PREFACE

The learning thesis that is lying in front of you is the result of half a year research at the Center for Energy and Environmental Studies at the University of Groningen.

The writing of the report has gone through ups and downs. There were moments that I thought it would be better to stop with this research and start with a less complicated topic. This was especially the case when I could not find data I was looking for or when people did not want to participate in my research. But apart from these down moments, there were at least as many moments when I saw the light again. Especially after a good discussion with my supervisor, Anne Jelle Schilstra. I want to thank him for these enlightening moments. Next to that I would like to thank Anne Jelle for the use of his ‘stofkammetje’ when he read my concept report.

A second word of thanks goes to my second supervisor Ton Schoot Uiterkamp. First, I would like to thank him for reading my report. Second, I want to thank Ton for introducing me, and the other IVEM students, to the real world of environmental sciences. During the coffee breaks and group discussions, I have learnt to be reflective and critical on my own as well as on other people’s research.

Third, I would like to thank the four experts that I interviewed for the time and effort they made. These experts are Harro Boekhold, Vincent Driest, John Hummel and Marcel Timmer. After five months of only doing literature research, it was good to hear other people’s opinion about the topic I was writing about.

Fourth, I would like to say a word of thanks to my parents for their financial and motivational support.

Last but definitely not least, I would like to thank my fellow students with who I shared an office the last half year, Wanli Zheng, Teunis Dijkman and Kim de Jong. I want to thank them for the inspiration and tips for the research, but even more for the talks about everything except the research. This helped me at moments when I got stuck in my research, I could focus on something else for a little while and then I could start fresh again with my research.
Poverty reduction is one of the main Millennium Development Goals (United Nations, 2000). Sub-Saharan Africa is the region with the highest prevalence of poverty. Almost half the population lives in extreme poverty (Chen & Ravillion, 2004; UN, 2005). Poverty reduction is a segment of the wider term ‘development’. In the fight against poverty and for development, local communities play an important role (Roseland, 2000; Mason & Beard, 2008). To guarantee long-term benefits for local communities, the development should be sustainable. Therefore, this research focuses on sustainable community development. In this research the methodology that is used is an investigation of the scientific literature and interviews with four experts. The literature about tourism for development and about microcredit for development is combined, in order to investigate if it would be possible to combine tourism and microcredit for sustainable community development.

A way to promote sustainable community development is by means of tourism (e.g. Binns & Nel, 2002; Briedenhann & Wickens, 2004; Scheyvens, 2002; Simpson, 2007). On a global scale, tourism is the biggest industry and international tourism is the largest source of foreign exchange (WTO, 2005). Recently, more and more emphasis is put on kinds of tourism that contribute to the well-being of local communities and to a decreasing impact on the environment. According to the World Tourism Organisation (2005), tourism can help significantly in improving living conditions for local communities. There are favourable as well as unfavourable aspects to the use of tourism for development. A few positive effects are linkages with the informal sector, employment possibilities and earning of foreign exchange. Negative aspects are the seasonal character of tourism, strong socio-political traditions in certain regions and lack of access to information and financial means for local people.

Microcredit is a relatively new, but very promising means to generate starting capital (Hermes & Lensink, 2007). The idea of microcredit is simple and based on traditional forms of lending. In literature the opinions about the usefulness of microcredit as a tool for development are varied. Case studies, for example of the Grameen Bank, generally show that microcredit does have positive effects on poverty alleviation and development.

A conclusion that can be drawn from this research is that it is possible to combine microcredit and tourism in the fight against poverty and for sustainable community development. However it is not possible in every situation, because not all unfavourable aspects can be overcome easily. For example, the political climate in a country and only about 20 per cent of the land on earth is suitable for tourism. Next to that, especially the conditions need to be in favour of both local communities and the environment. These conditions are, for example, the inclusion of the local community in the whole process of tourism development and running, support of local communities, an initial investment which microcredit is not sufficient for, variable payback schemes, and the attitudes of tourists. These five conditions are necessary to deal with the main unfavourable aspects of combining tourism and microcredit for development.

Apart from the unfavourable aspects of the combination of microcredit and tourism for development that need to be dealt with, there are also positive effects of the combination. First, specific jobs could be generated, which would otherwise not be created. Second, microcredit could include local communities more in tourism development because the local people obtain ownership. Third, microcredit could generate opportunities for local communities to share in the profits of tourism because of ownership again. Finally, microcredit stimulates development of small and medium tourism enterprises. These enterprises are perceived as having a smaller impact on the natural and cultural environment than large enterprises.

This research focuses on the micro level, the impact of transportation to tourism sites is not included. The positive results found in this research are not supported much, simply because not much research has been done in the field. In future research, the combination of microcredit and tourism for sustainable community development could be further investigated. Next to that, experts could be included, especially people living in the local communities where the tourism and microcredit is to be set up. Another recommendation is to use the concept of microfinance instead of microcredit, because recent research has shown that microfinance provides important extra options for poor people compared to microcredit.
SAMENVATTING

Het verminderen van armoede is één van de hoofddoelen van de Millennium Development Goals (United Nations, 2000). Afrika onder de Sahara heeft wereldwijd het hoogste armoedepercentage. Bijna de helft van de populatie leeft in extreme armoede (Chen & Ravillion, 2004; UN, 2005). Het verminderen van armoede is een deel van de wijdere term ‘ontwikkeling’. Lokale gemeenschappen spelen een belangrijke rol in het gevecht tegen armoede en voor ontwikkeling (Roseland, 2000; Mason & Beard, 2008). De ontwikkeling moet duurzaam zijn om lange termijn voordelen voor lokale gemeenschappen te kunnen garanderen. Daarom richt dit onderzoek zich op duurzame gemeenschapsontwikkeling. De methodologie die is toegepast is een onderzoek van de wetenschappelijke literatuur en interviews met vier experts. De literatuur met betrekking tot toerisme voor ontwikkeling en microkrediet voor ontwikkeling is gecombineerd zodat nagegaan kon worden of het mogelijk is om toerisme en microkrediet te combineren voor duurzame gemeenschapsontwikkeling.

Toerisme kan duurzame gemeenschapsontwikkeling bevorderen (e.g. Binns & Nel, 2002; Briedenhann & Wickens, 2004; Scheyvens, 2002; Simpson, 2007). Wereldwijd is toerisme de grootste industrie en internationale toerisme is de grootste bron van buitenlandse valuta (WTO, 2005). Recentelijk wordt steeds meer nadruk gelegd op de ontwikkeling van verschillende soorten toerisme die bijdragen aan het welzijn van lokale gemeenschappen en die de impact op het milieu verminderen. Volgens de Wereld Toerisme Organisatie (2005) kan toerisme significant bijdragen aan de verbetering van de leefomstandigheden van lokale gemeenschappen. Er zijn zowel positieve als negatieve aspecten verbonden aan het gebruik van toerisme voor ontwikkeling. Positieve aspecten zijn o.a. links met de informele sector, mogelijkheden voor werkgelegenheid en het verdienen van buitenlandse valuta. Negatieve aspecten zijn het seizoensgebonden karakter van toerisme, sterke socio-politieke tradities in bepaalde regio’s en gebrek aan informatie en financiële middelen voor lokale mensen.

Microkrediet is een relatief nieuw maar erg veelbelovend middel om startkapitaal te genereren (Hermes & Lensink, 2007). Het idee achter microkrediet is simpel en gebaseerd op traditionele vormen van lenen. In de literatuur zijn de meningen verdeeld over het nut van microkrediet als een middel voor ontwikkeling. Casusstudies, bijvoorbeeld betreffende de Grameen Bank, laten over het algemeen zien dat microkrediet een positief effect heeft op armoedevermindering en ontwikkeling.

Een conclusie die getrokken kan worden in dit onderzoek is dat het mogelijk is om microkrediet en toerisme te combineren in het gevecht tegen armoede en voor duurzame gemeenschapsontwikkeling. Maar het is niet mogelijk in elke situatie, omdat sommige nadelige aspecten van de combinatie niet makkelijk te overwinnen zijn. Het politieke klimaat in een land is een voorbeeld hiervan, alsook het feit dat slechts ongeveer 20 procent van het land op aarde geschikt is voor toerisme. Daarnaast dienen de condities voortdurend te zijn voor zowel lokale gemeenschappen als voor het milieu. Deze condities zijn bijvoorbeeld het betrekken van de lokale gemeenschap in het gehele proces van toerisme ontwikkeling en uitvoering, ondersteunen van lokale gemeenschappen, een eerste investering die microkrediet niet kan genereren, variabele betalingsschema’s en de houding van toeristen. Deze vijf condities zijn noodzakelijk om op te treden tegen de nadelige aspecten van de combinatie van toerisme en microkrediet voor ontwikkeling.

Naast de nadelige aspecten van de combinatie van microkrediet en toerisme voor ontwikkeling, zijn er ook positieve effecten van de combinatie. In de eerste plaats kunnen specifieke banen gegenereerd worden die anders niet zouden worden ontwikkeld. Ten tweede kan microkrediet lokale gemeenschappen meer betrekken bij de ontwikkeling van toerisme omdat lokale mensen eigendom verkrijgen. Ten derde kan microkrediet kansen creëren voor lokale gemeenschappen om te delen in de opbrengsten van toerisme, wederom door eigendom. Ten slotte stimuleert microkrediet de ontwikkeling van kleine en middengrote bedrijven. Van deze bedrijven wordt verondersteld dat ze een kleinere impact hebben op de natuurlijke en culturele omgeving dan grote ondernemingen.

Dit onderzoek richt zich op het microniveau, de invloed van transport naar toerisme bestemmingen is niet in acht genomen. De positieve resultaten die in dit onderzoek gevonden zijn worden slechts in geringe mate ondersteund, simpelweg omdat erg weinig onderzoek is verricht in dit veld. In
vervolgondzoek kan de combinatie van microkrediet en toerisme voor duurzame gemeenschapsontwikkeling verder onderzocht worden. Daarnaast zouden meer experts betrokken kunnen worden, vooral mensen die leven in de lokale gemeenschappen waar toerisme en microkrediet opgezet worden. Een laatste aanbeveling is om het concept microfinanciering te gebruiken in vervolgonderzoek in plaats van microkrediet. Recent onderzoek wijst uit dat microfinanciering belangrijke extra opties biedt voor arme mensen in vergelijking tot microkrediet.
1. INTRODUCTION

‘Eradicating poverty is the greatest global challenge facing the world today and an indispensable requirement for sustainable development, particularly for developing countries’ (United Nations, 2002, p. 9). Sub-Saharan Africa is the region on the globe with the highest prevalence of poverty. Almost half the population lives in extreme poverty (Chen & Ravillion, 2004; UN, 2005). In the fight against poverty, local communities play an important role (Roseland, 2000; Mason & Beard, 2008). Communities are characterised by a wide variety of interactions (Bridger & Luloff, 1999). For sustainable community development, investments should be broad, not directed at one single means in order to spread risks and chances. It is important that the total picture in an area is addressed to facilitate sustainable development. This implies that only financial aid is not enough, but also technical support and working opportunities for local people should be generated.

A way to promote sustainable community development is by means of tourism (e. g. Binns & Nel, 2002; Briedenhann & Wickens, 2004; Scheyvens, 2002; Simpson, 2007). The World Tourism Organisation (2004, 2005) states that tourism can make a significant contribution to the major challenge of alleviating poverty. All around the world tourism is growing rapidly, especially in less-developed countries like in Sub-Saharan Africa (Weaver, 1998, WTO, 2005). Tourism is one of the largest industries as well as the world’s largest source of foreign exchange (Neto, 2003). Tourism is an important source of income, employment and wealth in both developed and developing countries. However, it is generally, for example by the World Tourism Organisation (2005), considered important that tourism is sustainably managed and profits that do not end up in the pockets of elites but rather support the local community. This could be accomplished by promoting participation of locals and by sharing tourism costs and benefits within communities (Scheyvens, 2002).

Opinions about the usefulness of microcredit as a tool for development are varied. Some studies about the impact of microcredit on living standards have found out that the poor only become poorer, through the additional burden of debt (Elahi & Danopoulos, 2004). Other studies, however, have found that microcredit results in a positive contribution to living standards (Ahlin & Jiang, 2008; Snow & Buss, 2001) and that microcredit is a facilitator of development for poor people (Ahlin & Jiang, 2008; Armendáriz de Aghion & Morduch, 2005; Chowdhury, Ghosh & Wright, 2005).

As mentioned earlier, focusing only on tourism as a means to develop communities, would be too specific. The lack of financial means in many developing countries is holding back economic growth (World Tourism Organisation, 2005). Microcredit is a relatively new, but very promising means to generate starting capital (Hermes & Lensink, 2007). Tourism and microcredit are widely investigated as means for development in the less developed world. The United Nations emphasised the importance of (eco)tourism and microcredit by declaring 2002 as the International Year of Ecotourism, and the year 2005 as the International Year of Microcredit (UN, 1998; UN, 1999).

In literature there is a gap in research with respect to tourism and microcredit. The only report found after an extended search that prominently focuses on the relation between tourism and microcredit for poverty alleviation is written by the World Tourism Organisation in 2005. The main recommendation resulting from the research is that ‘Tourism small and medium enterprises should consider the use of microcredit as an important possibility for financing their development’ (p. 53). Based on this recommendation, the aim of this research is to investigate if and how tourism and microcredit can contribute to sustainable community development in Sub-Saharan Africa. This leads to the following main research question:

“How can the combination of tourism and microcredit contribute to sustainable community development in Sub-Saharan Africa?”
1.1 Methodology

In order to answer the main research question, a literature research of scientific books and articles was carried out. In general the books and articles found were not older than from the year 1990. The literature research took place between May 2008 and January 2009. From this literature general information about poverty, tourism, microcredit and sustainable community development was obtained. There is hardly any literature available about the combination of tourism and microcredit for development. Therefore, an attempt of this research was to integrate the separate literature on these topics to investigate whether microcredit and tourism can support each other for development. Next to that, four experts were interviewed about integrating microcredit and tourism for sustainable community development. These experts are: a development economist, an employee of a development organisation, an employee working in the tourism field and a person working on development projects in Sub-Saharan Africa.

1.2 Scope of research

The lay-out of the research is as follows. In chapter two Poverty and Sustainable Community Development are discussed. For poverty a definition will be given. Next, the history of poverty in Africa and the Millennium Development Goals are described. Additionally, numerical data are provided about poverty in the world and in Sub-Saharan Africa in particular. Poverty is not only about financial means that are lacking, therefore basic services are described that are necessary in the fight against poverty. The last topic concerning poverty is about the developments that are currently taking place in Africa. Chapter two ends with a definition for the term “sustainable community development”. Separate definitions for the three concepts are first given, and these are combined into one working definition for the remainder of this research.

Chapter three is about tourism for development. First, a handful of different types of tourism are discussed. Subsequently, developments in international tourism are discussed. The final part of chapter three is about “tourism for development”. Why tourism could function as to advance development opportunities for local communities, constraints and obstructions is studied. Finally information about effects of tourism derived from case studies carried out by other researchers.

In chapter four microcredit for development is discussed. First, a definition of microcredit is given. Next, the development of microcredit is described. After that, the principles of microcredit are clarified and how microcredit works. Numerical data about microcredit are provided afterwards and the chapter ends with an overview of microcredit’s role in development.

Chapter five is about a combination of microcredit and tourism in relation to development. Possibilities are discussed first. Followed by bottlenecks of the combination of microcredit and tourism. The chapter ends with strong points of the before mentioned combination.

In chapter six interviews with four experts are described. First, the opinions of these people about tourism are asked; tourism’s role in development, unfavourable aspects of tourism and favourable aspects of tourism. Next, their opinions about the same three aspects are asked, but then with respect to microcredit. Finally, the four experts explain their view about the combination of microcredit and tourism. The questions asked are: can the combination be used for development, what are unfavourable aspects, and what are favourable ones?

The last chapter, chapter seven, concludes the research. An answer to the main research question is given and this is compared to findings from other studies. Finally, recommendations for further research are provided.
2. POVERTY AND SUSTAINABLE COMMUNITY DEVELOPMENT

2.1 Poverty

2.1.1 Definitions

Definitions often are ambiguous. Especially when they are widely used and when the concept they describe could be interpreted in different ways. This is the case with the definition of poverty. The literature studied does not provide one clear definition. Researchers and organisations tend to rephrase the definition and adopt it to their own standards. Sometimes one definition is not enough for a researcher. An example of this is the way in which Chen and Ravillion (2004) use the concept of poverty. These two researchers used three different ways to calculate poverty. The first measure is the headcount index, which contains the percentage of the population living in households with income or consumption below the poverty line of one US dollar per person per day. A second measure is the number of poor people. In a certain region the total population is multiplied by the headcount index. In this way the number of poor people will be calculated. The third measure is the poverty gap index. This measure gives the mean distance below the poverty line as a proportion of the poverty line, it shows the depth of poverty. The poverty gap is the amount of money that is needed to bring people who are living below the poverty line, up to the level of the poverty line. The poverty gap index increases when the mean income of the poor decreases or when the headcount index increases. In this research the definition provided by the World Tourism Organisation (2004) will be used. This definition is: ‘Poverty measures based on an international poverty line show the numbers and proportion of people in each country living below a selected income level, often US$1 a day’ (p. 5). Amongst others, Go, Nikitin, Wang and Zou (2007) and Chen and Ravillion (2004) also use this definition. However, Go et al. (2007) expand the definition by incorporating non-economic aspects like low achievements in education and health. Rowlands, Van der Gaag and Laurie (2008) agree with Go et al. by not only focusing on monetary aspects of poverty. Words like vulnerability, isolation and powerlessness are becoming more significant in describing the dynamics of poverty. In general, characteristics people need in order not to be poor are: a livelihood that is sustainable, at least in the short term, good basic services like education, sanitation and health care, security and protection and they need to be able to be active citizens who have the power to inform and influence decisions that affect them (Rowlands, Van der Gaag & Laurie, 2008).

Another case in which the ambiguous character of a definition becomes clear is the definition that describes the difference between affluent countries and their poorer counterparts. In this research the name giving of Weaver (1998) will be followed. In a short elucidation Weaver arrives at the conclusion that ‘less developed world’ versus ‘more developed world’ are the most neutral definitions.

2.1.2 History of poverty Africa

In the 1960s the majority of African nations had gained independence. The potential economical development looked promising. But forty years later Sub-Saharan Africa (later on referred to as SSA) is the region facing the highest poverty rate in the world, namely 46 per cent (Go et al., 2007). The history of the economic development in SSA can be roughly divided into three periods: post-independence growth up to the mid 1970s, twenty years of stagnation and decline as a result of the oil crisis of 1974, and a period of slow recovery after 1996 (Artadi & Sala-i-Martin, 2003; Go et al., 2007). The 1990s showed to be a very crucial period for SSA because mean per capita GDP slowly began to recover and economic growth is important for poverty reduction (Go et al., 2007). Despite this moderate overall growth in the 1990s, the difference between rural and urban areas only increased in the majority of SSA countries, urban poverty rates declined faster than rural (Go et al., 2007; Sahn & Stifel, 2003). From the 1950s on, the idea that SSA needed a considerable one-time investment has received much attention (Go et al., 2007). Every decade a new “big push” was launched. Now, about fifty years later, it is clear that all of these experiments failed to produce development (Burnside & Dollar, 2000).
2.1.3 Millennium Development Goals

In 2000 the United Nations established the Millennium Development Goals. One of the main development goals is poverty reduction. The target is ‘to halve, by the year 2015, the proportion of the world’s people whose income is less than one dollar a day’ (UN, 2000, p. 5). The base year to compare the fifty per cent reduction with, is 1990 (UN, 2005). Only six years are left before this goal has to be reached, but the world is still far away from achieving it. Especially countries in Africa and Southern Asia are off track (UN, 2007; World Bank, 2006). On the contrary to these rather pessimistic expectations, Collier and Dollar (2001) show that if the trends of the 1990s persist, poverty in the less developed world will half by 2015. This decline is mostly situated in Asia, with only an eleven per cent reduction in Africa. If aid becomes more efficient and if Africa could attain policy levels currently observed in South Asia, poverty reduction could increase to 43 per cent (Collier & Dollar, 2001).

2.1.4 Poverty in numbers

Chen and Ravillion (2004) estimate that the global poverty rate, percentage of people living on less than one US dollar a day, declined from 40 to 21 per cent in the period 1981-2001, the rate nearly halved. This looks promising but a percentage does not give information about how many people live below the poverty line. And as the global population increased rather dramatically in this same period, the total number of poor people decreased with 26 per cent, from 1.5 billion in 1981 to 1.1 billion in 2001 (Chen & Ravillion, 2004). According to the World Tourism Organisation (2004), this number is slightly higher, namely 1.2 billion people lived below the income level of one dollar per day in 2001, and about one quarter of these people lived in Sub-Saharan Africa.

In 1981 East Asia was the area with the highest incidence of extreme poverty, with 58 per cent of the population living below one US dollar per day. South Asia was second, with 52 per cent and SSA third with 42 per cent. Twenty years later, in 2001, these rates had decreased drastically for East Asia as well as for South Asia. In 2001 they were 15 per cent and 31 per cent respectively. On the contrary, the rate in SSA had increased to 46 per cent (Chen & Ravillion, 2004; UN, 2005). The World Bank confirms the general inclination of before mentioned tendencies (World Bank, 2006).

The United Nations (2007) show that the proportion of people, in Africa, living on less than one dollar a day decreased from 46 per cent in 1999 to 41 per cent in 2007. However, this is not the case for the number of poor people in SSA. This number more than doubled in the period 1981-2001, from 164 million in 1981 to 313 million in 2001 (Chen and Ravillion, 2004; UN, 2005).

In 1970 about one out of ten poor people, 10.5 per cent, lived in Africa. By 2000 this number had risen to more than four out of ten, 42 per cent (Artadi & Sala-i-Martin, 2003). More area specific, the share of the world’s poor living in SSA has risen from 11 per cent in 1981 to 29 per cent in 2001 (Chen & Ravillion, 2004). The poverty gap index in SSA shows the depth of poverty for people living on less than $1 a day. The index is 21 per cent, compared to 6 per cent for all developing countries together. In SSA the mean income per person per day, for people living under the $1 per day level, decreased from $0,64 in 1981 to $0,60 in 2001 (Chen & Ravillion, 2004; UN, 2005). For the developing world in general these numbers increased from $0,70 in 1981 to $0,77 in 2001 according to Chen and Ravillion (2004) and from $0,80 in 1990 to $0,82 in 2001 according to the United Nations (2005).

According to a United Nations report (UN, 2007), there are some favourable developments going on in Africa at the moment. One of these developments, is that during the last three years the annual economic growth has almost reached 6 per cent per year. This growth has been spread rather equally among countries.

2.1.5 Basic services

Poverty does not only have to do with direct economic effects on poor people. In general, educational possibilities for local people are poor and the same applies to health care and hygiene.

To start with the last mentioned the following can be said. Globally, access to safe drinking water has improved. In 1990, 71 per cent of the population in developing countries used safe sources, in 2002 this figure had risen to 79 per cent (UN, 2005). Although reasonable improvements were made, SSA is still
lagging behind, with 58 per cent of the population having access to safe drinking water in 2002 (UN, 2005). With respect to sanitation, coverage in the developing world has increased from 34 to 49 per cent in the time period 1990-2002. In 2002 SSA gained the lowest numbers, with 26 per cent of the population in rural areas having access to improved sanitation and 55 per cent in urban areas (UN, 2005).

With respect to the healthcare facilities, Africa is still lagging behind the rest of the world. For example, the number of physicians per ten thousand inhabitants is only two in Africa, while the second least is five, in South-East Asia (World Health Organisation, 2008). The same source shows that in Europe the average number of physicians per ten thousand inhabitants is 32.

Education is an important tool in development. It enables poor people to make choices about what kind of life they wish to lead (UN, 2005). Education provides social and economic benefits for the society as a whole, especially with respect to women’s education (UN, 2005). Go et al. (2007) state human capital is very important for higher productivity of physical capital. In other words, if the labour force is more educated, financial investments are generating more returns. In SSA the primary enrolment rate was around 40 per cent in the 1960s, while in OECD and East Asian countries it reached almost 100 per cent (Artadi & Sala-i-Martin, 2003). This could be a reason why investments in physical capital did not have the same economic effect in SSA compared to OECD and East Asian countries. In recent years there is a progress towards higher primary education enrolment in SSA. The rate was 57 per cent in 1999 and increased to 70 per cent in 2005 (United Nations Educational, Scientific and Cultural Organisation, 2007). Globally, in 2001 out of every 100 children not attending school, 42 lived in SSA (UN, 2005). This is partly due to the fact that many children live in rural areas which have particularly poor educational resources (UN, 2005). Another cause of the high number of children who are not attending school is SSA is AIDS. In 1999, nearly a million children lost their teacher due to AIDS and that in countries that already lack sufficient qualified teachers (UN, 2005). Next to that, when parents become ill, children often give up school to take care of their parents or siblings. Sahn and Stifel (2003) show that in rural areas the enrolment rates in the last year of primary school are lower than in urban areas. This was true for all ten countries they investigated. Next to that, Sahn and Stifel’s research shows that only one of the ten countries investigated is on track to research the millennium development goal of 100% enrolment in primary school by 2015.

In many developing countries, there is a wide gap between people who can and those who cannot access information and resources. However, to let local people in a community profit from development, it is important that these people take part in discussions and decision making. Education is an important tool in the empowerment process of revitalisation (Fennell, 2003).

2.1.6 Countries in Sub-Saharan Africa

Sub-Saharan Africa comprises all but six countries in Africa (UN, 2005). These six countries are Algeria, Egypt, Libya, Morocco, Tunisia and Western Sahara. 49 countries in the world are currently listed as least developed countries because they have a low gross domestic product per capita, weak human assets and high economic vulnerability. 31 of these countries are situated in SSA (WTO, 2004). These countries are: Angola, Benin, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Comoros, DR Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali, Mozambique, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Somalia, Tanzania, Togo, Uganda and Zambia.

2.1.7 Development in Africa

Economic growth is an essential part in the fight against poverty, especially in the less developed world. A world in which poverty is a ubiquitous phenomenon will always be prone to ecological and other catastrophes. However, it is important that development does not only focus on economic growth. A new development path is required in order to serve a population of twice the size of that of the 1980s. This development path should not focus on the here and now alone. The focus should be on the entire planet and into the distant and far future (World Commission on Environment and Development, 1987). Africa’s development challenges go deep. It is in the first place financial, which means low incomes,
falling trade shares, low savings, and slow economic growth (Pitamber, 2003). A reason many economists give for these financial imperfections and the lack of growth in Africa is that investments were not large enough (Artadi & Sala-i-Martin, 2003). According to many economic theories of economic growth, investments in physical capital play a key role in the process of economic growth and development. In Africa, investment rates, the ratio of investment to GDP, were always below 15 per cent with a record low of 7.5 per cent in SSA (Artadi & Sala-i-Martin, 2003). Investment rates in OECD countries are between 20 and 25 per cent, while in some East-Asian countries they even reached 30 per cent (Artadi & Sala-i-Martin, 2003). Next to the financial disputes Africa’s development faces, challenges also concern high inequality, social exclusion and insecurity and uneven access to resources (Pitamber, 2003). Go et al. (2007) agree with the inequality concern, according to these authors, SSA has one of the highest average income inequality levels in the world.

2.2 Sustainable Community Development

The term Sustainable community development consists of three words that, one by one, contain many different definitions. It is not possible to provide one clear description of what sustainable community development is. In the following subparagraphs definitions of the individual concepts will be provided. In the last paragraph an overview will be given.

2.2.1 Definition of “sustainable”

The terms sustainable and sustainability are widely defined and interpreted by different people. Most definitions are based on intergenerational equity (Bridger & Luloff, 1999). An example of a definition that is based on equal changes for future generation is given by The World Commission on Environment and Development (1987). In the book Our common future it states that ‘Humanity has the ability to make development sustainable – to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs.’ (p. 8). However, this will only be possible if the growth is based on policies that sustain and expand the environmental resource base. Next to definitions that focus on future generations, there are also definitions that concentrate on the here and now. For example ‘Environmental sustainability means using natural resources wisely and protecting the complex ecosystems on which our survival depends’ (UN, 2005 p. 30) and ‘… sustainability, a notion that at its most basic encapsulates the growing concern for the environment and natural resources. … sustainability is considered a contested concept, a concept that is ‘socially and politically constructed’ and reflects the interests and values of those involved’ (Mowforth & Munt, 2003, p. 18). Bridger and Luloff (1999) make a distinction between two types of sustainable development. The first is based on constrained economic growth. Growth is the primary objective in order to avert economic, social, and environmental catastrophes in the less developed world. The second definition of sustainable development can be seen as the resource maintenance approach. The maintenance of existing and future resources is the main focus, rather than economic growth. Impacts on the environment are minimised through limiting our use of natural resources. Finally, there is a definition that is short but represents the fundamental idea of sustainability. ‘If an activity is sustainable, for all practical purposes it can continue forever’ (International Union for Conservation of Nature and Natural Resources, United Nations Environment Programme & World Wide Fund for Nature, 1991, p. 10). This definition will be used in the overall definition of sustainable community development.

2.2.2 Definition of “community”

Two examples of definitions of community are first ‘A community is a natural and ubiquitous phenomenon among people who share a common territory and interact with one another on place relevant matters’ (Bridger & Luloff, 1999, p. 383). And second Sproule's definition: ‘A community is a group of people, often living in the same geographic area, who identify themselves as belonging to the same group. People in a community are often related by blood or marriage. They may all belong to the same religious
or political group, class or caste’ (Sproule, 1996, p. 235-236). In short, a community consists of people who share a common territory and who belong to the same group.

2.2.3 Definition of “development”

As with the definition of poverty, the definition of development can be limited to economical aspects only or it can be more diverse. In the past 40 years, the definition has evolved. During the 1970s the definition of development moved away from being based on economic growth only, towards a more diverse description. It became more widely accepted to broaden the concept of development in a way that it involves the reduction of widespread poverty, unemployment and inequality (Seers, 1977; Sharpley, 2002). Dudley Seers (1977) added a forth condition to the three that were just mentioned, namely self-reliance. With this condition Seers states that dependence of developing countries on one or more of the great powers should be reduced.

Weaver (1998) states that it is not possible to give one definition of development that is acceptable for everyone. According to Weaver there are many different aspects of development, including economical, socio-cultural and environmental. On the other hand, Mihalič (2002) does give a definition of development. In general, development refers to socio-economic change and evolvement. Examples of indicators that provide information about development, are increases in per capita income, a general reduction in poverty levels, higher employment and literacy rates, better health care and education, and improved opportunities for self-improvement for the mass. The definition used here is the following: Development is a process in which things are improving, this implies economic growth, and reduction of widespread poverty, unemployment and inequality.

2.2.4 Combination

Based on the results of the previous paragraphs there is no straight forward definition of the three concepts together. In this research the following definition of sustainable community development is used: A process in which aspects like economic growth, and reduction of poverty, unemployment and inequality, are improving for a group of people who share a common territory and who belong to the same group. The activities undertaken can, for all practical purposes, continue forever without declining quality.
3. TOURISM FOR DEVELOPMENT

3.1 Kinds of tourism

3.1.1 General definition tourism

The most widely recognised and used definition of tourism is from the United Nations Conference on Travel and Tourism, held in 1963 (Sharpley, 2002). This definition states that a visitor is ‘any person visiting a country other than that in which he has his usual place of residence, for any reason other than following an occupation remunerated from within the country visited’, a visitor being either a tourist staying overnight or an excursionist on a day visit (quoted in Molnar, Eby & Hopp, 1996, p. 19; Sharpley, 2002, p. 21). A more recent definition of tourism is developed at the World Tourism Organisation Ottawa Conference on Travel and Tourism Statistics, held in 1991. The WTO defines tourism as ‘the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes’ (WTO, 1995, p. 1). There are many different kinds of tourism. In the following subparagraphs a selection of these terms will be discussed.

3.1.2 Development of tourism

Sustainable development is characterised by the triple bottom line. This consists of economic, social and environmental concerns. Rogerson (2006) mentions that in the 1990s the main focus of this triple bottom line was on environmental issues. This could also be seen in the declaration resulting from the United Nations Conference of Environment and Development held in 1992, also known as the Earth Summit in Rio de Janeiro, (United Nations, 1992). The word ‘Environment’ is mentioned in 21 out of the 27 principles formulated. There was a shift in focus 10 years later, at the World Summit on Sustainable Development, held in Johannesburg (United Nations, 2002). From mainly focusing on environmental concerns, gradually social issues became more prominent. The first two challenges mentioned in the declaration resulting from the World Summit on Sustainable Development, were focused on poverty eradication and the threats of the gap between poor and rich. Throughout the declaration pro-poor development is mentioned as an important prerequisite of sustainable development. These patterns can also be seen in the development of tourism. For example, the term ecotourism is much older than the term pro-poor tourism. The former focuses more on the environment, while the latter focuses more on the social aspects of tourism.

3.1.3 Mass tourism

The most prevalent kind of tourism is mass tourism. Mass tourism has been criticised for a number of reasons. It often dominates tourism in a certain area and is not locally oriented, which means that cultures can modify, and local inhabitants are excluded from the decision-making process and the distribution of benefits. Another reason why mass tourism has been criticised is that mass tourism is often based on foreign owned enterprises, so money flows outside the community and does not stay in the community to generate income for the local community. Next to that, the environment often suffers from negative impacts caused by the unsustainable character of mass tourism (Fennell, 2003; Hill, Nel & Trotter, 2006; Mowforth & Munt, 2003).

There are many kinds of tourism that promote more environmentally and/or community friendly kinds of tourism than mass tourism. Examples of different kinds of tourism are alternative tourism, sustainable tourism, ecotourism, community-based tourism, community-based ecotourism, responsible tourism, social tourism, pro-poor tourism, and fair-trade tourism. These nine forms of tourism will be discussed in the following sub-paragraphs.

3.1.4 Alternative tourism

Alternative tourism is a form of tourism which is small-scale, low-density and dispersed. Next to that, it aims to minimise environmental and cultural interference and it gives precedence to community needs,
involvement, interests and culture (Brohman, 1996; Scheyvens, 2002). Additionally, alternative tourism generates benefits for individual households, for local communities and for host countries (Fennell, 2003).

3.1.5 Sustainable tourism

Many involved in the field of tourism research have begun to assert that tourism should satisfy various conservation and development objectives in order to be considered sustainable. Three of these objectives are: Financial support for protection and management of natural areas, economic benefits for residents living near natural areas and encouragement of conservation among these residents, in part through economic benefits (Sproule, 1996). Sustainable tourism concentrates mainly on environmental development. The main purpose of sustainable tourism is not the alleviation of poverty, although this may be a side effect (Mowforth & Munt, 2003). Although poverty eradication is not the main purpose of sustainable tourism, the World Tourism Organisation did launch a special programme, concerning poverty, within the sustainable tourism department. This programme, the Sustainable Tourism - Eliminating Poverty (ST-EP) initiative, was launched at the World Summit on Sustainable Development in Johannesburg 2002 (WTO, 2008). More information about ST-EP will be given later in this chapter in the sub-paragraph Action plan for poverty alleviation. The WTO is a specialised agency of the United Nations. It is the world’s leading international tourism organisation. Since the World Summit on Sustainable Development, which was held in Johannesburg in 2002, the WTO has been committed to make a contribution to the Millennium Development Goals (WTO, 2005).

The concept of sustainable tourism that the WTO developed, refers to tourist activities ‘leading to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems’ (UN, 2001, p3; World Travel and Tourism Council, World Tourism Organisation & The Earth Council, 1995, p. 30).

Simpson (2007) focuses on the role of sustainable tourism in the development of economically viable enterprises. These ventures should provide better living conditions for local communities and traditional cultures and environments should be protected.

3.1.6 Ecotourism

Due to the greening of markets, the increasing knowledge of the fragility of the environment and due to the recognition of the relationship between good ecology and good economy, the term ecotourism has become very popular (Björk, 2000). In the late 1980s the term ecotourism first appeared in the English language scientific literature (Weaver & Lawton, 2007). The United Nations (1998) declared the year 2002 as the International Year of Ecotourism. In May 2002, the World Ecotourism Summit was held, hosted in Québec City in Canada (WTO & UNEP, 2002). In the declaration that resulted from the summit, all participants agreed on recognising ecotourism to fit the general ideas of sustainable tourism, with respect to the so called triple bottom line: environmental, social and economic impacts of tourism. Next to the similarities between sustainable tourism and ecotourism, there are also differences. Ecotourism comprises more specific principles than the more general concept of sustainable tourism. Examples of these principles are the active contribution to conservation of cultural and natural heritage, inclusion of local communities in planning, development and operation and ecotourism contains a learning experience to tourists about the natural and cultural heritage of a destination (WTO & UNEP, 2002).

Ceballos-Lascuráin (1996) is thought to be the instigator of the term ecotourism. The definition of ecotourism he provides is ‘ecotourism is environmentally responsible, enlightening travel and visitation to relatively undisturbed natural areas in order to enjoy and appreciate nature (and any accompanying cultural features both past and present) that promotes conservation, has low visitor impact, and provides for beneficially active socio-economic involvement of local populations’ (Ceballos-Lascuráin, 1996, p. 20).

The view of Weaver and Lawton (2007) is in line with the definition provided by Ceballos-Lascuráin. Weaver and Lawton state that ecotourism should satisfy three core criteria. First, attractions should be
nature-based, this is in line with the ‘visitation to relatively undisturbed areas’ that Ceballos-Lascuráin is talking about. Second, the interaction of visitors with natural attractions should be educational and focused on learning, like ‘enlightening travel’ of Ceballos-Lascuráin. Finally, the principles and practices of ecological, socio-cultural and economic sustainability should be followed. This third criterion corresponds with Ceballos-Lascuráin’s idea that conservation should be promoted and active socio-economic involvement of local populations should be provided.

Another definition is given by The International Ecotourism Society (TIES). Ecotourism is “responsible travel to natural areas that conserves the environment and improves the well-being of local people” (TIES, 2009, p. 1). The Québec declaration (WTO & UNEP, 2002) recognises that tourism, and ecotourism in particular, can create valuable economic opportunities for local populations, but only if it is managed in a sustainable manner.

3.1.7 Community-based tourism

Community-based tourism development tries to enhance local participation and promote the economic, social, and cultural well-being of the majority of the population, rather than only the well-being of social elites (Brohman, 1996; Mowforth & Munt, 2003). It is important that local communities share in the benefits that flow from tourism development and this development should focus on long-term interests of the majority instead of short-term goals of an elite minority (Brohman, 1996; Cater, 1993). Besides, the development of the tourism industry should not be detrimental to local people’s culture, traditions or their day-to-day convenience (Timothy, 2002).

3.1.8 Community-based ecotourism

Ceballos-Lascuráin (1996), Sproule (1996), Weaver and Lawton (2007) and WWF International (2001) go even further by combining community-based tourism and ecotourism. These researchers claim that community members should be involved with almost all aspects of tourism in their village, the community runs all of the activities that take place in the village. Next to that, the community preserves a local natural area and a major proportion of the benefits remain within the community. Community-based ecotourism is seen as a potential way to empower communities. This empowerment could result in benefits for ecosystems as well as for local residents. There are several options for community involvement in tourism (WWF International, 2001). First, privately owned tourism enterprises can employ local people. It is important to guard against poor wages and bad working conditions because this could form a great risk. In this case, local people do not own the enterprise. A second form of community involvement is similar to the first in that businesses are still locally owned. The difference is that in this option, a concession is granted that the community can operate the enterprise in return for a fee and a share of revenues. Third, local individuals can run their own small tourism enterprises or they can sell handicrafts to visitors. Finally, communities could commonly own and run an enterprise.

3.1.9 Responsible tourism

The main principles of responsible tourism are in line with those of community-based ecotourism. With respect to local people, responsible tourism should enhance their well-being, improve their working conditions, generate better access to the industry for local inhabitants and involve them in decision making processes. Tourists should get a more enjoyable experience with responsible tourism caused by more meaningful contact with local people and a learning experience with respect to cultural, social and environmental issues. Next to that, responsible tourism should make a positive contribution to the conservation of natural and cultural heritage and ecosystems should be used sustainably (Government of South Africa Department of Environmental Affairs and Tourism, 1996; Kerala Tourism & ICRT India, 2008; Schwarz, 2006).

3.1.10 Social tourism

In the description of social tourism, the term environment is not mentioned. The most important aspects of social tourism are contact with local people and understanding local community’s values,
habits and way of living. Seabrook (1995) gives a description of what he considers is social tourism: ‘Social tourism can never be a mass movement of people... It is a response to a growing number of people who wish to deepen their understanding of north-south relations... What they wish for is contact with rootedness, true diversity, and an extension of understanding, rather than more escapism, with which their own culture amply supplies them’ (p. 23). Both Fennell (2003) and Weaver (1998) make a distinction between socio-cultural tourism and ecotourism, with the latter depending more upon nature and natural resources as the primary motive for tourists to go on a trip and the former more focusing on the cultural environment at destinations.

3.1.11 Pro-poor tourism

Pro-poor tourism shows overlaps with ecotourism and community-based tourism, but is not synonymous with either of them (Binns & Nel, 2002). The main difference between ecotourism and pro-poor tourism is that the former mainly focuses on environmental sustainability with poverty alleviation as a secondary component. The latter has poverty reduction as the key component (Neto, 2003). Community-based tourism aims at increasing local people’s involvement in tourism. Pro-poor tourism goes further on this point, “it requires mechanisms to unlock opportunities for the poor at all levels and scales of operation” (Pro-Poor Tourism, 2009, p. 1). Pro-poor tourism explicitly takes the concerns and needs of the poor into account and it generates net benefits for the poor (Mowforth & Munt, 2003; Neto, 2003; Scheyvens, 2002).

3.1.12 Fair trade tourism

Fair trade tourism supports sustainable livelihoods and aims to minimise negative effects and maximise positive social, cultural and economic effects for local people (Mowforth & Munt, 2003; Scheyvens, 2002).

3.1.13 Comparison of different kinds of tourism

Altogether, there are many different kinds of tourism and every type of tourism has a wide variety of definitions. All these different forms of tourism are elusive concepts and the definitions are not sharply focused. A conclusion that could be generated from studying the definitions of different sorts of tourism, except for mass tourism, is that in general they all seek after what is best for local people and the environment. The one definition focuses more on the former while the other focuses more on the latter. This differentiation in tourism has become increasingly popular in literature (e.g. Binns & Nel, 2002; Fennell, 1999; Weaver & Lawton, 2007). On the one hand, this is a good development because it emphasises the importance to care for the environment and the well-being of local communities. On the other hand, these multiple definitions also pose a risk. Tourism operators often abuse terms that refer to more sustainable, more environmentally friendly or more community friendly kinds of tourism to attract tourists. In reality, the only thing the operators do to be more environmentally friendly is putting one or two solar collectors on the roof of the building. This does not necessarily make the whole accommodation environmentally friendly.

In this research the term tourism will be used, without any specification. This is in line with The Berlin Declaration (1997). In this declaration it is stated that all tourism should meet certain standards. ‘Tourism should be developed in a way so that it benefits the local communities, strengthens the local economy, employs local workforce and wherever ecologically sustainable, uses local materials, local agricultural products and traditional skills. Mechanisms, including policies and legislation should be introduced to ensure the flow of benefits to local communities. Tourism activities should respect the ecological characteristics and capacity of the local environment in which they take place. All efforts should be made to respect traditional lifestyles and cultures’ (p. 4). So, all tourism should harm the environment as little as possible and all tourism should enhance the well-being of local communities.
3.2 International tourism

Tourism is playing a prominent role in development, especially during the past 15 years (Elliott & Mann, 2005). On a global scale, tourism is the biggest industry and international tourism is the largest source of foreign exchange. International tourist arrivals have more than tripled in almost thirty years between 1975 and 2004 (WTO, 2005). In 1975, 222 million tourist arrivals were recorded by the WTO, while in 2004 this number had increased to 760 million.

In recent years there is a trend in the international tourism market towards diversity in tourism destinations. New destinations, especially in Africa and Asia, become more interesting for international tourists (WTO, 2005). In Africa, the Middle East, South America, the Caribbean and the Asia Pacific region, the numbers of tourists increased. In the regions mentioned before, the share of the world tourism market more than doubled in the period 1975-2003. These regions accounted for 31% of international tourist arrivals and 29% of total tourism receipts in 2003 (WTO, 2005).

In the less developed world as a whole, tourism is the second source of foreign exchange and it is a fast-growing sector (Neto, 2003; WTO, 2005). Next to that, the international tourism market is crucial for foreign trade and economic development in the less developed world (WTO, 2005). Tourism is a major economic force and it has the power to generate significant earnings that can contribute to the alleviation of poverty (WTO, 2004). Tourism development results in the creation of more sources of income, employment and wealth in many countries (Elliott & Mann, 2005; Neto, 2003). Additionally, communities get an opportunity to participate in cultural and environmental restoration, infrastructure and rural development, and biodiversity conservation (Elliott & Mann, 2005). However, tourism development in the less developed world is also characterised by many restrictions and difficulties for exporting tourism services. Examples are exchange control and restrictions on transfers, restrictions on movement by tourists and visa requirements and distortion as a result of discriminatory actions on the part of tour operators (WTO, 2005).

3.3 Tourism for Development

3.3.1 Why tourism for community development?

According to the World Tourism Organisation, tourism can help significantly in improving living conditions for local populations. However, it is important that tourism is developed and managed in a sustainable manner from a socio-cultural, an environmental and an economic point of view (WTO, 2005).

Many low-income countries lack chances to industrialise rapidly (Brohman, 1996). Increased tourism can contribute to economic diversification of an often superannuated market that is reflecting a high dependency on a few traditional exports (Brohman, 1996). More specifically, countries in the less developed world, often have difficulties with earning foreign exchange. Next to that, these countries encounter problems with attracting overseas investments. And finally, employment rates are low in general in the less developed world. Sharpley (2002) states that tourism may represent the only realistic means to give a positive turn to the three difficulties mentioned before facing developing countries. In his view tourism, internationally as well as domestically, is a useful means to transfer wealth from developed to poorer countries or regions.

Many authors agree on tourism’s potential for community development and eradication of poverty (Briedenhann & Wickens, 2004; Hill, Nel & Trotter, 2006; Neto, 2003; Roe, Ashley, Page and Meyer, 2004; Roe & Urquhart, 2001). First, tourism in its widest perspective, generates 11 per cent of the world’s gross domestic product. Second, tourism is growing faster in the less developed world than elsewhere. Third, many countries in which tourism is important are among the poorest countries in the world. Fourth, tourism creates employment possibilities for unskilled labour force, migrants and lowly paid persons, especially women. Fifth, tourism is a diverse industry and it provides several linkages with the informal sector. It is especially the poorer groups of people who are operating in this sector. Another reason why tourism has potential for community development is that customers travel to the product which provides
linkages with other sectors, for example souvenir selling. Finally, tourism is often focused on conservation of natural areas and cultural heritage, the very assets that some poor people have access to.

A positive side effect of tourism development, is that it is often accompanied by remarkable investments in infrastructure. In general, the main purpose for these improvements is that tourists benefit from it. But local residents can also take advantage of improving living conditions and it can help attract other industries to an area in order to stimulate the regional economic development (Neto, 2003).

Timothy (2002) states that small-scale, locally owned businesses should form the basis for sustainable development of tourism. Small-scale enterprises are seen as more harmless than large-scale ventures, because they place a smaller burden on natural and cultural environments and they have more direct economic effects for the local community. Also the Québec Declaration (WTO & UNEP, 2002) specifically brings forward that small and micro enterprises are key partners in the development of tourism. Especially businesses that are seeking to meet social and environmental objectives. However the current development climate does often not provide suitable financial support for these businesses.

3.3.2 Action plan for poverty alleviation

According to Scheyvens (2002), tourism can work for development. In 2004, the World Tourism Organisation published a report with recommendations for action in tourism and poverty alleviation. The Sustainable Tourism – Eliminating Poverty (ST-EP) initiative of the World Tourism Organisation is the initiator of this research. The report identifies seven approaches through which the poor could benefit from tourism development. These approaches are the following.

First, employment can be generated for the poor in tourism enterprises. An obstacle that needs to be overcome is the local people’s education and training that is insufficient to meet the qualification needs of tourism. The second approach focuses on supply of products and services by the local people to tourism enterprises. These supplies need to be regular, have a sufficient volume and they should have a good quality. Third, the report mentions that local people can sell products and services directly to tourists. Sale of handicrafts and the services of guides are two frequently used approaches. Fourth, local people can create and manage tourism enterprises, either individually or collectively. Up till now, policies and mechanisms to support enterprise formation have mostly focused on agriculture and manufacturing rather than on tourism. A fifth way in which the poor can profit from tourism development is by tourism taxation. This means that tourists need to pay a certain tax for visiting an area. The money generated in this way, could be used to redistribute revenue from tourism on a national level. Not all the money flows straight into the pocket of the wealthy, but local people can share in the profits of tourism development. Sixth, tourism operators and tourists can take voluntary actions. This aid could be financial, physical or both. Finally, investments could be made in development of basic infrastructure for tourism. Local people could benefit from better sanitary facilities, road infrastructure, power supply and drinking water networks.

An aspect that is very important in the development of local communities, is participation. Local communities have lots of energy and they know what is good for their neighbourhood. Locals can say what investments need to be made and which areas to focus on for development. What they lack are mechanisms to affect processes that influence before mentioned topics (Rowlands, Van der Gaag & Laurie, 2008).

3.3.3 Tourism employment

Tourism is considered as a sector that can bring appropriate development to local communities, however, it should not be used as the only tool for development (Scheyvens, 2002, Sharpley & Telfer, 2002). It is too risky to solely focus on tourism for development because the distribution of tourists depends on many factors. For example, the preferences of tourists, the marketing strategies of tourism providers and political stability in the visited country just to name a few. Tourism enterprises use the services of many direct and indirect suppliers. Small and medium enterprises (SMEs) provide the largest share of these services. SMEs are classified in seven main categories, namely accommodation, food and beverage serving services, passenger transport services, travel agency and tour guides, cultural services,
recreation and other entertainment services and finally miscellaneous tourism services (WTO, 2005). The World Travel and Tourism Council provides data about employment in tourism. Globally, 238 million employees are working in the tourism sector, rather directly or indirectly. This is 8.4% of total employment or 1 in every 11.9 jobs (WTTC, 2008a). In Sub-Saharan Africa there are 10 million jobs in the direct and the indirect tourism industry. This is a share of 5.6% of total employment or 1 in every 17.9 jobs (WTTC, 2008b).

Tourism is a sector that relates to the needs of the poor (WTO, 2004). This is the case because tourism is consumed at the point of production, this means that there is an opportunity for direct interaction. Another reason is that many of the poorest countries possess cultural, environmental and historical assets of enormous value to the tourism industry. Next to that, tourism is a very diverse industry, many different kinds of jobs can be provided. These jobs generally are suitable for unskilled labour force. A final reason is that tourism is labour intensive, which is an important aspect in the fight against poverty. For communities to benefit as much as possible from tourism development, it is important that costs and benefits are distributed equitably over the community (Scheyvens, 2002).

### 3.3.4 Constraints and obstructions

Apart from a wide variety of jobs that are suitable for unskilled labour force, tourism also needs some qualified staff. In general, countries in the less developed world lack the necessary training facilities which are needed for tourism (WTO, 2005). Training and education are needed for local residents to gain meaningful employment from tourism (Wearing, 1993, 2001). Next to that, poor communities are often not aware of the possibilities tourism can provide, therefore it is important that awareness actions are taken which are aimed at the whole population. Furthermore, potential creators of small and medium enterprises (SMEs) need information about domestic and international tourists in order to adapt to the needs of the visitors. SME managers need specially adapted technical and professional training with the aim of preparing them for their work (WTO, 2005).

An inherent disadvantage of tourism is its highly seasonal character. This feature could influence tourism's potential role as a tool for development of local communities (Sharpley, 2002). According to Timothy (2002) there are more considerable barriers to tourism development. Amongst others the socio-political traditions that often show strong views of power concentration, lack of access to information for locally owned businesses, and lack of opportunities for local ownership as financial means are not accessible to the entire population.

A possible obstruction of tourism development is the so called “paradox of tourism” (Smit, 2008). The general idea of the paradox of tourism is that when a destination increases in popularity, more and more people will visit it. This makes the destination less exclusive and special and the effects of tourism will become more noticeable. At a certain point the attractiveness of a destination will decrease and tourism in popular destinations will start to destroy itself (Smit, 2008).

A point of concern is that investments in tourism alone are not enough for development (Ndulu, Chakraborti, Lijane, Ramachandran, & Wolgin, 2007). Basic areas in which investments are needed are the following. First, the investment climate needs to be modified in order to facilitate reductions in indirect costs for firms. These indirect costs are for a major part infrastructure related. Second, transportation and energy are the biggest expenses of indirect costs for enterprises. Development and maintenance of infrastructure should be a focal point. A third area in which investments are needed is innovation. Investments are particularly needed in information technology and expansion of higher education in order to improve productivity. Finally, lack of institutional capacity results in high levels of crime and corruption. This has the biggest impact on losses in profitability of enterprises.

### 3.3.5 Effects of tourism

Andrew Lepp has carried out a research in Bigodi, rural Uganda (2008). Local residents’ attitudes towards initial tourism development in areas with little or no tourism experience, were measured. Residents uniformly remembered that their attitudes towards tourism development were suspicion, anxiety and fear. It took residents several years to improve their attitudes.
In two case studies that were conducted in Maputaland, South Africa, Simpson (2007) showed that tourism affects local communities in positive, as well as in negative ways. This result is not surprising but it is good to investigate what factors generate impacts on local households. Simpson states that the positive impacts generally outweigh the negative ones. However, the positive financial benefits are limited to a small selection of households with members directly employed in tourism. For whole communities to develop, it is important to look for ways in which the whole community can benefit financially from tourism development. So, also people who are less directly involved in the tourism business.

Wanjohi Kibicho did a case study on Kimana Wildlife Sanctuary in Kenya in 2008. The research focuses on investigating factors that are critical to success of community-based tourism development. It comes up with five key factors, which are ‘inclusion of stakeholders, recognition of individual and mutual benefits, appointment of legitimate convenor, formulation of aims and objectives and perception that decisions arrived at will be implemented (Kibicho, 2008, p. 218). The case study on Kimana Wildlife Sanctuary in Kenya shows that small scale community-based tourism projects can empower communities. Local residents get a sense of pride in and awareness of the natural resources that are all around them. Small scale tourism ventures can provide some measure of control for the local community and the local residents can share equally in the costs and benefits.
4. MICROCREDIT FOR DEVELOPMENT

4.1 Defining microcredit

4.1.1 Definition

The declaration of the first Microcredit Summit, held in Washington DC in 1997, provides a definition of microcredit. This definition is ‘Microcredit programs extend small loans to poor people for self-employment projects that generate income, allowing them to care for themselves and their families’ (Microcredit Summit, 1997, p. 1). This definition is widely applied. According to the World Tourism Organisation (2005), the main function of microcredit is combining a social objective and an economic objective. The social objective is alleviating poverty, the economic objective is the financial viability of operations. This combination is not easily obtained.

4.1.2 Microcredit vs. microfinance

The terms microcredit and microfinance do not imply the same and cannot be used interchangeably. Microcredit refers specifically to small loans (Armendáriz de Aghion & Morduch, 2005). The main focus is on poverty reduction and social change. Microfinance is a broader term that includes different ways for poor households to save money (Armendáriz de Aghion & Morduch, 2005). This could be in the form of micro-insurance, saving options, loans and sometimes also by help in distributing customers’ output on the market. In poverty reduction saving options are at least as important as getting credit, (Doran, 2008). Poor people can build up their capital if they can save money. Therefore, saving options should be emphasised. However, by including extra options, the term microfinance implies a more encompassing concept than the term microcredit, microcredit is part of microfinance. As the focus of this research is explorative rather than elaborate, the term microcredit will be used in this paper. The term microcredit is used in the context of this research.

4.1.3 Sustainable microcredit

Sustainability is a widely used term. Throughout this report, the concept has been referred to before. First, in the definition of sustainable community development. Second, in the discussion of different kinds of tourism, one of which was sustainable tourism. Also in the field of microcredit, the term sustainability is used. Baumann (2004) says that the dominant view about the concept of sustainability comes from the Ohio State University. In broad terms, this view refers to a market-led, full cost recovery, no subsidy approach to microcredit. Sustainability is necessary for two distinct reasons. The first is that the goal of microcredit should be to expand the changes for poor people to reach the commercial financial market. Second, microfinance institutions should be prevented from blurring bad practice with ongoing subsidies. Baumann defines sustainability as follows: ‘Coverage of administrative cost + Loan loss + Cost of funds + Inflation + Capitalisation for growth from operating income’ (Baumann, 2004, p. 785). In the other explanations of the concept of sustainability, the environment was an important factor. In the case of sustainable microcredit it is only the economical and social parts of sustainability that are highlighted at present.

4.2 Development of microcredit

The website called Principles of microfinance and microcredit provides an overview of the history of microcredit (2009). A short overview of the history will be provided here. In the following subparagraph the before mentioned website is used for information, unless mentioned otherwise.

The first signs of microcredit can be traced back to the middle of the 19th century. By that time it was already used as a way to get people out of poverty. Only at the end of World War II the concept of microcredit increased in popularity as a result of the Marshall plan. The Marshall plan resulted in major aid that was systematically distributed, this was for the first time in history. Especially in the 1980s microcredit programmes became an important tool for development. This was mainly due to the many
positive publications based on the experience of Grameen Bank in Bangladesh (Pitamber, 2003). Grameen Bank was one of the first banks to develop current microcredit lending. The year 2005 was declared as the International year of Microcredit by The Economic and Social Council of the United Nations (1999). In 2006 Grameen Bank and its founder Mohammad Yunus were awarded the Nobel Peace Prize for their work in the field of microcredit. The Norwegian Nobel Committee motivates its choice by the following one-liner: Mohammad Yunus and Grameen Bank achieved the Nobel Peace Prize ‘for their efforts to create economic and social development from below’ (Nobel Foundation, 2009, p. 1).

There is an increasing demand of poor people for microcredit. For the development of microcredit, combining two different strategies looks most promising (Doran, 2008). These strategies are significantly increasing donor funding and massive commercialisation of the industry.

Africa is a continent that is characterised by high levels of income inequality implying inequality in the distribution of income between individuals and groups within a society (Baumann, 2004). The countries with the highest income inequality in the world are Botswana and South Africa (Baumann, 2004). A way to counteract this phenomenon, is increasing incomes of the poor faster than incomes of the rich. A way to reach the poorest part of the population is by providing these people small loans. Microfinance Information eXchange (2007) foresees good potential and opportunities for microcredit in Africa.

4.3 How microcredit works

4.3.1 Principles of Microcredit

The World Tourism Organisation (2005) provides three principles on which microcredit is often based. First there is the solidarity principle which is based on group solidarity in most cases. For example the bank provides a loan to a group of five borrowers. If one of them defaults, the rest of the group has to pay back the loan. This principle is elaborated further in the sub-paragraph 4.3.3 about group lending. The second principle is that of covering costs with interest. This principle tries to provide circumstances for microcredit institutions to develop without international aid. The interest rate is often lower than those of money-lenders, but higher than traditional bank loans. The fact that these interest rates are often higher than for traditional banks is caused by the high costs of operation for microcredit institutions. Per money unit, a relatively large workforce is needed because of the high number of small loans that are outstanding in microcredit. A third principle is that interest rates often have to be paid on a monthly or weekly base. Next to these three principles, the WTO emphasises that loans should mainly go to the very poor. Obviously, the poorest people often need the money the most, and they do not have access to regular bank loans (WTO, 2005).

4.3.2 Microcredit Amounts

There are a number of ways to calculate the maximum sums set for microcredit, as the WTO report Tourism, microfinance and poverty alleviation from 2005 shows. A fixed maximum ratio that is based on average income is one of them. This system is very useful in the poorest countries because it ensures that loans are not out of proportion to the average income. The sum of the microcredit is usually fixed at maximally 75 per cent of GDP per capita. Another way to calculate the maximum sums is by establishing an arbitrary ceiling. The aim is to facilitate access to microcredit for micro entrepreneurs and for small and medium enterprises (WTO, 2005).

4.3.3 Group lending

A reason for the explosive growth of Grameen Bank is that they use group lending. A main characteristic of group lending is that the poor borrowers act as guarantors for each other. The poor borrowers often lack collateral to offer to a bank. Therefore the Grameen Bank uses so called dynamic incentives and the bank takes advantage of the close ties within communities. Dynamic incentives are used to overcome information problems and to enhance the efficiency of the lending. The group lending, with dynamic incentives is modelled as follows. A group consists of five borrowers and is voluntarily
formed. Every borrower gets an individual loan, but if any of the members faces serious repayment difficulties, all members face the consequences. Not all members of the group get a loan simultaneously. First two members get a loan, then another two and finally the last group member, who is called the group chairperson, will get a loan. As long as the loans are being repaid, the cycle of lending continues. If any of the borrowers defaults to pay off the dept and the other group members fail as well, they all are denied subsequent loans. This characteristic gives borrowers a good reason to repay loans instantly, to keep an eye on their fellow group members and to select their partners responsibly. The initial loans are small, in order for the bank or microfinance institution to acquire information about the reliability of customers.

Next to that, eight five-member groups form a ‘centre’ together. Reimbursements usually begin only a week after the loan is provided. From that moment on, every week a repayment takes place (Armendáriz de Aghion & Morduch, 2005). These repayments are made at a meeting with the forty members of the centre being present. In this way, group lending can make advantage of peer support, peer pressure and local information. Many microcredit approaches combine group responsibility with regular group meetings, mechanisms long used in traditional modes of informal finance (Armendáriz de Aghion & Morduch, 2005).

4.3.4 Women

Traditional commercial banks tend to give preference to do business with men, probably because men run larger businesses and men often control assets that banks favour as collateral. On the other hand, banks that provide microcredit and microfinance institutions rather favour women. The loans are mostly provided to small businesses, often with self-employment in the informal sector. It is women who make up a large, and growing, part of this sector. Next to that, Armendáriz de Aghion and Murdoch (2005) state that having a customer base that mostly consists of women, improves social impacts, and it may reduce financial risks for the bank. Financial risks may decline because women are often more conservative in their investment strategies, are more susceptible to pressure and to interventions by loan officers. The preference of banks and microfinance institutions to serve women is also reflected in the numbers in different researches (Cheston & Kuhn, 2002; Microcredit Summit Campaign, 2003, 2007). For example, Cheston and Kuhn (2002) state that nearly 74 percent of the poorest in the world that are being served by microfinance are women. According to the Microcredit Summit Campaign about 79 per cent of the poorest clients were women. This number shows up in the 2003 report, as well as the 2007 report.

4.4 Microcredit data

By the end of 2006, 133 million people worldwide were reached by microcredit institutions, as the Microcredit Summit Campaign (2007) states. A previous report of the Microcredit Summit Campaign, written in 2003, provides a number of 67.6 million, which means almost a doubling of the number of people that has been reached by microcredit institutions within four years. Not only the total number of clients has increased, also the share of the poorest has increased. At the end of 2002, 41.6 million clients were in the bottom half of those living below their nation’s poverty line, this is about 62 per cent of the total number of clients. By the 31st of December 2006, the number of poorest clients had increased to 92.9 million or around 70 per cent of all clients (Microcredit Summit Campaign 2003, 2007).

The Microfinance Information eXchange investigates the microfinance market. In the 2007 report about the African market, the sample consisted of 119 institutions from 24 countries. These microfinance institutions reached 3.8 million borrowers, with 1.4 billion US dollar in loans. There are three types of institutions that characterised the Southern African market in 2006 (Microfinance Information eXchange, 2007). These types are non-bank financial institutions, new and young banks which tend to be rather large in scale and show signs of growth, and NGOs that are mostly small and have weaker operations than the other two types of institutions. In general, interest rates are high in Southern Africa. A survey of microfinance institutions shows that out of ten Southern African MFIs, seven charged interest rates that were over 40 per cent per year (Microfinance Information eXchange, 2007).
4.5 Microcredit for development

According to Armendáriz de Aghion and Morduch (2005), microcredit is an example of a small idea with enormous implications. The idea of microcredit is simple and based on traditional forms of lending. In the literature the opinions about the usefulness of microcredit as a tool for development are varied. Some studies about the impact of microcredit on living standards have concluded that the poor only become poorer, through the additional burden of debt. Other studies, however, have found that microcredit results in a positive contribution to living standards. Different views on the impact of microcredit on living standards will be discussed in the following sub-paragraphs.

An example of a paper that states that microcredit could not be used for development at all, is written by Elahi and Danopoulos (2004). These authors try to answer the question whether the establishment of microcredit in the less developed world might further complicate the poverty problem. Elahi and Danopoulos give an affirmative answer to this question and they provide three arguments to support their view. First, they state that the prominent characteristics of microcredit are very controversial. Second, the authors state that ‘microfinance enterprisers cannot contribute to sustainable poverty alleviation in the Third World, simply because the lack of microcredit has not caused this pervasive poverty’ (p. 74). Finally, promoting microcredit in the less developed world might result in formation of groups that profit from microcredit. These groups have vested interest in sustaining the poverty situation.

Other researchers, however, are more positive about the effect microcredit can have on development. However, this relationship is not simple and straightforward. It is important that the programme is implemented correctly and that effects of the lending system are monitored and evaluated. An example of a researcher who is not only positive about the contribution microcredit can have on development is Pitamber (2003). In her paper she examines the effectiveness of microcredit as a means to eliminate poverty through some country specific examples. She concludes that microcredit does not always provide sustainable impacts on households. Factors that hold back positive influences on poverty reduction are lack of participation of the local community in the design of microcredit programmes, microcredit delivery has certain undesirable effects that may hinder poverty elimination and microcredit often does not reach the poorest of the poor (Pitamber, 2003). Ndulu et al. (2007) provide a twofold answer. They give a cautiously positive answer to the question whether microcredit can be the remedy to serve the poor. However, they do make a side note, saying that microcredit frameworks need to be strengthened to be successful. In general, microfinance institutions do not provide enough saving options, are active only in small areas and additional costs are often so high that it results in negative net worth and higher probabilities of failure.

Finally, there is a group of researchers who consider microcredit as a good means for development. Ahlin and Jiang (2008) address the question whether microcredit can bring development. They make a side note, which states that almost all research carried out in this field so far, focused on partial and static effects. However, Ahlin and Jiang (2008) are interested in the long term effects of microcredit on development, measured by the income per capita, inequality, and poverty. They found in the cases they investigated, that microcredit almost always decreases long run poverty, and it tends to decline long run inequality by raising the incomes of the poor and by decreasing incomes of the more wealthy classes. Microcredit could break the poverty trap, it can open up self-employment options for people who could otherwise only work for wages or who would be unemployed. If microcredit wants to be more than just an anti-poverty tool, the eventual goal of microcredit banks should be graduation of the average borrower. This implies that broad-based development is only possible when people can break free from the constant pressure of dependency. This could only be accomplished when clients have opportunities to save money for investments next to lending it.

Another research that shows positive effects of microcredit on development, is carried out by Chowdhury, Ghosh and Wright in 2005. They conclude that especially in the first six years after implementation, microcredit has a strong impact on poverty reduction. After six years this effect starts to level off. Another remarkable aspect that can be concluded from the same paper is that not only real,
objective poverty declines, but also the perceived poverty. People who obtain microcredit perceive their poverty to reduce.

Doran (2008) looks at the origin of microcredit suppliers. The increasing share of the private sector in the provision of microcredit shows that microcredit could be commercially sustainable. The author concludes that private sector microcredit could be a positive contributor in anti-poverty campaigns. By the entry of commercial microcredit suppliers, competition will increase. This could result in reductions in costs, more sustainable services, and better coverage of financial services for poor people.

Whether microcredit will work for development in Sub-Saharan Africa is a difficult question. Not much research has been carried out to investigate the effects of microcredit on development in SSA. However, many Sub-Saharan microcredit programmes possess the same features as Grameen Bank. They use group solidarity, repayment at regular meetings, and flexible repayment schedules (Snow & Buss, 2001). These features have shown to be effective in Bangladesh, so in essence they could be useful in SSA as well. Next to that, microcredit is generally viewed as a way to correct governmental and market failure in SSA (Snow & Buss, 2001). If programmes are correctly designed, microcredit will increase economic well-being. But, apart from the research carried out by Snow and Buss, there is little evidence of the contribution of microcredit to the development in SSA.
5. MICROCREDIT AND TOURISM FOR DEVELOPMENT

5.1 Possibilities

5.1.1 Tourism, microfinance and poverty alleviation

With respect to tourism development ‘Microfinance should serve as a catalyst for the development of tourism microenterprises by promoting the potential of the tourism sector for helping to fight poverty’ (WTO, 2005 p. 43). This one line represents the main idea of the content of a paper written by the World Tourism Organisation. The report is entitled *Tourism, microfinance and poverty alleviation*. This report brings forward that tourism’s potential to fight poverty is closely linked to access to finance. This is especially true for the less developed world. Next to that, microcredit is one of the best methods for fighting poverty. And to fight poverty in the less developed world, it is important that strategies for poverty reduction are formulated, that tourism is integrated into these strategies and that microcredit systems are set up for the tourism sector (WTO, 2005).

5.1.2 Why can microcredit support tourism?

Some shortcomings that can be assigned to the majority of current tourism developments in the less developed world, are the high percentage of foreign ownership and leakage of tourism merits to the more developed world (Brohman, 1996). The first deficiency, foreign ownership, could be overcome by providing changes to the local community to own tourism enterprises. Local communities often lack the capital to invest in tourism enterprises. Microcredit could provide this money for them. The second shortcoming, leakage of tourism merits, could also be overcome by local ownership or by involvement of locals in the whole process of tourism development. However, it should be guaranteed that local communities have a real say in the process of tourism development.

The link between ecotourism and microcredit is mentioned in the final report of the World Ecotourism Summit (WTO & UNEP, 2002), though not very explicitly. An important role ecotourism should play is development of disadvantaged areas and alleviation of poverty in these areas. This could be accomplished through different means like policies, capacity building, focussed education and microcredit programs. Last mentioned should be used to develop and assist small scale enterprises. Next to that, later on in the report the World Tourism Organisation and United Nations Environmental Programme state that the importance of microcredit for ecotourism is evident in several projects, ‘and there has been a call for more financial support that is within the reach of local entrepreneurs’ (WTO & UNEP, 2002, p. 100). The declaration that is included in the final report of the World Ecotourism Summit contains a list with recommendation for various authorities. The advice for national, regional and local governments includes that these authorities should guarantee that technical, financial and human resources are developed for support of small and micro enterprises. These enterprises could in their turn, form the basis for tourism and they should have a chance to start, grow and develop in a sustainable way. One of the advices to intergovernmental organisations, international financial institutions and development organisations is that they should adjust their financial facilities to the borrowing conditions and procedures of small tourism enterprises. This could be accomplished by means of microcredit.

In *sub-paragraph 3.3.2* in the chapter about Tourism for Development in this research, seven approaches through which the poor could benefit from tourism development were given. These seven approaches were derived from the report *Tourism and poverty alleviation: Recommendations for action*, written and published by the WTO in 2004. Shorty these approaches are: Employment of the poor in tourism enterprises, supply of goods and services to tourism enterprises by the poor or by enterprises employing the poor, direct sales of goods and services to visitors by the poor, establishment and running of tourism enterprises by the poor, tax or levy on tourism income or profits with proceeds benefiting the poor, voluntary giving by tourism enterprises and tourists, and investment in infrastructure stimulated by tourism also benefiting the poor in the locality, directly or through support to other sectors. Microcredit could be used for at least three out of seven approaches because relatively small investments are needed.
Especially the indirect sector of tourism could be boosted by microcredit. The indirect sector is providing goods and services to tourists that are not purchased directly but that are inputs to direct tourism products. Scheyvens (2002) comes up with three constrains for communities to participate in tourism ventures. The first constraint is that communities often do not possess land and natural resources. Participation in tourism is then limited to collaboration with outsiders who own the land or natural resources. Revenues do not flow into the community in this way. A second restriction is that communities often lack appropriate skills, knowledge and resources for the development of tourism enterprises. A last constraint is that poor communities find it difficult to save or borrow the capital necessary to invest in development of tourism facilities (Scheyvens, 2002). These constraints might be overcome if tourism is supported by microcredit.

WWF International has published an article with guidelines for community-based ecotourism development in 2001. In this report they tick off the problem with the finances of tourism projects. Most communities lack monetary capital to invest in development of small and medium enterprises for tourism. Soft loans and long-term credit that are carefully targeted at local needs may be the most appropriate to provide capital. Next to that, success stories in some areas can be derived from the use of local committees that approve financial offers. These two characteristics could be subscribed to microcredit.

In general, distances between clients of microfinance institutions are large in Sub-Saharan Africa, especially in rural areas. Villages are situated far apart from one another. It is very time consuming for loan officers to visit client groups. Therefore, the average number of clients per loan officer is low. It is preferable for microfinance institutions in SSA to get as many clients per village as possible. However, there is a shortage of opportunities for microenterprises. Often, the variety in available jobs is limited. But tourism projects developed within a village could generate this variety. Examples of fields in which jobs can be created by tourism are: accommodation, food and beverage serving services, passenger transport services, travel agency and tour guides, cultural services, recreation and other entertainment services and finally miscellaneous tourism services (WTO, 2005). If tourism is used by microfinance institutions, more clients could live in a geographically smaller area. In this way, it will become more attractive for MFIs to focus on these villages with tourism development and therefore larger client groups. This is the case, because it will save loan officers travel time and it is easier to pay attention to the functioning and pay back schemes of groups that borrow money by means of microcredit.

As mentioned before, for the development of tourism, capital is needed. An advantage of providing this in the form of microcredit is that it overcomes the problem that it is rather normal in African countries to share the money you earn with your family or friends. When locals borrow money it is not their own capital. Next to that, if they have to pay back on a weekly base they do not have large money stocks, so they can not share their money with others. If the borrowers earn just enough for their own household to live, they will not be confronted by the pressure to share. In the microcredit, saving options could also be included to facilitate possibilities to build up capital, a requisite to lift poor people out of their current economic situation and for long-term development.

Another important aspect that shows possible links between microcredit and small-scale tourism development is the role of women. In the separate literature on microcredit and tourism, women play a prominent role. According to tourism, literature shows that women are gaining dominance in the development (e.g. Weaver & Lawton, 2007) and microcredit is provided mostly to women (Cheston & Kuhn, 2002; Microcredit Summit Campaign, 2003, 2007). In this way, women’s role in microcredit and tourism could reinforce one another.

5.1.3 Four requisites
Whenever this research shows that it is possible to combine microcredit and tourism for sustainable community development, this does not mean that it is possible in all situations. Every area or community should be investigated separately. According to the WTO (2005), there are four main requisites that are essential for the success of microcredit in the tourism sector. First, the necessary prior conditions for tourism development should exist. The main conditions are provision of safe drinking water, basic sanitary facilities, access to basic health service, electric power and communication with a special focus
on road infrastructure. The second requisite is that criteria for identifying tourism development projects are defined. Three conditions are required for satisfying tourism criteria; tourism potential, tourism assets and tourism synergies. The first condition, tourism potential, implies that the region should have potential for tourism development especially with regard to biodiversity and natural resources in the form of culture, and flora and fauna. The second condition, tourism assets, concerns the lay-out of a site where the tourism project is to be implemented. The site should be evaluated and adapted to receive visitors. The third condition, tourism synergies, states that possibilities for tourism excursions at short distances to the tourism project need to be ascertained. A third prerequisite that is important for the success of microcredit in tourism development is measurement of the capacity of a tourism project for fighting poverty. Important things that need to be investigated are the number of jobs created, the reduction of migration from the country to cities, the increase in revenue and the creation of access of poor people to basic infrastructure. The final prerequisite is assessment of conditions for marketing and cost-effectiveness. Economic and tourism viability must be investigated through a preliminary evaluation of prospective markets and target clients.

5.2 Unfavourable aspects

As can be seen in the previous part, there are many possible areas of agreement between microcredit and tourism. These two concepts could be combined to support one another. However, it is not only honey and pie. For example, tourism can have a seasonal character, which complicates the usefulness of microcredit as a source of funding for local communities. Next to that, tourism is susceptible to disasters, which could imply high risks for local communities. Another possible constraint is the need for long-term and substantial investments in tourism development. The question is whether microcredit is sufficient to anticipate to this need. Fourth, tourism is only possible when the political climate in a region or country is stable, regardless of the use of microcredit to support tourism. A final possible unfavourable aspect discussed here is the possible impact Western tourists can have on the local community. These five points will be discussed in the following sub-paragraphs.

One of the main challenges for combining tourism and microcredit is how to deal with the seasonal character of tourism. Seasons with the most attractive weather in the destination countries for tourists, with the least attractive weather in countries of origin for tourists and summer period in Western countries are the periods that generate the most tourists. If the tourist arrivals show large fluctuations over the year, incomes for local communities also vary. For microcredit it is important that borrowers pay back money on a weekly base. If the generation of income lowers significantly or even stops for a certain period, it will be difficult for locals to meet the rules of their microcredit contract. To adopt to this characteristic of tourism, the duration and amount of microcredit should be taken into consideration (WTO, 2005). For example, pay back schemes could be adjusted to the seasonal character of tourism. In the months that most tourists visit the weekly amount that needs to be paid back to the microfinance institution or bank could be larger than in months when tourist arrivals are low.

Next to that, tourism is also susceptible to disasters. These calamities can take different forms; natural disasters, regional conflicts and other unexpected happenings. When a catastrophe happens, this could mean that local communities loose all their assets and sources of income. As the social security systems are generally not developed in the less developed world, a disaster would imply that local people have to start from the bottom again. They may have to build up their lives again without owning anything and without financial means. If locals have a mortgage, for example microcredit, they have an extra burden to deal with. They have to pay back money on a weekly base, but they do not possess the option to generate that money.

The two possible bottlenecks in combining tourism and microcredit discussed so far, could be dealt with by not focusing on tourism as the only means for development in an area. The more local communities focus on tourism as the only way for development, the more susceptible they are to disasters and seasonality. Normally, the rich and big investors from outside the community are the ones who take the risks. However, when tourism is financed by means of microcredit, it are local communities who take
the chances. Locals can spread the risks by switching the focus from tourism as the one and only source of income to tourism as an extra source of money generation. Within communities daily life patterns should continue and tourism should be intertwined in such a way that it results in extra income but does not generate risks that are too high.

The investments that are needed for tourism development, could form a third weak point. Especially for the initial starting of tourism and for the marketing, large investments may be needed and these investments need to be long-term. The amount of money that will be needed may by far exceed the possibilities that locals have. If microcredit is considered as suitable for these investments, the pay back time will be enormously long, because the money local people generate is very little compared to the first investment that is needed for product development, product marketing, and training of employees. A way to deal with this problem is by finding a third organisation that is willing to invest. For example, this could be a philanthropic, nongovernmental, or development organisation. Currently, rather much aid is provided to countries in Sub-Saharan Africa and Collier and Dollar (2001) claim that effective foreign aid could help in the process of development and poverty reduction. Apart from this initial investment and the money that is needed for marketing and promotion of the tourism destination, microcredit could be used for smaller scale investments. This could rather be directly for tourism accommodation, restaurant and so on. Or enterprises that are linked indirectly to tourism could be established.

A fourth possible unfavourable aspect is the political and investments climate in the country of destination. Safety is necessary, otherwise tourists will not visit a country or a specific region within a country (Briedenhann & Wickens, 2004). If there is war in a country or the regime is oppressive, like in Zimbabwe, then tourism incomes will not be generated. Next to that, the climate for investments and savings needs to be good, if the goal is to accomplish development and poverty alleviation (Collier & Dollar, 2001). This is also the case for tourism and microcredit. In many countries in Sub-Saharan Africa social-political traditions show strong power concentration, lack of access to information and financial means and lack of local ownership (Timothy, 2002). This puts large restrictions on the development of local tourism. So, for tourism to develop in a certain region, it is important that there is political stability and that the economic climate suits the needs of local communities.

Local communities in the less developed world, and especially the ones in rural areas with no initial tourism development, do not encounter many people from the more developed world. Teye, Sönmez and Sirakaya (2002) have carried out a research concerning the attitudes of local people toward tourism development in Ghana. The research shows that locals working directly or indirectly in the tourism industry have negative attitudes towards tourism, in general. This could be caused by the high expectations people had about tourism's role in development. These expectations could not be met in this country. Next to that, working conditions were deplorable and wages in tourism were below subsistence level. This was mostly the case for employees with little education. Lindberg, Enriquez and Sproule (1996) argue that especially the perceived cost and benefit distribution influences the attitudes of local communities. It is important that benefits flow into communities, otherwise residents may turn against tourism and conservation and they may damage the site (Lindberg et al. 1996). The tourists that visit rural areas could significantly change local peoples’ lives. The activities locals undertake will change and there will often be outsiders in the community. If tourists do not adept to the local life, this could have negative impacts on the community. To keep impacts as small as possible, it is important that tourists know a bit about the local culture before they visit the community. Next to that, tourists should be critical about their own behaviour in such a way that they do not misuse the local community.

5.3 Favourable aspects

The combination of microcredit and tourism does not only show unfavourable aspects, there are also numerous positive aspects that can be mentioned. First, combining microcredit and tourism could generate many jobs and these jobs are widely varied. Next to that, as tourism is often based on foreign ownership, local people could be included in the process of tourism development, by using microcredit. A third favourable aspect is that benefits not flow directly into the hands of rich, often Western, people but
can stay within the community. A final aspect mentioned here, is that the tourism enterprises that are developed with the help of microcredit often are small enterprises. These enterprises are seen as more harmless for the natural and cultural environment. These four positive aspects of combining microcredit and tourism for sustainable community development, will be discussed in the following sub-paragraphs.

The jobs in tourism enterprises are often suitable for lowly educated staff. Most of the work is practical and contains skills that are widely known to local people already. Tourists need a wide variety of services which local people can provide with the help of microcredit. Examples are accommodation, food and beverages, entertainment, local transport services, and souvenirs (Sharpley, 2002). Poor people often have had little education. This is especially the case for people living in rural areas. In Sub-Saharan Africa the net enrolment ratio in primary school with the school year ending in 2005 was 70 per cent, the ratio in secondary school was 26 per cent in 2005 (United Nations Educational, Scientific and Cultural Organisation, 2007). Additionally, the quality levels of the education in SSA are much lower than in the more developed world. Next to that, unemployment rates are high among the poor in SSA, especially youth unemployment rates are high. According to the United Nations (2005) the unemployment rate for people between the age of 15 and 24 was 21 per cent in the year 2003. For these two reasons, rather low enrolment ratios in school and high unemployment rates, work that requires little or no education, is more than welcome. Generation of these kinds of jobs can be supported by microcredit. The small scale character of the businesses that will be formed through microcredit, generally produces jobs with a variety of simple tasks instead of jobs for which very specific knowledge is needed. Development of locally owned small enterprises is a tool to diversify a local economy. Microcredit can be used for this development (Goodwin, 1998).

Often tourism is blamed for foreign ownership. This implies that local communities often do not have a say in the process of tourism development. A way to involve local people in tourism development is by making them, partly, owner of the enterprises that are linked to tourism. As most of the people within a community are poor, they often do not have the money at hand to invest in an enterprise. Microcredit could be used here because the amounts of money that are needed to set up local businesses are relatively small.

Another advantage of combining microcredit and tourism has to do with foreign ownership again. When the whole tourism industry is in the hands of a few people, who mostly live in the more developed world, the largest share of the money will leak out of the local community. When locals are more involved in tourism, for example by means of microcredit programmes that provide them money to invest in small enterprises, they can more easily share in the costs and benefits of tourism. More of the informal sector in the community could be linked to the tourism industry. If the linkages with the local economy can be increased, leakages could be decreased (WTO, 2002).

A final advantage that could result from the combination of microcredit and tourism is the rather small size of the businesses that are developed in this way. Small enterprises are generally considered as less harmful for the environment, because they place a smaller burden on natural and cultural environments and they have more direct economic effects for the local community.

A blueprint of how microcredit and tourism should be combined for sustainable community development cannot be given. It is very country and situation specific whether microcredit and tourism can be combined and if so, what the best combination exactly would look like. However, it is possible to develop criteria that reflect how microcredit and tourism can be combined. The most important criteria is to include the local community in the whole process of tourism development and operation, as they know the most about their region and they should have a say in their own development.
6. INTERVIEWS

6.1 Four experts

In this chapter the interviews with four experts from different fields will be discussed. All four actors were interviewed in a one on one conversation. Two of these conversations were face to face, the other two were over the telephone.

The experts that were interviewed are the following persons. First, Harro Boekhold was interviewed. Since 1991, the beginning of Boekhold’s studies, he has worked in tourism. He is the director and instigator of Contour Projects, an organisation that develops tourism projects in collaboration with non-profit organisations. These projects are socially and environmentally responsible and can support development in the less developed world. For project development, Boekhold prefers cooperation with existing organisations, may it be farmers organisations or community organisations. Examples of organisation with which Boekhold works are a coffee cooperative in Tanzania, a bananas cooperative in Ecuador and a federation of cacao farmers in the Dominican Republic. Boekhold is less familiar with the concept of microcredit. At the moment he is not working with microcredit, but this could change in the future as requests for support are on his desk.

The second person that was interviewed is an employee of development organisation Cordaid, named Vincent Driest. Driest works with tourism on a day to day basis. He is less familiar with microcredit, but some of his colleagues at Cordaid work with it. One of the fields of activity of Cordaid is providing opportunities for microfinance institutions to give loans to local people to invest in indirect tourism enterprises.

The third person who was interviewed is John Hummel, an employee of SNV World. Hummel lives and works in Asia, and is based in Nepal. Since 1996 he is working as a (pro-poor) sustainable tourism advisor. Hummel started in Albania and later on he moved to Nepal and Bhutan. He worked as a regional tourism advisor for SNV Asia but is on a sabbatical leave at the time this research is written. As Hummel was working with tourism on a day to day basis for over twelve years, he is recognised as being familiar with the concept.

Finally Marcel Timmer was interviewed. Timmer works as a development economist at the University of Groningen. His fields of expertise are economic growth and development, productivity measurement, and international comparisons. In February 2008 Timmer was appointed as professor at the faculty of Economics and Business at the University of Groningen. This appointment is in the field of empirics of growth, trade and productivity.

6.2 Tourism

6.2.1 Tourism’s role in development

Boekhold states that current tourism does not contribute to the development of local people in 90 to 95 per cent of the cases. He argues that this is caused by the fact that locals are not the owner of the tourism product and industry. Next to that, the largest share of the revenues leaks away from the local community, straight into Western bank accounts. The opinion about current tourism development of Hummel, as well as that of Driest, is twofold. There are initiatives that show positive effects of tourism on development. An example is the use of entrance fees visitors have to pay for natural parks. If this money is utilised for community living in the buffer-zones around parks, it could really contribute to community development, according to Hummel. He argues that in this way tourism can contribute to poverty alleviation, nature conservation and sustainable development. However there are also enough initiatives that do not benefit local communities. Hummel states that often the circumstances are not favourable for poor people to benefit from tourism development. This is especially the case in protected areas, where often the private sector and the government from outside the area develop and manage tourism.

If the objective is to develop a country, Timmer does not believe in small-scale tourism projects, because of the scale. It is small by definition, so it will not have an influence the larger entity. However,
at community level, tourism could be a source of revenue for the people. It is a possible source of income, next to a variety of other opportunities. A priori, Timmer can not say if tourism is better than other means for development. It is important to start development from within the community. Local people have their own possibilities within their own economy. Small-scale tourism is directed at this economy, and therefore it is actually not possible to organise from outside. Next to that, Timmer argues that small-scale tourism will eventually stagnate. At a certain point in time it is not possible to bring more tourists to a site without harming the community and the environment. For the short and medium period tourism could be a valuable activity for a certain area and a certain group of people to generate income.

There are only few places where tourism is possible. About 80 per cent of the land on a map of the world is not suitable for tourism, Timmer states, because it does not suffice environmentally or it is unsafe or it is unreachable for tourists. If you find a place that looks suitable for tourism, it is important that you involve the local people and that you look at what they want. At the moment the developed world provides a lot of aid, but mostly from a donor perspective, Timmer argues. We give the help that we think people in the less developed world will need. Only a small portion of the aid is provided from a development perspective, it is mostly emergency aid. To stay in line with the development perspective, aid could be given to tourism development.

Driest argues that sustainable tourism is a very good means to try to accomplish something in the fight against poverty. Boekhold agrees with the tourism’s possibility to have a positive effect on sustainable development of local communities, but ownership and revenues should belong to and flow into the community. Ownership is important because people will feel more attached to and interested in the company. In essence, tourism should be an industry that belongs to the local community and the community should benefit from it, Boekhold states. Driest agrees, he argues that it is important that jobs are created at local level and that revenues stay within the community, rather than leaking to Western countries.

Hummel points out that it is important to look at ways for tourism that forge links with the local community in such a way that the locals can profit from it. Boekhold also stresses the importance of associating with the local community. Linking to existing organisational structures is a good way for development of tourism products. Boekhold states that it does not work to start new organisational structures from a Western perspective, one should leave it to the locals. Next to that, it is important to know that the community is busy developing tourism projects already, but they are not succeeding for one or another reason. If locals do not know anything about tourism and its potential yet, they will probably say it is a good plan to invest in it anyway. Even if it is not, the locals want to try it because it could bring development. So, it is important that the request for tourism comes from the local community. According to Boekhold, another important actor in the development of tourism is the travel industry. If the tourism industry does not like an area, they will not promote it and tourists will not go there. As cited before, all four experts that were interviewed stress the importance of including local communities in the development of tourism.

6.2.2 Unfavourable aspects of tourism

According to Boekhold, there are many negative aspects of tourism. To explain his view, Boekhold uses the sustainability triangle. He explains social, environmental and economic effects of tourism. Negative social effects are ranging from a disturbed balance within a community to child prostitution. An economic effect is the leakage of income to foreign countries. Tourists often book a total package, which they pay for in their home country. Because of this, locals do not feel involved in the tourism industry and they do not share in the revenues. Effects on the environment are widespread. From the abstract level of CO$_2$ emissions of cars and airplanes to the local level of destruction of flora and fauna. Driest agrees with this last unfavourable effect tourism can have. The negative impact of CO$_2$ on the climate can contribute to degradation on local level. Forests, waters and other natural areas decline, which can result in decreasing living standards for locals and shrinking attractiveness for tourists. Eventually tourists will not visit the area anymore and local people lose a source of income.
Hummel argues that in some cases, tourism is presented as an alternative to earlier local livelihoods coping strategies, using the natural area. It is said that tourism could form an alternative if enough tourists visit the area, if entry fees are paid and ploughed back into communities, and if income and employment are generated. But a problem arises when the number of tourists is too low, plough back mechanisms are not in place, or when possibilities to earn income are not in place. So, for the local community to benefit from tourism development, a whole system needs to be in place. This system is often lacking or not functioning well.

Timmer brings forth an aspect that the other persons that were interviewed did not mention. He argues that as soon as you introduce one kind of tourism, you open an area for other sorts of tourism as well. This could imply that forms of tourism develop that do not contribute to sustainable community development, like mass tourism. Next to that it is difficult to maintain tourism in a sustainable way. Power relations are unequal, one person is profiting more while the other only gets worse. In Timmer's opinion it is too idealistic to think that decisions are made democratically in small villages. That is not the way it works.

6.2.3 Favourable aspects of tourism

Driest sees the possibility for income generation as a positive aspect. Tourism could generate revenues for poor people in the less developed world if it is organised in the right way and if governmental policy support it. Local people should be involved in the evolution of tourism. Hummel states that natural areas often are situated in remoter and poorer parts of a country. If tourism can be developed in these areas it can contribute considerably to the development of an area in terms of economic and non-economic benefits.

A favourable aspect of tourism that Boekhold has experienced is the increasing self esteem of local coffee farmers in Tanzania. Next to that, the locals learn to develop capacities, which they did not know they had.

Tourism, and especially sustainable and ecotourism, is focused on the long-term. This makes it look sustainable, Timmer states.

6.3 Microcredit

Three out of four experts that were interviewed are focussing more on tourism in their daily work than on microcredit. It sometimes happened that one of them pointed out that he did not have enough knowledge about the topic to answer the questions that were asked.

6.3.1 Microcredit's role in development

Boekhold and Hummel both have the feeling that microcredit can contribute to sustainable community development, but this is based on limited knowledge. Especially the indirect tourism industry can profit from microcredit, not necessarily the direct tourism industry, Boekhold argues. You need larger investments for tourism development than microcredit can offer. He argues that additional tasks like handicraft and supply of products could be started and developed by microcredit. For development in developing countries, access to funding is very important, Hummel states. People should have access to funding when they need it. That is one of the prior conditions for trade and industry to function correctly.

Driest sees microcredit as the perfect way to support development projects. Hummel and Timmer also argue that microcredit could work for development, just look at all the successful microcredit programmes. According to Timmer the advantage is that you can reach poor people with relatively low costs. It is all about stimulating diligence, Driest argues. Entrepreneurship is by definition something in which entrepreneurs need to take risks. There are many barriers in developing countries that make it impossible to be creditworthy according to the regular rules. It is very important to remove these barriers in order to make it possible for entrepreneurs to get a loan. However, the risks are so high in developing countries that these should partly be shared. Local people in the less developed world have often stayed poor because they did not have possibilities to invest in their own business. Enterprises all over the world
need invested capital to buy commodities and machinery. In the less developed world, this could be facilitated by microcredit, but the companies need to have a good business plan.

6.3.2 Unfavourable aspects of microcredit

Timmer argues that one disadvantage of microcredit, like with tourism, is scaling up. For example, a person gets a microcredit loan to buy one cow. But the development does not stop with that one cow; scaling up is needed. At the moment this is not possible for locals. They stay on an intermediate level, because they do not get other chances. The enterprises that are developed by means of microcredit, often are one-man businesses. Whenever the owner wants to employ more people, he will need capital to invest, microcredit can not meet this need. Another disadvantage that Timmer brings forth, is that expectations of microcredit are too high. Therefore a lot of negative reactions are given, it does not bring what people anticipated. A third disadvantage, according to Timmer, is that the initial development of microcredit costs money. Subsidies are needed. But this is not necessarily a bad point, Western countries donate large quantities of money already. It may only need to be relocated.

According to Driest an unfavourable aspect of microcredit is that it is not possible to safeguard all risks that borrowing money creates. For example, differences in exchange rates and disasters can always form a risk.

An unfavourable characteristic Boekhold can provide with his limited knowledge about microcredit, is that it is too small-scale. But his advice for local people is to start at small scale and then develop into a bigger independent enterprise.

6.3.3 Favourable aspects of microcredit

According to Timmer, research shows that the effectiveness of money that nongovernmental organisations and the developed world put in microcredit is better used than money that is used for other development instruments. Timmer has four reasons for saying so. First, local people gain the idea that they have the personal capacity to survive and function well. Second, the fact that so many poor people are interested in getting a microcredit loan, shows market imperfection, as economists call it. Timmer argues that another positive aspect of microcredit is that if you ask money for a certain service, you will reach people who are honestly interested and who will apply the service usefully. This is an economic law that is quite firm, and it applies to microcredit. Finally, Timmer states that microcredit positively uses local information. This is a sensible aspect that also results in power of control of local people.

Driest states that the biggest advantage of microcredit is that you can give enterprises the necessary push in the right direction. Microcredit can stimulate the economic development of small businesses in such a way that they become viable.

Boekhold and Hummel indicate that their knowledge about microcredit is too restricted to point out what positive aspects are.

6.4 Combination Tourism and Microcredit

6.4.1 Combination for development?

Driest argues that along with other products and services, combining tourism and microcredit is a good development. It is not only the real tourism that can be supported by microcredit, it is also the indirect industry, like supply of agricultural products to restaurants. Boekhold also stresses the importance of microcredit’s contribution to the development of the indirect tourism industry. The tourism products that are generated in this way, becomes more complete and the spin off increases. Microcredit alone is not sufficient for direct tourism development. A possible way to use microcredit for accommodation for example, is by combining it with other sources of financing. A development organisation could allocate a certain amount of money for the development of accommodation at the houses of local people. However, this is not a hundred per cent of the money that is needed. Local people also need to contribute from their own financial means, to involve them more. Locals could get this money through microcredit. Driest also argues that it is important to involve local people. If Western countries only donate money to the less
developed world, local people and enterprises do not experience risks and they will be less concerned about the way in which they spend their money. When microcredit is used, the risks are relocated to the local people and the process will become more sustainable, Driest claims, because it can be maintained for a longer period of time. Local communities generally see normal money donations as a gift, the way in which they spend that money does not concern them that much as when they really possess the money.

Timmer argues that it is important to leave the choice about combining tourism and microcredit to local communities. The local people can come up with the idea of combining tourism and microcredit themselves or a third organisation can bring the idea forward. But it is up to the local community whether they want to use microcredit to invest in tourism or in other business, Timmer states. Local people know best what they want and what will generate the largest amount of money for them. These people are smart and they know their own environment and opportunities. If small-scale tourism is set up in this way, it is a possible means for development, especially in areas where development options are few. Capital needs for small-scale tourism are small and the financial quantities microcredit provides suit this. If the local community wants it, tourism and microcredit could deliver a positive contribution to sustainable community development, because these two instruments are complementary, according to Timmer.

According to Hummel microcredit is often about social mobilisation. It is small groups that collectively borrow a small amount of money. Another level is about loans and availability of funding possibilities to small and medium enterprises. That is also the case for tourism enterprises. Next to that, Hummel argues that the combination of microcredit and tourism is certainly necessary. It is part of the enterprise development services within sustainable tourism and poverty alleviation. Therefore, access to funding needs to be part of tourism development initiatives.

6.4.2 Unfavourable aspects of combination

Earlier on in this chapter, it became clear already that Boekhold argues that microcredit alone is not sufficient to start and develop tourism. For real development, bigger investments are needed than microcredit can provide. For these investments development organisations and philanthropic organisations are needed.

In general small-scale tourism is a good means for development. The same applies to microcredit. For organisations from the more developed world, it could be tempting to conclude that combining tourism and microcredit is very good as well. Timmer argues that the danger that could arise is that microcredit providers make tourism conditional. When local people can only get microcredit if they invest it in tourism, this could lead to detrimental situations. According to Timmer, another problem is that tourism is often about areas with undefined ownership. Therefore it is also not clear who has to pay the costs or who will get the benefits. Another problem may arise when higher profits become available within a community. Higher income for the community does not automatically mean that everyone shares equally in the profits. It could also lead to drifting apart of communities because inequalities expand. However, this depends on the initial situation. Finally, Timmer mentions two bottlenecks for combining tourism and microcredit. These bottlenecks are infrastructure and coordination. The infrastructure in an area where tourism is developed is important. It should be rather easy for tourists to get to the site and to travel around. If tourists can not do that, they will not visit an area. Microcredit alone is not enough for the development of reliable infrastructure. Other means to finance should be used for this. Next to that cooperation on regional level is needed for the development of infrastructure.

Driest and Hummel cannot name unfavourable aspects that are specific to the combination of microcredit and tourism.

6.4.3 Favourable aspects of combination

Boekhold sees the possibility to create side markets as a positive aspect of combining microcredit and tourism. Tourism can have a bigger impact on the community because new jobs could be created in handicrafts and in supply of goods. The product becomes more complete.
According to Timmer, the most favourable aspect of the combination is that small-scale tourism can easily be financed by microcredit. The financial functions of microcredit fit the needs of the activities that are developed in tourism. However, microcredit and large-scale tourism will not work.

Positive aspects of the combination of tourism and microcredit can not be named by Driest and Hummel. Of course, tourism in itself has positive aspects, and the same applies to microcredit. These advantages can also be found back in the combination.
7. CONCLUSION, DISCUSSION AND RECOMMENDATIONS

7.1 Conclusion

The general research question in this research is “How can the combination of tourism and microcredit contribute to sustainable community development in Sub-Saharan Africa?” The most important aspect for combining microcredit and tourism is that the conditions for both communities and the environment need to be favourable. These conditions are necessary in order to deal with the unfavourable aspects that the combination of microcredit and tourism has. However, it is possible to combine microcredit and tourism in the fight against poverty and for sustainable community development in certain situations.

Favourable aspects of the combination of microcredit and tourism are the following. First, specific jobs could be generated, which would otherwise not be created. Second, microcredit could include local communities more in tourism development because the local people obtain ownership. Third, microcredit could generate opportunities for local communities to share in the profits of tourism because of ownership again. Finally, microcredit stimulates development of small and medium tourism enterprises. These enterprises are perceived as having a smaller impact on the natural and cultural environment than large enterprises.

Most of the unfavourable aspects can be dealt with by creating advantageous conditions. For example, a way to enable microcredit to deal with the seasonal character of tourism is by a variable payback schemes. Other conditions that are important are the following. First, the inclusion of the local community in the whole process of tourism development and running in order to make locals owner of tourism products and to let them share in the costs and benefits. Second, it is important that local communities are supported in order to warn them for the risks of focusing on tourism alone and the risks of overexploitation caused by too many tourists. A third condition is an initial investment that is needed which microcredit is not sufficient for. This investment is needed for the product development and for the marketing of the new tourism site to tourism operators and tourists. The investment could be made by a development organisation for example. A final condition that is mentioned here are the attitudes and adaptation of tourists. Tourists can have enormous impacts on people living in local communities. To keep impacts as small as possible, it is important that tourists know a bit about the local culture before they visit the community. Next to that, tourists should be critical about their own behaviour in such a way that they do not misuse the local community or trespass local social rules and taboos.

Microcredit and tourism can only have a positive effect on sustainable community development in certain situations. This comes from the fact that some unfavourable aspects can not be overcome easily, like the political climate in a country. Next to that, not all areas are suitable for tourism. The World Tourism Organisation (2005) states that there are four requisites (see sub-paragraph 5.1.3) and Timmer mentioned in the interview that about 80 per cent of the land is not appropriate for tourism development. But for the 20 per cent of the land that is suitable at least this condition is met.

7.2 Discussion

Although this research leads to the conclusion that it could be possible to combine microcredit and tourism for sustainable community development when the conditions are right, there is only little theoretical support for this conclusion. It is not clear why so little research has been carried out about the combination of microcredit and tourism. Do researchers think it is not viable to combine these two possible ways for poverty reduction and community development or have they simply not thought of the combination as a possible means?

It was not a problem to find information about microcredit for development (Ahlin & Jiang, 2008; Armendáriz de Aghion & Morduch, 2005; Chowdhury, Ghosh & Wright, 2005; Elahi & Danopoulos, 2004) and about tourism for development (Binns & Nel, 2002; Briedenhann & Wickens, 2004;
Scheyvens, 2002; Simpson, 2007). Therefore, this research is largely based on this information. The research focus is explorative rather than elaborate, because of the availability of only indirect information. Only in a very few papers and reports the link is made between microcredit and tourism for poverty alleviation or community development, however often not very explicitly. Thorough research has hardly been carried out. The only well-known report is *Tourism, microfinance and poverty alleviation*, written by the World Tourism Organisation in 2005. In this report the authors emphasise the possibilities of using microcredit to support tourism development for poverty alleviation. Next to that, recommendations are given to small and medium tourism enterprises, to microfinance institutions and to governments about including microcredit in tourism development, about including tourism in microcredit development and about the creation of positive conditions for the combination.

As mentioned earlier in the report and also in the conclusion, it would be too specific to only focus on microcredit and tourism for development. Other factors need to be taken into account like the political climate in a country and investments that are needed which microcredit could not facilitate for. It is important to look at situations one by one to see if there is potential for tourism, for microcredit and for the combination of tourism and microcredit. Next to that, it is also important to investigate if the conditions are right for the implementation of the combination of tourism and microcredit.

The scope of this research was the micro level of the destination. Therefore the transportation to and from the holiday destination of the tourists was not taken into account throughout this whole research, although the transportation does contribute to environmental degradation.

It was difficult to find useful data in this research. Response rates to participation requests were low. For example, initially the idea was to ask 296 microfinance institutions and banks that provide microcredit in Africa whether they support tourism projects and if so, if they could give more information about that. These MFIs and banks were found on the website of Microfinance Information eXchange (2008). Out of 296 MFIs and banks, 283 have an e-mail address. These all got an e-mail, 93 could not be delivered. Ultimately, only 16 MFIs and banks responded to the e-mail. Unfortunately, none of them had outstanding loans in tourism enterprises. A second attempt in the search for data about case studies, was made by contacting ten Dutch development organisations. Two did not reply, and from the other eight a few useful remarks were given, but eventually this did not lead to anything. After a month four organisations that did reply to the first e-mail were contacted again. They were asked if it was possible to talk to one of the employees. Two organisations gave a positive response to this request and that resulted in two interviews.

### 7.3 Recommendations

Resulting from this research a couple of recommendations for further investigation could be given.

First, possibilities for the combination of microcredit and tourism should be further investigated. This could either be done through literature research or through acquiring more specific data about certain organisations, countries or regions. In this way, a broader knowledge base and a wider conception of the combination of microcredit and tourism, could be formed. It is important to include more experts in this process, especially local people who are living in the communities that are considered to be suitable for tourism and microcredit. These people may be experts in that they know their own environment and opportunities. Next to that, tourism operators are also important to talk to. They have knowledge about the preferences of tourists. Tourism operators could indicate if a certain area or community is attractive enough for tourists to visit.

Second, only very close to the deadline of this research, information was found about a case in which tourism was supported by microcredit. It was not possible to include this case in this current research. However, further research could use this case study, and possibly also other case studies, to investigate the combination of microcredit and tourism. Desk research is important, but the only way to assess if the combination of tourism and microcredit really works, is by setting it up and monitoring and evaluating the process.
A final recommendation for further research is about a restriction that was made in this research, namely the use of microcredit instead of microfinance. Current research about microcredit and microfinance shows that the additional options that microfinance provides are important for poor people to grow apart from the poor status. Therefore, in further research the concept of microfinance could be used, rather than the more limited microcredit.
8. REFERENCE LIST


