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**Follow-up to the World Summit for Social Development
and the twenty-fourth special session of the General Assembly:
priority theme: strategies for the eradication of poverty to
achieve sustainable development for all**

Statement submitted by Global Foundation for Democracy and Development and Fundación Global Democracia y Desarrollo, non-governmental organizations in consultative status with the Economic and Social Council*

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31.

* The present statement is issued without formal editing.



Statement

Poverty reduction in the Latin American and Caribbean region has stagnated since 2012 according to the Economic Commission for Latin America and the Caribbean (ECLAC). In its 2015 report entitled “Inclusive social development: The next generation of policies for overcoming poverty and reducing inequality in Latin America and the Caribbean”, the organization estimates that for 19 Latin American countries, in 2014, 167 million people continued to live below the poverty line (28% of the total population), of whom 71 million (12% of the total population) were indigent. As the 2030 Agenda for Sustainable Development calls for putting an end to all forms of poverty and expresses a consensus on the need to move towards more egalitarian societies, we therefore need to reorient the development paradigm towards inclusive social development, where equality should be the main goal and is an indispensable condition for the reduction of poverty.

At the sectorial level, the World Travel & Tourism Council’s annual report on the Caribbean, titled “Travel & Tourism Economic Impact 2015”, the total contribution of the tourism industry to the region’s Gross Domestic Product (GDP) was \$53.4 billion (or 14.8% of GDP) in 2015 and is forecast to rise by 3.3% per year to \$73.6 billion by 2025 (15.4% of GDP). Looking at the Dominican Republic, tourism is the country’s third most important foreign investment, being the main recipient of foreign investment for the Caribbean region with 39% of the \$5.975 billion invested in 2015. Indeed, with more than 5 million tourists a year, more than any other Caribbean country, the sector has enjoyed steady growth over the last four decades and as the government plans to reach 10 million tourists by 2022, we note considerable opportunities for economic growth which needs to be sustainable and include policies and approached to help the country move to a more egalitarian society. Tourism is an important vehicle for spreading growth, yet opportunities for sustainable growth have not been fully implemented and evaluated.

Given these developments and being an organization whose mission it is to promote the sustainable development of the Dominican Republic, the Global Foundation for Democracy and Development (GFDD) recently released a publication entitled “Challenges for Sustainable Growth through Tourism in the Dominican Republic”. Reviewing the challenges for sustainable inclusive growth through tourism, the study offers recommendations to ensure economic development also benefits the country’s poorest rather than multinational corporations. Among these recommendations it calls for initiatives that promote innovative ideas of local entrepreneurs. An example is the Alliance Award by the Dominican Alliance for Entrepreneurship and Innovation which helps promote the actions of young Dominican entrepreneurs who made a positive change in the economy for over a year.

Most tourism and development literature is highly critical of tourism’s impacts on environments, cultures, and communities — with some authors sceptical of any potential benefits from tourism. This literature notes that tourism is dominated by transnational corporations, and, as such, its revenues are more likely to “leak” back to foreign enterprises rather than forge linkages with local communities. Caribbean tourism is dominated by all-inclusive resorts and cruise tourism, which pose

additional challenges for creating linkages to local economies in the absence of institutional frameworks. Some organizations, like BeachCorps, the Grupo Puntacana Foundation or the Centre for Responsible Travel, operate to minimize tourism's negative impacts on the environment (including supporting zero waste initiatives) and maximize the impact of responsible tourism projects for local communities. Their work is instrumental to develop a niche sustainable tourism industry to rival that of neighbouring Caribbean countries. Despite these efforts, the Dominican tourism sector remains isolated, both geographically, given that most tourism takes place in remote parts of the country, and economically, because of the fiscal incentives and heavy presence of foreign hoteliers which contribute to these economic leakages. In ensuring that economic development through tourism reaches the country's poorest, three issues are critical: 1) barriers to employment in the tourism sector, 2) unmeasured linkages to domestic agriculture and other suppliers, and 3) the all-inclusive model, which limits the dispersion of tourist spending.

Our study notes that a key barrier to employment in the tourism sector is access to quality education. The hiring requirements have become increasingly more demanding over the last fifteen years, making it more difficult for those without an eighth-grade education to enter the sector. Once hired by a hotel, additional training becomes available, but the required baseline has risen considerably, presenting a barrier to employment for those from lower socioeconomic groups. Therefore, the study calls for enhanced measures of public education, to help open access to employment within this industry to all social groups rather than a limited segment of the Dominican population.

The second issue noted in our report concerns unmeasured linkages to domestic agriculture. Dorothea Meya in her 2007 study "Pro-Poor Tourism: From Leakages to Linkages" notes that the tourism sector leakages in the Caribbean region range from 45% to 70%, and import rates range from 45% to nearly 90%. Yet these numbers are estimates, and we observe several linkages which cancel out the economic benefits of the industry for local communities. The study notes that although hotel chain representatives claim that 90% of the food they sell is sourced from within the country, furniture and other amenities are often sourced from outside the country. As for any benefits from increased industry demand, which are to be gained by poorer local farmers, these are usually limited due to traditional economic arrangements with intermediary companies to help finance their machinery. Further research and policy recommendations are therefore needed to strengthen these linkages if the country is to successfully expand its tourism industry for the benefit of local economies.

Thirdly, despite positive employment impacts and potential integration within the agricultural sector, the all-inclusive model still faces a major challenge in dispersing tourist spending. Stressing that a large amount of money spent by tourists remains within the gates of the hotel chains, our report calls for the need for the state to support towns in their efforts to develop communities and contribute to the enhancement of coastal heritage. Such development would be the gateway to cultural tourism and other nice tourism products that will pull tourists out of their resorts and connect them to local artisans, markets, restaurants and other local businesses.

Tourism industry clusters, which have been increasingly promoted by the Dominican Republic's National Competitiveness Council over the last twenty years, are an effective way of building on the expansive capacity available in national parks and maritime tourism by grouping industry players together by their specialization or geographic location and creating win-win alliances. Provided these resources are managed in a sustainable way, then this should help to strengthen and diversify the industry and spread the economic opportunity to those that need it the most.

GFDD recognizes the need for a new social paradigm, in which tourism industries can play a crucial role by transforming its operating model to the sustainable development one, promoting social policies that lead to access to education, job creation and the economic empowerment of local communities, so that they may better share the burdens and the benefits of economic growth. As noted in our foundation's report, despite its success in the Dominican Republic, the tourism industry has yet to establish more extensive links with local communities and local production. For long-term growth and stability in tourism poles to be assured, policy reforms that address the concerns of residents in the provision of basic services such as education and create linkages to the local economy, as well as enhance industry clusters that will need to be implemented. The education and engagement of individuals, together with the development of local economies, clearly constitutes a vital development paradigm for ensuring the promotion of sustainable development in both developed and developing countries across the world and the attainment of SDG 1. However, as can be seen from research done through civil society organizations like GFDD, this transition will only be effective if it is supported at both the national and the local levels by each relevant stakeholder in both the public and the private sectors.

GFDD hopes that this statement will help provide further guidance to the attendees of the 55th session of the Commission for Social Development.
