Private Sector Participation in Tourism and Poverty Reduction

Source: Ludwig Rieder APPI

Narzalina Z. Lim
President

ASIA PACIFIC PROJECTS, INC.
Tourism and Hospitality Consultants
Why Tourism and Poverty Reduction?

- Poverty is widespread:
  - Over 1.4 billion people live in extreme poverty, i.e. on less than USD1.25/day*
- Africa and South Asia account for 70% of the world’s poor
- In Southeast Asia, poverty rates average around 10-30%

*World Bank Income Poverty Line
## Human and Income Poverty

<table>
<thead>
<tr>
<th>Country</th>
<th>Illiteracy %</th>
<th>% Mortality 0-40 years</th>
<th>% Without Improved Water</th>
<th>% Under 5 years below weight</th>
<th>% Living below $1.25/day</th>
<th>% Living below $2/day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea (Rep.)</td>
<td>..</td>
<td>1.6</td>
<td>8</td>
<td>..</td>
<td>&lt;2</td>
<td>&lt;2</td>
</tr>
<tr>
<td>Malaysia</td>
<td>8.1</td>
<td>3.7</td>
<td>1</td>
<td>8</td>
<td>&lt;2</td>
<td>7.8</td>
</tr>
<tr>
<td>Thailand</td>
<td>5.9</td>
<td>11.3</td>
<td>2</td>
<td>9</td>
<td>&lt;2</td>
<td>11.5</td>
</tr>
<tr>
<td>China</td>
<td>6.7</td>
<td>6.2</td>
<td>12</td>
<td>7</td>
<td>15.9</td>
<td>36.3</td>
</tr>
<tr>
<td>Philippines</td>
<td>6.6</td>
<td>5.7</td>
<td>7</td>
<td>28</td>
<td>22.5</td>
<td>45</td>
</tr>
<tr>
<td>Indonesia</td>
<td>8</td>
<td>6.7</td>
<td>20</td>
<td>28</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Mongolia</td>
<td>2.7</td>
<td>10.3</td>
<td>28</td>
<td>6</td>
<td>22.4</td>
<td>49</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>9.7</td>
<td>5.8</td>
<td>8</td>
<td>25</td>
<td>21.5</td>
<td>48.4</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>27.3</td>
<td>13.1</td>
<td>40</td>
<td>40</td>
<td>44</td>
<td>76.8</td>
</tr>
<tr>
<td>India</td>
<td>34</td>
<td>15.5</td>
<td>11</td>
<td>46</td>
<td>41.6</td>
<td>75.6</td>
</tr>
<tr>
<td>PNG</td>
<td>42.2</td>
<td>15.9</td>
<td>60</td>
<td>35</td>
<td>35.8</td>
<td>57.4</td>
</tr>
<tr>
<td>Cambodia</td>
<td>23.7</td>
<td>18.5</td>
<td>35</td>
<td>36</td>
<td>40.2</td>
<td>68.2</td>
</tr>
<tr>
<td>Myanmar</td>
<td>10.1</td>
<td>19.1</td>
<td>20</td>
<td>32</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>Pakistan</td>
<td>45.8</td>
<td>12.6</td>
<td>10</td>
<td>38</td>
<td>22.6</td>
<td>60.3</td>
</tr>
<tr>
<td>Nepal</td>
<td>43.5</td>
<td>11</td>
<td>11</td>
<td>39</td>
<td>55.1</td>
<td>77.6</td>
</tr>
<tr>
<td>Timor Leste</td>
<td>49.9</td>
<td>18</td>
<td>38</td>
<td>46</td>
<td>52.9</td>
<td>77.5</td>
</tr>
</tbody>
</table>

Source: UN Human Development Report, 2009
“One billion people own 80% of global GDP and one billion struggle to survive on less than a dollar a day.”

Source: World Bank, 2006
Why Tourism and Poverty Reduction?

- The poor are often found on the fringes of natural and cultural heritage landscapes

Source: Ludwig Rieder, APPI
Why Tourism and Poverty Reduction?

- Natural and cultural heritage landscapes are of strong interest to tourists and can support businesses.

Source: www.flickr.com
Why Tourism and Poverty Reduction?

- The poor are also found in urban areas, often in association with major tourist attractions.

✓ Poverty and tourism are thus often found together.
✓ Tourism presents a major opportunity to contribute to poverty reduction.

Source: Dr. Randi Alampay
The UN Millennium Development Goals (MDGs)

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
The Millennium Development Goals (MDGs)

5. Improve maternal health
6. Combat HIV/AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

The MDGs present a challenge to the tourism industry to mobilize its resources for poverty reduction.
Involving the private sector is a sustainable path to attain the objectives of the MDGs
Who comprise the private sector?
Structure of the Tourism Industry

ACCOMMODATIONS

FOOD & BEVERAGE

OTHER SERVICES

ATTRACTIONS
Natural, Historical, Cultural, & Socio-Economic Resources

ACTIVITIES

TRAVEL & TOURS

INTERNAL TRANSPORTATION
The Private Sector

- Owners and operators of accommodations facilities
- Travel Agencies and Tour Operators
- Owners and Operators of Food and Beverage Establishments
- Owners and Operators of Transportation Facilities (Air, Sea, Land)

These are operated by the private sector as businesses which have to be financially viable.
In impoverished areas, micro and small enterprises in host communities are the private sector
OTHER SERVICES

- Foreign Exchange
- Internet Cafes
- Entertainment
- Courier / Postal Services
- Shopping Centers
HOW CAN THE PRIVATE SECTOR PARTICIPATE IN POVERTY REDUCTION?
Buy products grown by the poor or buy from enterprises which employ the poor

Source: Ludwig Rieder, APPI
Employ the poor in tourism enterprises
Locals can be trained to act as tour guides, interpreters, porters, transport operators.
Hotel gift shops can sell products/souvenirs made by poor people.

Source: Ludwig Rieder, APPI
The private sector can invest in the poor.

Projects should target and directly benefit the poor.