



TRAVEL & TOURISM AS A CATALYST FOR SOCIAL IMPACT

Introduction

Travel & Tourism is one of the world's largest sectors, accounting for 10.3% of global GDP and 330 million jobs, or 1 in 10 people on the planet in 2019. The sector's growth reached 3.5% in 2019, a rate higher than that of the global economy for the ninth consecutive year, thereby enriching local communities at a faster rate than many other sectors. Over the past five years, one in four of all new jobs created across the world has been in Travel & Tourism.

The sector has tremendous social impact on local communities and the lives and livelihoods of people touched by Travel & Tourism. Through the revenues and jobs that it provides, Travel & Tourism helps reduce poverty and improve health, housing, education, and overall well-being. It supports diversity and inclusion, employing and offering opportunities to people from all walks of life, including minorities, youth, and women. Travel & Tourism has a unique ability to further protect and engage vulnerable groups and communities, while fostering innovation and preserving local heritage and culture.

In light of the devastating impact of COVID-19 on Travel & Tourism globally, there is an even more pressing need to come together to recover the hundreds of millions of jobs lost, and livelihoods impacted, while advancing the social progress.

An Accelerator of Social Progress

Travel & Tourism has an important role to play, not only in driving economic growth, but also in enhancing social progress across the world. The Social Progress Index (SPI) developed by the Social Progress Imperative is a comprehensive measure of quality of life, independent of economic indicators. It measures 50 social and environmental indicators across three broad dimensions of social progress, notably, Basic Human Needs, Foundations of Wellbeing, and Opportunity¹. With country scores from 0 to 100 and the average global score of 64.24, increases in SPI scores signal an improvement in social progress over time.

Through our joint research with the Social Progress Imperative, we have found significant correlations and relationships between WTTC's economic impact data and SPI score over the last decade. Specifically, **total contribution of T&T to GDP and Employment positively** and significantly affects **Social Progress Index scores²**, meaning that Travel & Tourism growth can support the creation of opportunities and wellbeing of communities.

China, Cambodia, Rwanda, and Sri Lanka were particularly strong performers, having all experienced annual Travel & Tourism GDP growth exceeding 8% between 2011 and 2020 (above the global average growth of 4.1%), and an increase in 10% in their Social Progress Index score in the same time period (above the average global increase of 6%). In Cambodia, where Travel & Tourism contributes to over a quarter of GDP and jobs, this could be attributed to the country and wider region opening up to international tourism and making significant investments in local infrastructure and connectivity. The trickle-down effects, in turn, created jobs and enhanced the quality of basic services, infrastructure, education and health services, among others.

In the case of Rwanda, the government prioritised sustainable tourism, with real and tangible impacts both in terms of community development and conservation. In the area of conservation, high-value tourism permits generate over \$18 million per year, contributing to the re-population of gorillas from a mere 254 in 1981 to 600 in the National Park today. The positive impact of wildlife tourism and preservation of both animals and local communities can be witnessed across Sub-Saharan Africa.



Diverse & Inclusive

Diversity in the travel ecosystem, as it relates to race, ethnicity, gender, culture, religion, and physical ability, is fundamental to the success of businesses, the meaningful impact on communities, and the improved experience of travellers. As one of the most diverse sectors globally:

- Women account for 54% of Travel & Tourism's employment³ worldwide⁴.
- The tourism sector has almost twice as many women employers as other sectors⁵.
- Travel & Tourism employs a higher share of youth than the overall economy. In fact, youth employment reached around 30% in Canada, the United States, and the UK, more than double that of the broader economy.
- The sector prides itself on diversity. In 2018, in the United States, 26% of Tourism employees were Asian, Black or African American or of another race, while 23% were of Hispanic or Latino ethnicity⁶.

An Enabler For Community Enrichment

Travel & Tourism supports and improves the livelihoods of hundreds of millions of people around the world. For the last nine years, the sector has grown faster than the global economy, thereby enhancing the livelihoods of people and their respective communities to a greater extent than most other sectors.

In fact, across the world, Travel & Tourism GDP per capita (person) growth outpaced that of the overall economy between 2011 and 2019, with an annual average of 2.9% compared to 1.7%, which was also the case for all key regions. **This means that Travel & Tourism has enriched people at a faster rate than the overall economy.** Interestingly, South East Asia recorded the fastest annual growth rate in Travel & Tourism at 6.7% compared to the region's 3.7% overall economy growth; while the Middle East achieved a 3% Travel & Tourism growth compared to 0.3% for the overall region's economy.

Furthermore, thanks to Travel & Tourism, Small Island Developing States (SIDS), which account for less than 1% of the global population, received nearly 5% of total global international spending. This showcases the ability of the sector to transfer wealth and support the growth of nations and communities.



A Driver of Job Creation

Travel & Tourism is one of the leading drivers of job creation across the world. In fact, it exceeds the Financial Services, Health, and Automotive sectors in terms of total employment. While at the global level, Travel & Tourism accounted for 1 in 10 jobs on the planet (10.4%) in 2019, the sector accounts for a significantly greater proportion of jobs in numerous countries which are highly reliant on the sector. This includes many Caribbean islands such as Antigua and Barbuda where Travel & Tourism accounted for 91% of total employment, and Aruba and St Lucia, where the sector accounted for 84% and 78% respectively. Moreover, in Macau, Travel & Tourism accounted for 66% of total employment, while in the Maldives the sector accounted for 60%. In absolute terms, the largest Travel & Tourism employers include China, India, the US, Germany, and Mexico.

International Travel & Tourism, and particularly, international spend, is vital to support this job creation from megacities to rural communities. In fact, at the global level, **for every 34 international visitors to a destination, 1 new job is created**. This figure is more important in **Africa, Asia-Pacific and the Middle East**, where it respectively takes **11, 13 and 24 international visitors for the creation of 1 new job**.

A Multiplier Effect for Local Communities

The benefits of Travel & Tourism spread far beyond its direct impacts in terms of GDP and employment, with indirect benefits throughout the supply chain and interlinkages to other sectors, such as agriculture, retail, arts, and construction, among others.

- For every \$1 generated in direct Travel & Tourism GDP globally, more than \$2 is generated on an indirect and/or induced basis. This means that more than twice as much value is generated across the entire supply chain thanks to Travel & Tourism.
- **For every direct job globally, nearly 2 new jobs are created on an indirect or induced basis. So, one direct job in Travel & Tourism effectively creates a total of three jobs.**
- Tourist revenues support not only people directly employed by the sector but also workers in other economic sectors including public sector. For instance, in the US, a mere 1% increase in travel spending generates \$827 million in Travel State & Local Taxes which could create the following number of public sector jobs: 15,530 firefighters, 12,640 police officers and 13,190 teachers⁷.

A Catalyst for Innovation & Entrepreneurship

Travel & Tourism's positive ripple effect not only helps support local businesses but fosters entrepreneurship and new business ventures. In effect, Small and Medium-Sized Enterprises (SMEs) account for 80% of the Travel & Tourism sector. SMEs have been particularly affected by COVID-19, requiring governmental support to ensure their survival. In the United States, for instance, it is estimated that 75% of independent restaurants that have temporarily closed during the crisis will not survive. A recent OECD survey of SMEs in tourism highlighted that more than half would not survive the next few months. The failure of businesses in the noted scale would further hinder the Travel & Tourism sector's recovery⁸.



Social Impact in Action

The following countries are examples of how Travel & Tourism is a driver of social impact:

- **Costa Rica** made sustainable tourism part of its DNA, focusing its entire value proposition around the development of sustainable tourism products and services with low environmental impact and a positive impact on the wellbeing of its local communities. In 2019, the Travel & Tourism sector accounted for 12% of overall economy and is highlighted as a key driver of social progress. In fact, according to Social Progress Index (SPI), tourist destinations in Costa Rica have a greater positive social impact within their communities than the surrounding areas, as per the following measures of social progress: access to basic medical care, water and sanitation, shelter, personal safety, access to information and communication, environmental quality, and access to advanced education.
- **Malaysia's** Travel & Tourism sector, which experienced strong 6.1% annual GDP growth during 2010-19, has had a significant impact on local communities. As early as 1995, Malaysia's Ministry of Tourism, Arts and Culture launched its Homestay Experience Programme to create economic opportunities for rural communities to participate and benefit from the tourism sector; in turn reducing the need for rural communities to migrate to urban centres. The programme does not only boost household incomes, create jobs, and improve living standards of rural communities, but it offers tourists, through tailored packages, the unique opportunity to experience the rural lifestyle and local culture. In 2018, the Ministry registered 212 homestay clusters throughout Malaysia comprising 4,070 houses with over 5,712 rooms. The total number of tourists visiting homestays increased from 91,533 in 2008 to 372,475 in 2018 and the total receipts from the homestay programme increased more than four-fold, from RM 6.4 million (\$1.6 million) in 2008 to RM 27.6 million (\$6.8 million) in 2018.



- In **Tanzania**, where Travel & Tourism accounted for over 11% of all jobs in 2019, there is a large variety of Protected Areas (PAs) with immense biodiversity, including national parks, game reserves, marine parks, and forest reserves, which not only attract tourists but also benefit members of local communities. Indeed, approximately one third of Tanzanian territory is protected.⁹ Tourism activity around Mount Kilimanjaro is a great example of how the tourist site can generate revenue both for the park and members of local communities. In fact, the Kilimanjaro National Park Authority and Tanzania National Parks Authority have demonstrated their commitment to ecotourism and to local community involvement. Of the total revenue derived from the sale of tourism packages in this area each year, about 28% (US\$ 13 million) is used for poverty reduction initiatives. Mount Kilimanjaro supports members of local communities through the creation of employment opportunities and the development of integrated agricultural supply chains. According to the World Bank, Kilimanjaro employed approximately 400 guides, 10,000 porters, and 500 cooks in 2015, with the area having the highest school enrolment rate, at 100%, and literacy rate, at 85%, in the country¹⁰.



- **Ethiopia** was one of the fastest growing African countries between 2014-19 in terms of Travel & Tourism GDP, growing on average by 8.1% pa. To benefit local communities and generate jobs, the World Bank Group invested \$35 million to support tourism development in three targeted destinations, namely, Addis Ababa, Lalibela and Axum. Some of the strategies included destination development in and around World Heritage sites, product development through support for SMEs, community engagement, and institutional capacity building. As a result, 5,553 new jobs were created in the targeted destinations in tourism-related industries such accommodation, catering, and tourist transportation. Women accounted for 54% of all new jobs, with youth accounting for 42% in Axum and 27% in Lalibela. What is more, 54 new business ventures were created in the handicrafts, agri-business, small catering/coffee and local tour guides/ecotourism businesses.



- In the **United Kingdom**, the London 2012 Olympics not only boosted the country's tourism receipts, but also helped to enhance the quality of life for its residents. Given London's goal of re-developing certain parts of its city, the London 2012 Olympics proved a perfect opportunity. The Culture, Sport and Tourism Committee highlighted in its official Olympic bid the fact that this was a chance to invest and regenerate the city, particularly East London. The City of London made good on their promises. A 500-acre land of toxic wasteland was revamped into the Olympic Park and 11,000 homes were built following the games. Beyond the Olympic Game venues, London invested money into improving the canal systems and cleaning them from debris, improving and extending public transport links and also investing into quality hospitality infrastructure. The proof of London's success is clear: the 2012 Games representation and promotion generated a net increase in tourism arrivals of 10.8 million between 2005 and 2017, boosting GDP by £2 billion and supporting over 61,000 additional jobs between 2005 to 2017.



- In the **United States**, New York City is a great example of how existing obsolete infrastructure can be turned into public spaces, bringing benefits to tourists and residents alike. The High Line, a high-design 1.45-mile public “linear park” and one of New York’s top tourist attractions, was once a disused elevated railway on Manhattan’s West Side abandoned in 1980. In its first year, the High Line welcomed 1.3 million visitors, a figure which rose to 7.6 million in 2015. While the investment for the 1st and 2nd section of the project amounted to \$152.3 million, a quarter of which was financed through donations and the rest by the City, State & Federal governments; New York City noted that the High Line has generated over \$2 billion in private investment surrounding the park. In addition to the 8,000 construction jobs required for these projects, the redevelopment has led to the creation of approximately 12,000 new jobs in the area. The City believes that together, the condos, eateries and museums which blossomed around the park will generate around \$1 billion in tax revenues to the City between 2017 and 2037.
- In the **UAE, Dubai** embedded the principles of sustainability across the Travel & Tourism sector, creating the Dubai Sustainable Tourism (DST) in 2009 to address sustainability concerns whilst also prioritising poverty reduction and social inclusion. DST was developed as a public-private partnership including civil society, which aims to improve energy efficiency, protect the environment, enhance awareness and education. Training programmes have been implemented and encouraged to upskill the tourism sector employees, with over 2,500 professionals trained since 2009. In addition, a national training programme was launched to further encourage Emiratis to work within the Travel & Tourism workforce whilst also empowering women to join the sector. As of 2018, tourism establishments working with DST collaborated to support over 1,800 initiatives relating to community engagement. Since 2009, the Department of Tourism and Commerce Marketing also supported the tourism sector to reduce its energy consumption by 17% and its water consumption by 14%, leading to savings amounting to €190 million, and CO2 emissions declining by 688,000 tonnes. This initiative enabled Dubai to enhance its tourism offering while creating new and green jobs. The savings resulting from the initiative also enabled the government to supply resources to developments in need of extra funding, such as encouraging the use of local produce and supporting local SMEs, which has helped drive economic growth and inspired local talent to work in the procurement of prominent hotels.

- In **Spain**, in **Palma de Mallorca**, the local government created a sustainable tourism tax in July 2016 to ensure the sustainable growth of the sector. Overall, the project enabled Palma to invest its earnings from tourism tax into sustainable projects, which not only contribute positively to Palma's Travel & Tourism sector but also to enhancing the quality of life of the local communities. More specifically, the sustainable tourism tax was put in place at the accommodation level, charging each individual on a per night basis. The sustainable tourism tax generated €120 million in 2018 alone, with guests being charged €4 per stay in luxury hotels, €3 for mid-range hotels and accommodation, €2 for cruises and cheap hotels and €1 for campers and hostel guests. The funds generated through the sustainable tourism tax continue to be used to fund environmental conservation and protection projects, research into climate change as well as the development and maintenance of sustainable tourism – particularly during the off season. One interesting project launched thanks to the sustainable tourism tax was the “Green Belt Project”, which aimed to address complaints of extreme heat in the summer months and fears were this extreme heat would negatively impact tourism in Palma. The Green Belt Project worked to re-introduce trees and plants in areas of dense buildings and pollution to make the experience of both tourists and locals in Palma more enjoyable. Solar panel roofs and irrigation systems have also been installed on buildings along the seafront and a green path has been built to accommodate hikers and cyclists.



- To enhance its social and cultural impact in **Mexico**, **Cancún** designed and implemented the Maya Ka'an campaign, which showcases the magnificence of the Mayan culture and encourages tourists to learn more about the Mayan culture by proactively engaging indigenous communities through an eco-tourism friendly lens. In this context, the Mayan culture is shared with tourists through a series of interactive experiences, in the hope that this concept will encourage tourism in the region and develop the region culturally and socially. The project was established to help enhance the inclusivity of indigenous Mayans whilst also making sure it remained sustainable and community-based. All of the activities, experiences and services are managed by local communities. In addition to learning first-hand from the locals about Mayan culture, visitors can also take part in activities in the natural environment such as kayaking in the Laguna Negra, fauna observation at sea and birdwatching in Muyil.
- As MICE tourism grew in **Portugal** in the 1990s, the country saw a number of regeneration projects being implemented, benefitting not only tourists but also local communities. One such example is the preparation for Expo '98 in **Lisbon**, which involved a major urban regeneration project on the bank of the River Tagus. The €2 million project helped transform an old harbour area filled with industrial facilities and plants into modern venues and high-quality planned public spaces. Just two weeks after the end of Expo'98, the site opened to the public and Parque das Nações was born¹¹. The space now has restaurants, bars and shops and it is home to the Lisbon aquarium. The area also consists of residential housing and commercial office space. What is more, the environmental plan included the protection of the most environmentally sensitive areas and the rationalisation of energy consumption. Emphasis was placed on allowing the natural environment to flourish by building pedestrian pathways and promoting the use of public transport instead of cars. A third of Nations' Park is reserved for green spaces and over 6,500 trees have been permanently planted.

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The World Travel & Tourism Council is the global authority on the economic and social contribution of Travel & Tourism.

WTTC promotes sustainable growth for the Travel & Tourism sector, working with governments and international institutions to create jobs, to drive exports and to generate prosperity. Council Members are the Chairs, Presidents and Chief Executives of the world's leading private sector Travel & Tourism businesses.

Together with Oxford Economics, WTTC produces annual research that shows Travel & Tourism to be one of the world's largest sectors, supporting 330 million jobs and generating 10.3% of global GDP in 2019. Comprehensive reports quantify, compare and forecast the economic impact of Travel & Tourism on 185 economies around the world. In addition to individual country fact sheets, and fuller country reports, WTTC produces a world report highlighting global trends and 25 further reports that focus on regions, sub-regions and economic and geographic groups.

To download reports or data, please visit www.wttc.org

The Social Progress Index is a new way to define the success of our societies.

It is a comprehensive measure of real quality of life, independent of economic indicators. The Social Progress Index is designed to complement, rather than replace, economic measures such as GDP.

We dream of a world in which people come first. A world where families are safe, healthy and free. Economic development is important, but strong economies alone do not guarantee strong societies. If people lack the most basic human necessities, the building blocks to improve their quality of life, a healthy environment and the opportunity to reach their full potential, a society is failing regardless what the economic numbers say.

Please visit www.socialprogress.org

Endnotes

1. Social Progress Imperative
2. Based on the linear regression approach while controlling for GDP per capita (in ln-transformation) and different world regions.
3. Due to the lack of sex-disaggregated data on employment in the tourism sector as a whole, employment data on 'accommodation and food services' activities has been used as a proxy for tourism employment.
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STRATEGIC PARTNERS



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