Remote sites in developing countries often present a major interest for tourism. Although the difficulties to access them, the lack of infrastructure and skilled human resources may pose a problem, “pioneer” investors benefit from the low cost of real estate, labor and raw materials. Host countries benefit from jobs, land development and transfers (skills, technologies, practices). An integrated development strategy.

The tourism business has a positive - or negative - effect on the economic, social, cultural and environmental realities of a country. As tourism carries more weight in the economies of developing countries than in developed countries, its fluctuations have a greater impact. Moreover, developing countries’ economies are more fragile, their infrastructure is less effective and their regulatory systems are less restrictive: they are consequently more vulnerable to the negative externalities1 of tourism, whether they may be economic, environmental or social. On the other hand, they are also in a better position to benefit from its positive spillover effects.

This sensitivity to impacts increases even further for destinations where there are the fewest visitors, the most preserved areas – and, consequently, often the most attractive areas for tourism. In just a short time, in a small area, sites that receive a large number of tourists can be seriously damaged and cultural habits and local behavior can be deeply changed. It is here, in these new tourist areas, that sustainable development takes on its full importance; it must help avoid excessive pressure on the environment, ensure that inequalities between individuals are not heightened and, at the same time, allow the economy to develop. Indeed, these areas may not be easy to access, but they present an interest for all stakeholders: the profitability from tourism activities and the resulting economic and social development are often very real.

Brakes to establishing in remote regions

Access difficulties prevent operators from being able to offer a wide range of tourist activities to their clients: no restaurants, no bars, no diving clubs. The product offered at the beginning must therefore be “self-sufficient”: either it attracts clients that are easy to please (but that spend accordingly), or it offers its own wide range of activities. In this case, the hotel can be designed as a vacation village connected up with remote infrastructure - this is the case for Club Méditerranée (Club Med), for example. It can also be part of a more comprehensive plan, but the area is then rapidly opened up and equipped with major infrastructure (hospitals, roads, water and electricity networks, etc.).

Three types of hotel can be established in a remote area: “hotels” destined for pioneers (often a refuge, a well-kept secret reserved for backpackers); those destined for the more affluent that prefer the “out-of-the way”; and finally establishments with a critical size that is large enough to bring about the creation of infrastructure. A hotel that has reached this critical size, but that does not have its own distribution network or the capacity to take risks in chartering flights, will nevertheless be
totally dependent on tour operators and will only be able to free itself of them after a few years in operation and once it has established a client base. Club Med, by successfully managing the way it markets its services and airline transport, can offer its clients new destinations, such as Cap Skirring in Senegal.

It is possible to reach a critical size without a marketing network by building several hotels and their infrastructure on cheap land, promoting them alone while, at the same time, benefitting from some financial reserves. By reaching this critical size, it is also possible to meet the difficulties of supplying basic services (water, electricity) and more elaborate services. Finally, one of the major difficulties for the development of a hotel in remote areas lies in training staff, as local populations do not have the experience of hotel or tourist services. It is consequently necessary to bring in the skills, methods, material, and devote time to training the local staff.

Many Club Med villages were created and developed in remote regions: indeed, in the 1950s and 1960s most of the sites in the Mediterranean region had not been exploited or developed very extensively and were highly affordable. Moreover, Club Med’s original concept to a great extent provided a solution to the difficulties relating to the remoteness of sites: transport management, distribution management, aim of rapidly reaching a critical size, integrated services, in-house human skills.

Benefits for “pioneer” operators

Despite the risks involved, Club Med has decided to establish itself in remote areas in developing countries. This position as a “pioneer” presents a number of advantages, particular the possibility of choosing the best geographical location - the most authentic, the most natural, the one that will surely please clients. In this context, the land is generally sold at a very low price. This decisive factor has, for example, fostered the expansion of the activities of Orascom Hotel Development (OHD), which established its seaside resorts in remote areas: El Gouna and Taba in Egypt, Salalah and Sifah in the Sultanate of Oman, for example. Governments often sell the land at a symbolic price and therefore hope - in a more or less justified manner - to foster tourism development in their country. The investor can consequently bear a higher risk and generate a high profit more rapidly. Moreover, the land gains in value with the development of tourism and has a potential to become the main profit source for the pioneering real estate developer.

Remote sites hold other economic benefits: indeed, labor is very often cheaper there, the cost of raw materials too (foodstuffs, building materials, etc.). In addition, the tax facilities that governments generally grant are by no means insignificant. Hotel operators first and foremost target developed markets, their prices are consequently not determined by the local cost of living, but are based on the accepted “international” value of the product.

Interest for local populations and the environment

Tourism development in remote areas can also be extremely advantageous for the host countries. It allows them to continue developing their country by contributing to opening up regions while, at the same time, distributing the “tourist load” more harmoniously around the country. For local communities, tourism development is first and foremost synonymous with basic infrastructure (roads, drinking water, electricity), or even exceptional infrastructure. Hotels sometimes very directly bear the cost of these constructions; for example, clinics and hospitals were built in El Gouna thanks to OHD; an airline tax in force in Cap Skirring is financing the new airport. Beyond simply benefiting tourists, this infrastructure can also benefit local populations; investors and authorities must ensure this is so.

More generally, tourism strengthens the local economic fabric by its investments, purchases related to operating, and the money spent by clients. Partnerships between non-governmental organizations and businesses can further strengthen this positive impact, for example, by helping small-scale local producers to develop their skills so that they can meet the specific demand of hotel operators, thus making it possible for the latter to be supplied locally. Leverage from tourism on the
economies of underdeveloped areas – or even disaster areas – can be used in a voluntarist manner by investors and States. For example, the first Club Med “hard construction” village was built in Agadir (Morocco) following the earthquake that devastated the city in 1960; the aim was to contribute to socioeconomic recovery in the region.

Tourism development on remote sites may also present a major environmental interest – although this is often questioned. The Club Med village in Cherating, Malaysia, was built in 1977 on an 80-hectare area of land, 80% of which is covered by a primary tropical rainforest. While there is an alarming retreat of primary forests all over the country (particularly due to intensive oil palm cultivation), the Cherating forest has been completely preserved. Well-designed tourism development can – and must – play a role in conservation. There is also an increasing amount of thought being given to ways of attributing an accounting value to businesses’ natural and biological assets. Tourism can also foster the transfer of technologies and environmental practices, train staff in how to save natural resources and raise the awareness of local populations in terms of preserving their natural and cultural capital.

Tourism development also brings about skills transfers. As it has to build in remote areas, Club Med has often had to produce its own water and energy and treat its wastewater. To do so, it has often had to develop innovative technologies, which subsequently benefit the host country. Moreover, Club Med has unquestionably contributed to building skilled and competent human resources, which have subsequently been useful for businesses from the local private sector. It directly contributes to employment (70% of its employees are recruited locally) and to its feminization.

Finally, the catalyst role that “pioneering” hotel operators can play in remote regions must not be underestimated. For example, Club Med has succeeded in offering its clients new destinations (Agadir, Djerba, Punta Cana or Cancun), which have then attracted numerous other operators and investors. The very fact that Club Med establishes itself in an area has, over time, become an indicator of quality and safety for other players in the sector. By creating the supply, Club Med creates the demand, which leads States or investors to consult it first for their tourism development projects, thus giving it new opportunities for pioneering investments.

There are consequently many advantages in developing tourism in these remote areas; however, their specificities require an even greater responsibility on the part of players in the sector. Despite all the efforts of the “pioneer” operator, the site can be permanently damaged if there are no regulations to prevent too many other players from establishing themselves nearby, or to ensure they behave in a responsible manner. Although investors expect rapid profitability, operators see the medium-term interest of energy-saving buildings, while local populations legitimately demand the complete preservation of their environment over the long term: how can these different expectations and temporalities be reconciled? The only way to ensure that all these constraints are taken into account is to implement an integrated development strategy and strict regulation.

Environmental and Social Impact Assessments can give investors and local authorities details on the dangers related to setting up an establishment – and allow them to avoid them. Local populations must receive their share of the profits brought about by tourism (by the reallocation of taxes and duties in particular). They must, at the same time, participate in and help manage the tourism development process (progressive “incorporation”, in-depth and intelligent planning, etc.). Finally, tourists can support these efforts by adopting respectful behavior, buying local products, respecting natural sites – and by staying longer in a distant country. This reduces the impact of CO₂ emissions caused by transport and increases economic spillover effects at the local level. The beneficial effects of tourism will only be equitable for all stakeholders if each of them, at their own level, is responsible (States, in particular, must full play their role as regulators). They must also learn to work together in the framework of consultation organized at the country level.

Footnotes
Negative externalities refer to situations where an economic agent is penalized by the action of a third party without being compensated.

This situation does seem to be evolving somewhat with the development of sales by Internet.

Cap Skirring is located in the far southwest of Senegal. It was originally occupied by a small fishing village. In 1973, Club Med became interested in it and, with the agreement of the Senegalese government, had the runway extended and concreted so that it could receive jumbo jets from Dakar or directly from Europe. The success of this vacation village and the presence of an international airport attracted a number of other hotels.

Orascom Hotels Development is a hotel group listed in Switzerland that owns establishments in Egypt, Jordan and the United Arab Emirates.

One of the objectives of the opening of the Village Club Med in Cap Skirring in Senegal was to open up the region.

On this topic, see the articles by Mahmud Janmohamed and Denis Sireyjol in this issue of Private Sector and Development.

The Club created the first wastewater treatment plant on Mauritius Island 30 years ago, then in 2007, the first fully ecological wastewater treatment plant using a “garden filtration” system.

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