THE WORLD BANK’S ROLE IN TOURISM DEVELOPMENT

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Abstract: Over the last four decades, commitment to tourism as a development strategy for developing economies has fluctuated within the World Bank. This article reviews the bank’s experience from 1966 to the present as it has evolved through various phases of its own institutional role towards development. Today, driven by strong country demand, there is renewed interest within the bank in the role of tourism in the fulfillment of the United Nations Millennium Development Goals. The paper analyzes the role and approach of the World Bank toward this development aim. Keywords: World Bank, growth strategy, value chain, poverty reduction, economic impact, sustainable development.

INTRODUCTION

This paper synthesizes internal World Bank commissioned research (Mann 2005) using evidence from over 300 reviewed projects and project-related documents in 86 countries to chart the role the bank has played since the mid-60s in using tourism as a development tool. The study shows that differing development themes (such as structural adjustment and sustainable development) have influenced the way tourism’s role in development is perceived within the agency and

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how this in turn has shaped a country-level dialogue with governments, the private sector, and other development partners. It documents the ebb and flow of tourism-related lending from the bank over the past 40 years—showing some correlation between the categories of projects it has financed (for example, economic growth or cultural and environmental preservation) and the prevailing development theme of the time. The discussion focuses on current practices in order to benchmark these in the literature and analyze their merit with respect to the growing demand from developing countries for lending and advice (Mann 2005:1–3).

Beyond the institution, the growing demand to develop tourism is also reflected in the wide range of development institutions (George Washington University 2004) supporting projects and programs in this field, and providing technical advice in developing countries. Multilateral institutions, including the African, Asian, and Inter-American Development Banks, the Inter American Development Bank, the European Union and United Nations agencies such as the United Nations World Tourism Organization, the United Nations Development Program, United Nations Education Program, United Nations Education, Scientific and Cultural Organization and the United Nations Conference of Trade and Development, are all involved in related development activities from a range of perspectives driven by their individual institutional development objectives.

A range of bilateral institutions including Australia’s Agency for Internal Development, Austria’s Federal Ministry of Foreign Affairs, Canada’s International Development Agency, Denmark’s International Development Agency, France’s Ministry of Foreign Affairs, Germany’s Gesellschaft für Technische Zusammenarbeit and Kreditanstalt für Wiederaufbau, Ireland’s Irish Aid, Japan’s International Cooperation Agency and Bank for International Cooperation, the Netherlands’ Development Organization, Norway’s Agency for Development Cooperation, Switzerland’s Agency for Development Cooperation, the United Kingdom’s Department for International Development, and the United States’ Agency for International Development, also have targetted development programs, and a range of nongovernmental organizations too many to mention here, have specific tourism development objectives. However, despite this broad support to this industry there is little research on the role of external (non-national) institutions in the process of developing tourism; this is one gap this paper addresses by examining the role of the World Bank historically and currently.

The premise for the paper is that the bank plays an influential role in the way governments perceive the role of tourism in their economies. Reflecting on the long list of development partners that support the industry, it is posited that the bank is better placed than other development agencies to play the role of “honest broker” in galvanizing governments and development partners toward a more systematic and inclusive approach in the design, implementation, and evaluation of the economic, social, and environmental impacts of tourism development interventions geared toward sustainable development. The discussion highlights that opportunities are being missed within the
institution to harness the ever-growing economic force of global tourism for realizing desired poverty reduction outcomes and that increasing demand from developing countries for related development loans and technical advice and assistance is not being met in a systematic and coordinated fashion.

Tourism and Development

The literature review examines the theoretical underpinnings of tourism within the development paradigm (Black 1999; Jafari 2001; Mowforth and Munt 1998; Sharpley and Telfer 2002) and tourism as an evolving social science (Butler 2006; Britton 1982; Bryden 1973; de Kadt 1979; Dieke 1991; Gartner 1996; Inskeep 1991; Jenkins and Henry 1991). One purpose of this review is to establish that this industry has a legitimate role as an agent of development (DFID1999, Goodwin 1998) and to show how this role has been described in the scholarly literature over time. A second purpose is to review literature on the role development institutions and their resulting relations with recipient developing country governments have had in influencing tourism development.

With the exception of Brohman (1996), Burns (1999), Clancy (1999), Erbes (1973), Jenkins and Henry (1991), Konadu-Agyemang (2001) and Sharpley and Telfer (2002), the connection between development agency policies aimed at economic growth or poverty reduction and individual country approaches to tourism development determined by available budgets is seldom recognized in the scholarly literature, despite the fact that most public financing for its development has been, and continues to be, subsidized by development agencies. Burns’ (1999) description of the “Tourism First” or “Development First” perspective is a useful overarching concept to use in framing the entry points for development agencies that might fund this kind of development in the countries that want it. In this context, and significantly for this paper, the bank is a critical interlocutor because it lends to and advises governments directly, thereby empowering their capacity to manipulate development and allowing external and objective analysis to highlight any causal attribution to the decades-old questions: does this industry-related lending result in development outcomes and what are they?

In the late 70s, after a decade of advocating the economic value of tourism through financing development loans and projects (Christie and Crompton 2001, Mann 2005), the bank jointly funded the first international seminar on tourism and development with UNESCO. This led to de Kadt’s seminal publication, *Tourism: Passport to Development*, in 1979. His work was followed by theoretical research—well documented and discussed in Sharpley and Telfer (2002)—focused on development impacts. Among the most prominent, Britton’s (1982) “dependency model” emphasizes that tourism may add to already apparent inequalities between North and South. Clancy (1999) also uses dependency and modernization paradigms to highlight the contrasting economic theories that drive the political economy of
tourism during the 70s and 80s. Britton (1982) emphasize its degenerative nature because of uncontrolled growth and/or over-exploitation of natural and cultural resources.

Several studies have attempted to explain why this occurred. Dieke (1994, 2000) describes a postcolonial “statist” framework of government in Kenya, whereby economic development and potential assets and products (such as national parks, transport, and accommodation suppliers) were directly in government control. This framework was subsequently challenged through interventionist strategies, such as structural adjustment programs of the International Monetary Fund and the World Bank. Subsequent privatizations of government controlled assets that took place in the 80s generated a cadre of politically connected “elites” who were able to purchase government assets, such as hotels and transport companies, and then either sell them to or partner with foreign-owned chains. Dieke (1994) claims that the former was too controlled and the latter out of control, and that the tug-of-war between the two undermined the sustainability of the offer because of a lack of local ownership. He notes that external markets, encouraged by policies instituted by the bank and the fund to promote foreign direct investment, took greater control of the industry’s development and effectively shifted hegemony and the bulk of revenue earnings outside the host country.

Sindiga (1999) argues that the structure, organization, and management of international tourism (which could also be termed a value chain) favors multinational corporations, assuring them a larger proportion of the value added to the product being sold and implying a net loss to the host country using public funds to pay for the infrastructure that allows the product to be accessed. Sindiga cites the issues of ownership and power structures as the most critical to address before the host population will benefit from the industry. The ownership issue has also been examined by Crouch and Ritchie (1999) through the competitiveness framework where they argue that comparative advantages a country might have in terms of their resource endowments do not necessarily translate into value for the economy. This, they argue, only happens when factors of competitiveness are developed, and these are in the hands of the product packagers and sellers, which, in the case of generally weak technology and skills in developing countries, places the economic power in the hands of foreigners who operate close to markets. Brohman (1996) cites a warning about “outward-oriented” development strategies that exacerbate spatial inequalities and give too little ownership of either development processes or benefits to the host communities. He adds that during the 90s there was a distinct effort to broaden the planning, policymaking, and ownership of the tourism development process. Brohman (1996) adds to Britton’s (1982) observations a decade earlier, suggesting that dependency of any sort, on a donor, a government, or a multinational organization, is fragile and dangerous, and that the financial and social risks must be spread and shared.

The rhetoric of tourism development expanded considerably when the concept of sustainable development entered the wider
development lexicon in 1987 through the United Nations State of the Environment Report titled “Our Common Future” (Rapley 2002). This was reinforced at the Rio Earth Summit in 1992, when the signatories to the declaration formally adopted Agenda 21. The rallying call was “to maximize the potential of tourism for eradicating poverty by developing appropriate strategies in cooperation with all major groups, and indigenous and local communities” (Sharpley and Telfer 2002:17). This ideology built on earlier critiques and advanced a new perspective, emphasizing community involvement, environmental conservation, and greater inclusion; what Burns (1999) might type as development first.

Sustainable development provided donors and nongovernmental organizations with a legitimate and responsible entry point for tourism programs. However, in “Who Owns Paradise,” Honey (1999) highlights the gap between ideology and practice, emphasizing the core issue of ownership through the many examples cited. Evidence presented by Dieke (2000), Honey (1999), Jenkins and Henrey (1991), Milne and Ateljevic, (2001) and Sindiga (1999) suggests that this ownership has shifted back and forth between external and internal players in lock-step with changing political leadership, signifying that the tourism and development frameworks discussed so far might need other dimensions to better qualify them.

Jafari (2001) postulated four platforms to describe the evolution of tourism development in recent decades; advocacy, cautionary, adaptancy, and knowledge-based. Whereas the advocacy platform promoted its economic value and its contribution to foreign exchange, the cautionary platform focused on the negative impacts. In the 80s, the adaptancy platform sought to find a compromise between these standpoints by proposing a mitigation of the negative impacts and an enhancement of the positive. In the 90s, knowledge-based approaches were initiated in order to better understand the complexities involved (migrating toward “development first”). Macbeth (2005) expanded on Jafari’s analysis and advocates that two other platforms, sustainability and ethics, are necessary. According to him, sustainable development is a contested political concept and its core meaning is still being discussed, and the concept of limited growth is often avoided by positing economic development and environmental protection whereas neotensous tourism (exclusion of tourists in certain places) is not considered at all. Macbeth strongly advocates that there is a need to understand what the ethical issues are in the context of sustainable development. In this context, institutions, and particularly those that support the public sector through ethical and governance-laden lending policies, have a critical role in the policy dialogue that can facilitate a more level playing field. This approach, very much along the lines of research into “pro-poor tourism” conducted by Ashley, Goodwin and Roe (2001), is an important shift in thinking within the literature and brings a new and broader perspective to the central tenant of ownership of the tourism development process. Perhaps, and particularly for the development community, recognition that this is a multisectoral and multidimensional process rather than an easily measured
result—such as an increase in tourist numbers—is a most important concept to draw from the literature over the past 25 years.

TOURISM AND THE WORLD BANK

Originating in the “Washington Consensus” (Williamson 1999) paradigm of the early 90s, the Millennium Development Goals have polarized the development community in recent years around widely accepted priority conditions for reducing poverty. For the 78 low-income countries (per capita gross national product of less than US$760) that qualify to borrow from the World Bank at concessional rates of interest through the International Development Association, Poverty Reduction Strategy Papers—the country’s own development strategy—have evolved as a development framework for achieving the Millennium Development Goals. Within this framework, 80% of the 56 countries with poverty reduction strategies cite tourism as one option for economic growth, employment, and poverty reduction. Several (Ethiopia, Tanzania, Uganda, Ghana, Nigeria, Mozambique, Kenya, Cambodia, and Honduras) give it equal weight with agriculture and manufacturing.

The World Bank Group includes the International Finance Corporation that lends to the private sector and the Multilateral Investment Guarantee Agency that offers country and economic risk guarantees to potential foreign investors. On a three-year cycle, the bank prepares a country assistance strategy with each of its partner countries. Its purpose is to formulate a selective program of support linked to the country’s development strategy. During the diagnostic preparation period, the country assistance strategy takes into account the performance of the portfolio in the country, its creditworthiness and state of institutional development, implementation capacity, governance, and other sectoral or crosscutting issues. From this assessment, the level and composition of financial, advisory, or technical support to the country is determined. Of the 44 countries that mention tourism in their poverty reduction strategy papers, only eight country assistance strategies (Ethiopia, Mozambique, Zambia, Cambodia, Honduras, Tanzania, Uganda, and Lesotho) acknowledge tourism in the form of earmarked funding commitments.

The bank’s tourism-related lending over the past 40 years can be characterized within four broad conceptual and chronological phases best described as a shift in policy focus from macro to micro. This is very much reflected in the types of projects financed over the past 40 years as well as the theoretical concepts discussed earlier in the literature review.

Macro Development (1969–1979)

Tourism development was first financed through loan agreements in 1966 to Morocco and Tunisia, making financing available through
national financial intermediaries for the foreign exchange costs of private sector projects. Between 1966 and 1979, 19 financial intermediary loans were made to 17 countries totaling US$590 million. Most of these loans were targeted to meet the foreign exchange requirements (import substitution) of construction for both manufacturing and tourism businesses. Though on-lending to national development banks was effective in reaching the private sector, being public institutions, the banks were subject to political interference and still-weak policy environments that led to over-investment and subsequently made assessment and foreclosure of unsuccessful projects difficult if not impossible, *inter alia*, because there was no sound security on the loans.

An additional $525 million was lent between 1970 and 1979 through 28 Sector Investment and Maintenance Loans to 18 countries. Of these, 22 were called "tourism projects" and were directed at providing infrastructure, urban regeneration, capacity building, water and sanitation supply, and the conservation of wildlife resources. They were all targeted projects, aimed to create a platform for international tourism through the development of destinations, or enhancing existing destinations. Pre-investment activities included 31 sector reviews carried out between 1973 and 1979. Many of these projects, combined with the financing for private sector development, were successful in launching now-established destinations such as Bali, Kenya, Mexico, the Gambia, the Dominican Republic, and Tunisia.

In 1972, the Tourism Projects Department, which was established three years earlier to meet client country demand for a business line, prepared a "tourism sector strategy" (World Bank 1972). It supported tourism as an economic growth tool for specific countries:

Between 1960 and 1968, while exports, other than oil, from developing countries rose by 7.6% per annum, receipts from tourism increased at an annual rate of 11%. In view of dubious world market prospects of many primary products and the uncertainty about the extent to which the industrialized countries will permit increased imports of manufactured goods from developing countries, tourism provides a useful element in diversifying their sources of foreign exchange earnings (1972:2).

Commitments were estimated to be 2.8% of the lending portfolio. Following a decade of operation of the department, total cumulative loans increased from about $50 million to seven countries in 1970 to more than $1 billion to 27 countries in 1980. Of the 27 projects funded, 17 were evaluated using generic international tourism receipts and immigration data. Although limited in technical analysis and causal attribution, "project completion reports" (typically written within 10 years of completion) concluded that the projects were successful in stimulating economic growth and generating foreign exchange and employment. The negative aspects of these reports noted the risks of inadequate policies to protect and manage assets or to regulate the social and environmental impact of growth. Two examples are selected to illustrate this point.
A project completion report (World Bank 1990) for a Wildlife and Tourism Project in Kenya implemented between 1976 and 1985 acknowledged improved foreign exchange earnings and the contribution of the wildlife viewing product, but emphasized that little attention was given to improved planning, management, and conservation of these natural endowments. The conclusion is that the project was instrumental in establishing tourism as a significant economic platform, but that the wildlife and protected areas resources on which the industry was based were overlooked by the project and degradation of these resources threatened the sustainability of businesses dependent on them. Less than a decade later, the government requested bank intervention with a major remedial project called the Protected Areas and Wildlife Services project.


There are also several points of broader applicability. The first, and most important, is what the project suggests can be the role of government in demonstrating the viability of a previously undeveloped sector. Neither private banks nor investors in the Dominican Republic were willing to risk a long-term investment in the unproven tourism market of the island. The public sector therefore played a critical catalyst function in promoting an essentially private sector activity in its infancy that is now likely to take an enduring place in the country’s economy.

Well-designed and enforceable environmental regulations are essential both to protecting the natural setting of a project and to ensuring its continued profitability as a site of scenic beauty. For all its delays and difficulties, the integrated Puerto Plata Tourism Project has been a significant success. The bank, by providing vital capital and technical expertise, played a prominent role in this accomplishment and deserves a measure of credit for contributing to one of the most important recent economic developments in the Dominican Republic. While returns on the project itself may have fallen somewhat short of expectations, the example it set has served both to diversify the economy away from dependence on primary agricultural commodities and to help stimulate private investment and employment in a sector that is likely to prove self-sustaining (1991:16).

In the Dominican Republic, environmental degradation resulted in a later project—the Wastewater Disposal for Tourism Centers Project in 2000—to redress the damage. These examples show how the role of the bank, and its lending policies, emphasize different approaches.

**Disengagement (1980–1990)**

The rapid growth of tourism as a productive economic force in the 70s (Harrison 1992) led to a decision at the bank in 1979 that these projects were not a good fit with development policies driving the agency’s lending at the time and that the tourism projects department should be closed. Management believed that the markets and the private sector were the most appropriate growth engine and that focused lending would not be necessary. At closure, the directive from
then-World Bank President Robert McNamara was that a “sector advisory service” would continue for two years before review and that infrastructure projects would take into account potential overlaps and benefits (World Bank 1978). There was to be no more lending to local development finance companies. This role would be taken over by the International Financial Corporation on a project-by-project basis directly with the private sector. During the early 80s, the institution systematically disengaged from its ongoing project commitments and gradually drifted away from the industry. The three main reasons cited in the Memorandum to the Board for closing the projects department were: the high manpower costs and difficulties in coordination as a result of the complex and crosscutting nature of the projects; priorities for resources were judged to lie elsewhere and other sources of financing for tourism were said to be available; and the ultimate users of the investments were not poor people in the host country.

Between 1981 and 1990, there were few projects with a tourism dimension. Still in demand from developing countries, however, the multilateral role of tourism development passed to United Nations Development Program and World Tourism Organization during the 80s, though these institutions were only able to finance studies, technical assistance, and masterplans, and did not facilitate access to finance to implement planning recommendations. During that period, the European Community (now the European Union) emerged as a major development assistance player in developing countries through its series of Lome Conventions benefiting 84 African, Caribbean, and Pacific countries and territories. During the decade, tourism grew rapidly in many developing countries and public investments to support it, such as infrastructure, increased human resources, improved policymaking and regulation, and asset preservation and management, were unaffordable for many bankrupt developing countries; consequently masterplans had little impact (Jenkins and Henry 1991). Tourism continued to respond to market forces and be driven by foreign control of the supply chain. In The Gambia (Sharpley and Telfer 2002), Tunisia, and Kenya (Dieke 2000), for example, tourism grew rapidly, aided by major European tour operators who invested in accommodation and transport, yet stalled 10–15 years later when these destinations became overcrowded and unfashionable, and the operators pulled out. In the bank, projects that continued to be implemented during the 80s performed poorly. Completion reports (Mann 2005) indicate that project overruns were costly both to the institution and the client country. The bank’s loss of focus resulted in poor supervision that ultimately affected the outcomes of these projects.

**Sustainable Development (1991–1999)**

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the bank and the United Nations Development Program—opened the door for tourism dimensions to be included in a host of new projects that used the economic benefits to justify the sustainability of investments for environmental and cultural preservation. The interrelation between environment and poverty was also stressed, and the challenge for many development agencies was to get environmental issues and awareness into government agendas, with poverty being cited as a cause as well as an effect of environmental degradation; the economic incentives provided by a tourism industry were an obvious solution to address the vicious cycle.

During the 90s, projects with direct or indirect tourism involvement and benefit were mainly oriented toward environmental, cultural, and social themes. In total, there were 44 projects in 34 countries, and the majority focused on biodiversity conservation, with 10% on cultural heritage preservation. Only one of the projects was explicitly tourism, and only two focused on small business development in the private sector. Overall, the project documents reveal that the tourism content of these interventions were ad hoc and generally isolated from macro-level or cross-sectoral strategic thinking and planning. It appeared in most of these projects as a downstream add-on to generate economic returns, the main thrust being environmental, cultural, and social protection. Critically, few projects quantified or measured tourism impacts. A World Bank study states that only eight out of 56 projects with a tourism component attempted any quantification of its impacts (Mark-andya, Pedroso and Taylor 2003). The paradox within the institution was that the tourism dimension included in many projects lacked an authorizing environment because the official line was that the bank “did not do tourism.” This dilemma left many project managers little option but to tackle this work downstream in the project cycle or ignore it. The institutional lack of commitment resulted in a reluctance to address tourism issues through rigorous analysis, which would have required committing funds early in the project cycle, for example, during the design work.


Tourism-related projects are currently spread throughout the agency with a total active portfolio of over $3.5 billion (Table 1). There are 94 ongoing projects and an additional 16 Global Environment Facility projects with tourism dimensions. Lending to the private sector through the International Finance Corporation includes 70 active projects as well as technical assistance and micro-finance instruments to support the creation of better linkages between large anchor investment and small-scale supply businesses. The Multilateral Investment Guarantee Agency offers risk mitigation guarantees to entities like a large hotel investor in a politically turbulent destination. It also supports investment promotion work, is increasingly engaged in analytical work through an “Enterprise Benchmarking Program” that supports ongoing bank-wide efforts to define investment opportunities and
binding constraints more explicitly through firm-level analysis using tools like the investment climate assessments and the doing business indices. The point is that the bank’s analysis and subsequent lending are more geared toward issues never really thought relevant in the context of stabilizing macro-economies.

In projects like the “Support for Economic Expansion and Diversification Project” in Zambia, the Nicaraguan “Competitiveness Project”, and Jordan’s “Second Tourism Development Project,” (World Bank 2000–2003, 2001b, 2003a,b), the bank uses the analytical lens of tourism to explore barriers and constraints (for example, land market issues, employment equity, contract enforcement) to investment, to examine micro-policy reform, to decentralize institutional structures, and to promote public-private partnerships. Several new projects being designed (such as in Ethiopia, Lesotho, Mozambique, China, and Cambodia) include an up-front analysis of tourism through a value-chain methodology (where each value-adding transaction in the supply chain from consumers in markets to products in countries is examined through its constituent factors of cost and time). This approach is leading to important and more focused micro-level and policy interventions that are targeted at outcomes like raising the livelihoods of local people. The noticeable change in analysis is the recognition of the importance, and measurement of the efficiency and competitiveness, of firms in the supply chain. Earlier tourism analysis tended to focus much more on descriptions of the structure of the industry and the overall comparative advantages of the country concerned. Although it is still too early to determine the relative merits of this new approach, the success of other industry sectors such as manufacturing, horticulture, and telecoms in developing countries has been facilitated by this kind of detailed analysis.

CONCLUSION

Through the development and the tourism lens, this paper examines the role and the approaches of the World Bank to tourism
development over the past four decades. It looks at trends in diagnostics and analysis related to project design and implementation, showing a move toward increasing depth of detail and understanding emerging from the current approaches. One critical factor underpinning this trend is that there is significantly more tourism-related work happening across the institution and in different regions; evidence suggests that demand for lending and advice is increasing with the political economy and growth of tourism in developing countries. However, the institutional foothold required to leverage the considerable intellectual and financial resources of the agency to develop an effective tourism business line is as yet missing. This implies that there are still questions about its role in development and the extent to which the bank should be facilitating this.

Tourism, along with nuclear energy, is among the few activities that the bank’s Board of Directors has elected to halt, and this remains a significant institutional milestone to overcome. It is unlikely that it will be considered an industry of its own in the immediate future. Tourism has been judged unstable and volatile, with destinations at the mercy of trends and fashions for their popularity, dependent upon fluctuating political and economic conditions worldwide, and impacted by natural/human-made disasters and political instability. For the Board, individual country and project managers, and governments, these are challenging externalities on which to base the allocation of scarce development resources, particularly without a strong strategic rationale linked closely to the bank’s core business of poverty reduction.

There are important lessons from the past that Richard Scobey, the bank’s Director for Environment in the Africa region, noted at a 2004 Tourism Policy Forum at George Washington University (Scobey 2004). He claims his organization “dropped the ball on tourism after the mid-70s”. He lists past oversights as, first, giving up on tourism, second, not developing analytical expertise and inter-sector relationships, and, third, insufficient knowledge-sharing. Scobey notes that the fragmentation of interventions is apparent from his analysis of ongoing project documents, which often show inconsistent approaches to tourism issues and ad hoc intervention strategies.

It may be necessary at this stage of the bank’s evolving role to question some of the assumptions which underpin its funded projects. For example, are the outcomes from the expanding portfolio of tourism-related work actually beneficial to the poor, and can they be measured? A crowded craft market may be a visual testament, but how much money is actually being earned and how many are actually employed? Will increased tourism be a threat to the sustainability of natural and cultural protected areas or can safeguards initiated by governments mitigate the potential negative impacts? Will market forces alone increase tourism or are targeted market access or policy interventions needed to ensure the right kind of growth? The multi-sectoral nature of investments remains a challenge to coordinate and sequence (for example, a critical road leading to an important resource or banking sector reform that facilitates lending to small and
medium tourism enterprises). Is the bank sufficiently organized to work multi-sectorally when this approach to development programs has failed in the past due to high transaction costs? A stronger case needs to be made to demonstrate the positive linkages between tourism development and poverty reduction, based upon an economic model of productivity documented with empirical data. In addition, assets (or comparative advantages) such as scenery, clean rivers, lakes and shorelines, biodiversity, cultural heritage, infrastructure, security, and environmental health, should be considered as public goods as well as essential foundations for developing a competitive destination.

It is also important to interpret tourism growth as a performance measure and focus on how such growth might actually be achieved. For instance, though the Millennium Development Goal imperative is driving individual country development strategies, these indicators are often not relevant to the political agendas of individual government leaders or ministers. The Minister of Tourism in any given country now is being asked to deliver a range of outcomes, including economic growth that can be empirically related to a poverty reduction strategy; however, economic growth does not necessarily result in poverty reduction (Ravallion 2004). A key problem to address is not simply how economic growth can be realistically attained but also how growth benefits can be distributed fairly among a wider group in society to achieve poverty reduction goals, or at least improved results. Targeted pro-poor policies supported by good practices and case studies are needed.

It is hoped that this paper provokes additional research on the role of other development agencies in tourism development, including an analysis of approaches, entry points, and lessons learned. A retrospective analysis of the World Bank’s interventions during the 60s and 70s in selected, and now successful (at least from an economic perspective) destinations such as Bali, the Dominican Republic, Kenya, and Cancun would add to the debate highlighted in this paper around the frameworks of ownership and comparative versus competitive advantage. Dissecting the nature and influence of these dimensions is an important area of research that will lead to a deeper understanding of how tourism can be a useful development tool.

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