

Can Tourism be Pro Poor?
The Tourism Act of 2009 and the Local Government of the Philippines
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1. Introduction

There is no question that tourism is the one of the world's largest and fastest growing industry. It is also considered an industry that generates opportunities for employment of skilled workers since it is labor intensive. In the past six decades, the tourism industry has experienced continued growth and diversification to become one of the largest and fastest growing economic sectors in the world (UNWTO, 2009). In 2000, tourism accounted for 10% of the economic global economic production and 10.6 % of global workforce (Javier, 2008).

In the Asia Pacific Region alone, it has generated US\$2.5 trillion of the Asia-Pacific Economic Cooperation Demand (10.5% of total APEC regions GDP) and it's direct and indirect impacts support 8.1% of the total jobs in the region (Rodolfo, 2003). In 2008, of the 924 million international tourist arrivals The Asia and the Pacific region ranked second having 20% (188.3 million) tourist shares (UNWTO, undated). Europe leads the world by having 53% (488.5 million) while the Americas ranked third with 16% (147.6 million). This is why tourism for many countries in the Asia-Pacific region has

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been credited as a key driver for socio-economic progress. Developing countries have acknowledged that tourism is one of the main sources of income and number one export category contributing to the GDP, creating employment and development opportunities (Young, 2009).

The Philippines is no exception as far as the effects of tourism in national growth. In 2008 alone, 3.4 million tourist arrivals resulted into US\$4.4 billion visitor receipts (DOT, 2008). Despite the financial crisis, this has been preceded by previous years of an average annual growth of 8.21% that is third to Vietnam (9.44%) and Malaysia (8.92%) in the Pacific Region (UNWTO, 2009). According to the Medium Term Philippine Development Plan for Tourism Sector for 2004-2010, it targets in 2010, 5 million tourist arrivals that will result to 6.10 million jobs and US\$4.86 billion in tourist receipts.

The rapid growth of the tourism sector in developing countries, the Philippines included, is instrumental for poverty reduction. According to Wong (undated), this rapid growth is rising much faster in developing countries than developed countries and serves as the principal export of one third of these countries. Wong further argues that tourism is a driver of understanding between peoples. It is an effective instrument with which to eradicate poverty and to improve the legitimate aspirations and well-being of citizens. Tourism in this sense is seen as one of the solutions to grinding poverty in poor countries.

In the Philippines, Republic Act 9593, also known as the Tourism Act of 2009 was recently enacted in May 12, 2009. The law is considered as the Omnibus Tourism Code in the Philippines. Its general provision stated in Section 1 is to harness the potentials of tourism *“as an engine of socio-economic growth and cultural affirmation to generate investment, foreign exchange and employment and to continue to mold an enhanced sense of national pride for all Filipinos”*. The state’s perspective of tourism, as with the

rest of the other country's experience and plans, is seen through the direct contributions on job creation, foreign exchange generation and stimulation of large and usually foreign investments. The purpose of this paper is to examine the new law RA 9593 in light of the potentials of tourism in poverty reduction from the context of the local governments in the Philippines.

2. The Role of Tourism in Poverty Reduction

2.1 Pro Poor Tourism

Pro poor tourism (PPT) is tourism that generates net benefits for the poor (Ashley, 2001). PPT as Ashley argued is not only the development of a specific tourism product or a sector of tourism but a holistic approach that does not only aim to expand in size but to unlock development opportunities for poverty reduction. What makes tourism an industry with potentials in poverty reduction are its inherent features. Pro poor tourism to be considered pro-poor should be labor intensive producing some form of economic benefit, should be inclusive to women and the informal sector, should be based on the natural and cultural resources belonging to the poor and lastly a tourism that is also suitable for poor areas.

These features are actually what also characterize ecotourism from a Ceballos-Lascurian (1983) tradition wherein it is defined as *“the purposeful travel to natural areas to understand the culture and natural history of the environment taking care not to alter the integrity of the ecosystem while producing economic opportunities that make the conservation of natural resources beneficial to the people.”* Ecotourism provides complementary livelihood in managing particular natural resources in their locality. It is not an alternative so the poor will not be extracted from his primary source of income even how small it is, for conservation of nature purposes.

Similar to mainstream tourism, it can also bring in foreign tourist and consequentially foreign exchange if natural resources are also managed well. This bring to mind, Boracay, the world famous beach in the Philippines, in the early 1980s where beaches where still pristine, cottages are rented out by the natives to foreign and local tourist and peripheral economic activities are local in nature. The short-term cash benefits and managing the source of the tourism enterprise which is the natural resource requires a delicate balance which is often a dilemma for the poor. This is where institutions, either the local governments or the private sector creates the environment for the poor's sustainable participation. This maybe as the investor that will provide the necessary seed capital or as an enabler that will provide the policy conducive for tourism enterprises to be developed and retained.

Poverty reduction through tourism entails capitalizing on these inherent features and increasing the positive impacts and lessening the negative impacts on the poor.

Table 1. shows the potential tourism impacts on aspects of livelihood.

Table 1. Potential Positive and Negative Impacts of Tourism on Aspects of Livelihoods

Tourism Effects Livelihood Goals	Positive	Negative
	<i>Can support livelihood goals like economic security, cultural life and health.</i> e.g. by increasing cash income of workers/entrepreneurs, contributing to cultural restoration, catalysing improvements in hygiene.	<i>Tourism can undermine economic security, self determination and health</i> e.g. by creating dependency on a volatile industry among workers creating local inflation, disempowering residents from decision making, exacerbating spread of disease.
Livelihood Activities	<i>Expand economic options</i> e.g. by creating employment and small business options for the unskilled and semi skilled or by complementing other activities.	<i>Conflict with other activities</i> e.g. constrian fishing, gathering, or agricultural if land and natural resources are taken away.Clash with busy agricultural season and increasing wildlife damage to crops and livestock.
Capital Assets	<i>Build up assest (physical, natural, financial, human and social)</i> e.g. enhancing physical assets if	<i>Erode assets</i> e.g. lost to acces to natural assests if local people are excluded from tourism areas,

	earnings are invested in productive capital enhanced natural capital, if sustainability of natural capital is improved.	erode social capital if conflict over tourism undermines social and reciprocal relations, over-burdening physical infrastructure
Policy and Institutional Environment	<i>Improve the contexts of residents ability to influence it</i> e.g. by expanding local markets, focusing policy makers attention on marginal areas. Participation in tourism planning and enterprise can give residents new status, information, skills to deal with outsiders.	<i>Exacerbate policy constraints</i> e.g. diverting policy makers attention, resources and infrastructure investments to prioritize tourism over other local activities. Improved transportation access and markets can undermine local production.
Long term livelihood priorities	<i>"Fit" with people's underlying long term priorities</i> e.g. to diversify against risk or building buffers against drought by developing an additional source of income which continues through the years.	<i>Create or exacerbate threats to long term security</i> e.g. physical threats from more aggressive wild animals due to disturbances by tourists economic vulnerability can be exacerbated due to dependence on volatile tourism.

Source: Ashley and Roe (1998), Ashley (2000), Elliot (undated)

2.2 Challenges of the Poor to Participate in Tourism

The amount of net benefits communities get from the tourism activities are dependent on whether and what extent or level they can participate in the industry. A wide range of factors like local (assets, gender and livelihood strategies) to policy environment and commercial context (market segmentation) influence the communities' participation. It is also important to take note that poor communities, who have limitations on physical and human resources, are also hindered or totally stopped by a number of constraints.

Some of the factors that constrain the poor's participation in tourism (Ashley, 2008) can be classified into three major factors- capacities, administrative and external constraints. Capacity constraints include the lack of individual human capital, exclusion as a result of the lack of organizational social capital and limited capacity

to meet requirements for the tourism markets. Administrative constraints include the availability of finance or credit, red tape faced in attending to and complying with regulations and the exclusion of the poor for benefits that accrue to registered enterprises. The external or exogenous constraints are the location of the poor to the tourism sites, lack of market power due to ownership, inadequate access to tourist markets, under development of domestic/regional/independent tourism in comparison with international tourism and new tourism opportunities conflict with existing livelihood strategies. Among the three, the poor faces more constraints in external factors or those constraints which the poor has very little control of.

Table 2 shows the constraints faced by the poor in tourism participation.

Table 2. Constraints of the Poor in Tourism Participation

Capacities	Administrative	External
Lack of human capital. Although the tourism industry is labor intensive it does require trained and skilled workers. It also requires language skills and empathy of tourist expectations. The poor may lack this since the experience of being a tourist alien to them.	Lack of finance credit. Financial capital is needed is needed to expand tourism activities of the informal sector. Poor entrepreneurs have expanded their activities by reinvesting profits over a long duration of time. However as with the case of Boracay, these local investors may be driven out by outside investors that drive rapid growth in the industry (Shah, 2000).	Location (far from tourist cites). Tourism activities are situated where there is sufficient quality of products (natural, heritage and recreational sites), infrastructure and commercial services to attract tourist (Ashley, 2001). The poor in order to participate have to migrate near areas where tourism activities are present. Their migration is usually constrained by bureaucracy, transport, and social networks.
Limited capacity to meet requirement for tourism market. The formal sector of tourism presents a good market for local labor and products. But most often than not, local labor and products do not pass the quality or quantity needed by the industry and are more expensive than outsourced products.	Regulation or red tape. Individually, the poor is generally disqualified in participating in tourism activities due to their lack of qualifications or service standards that they provide. According to Ashley (2009), Tourism regulations covering tourist activities, qualifications of workers, or service standards are often geared to the more formal sector enterprise and may	Lack of market power due to lack of ownership. The lack of ownership renders the poor incapable to dictate of market value. This results in the lack of bargaining power with large investors. Tenure over land and natural resources can give the poor market power and enable them to negotiate and secure benefits from tourism.

	impinge most on those lacking in contacts and capital.	
Lack of organization, exclusion by organized formal sector interest. Although the poor have access or create dynamic and flexible forms for social capital (where great potential for participation is attributed) this lack the merit of legitimate and formal organizations. These formal organizations have the capacity to promote or protect the interest of members.	Government support targeted to the formal sector. The poor who are part of the informal sector are excluded from incentives and benefits dually given to registered establishments and promotion of tourism facilities/services.	Inadequate access to tourist market. The tourism sector is prone to “ <i>enclave tourism</i> ” and all-inclusive package development which create a tourism market only open to networks between elites and those that have adequate capital to provide services and goods.
		Under development of domestic/regional/independent tourism in comparison with international tourism. Although the poor are primarily engaged in all types of tourism activities whether self employed or casual labor, the capability of the poor to participate in enterprises in tourism is seen only at the community tourism level. These may be seen as enterprises like community lodges campsites and camp sentries.
		New tourism opportunities conflict with existing livelihood strategies. The introduction of tourist activities may impede or result to conversion of existing livelihood activities and strategies. The poor are the most susceptible and adhere to these changes due to their economic state of subsistence. If this new opportunities fail they will be greatly affected.

Source: (An Adaptation from Ashley, 2009)

3. The Tourism Act of 2009

The new law RA 9593, The Tourism Act of 2009, was established on May 12, 2009 as a policy that acknowledges tourism as an “indispensible element of national economy and an industry of national interest and importance.” In the law, tourism is seen as an industry that must be harnessed to stimulate socio-economic growth and cultural affirmation to cause investments, foreign exchange and employment.

The main objective of the law is to strengthen the Department of Tourism (DOT) and its attached agencies to efficiently and effectively implement tourism in the Philippines. The DOT is the authority in charge of product development, regulating and monitoring and stimulating investments of the tourism sector. A key agency which is a government owned and controlled corporation and is an innovative feature of the new law is the creation of the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) in place of the old Philippine Tourism Authority (RA 9593, Ch 1 Sec 4h). The TIEZA's major role is according to Sub Chapter IV b, Sec 64 “...as a body corporate which shall designate, regulate and supervise the Tourism Enterprise Zones (TEZ), as well as develop, manage and supervise tourism infrastructure projects in the country.

TIEZA's mandates include tourism promotion and assistance for LGUs who successfully implement their tourism development plans. The TEZ are satellites of TIEZA that oversees tourism in their specific scope of areas. Tourism enterprise that register and chose to be a part of TEZ, enjoy fiscal incentives (e.g. tax break and non-tax importation incentives) and non-fiscal incentives (e.g. special investors resident visa, lease and land ownership, foreign exchange currency transactions, etc.).

The establishment of TIEZA created the policy environment which provides the infrastructure investments of the government. The focus in stimulating foreign investments in tourism by giving incentives is beneficial specially to large tourism enterprises. The TIEZA mandate of establishing TEZs largely favors the formal or

mainstream tourism enterprise operators versus the informal sector where most of the poor are engaged. With a focus on infrastructure, communities may lose access to their natural assets and may eventually be excluded from tourism areas or relegated to mere employees of large tourism investors, who may meet the requirements as TEZ operators. It has become a clash between bed and breakfast versus five-star accommodation, adventure tourism versus all-inclusive packages, community tourism versus enclave tourism, among others.

Incorporating strategies that promote domestic local tourism, whose standards may not be comparable to that of the international tourist, must be considered in the overall concept of the tourism sector to allow maximum participation of the communities. In order for this to happen, local communities must participate in the planning of policies and have secure control over types of tourism development. Overall as the RA 9593 states, its objective is to “develop responsible tourism as a strategy for environmentally sound and community participatory tourism programs, enlisting the participation of local communities, including indigenous peoples, in conserving bio-physical and cultural diversity, promoting environmental understanding and education, providing assistance in the determination of ecotourism sites and ensuring full enjoyment of the benefits of tourism by the concerned communities (RA 9593, Ch 1 Sec. 2i)”. It should also be noted that the priority in the law to create tourism enterprises that are at world class standards requiring physical infrastructure that may be additional burden to the carrying capacity of the environment and which may undermine culture of the community.

The poverty alleviation approach through tourism follows the spoke and hub structure for building the priority tourism destinations (Alampay, 2009). This entails the development of tourism in key primary destinations that are international gateways and urban centers and allowing the economic impacts to overflow to secondary destinations. The secondary destinations that are accessible from the primary hub are given a chance to engage the tourist market. This tends to limit the scope and breadth of tourism’s poverty reduction effect to the priority tourism destinations and their vicinity.

An irony exist between the current strategy and what is envisioned in RA 9593, (Ch 2, Sec 3m), which states *“Achieve a balance in tourism development between urban and rural areas in order to spread the benefits of tourism and contribute to poverty alleviation, better access to infrastructure and to a reduction in regional imbalances”*.

The tendency of tourism concentrated in primary hub opens the possibility for enclave tourism and all-inclusive package development limiting the chances of the poor to participate in tourism or giving them difficulty to compete with established tourism enterprises. Tourist sites are also far and inaccessible to the poor to participate. In the Philippines, international and local travel destinations only 22.6% of tourists go to the 40 poorest provinces. If Aklan, Bohol and Palawan where excluded, the share of tourist going to poorest provinces dwindle to 11%. The other 77.5% go to tourist destinations of provinces that are not considered as the poorest provinces (Alampay, 2009).

This provides us a broad picture that the strategy of establishing TEZ concentrates economic impacts of tourism to priority destinations rather than dispersing it to poor areas in the Philippines. These poor areas in the Philippines have the natural and cultural resources that are considered as potential tourism destinations, specifically engaging in ecotourism. Even with the potential, there is an issue on the capacities of the communities, specially the poor to manage and provide services needed by the ecotourism industry. It is quite evident, despite of some success with LGUs and community based tourism enterprises, they still need significant financial and technical support to make tourism ventures sustainable. The law however is very explicit in that the LGUs are given a chance to formulate and implement their areas own sustainable tourism development plans. Through this measure, they are given both opportunities to participate in national and local tourism development planning.

4. The Local Government Units and Tourism

The Local Government Code of 1991 (LGC 1991) states, *“the national government shall ensure that decentralization contributes to the continuing performance of local*

government units and quality of the community life (LGC Ch 1, section 3k, m)". The provisions in the RA 9593 also adhere to the objective of decentralization and autonomy of the LGUs. Also, it recognizes the need for building capacities and supporting the development of LGUs. It states, "the DOT shall develop support and training programs to enhance the capability of LGUs to monitor and administer tourism activities, and enforce tourism laws, rules and regulations in their respective jurisdictions.

While the LGUs in the new law is planner, coordinator and implementer of tourism, the DOT also plans, coordinates and implements national tourism plans which are in the pre-identified tourist sites. The downside of this situation can create a dependency with national agencies specially for majority of the LGUs without tourism development plans. Also, dependency can also be created for those LGU which usually delegate this function either to the wife of the mayor or his children, and those LGUs which treat tourism as an additional revenue for the LGU rather than the community. The upside of this situation is that the new law treats the LGU as the integrator and coordinator of local and national tourism development (Sub Chapter II Sec. 35).

The financial and technical assistance downloaded to the LGUs are in the form of the tourism development plans, gathering of statistical data, enforcement of tourism laws and regulation, giving priorities to these areas that have been identified as strategic. In terms of capacity building undoing, it shall be shared equitably between the Department and the LGUs concerned (RA 9593, CH 2, Sec 41)". It also states, that the National Government be charged with *"enhance capability-building of local government units (LGUs), in partnership with the private sector, in the management of local tourism projects and initiatives, thereby ensuring accessible and affordable destinations throughout the country, especially in areas which have shown strong comparative advantage (Ch 1, Sec 2n)"*

Yet in terms of providing technical support, the DOT and RA 9593 has limited responsibility and capabilities for local tourism development planning. Further, tourism enterprise accreditation is a function of DOT. The DOT has the prerogative to give this

function of accreditation to the LGU if they have complied with the creation of a Local Tourism Development Plan making the LGU only as a repository of information of the DOT action for erring tourism enterprises (Sub Chapter 2 Sec 39).

With regards to planning, coordination and implementation, the DOT sees the “*TEZ as the vehicle to coordinate actions of the public and private sectors to address development barriers, attract and focus investment on specific geographic areas and upgrade product and service quality (RA 9593, Ch.1, Sec 2q)*”. The focus of planning implementation and coordination is focused on the TEZ as the primary proponent not the LGU. The DOT and TIEZA in effect can perform the role as the enabler of LGU to plan and implement their local development tourism initiatives. However, from an extreme side, it may undermine the authority of the LGU to initiate LGU and community based destination development initiatives, as the TEZ are pre-identified, including the ecotourism sites.

The operating mechanisms of the new law have divergence over the Local Government Code of 1991 (LGC 1991) which states, “the National agencies and offices with project implementation functions shall coordinate with one another and with the local government units concerned in the discharge of these functions, they shall ensure participation of LGUs both in the planning and implementation of said national projects”. Further, tourism as a function is devolved to the local governments where the LGC of 1991 states, that “tourism facilities and other tourist attractions, including the acquisition of equipment, regulation and supervision of business concessions, and security services for such facilities including tourism development and promotion programs is delegated to the local governments (LGC 1991, Sec. 17)”.

4. Conclusions

The purpose of this paper was to examine the new law RA 9593 in light of the potentials of tourism in poverty reduction within the framework of local governance. It can be seen that tourism in the new law in general concerns itself with the creation of job

opportunities, foreign exchange and investments with the ultimate goal of poverty reduction. The goal of the law is actually contravening development strategies espoused by supra-national institutions where the strategy calls for “interventions that should move beyond “trickle-down” theory but generate net benefits for the poor (UNCTAD, 2007). Poverty reduction in this case is only a peripheral consequence of the job creation, foreign exchange and investments. This complements the 1970s economic direction of the Philippines for the establishment of industrial enterprises 50 kilometers south of Manila which later emerged as the CALABARZON ecozone region.

Although RA 9593 recognizes that tourism can stimulate the growth of local socio-economic situation of the poor, tourism is primarily viewed as contributor to national economic growth. However, a not so level playing field tilts its favor towards large investments for local tourism market development. The poor can be in a disadvantageous position over domestic and foreign investors with available capital.

Pro-poor tourism in the law, from a local government perspective, looks at economic gains in tourism as substantial. However, economic gains as tourism revenue are directed as an increase in the local government units rather than the household income. Key issues are the Local Government Units capacities to plan, develop and implement local tourism and the delineation of the scope of mandates vis-à-vis the DOT. This is specifically true for the exercise of both the national and local governments’ regulatory and enabling function at the local level.

Further, communities under the new law and within an ecotourism framework are tourism enterprises and operators by themselves. Also, communities are collectivities that can influence both DOT and LGU in establishing the tourism direction for their community. This view while still weak at this time need to be harnessed for the effective participation of communities in tourism activities to alleviate the poor.

5. Next Steps

The DOT as the planner, coordinator and implementer of national tourism plans may well explore the strengthening of community participation outside the bounds of job creation but as an investor and conservationist of the natural resource as a tourist destination site. Second it can look into mechanisms that strengthen participation of the LGUs and the community. It may explore providing: (1) investment support and incentives for LGU and community enterprise; (2) establishing networks with non-formal groups or organizations of poor producers engaged in tourism industry; (3) develop and institutionalize indicators that are focused on the positive and negative impacts of tourism on communities; (4) strengthen DOT regional offices and local government units in providing technical support on marketing and local tourism development planning; (5) lastly, identify or accredit champions in the academe and private sector that will provide the necessary technical support for tourism.

Third, the LGU may explore: (1) developing last mile tourism access and connectivity infrastructure to link community based projects to mainstream projects (Alampay, 2009); (2) develop local control and participation over tourism development; (3) Create flexible part time job options, which are complementary so as not to affect or replaced old livelihood strategies; (4) expand access to microfinance (5) develop tourism assets in relatively poor communities with tourism potential; (6) creating chances for poor to engage tourism market.

Last, the communities must actively engage in the shaping of the Local Tourism Development Plan and take on in building their own capabilities. This may happen by joining LGU or DOT sponsored trainings or organizing relevant trainings and seminars under its technical assistance program. A focus can be made not only on their natural and human resource but also on their cultural heritage as tourism which can be a competitive advantage for market development.

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