

In Gili Trawangan, Indonesia, a biorock reef restoration course is offered by the Gili Eco Trust (GET). GET was established in response to concerns about treatment of the environment and the island's future.

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## Exploring the use of environmental instruments as a method to promote sustainable tourism in islands

### ABSTRACT

*Environmental policy management largely impacts the ways in which tourism destinations can maximize the positive impacts and mitigate the negative impacts of tourism. Since tourism destinations differ in their economic, social, and environmental states, it is a challenge to identify environmental instruments (tools, strategies, laws, and institutions) that will effectively achieve policy goals ensuring sustainable tourism development.*

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*Environmental instruments that focus on increasing the capacity for sustainable tourism development in islands must be studied in order to determine the most plausible methods to support this form of development.*

*This chapter uses a case study approach to explore innovative forms of management through non-regulatory environmental instruments. A number of island destinations are presented as best practice examples of effective implementation of environmental instruments to increase sustainable tourism. The instruments discussed in this chapter examine alternative methods of managing tourism that are flexible and tailored to the destination, including economic instruments such as ecotaxes, voluntary initiatives such as the formation of an environmental management trust or committee, and education and outreach initiatives through mechanisms such as pledges and incentives. The results suggest that non-regulatory instruments are crucial to increased sustainable and regenerative tourism in island destinations. Such instruments are usually grassroots in nature, with the ability to collaboratively engage stakeholders in a manner that complements or replaces regulation in island destinations and, as this chapter demonstrates, have proven to be successful at creating change in an island destination.*

## INTRODUCTION

Islands have long been popular destinations because of their characteristics (Parra-López & Martínez-González, 2018), including their geographical features and natural resources. For many islands, tourism is one of the key industries — if not the predominant industry — driving the economy (Graci & Van Vliet, 2020). This can lead to the development of and reliance on tourism, such as ‘sun, sand, and sea’ tourism, which depends on islands’ natural resources to generate demand. In many tropical destinations, such as Hawai’i, Fiji, and Barbados, this has led to the growth of mass tourism. Depending on tourism as an export can create a precipitous reliance on a highly sensitive industry, prone to disruption for a variety of exogenous reasons (Lee et al., 2014). This issue is particularly prominent in Small Island Developing States (SIDS) which may put most of their ‘eggs’ in their tourism ‘basket’ (Lee et al., 2014). The lack of a diversified economy is especially problematic, as

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demonstrated during the current COVID-19 pandemic (Organisation for Economic Co-operation and Development [OECD], 2021). COVID-19 has decimated the tourism industry in general, and on islands in particular (OECD, 2021; United Nations Educational, Scientific and Cultural Organization [UNESCO], 2020), identifying the need for

tourism to be not only managed sustainably (Sharma et al., 2021) but with a focus on regeneration (UNESCO, 2020). Tourism in islands is highly sensitive to pandemics but also environmental disasters and a wide variety of other external and uncontrollable events. As such, tourism should be managed appropriately in these destinations to increase sustainable management and ensure sustainable livelihoods.

The development of tourism in island destinations can bring positive benefits when managed sustainably; however, it is also “confronted with multiple challenges and problems, and is the source of social, environmental and economic distortion on a large scale” (Lockhart & Drakakis-Smith, 1997, as cited in Carlsen & Butler, 2011, p. 11). Island destinations are more sensitive to environmental degradation than other tourism destinations (Graci & Van Vliet, 2020; Parra-López & Martínez-González, 2018) and are particularly vulnerable to the impacts of climate change (Jones & Phillips, 2017). In island destinations, the resources that attract tourists are usually the ones in danger of being depleted (Birdir et al., 2013). Therefore, it is pertinent to study initiatives beyond regulatory compliance that can increase the uptake of sustainable and regenerative tourism in island destinations.

Environmental management largely impacts the ways in which tourism destinations can maximize the positive impacts and mitigate the negative impacts of tourism. Since tourism destinations differ in their economic, social, and environmental states, it is a challenge to identify environmental instruments — tools, strategies, laws, and institutions that can be used to ensure sustainable tourism development — that will effectively achieve policy goals (Ayuso, 2007; Harrington & Morgenstern, 2007; Yasamis, 2011). This chapter will explore how innovative methods of sustainable tourism may be implemented using environmental instruments that are voluntary, collaborative, and, in many instances, generated by grassroots actors in their development. While there is a place in all destinations for sustainable tourism policy brought about by the government, it is just as important to foster innovation in tourism management through the use of voluntary and collaborative approaches that support sustainable development of tourism. This chapter will specifically focus on economic instruments such as ecotaxes and voluntary instruments such as trusts and committees, many of which involve partnerships and collaborative approaches to management and education and outreach.

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## TYPES OF ENVIRONMENTAL INSTRUMENTS

The term *environmental instruments* refers to a collection of methods and strategies that an actor may use to ensure or promote sustainable development (Ayuso, 2007; Harrington & Morgenstern, 2007; Yasamis, 2011). Environmental instruments are used in a tourism context to mitigate the negative impacts of tourism, which may include natural resource depletion, pollution, and biodiversity loss (Logar, 2010). An appropriate and effective combination of instruments depends heavily on the unique circumstances of the destination implementing them (Goulder & Parry, 2008). A different combination of environmental tools may be appropriate given the specific circumstances of each destination, with ‘one-size’ strategies not being able to fit all contexts (Øian et al., 2018).

Environmental instruments can be successful if three conditions are met: they must be effective (i.e., they can meet their objective), acceptable to relevant stakeholders, and technically and economically feasible (Logar, 2010). There are generally five categories that environmental instruments fall under:

*regulatory, economic, voluntary, educational, and informational* (Winfield, 2015). Historically, governments have opted for regulation when developing responses to sustainable tourism development issues (Palmer & Riera, 2003). Regulatory instruments are government tools used to prevent degradation and control the management of resources in a destination, such as land-use, pollution control, or water-use regulations (Øian et al., 2018; Winfield, 2015). However, several economic, voluntary, and educational

instruments have also been implemented in destinations to address the environmental challenges accompanying tourism development. These are considered *beyond compliance measures* as they exist in addition to and can exist without regulation. Beyond compliance measures refer to initiatives put in place that go beyond, or past, compliance with existing laws and regulations, focusing on continual improvement of environmental management (Plaut, 1998). This chapter will consider some of these beyond compliance instruments and discuss innovative examples from several island destinations.

Wurzel, Zito, and Jordan (2013) categorize environmental instruments into three typologies based on the coerciveness of the instrument. The first typology identified by Wurzel et al. (2013) is the *regulatory instrument*. Often labelled as ‘command-and-control’, this typology is the ‘hardest’ and generally most coercive policy instrument available. Regulatory instruments require government or state actor intervention that typically prescribes how those subject to the regulation ought to act. Regulations tend to be reactive in nature and require a high degree of monitoring and enforcement to

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be successful. Typical instruments available in this category include “bans and prohibitions, design and production norms, licenses and permits, standards, use restrictions, and zoning” (Wurzel et al., 2013, p. 33). These types of instruments are rigid, which makes them less suitable for implementation in situations that are novel or highly complex (Annandale et al., 2004). Because of their rigidity and reactive nature, regulatory instruments often do not enable innovative forms of environmental management.

The second typology is **market-based instruments**, whose sub-categories include taxes and emissions trading. These instruments are somewhat coercive and choice-constraining but are meant to motivate actors with financial incentives rather than regulatory constraint (Wurzel et al., 2013). Relevant to this chapter, market-based instruments typically include **economic instruments** such as ecotaxes, user fees, and voluntary funds collected. While these types of instruments are effective for generating revenue to properly manage destination resources (Øian et al., 2018), it can be difficult to determine the most appropriate and acceptable structure for the destination (Heffer-Flaata et al., 2020).

The least coercive typology of environmental instruments is the **suasive instrument**. This is the ‘softest’ instrument that represents the least choice-constraining interventions available to policy makers (Wurzel et al., 2013). These types of instruments may appeal to consumer values and/or social norms to impact behaviour and create desired outcomes. The sub-categories of suasive instruments are informational measures and voluntary agreements. These sub-categories represent a wide variety of *voluntary* and *educational/outreach instruments*, including environmental education campaigns and eco-labels (informational measures) and voluntary codes of conduct/best practices (voluntary agreements). These instruments are highly flexible and can be tailored to meet the needs of specific destinations and situations (Arimura et al., 2008; Van Vliet, 2015). Suasive instruments do not require government involvement or support to function and can be implemented by a variety of actors. These instruments can also support improved efficacy of other environmental instruments used and of the overall environmental management plan in a destination (Birdir et al., 2013). Suasive instruments are unlikely to be effective at producing sustainable outcomes on their own, however, and it is difficult to measure impacts of educational/outreach instruments (Cárdenas et al., 2015; Van Vliet, 2015). This chapter will focus on discussion of *economic*, *voluntary*, and *educational/outreach* instruments.

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### **Economic instruments**

Economic instruments are tools used to attach a monetary value to the negative impacts that tourists have on a destination and to collect funds to mitigate these damages (Birdir et al., 2013; Logar, 2010). There are a variety of economic instruments that a destination may use to collect money to manage the destination. The purpose of environmental instruments in tourism is to “leverage the interests of tourists, [businesses], governments, and conservation groups to provide communities with a financial incentive to conserve” (Coral Reef Alliance, 2014, p. 8). Economic instruments require visitors to pay in some way for access to the destination or area, and may include eco-taxes, user fees, voluntary fees, financial incentives, and others (Logar, 2010). Economic instruments can be helpful in collecting money for destination management funds which, when managed correctly, can improve the tourism offering and protect the environments that tourism stakeholders rely on (Øian et al., 2018).

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An important factor in the success of economic instruments is user willingness to pay (Dolnicar, 2020; Van Vliet, 2015). *Willingness to pay* refers to the level of acceptance of economic instrument policies by tourists and other stakeholders. In other words, when economic instruments have been imposed, will visitors actually pay them? The literature presents mixed results, as willingness to pay varies significantly between destinations and socio-economic groups (Dodds et al., 2010) and is best analysed on a case-by-case basis (Enriquez-Acevedo et al., 2015). In general, however, there is a tendency towards accept-

ance of economic instruments and, across various studies, many tourists have indicated that they would be willing to pay to help conservation and destination management efforts (Cetin et al., 2017; Dodds et al., 2010; Van Vliet, 2015). Studies have shown that tourists are particularly willing to pay if their money is going towards sustainability-related initiatives (Dodds et al., 2010; Law & Cheung, 2007; Scott et al., 2003). This may be because they value a clean and healthy environment (Law & Cheung, 2007), and also because the improvement of the environment will lead to better tourism experiences (Dodds et al., 2010). Visitors are especially willing to pay if the money is going towards maintaining or improving their experience (Birdir et al., 2013; Cetin et al., 2017) and contributing to aesthetic improvements within a destination (Dodds et al., 2010). Willingness to pay for services not linked closely to tourism but which are nonetheless important for the facilitation of tourism, such as water supply and treatment, for example, have not been studied closely. Existing research suggests, however,

that tourists are less likely to be willing to contribute to funding the maintenance of systems that are not specific and identifiable to tourism and instead are generally for the health of the destination as a whole (Dodds et al., 2010). These studies show that tourists are generally willing to pay for conservation and sustainability initiatives — those that they perceive as linked to tourism and their experience, at any rate — since they may feel some responsibility towards improving destination sustainability or, at least, have identified that these initiatives will enhance their experience (Dodds et al., 2010). Tourists demonstrated a willingness to pay for sustainability practices, and were generally prepared to take responsibility and to pay to assist in preventing further degradation (Dodds, 2013), but there were discrepancies on who they felt should be responsible for implementing these measures (Dodds et al., 2010).

### Environmental taxes

An **environmental tax** is levied to increase the cost of an activity with a goal of decreasing demand for its production and consumption (OECD, 2017). An important feature of an environmental tax is that it attempts to correct a type of behaviour or activity that is detrimental to the environment (Palmer & Riera, 2003). In other words, the goal of levying an environmental tax should be to correct the behaviour and internalize the negative impacts of the taxable base (OECD, 2017). Two types of environmental tax often discussed in a tourism context are Pigouvian taxes and Balearic taxes.

*Pigouvian taxes*, named after the English economist Arthur Cecil Pigou, are put in place to charge an adequate price in order to account for externalities that are unintended but present (Palmer & Riera, 2003). An environmental tax is Pigouvian if, when the tax rate is applied to the taxable base that has a perfect link to the environmental problem, the amount generated is equal to the external marginal damage at optimal levels of production (Palmer & Riera, 2003). This means that the amount charged and collected is directly proportional to the damage created by the taxable base activity. This type of tax is uncommon in tourism since the taxable base of accommodation is not perfectly connected with the environmental damage caused by tourism (Gago et al., 2009).

Named after the Spanish archipelago where they were first introduced, *Balearic taxes* are said to deliver a second-best or sub-optimal solution (Palmer & Riera, 2003). A Balearic tax is an environmental tax developed specifically for tourism (Van Vliet, 2015), and is structured so that the tax rate is applied to a relevant taxable base (usually

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accommodation per person, per night), charging tourists for their presence in a destination (Palmer & Riera, 2003; Plzáková & Studnička, 2021; Sefeld, 2017). The amount generated through a Balearic tax is usually not equal to the damage created by the taxable base activity and, therefore, does not fully internalize negative externalities caused by tourism activities. Room taxes generally fall under this category since the connection between accommodation and environmental degradation is not perfect and the funds raised are generally not adequate to fully compensate for environmental impacts caused by tourism (Gago et al., 2009).

There are both economic and environmental reasons to levy taxes on tourism activities (Gago et al., 2009; Plzáková & Studnička, 2021). Since tourists enjoy the resources and public services that a destination has to offer, charging tourism taxes is a reasonable way for them to properly compensate the destination for their overuse (Gago et al., 2009). Gago and colleagues (2009, p. 382) note that charging tourism taxes

are justified on three main grounds: 1) Revenue raising objectives; 2) Coverage of conventional costs of public services; and 3) Internalization of external costs. A concern raised regarding the implementation of tourism taxes is often the overall effect that it will have on tourism demand — specifically, that it will reduce destination competitiveness as price-sensitive tourists opt for cheaper, substitutable destinations (Hudson et al., 2019). This concern is often raised by industry stakeholders (Sefeld, 2017; Sheng & Tsui, 2009). Heffer-Flaata et al. (2020) have found that the overall impact of tourist taxes on tourist demand depends on the destination, especially since different destinations implement different kinds of taxes. In general, their study found that tourists (in this case,

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outbound UK tourists) are sensitive to tourist taxes, although the elasticity of their demand depends on peak versus off-peak travel times and varies across destination countries (Heffer-Flaata et al., 2020). Through economic modelling and qualitative interviews, Hudson and colleagues (2019) found that, among eight US hotel markets, increased accommodation taxes did not substantially impact demand and tourists were not likely to choose substitutable destinations if taxes were increased ‘too high’. Taxes on accommodation often represent a small percentage of the overall cost of the vacation or travel, and their impacts may be seen by the traveler as negligible (Bonham et al., 1992), however the impact of tourist taxes is more significant for low-cost tourists, since they are generally more sensitive to changes in price (Heffer-Flaata et al., 2020). Nevertheless, research does show that tourists and residents generally show favourable attitudes towards tourism ecotaxes, and that ecotaxes are typically more accepted by



tourists with higher education and income levels (Cantalops, 2004; Dodds et. al, 2010).

Scholars who have conducted research on the effectiveness of environmental or ‘tourism’ taxes say that there is still a significant research gap and that more inquiry into these types of taxes is needed to understand the true impacts and criteria for success (Heffer-Flaata et al., 2020; Palmer & Riera, 2003; Van Vliet, 2015). Specifically, the process of developing the justification for the taxable amount per tourist, per destination needs to be better established, since each destination is highly unique and, therefore, may require a different tax structure (Logar, 2010). The amount charged per tourist must also consider the net environmental damage of tourism in the area in order to properly account for the presence of tourism. The rise of unregistered accommodation must also be considered, since the taxable base of eco-taxes are often on accommodation. If not properly accounted for, guests who stay in unregistered accommodation, such as AirBnB or VRBO, may be able to avoid paying ‘tourist taxes’ altogether (Logar, 2010; Palmer & Riera, 2003; Plzáková & Studnička, 2021). In addition, the overall effectiveness of this tool must be considered in light of its definition. Do the taxes achieve their goal and decrease the volume of tourism while increasing its value, or do they merely generate revenue to deal with problems related to sustainability and mass tourism after the fact? The case studies presented later in this chapter highlight instances of destinations successfully implementing tourism taxes. These destinations raise funds to increase the level of sustainability at the destination and assist in contributing to implementing environmental management practices such as conservation, waste management, and pollution control.

### ***Voluntary instruments***

Voluntary instruments differ from economic instruments in that they are significantly more flexible and are aimed at influencing rather than controlling behaviour and do not require government involvement (Van Vliet, 2015; Winfield, 2015). In general, voluntary instruments are significantly more flexible than other types of instruments because they tend to be non-binding (Arimura et al., 2008; Weiss, 2014). In the area of international environmental law, voluntary instruments may also be referred to as non-binding legal instruments. These non-binding instruments set precedents and norms that may influence behaviour and, in some cases, set the groundwork for creating binding agreements (Weiss, 2014).

Voluntary instruments do not require government funding or involvement and, in a tourism context, are usually aimed at educating tourists to increase awareness of particular issues in a destination (Øian et al., 2018). An example of this is the ChildSafe movement, which generates awareness of child exploitation in South Asian tourism industries and beyond (Responsible Travel, 2016). Arimura et al. (2008) found that voluntary instruments, in their case voluntary certification (ISO 140001) and environ-



mental performance reporting in facilities in Japan, improved the environmental performance of private businesses over time. Voluntary instruments can take many forms and can be as innovative as the organizations implementing them. An advantage of voluntary instruments is that stakeholders can tailor the instrument to fit their exact specification (Ayuso, 2007; Winfield, 2015), making it an ideal tool for crafting a response to a destination's unique needs.

Successfully implementing voluntary instruments requires commitment from all stakeholders in a destination, which can be a limitation on their effectiveness (Van Vliet, 2015). Because voluntary instruments are, as the definition implies, not compulsory activities, unengaged stakeholders can severely inhibit their success (Pavia et al., 2015). A further limitation is the inability to enforce voluntary instruments if a stakeholder or group of stakeholders is not complying, although education regarding the benefits of following voluntary initiatives may be an effective strategy to overcome this barrier (Van Vliet, 2015). The benefits of participating can include improved public perception, improved environmental performance (Berghoef & Dodds, 2013), cost savings, competitive advantage, employee retention, and being regarded as industry leaders (Graci & Dodds, 2008). These could be powerful motivators for encouraging stakeholder compliance with voluntary instruments.

Common voluntary instruments include eco-labelling/certification, following best practices or codes of conduct, and tracking environmental performance indicators (Øian et al., 2018). Another notable instrument is the development of sustainability committees or trusts that manage the implementation of initiatives on islands. Case studies of two island destinations with trusts or committees that manage sustainability initiatives, Gili Trawangan, Indonesia and Savusavu, Fiji, will be discussed later in the chapter.

### ***Educational and outreach instruments***

Educational/outreach instruments are designed to support other environmental instruments by creating an awareness among tourism stakeholders of the importance of environmental conservation (Øian et al., 2018). These types of instruments encourage the public to participate in helping the destination reach their sustainability goals (Van Vliet, 2015). Educational instruments provide the opportunity for community and tourist engagement and may influence the behaviour of tourism stakeholders in a positive way. Educational instruments can be implemented on a large or small scale, with broad or specific objectives aimed at addressing one topic or many (Van Vliet, 2015). Educational programming can provide incentives for participants, but this is not always the case (Van Vliet, 2015). As with voluntary instruments, education programs are flexible and can be crafted specifically for a destination to meet their goals (Van Vliet, 2015). Environmental instruments supported by educational/outreach programs have been found to have a higher likelihood of success than those that were not (Birdir et al., 2013). This may indicate that educational instruments play an important role in increasing the effectiveness of overall environmental management plans.

A limitation of educational/outreach instruments is that it is often difficult to measure program impacts. Assessing levels of awareness before and after exposure to the program can be a challenge (Cárdenas et al., 2015). Determining the direct impacts of one instrument may only be possible in cases where other influences are not present and there are variables that can be used to measure the changes

(Van Vliet, 2015). Consequently, it is difficult to determine the effectiveness of educational/outreach instruments in producing sustainable outcomes. As mentioned above, however, they can play an important role in improving the overall effectiveness of environmental management plans.

Tourism pledges or codes of conduct are an example of an educational/outreach instrument created by a destination. These are essentially statements of good intentions made by businesses or destinations (Ayuso, 2007) that create an emotional connection between the tourist and the destination (Albrecht & Raymond, 2021). These tools could also be described as moral codes outlining acceptable and desired behaviour in the context of duties and rules (Øian et al., 2018). Pledges and codes tend to be more effective when they are supported by other instruments (Chen, 2021; Haugen, 2019). Pledges in particular may be more effective if they are accompanied by a written or verbal action and if they are given in the presence of others (Albrecht & Raymond,

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2021), and are most effective when they are short, giving the targeted audience clear instructions (Chen, 2021). Chen (2021) found that pledges, on their own, are not effective at ensuring responsible travel behaviour, but could be more effective in combination with other instruments. The island nations of Palau and Iceland both have responsible tourism pledges, and their case studies will be discussed below.

## CASE STUDIES

The case studies that follow present examples of successful implementation of economic, voluntary, and educational/outreach instruments related to tourism in Namena (Fiji), the Balearic Islands (Spain), Gili Trawangan (Indonesia), Savusavu (Fiji), Palau, and Iceland.

### *Economic instruments*

#### **Namena Marine Reserve, Fiji**

The Namena Marine Reserve is located in Fiji and encompasses the island of Namena, a large barrier reef and marine environment (Wildlife Conservation Society Fiji, 2019). The marine reserve encompasses over 60 km<sup>2</sup> of territory (Wildlife Conservation Society Fiji, 2019).



The Namena Marine Reserve charges a dive fee for every marine recreation user accessing its waters.

This area is considered one of the top dive destinations in the world, attracting divers from across the globe, and the management of the protected area is considered a best practice model for sustainable management of marine environments (Coral Reef Alliance, 2014). The reserve was created in 1997 by local indigenous leadership in response to the impacts of commercial and private overfishing and poaching, which had little economic benefit for locals while greatly threatening the biodiversity of the area (Clarke & Jupiter, 2010; Coral Reef Alliance, 2014). The success of the marine protected area has largely depended on respect for traditional governance structures (chiefly authority)

rather than formal and nationally recognized legal mechanisms. However, there are now some national laws in place to protect the reserve, thereby aligning national law with the wishes of the communities in the area to strengthen recognition of indigenous land ownership and customary resource management (Clarke & Jupiter, 2010).

To generate revenue to protect the marine protected area and provide an incentive

for conservation, the reserve charges a dive fee for every marine recreation user accessing its waters. The tax was first established as a ‘goodwill’ fee in 1998 and charged recreational users \$2 FJD (~\$1 USD) (Coral Reef Alliance, 2014). While the system was initially informal and enforced haphazardly, this changed in 2003 when a formal policy was implemented (Coral Reef Alliance, 2014). Upon further investigation, it was found that recreationalists were willing to pay more than the small user fee and, accordingly, the rate has increased progressively since then (Coral Reef Alliance, 2014). The dive tax was increased to \$20 FJD in 2003 (Coral Reef Alliance, 2014) and in 2012 was raised to \$30 FJD (~\$15 USD) which remains the current rate as of 2021 (Namena Marine Reserve, 2015). All divers or swimmers in the marine park must pay this contribution by purchasing a ‘tag’ from one of the authorized stakeholders, which include a local resort, a conservation officer, or any dive outfit or tour operator on the island (Namena Marine Reserve, 2015). Users make this annual contribution and, in return, have access to the reserve until December 31st of the year of purchase (Namena Marine Reserve, 2015). The dive fee was created as a way to provide local communities with an economically attractive alternative to overfishing and to encourage environmental stewardship from tourists (Coral Reef Alliance, 2014). Funds collected go towards management of the marine reserve, scholarship funds for local students, and other community initiatives.

It has been found that dive tourists and other recreational users are willing to pay the additional fees provided that they can see the impacts of their contribution (i.e., enduring conservation and community initiatives) and can take evidence with them that they contributed to the cause (Coral Reef Alliance, 2014). This is one reason why all users are given a sturdy, plastic dive tag that they can take home. The dive tag is an effective tool for environmental managers, since it achieves the following objectives:

1. Raises awareness of the destination and why it is a special place;
2. Encourages good relationships with operators who feel good about helping conservation efforts and have a differentiating selling point;
3. Provides a ‘collector’s item’ that reminds the user of their time on the island and gives tangible evidence that they contributed to a cause;
4. Can be used as an advertising/promotional tool for the area when users take the tags away with them and show them off to friends, colleagues, etc.;
5. Provides value for money, as divers are purchasing an annual tag. They will likely only stay for about a week, but they recognize that their contribution allows them access for a whole year. (Coral Reef Alliance, 2014)

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Charging an annual fee for environmental protection and conservation is an excellent way to ensure that funds are made available for management of the tourism destination.

### Balearic Islands, Spain

Located in the Mediterranean Sea, the Balearic Islands are a group of four island territories of Spain, consisting of Mallorca, Menorca, Ibiza, and Formentera. Collectively, these islands are one of the most tourist-dependent areas in the world with a tourism-led economy (Inchausti-Sintes et al., 2020; Valdivielso & Moranta, 2019). While the islands collectively have a population of around one million people, they see over 25 million tourist arrivals per year on average (Agència de Turisme de les illes Balears, 2017). The Balearic Islands experience mass tourism on a large scale and, in response, have implemented an ‘eco-tax’ to collect funds from visitors to go towards environmental conservation, infrastructure development, and sustainable tourism development (Agència de Turisme de les illes Balears, 2017). According to the Agència de Turisme de les illes Balears (2017, p. 10), the fee is meant to “compensate Balearic society for the environmental cost” of tourism on the islands.

The current version of the eco-tax has been in effect since 2016, after a failed attempt to implement a similar tax in 2001–2002 (CE Noticias Financieras, 2019;

People on a beach in Mallorca, Spain. The Balearic Islands experience mass tourism on a large scale and, in response, have implemented an ‘eco-tax’ to collect funds from visitors to go towards environmental conservation, infrastructure development, and sustainable tourism development.



Porter, 2015). The tax is collected per person, per night by accommodation suppliers on behalf of the tourists, for every person, whether foreign or local, staying in accommodation facilities (with the exception of guests under 16 years of age). Cruise ship passengers also pay a fee per person, per night when they dock at a relevant port (Ecotasa Balearas, 2015). The fee per guest ranges from €1–€4 per night depending on the location and type of accommodation, with the fee increasing in high-end accommodations (CE Noticias Financieras, 2019; Mymenorca, 2021). The fee decreases during low season (November to March), with the nightly charges for all accommodation being decreased by more than half (Ecotasa Balearas, 2015). After nine nights at a single accommodation supplier, the nightly rate for guests is halved, regardless of whether it is in high or low season (Mymenorca, 2021). Between July and December of 2016, the first year of implementation, the fund collected over €30 million to be directed towards conservation and sustainable development (Agència de Turisme de les illes Balears, 2017).

Upon implementation of the tax, many industry stakeholders feared that it would substantially impact the industry in a negative way. However, tourism continued to grow (before COVID-19) in the Balearic Islands despite the tax (CE Noticias Financieras, 2019). Rosselló and Sansó (2017) found that the overall impact of the eco-tax in the Balearics was a 0.4–0.8% decrease in inbound tourist arrivals. This is consistent with the findings of Hudson et al. (2019), whose study of US hotel markets found that demand is not substantially impacted by increases in tourism taxes. When considering the intended impact of the eco-tax, this small decrease may be an indication of some success, as it has controlled tourism arrivals to some degree and generated funds to address the issues that the islands face as a direct result of mass tourism.

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### ***Voluntary instruments***

#### **Gili Trawangan, Indonesia**

Gili Trawangan is a small island off the coast of Lombok in Indonesia. Since the 1980s, its tourism industry has rapidly developed to cater to party and dive tourists, which has resulted in the island exceeding its carrying capacity (Dodds et al., 2010). Prior to the COVID-19 pandemic, the 6 km<sup>2</sup> island received up to one million tourists per year (Nelson et al., 2021). Increasingly, locals are concerned about the impact that unrestrained tourism growth may be having on the island environment (Hampton & Jeyachana, 2014). In response to concerns about treatment of the environment and the island's future, the Gili Eco Trust (GET) was established.

GET is a non-profit entity operating out of Gili Trawangan. The trust was established in the early 2000s by the local dive shops to manage challenges associated with the exponential growth in tourism and environmentally detrimental fishing practices (Gili Eco Trust, 2021; Graci & Maher, 2018). The primary facilitators of the eco trust are private businesses, namely the dive shops, since there is little government involvement and these private stakeholders voluntarily opted to collect fees for environmental management (Charlie et al., 2013). The purpose of the eco trust is to “protect and restore the natural environment on the island whilst boosting sustainable tourism” (Gili Eco Trust, 2021). Although it was initially formed to deal with a limited number of problems (e.g., tourism growth, harmful fishing), the eco trust has expanded its scope of operations to support a variety of sustainability related projects. This ranges from biorock reef restoration and reef management (Graci, 2007), improving waste management on the island through recycling and waste diversion techniques (Willmott & Graci, 2012), providing ecotourism experiences that focus on fostering environmental stewardship (Gili Eco Trust, 2021), and holding animal welfare clinics that provide care for cats and working horses on the island (Gili Eco Trust, 2021). Other notable programs include the facilitation of weekly beach cleanups with tourists, coordinating stakeholders for waste removal, and partnering on waste management programs (Graci & Maher, 2018). GET has been identified as an action-oriented (rather than policy and planning) governance organization because of the lack of local government involvement and because of its self-regulating and voluntary nature (Charlie et al., 2013; Erkus-Ozturk & Eraydin, 2010).

The eco trust is funded through a fee which is levied on the recreational users of



Gili's marine resources. Locally, this is referred to as the 'dive tax', however it is not a mandatory tax and is entirely voluntary. The levy is \$6 USD for divers and \$3 USD for snorkelers and is voluntarily collected by all local dive shops on the island (Graci & Maher, 2018). This revenue goes towards staffing the eco trust and implementing their projects (Charlie et al., 2013; Graci, 2007). Although this user fee system is in place, it only collects from dive and snorkel tourists, who account for an estimated 15% of all tourists that visit the island (Nelson et al., 2019). Although the GET has shifted its focus from marine-only conservation to focusing also on waste/land management and conservation, they continue to be funded solely by the 'dive tax' (Nelson et al., 2019).

The Gili Eco Trust represents a grassroots approach to environmental governance and stewardship on the island and employs a variety of environmental instruments to achieve its objectives. This includes the use of an ecotax for funding, as well as voluntary instruments such as donations and educational programmes. The GET has employed an environmental coordinator throughout its existence, who has been able to successfully manage the implementation of projects on the island.

### Savusavu, Fiji

Savusavu is a town located in the Province of Cakaudrove on the island of Vanua Levu in Fiji. Although Savusavu is a lesser-known destination in Fiji (Savusavu Tourism Association, 2019), they are working to develop a better tourism economy and differentiate themselves as a unique destination (Graci & Van Vliet, 2020). Savusavu offers marine recreation such as diving and snorkelling, and also has many indigenous Fijian communities surrounding it that partner with resorts to offer indigenous tourism



Photo: Blue Town Model



experiences (Graci & Van Vliet, 2020). Savusavu is an extremely seasonal destination, experiencing its greatest demand between May and October (Graci & Van Vliet, 2020). The community is embarking on an ambitious development plan that will transform the local economy to be based on conservation and protection of marine biodiversity rather than extraction, such as in-shore fishing affecting coral reefs (Teh et al., 2009). The plan is called the ‘Blue Town model’ and is based on the tenets of the circular and ‘new’ blue economies (Savusavu Town Council, 2019; United Nations Environment Programme [UNEP], 2019).

The *circular economy* refers to “a strategy to reconcile economic growth with sustainable resource use and environmental resource use on a planet of finite resource stocks and waste and emission sinks” (Lazarevic & Brandão, 2020, p. 10). A circular economy is based on value creation, preserving and reducing the material inputs of



**Youths fill up garbage bags during a clean-up campaign in Savusavu in January, 2020.** Photo: FijiSun

production, and extending the life and utility of services, components, and materials (Stahel & Clift, 2015). Traditionally, marine environments have been used by heavily extractive industries including those of food (protein), energy, and natural resource extraction, as well as shipping and tourism (Spinrad, 2021). Although there is little consensus on the defi-

nition of the blue economy (Carver, 2020), it is generally described as “a knowledge-based economy, looking to the sea not just for extraction of material goods but also for data and information to address societal challenges and inspire their solutions” (Spinrad, 2016, para. 2). A blue economy may emerge when “economic activity is in balance with the long-term capacity of the ocean ecosystems” (Lee et al., 2020, p. 1).

Savusavu’s Blue Town model has been developed in response to growing concern for the viability of island destinations in the face of climate change and global depletion of natural resources (Naidu, 2018). The model encourages public–private partnerships to develop a circular economy by pursuing development in seven key areas: renewable energy, recycling and waste management, marine conservation, sustainable livelihoods, eco-tourism, education, and framework (for the Blue Town model itself). If each area is addressed, it will mean that Savusavu has reached its goal in becoming a ‘Blue Town’.

The community hopes that it will be a model for other developing island and coastal destinations (Savusavu Town Council, 2019). Specifically, the program will look to



address waste/water management in Savusavu, develop sustainable aquaculture, transition the town to 100% renewable energy by 2030, develop effective coastal management programs, regulate sport fishing, and develop sustainable tourism (UNEP, 2019). The development of infrastructure on the island and conservation programs will be positive for tourism, as Graci and Van Vliet (2020) found that a lack of these initiatives were key barriers to sustainable tourism development in Savusavu. The model will rely on partnerships to deliver results in each key area (UNEP, 2019). The planning document (UNEP, 2019) notes that the development towards the Blue Town model will not only be a benefit to Fijian society but also an advertising and marketing opportunity for all partners involved.

### **Educational/outreach instruments**

#### **Republic of Palau**

In response to the growth of low-budget mass tourism, in 2016 the Republic of Palau issued a *Responsible Tourism Policy Framework* to guide tourism development from 2016–2021. This was deemed necessary as the markets visiting Palau began to shift from high-yield niche tourists, especially dive tourists, to low-budget sand, sun, and sea travelers, overwhelming the island’s infrastructure and resources (Palau Bureau of Tourism, 2016).

The policy statement sets six targets for diversifying Palau’s tourism industry, starting with the alignment of each government sector with the policy needs of tourism. Other objectives include identifying the appropriate carrying capacity for the archipelago and responding with measures to respect that capacity, in order to develop high-value, low impact tourism markets and products, and to align the visitor experience with the ‘Pristine Paradise. Palau’ brand, increase the share of tourism revenue staying in Palauan communities, and engage Palauan communities in the development of tourism on the islands (Palau Bureau of Tourism, 2016). Each goal has underlying objectives that will be implemented to achieve the goal and impact measurement criteria. To achieve these goals, the Palauan government has proposed adjusting airline access to the island, since this is closely related to carrying capacity. They also suggest implementing appropriate user fees to access sensitive sites and creating education and outreach programs for visitors to help them understand how and why to be respectful tourists.

To support their *Responsible Tourism Policy Framework* (Palau Bureau of Tourism, 2016), Palau has taken a unique step towards promoting responsible tourism on their islands. The island state has changed their immigration laws so that as of December 2017, upon arrival to Palau, all international guests must make the Palau Pledge before an immigration officer (Impact Relations, 2021; Palau Bureau of Tourism, 2021). The pledge ([www.palaupledge.com](http://www.palaupledge.com)), which is stamped into visitor passports, reads as follows:



**Children of Palau,  
I take this pledge,  
as your guest,  
to preserve and protect,  
your beautiful and unique  
island home.**

**I vow to tread lightly,  
act kindly and,  
explore mindfully.**

**I shall not take  
what is not given.**

**I shall not harm  
what does not harm me.**

**The only footprints  
I shall leave are those  
that will wash away.**



The Palau Pledge is stamped into visitor passports. To date, almost 600,000 people have taken the Pledge.

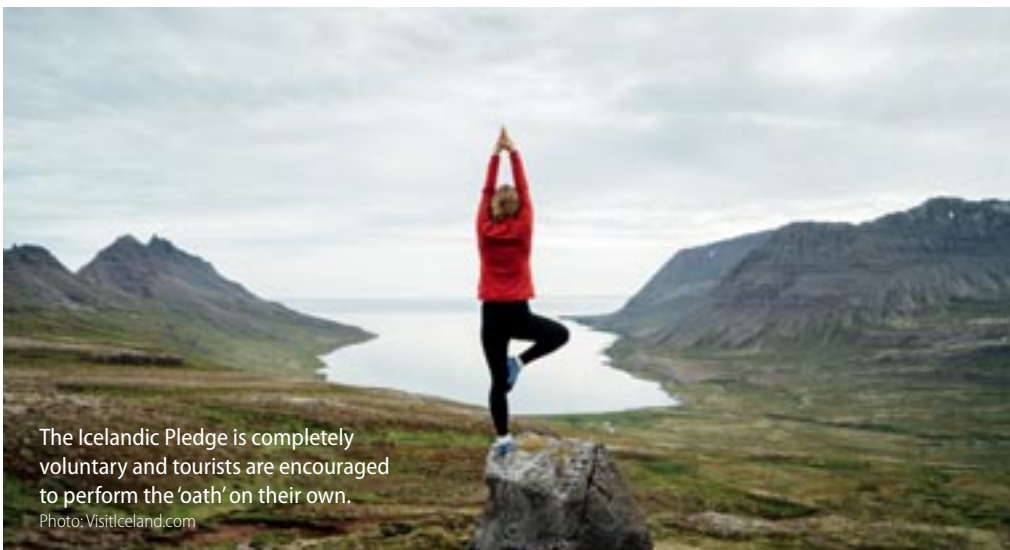
This pledge was developed in collaboration with the children of Palau, and communities continue to be engaged to refine and reimagine the pledge as needed in order to support implementation of the Responsible Tourism Policy Framework. To date, almost 600,000 people have taken the Palau Pledge (Palau Bureau of Tourism, 2021). Although every visitor must sign the pledge on arrival, it is not enforced by any Palauan authority and visitors are effectively in charge of ‘policing themselves’ based on the emotional connection that the pledge creates between them and the destination (Medel, 2020; Responsible Tourism Education Act, 2018). The goal of the pledge is essentially an educational one (Medel, 2020), as it acts to provide information to tourists on the importance of protecting Palau.

Palauan businesses can also be certified and hold a ‘Palau Pledge’ eco-label which signifies that the business has met certain sustainability standards. The label also gives them access to a suite of Palau Pledge business resources, including material that will help the business educate their customers about what the certification means and why it is important to support these local, certified businesses. All certified businesses must submit a sustainability report to the Bureau of Tourism for review to maintain certification.

### Iceland

Iceland has also created a responsible tourism pledge as a tool to educate tourists and remind them of their responsibility to the destination (Visit Iceland, 2021). In addition to their pledge, Iceland has other mechanisms in place, such as a sustainable certification scheme and conservation and development funds, and is developing comprehensive destination management plans to move the Icelandic tourism industry in a more sustainable direction (Ferðamálastofa, 2021). Unlike the Palau Pledge, The Icelandic Pledge is completely voluntary, and tourists are encouraged to take the initiative to perform the ‘oath’ on their own. The Icelandic Pledge ([www.visiticeland.com/pledge](http://www.visiticeland.com/pledge)) reads as follows:

1. **I pledge to be a responsible tourist**
2. **When I explore new places, I will leave them as I found them**
3. **I will take photos to die for, without dying for them**
4. **I will follow the road into the unknown, but never venture off the road**
5. **And I will only park where I am supposed to**
6. **When I sleep out under the stars, I’ll stay within a campsite**
7. **And when nature calls, I won’t answer the call on nature**



This oath encourages tourists to consider their actions and highlights some of Iceland’s most important challenges with tourists to correct their behaviour. For example, line 4 refers to respecting the integrity of Iceland’s flora and fauna, which tourists have damaged in the past (Global CommUnity, 2021).

These types of pledges serve as important awareness-generating tools that can set clear expectations for visitor behaviour (Haugen, 2019). In other words, pledges help communicate norms to travellers who may otherwise be unaware. This helps deal with culture differences to protect local environments and residents from negative impacts of tourism (Haugen, 2019). As is the case in Palau, The Icelandic Pledge is part of a larger pivot towards sustainable tourism development (Haugen, 2019).

## DISCUSSION

In order to increase sustainable and regenerative tourism in island destinations, there needs to be a mix of regulatory and non-regulatory environmental instruments. As the case studies in this chapter suggest, economic instruments such as ecotaxes and voluntary instruments such as partnerships and trusts can create change in an island

destination. When coupled with opportunities for education and outreach, such as pledges, these initiatives have been highly successful in managing sustainability in island destinations. It is also important to note that this success is attributable to accountability and leadership. As identified by many of the destinations discussed above, it is imperative to have an organization such as an environmental committee or association with a dedicated environmental coordinator in place to manage these initiatives. This ensures accountability and that the funds are used for conser-

vation, sustainable development, and/or regenerative tourism efforts rather than ending up as part of general government revenue.

Educational and outreach initiatives such as pledges are important in ensuring that sustainability initiatives are implemented in an island context. Influencing the decision-making processes of travelers is imperative to encourage more environmentally sustainable choices and drive the growth of sustainable tourism initiatives. Research shows that humans make decisions based on incentives, information, and persuasion, but that they are also significantly influenced by how information is framed and communicated to them (Kamenica, 2012); “Altering the context within which decisions are made can encourage socially desirable behaviours and discourage socially undesirable ones” (Byerly et al., 2018, p. 159). Nudging tourists through interventions, such as collecting a fee or having them take a pledge, are small steps that may incrementally

**THESE TYPES OF PLEDGES SERVE as important awareness-generating tools that can set clear expectations for visitor behaviour. In other words, pledges help communicate norms to travellers who may otherwise be unaware.**

push someone toward a behaviour without compelling or limiting them in their choices (Kalebekken & Sælen, 2013). Educational and outreach initiatives such as fact sheets, training, and feedback can also nudge industry to action. Working in partnership, the tourism industry may be able to implement initiatives such as sustainability programs, voluntary collection of funds, and customer/employee education (Byerly et al., 2018); these represent a group of strategies that can be used to influence decision-making to produce the desired outcome. Byerly and colleagues (2018) present a model of behaviour change initiatives ('nudges') targeted towards influencing decision-making, and identify that commitments (e.g., explicit goals, pledges, and promises to change behaviour), education (e.g., facts, training, and feedback to increase knowledge), and financial initiatives (e.g., monetary and non-monetary rewards or penalties) are amongst a number of strategies to influence decision-making that may produce the desired outcomes. Environmental instruments, as discussed, can be effective tools and strategies that can be implemented to drive tourists, organizations, and communities towards sustainable decision-making. Further research needs to be conducted on the economic, social, and environmental impact of economic and voluntary/education-based initiatives and how this creates change towards sustainability in a destination.

## CONCLUSION

As small islands often have fragile environments with finite resource capacities, it is imperative that innovative economic, voluntary, and educational initiatives be implemented to either complement or lead sustainability initiatives. Stakeholders should work in collaboration towards a common goal of sustainability. Having an accountable organization with a dedicated person leading the implementation of initiatives will also be helpful in ensuring transparency and buy-in from both the tourism industry and tourists. The environmental instruments discussed in this chapter illustrate some concrete initiatives that can be put in place in an island context to fund and address issues such as resource management and conservation, waste management, and community development. This will contribute to the sustainable livelihoods of island destinations and complement government-led regulatory initiatives and/or the private tourism sector.



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