to implement these plans for sustainable development.

2. Increased and equal access to *(market)* information. Awareness and interests among members of local communities could be achieved if meaningful and comprehensible market information contained in reports and plans were disseminated. Information about the structure of local communities and data regarding local, national and international tourism should be collected in a comprehensible manner and disseminated to local communities and institutions.

3. Establishment of *legal structures* that encourage protects and strengthens communities to participate in their local affairs. This requires a high level of supporting institutions both within and outside the country. However, the possibility of enforcement of rules and regulations is required, otherwise it is meaningless to establish a legal framework.

4. *Community participation*. High participation in local decision making would likely contribute to feelings of support, will result in a greater sense of ownership and ensure its continued growth. Religious leaders and other social groups could play an important role. According to some authors in the community
integration in the Andean community of Taquile Island in Peru, a high level of community integration was found. This led to greater socio-economic benefits for a majority of residents. It was said that public meetings on Taquile Island were generally held to inform residents on upcoming projects and achievements. This tends to involve public participation and opinions regarding tourism developments and resulted in increasing local knowledge about tourism development and financial benefits. Integration is in this case linked to three critical parameters: community awareness, unity, and power or control relationships (Mitchell, 2001). Another example can be seen in The Mountain Institute in Peru, that has developed a methodology to involve local communities and make them aware of market opportunities. This NGO strengthened the project members' capacities in tourism service, guiding, cooking hygienically, social aspects of the project, and so on.

5. **Strengthening local institutions** as a fifth necessary condition. Strengthening institutions specifically aided by a transfer of resources management skills to establish a permanent resource base in the region. Creation of NGO’s which most of the time trying to share the power with the government to defend and protect local interests.

**The private business rationale: Capitalizing local community’s tourism assets**

When reviewing the above mentioned conditions for facilitating so-called community-based tourism development, we can conclude that these are not present in most least developed countries. It is a strange paradox, considering the fact that these countries might possess the richest cultural and natural sites for developing potential destinations. Is community based tourism an option at all then, if in addition to this we take into account that tourism can not be seen as a substitute for direct attention to basic needs of a society’s poorest communities. In addition to the above mentioned political planning constraints, from a global market perspective demand for tourism is too unstable and it offers limited employment opportunities to poorer communities. Experience suggests that tourism should only be seen as a diversification of traditional community activities (Christie, 2002).

Some of the failures of community based projects can be attributed to not associating the private sector with such initiatives at an early stage. **Tourism** development is ultimately the responsibility of private actors and (mostly small and medium scale) private businesses. Most references and plans related to community based tourism development mistakenly take the principles of community based development as a starting point. These principles are base upon theoretical concepts of development of societies, and not on the development of private sectors within that societies. Much attention is paid to supply-side issues related to social development like community participation, empowerment, community capacities (Telfer, 2001). Though these principles (as well as those used by Tourism Concern) are of extreme importance in creating democratic and open societies with a more equal income distribution and opportunities for citizens, they cannot and should not be applied when the objective is to support the development of a competitive tourism industry or venture that should be managed and controlled by local people. This locally –driven tourism development should not so much be based on (community) supply-side considerations, but should focus on demand for destinations, consumers’ needs and existing competition in the relevant market segments of the tourism industry. An example of this can be seen in the Cyprus Agrotourism Programme (Russel, 2000). The Cyprus Tourism Organisation (CTO) was the main mover behind the launch of the Agrotourism Programme, in which government co-operated with private enterprises. All of them could see great economic benefits from the revitalisation of the countryside through carefully managed tourism. The involvement of the local community was key to the whole process.

One of the main benefits has been that rural communities that receiving sun and sea tourists have been able to capitalise themselves through specialising on a higher-spending type of visitor. Other spin-offs have been the preservation of the historical buildings and local customs such as silverware and icon-making.

Looking again at opportunities for people in developing countries, we would like to focus now on some business components defining a successful (profitable) tourism venture. Any tourism company will only be able to grow and create competitive advantages through a specific combination of the three main factors of production: land, labour and capital (as stated before). In our vision, it is the ownership (or the right of use) of these assets that will define possibilities to increase income levels. These are the structural causes of poverty in...
developing economies. Ownership of two major factors of production related to tourism development (land and financial capital) is in hand of few, mostly international operating companies and most community based tourism ventures are developed on sites for which ownership is not properly legally arranged. With weak governments in developing countries, incapable of redistributing income and wealth effectively, these happy few will accumulate more wealth, whereas many are unable to access markets in the growing tourism sector. In addition, we again stress that the success of a tourism service venture depends (more than the production and export of commodities) on having access to relevant market/consumer needs’ information and understanding customer’s preferences. Precisely here locally-driven tourism businesses in least developing economies have a structural disadvantage: they lack access to market information and trends, have no experience and track record in building a good service economy and are unable to compete in the international markets.

Unfortunately, support offered to locally-driven tourism is mostly based upon development objectives and seldom takes a business or investor’s perspective as a starting point. This is strange, as communities probably own (or use) some of the most wonderful and amazing scenery in the world. When properly valued and protected from a market perspective, investors would undoubtedly be interested in supporting their future exploitation. Projects supporting tourism in communities should not take the need for empowerment, political participation and organizational strengthening as a starting point, but should be focused more on this business and investment rationality. This should start with an understanding of business assets and potential market value and capacities to negotiate establish arrangements like management contracts, concession rights enabling them to capture this market value. Communities would be investing this asset base, their land, natural scenery and culture, as well as wildlife and biodiversity and should receive a return on this investment. This approach would enable them to continue living their lives, receiving the benefits without necessarily having to develop themselves into tourism entrepreneurs. In Peru the venture capital fund “Verde Ventures” is taking a stake in lodges built by “Rainforest Expeditions”. Through a management contract with local communities of 20 years, the communities will receive 40% of the returns.

Concluding remarks

Support to Community-based tourism development has a greater chance of taking root in small-scale projects. It would seem that the most appropriate method of ensuring stable and integrated economic growth and sustainable development is by making a reality of the “global village” concept where ownership and management of tourism is firmly located within these communities. However, most probably more impact can be achieved in the short term when these two concepts are treated separately and applied tailor-made to each specific situation.

In a more broad perspective, it seems that the structural causes of international uneven and unequal development are impeding locally based tourism to prosper and generate real impacts in terms of income generation. Especially we refer to communities’ unequal access to/ recognition of ownership of factors of production (for tourism especially land and financial capital) and market intelligence, in our opinion ultimately the main drivers of increased income in developing countries. Thus, more attention should be paid to strengthening the capacities of communities in analysing the real market value of assets/ factors of production they are using or which they possess, as well as their capacities to negotiate about them. Only then will they be able to participate as business partners on an equal basis in the globalised tourism industry. It is our conviction that locally-based tourism development will have more success if perceived as a business model and not as a community development model. A community approach is only providing the general contextual framework. Tourism development should also accommodate the economic dimensions to ensure the viability of the proposed businesses. The discussion is many times concentrating on the community in developing tourism projects, but this should be only a starting point. It should be backed with a government facilitating the business environment in terms of empowerment, market access and information, legal structures and community participation. On the other hand, the local private sector is needed for their ability to innovate, their entrepreneurial role and technical skills. Only the presence of all three these components will produce successful tourism projects supporting local development.
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References


