

# Tourism for Development

*Lessons Learned from a Decade of World Bank Experience*



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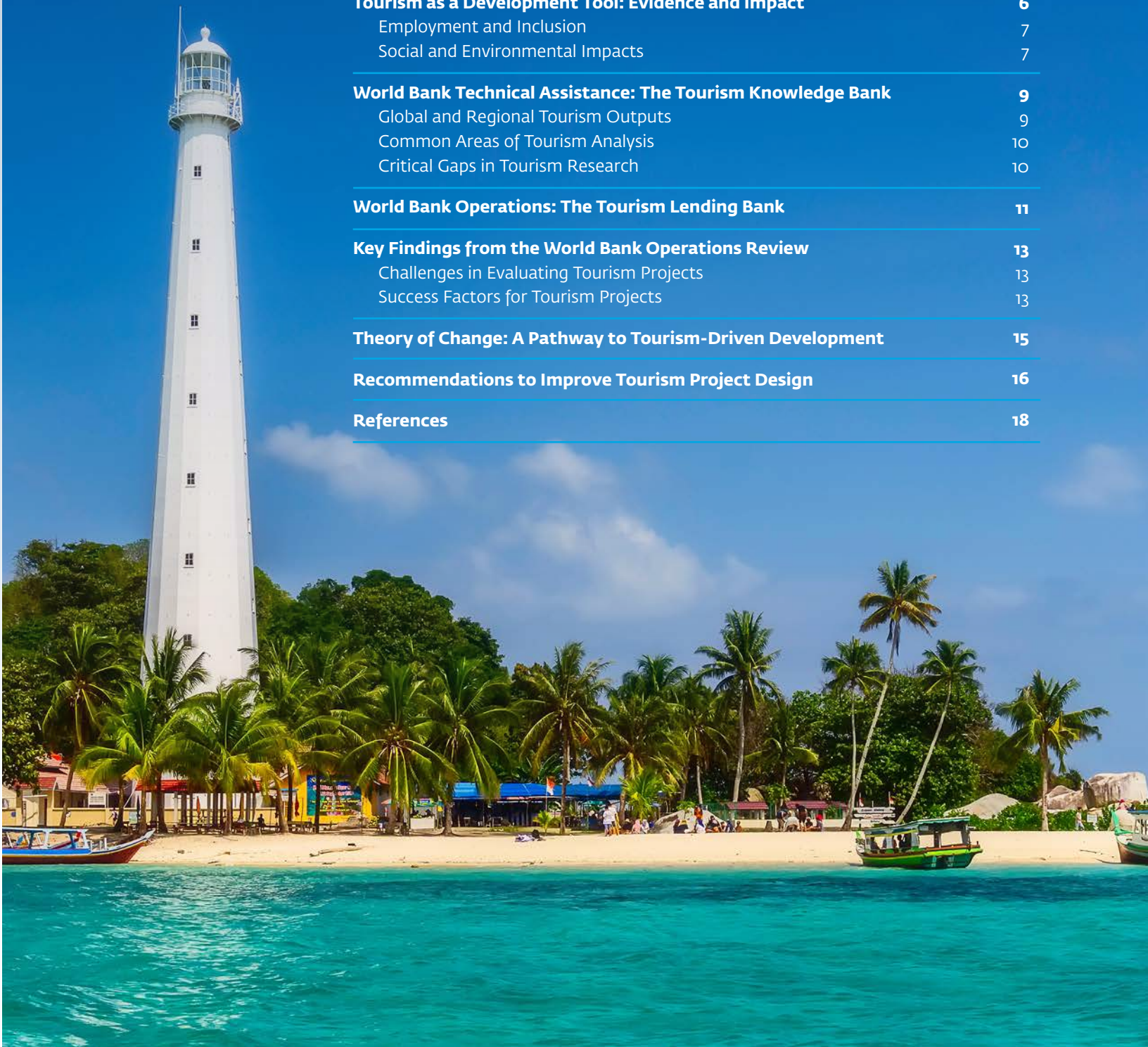
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## Introduction

**Across low- and middle-income countries, tourism is increasingly seen as a powerful driver for economic growth, job creation, and the protection of cultural and environmental assets.** In 2023, tourism also attracted US\$10.1 billion in foreign direct investment (fDi Intelligence 2024), a clear signal of global confidence in the sector's potential. In 2024, global tourism receipts reached US\$1.6 trillion (UN Tourism 2025). The World Bank Group, whose vision is to create a world free of poverty on a livable planet, plays a strategic role in unlocking tourism's development potential by providing development assistance in the form of technical support and financing for tourism projects globally.

**This report shares key lessons learned from the past 10 years of World Bank knowledge and operational work in tourism.** Over the past decade, the World Bank has mobilized over US\$10 billion to support tourism development across 80 countries. In 2024, the authors reviewed over 100 World Bank tourism publications and a selection of 85 tourism lending operations that were active between 2012 and 2022 to identify trends in research and design and the factors that influence successful outcomes. This document presents a summary of the findings of that analysis

**The analysis highlights the evidence of tourism's role in development, examines research gaps, and recommends ways to improve the design of lending operations.** The analysis draws on project documentation, publications, monitoring and evaluation reports, and assessments of closed projects by the Independent Evaluation Group (IEG).

**This report is designed for professionals involved in tourism development, whether working within the World Bank or in partnership with other international organizations.** It offers actionable insights to help ensure that tourism remains not only a driver of economic recovery, but also a pillar of sustainable and inclusive development.



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# Evolution of the World Bank's Role in Tourism Development

## Context of World Bank Tourism Work

**The World Bank has been leveraging tourism as a driver of development outcomes since the early 1960s.** World Bank engagement in the sector began with the approval of the first tourism-related loans to Morocco and Tunisia in 1966, followed by the establishment of a dedicated Tourism Projects Department in 1972. By 1980, this department had supported tourism development in 27 countries, mobilizing over US\$1 billion in financing for large-scale projects, such as the planned tourism development zone in Nusa Dua in Indonesia and the comprehensive tourism development strategy for Puerto Plata in the Dominican Republic (Hawkins and Mann 2007).

**During the 1990s and early 2000s, the World Bank's tourism portfolio evolved from large-scale resort projects to smaller, more integrated projects.** Projects developed during this period emphasized cultural heritage restoration, nature-based tourism, and community development. Projects like Jordan's Second Tourism

Development Project used the analytical lens of tourism to explore constraints on investment, examine micro-policy reform, decentralize institutional structures, and promote public-private partnerships. By 2007, the World Bank had financed 94 projects totaling approximately US\$3.5 billion (Hawkins and Mann 2007).

## Tourism Focus Adapts to Global Changes

**The World Bank's tourism portfolio grew steadily into the 2010s and had to adapt quickly due to the devastating impact of the COVID-19 pandemic.** Between 2019–2022, the crisis triggered increased requests for World Bank support for tourism to facilitate recovery and adjust to changing consumer preferences. Pandemic-related assistance included strengthening health systems, automating and digitizing tourism products and services, supporting hard-hit small and medium enterprises (SMEs), and enhancing crisis management communications. Examples include projects in Dominica<sup>1</sup> and Jamaica<sup>2</sup>.

1. The [Dominica First COVID-19 Response and Recovery Programmatic DPC](#) aimed to help the government respond to the COVID-19 pandemic and create the conditions for the country's economic recovery.
2. The [Jamaica COVID-19 Response and Recovery DPF](#) aimed to help Jamaica respond to the COVID-19 pandemic by supporting sustainable business growth and jobs creation and strengthening policies and institutions for resilient and sustainable recovery.



**Post-pandemic, tourism requests for support have focused on diversifying demand, increasing sustainability, and strengthening tourism value chains to drive job creation at national, subnational, and destination levels.** Regional teams report growing client interest in attracting high-value market segments, promoting domestic tourism to reduce seasonality effects, and improving tourism data systems to better inform decision-making. There is also increased urgency to improve destination management, adopt sustainability standards, strengthen institutional coordination, and apply circular economy principles to minimize waste and resource use. Support for SMEs remains a top priority, with increased demand for innovative financing tools, value chain strengthening, and integration of creative and cultural industries.

**World Bank analysis consistently reveals tourism's potential to unlock job creation.** The World Bank Jobs Council has identified tourism as among five sectors that could generate local jobs at scale. Further, tourism is consistently featured across broader World Bank analytics, including Country Private Sector Diagnostics, Country Climate and Development Reports, Country Economic Memorandums, and Jobs Diagnostics, where tourism is identified as a high-potential sector for generating “more and better jobs.” Tourism-related financing has grown at

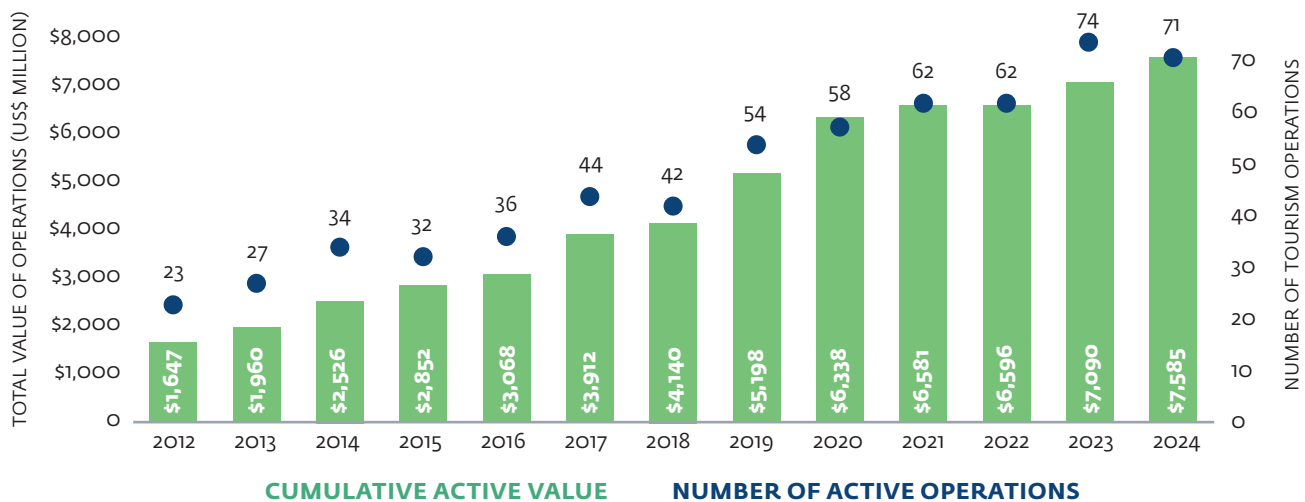
more than twice the rate of overall World Bank lending, reflecting both growing client demand and World Bank recognition of its ability to drive job creation and support balance of payments.

**At the time of writing, the World Bank is supporting 71 active tourism-related operations across 47 countries, representing a total commitment of US\$7.58 billion (Figure 1).** Between FY2012 and FY2022, the value of tourism-related lending by the World Bank expanded at a compound annual growth rate (CAGR) of 16 percent—more than double the rate of overall World Bank lending (7 percent)—reflecting strong and sustained demand from clients for integrated tourism investments.

## Tourism as a Development Tool: Evidence and Impact

**So what is the evidence for tourism as a tool for inclusive and sustainable development?** The World Bank 2017 report, [20 Reasons Sustainable Tourism Counts for Development](#), synthesizes evidence showing how tourism contributes

**FIGURE 1. Number of World Bank Tourism Operations and their Total Value, FY2012–FY2024**



Source: Authors' elaboration.

to development outcomes across economic, environmental, and social impact areas. The current report re-examines these areas to assess how the literature supports the assumptions and where more research is needed.

**Economic literature supports tourism’s crucial role in driving a country’s economic growth by promoting foreign exchange earnings, attracting investment, and stimulating job creation.** Empirical research shows the positive effects of tourism on local and national economic growth. For example, a study in Mexico by Faber and Gaubert (2019) found that a 10 percent increase in local hotel revenues led to a 4 percent increase in nominal municipal GDP. Similarly, in Spain, studies demonstrated a positive long-term multiplier effect between international tourism arrivals and economic performance, affirming tourism’s contribution to sustained GDP growth (Balaguer and Cantavella-Jordá 2002).

## Employment and Inclusion

**Tourism is also recognized as a strong driver of job creation, particularly for women and youth, through its low barriers to entry and clear pathways for advancement.** According to UN Tourism, 53 percent of

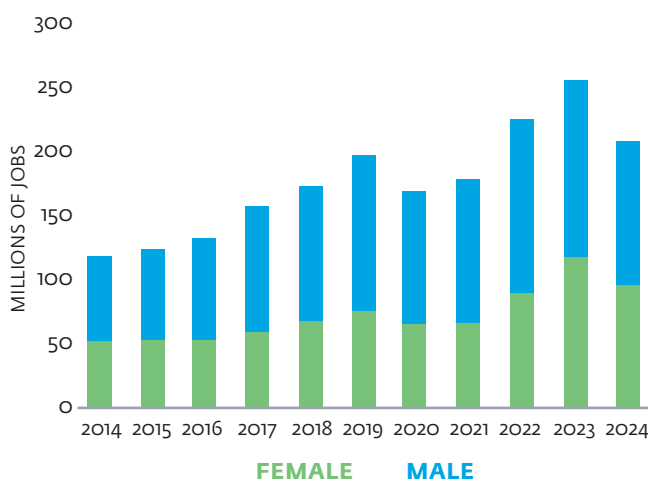
people employed in tourism are women versus 39 percent in the broader economy. Women in tourism are still paid less than men, 14.7 percent less, but this is better than in the rest of the economy where women are reported to early 16.8 percent less than men, though gender equity varies by country (UN Tourism 2019). According to the ILO, youth employment in tourism is relatively high, with 18 percent of jobs held by young people compared to 15 percent across all industries. Youth employment is particularly high in food and beverage services, as well as in sports and other amusement and recreation activities (ILO 2023). However, there are some drawbacks to tourism jobs—they are often lower paid, highly seasonal, and more likely to be part-time, meaning workers may be more vulnerable (World Bank 2019).

## Social and Environmental Impacts

**Tourism can generate significant social and environmental benefits when its revenues are reinvested into community development and conservation.** Evidence shows that tourism can improve community well-being and reduce rural-to-urban migration by channeling investment or revenues into funding the improvement of roads, hospitals, schools, and community forests. For example, in Nepal’s Annapurna Conservation Area, the community collects over US\$5,000 annually from operating campsites and over US\$15,000 annually from operating local hotels and lodges (UNDP 2016). Much of this income has been reinvested in essential services like reforestation programs and water resource management, enhancing both environmental stewardship and local quality of life. In Uganda, entry and gorilla trekking fees from Bwindi Impenetrable National Park provide 60 percent of the Uganda Wildlife Authority’s revenue, supporting management of protected areas nationwide. Similarly, in Cambodia, the Angkor Wat Archaeological Park generated nearly US\$100 million in entry fees in 2019, though this dropped to only US\$11 million in 2022, due to the COVID-19 pandemic (Pradeep 2023).

**However, most literature on tourism and the environment highlights negative impacts, such as carbon emissions and increased pressure on water use and waste management systems.** Tourism is estimated to account for 8–10 percent of global carbon emissions, with the largest share coming from long-haul flights (Gössling and Scott 2022; Lenzen et al. 2018). Cruise ships are also major polluters—a single large ship can have a carbon

**FIGURE 2. Evolution of Direct Tourism Employment by Gender, 2014–2024**



Source: ILO 2025.

Note: The 2024 numbers are likely deflated due to still missing data. Employment data are incomplete for some countries, which makes the aggregate incomplete. The total number of countries reporting data on tourism varies annually.

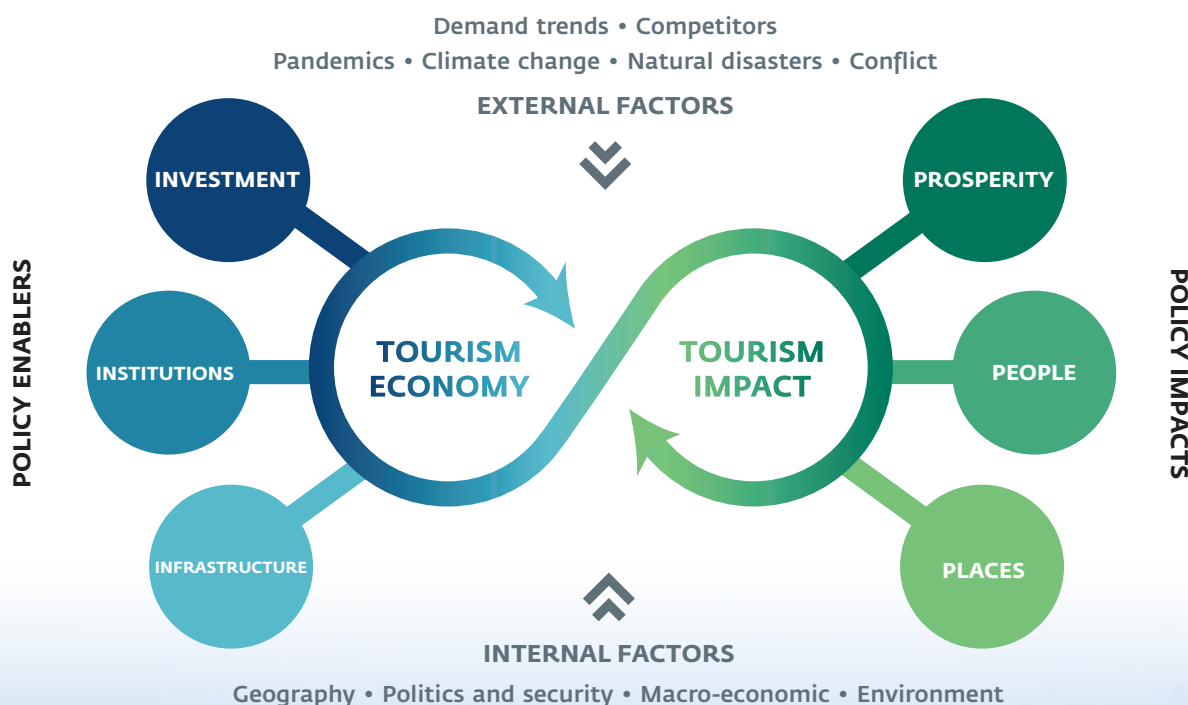
footprint greater than 12,000 cars (Lloret et al. 2021). Water consumption by tourists often far exceeds that of local residents, by three times in developed countries and up to 15 times in developing contexts (Deyà-Tortella et al. 2019). In Malaysia, studies show tourists generate nearly twice as much solid waste as residents, placing additional stress on already overburdened municipal waste management systems (Shamshiry et al. 2011).

**As visitor numbers surpass local population thresholds, social issues emerge.** Community dissatisfaction can grow, manifesting in protests and anti-tourism sentiment in destinations such as Barcelona, the Canary Islands, and Venice. Further, links have been made between tourism and sexual exploitation and abuse because certain aspects of the industry—especially in areas with weak legal protections—can unintentionally create situations where power imbalances and corruption occur. For example, research

in Thailand associates the rapid growth of tourism with increased sexual abuse of women and children, underscoring the urgent need for stronger regulatory frameworks and ethical safeguards in tourism policy (Cheng 2010).

**To explain the complex relationship between tourism policy actions and industry outcomes—the authors developed a Tourism Economy Impact Framework (Figure 3).** It demonstrates that the current size of the tourism economy depends on the strategic use of policy enablers, such as investment, institutional strengthening, and infrastructure, which will in turn drive positive impacts for prosperity, people, and places. But the diagram also suggests that the future size of the tourism economy is dependent on external and internal factors as well as the proper management of tourism's impacts. Therefore, to grow tourism sustainably requires careful balance of both policy enablers and policy impacts.

**FIGURE 3. Tourism Economy Impact Framework**



Source: Authors' elaboration.



# World Bank Technical Assistance

## Global and Regional Tourism Outputs

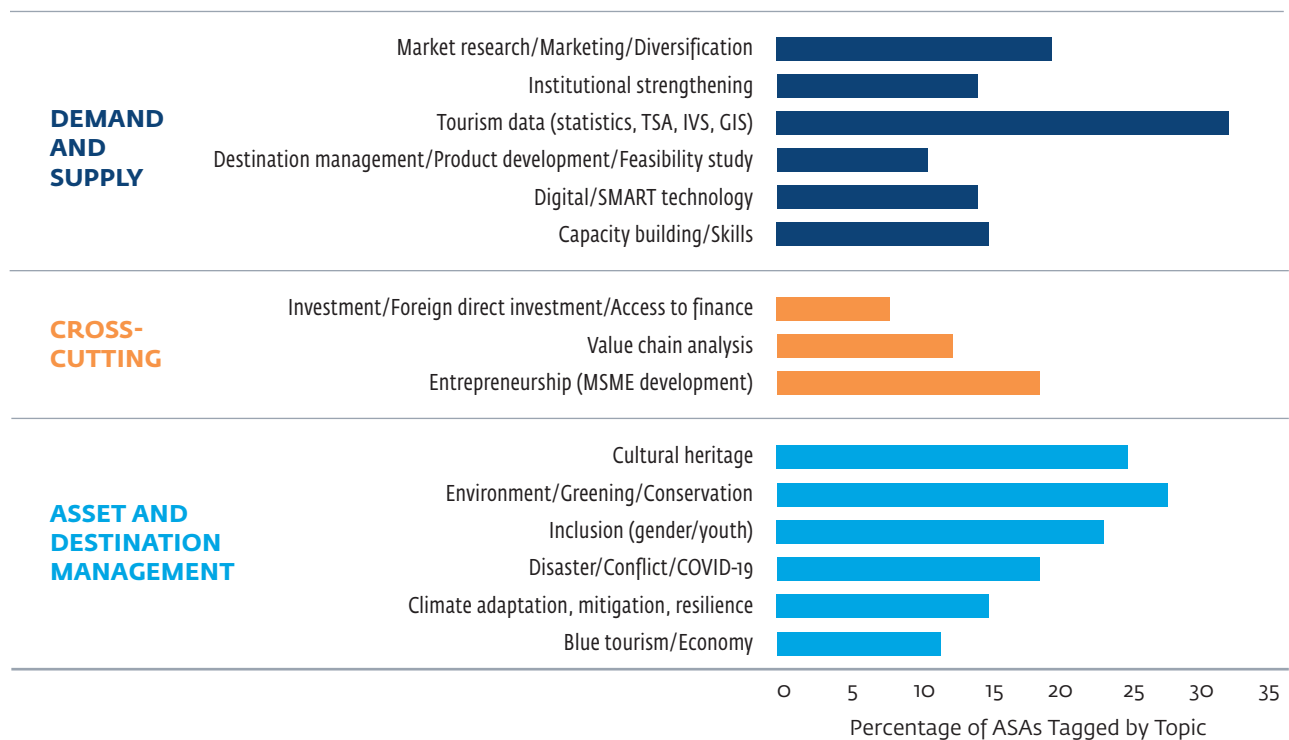
**Over the past decade, the World Bank has produced 110 publications on tourism.** Most of the work was destination-focused technical assistance and used to inform tourism lending operations. Just over a quarter were regional studies, and the remainder were global knowledge. Spending on tourism knowledge sharply increased during the COVID-19 pandemic due to increased requests for support.

**Global technical assistance generally fall into two categories:** (i) real-time data and statistics initiatives like the quarterly [Tourism Watch](#), which monitors tourism performance and trends worldwide; and (ii) thematic reports and toolkits on high-demand topics like the [role of women](#)

[in tourism, circular economy and tourism](#), and [blue tourism](#). Regional technical assistance includes destination studies designed to increase knowledge in specific topics like trends in tourism demand, circular economy, business licensing, and management models for tourism sites. Approved and peer reviewed reports are published in the World Bank's [Open Knowledge Repository](#).

**The authors undertook a thematic review of World Bank tourism knowledge work and found the most popular research topics are tourism data, conservation, cultural heritage, and inclusion.** The analysis used the components of the Tourism Economy Impact Framework to categorize the research. It found that 68 percent of the tourism knowledge work focuses on tourism assets and externalities, and 65 percent focuses on tourism demand and supply (some cross-cutting projects cover more than one area). The most common tourism topics are tourism data (32 percent), followed by environment/conservation (27 percent), cultural heritage (25 percent), and gender and youth inclusion (23 percent) (Figure 4).

**FIGURE 4. Thematic Coverage of Tourism Knowledge Work, FY2012–FY2023**



Source: Authors' elaboration.

Note: ASA = Advisory and Analytics Services; GIS = Geographic Information Systems; IVS = International Visitor Survey; TSA = Tourism Satellite Account.

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## Common Areas of Tourism Analysis

**Synthesizing findings from World Bank knowledge work in general or tourism work specifically is difficult because most is context-specific.** This analysis reviewed global and regional tourism publications to identify main findings and gaps in knowledge. The following summarizes some of the broad takeaways from these publications.

**Economic benefits:** World Bank tourism publications examine how the tourism sector can generate direct and indirect economic benefits, by creating jobs, attracting foreign direct investment (FDI), revitalizing rural areas, and building skills. Similar to the literature review research, studies show that tourism jobs benefit women, youth, and rural populations. For example, the *Tourism in Africa* study found that tourism can create more jobs than other sectors (Christie et al. 2013). The *Economics of Uniqueness* study found that an increase in tourism activity spurs additional economic growth and tourism development can increase real estate values (Amirtahmasebi and Licciardi 2012).

**Supply side analysis:** The publications find tourism supply elements that require special consideration when engaging in tourism development. Tourism’s complexity is frequently mentioned along with the extended supply chain. Many businesses are micro, small, and medium enterprises (MSMEs), which underscores the importance of designing policies with their needs in mind. Moreover, tourism’s reliance on a broad range of sectors—from transport and infrastructure to environment and education—necessitates cross-governmental coordination and clear governance frameworks.

**Social and political issues:** World Bank publications highlight external social and political challenges that need to be carefully addressed in destination management. Several publications criticize rigid “carrying capacity” limits<sup>3</sup> and suggest taking a more flexible, adaptive approach that involves setting goals, monitoring key ecosystem services, and aligning with the capabilities and priorities of the government and community.

**Gender and inclusion:** Research on gender and inclusion indicates both opportunities and risks for empowering

women through tourism. While tourism has the potential to increase women’s participation in the workforce, leadership roles, and entrepreneurship, it also can involve informal, part-time jobs, lower pay, gender stereotyping, and sexual harassment (Twining-Ward and Zhou 2017; Staritz and Reis 2013).

**Community engagement:** Publications on community engagement in tourism identify the need for verified market demand and capacity building in communities. Research suggests that communities can benefit from tourism but only under specific conditions: strong demand, ongoing building of community skills, and reinvestment of tourism income back into community funds and management (Christie et al. 2013; Twining-Ward et al. 2018; World Bank 2021; World Bank Group and WWF 2014).

## Critical Gaps in Tourism Research

**Despite the large amount of knowledge work undertaken, major gaps remain in our understanding of how tourism affects poverty, labor markets, land use, and policy outcomes.**<sup>4</sup> There is limited data on the relationship between tourism and poverty, inequality, and distributional outcomes. Insights are also needed on tourism labor markets, firm dynamics, and evolving high-value segments to inform inclusive and future-thinking strategies. Research on how tourism interacts with land markets, urbanization, and environmental pressures is evolving. Also, more research would help us understand how regulatory reforms, digital transformation, and public-private coordination influence tourism outcomes. Impact evaluations are particularly scarce, making it difficult to assess which interventions yield the greatest economic, social, and environmental benefits.

**Research on the diverse impacts of different tourism market segments remains scarce.** Not all forms of tourism contribute equally to inclusive growth or have the same environmental impacts. A World Bank 2025 study of [tourism in the Caribbean](#) found that volume-based models with foreign-owned infrastructure—like all-inclusive resorts and cruise line operations—can result in significant economic leakage and significant environmental risks. In contrast, smaller-scale, community-driven and integrated models

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3. Carrying capacity refers to a fixed, often strict maximum number of visitors or tourism activities that a destination can handle.

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4. The authors are interested in hearing from academic institutions and researchers that are conducting research in these areas.

tend to keep more value locally and create more inclusive employment opportunities (World Bank 2025). However, literature on market segment differences and their impacts remains limited.

**Finally, there are few studies on the best management and governance models for reinvesting tourism revenues in coastal and terrestrial tourism assets.** A World Bank study is underway to address this gap and identify best practices in blue tourism.

## World Bank Operations: The Tourism Lending Bank

An analysis of 85 World Bank tourism operations between 2012 and 2022 reveal this lending can be broadly categorized into three types of projects.

**Type 1 operations explicitly target tourism development in their project development objective.** These projects focus on enhancing tourism infrastructure, improving sector governance, strengthening market linkages, and crowding in private investment. Box 1.a

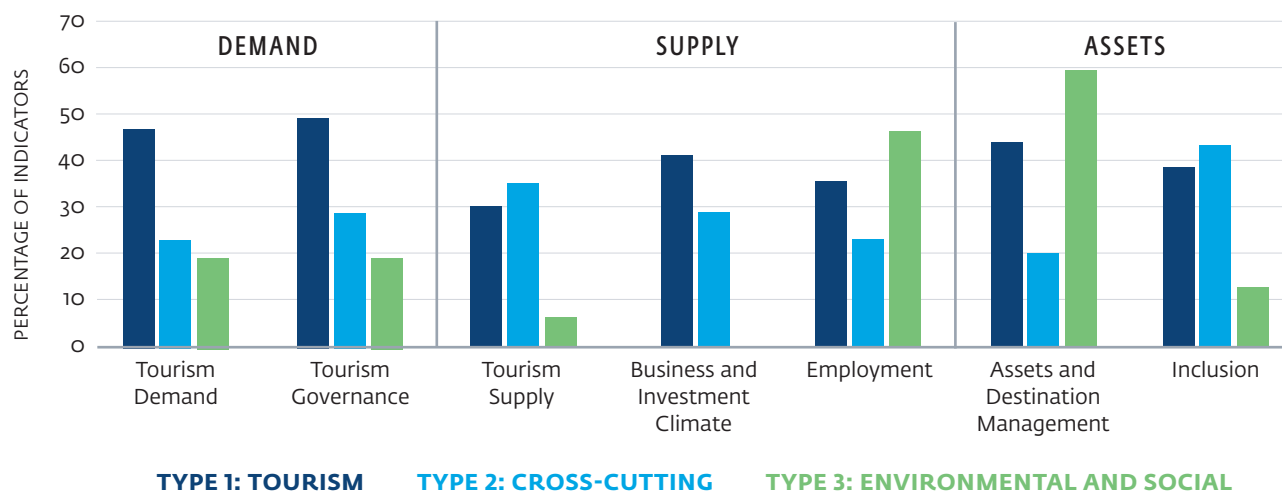
provides examples of operations with a development objective that targets tourism industry development.

**Type 2 operations are cross-cutting projects that tackle economy-wide constraints on development while incorporating tourism components.** These projects do not position tourism as the primary objective but recognize its strategic value in achieving broader development outcomes (see Box 1.b).

**Type 3 operations are environmental and social projects that leverage tourism to meet broader goals,** such as natural resource management, climate resilience, or cultural heritage conservation. In these projects, tourism is used as a tool to provide livelihoods for communities near protected areas or culturally significant sites (see Box 1.c).

**Over the last decade, Type 1 and Type 2 operations have accounted for 82 percent of the World Bank's tourism engagements, and their number has grown (Figure 5).** Type 1 operations primarily aim to generate tourism demand but also include work on tourism supply and asset protection. Type 2 operations focus more on tourism supply and the business environment, while Type 3 operations focus more on managing and protecting tourism assets. Inclusion is a consistent theme across all three types of operations, with gender elements increasing significantly over time.

**FIGURE 5. Indicators Covered by Type of World Bank Tourism Operation**



Source: Authors' elaboration.

## BOX 1. Project Examples for Three Types of Tourism Lending Operations

### a. TYPE 1 Example: Indonesia Tourism Development (2018–2024)

The project leveraged US\$955 million to improve the quality of and access to tourism-relevant infrastructure and services, strengthen local economy linkages to tourism, and attract private investment in selected tourism destinations in Indonesia. Components included increasing institutional capacity, tourism-relevant road quality, and local firm participation in the tourism economy.

#### Key Results:

- Completed 6 Integrated Tourism Master Plans
- Provided access to improved infrastructure and basic services for 5.4 million people
- Trained and certified over 84,000 tourism professionals
- Supported over 18,000 people in 155 tourism villages in tourism awareness campaigns
- Established profiles on online platforms for over 20,000 firms
- Created 11,000 new hotel rooms to support local economies
- Attracted over US\$870 million in private investment in the tourism sector

### b. TYPE 2 Example: Jordan Cultural Heritage, Tourism and Urban Development (2007–2014)

The project leveraged US\$73.3 million to support tourism development in five cities (Ajloun, Jerash, Karak, Madaba, and Salt) and thereby contribute to local economic development. The project was designed to create cultural heritage circuits and incentivize longer stays and higher expenditures in local businesses.

#### Key Results:

- Increased the average length of visitors' stays across the five cities from 1.5 days to 2.8 days.
- Increased annual tourists to the sites 18 percent by closure (120,000 tourists) with annual expenditure estimated at US\$8.47 million.

### c. TYPE 3 Example: Mozambique Conservation Areas for Biodiversity and Development (2015–2024)

The project's **Phase I** and **Phase II** leveraged US\$116 million to increase the effective management of conservation areas (CAs) and improve the living standards for communities located in and around CAs. Components included strengthening environmental regulations and institutional capacity, piloting support to the sustainable livelihoods of communities, and promoting tourism in CAs.

#### Key Results:

- Established 12 tourism concessions.
- Promoted 8 community initiatives, with 4 related to tourism.
- Distributed over MZN 6 million in revenue (greater than US\$100,000) from tourism and wildlife use back to local communities in targeted CAs.
- Established 8 public-private partnerships, with anticipated investments exceeding US\$500 million.



# Key Findings from World Bank Operations Review

## Challenges in Evaluating Tourism Projects

**World Bank tourism operations are currently most numerous in the Africa, East Asia and Pacific, and Caribbean regions.** Of the 85 operations reviewed, over one-third were in Africa (37 percent), followed by East Asia and Pacific (16 percent), Latin America and the Caribbean (16 percent), Europe and Central Asia (13 percent), South Asia (9 percent), and Middle East and North Africa (7 percent). Notably, 15 percent of these operations were in Small Island Developing States (SIDS), which are some of the most tourism-dependent countries.

**It is difficult to assess the collective impact of World Bank investments in tourism as tourism oversight was spread across the World Bank Group and a variety of indicators and monitoring systems were used.** Across all operations in this analysis, 190 different project objective indicators and 331 intermediate outcome indicators were used, highlighting a critical challenge. Another challenge is the difficulty in establishing causality given tourism's cross-cutting nature. To assess broadly which types of projects receive the highest evaluation ratings, the 27 closed tourism projects were grouped based on the types of key indicators they used (typically 3–4 per project). Findings show projects that use employment and market-oriented key indicators perform the best, followed by those that measure tourism governance and tourism assets and externalities (Figure 6).

## Success Factors for Tourism Projects<sup>5</sup>

**Tourism projects consistently perform better when they are multisectoral, have a strong analytical basis, and have tourism expertise on the design team.** Projects that involve multiple sectors tend to perform better than those that focus on just a few. Projects that are underpinned by analytical work at the design stage also show

stronger results. When projects are led by national tourism ministries or departments they also have good outcomes, outperforming those led by subnational agencies, economic or planning ministries, or environmental bodies. Finally, tourism operations are more likely to perform better when the project's design team includes tourism expertise.

**Tourism projects achieve better outcomes when there is effective coordination across ministries and dedicated steering committees.** Given tourism's inherently cross-sectoral nature, successful operations often feature complex implementation arrangements that require collaboration across multiple ministries. Projects that succeed do so by establishing steering committees, integrating sub-implementing agencies with investment mandates, and including targeted institutional capacity building for tourism ministries. These actions promote a “whole-of-government” approach and enhance ownership. Their effectiveness depends on high-level government participation, a clear decision-making framework, and

**FIGURE 6. Number of Operations by Project Indicator Categories, FY2012–FY2020**



Source: Authors' elaboration.

Note: Number of closed and rated operations with project indicator category (n=27).

5. While this analysis focuses on the drivers of success and research gaps that need to be filled, future analysis should also examine commonalities in projects that did not meet their intended goals as another dimension for continuous learning.

strong political commitment. For example, the Fiji Tourism Development Program in Vanua Levu adopted a multisectoral and multiphase programmatic approach that included a project steering committee in implementation arrangements to ensure coordination and address bottlenecks.

**Tourism operations that prioritize engaging with the private sector, especially MSMEs, achieve deeper and more sustainable impacts.** Project completion reports highlight the importance of improving the enabling environment for private sector growth in tourism destinations. Operations that link MSMEs to markets through business networks or joint ventures are also more successful. A value chain approach is particularly effective in addressing coordination failures, information asymmetries, and market access barriers that constrain smaller firms. For example, the Jamaica Rural Enterprise Development Initiative II is working to link small rural tourism enterprises and agribusiness firms with markets through business development services and marketplace activities.

**Destination-level tourism development is most effective when projects are geographically focused, properly scaled, and combine infrastructure investment with private sector development.** Project completion reports emphasize the importance of targeting just a few strategic sites, ensuring interventions are the right scale, and coupling hard investments with soft measures like policy reforms and improvements in the business environment. For example, the Indonesia Tourism Development Project selected specific destinations for program implementation to maximize development impact.

**Success in community-based tourism depends on market assessment and capacity building.** Sustainable community-based tourism results are only achieved when asset investments—in community, natural, or cultural sites—are backed by demand assessments, community engagement, and financial sustainability plans. Technical assistance and capacity building for managing agencies are essential to maximize returns on asset investments, and financial viability should be considered at the planning stage.

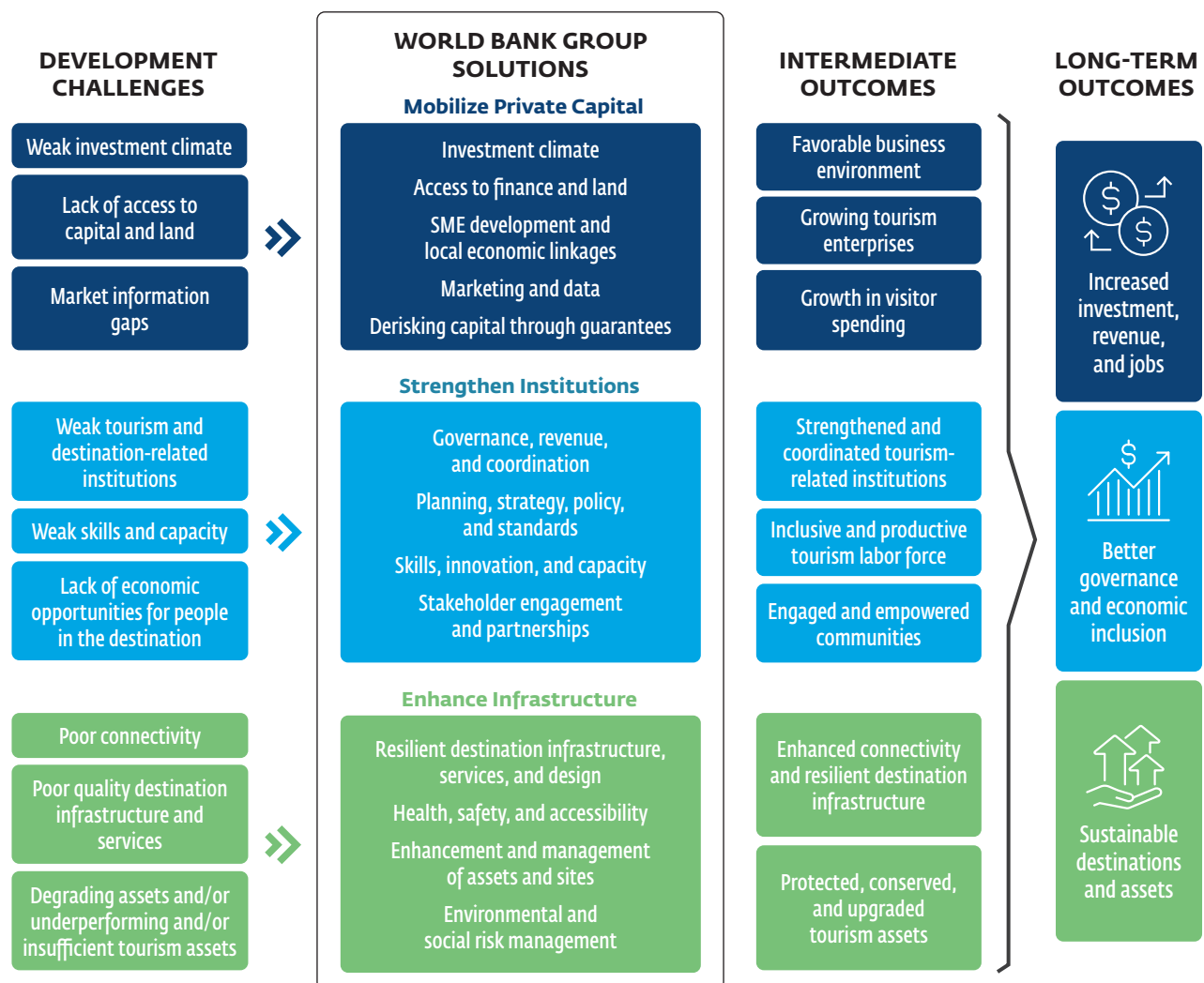


# Theory of Change: A Pathway to Tourism-Driven Development

**A theory of change helps explain the logical flow between development challenges, project activities, and desired outcomes.** Based on the analysis of 85 tourism operations and review of closed and rated projects a broad tourism theory of change was developed (Figure 7). The analysis identified nine common development challenges by countries requesting World Bank technical and lending

assistance: weak investment climate, lack of access to capital and land, market information gaps, weak tourism and destination related institutions, weak skills and capacity, lack of economic opportunities for people in the destination, poor connectivity, poor quality destination infrastructure and services, and degrading assets and/or underperforming and/or insufficient tourism assets. The analysis of the most successful projects identified 13 common solutions. Long-term outcomes include increased investment, revenue and jobs; better governance and economic inclusion; and sustainable destination and assets. Based on the findings of the analysis in this paper, in the final part of this report, six recommendations are made to improve project design.

**FIGURE 7. Tourism Theory of Change**



Source: This theory of change was produced by an interdepartmental working group that included the following: Alba Suris, Andrei Tomlin, Ayah Mahgoub, Frederic Picard, Leela Raina, Paula Bellas Suarez, Pooja Goel, Hermione Nevill, Shantanu Pai, Shaun Mann, Stephen Danyo, and Louise Twining-Ward.

## Six Recommendations to Improve Tourism Project Design



**1. Start with people and understand why they come.** Robust pre-project diagnostics (like demand or supply assessments) are essential to the success of tourism operations. However, tourism data is often scarce or unreliable, limiting the ability to inform market, industry, and economic assessments. To bridge this gap and better understand the tourism landscape, it is important to innovate data collection methods, including real-time tools to track tourism market segments, firm dynamics, value chain linkages, environmental performance, and gender indicators. Building the capacity of government bodies to analyze and share data—especially with the private sector—can ensure evidence-based decision-making for the long term.



**2. Make collaboration the backbone of tourism.** Tourism operations are more effective when led by tourism ministries or departments—particularly when combined with institutional capacity building and strong inter-agency coordination. Strengthening governance and coordination requires the establishment of robust coordination mechanisms like high-level steering committees, destination councils, and tourism advisory committees. These mechanisms can facilitate better collaboration and decision-making among stakeholders. Adopting a “one-government” approach that brings together relevant stakeholders helps align efforts and optimize resource use. Evaluating and building institutional capacity and enhancing coordination mechanisms will support successful implementation.



**3. Unlock investment in small businesses and build the skills they need to thrive.** Small businesses are the backbone of the tourism industry—globally, they make up about 80 percent of jobs in the sector (WTTC 2023). Yet, coordination failures, market concentration, and information asymmetries can prevent MSMEs from accessing international markets and global value chains. Identifying these constraints early in project design can help tailor market-led solutions that effectively support MSMEs. Some options to consider for targeted support are capacity building, soft skills development, mentorship, business and management training, product certification, and innovation promotion. [Gender assessments](#) can be used to identify and address barriers that might be holding women-led firms back.

## Recommendations to Improve Tourism Project Design, *continued*



**4. Invest strategically in tourism infrastructure that serves communities.** Projects that focus on a few geographically targeted investments tend to deliver greater long-term impact for destination communities. Infrastructure should be designed based on verified demand, have a clear plan for financial sustainability in place, and be paired with technical assistance for the governing institution.



**5. Tourism that restores, not destroys.** Tourism operations need to put systems in place to protect, conserve, and manage tourism assets or they will degrade from overuse. Tourism operations can be a powerful tool for protecting environmental assets and addressing ecological issues like deforestation, sandmining, water conservation, or [single-use plastic waste](#). When government resources are limited, it is important to channel visitor fees back into destination or community management funds; revenues can help to bridge the financing gap in biodiversity conservation. Projects supporting cultural heritage, indigenous communities, and conservation efforts should be designed in collaboration with the communities, supported by market access and viable business and management plans consider the environmental and social effects of visitor flows.



**6. Measure what matters to people and share results.** Without a common monitoring system it is difficult to assess the overall performance of tourism projects. A common results framework and shared theory of change is an important start, but agreeing on a core set of tourism project indicators across the World Bank Group is a critical next step. These indicators should capture key dimensions—such as job creation, MSME development, visitor flows, environmental sustainability, and inclusion—allowing for more consistent reporting and learning across the portfolio.

### **The Bottom Line**

*Integrated cross-sector approaches are key: when governments, businesses, communities, and development partners collaborate around a shared vision, they are more likely to deliver impactful projects for destinations and the people that live there.*



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