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*A European Community strategy to support the development
of sustainable tourism in the developing countries*

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Introduction

Support for developing the private sector is seen as one of the most effective vehicles for achieving the European Union's cooperation policy objectives as spelled out in the Maastricht Treaty. The Commission's communication on development cooperation policy in the run-up to 2000, and more recently its communication containing guidelines for negotiating the new cooperation agreements with the ACP countries and the cooperation agreements concluded with the EU's Mediterranean, Asian and Latin American development partners, agree on the need to foster the emergence of a competitive, employment-generating private sector in the developing countries as they shift towards open and competitive markets.

Promoting economic growth while ensuring its compatibility with the concern to protect the environment, uphold human rights and safeguard the country's social fabric, is one of the key objectives to be pursued in developing tourism in the developing countries.

Tourism can have a marked impact on the economy, especially in developing countries, and can account for a substantial portion of GDP: in the past, growth in international tourism has ushered in structural changes in certain developing countries, sometimes ousting traditional productive sectors. Tourism has a major effect on job creation, being labour-intensive, whatever the level of skills required. It also stimulates activity in many other sectors of the economy such as transport, construction and food industries. Its growth prospects hold out real opportunities, not just for those international concerns already very active in the sector but also for the many small and medium-sized firms, including those active in rural areas and among social groups experiencing difficulties in the job market, such as young people, women and less skilled workers.

However, unbridled growth can do irreparable harm to the environment and local societies, jeopardising the sector's own development potential: burgeoning tourism eats up space and the influx of tourists puts extra pressure on the natural environment, bringing about major changes in local culture. Furthermore, it has an impact on the environment by dint of the different modes of transport used or waste management measures which necessitate solutions affecting not just the tourist sector.

For these reasons, with tourism set to go on expanding significantly in the decades ahead, it is important that the industry develops in a way that enables it to contribute meaningfully to furthering sustainable economic and social development, alleviating poverty and integrating the countries concerned into the global economy.

Over the last 20 years the European Community has led the way in providing support for the expansion of tourism in the developing countries. Its assistance has taken a variety of shapes and forms and has involved significant funding. Tourism features in all the EC's framework cooperation agreements (Lomé Convention, Barcelona Declaration, etc.) and the sector's growth prospects have prompted the Community's partners to devote more and more attention to it.

So, in the light of the challenges posed by the development of tourism, for the economy and in terms of its impact on the environment and civil society, and of the lessons learnt from past cooperation policy in this field, this communication seeks to map out a strategic framework for EU and Member States support for developing sustainable tourism. The aim of this strategy, taking account of Community measures (*acquis communautaire*) in the field of tourism, is to ensure that cooperation schemes dovetail better with the EC's development objectives and to enhance the effectiveness of projects in the light of experience.

This report is the culmination of a study conducted within the Commission, consultations with international donors and discussions with the Member States' bilateral cooperation agencies.

Section 1 deals with the role of tourism as a factor in development and the challenge posed by the sustainable development of tourism in the developing countries.

Section 2 sets out the lessons drawn from previous support programmes.

Section 3 spells out possible future objectives and areas for action, while Section 4 proposes basic principles for implementing the strategy.

Lastly, Section 5 highlights the importance of consistency, coordination and complementarity with other EC policies and strategies.

Tourism is an economic activity pursued almost exclusively by private firms operating locally or internationally. These firms vary in size: big international companies dominate some branches (air transport, but also marketing and to some extent tourist accommodation), but a myriad of small and medium-sized enterprises also operate at tourist destinations. Developing these small firms, and in particular their ability to offer competitive and reliable services, is likely to contribute substantially to economic and social development. This communication therefore complements existing EC support for the development of the private sector in the developing countries¹ and analyses the specific features of the sector, while proposing an operational strategy to foster sustainable development.

¹ Such as the communication on future EC support for developing the private sector in the ACP countries, and the ECIP and EBAS programmes, etc.

1. TOURISM AS A FACTOR IN DEVELOPMENT

1.1. *The growth of tourism in the world economy: an opportunity*

Over the last 25 years the travel and tourism industry has taken its place worldwide as a leading economic sector thanks to its capacity to boost trade and open up regions lagging behind in their development.

Between 1980 and 1996 the number of international passengers rose globally by 4.6% a year on average. In 1997 international tourist arrivals reached a record 613 million, with global tourism expected to swell threefold by the year 2010 in terms of arrivals and fivefold in terms of revenue compared with 1995.²

That same year earnings from international journeys (excluding international transport) were estimated at USD 448 billion, up 14% on 1995, i.e. USD 342 billion more than in 1980, outstripping global petroleum exports estimated at USD 330 billion. On average, 10% of the developing countries' export revenues comes from tourism, but this figure can be as high as 80%, for example in certain islands weakened by the decline in agricultural production and in countries bereft of other resources and with few alternative opportunities for developing their economies. Some studies reckon that tourism already accounts for one out of every nine direct or indirect jobs and is set to spawn a 46% increase in employment by the year 2007.³ Its contribution to national economies is also reflected in the tax revenues going into public budgets. Tourist projects also have an indirect effect on the development of infrastructure and public services like transport and medical services, which benefit the local population. Tourist revenue can also help enhance and protect the destination country's cultural and natural heritage.

The EU countries continue to add impetus to this growing phenomenon. They were the prime mover in the development of an industry which now accounts for 5.5% of GDP, 6% of jobs and upwards of 30% of trade in services, and they are holding their own as the world's premier source market with, in 1997, 17% more services sold to foreigners and 18% more services bought by Europeans abroad than in 1995.⁴

² World Tourism Organization.

³ Source: World Travel and Tourism Council (WTTC).

⁴ Source: European Commission, Eurostat, "Statistics in brief - Economics and finance", 1998 and "Tourism in Europe: key figures 1996-97", June 1998.

On the demand side, rapidly changing demand and supply patterns present fresh opportunities but also pose new challenges for the developing countries. Demographic, social and cultural changes in the main source countries are showing up in the increasing number of new niche markets: a swelling pensioner population, single people and childless couples, who are more likely than families with children, to head for faraway destinations. And tourist behaviour is changing too: witness the growth in demand for destinations not geared to mass tourism and offering genuine quality of service, and also the widespread interest in nature, culture, adventure and sporting holidays.⁵

On the supply side, distances are shrinking with the liberalisation of air transport and the advent of new information and communications technologies. The travelling consumer now has more choice and access to better, swifter and more comfortable transport. Long-haul trips are no longer the obstacle they once were. Information technology and new means of communication such as the Internet are enabling small operators, albeit vying for customers with a host of competitors, to get their products quickly and cheaply to the individual traveller, cutting out the middleman and increasing the percentage of the cost that benefits the country visited.

New challenges beckon for the tourism sector, very much caught up in the process of the liberalisation of services following the entry into force of the General Agreement on Trade in Services (GATS) with more than 100 signatory countries, among them many developing countries, making specific commitments.⁶

1.2 Wide variations from country to country

Tourism is now a key sector or is likely to become so in many developing countries which show potential. Some of those countries are already mature destinations with a fully-fledged tourist industry on which their economies are highly dependent. A fair number of them are already feeling the adverse effects of untrammelled growth and are having to upgrade their product.

Other countries are emerging destinations with a modest but increasing tourist flow. Their success will depend on their ability to manage and control growth. Lastly, potential destinations with little or sporadic tourist activity are seeking to develop their tourist appeal. Unfortunately, the conditions for getting a tourist industry off the ground are not always present.

⁵ See "Facts and figures on the Europeans on holiday" 1997-98, European Commission, DG XXIII, March 1998.

⁶ For further information about GATS, which entered into force on 1 January 1995, and about the upcoming fresh negotiating round, see "GATS 2000 - opening markets for services", European Commission, Official Publications Office, 1998.

In 1996 developing countries accounted for 30% of the market share of international tourism and a similar slice of world tourism revenue. Over the period 1990-96 they posted the quickest growth rate for international tourist arrivals and recorded an annual average growth rate of 5.8% compared with 4.4% worldwide. Over the same period tourist revenue rose even more rapidly, reaching an average of 10.5% per annum.

However, significant differences can be observed at regional and sub-regional level as tourism is often a fluctuating phenomenon that is concentrated on certain geographical areas. Virtually all the increase in the global share of tourism revenue was achieved by the Asia and Pacific regions, which accounted for around half the total revenue in the developing economies for 1996. Africa and Latin America, whilst maintaining their share of tourist arrivals between 1980 and 1996, experienced a significant downturn, 2% to 1.4% and 9.1% to 4.7% respectively, in their share of tourist revenue. A closer analysis at sub-regional and local level reveals that the concentration is even more marked within those regions compared with the situation in developed countries.

1.3. Common problems: stiffer competition and a potentially adverse impact

While global tourist demand is on the increase, the number of destinations and global capacity are advancing even more quickly. The developing countries are faced with major challenges. To hold on to their market share, the most developed destinations and those most dependent on tourism will have to cope with competition by enhancing quality and by diversifying their products and markets. Emerging and potential destinations will have to find their niche in this competitive market by capitalising on their "uniqueness" and novelty and by avoiding mistakes made by other destinations.

On the one hand, the development of competitive products is held back by factors such as difficult access, inadequate infrastructure, chronic shortcomings in transport, unsuitability of facilities, an absence of investment funds, rudimentary technology, lack of management know-how and a dearth of skilled staff. Problems encountered by local firms, in particular small businesses, in tapping international services markets, are exacerbated by a lack of a commercial and marketing strategy, made all the more crucial by tight budgets. Political instability, economic difficulties and misguided publicity, can also harm the image of the destination and diminish sector's profits. On the other hand, most EU member states are major origin markets for many developing country destinations. European consumers have come to expect certain quality, reliability and safety standards both in respect of the tourist products and the environment in which they are consumed, as is often reflected in Community legislation designed to protect the travelling consumer's safety and legitimate rights. In some cases, take for example the directive on package tours,⁷ its application can also affect tourist service providers in host countries outside the European Union. This is a further reason why tourist firms, notably small businesses, should always offer reliable services and why the authorities should monitor the conditions in which those services are provided.

⁷ Council Directive 90/314/EEC, OJ L 158, 23.6.1990, p.59.

If not kept in check, growth of tourism may damage the environment (nature reserves destroyed, biodiversity under threat, water pollution, production of waste) and harm the cultural and social fabric (job insecurity, deteriorating working conditions, prostitution, threat to human rights, impoverishment of culture and traditions, overexploitation and consequent degradation of cultural sites). The national heritage runs the risk of being damaged or ruined, leading to a decline in tourism itself. Sustainable growth depends on respect for and development of cultural and natural heritage. The main reason why holidaymakers visit a destination is the availability of natural and cultural resources which have a pulling power at international level.

Although change can be accepted to a certain extent and although it is considered part and parcel of the development process, tourist destinations have certain limitations in terms of space and what the local society can bear which can be measured in terms of density of construction, constraints on natural resources or on the percentage of tourists compared with the local population, in a given period. If a certain influx level is exceeded this may (a) have a negative effect on the pulling power of the destination and the experience of the tourist who tends, more and more, to flee over-population and environmental degradation, (b) diminish the quality of life of the local people, (c) make the cost of public investment in the development of tourism prohibitive.

The size of the tourist influx depends on the extent to which the area visited is at risk environmentally or culturally. Similarly, account has to be taken of the very nature of the tourist activities concerned and how far they meet sustainable development criteria.

The Earth Summit enabled those concerned to take on board more clearly the need for sustainable long-term development: many developing countries have since espoused the principle of sustainability in shaping their tourism policies. However, few of them have been able to convert this into concrete action owing to the short-term economic interests to which, all too often, priority is given to the detriment of protecting social and environmental assets.

Account should also be taken of the adverse repercussions of non-sustainable development of tourism on the wider environment beyond the area most directly affected, in particular the impact of transport, notably air transport. Tourists for their part must be respectful of the natural and cultural heritage of the host communities.

If the attractions of tourism which contributed to its development were to disappear owing to a degradation of the areas concerned, these destinations may in the long run suffer more losses than gains. For that reason alone, developing countries will face a major challenge in developing tourism. Faced with growing worldwide demand for tourism and pressure from commercial development at home, they often have very little other choice than to accept tourism as an unavoidable necessity. If they are to cope with these pressures, the support given has to help them at the same time to reduce the risks of failure and irreparable damage.

Faced with these challenges, many developing countries will have to make an extra effort, confronted as they are with a host of difficulties which could jeopardise the success of the development of the sector, which will contribute meaningfully to the development process.

2. LESSONS OF THE PAST

2.1 Contribution of the EC and the Member States

Given the role it can play in our partners' economic and social development and in strengthening ties between EC member states and the developing countries, tourism is an area of cooperation that features in most accords. EC support has taken various forms and has entailed the granting of significant sums of money in keeping with the priorities established by the beneficiary countries and approved by the European Union.

Over the last two decades, the EC has been the biggest donor in developing tourism in the ACP countries although it was not until the third Lomé Convention that tourism was explicitly recognised as a sector eligible for financing. Article 122 of Lomé IV details the fields on which support should focus: (a) human resources and institutional development; (b) product development; (c) market development and (d) research and information. In terms of development, tourism, like trade, has been seen as an engine for regional cooperation and the first programmes funded by the European Development fund (EDF) targeted operations at regional level.

Elsewhere the Commission has detected increased interest among several Central American, Latin American and Asian countries in strengthening cooperation in tourism. In the past, the EC backed a number of projects in those regions but in recent years operations have shifted from support for programmes covering a variety of fields at national level to a more regional and thematic strategy. Programmes are also geared increasingly to boosting the private sector as tourism is seen as a field in which there are mutual exchanges and profits for the EU and the recipient countries.

Turning to the Mediterranean countries, and in keeping with the implementation of the Barcelona Declaration adopted in December 1995 and the May 1996 Council Resolution on Euro-Mediterranean cooperation on tourism,⁸ cooperation on statistics has been set in train and a work programme on training and promotion in tourism is being studied.

The EC has also given direct and indirect support for the development of tourism through support programmes in related fields such as infrastructure, the environment, human resources development, private sector development and health.

2.2 A weak institutional framework and public-private sector partnership.

Although private enterprise is the mainspring of tourism, its sustainable development requires public sector involvement and support in putting in place the necessary legislative framework and regional planning, in coordinating the various administrative levels of competence and ensuring coordinated action among the various players involved.

A joint analysis of the key factors explaining the dynamism of tourist activities in the Member States and support activities for this sector in the developing countries shows

⁸ OJ C 155, 30.5.1996, p.1.

that sustainable development of tourism requires the involvement of the public authorities and a structured and ongoing dialogue between all the partners: public sector, private enterprises and civil society. It is the public authorities who shape the environment in which the industry can develop. They have direct responsibility in a variety of fields such as security, health and the bulk of basic infrastructure. Responsible management of the natural and cultural heritage on which the development of tourism is founded such as beaches, water courses and lakes, natural parks, monuments and museums, is also an essential function which the governments must shoulder with the support and collaboration of enterprises and citizens alike.

As tourist assets are perishable and large international companies such as airlines, hotel chains and tour operators can always move to new destinations, the short-term economic advantages of untrammelled growth can vanish overnight. If there is no rigorous administration and planning, the short-term development can spawn long-term problems. Well organised public administration is always necessary to ensure optimum impact of tourism.

As many different public bodies share responsibility for development, inadequate coordination is often the cause of unbalanced growth and a lack of competitiveness, compared with similar destinations. In this respect, the institutional framework is often insufficient and the government's failure to give the matter adequate attention, makes it difficult to monitor and control the positive and negative repercussions of tourism (by maximising the economic benefits and employment and by controlling the impact on the environment and the adverse social repercussions).

Civil society also plays a role in making a destination a success and in protecting human rights and dignity. For the local population to benefit from tourism, without suffering its ill effects, it is vital to accept tourism and to establish a model of sustainable development that respects its traditions.

In conclusion, for the development of tourism to be viable, it should be governed by the principles of sustainability, competitiveness and open markets. The industry, the public authorities and civil society must work in concert, taking account of the needs of the market, the needs of the local population and the special features of the destination. This cooperation will also help attune the principle of sustainable development to that of the sector's competitiveness.

2.3 Operational conclusions of the support programmes.

Tourism has only recently emerged as a sector for cooperation and most donors have little experience in this field. The bulk of the support programmes financed in the past comprised projects and programmes providing technical assistance, framed and implemented ad hoc, in the absence of an adequate strategic framework or follow-up. The results have been mixed. Donors agree that operations lacked clear direction, that the interlocutors were poorly chosen or ineffective and the results difficult to evaluate. The EC, as the main donor for technical assistance projects, carried out more coherent evaluations, the results of which enabled it to draw the main conclusions set out in this document.

Concentrating efforts produces the best results

In many past development programmes the efforts and the results were too thinly spread. This was true of programmes embracing several objectives while seeking to develop tourism "in general" throughout a country or region. In practice, such programmes proved difficult to administer as they were too ambitious to be effective. Tourism is a complex sector and it is unrealistic to seek to handle the whole gamut of issues in one and the same project financed by one donor. Project identification requires a sectoral approach and clearly targeted operations.

A narrow definition of the objectives has produced a surfeit of tourism promotion activities in origin markets

The objective of developing tourism has often been understood as "increasing the number of tourist arrivals". As a consequence, many projects focused on promotion activities in the client markets. The substitution effect in this field has been obvious as promotion requires recurring budgets and this type of operation has created a heavy dependence on the donor and little prospect of sustainability. Moreover, as the destinations have relied on outside funding they have failed to explore alternative instruments for promoting and marketing their products tailored to their budgets and have not looked for alternative sources of financing.

Although promotion is necessary because of competition on the market and the number of substitute products, it must form part of a coherent and medium to long-term tourism development strategy. If the product is not selling well, or if the most important tourist assets are seriously damaged or have been destroyed, it will become more and more costly to attract visitors and get them to return. If a tourist destination is not to start losing its appeal, action needs to be taken in fields other than promotion so as to develop the product and boost the tourist industry's competitiveness by resorting to know-how, technology and investment.

Important environmental and social aspects affecting the sustainable development of the tourist destination have been neglected

Although the EC's support programmes have not had direct negative repercussions they have not taken into consideration the actual or potential impact of tourism on the environment. Problems to do with gender status, work codes, environment-friendly development or specific ecological issues affecting certain small, highly fragile islands have not as a rule been broached as part of tourist projects.

The environmental and social problems caused by the development of tourism are not only likely to jeopardise long-term development but may also affect the quality of the tourist's experience and threaten the competitive position of the tourist product (pollution, defiled countryside, mediocre service, insufficient protection and security, etc).

New forms of tourism more in tune with the principles of sustainable development

have sprung up in recent years, ecotourism being one of them. Some donors have assigned priority to this kind of tourism and the projects have largely dovetailed with action to protect the environment such as the creation of reserves. This has made it necessary to find economic alternatives for local communities. However, application of the principle of sustainable tourist development entails much more than protecting sensitive sites and setting aside protected areas as the pulling power of tourist destinations and the motives of tourists are much more complex than a simple visit to a natural park. A more comprehensive approach incorporating the objective of sustainable development is necessary if one wishes to cover the diversity of tourist products in the developing countries.⁹

The choice of interlocutors has narrowed the scope and effectiveness of tourism support programmes

In its development cooperation policy the EC has, by and large, tended to relate to national tourist offices and tourism authorities where programmes to foster tourism are concerned. These bodies are, however, often highly involved in marketing activities and it is they who have slanted the content of projects to promotion. Furthermore, dealings with them have turned out to be somewhat unsatisfactory as they are incapable of creating a coherent interface with the private sector or addressing the key issues that affect the sustainable development of tourism. In practice, most of these authorities have little or no say over important questions administered by other government bodies with greater economic and political clout, for example matters such as air access, immigration, transport, environment, support for SMEs, education and fiscal policies. There is therefore a need for an overall strategy involving all the different levels of government.

Given the variety of players involved in the development of tourism and the role played hitherto by the national tourist authorities new methods and new partnerships should be established, in all openness, to help bring other decision-makers, even from outside government circles, into the discussion.

In the biggest and most developed countries, most decisions on the development of tourism are taken locally (regions and municipalities), which means that the local authorities play a key role in implementing national policies and development strategies. However, in the past, operations other than national projects tended to favour cooperation at regional level rather than opting for the most effective level of execution where it would have been easier to get through to those most directly concerned and measure the results.

⁹ For example, the chief product of many developing countries, island states in particular, is beach and sunshine holidays, still the largest part of the international tourism market.

3. THE COMMUNITY AND SUSTAINABLE DEVELOPMENT OF TOURISM IN THE DEVELOPING COUNTRIES: OBJECTIVES AND MEANS

3.1. Fostering the sustainable development of tourism

EC support for tourism must have as its goal the sustainable development of the sector in the light of Community measures (*acquis communautaire*) affecting tourism¹⁰ and be informed by the general objectives of development cooperation as set out in Article 130u of the Maastricht Treaty. They are designed to reduce poverty, achieve sustainable economic and social development, integrate the developing countries into the global economy and further the aim of respecting human rights and fundamental freedoms.

The development of the tourism sector, given its importance in international trade and in the exportation of services, can make a major contribution to integrating the developing countries into the world economy.

The development of tourism can also contribute to the sustainable economic and social development of the recipient country provided the underlying objectives go beyond simply increasing the number of beds, tourist arrivals and tourist revenues at any price. Tourism's contribution to sustainable development will be contingent on:

(a) the ability of governments to plan and manage the development of tourism taking account of all the economic, social, cultural and environmental aspects and the potential drawbacks and (b) the industry's commitment to adhere to the principles and practices of sustainable development in an open and competitive market.

EC policy for the development of tourism must mesh with Article 6 of the consolidated version of the Amsterdam Treaty according to which the protection of the environment must be integrated into the Union's other policies in order to promote sustainable development.

A well-run, socially viable industry that generates revenue and is mindful of the needs of the environment could help alleviate poverty by offering all those entering the industry greater scope for better jobs, training and career development while expediting the building of infrastructure, facilities and services aimed at improving the host population's living conditions.

With a view to fulfilling its development objectives the EC's goal should be to help create the conditions for maximising the contribution of tourism to the economic and social development of the host country and minimising any actual or potential deleterious effects.

Tourism is an ideal test-bed for implementing and monitoring the principles of sustainable development but the EC's efforts to develop tourism should not be

¹⁰ For an analysis see the Commission's report to the Council on Community measures affecting tourism (COM(97)332, 2.7.1997).

confined to "alternative" tourism but should also promote a genuine commitment on the part of the public authorities and the tourism industry in general to pursue viable policies compatible with environmental and social considerations.

In this connection donors should apply to tourism the Agenda 21 action programme on sustainable development adopted by the United Nations Conference on Environment and Development at the 1992 Rio de Janeiro Earth Summit.

Programmes relating to tourism should therefore help ensure that initiatives in that sphere employ resources sustainably (cutting down on excess consumption and waste, promoting non-polluting forms of energy and transport, conserving natural and cultural diversity), help integrate the sector into overall planning and, where appropriate, support local economies. The impact on the environment of other types of activity such as industry, agriculture or transport should also be taken into account as they can have a significant bearing on the quality of the tourist product.

On the specific problem of sex tourism involving children, in view of the sheer scale of the phenomenon, it is necessary to help eradicate it through joint action by the authorities and tourist industry professionals. Aware of the scale and gravity of the problem and the mounting concern over this scourge¹¹ shown by public opinion in Europe, and by travellers and the tourist industry in particular, the Commission adopted on 27 November 1996 a communication on combating child sex tourism.¹² This document provides a framework for Community action, placing it in a medium to long-term perspective. The overall strategy set out in the communication is two-pronged:

- first, to reduce demand in cooperation with the tourist industry and the NGOs concerned (coordination of information and awareness campaigns, strengthening the industry's codes of conduct and self-regulatory mechanisms, etc.)
- second, to attack the sources of supply at the tourist destinations by all appropriate means, including Community external relations and development cooperation policies. The report the Commission plans to table at the end of 1998 on the implementation of the measures envisaged and the progress made in combating child sex tourism should further clarify the choice of intervention strategies to adopt. The need for a specific measure in this field to complement action to support the tourist industry should be envisaged once national and regional strategies have been framed. Efforts should continue to ensure that this matter is addressed as part of a structured political dialogue with the countries most affected, particularly at regional level.

3.2. Help for public authorities in their planning, management and follow-up tasks

3.2.1. Establishing a legal and institutional framework

This support should encourage governments to:

¹¹ See "The opinion of Europeans on child sex tourism", summary of the results of a Eurobarometer survey, July 1998.

¹² COM(96) 547, 27.11.1996.

- measure the performance of the tourist industry and gauge the actual and potential effects at the economic, social and environmental levels;
- carry over the analysis into the framing or implementation of multiannual, targeted tourism development strategies with clear, realistic and measurable results;
- establish the appropriate institutional and methodological framework including legislation, rules and regulations and follow-up and monitoring mechanisms to oversee implementation of the strategy, its consistency with general and local development guidelines and any adverse effects.

In the absence of an overall approach and a clearly-defined strategy for the development of tourism in the beneficiary countries, assistance should focus, first of all, on helping governments at the project design phase, in defining objectives and in choosing models for the development of tourism, selecting the main target markets and identifying weaknesses in the products directed at those markets and offering them the required services. To ensure harmonisation with the national tourism development strategy, support should comprise improving competence in the assessment of large development projects initiated by big investment groups.

Particularly in countries where tourism is, or is set to become, a leading economic sector, overall national development policies and strategies must mesh with the priorities and objectives set for tourism. As a consequence, the various government bodies dealing with the development of tourism should get together to share responsibilities, work in partnership and set up interdisciplinary committees or boards.

Secondly, the EC should help governments in applying the strategy adopted, in putting in place a number of policies, regulations and action plans concerning, for example, legislation relating to land use, the tourism industry, the protection and promotion of investment, the establishment of environmental standards and to the range of public activities needed to implement a social and technical infrastructure commensurate with the needs of sustainable development of tourism. Where these policies and strategies already exist, the support given by donors should serve to assess the extent to which they are consistent with their own development objectives and, where appropriate, help implement them.

National regulations should include arrangements to provide a minimum threshold of safety and quality standards for tourist services.

It is also up to governments to improve the environment for businesses by eliminating technical and legal obstacles to the competitiveness of the private sector or by reviewing any regulations impeding fair and open competition in the tourism sector while tightening environmental protection and workplace regulations.

EC support in this field will consist chiefly of technical assistance to public authorities, to give them the means to carry out their planning and regulatory tasks and stimulate private initiative. For this, it will be necessary to put in place mechanisms to monitor the impact of the initiatives taken.

There is still much to be done in the developing countries and the experience amassed by the EC and its member states in this field could prove extremely useful here.

3.2.2. Support for developing human resources

One of the main advantages of tourism as a sector that fosters economic development is its job-creation potential. As it is a service sector, where the direct relationship between customers and staff is a key factor, the quality of its human resources increasingly represents a crucial competitive advantage.

On the assumption that skilled people have the best jobs, careers and business opportunities, investing in these human resources is vitally important for the development of sustainable tourism at both the social and economic levels. The EC's contribution should consist of significant support to assist governments in framing and implementing a "human resources development plan" for tourism.

Priority should go to those countries where training in the tourism sector is non-existent or those where training provision needs to be improved. Action should include training in business management, tourist planning, application of information technology, economic and environmental impact analysis and management of the natural and cultural heritage. Training of instructors should always be considered a priority because of its knock-on effect and the number of people to be trained.

3.2.3. Public heritage and infrastructure

The public authorities have a key role to play in investment in the development of tourism since, alongside a policy to privatise certain facilities, they still provide most of the basic infrastructure and public services needed for the industry to function. They are also responsible for managing the protection of public areas, in particular the natural and cultural heritage generally viewed as tourist attractions. The private sector rarely has the technical and financial resources to restore or maintain urban zones, cultural heritage sites and natural reserves. This government investment function, which should be underpinned by regional planning and the conservation and enhancement of the country's heritage, can be backed by the EC provided the environmental and socio-cultural aspects of the projects are taken into account.

3.2.4. Information and commercial organization

Although tourism is an activity conducted by the private sector, public authorities are actively involved in marketing, as the promotion of tourist destinations also helps promote the "country". Governments have also played a role in gathering data on the market and monitoring trends in potential or real demand. In their promotion drive, governments have traditionally taken charge of the tourist information services in the recipient countries which dispense "on the ground" information and advice on the facilities available.

Recently, however, with the overhaul of public administrations along more cost-effective lines and with the need to make the management and marketing of tourism more professional, governments have started to involve the private sector in the planning and implementation of marketing and communication activities on a cost-sharing basis.

In the light of the above, and as the repeated funding of promotional activities has led in the past to heavy dependence on donors and created substitution effects, it is proposed that the EC's contribution in this field be geared exclusively to technical assistance aimed at helping the countries to establish new kinds of tourism promotion bodies and tourist information centres involving the private sector, to create the conditions for enhancing the competence of staff in framing national commercial strategies and applying new communication technologies. EC direct investment in the marketing of tourist products in the developing countries will not be allowed.

3.3. Consolidating the tourist industry in an open and competitive market economy

3.3.1. Encouraging cooperation in the private sector

Tourism undertakings are often small and widely scattered, with their activities spanning several sub-sectors: this fragments the profession and hampers dialogue between the industry's various branches and professions so that government often finds it hard to see the big picture and satisfactorily satisfy the legitimate needs of these firms. As the industry has many sub-sectors, the creation of private sector driven national tourism boards could be encouraged and serve as a platform for permanent dialogue and consultation for professionals and an interface with the public authorities.

As the industry boasts a vast number of small businesses (SMEs), the associations representing the sector as a whole could play a key role in helping their members improve their standards and performance. EC support to recognised professional bodies in this field might consist of training competent personnel and strengthening institutions to help them become service-providing bodies able to offer their members innovative and value-added services. They could also be given technical assistance to help them mount programmes aimed at improving the industry's performance overall or in specific sub-sectors such as in-house training programmes, quality programmes for tourist enterprises, programmes to promote schemes compatible with the environment and to boost cooperation on product development and enhancement.

3.3.2. Direct support for SMEs

SMEs possess enormous potential to create jobs both for employees or the self-employed, providing the local population with greater opportunities and helping to make greater inroads in reducing poverty. Incoming tourism, generated by the use of the tourist destination's take-up capacity have a knock-on effect in terms of extra business for SMEs and microenterprises in the form of crafts, small shops, local transport and the food industry. Opportunities for creating and developing SMEs in the tourist and allied industries could be bolstered through the various instruments

deployed in support of the private sector as a whole instead of creating separate instruments.

4. BASIC PRINCIPLES FOR IMPLEMENTING THE STRATEGY

4.1. A rigorous approach tailored to the complexity of tourism development

4.1.1. Defining the support framework

In principle the Community should support the development of tourism in any developing country benefiting from a cooperation agreement which includes the sector, and where tourism is, or could become, a key economic sector. This excludes countries where citizens' safety or health is threatened. However, the type and scale of this support will vary according to how far the country's tourist industry has developed.

Future measures should be based on a sectoral analysis aimed at identifying shortcomings in terms of competitiveness and the sustainability of the host country's development and assessing whether an aid request is justified in relation to other priority sectors. Guidelines should be drawn up so as to ensure that the sectoral analysis and project identification take place using the same criteria.

For each destination, the following should be defined from the outset:

- tourism's development level and its integration into the economy at large,
- how the sector's development compares with the products available, the markets reached and competitiveness in terms of value for money,
- the degree of involvement of the public and private sectors, their level of commitment, reliability and level and method of cooperation,
- the economic, social and environmental impact of the sector's development and the risks that new developments might pose,
- the existence of a viable and up-to-date tourist development strategy and policies aimed at sustainable development,
- any obstacles to the development of sustainable tourism.

Where potential destinations are concerned, the sectoral analysis should also establish the degree of potential, with hard evidence and without raising undue expectations. Tourism is no panacea: not all countries or regions have the same potential or capacity to develop a competitive tourism industry that can contribute effectively to the development process.

4.1.2. Targeted support programmes

Given the different levels of development of tourism in the developing countries and the sector's complexity, donors' support programmes have to be coherent and tailored to local needs. There is no set model and each operation should be defined in accordance with the different needs and problems in the light of the analysis referred to below.

To avoid a recurrence of difficulties encountered previously in the management of overly ambitious tourism projects comprising various objectives and elements, and to make them more effective, the support programmes should as a rule be limited in (a) scope, (b) duration and (c) geographical area.

The level of development of tourism in the destination country or region could, as a guide, help determine the most suitable type of support.

Where national programmes are concerned, countries with *a developed tourism industry and a mature product will require specially tailored operations* geared to dealing promptly with precise needs and weaknesses as any delays would render them useless. Such operations could take the shape of (a) *short assignments*, for example to redefine policies and strategies, update and develop regulations and overhaul a training system, (b) *more comprehensive schemes focusing on a single facet of tourist development* such as infrastructure, training programmes, quality improvement plans, or the establishment of environment-friendly schemes, (c) support for the development of specific products and markets, i.e. a segment-based approach (e.g. cultural or diving holidays).

On the other hand, *the less developed countries are likely to need a more comprehensive approach* in order to establish an overall framework for the sector to be developed. Besides helping to develop infrastructure the relevant support programmes could address a range of aspects starting with the establishment of policy priorities and strategies. They could be complemented by measures relating for instance, to access facilities for travellers, the protection of tourist heritage, regulations concerning tourist firms, the development of human resources, the improvement of tourists' safety, lifting obstacles to the development and functioning of the private sector and its professional bodies. The success of this type of project hinges on a long-term commitment on the part of the donors.

In some cases *more geographically focused aid could produce better results*. This principle, based on experience, is applied by donors in different fields and is particularly crucial in the field of tourism, meeting the need to carry out projects schemes at levels other than national level, in the interests of sustainable development. This being so, *support measures at district or municipality level could be envisaged as part of specific pilot projects*.

4.2. Involving the players

4.2.1. Promoting a public administration/private sector partnership

Tourism depends heavily on other sectors and requires *a multidisciplinary and interdepartmental approach to the formulation of policies at government level*, an approach which is often lacking in the developing countries. It is essential that the incorporation of the objective of sustainability be reflected in the involvement of the authorities responsible for natural and cultural heritage in tourist development

policies.

Depending on the problems and needs highlighted by the sectoral analysis, the public administration bodies most directly concerned, should be identified for each of the projects and consulted at the design stage. They should also be considered as potential interlocutors for specific projects or parts of programmes. However, future projects should not be channelled via national tourist administrations alone, although their opinion and support is necessary in all projects relating to tourism.

Exchanges of information and close consultations between public authorities and private sector associations could produce a form of synergy in defining and implementing policies and strategies that is acceptable to both sides provided there is no clash of interests between them and the beneficiaries. As for the appropriate opposite numbers, studies show better results were obtained when the aid was channelled through existing bodies with their own objectives, work programmes and track record than by creating new bodies which tend to become donor-dependent. Future schemes should therefore support viable existing bodies.

4.2.2. Cofinancing agreements

Closer involvement of the beneficiaries in the project design and implementation phases produces a higher degree of "ownership" and cost-sharing should be a principle in all types of measures right from the preparation/identification phase.

It would also be possible to have the beneficiaries contribute to the costs of EC programmes and projects so as to increase the prospects of self-financing that would continue once the EC support programme ended. This aspect should be taken into consideration at the project design phase and evaluated once the project has been carried out.

4.2.3. Grassroots action to support local initiatives

The need to involve all the players and to back initiatives by regional authorities and municipalities, necessitated by the nature of tourism development, is consonant with the principles on decentralised cooperation promoted by the Commission,¹³ as set out in Article 251 of the Lomé Convention, which have already been applied to several programmes financed by the European Development Fund in other areas.

This entails a bottom-up approach aimed at supporting moves to decentralise the administration, involve the economic and social players and strengthen the role of civil society associations.

Accordingly, future support programmes should, where that is deemed more effective, involve:

¹³ See the two Council regulations adopted on 17 July 1998 (Nos 1658/98 and 1659/98) on cofinancing of NGO schemes and decentralised cooperation respectively.

- enhancing the know-how of local administrations,
- supporting local initiatives embracing the various aspects of tourism development,
- consolidating the role of civil society.

4.3. Regional cooperation

Regional cooperation could be useful in developing tourism, in particular when it leads to the exchange of good practice and experience between the partners. It might prove particularly suitable for small countries. Generally speaking, projects should be envisaged in fields (a) where economies of scale can be achieved (such as statistics, training and marketing), (b) where joint solutions to shared problems can be applied (legislation, simplification of administrative procedures, environmental protection, industrial standards, protection of human rights) and (c) where shared interests in the field of product development can lead to profitable solutions for the countries concerned (such as the Maya in Central America). Studies have shown that a regional approach should focus more on a common aspect rather than bringing together several types of different measures. A regional programme should not simply superimpose several national projects. Purely national components are dealt with more effectively by the destination country as part of programmes framed at national level.

5. CONSISTENCY, COORDINATION AND COMPLEMENTARITY

The EC's strategy to stimulate tourism in the developing countries should fit in with other strategies and policies implemented by the Commission and be based on the Community measures (*acquis communautaire*) affecting tourism. To that end, the strategy should be consistent with all the Community measures affecting tourism as set out in the relevant Commission report to the Council.¹⁴

As tourism is carried out principally by the private sector, the strategy is consistent notably with the draft communication on EC aid for the development of the private sector in the ACP countries, the content of which applies to the tourism sector.

A strategy to support tourism in the developing countries should therefore chiefly take account of the recommendations set out in Chapter 3 on the complexity and special nature of the sector.

As many of the operations carried out by donors in the tourism sector were *ad hoc*, it would be in the EC's interests if it played a leading role in this field as previous support programmes and evaluations have given it substantial know-how. It also happens to be the principal donor in this sector.

In all developing countries where tourism can be considered a motor for economic growth, and in particular in those whose economies depend heavily on it, the EC can show the way in the rational development of tourism that fosters the overall development of the destination countries. It should carry out evaluations, identify

¹⁴ COM(97)332, 2.7.1997.

support fields, coordinate dialogue with the main players and encourage coordination of policies.

It is plain that the EC, the EIB and EU member states should make a concerted effort to establish closer cooperation in drawing up programmes that can be mutually reinforcing.

Conclusion

This paper advocates the adoption of a comprehensive but targeted approach in EC support measures aimed at stimulating tourism in the developing countries. Tourism is a complex and fragmented sector made up of several sub-sectors allied to other sectors of the economy. In the developing countries, different stages of development and different products raise a variety of problems which must be resolved in a different way. Moreover, tourism is a dynamic activity which unfolds in an ever-changing environment.

There is therefore no typical problem or typical solution: support programmes should be tailored to each country and to its specific needs at any given moment.

In the developing countries, an overall approach should be adopted at the design phase so that the problems and their causes can be properly weighed up. It would not be realistic to tackle all the problems at the same time with the same programme.

The EC's efforts should above all seek to ensure that the principles of sustainable development, that respect the social, cultural and environmental background, form part of tourism development strategies and schemes and that the positive effects of tourism on growth and employment are maximised.

Support given to governments to enable them to fulfil their planning, administrative and monitoring functions with a view to sustainable development should comprise: the establishment of a legal and institutional framework, support for the development of human resources and public infrastructure, the protection and development of the natural and cultural heritage and technical assistance for modernising the methods and instruments for marketing the destination country.

Support will be given to the private sector at two levels: improving the partnership between firms and branches of activity connected with tourism and through cross-disciplinary measures for SMEs in general.

This support will be given chiefly through targeted measures, avoiding dispersion of effort and with the active participation of the various actors concerned in the development of tourism. Partnership between the public and private sector will be encouraged and involvement of other players at local level, such as provincial and local authorities, but also civil society, which is the most exposed to the adverse effects of unfettered growth.