



Epler Wood Report

Stepping Up: Creating a Sustainable Tourism Enterprise Strategy that Delivers in the Developing World

The United Nations World Summit to review the Millennium Development Goals (MDGs) this September 2005 in New York ended with a distinct thud. The outcome document¹ reviews pre-existing commitments and sets out no new assignments for world leaders to complete, despite the urgent need for the wealthy nations to renew their commitment to this 5 year program dedicated to halving world poverty by 2015. While there was universal agreement at advance summits in Monterrey and Gleneagles that the world's richest countries need to increase the pace of critical investments in human capital (health, education, nutrition, family planning), natural capital (soils, water, biodiversity) and infrastructure capital (roads, ports, power and telecommunications), there was little new momentum in New York on how to make these investments operational.

Leading experts such as Jeffrey Sachs, the director of the Earth Institute at Columbia University and author of *The End of Poverty*,² called on all countries and in particular the United States to use the Millennium Development Goals as the operational goals of the world community. He asked that developing countries implement innovative development strategies that are bold enough to attract international investment in achieving the MDGs. But the UN World Summit did little to galvanize the world's resolve to address any specifics on what initiatives should be undertaken. And the question of where the investment will come from continues to plague the process. While the EU has announced a timetable to reach 0.7% of GNP toward investment in the MDG goals, the U.S. has avoided any such commitment.³ The lack of U.S. commitment has to be cited as one of the chief barriers to further progress on this initiative.

While the political stage yields little new fruit, the dialogue on achieving new, more dramatic results in the world of poverty alleviation has fostered big questions about how closely the poverty of human beings is linked to the impoverishment of the environment. The Millennium Ecosystem Assessment found that 60% of ecosystem services have been degraded worldwide, including fresh water, fisheries, air and water and that the harmful effects of this degradation are born disproportionately by



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the poor. Most changes in ecosystems are being caused by demand for food, water, timber, fire and fuel and as a result efforts to improve the sound management of ecosystems provide a cost-effective opportunity for helping the rural poor. ⁴

Linking Conservation Goals to Poverty Alleviation

In the same time period that the Millennium Development Goal process was set in motion, international conservation organizations shifted their focus from working strictly within protected areas to landscape conservation initiatives which now work to connect protected areas with natural corridors in areas that are frequently inhabited and have a wide variety of current land-uses. These large scale landscape conservation efforts garnered significant new investment from private and international development sources in the last 10 years. Three major U.S.-based international conservation organizations -Conservation International, World Wildlife Fund-U.S. and The Nature Conservancy — raised revenues of over 1 billion dollars in the 2002 alone for U.S. and international conservation purposes and spent about \$ 487 million of these funds on international conservation issues in that year. In the last 5 years, these three NGOs have spent an average of 350 million per year on conservation in developing countries, making their combined resources larger than the United Nations Global Environment Facility. ⁵

Tensions have resulted as a result of the scale at which these large private non-governmental conservation organizations known as the BINGOs (Big International NGOs) are now working. Nineteen of the 25 hotspots identified by the conservation community as priority conservation zones are regions where over 1 billion people live in extreme poverty.⁶ Some controversial questions about the responsibility these organizations have towards the poor, the stakeholder involvement approaches they use, to whom they ultimately report, and how they monitor their approaches have been raised in reputable forums.⁷

As the BINGOs develop their corridors they are frequently working in countries with weak democratic institutions and poor land tenure laws. As their initiatives are expanded well beyond the confines of protected areas, they are encountering a long and contentious history of communities seeking more legal rights and a much greater say in the future of their land and protection of their traditional intellectual property which has been threatened repeatedly by large multinational corporations seeking to commercialize traditional foods and medicines. Outspoken local social equity NGOs have fought hard and with few resources to protect local rights. These social equity NGOs have increasingly frequently attacked the conservation agenda worldwide, as they feel their concerns for local



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human rights, land rights, and intellectual property are inadequately respected and given a back seat by the global conservation movement which is carried out primarily by well-endowed U.S.-based BINGOs and their donors.

In a report by the Ford Foundation, that was commissioned to look at the concerns of local NGOs, it is stated that “there have been few studies or evaluations of the impacts on conservation and local communities of the new landscape approach,” and the study remarks that, with that the funds the BINGOs receive for biodiversity conservation are frequently not explicitly linked to sustainable livelihoods, with some notable exceptions.⁸ While there are many good, in fact outstanding examples of BINGOs working on sustainable livelihoods, the question remains if local human needs are being adequately incorporated into the BINGOs agenda as conservation approaches are being scaled up.

The delicacy of this problem is well-known to all those working in the field seeking to deliver human rights and environmental conservation simultaneously. Conservationist David Western who works primarily in East Africa and has been Chief of the Kenya Wildlife Service and Head of the East Africa office of Wildlife Conservation Society comments, “rights over land and resources are fundamental and of the highest priority.”⁹ Without land rights established at the local level, conservation work becomes an exercise in working with people who lack the fundamental rights they need to represent themselves in the process. This is clearly not an acceptable approach.

At the same time, without a much larger and better strategy to assist local communities – large-scale conservation is not adequately responding to the fundamental needs of the extreme poor. This may not be intended, but it is also clear that the time is now to readdress how conservation funds can be more effectively result in helping the extreme poor located in conservation zones on a much grander scale.

The role sustainable enterprise development can play in alleviating poverty and preventing further degradation of the environment is clearly pivotal. Jeffrey Sachs explains in *The End of Poverty* that he is speaking of two closely related objectives.

The first is to end the plight of one sixth of humanity that lives in extreme poverty and struggles daily for survival. (Sic) The second is to ensure that all the world's poor, including those in moderate poverty, have a chance to climb the ladder of development.



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The central thesis of this paper is that the only way to genuinely address poverty and successfully conserve more landscapes on a grander scale **is to generate new wealth in rural areas where the poor reside**, while at the same time working to limit wherever possible the environmental impacts of this wealth creation.

The Traditional Economy

In a new book, *Capitalism at the Crossroads*, Dr. Stuart L. Hart, the Chair of Sustainable Global Enterprise at Cornell's Johnson Graduate School of Management makes a dynamic and cogent case for more ambitious enterprise development schemes worldwide that reach out to "the bottom of the pyramid." Hart explains how the growth of the current money economy has essentially marginalized the traditional economy and is rapidly undermining nature's economy. The traditional economy as defined by Hart is,

*"the village-based way of life found in the rural parts of most developing countries. It is made up of roughly 4 billion people – fully two-thirds of humanity, many Indians, Chinese, Latin Americans and Africans who are subsistence-oriented and meet their basic needs directly from nature while participating only sparingly in the cash or money economy."*¹⁰

He points out that the traditional economy has been adversely affected by globalization, ignored by the world of commerce, and victimized by corruption. They lack infrastructure, credit, collateral and legal protection and they are increasingly suffering from pollution, depletion of natural resources, and forced dislocation. He suggests a new path to stemming poverty and environmental degradation – a third path — which he calls sustainable global enterprise.

*Sustainable global enterprise thus represents the potential for a new private sector-based approach to development that creates profitable businesses that simultaneously raise the quality of life for the world's poor, respect cultural diversity, and conserve the ecological integrity of the planet for future generations.*¹¹

He asks the question pointedly to business on all scales, is there a way to more effectively build wealth for the traditional economy? He points out there is an urgent need to stem the pressures on these individuals to relocate and join the global economy in urban areas. A mass migration away from traditional livelihoods could result in a catastrophic social, political and environmental breakdown. In China alone, over 100 million people are presently roaming, landless from city to city,



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without formal employment, having lost their traditional livelihoods to erosion, deforestation and crop failure.¹²

It is difficult not to conclude after reading Hart that **addressing the needs of the traditional economy is the key to sustainable development in the next several decades.**

The Role of Sustainable Tourism

On this grand stage, sustainable tourism and its subset ecotourism have been cited by an increasing number of leading world experts¹³ as a sustainable enterprise industry that can indeed meet many goals for both poverty alleviation and conservation while also helping to contribute directly to the income of the rural poor and create more incentive to stay on the land.

Very well thought-out and articulated strategies to develop sustainable tourism as a means to address poverty do exist via the Pro-Poor Tourism Strategy (PPT).

PPT is not a specific product or niche sector but an approach to tourism development and management. It enhances the linkages between tourism businesses and poor people; so that tourism's contribution to poverty reduction is increased and poor people are able to participate more effectively in product development.¹⁴

The Pro-Poor Tourism website offers a brilliant number of strategies that provide the development and conservation community with effective means of linking sustainable tourism development with Millennium Development Goals. Pro-Poor and its new cousin ST-EP¹⁵ clearly widen the path towards solutions that will allow the development world, NGOs, and the private sector to use tourism more effectively to stem poverty.

What this article is zeroing in on is the question if sustainable tourism - and its sub-sets such as Pro-Poor and Ecotourism — can be legitimately stepped up to meet the needs of the **traditional economy**. Can sustainable tourism become one of **the** important enterprise development alternatives presently being considered on the world stage that can deliver in the developing world?

Defining the Core Questions

In the past, sustainable tourism and ecotourism have been treated as secondary mechanisms to help either offset poverty or alleviate the impacts of conservation initiatives in protected area buffer



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zones. How we define the core question of what we seek to achieve has everything to do with articulating the outcomes we expect.

1. Are we seeking to alleviate poverty while improving ecosystem services to the rural poor?
2. Are we seeking to conserve biodiversity while creating sustainable livelihoods?
3. Are we seeking to create new wealth for a portion of the 4 billion people in developing countries who are dependent on natural resources for their livelihoods while contributing to conservation of the earth's resources?

It is the third way that offers a new dynamic purpose to enterprise development initiatives in developing countries. It is the third way that can make the end of poverty permanent not temporary. It is the third way that makes landscape conservation goals harmonious with traditional peoples. It is the third way that helps to realign the global economy back toward benefiting those who live traditionally on the land.

Sustainable enterprise can create corporate and competitive strategies that simultaneously deliver economic, social and environmental benefits for the entire world. Sustainable enterprise companies will not only address mounting social and environmental concerns, but build the foundation for innovation and growth in the coming decades.

Stuart L. Hart strongly suggests "deep listening and mutual learning to meet real needs." A selection here of the fundamental questions he suggests sustainable enterprise analysts should ask before scaling up.

- Is it environmentally feasible to triple or quadruple the size of our industry?
- What factors prevent our industry from achieving such growth?
- Can we meet growing consumer needs without depleting the natural systems on which we depend?
- How can we create business models that leverage local talent, create employment opportunities and build capacity in the local community?
- How can ensure our products and services meet real needs?¹⁶



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As sustainable and ecotourism experts continue to consider the “third way,” these questions begin to give an inkling of the type of deep thinking that will be necessary.

On What Scale Can We Expand in Traditional Economies

How should we proceed if our new revised goal is to create new wealth for a portion of the 4 billion people living in traditional economies that need a leg up? Is it environmentally feasible to quadruple our industry? It is unlikely that the tourism industry as it presently operates can be appropriately sustained if it quadruples in size. In all likelihood, it will do enormous damage to coastal areas and other high density tourism zones even if “greening” approaches are applied to the degree industry will accept them.

However, if we are considering “*on what scale can we sustainably expand tourism in regions of the world where traditional economies presently exist*,” the question becomes much more dynamic.

The first question that needs to be reviewed is to what degree sustainable tourism is even reaching the developing world and the answer to this is striking.

Throughout the developing world tourism is growing. As of 2000, developing countries had a 30% share of the international tourism market, but their share has grown as a group by 9.5% per year since 1990 compared with 4.6% growth rate of tourism worldwide. In these countries tourism makes an much more important contribution to national economies, foreign exchange, employment and GDP than in the developed world. Tourism accounts for 3-10% of GDP in developed countries and up to 40% in developing countries. It is the principal export of 249 of the least-developed countries and number one for 37. The World Tourism Organization suggests that tourism will become increasingly important in South America, Southern Africa, Southeast Asia, and Oceania. In very poor countries where traditional economies are still the norm, tourism represents as much as 66% of commercial services.^{17 18}

There is without question an opportunity here. It needs to be better understood. The market for tourism, both international and domestic, in developing countries is growing. Domestic tourism is growing in an impressive way in countries including South Africa, Southeast Asia, India, Mexico and Brazil. Planning for the growth of domestic tourism in these regions must take increasing priority



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among not only tourism experts worldwide – but in the entire global community concerned about development and its impacts.

One of the key reasons tourism has not received as much attention as it deserves in the sustainable development community is because of concerns about its global ecological footprint. At present, the aviation industry represents about 4% of all CO₂ emissions, 80% of which are from commercial uses, and may cause as much as 10% of the greenhouse effect due to the altitude that the emissions take place. The growth of domestic and international aviation needs to be carefully investigated, regulated, and the industry must be included in treaties to reduce CO₂. More ambitious carbon offset approaches need to be introduced into the sustainable travel world and airlines need to be encouraged to reduce their emissions.¹⁹ Many other social and environmental impact management tools must be put into place (as with all enterprise solutions) before scaling up. But the fact is, the industry is already scaling up in developing countries and frequently represents one of the most viable sustainable enterprise alternatives in case after case around the world. Yet despite this fact, sustainable tourism lacks expertise and investment and policy oversight in nearly every major donor agency worldwide.

There are only so many solutions the world has to offer that can provide new wealth to traditional economies sustainably. Methods are being utilized in India, South Africa, Mexico and Thailand and many other countries worldwide that seek to create models that build the capacity of traditional peoples to participate in the sustainable tourism economy. In future EplerWood Reports, these models will be discussed further as a means of coming to a better understanding of how the sustainable tourism world can scale up and bring hope and a slice of the money economy to some portion of the 4 billion people presently marginalized in the world.

Next Steps

In an effort, to refocus the contribution sustainable tourism and ecotourism can make on the grand stage of ending global poverty and scaling up conservation, it is highly important that new strategies are defined that use the potential engine of sustainable and ecotourism to build wealth in traditional economies. Implementation mechanisms must be much better defined. Small and medium enterprises need to be given a stronger incentive to lead, as the risks for creating new markets in traditional economies is much higher than in the safe, world of the money economy. Supporting local business with local capital that is generated through mechanisms that are respectful of local



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wishes will be a very large and demanding mandate. Given that local business alliances in the sustainable tourism field are still not galvanized to any great degree, it will be strategically very important to develop these alliances at the destination level. Strategic alliances between business, governments and NGOs at the destination level will also be critical to ensuring that appropriate regional planning takes place to prevent the inappropriate growth of tourism in sensitive ecosystems.

A wide variety of new initiatives can emerge that meet the goals of the global community if the focus of new investment in sustainable tourism is on:

1. Expanding sustainable tourism business opportunity and investment on a larger scale
2. Increasing sustainable planning of tourism
3. Targeting assistance to regions where traditional economies are in genuine need and the sustainable tourism economy can break new ground.

A great deal of outstanding work has already taken place that links larger scale business markets to local community enterprises. In the *Practical Outputs of the Pro Poor Tourism Strategy* webpage there are excellent examples of how tourism operations can create stronger linkages with traditional community enterprises. The entire Pro-Poor Strategy has set the stage in every way for the thinking I present here. They offer a myriad of realistic suggestions for improving how enterprises can connect to traditional community services and a realistic look at the obstacles.²⁰

In my work for USAID in Chiapas, Mexico for the Rural Prosperity and Conservation Initiative this past July, I found that local community based lodges were working without any connection to the market, waiting for walk-ins, while the government was giving them training in "service." With one meeting, despite very deep previous ethnic divisions between community projects, despite being warned that these communities would never work together, we were able to establish that by connecting the community projects in a chain of supply to the private tour operator community working to develop more dynamic authentic tours, we could create a win-win business alliance for all parties. And by supporting the local small and medium tour operator enterprises we could help create a chain of supply that would connect the village economy directly to the growing Mexican national market seeking to enjoy the real Chiapas. I remember so vividly talking with one of the community members after a breakthrough session. He told me of his despair that his dream of a



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community enterprise in his own village would never take off. I said to him enthusiastically, now you are part of the “chain” or “cadena” which also means network in Spanish. He smiled beatifically, as if he had just joined an exclusive club. “Si la cadena,” he said with deep satisfaction.

Solutions connecting traditional peoples with markets in the sustainable tourism world offer an increasingly important opportunity to show how sustainable tourism enterprises can deliver to the traditional economy and meet the Millennium Development Goals while providing an urgently needed enterprise solutions for large-scale conservation programs. Addressing traditional market needs with sustainable enterprise is a solution that can no longer be made secondary.



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Footnotes

- ¹ <http://www.un.org/summit2005/documents.html>
- ² Jeffrey Sachs, *The End of Poverty*, Penguin Press, NY, NY, 2005
- ³ Jeffrey Sachs, No Time to Waste, *Guardian Weekly*, September 16-22, 2005
- ⁴ Millennium Ecosystem Assessment, www.millenniumassessment.org, March 30, 2005
- ⁵ Arvind Khare and David Barton Bray, *A Study of Critical New Conservation Issues in the Global South*, Ford Foundation, June 2004
- ⁶ Ibid – Extreme poverty is defined by the World Bank as living on less than \$1 USD per day
- ⁷ Mac Chapin, A Challenge to Conservationists, *Worldwatch Magazine*, December 2004
- ⁸ Arvind Khare and David Barton Bray, *A Study of Critical New Conservation Issues in the Global South*, Ford Foundation, June 2004
- ⁹ Personal Communication, April 2005
- ¹⁰ Stuart L. Hart, *Capitalism at the Crossroads*, Wharton School Publishing, 2005
- ¹¹ Ibid
- ¹² Ibid
- ¹³ For example; Arvind Khare and David Barton Bray, *A Study of Critical New Conservation Issues in the Global South*, Ford Foundation, June 2004 & Geoffrey Heal, Columbia University <http://www2.gsb.columbia.edu/faculty/gheal/miliken.pdf>
- ¹⁴ http://www.propoortourism.org.uk/what_is_ppt.html
- ¹⁵ <http://www.world-tourism.org/step/menu.html>
- ¹⁶ Stuart L. Hart, *Capitalism at the Crossroads*, Wharton School Publishing, 2005
- ¹⁷ Costas Christ, Oliver Hillel, Seleni Matus, Jamie Sweeting; *Tourism and Biodiversity; Mapping Tourism's Global Footprint*, Conservation International and UNEP 2003
- ¹⁸ <http://www.world-tourism.org/step/menu.html>
- ¹⁹ Wolfgang Strasdas, *Traveling with the Climate In Mind*, EcoCurrents, The International Ecotourism Society, Third Quarter, 2005
- ²⁰ http://www.propoortourism.org.uk/ppt_pubs_outputs.html