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Roundtable 2: Creating an institutional environment conducive to increased foreign investment and sustainable development

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Tourism continues to grow and expand all over the world. The year 2007 exceeded all expectations, with international tourist arrivals reaching new record figures close to 900 million. International tourism generated approximately 770 billion US dollars in foreign exchange earnings for recipient countries, making tourism the main sector of international trade in services and one of the top export items for many countries.

Since 2000, developing countries have led international tourism growth, with a current market share of 40 per cent. In the period 2000-2007, international tourist arrivals in developing countries increased by 54 per cent to reach 360 million; this compares extremely well with the growth of 20 per cent experienced in developed countries over the same period. Even more rapid is the growth of tourism in the 50 least developed countries, which saw an increase of 110 per cent in tourist arrivals in the same period. As a concrete example, let me mention the recently-released figures by the Ministry of Natural Resources and Tourism that indicate that tourism earnings in Tanzania have nearly tripled the value of agricultural exports in 2007.

Tourism is thus offering a clear, and often the sole sustainable development opportunity to many developing and least developed countries.

Beyond the facts and figures that I have just summarised, there are additional reasons that make tourism a sector with great potential for economic growth in the developing world, especially when compared to other sectors; let me mention four of these reasons: (1) tourism is consumed at the point of production, therefore creating an opportunity for local peoples to become entrepreneurs, providing tourists and the tourism companies with the products, inputs and services they require; (2) tourism depends on natural capital and the local culture, which are assets available in all developing countries and in which most of them have a comparative advantage vis-à-vis industrialised nations; (3) tourism is labour intensive, it requires relatively little training, and is most suitable for the employment of women and young people; and (4) it is also a highly diversified activity, requiring inputs from many industries, and can thus build upon a wide resource base.

It is primarily the Third World countries that, on the whole, are the principal beneficiaries of international tourism trade; they can achieve a surplus in their tourism balance of payments in relation to the industrialized countries and may use those surpluses to fund their urgent imports of food and energy resources, or to implement their development plans, as well as to reduce their foreign debt.

In these circumstances, and within the framework of the international negotiations on trade in services under way, UNWTO is keen to reaffirm its commitment to as complete a liberalization as possible of the sector under the Doha Development Agenda that is coming to an end, notwithstanding the difficulties the Agenda has encountered since the withdrawal of certain major partners from the discussions. UNWTO must continue to work with the World Trade Organization, especially under its Aid for Trade initiative.

Our Organization is also aware that tourism can have negative impacts on the environment and on people. The only way to maximise positive impacts and minimise or avoid detrimental impacts is through a careful planning of tourism development to ensure sustainability, with the participation of local communities and other stakeholders. Such a process requires the active involvement and leadership of governments, in order to set up a clear framework for private sector investments and tourism operations. In turn, most governments in the developing world, and especially those in Africa, require assistance in tourism policy, planning, marketing, human resource development and monitoring.

This is why UNWTO advocates the reinforcement of the role of tourism in development assistance programmes and projects. Our programme of work and our technical assistance activities include three parallel lines that contribute to improving the social and economic conditions of developing countries and help them to achieve the Millennium Development Goals through sustainable forms of tourism.

The first line refers to technical cooperation projects that the Organization has been undertaking for the last 30 years. These projects are implemented by UNWTO with external, non-budgetary funding which is always insufficient. Our recognition goes to UNDP and several bilateral donors that have helped us to assist the developing countries' tourism development efforts. Our projects generally aim at meeting the specific needs of Member States and to support them in their efforts to develop and promote the tourism industry as an engine for sustainable socio-economic growth through the creation of employment.

The second line of development assistance is being funded through the Millennium Development Goals Fund that the Spanish government established within UNDP. UNWTO is currently involved, jointly with other UN agencies, in 7 MDG Fund projects in 6 countries (Ecuador, Honduras, Nicaragua, Egypt, Senegal and Turkey), in which tourism is a key sector for local development.

The third line is the Sustainable Tourism – Poverty Elimination (ST-EP) Programme that was launched by UNWTO during the WSSD in Johannesburg in 2002. A number of important donors and development organisations have offered their financial support to the ST-EP Programme with significant cash and in-kind contributions. These include

the Governments of the Republic of Korea, Italy, Macao S.A.R. China, France and the Netherlands Development Organisation SNV.

Through the ST-EP Programme, UNWTO and the ST-EP Foundation, an international not-for-profit body, have put in place a framework for poverty alleviation through tourism, which extends to a wide range of activities, including:

- **Regional capacity-building seminars:** Thirteen seminars have been conducted in Africa, Asia and Latin America, attended by more than 1,500 officials from around 60 developing countries.
- **Research and Publications:** four reports demonstrating ways and means for effective, proven ways for tourism to contribute to poverty alleviation have been produced since published from 2002, one of them linking it with microfinance, and another presenting best practices and specific recommendations to maximise benefits to the poor.
- **Project identification missions** have been conducted in 26 countries, leading to a large project portfolio with over 150 viable projects identified, of which so far only 65 have been funded, benefiting 26 countries.
- **Five ST-EP fora** and many other awareness raising activities have been held to attract new donors and encourage other governmental and non-governmental agencies to undertake similar projects wherever they operate.

As you probably know, UNWTO is the smallest of all UN specialised agencies, which does not correspond to the current economic relevance of tourism, especially in developing countries. Therefore, we are striving to multiply partnerships with international and bilateral agencies and donors to widen the inclusion of tourism in development assistance schemes.

Therefore, and to conclude, I would like to call upon ministries and representatives of public and private organizations attending this Conference to seriously consider tourism as one of the pillars on which developing countries and their peoples can prosper in a sustainable manner. In the World Tourism Organization you will find a crucial partner to assist you in this effort.

Thank you