

## **Destination Competitiveness and Policy Making for Poverty Reduction**

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### **Abstract**

Tourism is an important driver of growth and prosperity and, within developing countries, for poverty reduction. According to the World Travel & Tourism Council (WTTC), most new jobs in developing countries are created in tourism industries.

Given the potential significant benefits of fostering strong national T&T sectors worldwide, the World Economic Forum in close collaboration with Booz Allen Hamilton, the International Air Transport Association (IATA), the UNWTO, and the WTTC has developed a Travel and Tourism Competitiveness Index (TTCI) in an effort to better understand the drivers of T&T competitiveness and the challenges that face the industry at the present time.

The aim of the TTCI, which covers 124 economies, is to provide a comprehensive strategic tool for measuring “the factors and policies that make it attractive to develop the Travel & Tourism sector in different countries.” By providing detailed assessments of the T&T environments in countries worldwide, the results can be used by all stakeholders to work together to improve the industry’s competitiveness in their national economies, thereby contributing to national growth and prosperity. It is composed of a 13 “pillars” of T&T competitiveness. These are:

1. Policy rules and regulations
2. Environmental regulation
3. Safety and security
4. Health and hygiene
5. Prioritization of Travel & Tourism
6. Air transport infrastructure
7. Ground transport infrastructure
8. Tourism infrastructure
9. ICT infrastructure
10. Price competitiveness in the T&T industry
11. Human resources
12. National tourism perception
13. Natural and cultural resources

The pillars are organized into three subindexes capturing broad categories of variables that facilitate or drive T&T competitiveness. These categories are

*T&T regulatory framework*

This subindex captures those elements that are policy related and generally under the purview of the government (policy rules and regulations, environmental regulation, safety and security, and prioritization of Travel & Tourism);

*T&T business environment and infrastructure*

This subindex captures elements of the business environment and the infrastructure of each economy (air transport infrastructure, ground transport infrastructure, tourism infrastructure, ICT infrastructure, and price competitiveness)

*T&T human, cultural, and natural resources*

This subindex captures the human and cultural elements of each country's resource endowments (human capital, national tourism perception, and natural and cultural resources).

The WTTC emphasizes three main initiatives that should be pursued in association with production of the TTCI, in order to reduce poverty worldwide.

1. Widespread adoption of the UN Tourism Satellite Account (UN TSA)
2. Mainstreaming tourism for development
3. Re-invigorating tourism services in the Doha Development Round

The WWTC stated hope is that by highlighting success factors and obstacles to T&T competitiveness in these countries, the TTCI will serve as a useful tool for the business community and for national policymakers to work with in developing tourism within destinations. It is hoped that the TTCI can contribute to increasing awareness of the importance of the tourism sector in global and national socioeconomic activity—especially for the world's poorest countries. By providing an overview of the factors driving the sector's competitiveness, the TTCI is expected to enhance tourism's relevance for policymakers.

The TTCI was constructed in explicit recognition that competition is a means to an end rather than an end in itself. As such, it must ultimately contribute to the kind of socioeconomic goals sought in the Millennium Declaration. These goals include not only quantifiable information such as creation of wealth, jobs, trade, and investment; they also include less quantifiable matters such as sharing benefits, encouraging entrepreneurs, empowering women, and preserving natural and cultural heritage as well as regenerating urban and rural communities. Together these features help to build peace, understanding and a fairer society. This recognition that the end result of tourism

activity ought to be an improvement in the quality of life of its stakeholders makes discussion of the TTCl very relevant to the theme of BESTEN Think Tank VIII.

This paper has five aims. First, to discuss the TTCl and the method of its construction. If the TTCl is to have policy significance it is essential that its components be identified and analysed as to their appropriateness. This task will involve a comparison with models of destination competitiveness developed by tourism researchers. Second, to assess the extent to which the TTCl meets the objectives of the WTTC and UNWTO which have supported its construction. Third, to explore the potential effectiveness of the initiatives emphasized by the WTTC in support of the TTCl as a tool to help reduce poverty in lesser developed countries. Fourth, to introduce a concept of 'pro-poor tourism yield' which can strengthen the TTCl as a tool for tourism development. Finally, the paper concludes with a discussion of the role that quality of life issues might play in development of models of destination competitiveness.