



Tourism for Development in Least Developed Countries

Mobilizing and Coordinating
Resources for Tourism with
the Enhanced Integrated
Framework

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**Tourism for Development in Least Developed Countries –
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Tourism, a key export sector for LDC development

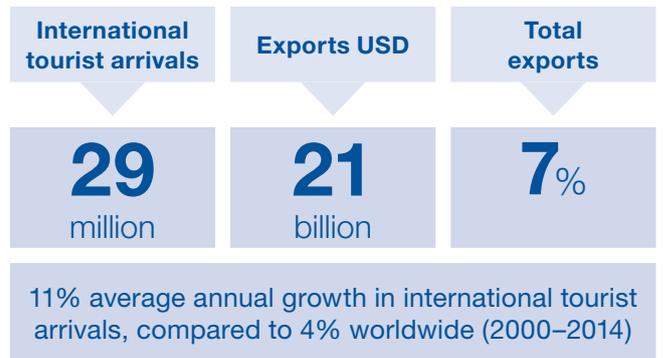
Tourism represents nearly 10% of the world's GDP and 30% of global services exports. It ranked third as a worldwide export category in 2015, after fuels and chemicals and ahead of food and automotive products.¹ In many developing countries, tourism ranks as the first export sector.² Tourism has been estimated to generate one in 11 jobs in the world. The cross-cutting and labour-intensive nature of tourism creates links to many other economic sectors and positions it as a valuable contributor to national development strategies.

Tourism is a crucial growth sector for LDCs. In 2015, the 49 least developed countries (LDCs)³ received 29 million international tourist arrivals – nearly three times as many as a decade ago – and earned USD 21 billion from international tourism. Tourism now represents 7% of the LDCs' total exports of goods and services, and for non-oil exporters, the figure stands at 10%.⁴ From a development perspective, the tourism value chain provides employment opportunities for women and youth and can stimulate entrepreneurship in other productive sectors in goods and services. Tourism was among the main contributors enabling the graduation of Cabo Verde, Maldives and Samoa from their previous LDC status.

Tourism is not yet a major priority for donor countries. Despite its proven impact and development potential, only 0.09% of total Official Development Assistance (ODA) and 0.4% of total Aid-for-Trade (AfT) disbursements were allocated for tourism between 2006 and 2013.

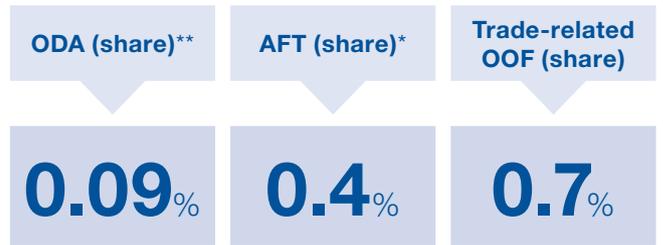
By bringing key partners together, the Enhanced Integrated Framework (EIF), the only global AfT programme exclusively designed for LDCs, can be a useful vehicle to assess priority needs for tourism in LDCs, ensure global co-ordination around technical assistance for tourism, facilitate peer learning and ensure efficient and ultimately increased delivery.

International tourism and LDCs, 2015



Source: World Tourism Organization (UNWTO), 2016.

Tourism and development assistance total disbursements, 2006–2013



Note: ODA: Official Development Assistance; AfT: Aid-for-Trade; OOF: other official flows
Source: *WTO/OECD Aid for Trade at a Glance 2015.

**OECD/DAC-CRS Creditor Reporting System UNWTO. (2015)

- World Tourism Organization (2016), *Exports from international tourism rise 4% in 2015*, press release, 6 May 2016, UNWTO, Madrid (online), available at: www.unwto.org (06-10-2016).
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World Tourism Organization and International Labour Organization (2014), *Measuring Employment in the Tourism Industries – Guide with Best Practices*, UNWTO, Madrid.
- This was prior to Samoa's graduation in January 2014. See: United Nations (n.d.), *LDC Information: Graduation and Transition Process*, UN Department of Economic and Social Affairs, Development Policy and Analysis Division, New York (online), available at: http://www.un.org/en/development/desa/policy/cdp/ldc/ldc_graduated.shtml (06-10-2016).
- World Tourism Organization (2016); see footnote 1.



The EIF:
mobilizing and
coordinating
resources
for tourism
to support
development

The EIF is uniquely placed to assist countries to develop sustainable trade strategies, including tourism. Through a multi donor trust fund, the programme provides catalytic support to build trade capacity in 51 countries, which include 48 LDCs and three graduated LDCs (Cabo Verde, Maldives and Samoa).

Since 2011, the EIF has supported tourism projects in Burundi, Cambodia, Liberia, Sierra Leone, Solomon Islands and Vanuatu. In all of these countries, tourism is identified as a key priority in their diagnostic trade integration studies

(DTISs), analytical studies which identify the main constraints to trade and opportunities for trade development in specific sectors. At the end of 2015, the total EIF project support for tourism was USD 8.63 million, equivalent to 9% of its priority projects' portfolio. Between 2013 and 2014, the EIF commitments for tourism increased by 50%, demonstrating a dynamic uptake of interest in tourism by LDCs.

In order to increase the opportunities for LDCs to secure resources for tourism development, the World Tourism Organization (UNWTO) and the International Trade Centre (ITC) work with the EIF to ensure that tourism is appropriately reflected in countries' trade policies and strategies, in line with their overall development plans.

Solomon Islands' EIF project on developing the tourism sector

To develop tourism as a key sector to help drive inclusive growth and poverty reduction.

It will support innovative eco-tourism initiatives and reinforce linkages between tourism and agriculture, fisheries and handicrafts, to promote local value chains and create livelihood opportunities for women and youth, especially in rural communities.

Results so far:

- National Tourism Development Strategy and Policy, with a focus on women;
- Local small and medium-sized enterprise (SME) tourism operators have an online marketing presence; and
- Training of hospitality workers, government officials and entrepreneurs working in the handicrafts sector.

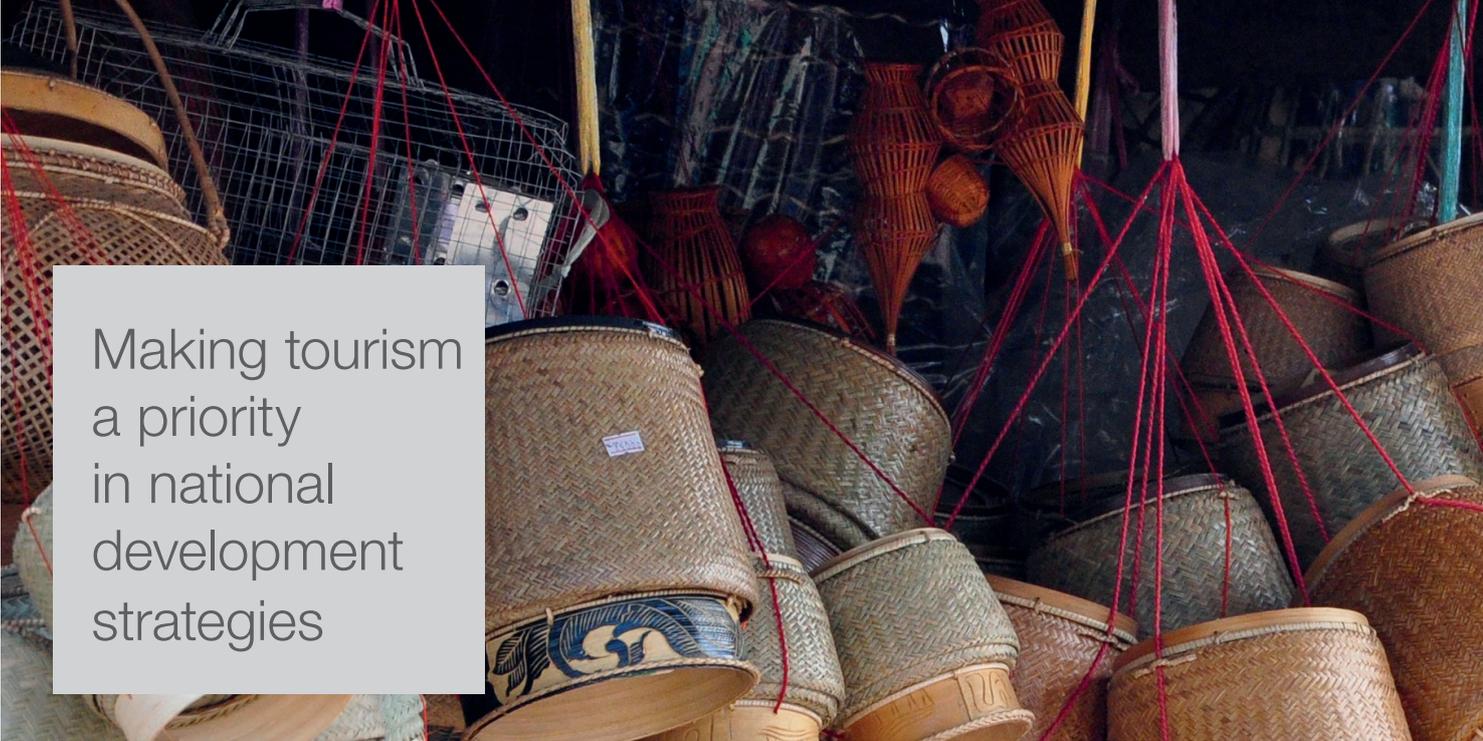
EIF project supports Liberia's tourism strategy and kickstarts quick-win projects

A tourism export strategy was completed and launched in July 2016 as part of a World Trade Organization (WTO) Post Accession Plan.

Nine pilot projects have been proposed as a follow up with a view to moving quickly towards implementation of the strategy.

EIF is supporting two high-impact projects:

1. To support a Liberia tourism website; and
2. Increase access and facilities at the Kpatawee Waterfall tourist site.



Making tourism a priority in national development strategies

Tourism is an integral part of LDC development strategies and the EIF helps LDCs translate trade-related development priorities into deliverable projects.

EIF support is based on the DTISs and their Action Matrices. These studies are conducted at the request of the LDCs and encompass a review of the macroeconomic environment, regulatory and trade policies, the business climate and country competitiveness. Their emphasis varies depending on the needs and priorities of the requesting government. The analysis is enriched by a focus on priority sectors for tradable goods and services, typically including tourism.

Through the DTISs, the LDCs can prioritize trade-related developmental needs in the context of national development and poverty-reduction strategies, with the objective of enhancing their participation in the multilateral trading system. The priorities and needs identified by the DTISs are captured in an action matrix (AM), which functions as a blueprint for interventions by development partners.

The EIF supports development of trade and related sectorial policies and strategies, feasibility studies and priority catalytic projects in sectors identified in the action matrix, such as tourism. This funding is designed to be catalytic and countries are strongly encouraged to leverage these funds by securing additional resources.

The EIF also supports national implementation structures, known in some LDCs as National Implementation Units (NIUs), which are connected with/part of the ministry of trade/commerce. These implementation structures/units are responsible for driving the country's trade and development agenda and function as the main contact point for all stakeholders on:

- Mainstreaming of trade;
- Managing the policy dialogue process among all stakeholders;

- Coordination of trade policy and development resources directed at trade (including EIF projects); and
- The DTIS process.

The NIU is supported by a senior 'Focal Point' from the trade/commerce ministry to provide the necessary political leadership and ownership, together with a Donor Facilitator, who supports the NIU to engage with the donor community and leverage additional resources, as well as coordinate the donor community around the prioritized national trade agenda.

This type of institutional capacity building support is a major part of EIF's core business.

EIF-UNWTO-ITC research: tourism, a key services sector for LDCs

To better understand the tourism-related needs of the LDCs, UNWTO with the EIF Executive Secretariat and ITC conducted a review of 47 DTISs. NIUs and National Tourism Authorities (NTAs)⁶ were also consulted via a questionnaire.

The research identifies avenues for EIF stakeholders and beneficiaries – government, institutions and small and medium-sized enterprises (SMEs) – to increase coordination and efficiency so as to maximize the positive socio-economic impacts of tourism, while mitigating potentially negative environmental and cultural impacts.

Responses provided by the NIUs and NTAs highlighted the DTIS as an innovative tool to analyse tourism in a country.

5. NIUs coordinate and monitor at country level the implementation of assistance and projects funded under the EIF.

6. NTAs within the countries are usually part of the EIF National Steering Committees (NSCs), which provide overall policy guidance and monitor the implementation of EIF national projects.



They also highlighted that a strengthened dialogue between NIUs and NTAs, and additional involvement and expertise provided by EIF Implementing Agencies, could lead to a more effective identification of AfT priorities for tourism.

Overall, the research provides a roadmap for helping make tourism part of an inclusive and sustainable growth strategy for LDCs by creating jobs and reducing poverty and inequality.

The research covers the following topics:

- References to tourism priorities in the DTISs and their Action Matrices; and

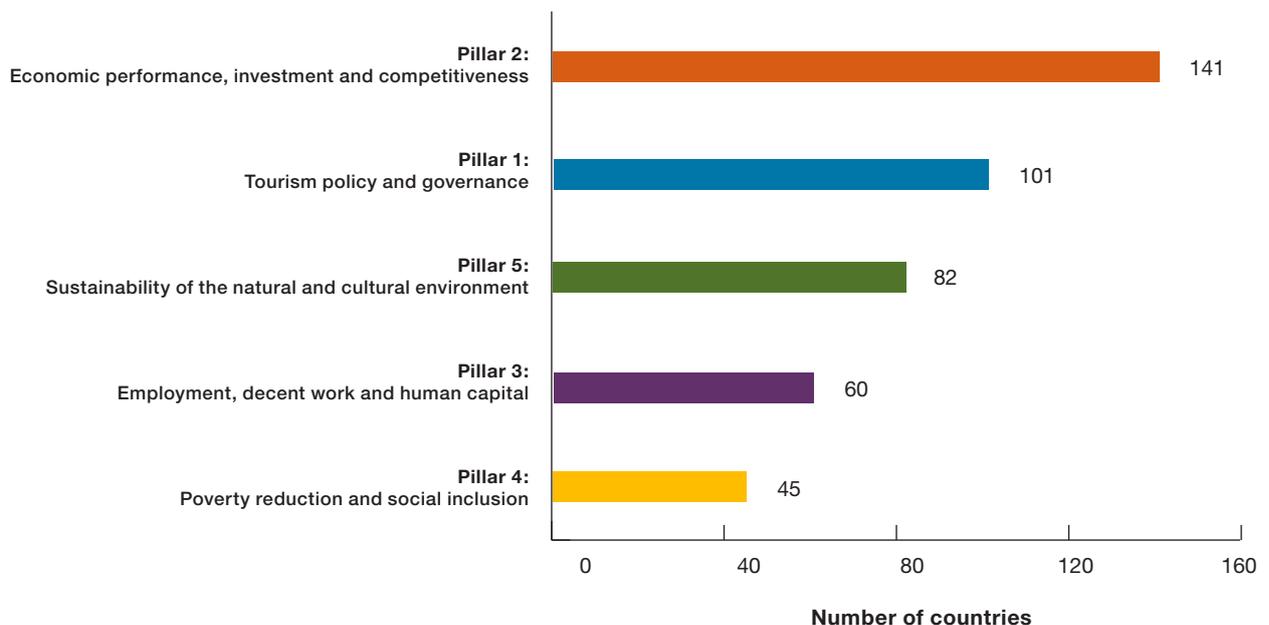
- Challenges/opportunities for tourism to positively contribute to development.

45 out of **47** EIF countries⁷
identify tourism as a priority sectors
for development

Source: UNWTO/EIF 2015 desk research of 47 EIF Countries with a DTIS.

7. There are currently 51 EIF countries, but only 47 had completed a DTIS as of August 2016.

Chart 1 DTIS tourism references by tourism development pillars (number of total mentions in sub-pillars)



Source: UNWTO-EIF-ITC 2015 desk research of 47 EIF countries with a DTIS, based on the joint UNWTO/EU 'Sustainable Tourism for Development Guidebook' (2013).

Identified priorities in Aid for Trade for tourism

A joint UNWTO/European Union (EU) publication, *Sustainable Tourism for Development Guidebook* (2013), assessed policy decisions and actions related to tourism in terms of five policy pillars, which aim to ensure that tourism contributes to the three dimensions of sustainable development – economic growth, social inclusion and environmental preservation (chart 1). In the joint UNWTO/EIF/ITC exercise, the references to tourism in the DTISs were also examined against these five pillars to provide an insight into how tourism needs are perceived and prioritized in LDCs.

The references in the DTISs to tourism demonstrate how the LDCs can benefit from Aft in specific areas corresponding to the tourism for development pillars and sub-pillars.

Economic performance, investment and competitiveness (pillar 2): Within this pillar, “Trade, investment and the business environment”, and “Brand, marketing and product positioning” were the most commonly referenced sub pillars in the DTISs (chart 2).

Tourism policy and governance (pillar 1): To ensure that the sector is correctly positioned as a force for sustainable development, the DTISs note that it must be fully integrated into national development plans and frameworks, and be

given due recognition across government ministries for building inclusive growth.

Sustainability of the natural and cultural environment (pillar 5): The sustainable use of natural and cultural resources was not fully examined in several DTISs. A focus on climate change was also lacking from most of the DTISs, even though tourism projects in LDCs are often at risk because of the negative consequences of climate change.

Employment, decent work and human capital (pillar 3): The modest number of DTIS references under this pillar suggests that adequate planning of human resources, involving extensive consultations with private enterprises and employee representatives, is needed to ensure that tourism can fulfill its employment-creation potential, particularly for women and youth.

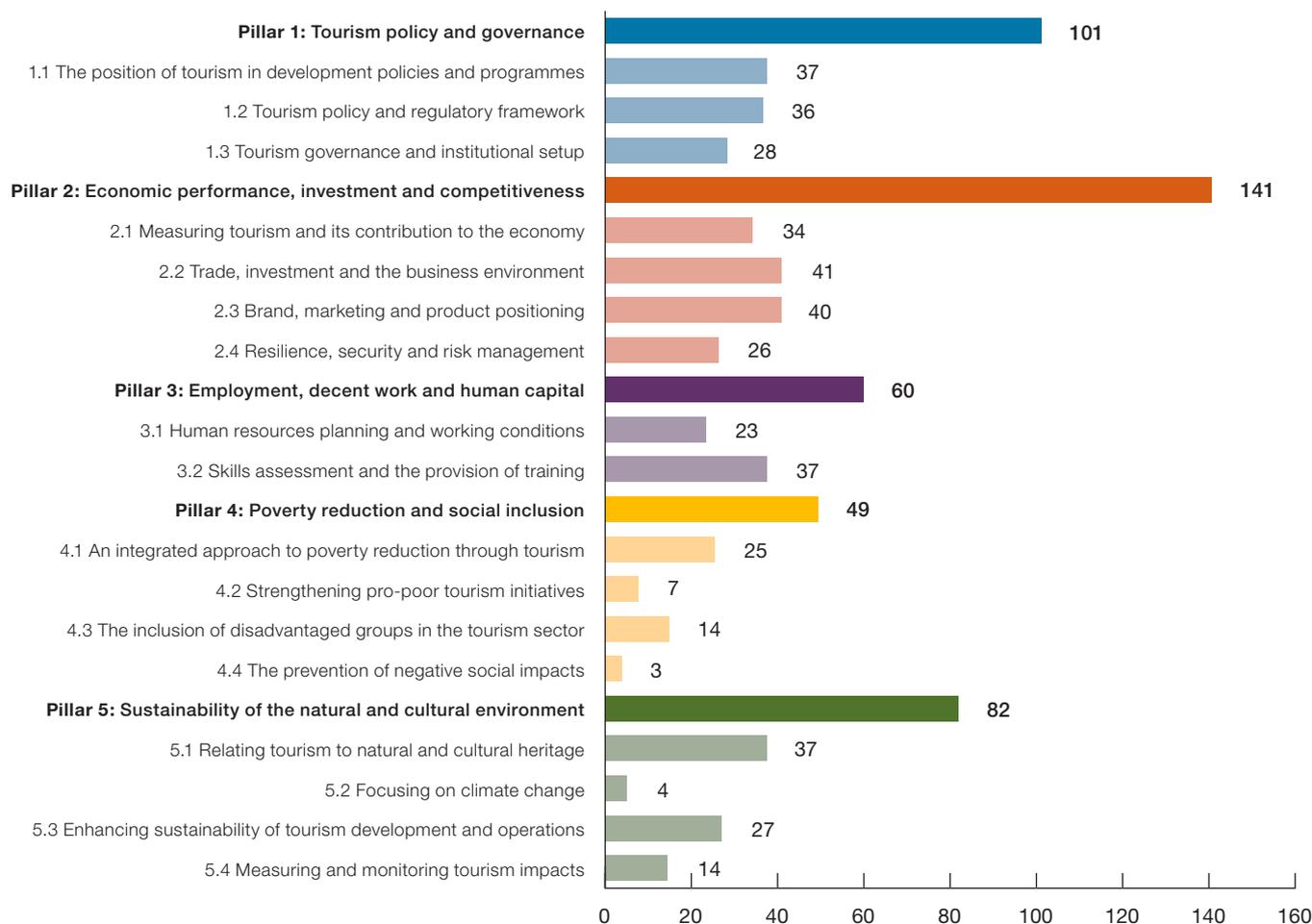
Poverty reduction and social inclusion (pillar 4): Income-generation and entrepreneurship opportunities for women were not addressed in the DTISs. However, there was a limited recognition of tourism as a tool to eradicate extreme poverty through job creation, supply of goods and services and improved infrastructure.



Source: Joint UNWTO/EC (2013), *Sustainable Tourism for Development Guidebook*.



Chart 2 DTIS tourism references by tourism development sub-pillars (number of EIF countries)



Source: UNWTO-EIF-ITC 2015 desk research of 47 EIF countries with a DTIS, based on the joint UNWTO/EU, *Sustainable Tourism for Development Guidebook* (2013).



Unlocking the potential of tourism

To identify key challenges for the development of tourism in LDCs, national policy makers' opinions were solicited in a survey of national implementation units and national tourism administrations. The findings (chart 3) highlight the following three key challenges:

Infrastructure and access: Poor transport and infrastructure policies and the lack of accommodation facilities limit the competitiveness of LDCs in the global tourism market.

Skilled and trained human resources: Tourism is a labour-intensive sector and requires adequate training and capacity building. It also provides the opportunity to create jobs for women and youth, while stimulating entrepreneurship.

Statistics and data: Statistics and market intelligence are key for tourism development, particularly for the private sector and foreign direct investors. An inability to measure tourism's socio-economic impact hinders the allocation of the necessary resources to tourism development.

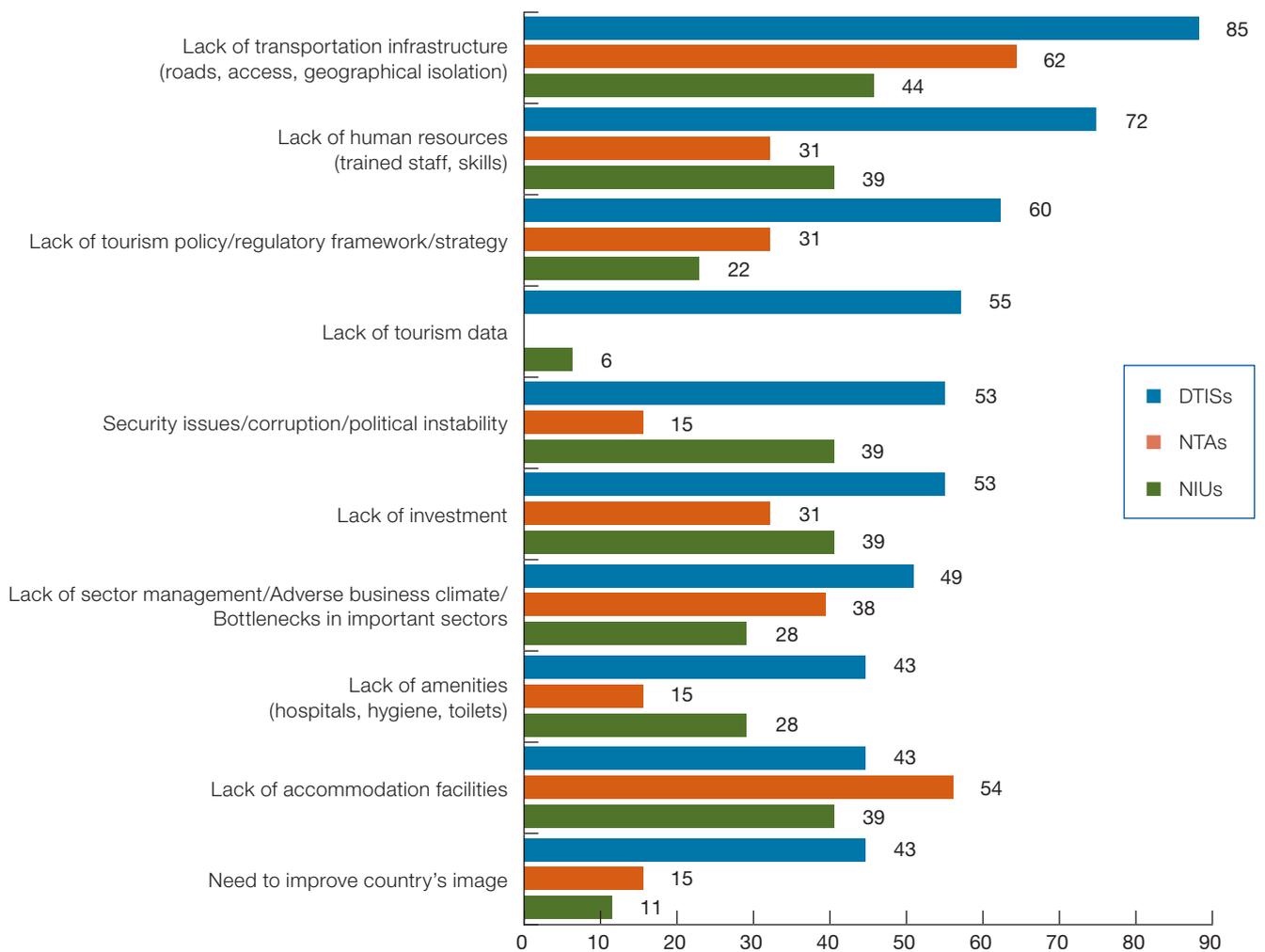
Tourism policy/regulatory framework: Lack of investment, poor management of natural and cultural resources and insufficient coordination between public and private stakeholders can create significant bottlenecks.

Natural disasters and pandemics have stalled the development of the tourism sector in some LDCs.

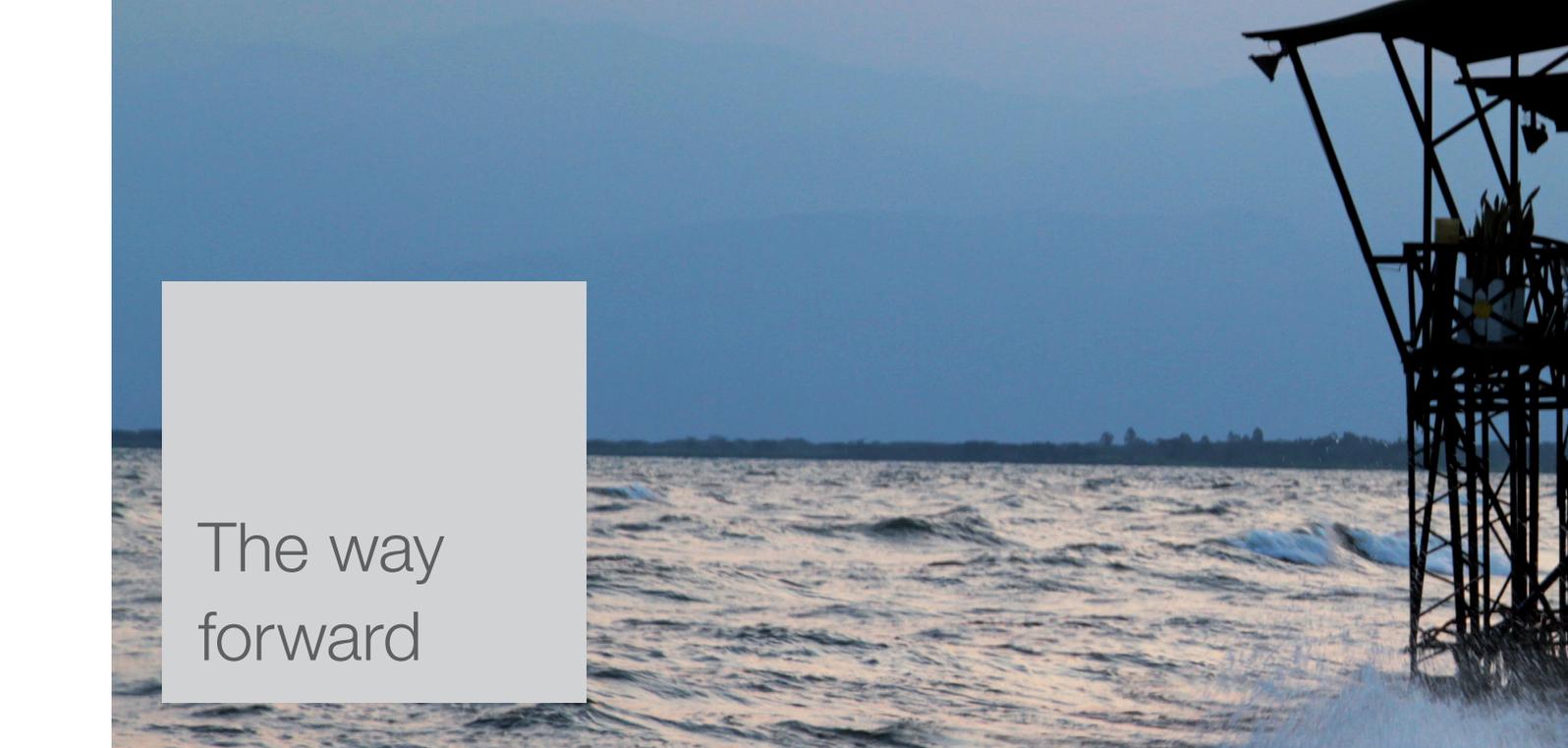
For example, an ecotourism project in Sierra Leone was placed on hold due to the outbreak of Ebola, which also undermined tourism sector development in Liberia and Guinea. Likewise, the tragic 2015 earthquake in Nepal and the devastating cyclone in Vanuatu in the same year caused major setbacks to the tourism sector in these countries. This indicates that risk management and resilience need to be fully integrated in future support provided to EIF countries.



Chart 3 Challenges for tourism development in the LDCs (as identified in the DTISs and questionnaires, %)



Source: UNWTO/EIF 2015 desk research of 47 EIF countries with a DTIS based on the joint UNWTO/EC (2013), *Sustainable Tourism for Development Guidebook*.
 Note: Questionnaire responses from 18 NIUs and 13 NTAs.



The way forward

How can tourism contribute to LDC development?

Most LDCs recognize tourism as a sector with a huge potential for economic growth. Tourism can improve a country's image, facilitate export diversification and contribute to the creation of jobs and value chains. The DTISs also emphasize that the rich natural and cultural environments of the LDCs need to be sustainably managed, as they are the backbone for developing highly attractive tourism sectors.

Tourism's under-representation in international financing for development flows remains a critical obstacle to unlocking its full development potential. Despite its wide-reaching and well-documented socio-economic impact, tourism still receives insufficient attention as a tool for development (less than 1% of total ODA flows and total AFT disbursements in 2013).

Vanuatu EIF Tier 2 tourism project on upgrading tourism infrastructure

EIF budget

USD **3**
million

New Zealand budget

USD **15**
million

Aim

To transform the seafront into a functional, safe and attractive area.

Resilience to natural disasters and climate change will be improved

Direct beneficiaries:
people, businesses and traders linked to tourism.

This includes an estimated **11,000 women** working in the handicrafts sector



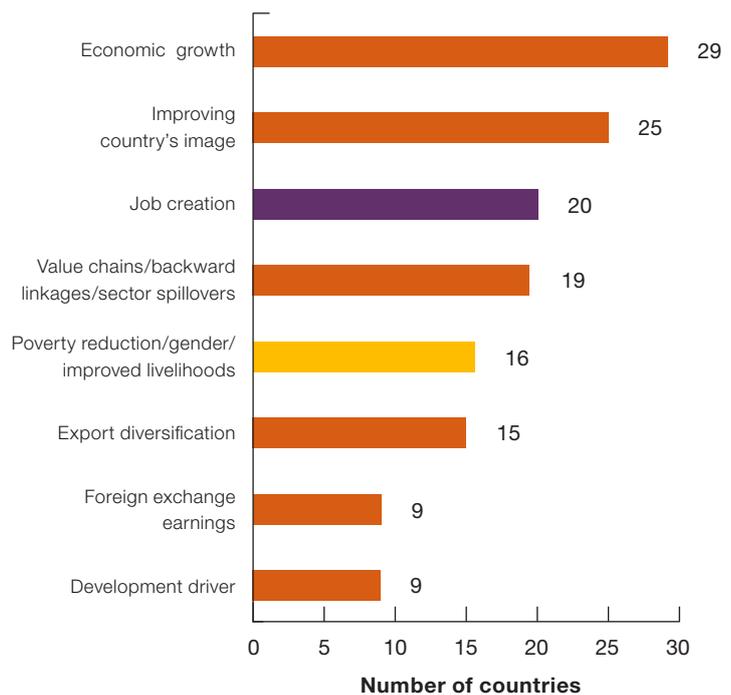
Increased Aid for Trade for tourism will produce produce development results. Tourism has strong linkages with other productive sectors, such as agro-food and creative industries; the tourism value chain provides employment opportunities for women and youth and can stimulate entrepreneurship in other productive sectors in goods and services.

LDCs can document and prioritize their tourism-related needs by building a closer dialogue between tourism and trade ministries in order to more effectively access aid. EIF support is designed to ensure that programmes are demand driven, with the LDCs managing their trade and development agendas.

Moving forward towards the new Sustainable Development Goals (SDGs) agenda and Phase Two of the EIF 2016-2022 programme, there is a unique opportunity to better harness tourism's vast potential to foster inclusive and sustainable LDC development. The EIF is specifically mentioned in the SDGs under Goal 8a as the main mechanism for LDCs to receive coordinated development assistance directed at supporting trade capacity, which includes tourism.

As a unique partnership between LDCs, donors and implementing agencies, the EIF can be a powerful catalyst for leveraging additional resources for tourism development. A better understanding of the EIF by tourism ministries and their closer involvement with EIF NIUs at country level can lead to substantial improvements in addressing tourism-related needs. UNWTO and ITC, as EIF partners, are committed to work with the EIF in this direction.

Chart 4 Number of DTIS references on how tourism can contribute to development (number of DTISs with references)



Source: UNWTO/EIF 2015 desk research of 47 EIF countries with a DTIS based on the joint UNWTO/EC (2013), *Sustainable Tourism for Development Guidebook*.



The World Tourism Organization (UNWTO) is a specialized agency of the United Nations. As the leading international organization in the field of tourism, UNWTO promotes responsible, sustainable and universally accessible tourism. It serves as a global forum for tourism policy issues and a practical source of tourism know-how. UNWTO's membership includes 157 Member States, 6 Associate Members, 2 permanent observers and 500 Affiliate Members representing the private sector, educational institutions, tourism associations and local tourism authorities



The EIF is a multi-donor trust fund, which provides financial and technical support to build trade capacity in all 48 least developed countries (LDCs). The EIF is the only global Aid for Trade programme exclusively designed for LDCs and is therefore uniquely placed to assist countries to develop sustainable trade strategies, which have a positive impact on people's lives through the promotion of private sector development and job and income opportunities.



ITC is the joint agency of the World Trade Organization and the United Nations. ITC assists small and medium-sized enterprises in developing and transition economies to become more competitive in global markets, thereby contributing to sustainable economic development within the frameworks of the Aid-for-Trade agenda and the Global Goals for Sustainable Development.