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# Tourism Development and Poverty Alleviation

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## ABSTRACT

*Tourism development has become an important strategy to spur the country's rural economy and social development and, especially, to alleviate poverty in China over the past two decades. This study examines tourism development and poverty alleviation in the Chinese context and explores the role of community-based tourism activities to secure and improve people's livelihoods, using a "tourist model village" in Nujiang Lisu Autonomous Prefecture, Yunnan Province, China, as a case study. The study reveals that tourism has not only provided a supplementary income and new employment opportunities to the rural community, but also has increased the appreciation of local culture and rural lifestyle. However, although the impacts of tourism are substantial for the few people who directly benefit, most residents have not benefited much from tourism. Tourism does not reduce rural poverty as much as might be expected from a large rural-based industry. There is great potential for public supporting system and local entrepreneurship to improve.*

**Keywords:** *tourism, rural community, poverty alleviation, Yunnan, China*

## INTRODUCTION

Tourism has become an important strategy for local development in many underdeveloped regions. Many studies show that tourism development has significant impacts on impoverished rural communities where the option for development is limited (Yang & Wall, 2009). Although the positive economic and social impacts of tourism development have contributed to local livelihoods in some communities, to other communities, the negative impacts associated with tourism development such as displacement, environmental and cultural degradation has indeed led to the deterioration of residents' quality of life (Ap & Crompton, 1998; Wang & Wall, 2007). Despite the tremendous opportunity tourism offers for poverty reduction in such regions, this is yet to be exploited to its fullest (Ashley, Roe and Goodwin, 2001).

Tourism has been adopted by the Chinese government as an antidote for struggling economies, especially in impoverished rural, remote areas where ethnic minority people live since the 1980s. Despite the increasing research on tourism and poverty, there are few in-depth qualitative studies that investigate the special role of rural tourism in China's poverty alleviation and socio-economic regeneration. Therefore, there is a need to understand the tourism impact on poverty and the associated issues in development. The main purpose of this study is to examine the impacts of rural tourism on poverty alleviation in the Chinese context and discuss the role of community-based tourism activities for the livelihoods of local people. A case study was conducted in a rural village in Nujiang Lisu Autonomous Prefecture, Yunnan Province, China.

## **TOURISM AND POVERTY**

Tourism has been identified as one of the effective tools for reducing poverty in the world (Muganda, Sahli & Smith, 2010; Scheyvens, 2007, 2008). Many international initiatives have revealed that tourism can make a substantial contribution to socioeconomic development and help to improve living conditions for local people in different destinations (Scheyvens & Russell, 2012; WTO, 2004). Community-based tourism enterprises are seen as having potential for, or having already contributed to, the development of local economies. However, some studies show that their impact on poverty alleviation was still insignificant (Manyara & Jones, 2007). Several factors such as lack of education, skills and funds, along with elitism and migrants have been identified by various studies as barriers preventing local people from accessing tourism opportunities that could lift them out of poverty (Muganda et al., 2010). The pro-poor approach has proposed numerous ways to help fight poverty and maximize tourism benefits for the poor, such as empowerment, education and training, creation of jobs, enterprises and businesses, diversification of local economy, and non-farm livelihood opportunities (Pro-Poor Partnership, 2005).

China retains a vast area of poverty-stricken rural regions in which there are over 100 million residents on incomes significantly below the poverty line (World Bank, 2009). Since the 1980s, the Chinese government has encouraged the development of rural regions of the country through tourism. Rural tourism, as a means to spur the country's rural economy and social development and, especially, to alleviate poverty has been actively promoted by the government. In order to reduce the significant regional gap between China's eastern and rich coastal regions and the middle and western parts of China's impoverished areas, the central government adopted the Great Western Development Strategy in 2000. Tourism has served as a primary tool for poverty alleviation in Western China under such strategy. The strong government policy support and financial incentives have facilitated rapid development of rural tourism.

Despite increasing numbers of publications regarding tourism and poverty alleviation in China, there is little qualitative research that provides comparable data. Few in-depth studies investigate how tourism activities impacts poverty. This paper, therefore, contributes to the discussions of tourism impacts on poverty alleviation at the grassroots community level. The aim is to broaden our understanding of tourism as a poverty alleviation tool and, more importantly, to examine whether tourism initiatives can truly contribute to improving the standards of living of the poor.

## **METHODS**

Data for this study was collected via a case study conducted in Zhongding Village in Nujiang Lisu Autonomous Prefecture, Yunnan Province, China. Multiple research methods, including in-depth interviews, informal discussions, on-site observations, and secondary data review were employed to explore the impacts of tourism on local lives and poverty. In-depth interviews pertaining to the benefits of tourism and the living conditions of residents were conducted in the households of Zhongding Village. The author contacted all 51 households in order to gain broad voices from the villagers. In total, 46 households participated in the research which represents 90% of the population in the community. Five households declined interviews due to various reasons such as lack of time or interest. Interviews were carried out in Yunnan dialect since the

villagers are generally fluent in that dialect. Informal conversations were also carried out with men and women of all ages, both individually and in groups, to learn about their lives and attitudes towards tourism and poverty.

Additionally, five key informants from the Tourism Bureau of Nujiang Prefecture were interviewed in order to obtain a panoramic perspective on the role of tourism in local economy and poverty alleviation. Finally, secondary data including tourism plans, official documents, newspapers, and journal articles were examined to help gain a larger understanding of the community's context and to understand social responses to tourism development. The author lived in a local guesthouse for three months during the field study, and spent substantial time in the village to observe local life and tourism events.

Data was analyzed and interpreted following a content-analysis methodology. Each interview was translated (from Chinese to English) and transcribed by the researcher who is familiar with the language and culture of the study area. To enhance reliability and validity, the household interview data were integrated and compared with those from the key decision-makers' comments, field observations and informal discussions.

## **STUDY SITE**

Nujiang Lisu Autonomous Prefecture (hereafter referred to as Nujiang Prefecture) is located in the Northwest of Yunnan Province, Southwestern China. Nujiang Prefecture is the one of the poorest regions in China with more than 239,900 people live in poverty comprising 53.9% of the local agricultural population (interviews with local officials, 2010). To alleviate poverty, in the 1990s, the local government encouraged local communities to become involved in a diversity of projects such as organic agriculture, mining, refining, and tourism. In 2003, the Three Parallel Rivers Region – one of the primary attractions of Nujiang Prefecture was designated by UNESCO as a World Natural Heritage Site. As a result, tourism initiatives have become a top priority among local officials as a means of generating a financial return from the World Heritage designation. Since then, the tourism industry has been flourishing in the area.

Zhongding Village is located at the core zone of the Three Parallel Rivers World Heritage Site with an average elevation 1750 meters above sea level. It is one of the most well-known sites in Nujiang Prefecture for backpacking tourists who stay at local guesthouses. The village consists of 51 households with a local population of 161 (Liu, 2009). It is a cultural and natural amenity-rich community, which is a mixture of diverse religions and different minority groups. The majority of residents are ethnic Nu, Lisu, Tibetan and Dulong. Twenty years ago, Zhongding was one of the most remote and least accessible villages in the prefecture characterized by its quiet, simple rural atmosphere. It was an underdeveloped and impoverished village with its economy depending highly on crop and livestock production.

## **RESULTS**

The interviewees reported that village tours started as a trickle in the late 1990s as a growing number of backpackers visited the area. Local villagers initiated small-scale tourism businesses

by providing horseback riding and home-made food to visitors. With the encouragement of incentive governmental policies, household-based accommodation emerged. After the first guesthouse was opened in the village in 1998, more villagers became involved in tourism to get rid of poverty. Some opened small restaurants and souvenir shops, while others performed ethnic music and dances for tourists. Since then the community has seen a growing economy based on tourism. Zhongding Village was praised as “a model village for entertainment and leisure” and “a harmony cultural village” by the Prefecture Government in 2006.

Many interviewees welcomed tourism development in their region. They reported that the tourism industry had a positive impact on local livelihoods and poverty alleviation, although their assessment of the extent of the contribution varied. Tourism is seen as a new economic driver of the community providing opportunities for the creation of small businesses. There was a general appreciation that tourism has created many employment opportunities, especially for self-employment such as jobs as tour guides; as providers of ethnic goods and services; various positions in tourist hotels, guesthouses, restaurants and shops. The village has experienced rapid changes resulting from increasing tourism activities in recent years. The average living standards of the village has become much higher than that of neighboring villages in terms of disposable income, quality of housing, roads and public facilities. As a designated “model village”, the villagers have received more financial aid from the local government. As a result, Zhongding has much better conditions for developing tourism in terms of transportation and lodgings capacities.

While almost all respondents acknowledged that tourism had increased economic opportunities in the community, there was a level of dissatisfaction amongst local residents about uneven distribution of government subsidies and money earned from tourism. Such complaints were largely voiced by residents who do not benefit from tourism directly. The subsidy program was launched by the local government in order to promote tourism in 2002. Nine households received 10,000 RMB (US \$1,611) for building guesthouses at the beginning. However, later only two households with political affiliations received up to 50,000 RMB (US \$8,055) in interest-free loans from the government (interview with villagers, 2013). Most villagers have been marginalized in terms of the interest-free loans. The government also stopped offering start-up funds for new guesthouses.

Currently only four guesthouse operators regularly take visitors, with a single guesthouse receiving the vast majority. However, the rest of the families only have guests during peak holiday seasons. Most tourism earnings are produced during the ethnic festivals and public holidays. All guesthouses are booked in the peak season, while there are few visitors for the rest of the year. Like other tourist destinations, the high seasonal concentration of tourists in the holidays is a major problem for local business. Many villagers felt they did not get much from tourism.

Tourism has also increased local people’s awareness of business opportunities. There is a growing entrepreneurial spirit among villagers influenced by the desire to lift themselves out of poverty. However, only a few privileged households enjoyed more loans and most households thought that they had insufficient money to run guesthouses. Some households felt left out of the tourism development since they did not have enough funds to start their own business. A number of issues were identified as major barriers impeding the poverty alleviation potential of tourism

in the studied area. In particular, lack of education, skills and capital are perceived as the main difficulties preventing residents from becoming involved in tourism. Inadequate public infrastructure and the small scale of tourism investments are also seen as barriers limiting local people's access to tourism benefits that would improve their lives.

The tourism industry has diversified local economy, but it has not prominently contributed to the growth of incomes in the village. Local people feel that tourism contributes more towards improving the livelihoods of a few households. The key to success for a tourism business relies on whether guesthouses are conveniently located, and have good facilities and political affiliations. The majority of residents do not have the economic or political capacity to operate a business.

## CONCLUSIONS

This study contributes to scholarly literatures that examine tourism's role in poverty alleviation and local development. The study results reveal a complex picture, with strong agreement about improvements in living standards, employment and accessibility, and a diversity of views on the impacts on household incomes, entrepreneurial opportunities, and government subsidies. The study supports the argument that poverty is a multi-faceted problem (Spenceley and Goodwin, 2007). The tourism sector is not a panacea to solve all poverty issues. There are weak linkages between tourism and the wider economy with a heavy reliance on government subsidies in the area. The small-scale, family-owned business can be vulnerable in a broad tourism market dominated by large-scale enterprises.

The community-based tourism projects seem suitable for pro-poor endeavors in the Chinese context. However, in the case explored here, tourism has shown limited roles in terms of improvement of local standards of living except to a few households. It is questionable whether tourism initiatives can truly contribute to improving local standards of living for all. Alternative strategies need to be sought in addition to tourism. Further research is required to conduct comparative studies of tourism impacts on rural communities in different locations and to explore further strategies to reduce poverty.

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