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AFRICA REGION TOURISM STRATEGY:
Transformation through Tourism
Harnessing Tourism for Growth and Improved Livelihoods

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The *Africa Region Tourism Strategy: Transformation through Tourism* has been many years in the making. A team led by Demba Ba, Iain Christie, and Shaun Mann prepared the initial ground work for a tourism program in the Africa Region's Finance and Private Sector Development Department (AFTFP). More recently, Hannah Messerli has led the team responsible for this strategy under the direction of the Africa Region's Vice President, Obiageli Katryn Ezekwesili, Africa Region Chief Economist, Shanta Devarajan, and AFTFP Director, Marilou Jane Uy with guidance from AFTFP's Lead Economist, Vincent Palmade. Louise Twining-Ward, Iain Christie, Eneida Fernandes, and Andres Garcia worked intensively on this document which has also benefitted from the comments of colleagues in the department as well as across The Bank Group. Special appreciation is extended to this work's thoughtful peer reviewers: Jonathan Mitchell (Head of Program, Overseas Development Institute, UK), Phil English (Lead Economist), Yaw Nyarko (Professor of Economics and Head of NYU Africa House), David Bridgeman (Manager, CICIG).

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Appreciation is extended to all who have contributed to the development of the strategy and who are committed to *Africa harnessing tourism for growth and improved livelihoods* in the future.

AFRICA REGION TOURISM STRATEGY

Foreword

Tourism has proven itself as a vehicle for economic growth and job creation all over the world. It is an under-developed opportunity in Africa. The *Africa Region Tourism Strategy* provides a framework to help African countries take advantage of their natural and cultural tourism assets to build economically productive and sustainable tourism sectors.

The case for World Bank involvement is strong. Although travel and tourism is primarily a private sector activity, it requires effective, coordinated public sector support in order to be sustainable. The failure to adequately plan and manage tourism can result in adverse environmental and social outcomes; it can reduce the economic benefits of tourism for resident communities. Conversely, sustainable tourism sectors have been proven to contribute to poverty alleviation through job creation and private investment and by being a catalyst for broad investment climate reforms, basic skills development, and improved country image. Thailand, Indonesia, Mexico, Morocco, Tunisia, Mauritius, South Africa, Tanzania, and Cape Verde show how tourism can be a powerful and transformative development tool; The World Bank often played an important supportive role in these countries.

A deep-rooted scepticism of economic and social benefits of tourism remains, however. This strategy acknowledges the risks, dispels the myths, and lays out an achievable framework for sustainable tourism in Africa. The demand for assistance from African countries is high and increases each year. Yet in 2009, when 78% of Poverty Reduction Strategy Papers (PRSPs) stressed or prioritized tourism, only 30% of Country Assistance Strategies (CASs) identified tourism as a priority. The World Bank has the experience and ability to respond. For this level of involvement, an agreed-on strategy and framework is now imperative.

The *Africa Region Tourism Strategy* is closely linked to The World Bank's Africa Region Strategy, *Africa's Future and the World Bank's Role in it* and to the Africa Finance and Private Sector Development Strategy, *New Jobs for Africa*. The Tourism Strategy builds on the 2001 study, *Tourism in Africa*,¹ and on lessons learned from the more than 300 World Bank tourism-related projects that have taken place in 86 countries since the 1960s. The strategy also draws upon pre-existing interdisciplinary work and rigorous tourism sector research² conducted over the past 18 months by internal and external experts in conjunction with the forthcoming *Africa Flagship Competitiveness Report*.

The strategy's vision is *Transformation through Tourism: Harnessing tourism for growth and improved livelihoods*. The strategy relies on four pillars: policy reforms, capacity building, private sector linkages, and product competitiveness. Working closely with client countries, implementation of the Africa Region Tourism Strategy will focus interventions on these four areas in order to address the persistent constraints to the growth of tourism in Africa. Combined, these interventions will enable high-demand tourism products to compete in the global marketplace. The approach is region-wide; it engages staff across The Bank's Africa Region. Implementation will be led by AFTFP. The World Bank Group support to the Africa tourism sector is currently US\$120 million. It could reach \$500 million by 2015, generating as many as 300,000 direct formal jobs.³

This document has been developed primarily as an internal World Bank document. Additional strategy communication materials are available for download from www.worldbank.org/afr/tourism.

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Part One: The Case for Tourism in Africa

Why Now?

Africa is on the move. There are new grounds for optimism for the economic future of Sub Saharan Africa (SSA).⁴ Real GDP rose 4.9% per year from 2000 to 2008.⁵ Inter-regional cooperation is increasing. Armed conflicts have declined, democracy is on the rise, macroeconomic conditions have improved the climate for business.⁶

There are long-term opportunities for growth. McKinsey's 2010 study, *Lions on the Move*,⁷ suggests that across Africa, new economic partnerships are being forged, foreign investment is on the rise, and access to international capital is increasing. Growth in GDP per capita has resulted in the emergence of a new middle-class of African consumers with discretionary income. Under the right conditions, the tourism sector can take advantage of these opportunities and thrive.

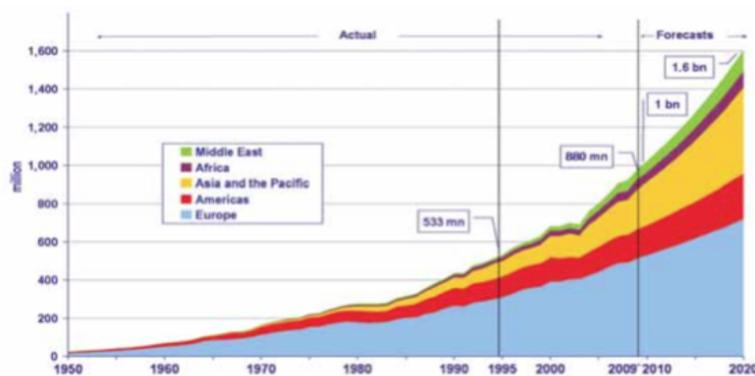
Challenges remain. Despite changes, persistent challenges remain for Africa and new ones are emerging. More than half of the Millennium Goals will not be met on time. Unemployment is high, women still lack property rights, climate change threatens food security, infrastructure gaps still need to be filled, and African products need to become more competitive.

New jobs are needed. There are currently more than 200 million unemployed young people in Sub Saharan Africa and 10 million more job seekers every year. The AFTFP Strategy, *New Jobs for Africa*, focuses on job creation in six key industries: agribusiness, construction, ICT, light manufacturing, mining, and tourism.⁸

Why Tourism?

Tourism creates jobs and stimulates SME growth.⁹ In 2009, total global export income from inbound tourism, including transportation, was over US\$1 trillion, or almost US\$3 billion per day.¹⁰ Travel and tourism provides an estimated 230 million jobs worldwide.¹¹ One in twenty of all jobs in SSA are in travel and tourism. As tourism grows, the sector's job creation and income-generating potential rise exponentially.¹² Tourism compares well to other sectors in regards to opportunities for SME development, career advancement, and lifelong learning potential. A study by the Natural Resources Consultative Forum found that US\$250,000 investment in the tourism sector generates 182 full-time formal jobs. This is nearly 40% more than the same investment in agriculture and over 50% more than in mining.⁹

Tourism is one of the fastest growing sectors of the world economy. International tourism has shown almost uninterrupted growth since the 1950s and has almost doubled over the past decade. In 1995, 533 million tourists¹³ travelled internationally. In 2010, over 900 million people are expected to do so.¹⁴ The average annual growth rate in international tourist arrivals from 1995 to 2010 was 4.1%. In 2010, despite the economic downturn, tourism will generate 30% of the world's service exports, 6% of total world exports, and 5% of all economic activity worldwide.¹⁵

Figure 1. International Tourist Arrivals by Region 1950-2020 (millions)

Source: UNWTO (2010) UNWTO World Tourism Highlights, UNWTO, Madrid.

Tourism shows particular promise for developing countries. Tourism is growing faster in the world's emerging and developing regions than in the rest of the world. In 2007, tourists spent US\$295 billion in developing countries, almost three times the total of international development assistance.¹⁶ According to UNWTO, the share of international tourist arrivals received by emerging and developing regions has increased from 32% in 1990 to 47% in 2009.

Transformation through Tourism in Thailand

Since 1960, tourism in Thailand has grown through public sector support and private sector investment. From a small base of US\$10 million in 1960, tourism now generates more than US\$7 billion in visitor receipts, accounts for 14% of Thailand's GDP, and employs 10% of the workforce.

Source: Rodolfo (2003) and WTTC (2010)¹⁶

Demand for Africa tourism products keeps growing. From a small base of just 6.7 million visitors in 1990, Sub Saharan Africa attracted 28.1 million visitors in 2009. For the past three years, tourism to SSA has been growing almost twice as fast as the world average. Even between 2008 and 2009, when world tourism declined (-4.3%), tourist arrivals to Sub Saharan Africa increased by 3.7%. Africa was the only region whose tourism sector grew during the world economic crisis.¹⁷

Tourism accelerates reform. Tourism is a beacon for pro-business policies and reforms that can help SME development and stimulate foreign investment.¹⁸ The experience of Mauritius, Tanzania, Rwanda, Seychelles, Cape Verde¹⁹, and other destinations demonstrates that when conditions are right—political stability, good governance, enabling business environment—tourism assets can yield substantial economic gains. Across SSA, a growing number of traditional and non-traditional investors are targeting hotels, restaurants, second homes, and passenger transportation.²⁰

Tourism Linkages

Tourism is like an iceberg; the visible tip is travel, accommodation, and tourist service; below the surface, there are multiple opportunities for households, micro, and small enterprises.

Source: Wong, Christie, and Al Rowais (2009)¹⁸

Tourism helps diversify exports. Many African economies are narrowly focused on agriculture, mining, and, more recently, telecommunications. Export diversification is a key concern. In 1980, agricultural products represented 54% of Mauritius's exports. As a result of the growth in tourism, agriculture now accounts for just 16% of total exports while textiles account for 25% and tourism accounts for 25%. In

Rwanda, between 1995 and 1998, coffee and tea accounted for almost half of all exports. Now travel and tourism provide 36% of exports and reliance on coffee and tea is down to 20%.²¹ Diversification makes economies less vulnerable to fluctuations in demand, more dynamic, and more agile in the face of change. By bringing foreign consumers to a destination, tourism also provides an ideal opportunity for market-testing new products and diversifying exports.²²

Tourism increases domestic consumption. Tourists create demand for non-tourism goods and services such as transport, gasoline, retailing, finance, real estate, agriculture, and communications. Success in tourism has a cascading effect on other areas of economic activity.

Tourism contributes to poverty alleviation.

In their book, *Tourism and Poverty Alleviation*, Mitchell and Ashley identify three key “pathways” in which tourism can benefit the poor: *direct* earnings through formal and informal employment, *indirect* and *induced* effects where tourism expenditures impact the non-tourism economy through supply-chain linkages, and *dynamic* impacts on the economy. Value chain

analysis (VCA) is a useful and practical technique for tracking pro-poor impacts in the tourism supply chain. In 2009, the Ethiopian tourist value chain was estimated at US\$174.5 million from tourist expenditure and US\$54 million from construction. Seventeen per cent of this income (US\$39 million) reached the poor.²³ The use of VCA in locations across the world has helped to streamline this tool and create a pool of comparative VCA data.

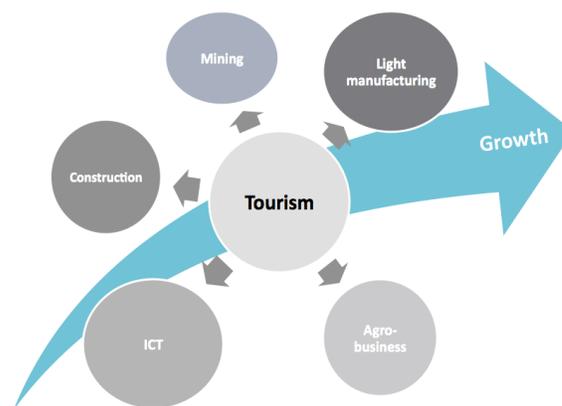
Table 1. Tourist Expenditure and Pro-Poor Impact in Ethiopia

Area of Spending	Total Spending (US\$ million)	Percentage spending that benefits poor	Pro-poor impact (US\$ million)
Accommodation	98.7	11%	10.7
Food and beverages	55	13%	7
Crafts	12.7	55%	6.9
Excursions	802	36%	3.0
Construction	53.9	10%	5.2
Total	228.4	17%	39

Source: Mitchell and Ashley, 2009²²

Tourism benefits women. Women make up an estimated 70% of the world’s poor. Empowering women to participate in economic development at all levels and in all sectors is essential to building strong economies and stable, just societies.²⁴ Tourism is one of the few economic sectors where women outnumber men in some fields and are paid equally well. A recent UNWTO and UN Women report on women in tourism showed that women are particularly well represented in the hotel and restaurant sector. Women manage more than 50% of hospitality businesses in SSA. In Ethiopia and Lesotho they manage 80% of them; in Mali 82%.²⁵ By providing jobs for women, tourism also improves the non-monetary aspects of poor people’s lives such as security, social mobility, and empowerment.

Figure 2. Tourism Stimulates Multi-Sector Growth



Source: Tonison and Messerli (2010)¹

Women in Hospitality

In Africa, 31% of employers in the hotel and restaurant sector are women. This compares with only 21% women in all other sectors. In Botswana and Ethiopia more than 50% of the businesses in the hotel and restaurant sector are owned by women. In Seychelles, 43% of hotels and restaurants are owned by women.

Source: UNWTO and UN Women (Forthcoming)²⁵

Tourism employs young people. Experience shows that tourism creates productive employment for young people. A study by the European Commission found that 43% of those employed in the tourist accommodation sector and 48% of those employed in hotels and restaurants were under 35 years old. The study found there were 30% more young people employed in tourism than in other sectors of the economy.²⁶ By engaging young people in productive employment, tourism can provide an alternative to out-migration, urban poverty, and armed conflict.

Tourism generates income for biodiversity conservation and cultural heritage protection. It is not a coincidence that Conservation International, the World Wildlife Fund for Nature, UNEP, and the Global Environment Facility increasingly support tourism projects. In Seychelles, a partnership between UNDP-GEF and Government of Seychelles established a US\$3.6 million, six-year biodiversity management project in 2008. Tourism is a focal point of the project. In Ethiopia, The World Bank established a US\$35 million cultural heritage operations project in 2010. The project characteristics and activities include: rehabilitation and conservation of heritage sites, museum improvements, enhancement of visitor services, development of the tourism product, and tourism marketing and promotion.

Tourism can change perceptions of a country. Successful tourism can change perceptions of a country and create a positive national image. Formerly war-torn Rwanda has changed its image; it is now a country that features mountain gorilla conservation and tourism.²⁷ Mozambique, has put civil strife in its past; it is now a country with attractive beach resorts. Ethiopia is starting to change its image: from a place of human suffering to the cradle of civilization. The tourism feel-good factor enhances investor confidence, increases national pride, and serves as an engine of growth.

Rwanda

Studies show that tourism in Rwanda has contributed to an ongoing peace-building process. Rwanda's gorillas and pristine lakes have made it an attractive tourism destination. Nevertheless, the industry has suffered immensely in the period following the 1994 genocide, which deterred visitors and tourists. One of the key characteristics of the successful reemergence of the tourism sector in early 2000 is the dedication and support of the government. The ongoing inclusive business engagement has also been critical to success.

Source: Alluri (2006)²⁷

Why should The World Bank Engage in Tourism in Africa?

There is a compelling case for World Bank involvement in tourism from the perspective of client demand, current market failure, strategic public investment, and the need for integrated institutional response to this cross-cutting sector.

The Demand for Assistance

Demand for tourism assistance is increasing. The demand for assistance from African countries is high and increases each year. Between January 2005 and December 2009, there were 41 tourism-related projects undertaken in 27 different SSA countries. An estimated US\$200 million was spent on tourism.²⁸ For this increasing level of involvement, an agreed-on strategy and framework is imperative.

The World Bank has experience in tourism. The Bank has implemented more than 300 tourism projects in 86 countries since the 1960s.²⁹ World Bank interventions financed the take-off of tourism in Bali, Turkey, Morocco, Tunisia, and Dominican Republic.³⁰ The intervening 20 years has shown that planned resorts i) have economies of scale in construction, ii) provide the infrastructure to stimulate investment, iii) become magnets for tourism development and models to be replicated in their countries.

The Bank's cross-sector expertise and capabilities give it the capacity to deliver effective tourism interventions. Integrated approaches help strengthen value-chains and increase domestic productivity in areas connected to tourism. Such approaches are efficient vehicles of assistance.

The World Bank Tourism Projects Department (1969 to 1980)

Tourism was first financed by The World Bank through loan agreements with Morocco and Tunisia in 1966. In 1969, a Tourism Projects Department was established in The Bank; a strategy was prepared in 1972. Through advisory services and lending, TPD staff worked with governments on policy advice and analysis of tourism's growth potential; they identified constraints to growth. Spending on tourism increased from US\$50 million in 1970 for seven countries to US\$1 billion in 1980 for 27 countries. The TPD was closed in 1980 because the transaction cost of processing tourism projects was high and there was a concern that The Bank should not be seen to be financing projects benefiting high-income tourists. This concern, however, ignored the fact that tourism generated substantial economic benefits for local communities. New evidence, using value-chain analysis and improved economic indicators, shows that poor households receive a substantial proportion of tourism expenditure benefits. Since the closure of the TPD in 1980, the IFC has continued to finance hotels; today it has a varied portfolio in tourism. MIGA is also active in tourism through its guarantees and investment promotion support. In 1997, The Bank's Private Sector Development Strategy included tourism as one of the key sectors contributing to economic development. In 2001, *Tourism in Africa* made the case for renewed involvement in tourism.

Source: Adapted from Christie and Crompton, 2001¹

Indonesia: Bali Tourism Project

Between 1974 and 1984, The World Bank funded an integrated beach and cultural tourism project in Bali, Indonesia. US\$16 million was spent on the project during those years. The project utilized vacant scrub plain to develop the Nusa Dua tourism resort complex. Infrastructure was put in place and a highway was constructed linking Nusa Dua to Denpasar airport. The project generated 6,000 direct and 3,000 indirect jobs and led to the emergence of Bali as a hot spot for tourism in Southeast Asia.

Tunisia: Tourism Zone Project

Between 1972 and 1980, The World Bank funded tourism infrastructure development in six zones along the coast of Tunisia. A US\$24 million loan was utilized by the project. The work focused on the development of entrepreneurial skills among the local population. It generated US\$276 million of annual inward exchange earnings and created 8,700 direct and 8,000 indirect jobs during that time.

Dominican Republic: Puerto Plata Tourism Projects

Two projects from the 1970s and 80s financed by the World Bank in Puerto Plata helped launch tourism in the Dominican Republic. In 1972, there were no more than 1,600 hotel rooms in the Dominican Republic (compared to 9,000 in Puerto Rico and 6,600 in Jamaica at the time) and one international airport. Today, there are over 67,000 hotel rooms and six international airports. The Dominican Republic now hosts more tourists than any other destination in the Caribbean.³¹

Source: Africa Region Tourism Strategy

Market and Government Failures Require Intervention

Much of the prevailing scepticism about tourism as a development vehicle stems from a legacy of market failure. Tourism is primarily a private sector activity, but without strategic public investment, an enabling business environment, and effective policies, it is vulnerable to adverse environmental, socio-cultural, and economic impacts. Tourism is also multi-sectoral and requires careful coordination between infrastructure, finance, education and many other sectors to succeed.

Environmental risks. If tourism growth goes unmanaged, the natural, cultural, and social asset base on which tourism depends is likely to deteriorate. Forests may be cleared to make way for hotels, reefs can be damaged from nutrient overload from golf courses, and habitat for endangered species can be lost.³¹ Tourism is responsible for about 5% of all anthropogenic carbon emissions.³² About 25% of all tourism-related carbon emissions come from planes and cars. Sector-wide changes will need to take place to prepare for and adapt to climate change. If well managed, tourism can minimize its carbon emissions and use revenues generated by tourism to help fund climate change adaptation.

Socio-cultural risks. Poorly managed tourism has been associated with a variety of social and cultural ills such as increased crime, the spread of disease, increased income inequality, prostitution, and the mistreatment of women and children. Raising awareness of the risks of tourism through publicizing codes of conduct,³³ increasing opportunities of the participation of women in formal tourism activities, and improving private-sector linkages reduce these risks.

Economic risks. A common concern of tourism sceptics is that tourism relies heavily on imported goods, labor, and capital and as a result fails to stimulate the domestic economy. In fact many international hotels are run as franchises and rely on domestic capital and local tourism managers and staff. Increasing local capacity to manage and run travel and tourism business will increase retained income and build stronger value chains.

The Code

With the support of UNWTO and UNICEF, the organization ECPAT has developed a Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism (www.thecode.org). As of June 2010, the Code had over 900 signatory companies in 37 countries working to prevent the abuse of children. The Code includes six requirements for the tourism companies: 1) to establish an ethical policy regarding commercial sexual exploitation of children; 2) to train personnel in the country of origin and travel destinations; 3) to introduce a clause in contracts with suppliers, stating a common repudiation of commercial exploitation of children; 4) to provide information to travelers by means of catalogues, brochures, in-flight films, ticket-slips, home pages, etc.; 5) to provide information to local “key persons” at the destinations; 6) to report annually.

Source: www.thecode.org and ECPAT (2008)³³

Managed sustainably, tourism is an effective development tool. When tourism’s environmental, social, and economic constraints are addressed, tourism energizes economies. Nepal receives just over half a million international visitors who spend US\$200 million in the country and contribute 3% to GDP. Costa Rica’s eco-country branding has had a positive effect on a multitude of goods and services from sales of coffee and furniture to manufacturing. Thailand has bounced back from military coups and a tsunami by using the strength of its tourism industry. Sub Saharan Africa is approaching the tipping point for tourism. The time is right to prioritize tourism as an economic development tool.

What is the Opportunity?

Africa has unfulfilled tourism potential. Only a handful of the 47 countries in SSA are taking advantage of their tourism potential. In most countries, raw tourism resources are not yet economically productive assets.

Safari tourism is the primary tourism product for East Africa and Southern Africa. The large diversity of destinations and the high value associated with “big five” game viewing give East and Southern Africa a competitive advantage in the delivery of safari products.

Beach tourism is an important secondary product in East Africa and West Africa and, to a lesser extent, in Southern Africa. Perhaps the most ubiquitous tourism product, beach tourism is highly competitive and environmentally sensitive.

Business travel is an important growth area for SSA. Unlike leisure travel, business travel flows depend on the dynamism of economic activity in the destination. Global hotel groups such as Accor, Starwood, Intercontinental, and Kempinski are planning for growth in the business travel market. Business tourists tend to have a higher average daily spend and are less seasonal than leisure tourists. The development of high quality business hotels creates a large network of downstream benefits for the destination.

Diaspora tourism to SSA includes city tours, visits to historic sites, arts and crafts shopping, and trips to slave trade memorials. It has great promise for further growth as product development is enhanced and value chains are strengthened.

Nature/Adventure tourism is a growth area for Africa. Africa's varied terrain and remote locations make it an ideal location for many nature-based adventure sports. Dune-boarding in Namibia, nature tourism in Zambia,³⁴ camel expeditions in Mali, cultural heritage in Ethiopia, and lemur tracking in Madagascar are all new opportunities. A recent report by TUI Travel PLC Adventure Brands predicts the UK adventure/eco travel market will experience a 70% increase over the next three years.³⁵ Africa's adventure tourism products stand to benefit from this growth.

Figure 3. Tourism Product Opportunities in Africa



Source: Africa Region Tourism Strategy

Ecotourism Creates Growth

In 2005, Zambia received 669,000 international visitors, of which 176,000 could be characterized as nature tourists. Each of these nature tourists spent about US\$1,000. This generated a direct and indirect impact of nearly US\$2,300 in GDP, US\$1,300 per capita in wages and net income of unincorporated business, US\$420 in tax revenue, 16% of Zambian exports, and nearly 54,000 formal jobs.

Source: World Bank (2007)³⁴

Cultural heritage tourism is one of the fastest-growing segments of the tourism industry worldwide. Forty percent of all international leisure tourism has a cultural component.³⁶ It has great potential for Africa due to the continent's rich traditions in music, art, dance, literature, and culture. Cultural tourism generates economic activity and an enhanced sense of pride for residents. It also generates resources for the conservation of historic sites and traditional activities. Cultural heritage in Ethiopia, music in Cape Verde, and architecture in Pays Dogon in Mali are some of the attractions for cultural tourists to Africa.

Domestic travel is also likely to grow in the future. McKinsey's 2010 study, *Lions on the Move*, suggests that growth in GDP per capita is resulting in the emergence of a new middle-class of African consumers who have discretionary income to travel.³⁷ Under the right conditions, the tourism sector can tap this growing wealth. Domestic travel in South Africa is driving growth. Kenya has already prioritized domestic travel. Zimbabwe and Ghana are starting to do the same.

Intra-regional tourism may be the sleeping giant of SSA tourism. Already more than 10 million people are travelling across international borders every year within Africa for shopping, medical reasons, sport trips, religious journeys, business meetings and conferences, and visiting friends and relatives.³⁸ South Africa is the largest source market for intra-regional leisure travel in SSA, accounting for about 47% of all intra-regional visitors. As the size of the middle class increases, the number of intra-regional tourists is likely to rise. Intra-regional travel in East Africa is already significant. Nigeria is a potential regional tourism powerhouse in West Africa. Zimbabwe also has potential as a large source market for intra-regional travel.

What are the Constraints to Growth?

Standing in the way of job creation and private sector tourism development are five inter-related constraints.

1. Unpredictable and Weak Business Environments

Political instability, high crime rates, complex visa arrangements, unsafe roads, inadequate water, poor sanitation, high cost of electricity, poor construction practices, and lack of health facilities result in unpredictable business environments. Even in developed destinations such as Kenya and The Gambia, roads are limited. In Cape Verde, water and sanitation services are serious constraints. The price of electricity and fluctuations in supply in Senegal and Uganda increase the cost of doing business and going on holiday in these destinations. Streamlined immigration and visa processing is a crucial enabler for tourism. Increased regional integration and the growth of regional trading blocs provide opportunities for greater ease in trans-border activity.

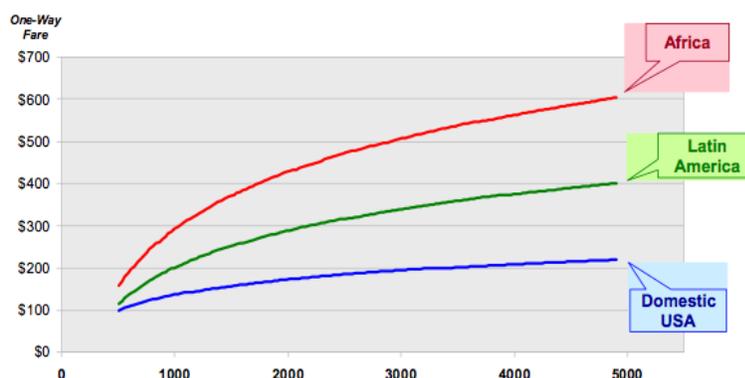
2. Institutional Weaknesses

Tourism is complex. It requires coordination between multiple government agencies, private sector bodies, civil society organizations, and community stakeholders. Transportation, communications, finance, education, sanitation and immigration are just a few of the many areas where greater coordination is required. When tourism growth goes unmanaged, the natural, cultural, and social asset base on which tourism depends becomes vulnerable. Support services for tourism such as planning, marketing, regulatory frameworks, and monitoring are frequently missing or inadequate; this can be a major hindrance for tourism development.

3. Inadequate Access

Africa's distance from generating markets creates an acute need for higher quality and more competitive air access both to and within Africa. Air service within Africa, particularly in West Africa, is characterized by expensive, infrequent service and multi-stop itineraries. Average one-way fares in Africa are twice as expensive as those in Latin America and four times as expensive as domestic flights in the US.³⁹ The seasonal nature of tourism in some areas further exacerbates this problem.

Figure 4. One-way Average Fares to Africa versus Other Regions



Note: Fare data for Africa includes intra-Africa and Africa–Middle East
Source: Africa (MIDT 2009); USA (US DOT O&D Survey, 2009), SH&E Analysis, 2010

Review of the density of air routes worldwide shows Africa has fallen behind in terms of access. It has 14% of the world's population and just 4% of the world's scheduled airline seats. In contrast, Europe and North America have 15% of the world's population but 55% of the world's airline seats.

Figure 5. Density of Air-routes Worldwide, 2009

Source: Sullivan 2009⁴⁰

In addition to air transport, the fundamental constraints to tourism in Africa are infrastructure, utilities (particularly electricity), and access to finance and to land.

4. Low Level of Linkages

Despite increasing evidence of the multi-sector benefits tourism can bring to economies across Africa, the sector is often regarded as elitist and dominated by foreign firms. Constraints to tourism value-chain development in Africa include poor quality products, lack of tourism awareness, and a problematic business environment. There are significant opportunities for improved linkages, but in many cases local products (horticulture, produce, crafts, entertainment, transportation) are not sufficiently developed or are not of high enough quality to supply the tourism industry. In other destinations, sectors such as manufacturing and agriculture fail to fully consider tourism sector demand. Further constraints to effective value chain development are lack of business knowhow and the difficulty that many MSMEs have in accessing loans. Addressing these elements will increase the pro-poor effects of tourism.

5. Price/Value Mismatch

Air transport, utilities, and access to land and to finance are constrained by the high cost of doing business in Africa. A recent benchmarking study found that the cost of tours to SSA was 25% to 35% higher than tours to other parts of the world.⁴¹ The reasons for elevated prices are the high cost of airfares and utilities, the need for imported goods and services, and high import duties. For example, the cost to develop a hotel in SSA is greater than in other parts of the world. Hotel development costs in Nigeria, Angola, and Ghana can be more significant than in other parts of SSA due to market imperfections, the increased need to develop infrastructure, and high import duties.⁴² The end result is higher room rates.

Table 2. Development Costs per Hotel Room by World Region (in thousands US\$)

Hotel Service Type	Sub Saharan Africa (US\$'000)	Middle East (US\$'000)	China and India (US\$'000)	United States (US\$'000)
Limited Service	110	115	65	80
Full-Service	210	200	150	155
Luxury	475	575	350	525

Source: Hospitality Sector Overview (2010) Unpublished study for the *Africa Competitiveness Flagship Report (forthcoming)*

When tourists are paying such a high price for their Africa vacation, they expect a quality experience. Many tourist attractions in the region, however, are poorly managed, suffer from limited access, low levels of customer service, poor signage, inadequate marketing, and lack of public reinvestment. Service quality across the region is low and a disconnect frequently exists between tourism schools and the skills needed by tourism businesses. If SSA destinations want to command and maintain tourism appeal, greater attention needs to be paid to the quality-value equation.

The Rent Question

Much tourism activity is based on natural assets that are public goods: national parks, protected areas, and marine reserves. Due to their relative scarcity, these public goods can generate user fees, “rents” for their use. The scarcer the asset, the higher rents are likely to be. Despite the scarcity of wildlife resources found in Africa, very few parks to date have succeeded in recovering sufficient “rents” to pay for operating costs without budgetary support. Kenya and Tanzania have daily park fees of US\$40 to US\$75 per person. Rwanda Wildlife Authority charges visitors up to US\$600 to track gorillas. Most other parks, however, charge less than US\$10 for access. The question of how to maximize positive returns from tourism while protecting national parks and providing equitable returns to the community is central to sustainable tourism development in Africa.

Source: Africa Region Tourism Strategy

Part Two: The Africa Region Tourism Strategy Framework

The *Africa Region Tourism Strategy* defines a coordinated approach to World Bank interventions in tourism in Africa. The strategy is a framework for future interventions and establishes an approach for prioritizing tourism-related activities. In doing so, the strategy aims to raise the profile of tourism as a tool for sustainable economic development in SSA and establish The World Bank as a center of excellence in knowledge-based tourism development.

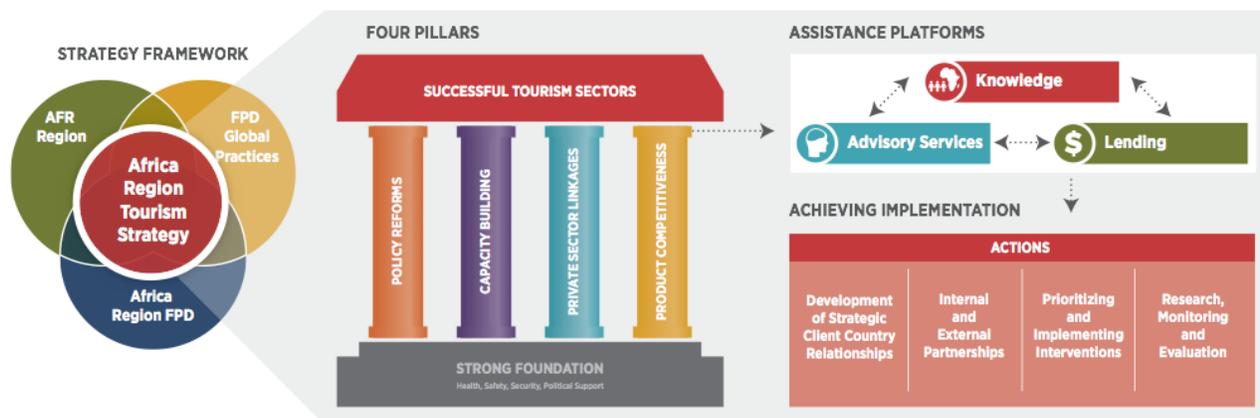
Strategy Vision

The Africa Region Tourism Strategy vision is: ***Transformation through Tourism: Harnessing tourism for growth and improved livelihoods.***

The strategy aims to assist client countries to create a positive business-enabling environment, skilful tourism managers and a motivated tourism workforce, value chains that are well integrated in the domestic economy, and competitive tourism products.

Working closely with client countries, the *Africa Region Tourism Strategy* targets interventions on policy reforms, capacity building, private sector linkages, and product competitiveness; in so doing, it will address the known constraints to tourism in SSA.

Figure 6. Africa Region Tourism Strategy Framework



Source: Africa Region Tourism Strategy

Table 3. Goals, Indicators, and Key Partners

	1. POLICY REFORM	2. CAPACITY BUILDING	3. PRIVATE SECTOR LINKAGES	4. PRODUCT COMPETITIVENESS
Desired Outcomes	A positive business-enabling environment	Skilful tourism managers and motivated tourism workforce	A dynamic private sector with value chains well integrated in the domestic economy	Internationally competitive tourism infrastructure and tourism products
Indicators	<ul style="list-style-type: none"> Percent increase in countries with timely tourism data Percent increase in private sector investment in tourism 	<ul style="list-style-type: none"> Percent increase in number of graduates from tourism training programs 	<ul style="list-style-type: none"> Percent increase in visitor spending Percent increase in service exports from tourism 	<ul style="list-style-type: none"> Percent increase in the number of airline seats to Africa Percent increase in share of international arrivals and receipts to Africa
Typical Goals for Country Interventions	<ul style="list-style-type: none"> 50% improvement in the timeliness of tourism data collection 10% increase in private sector investment 	<ul style="list-style-type: none"> 10% increase in number of graduates from tourism training programs 5% increase in professional-level tourism workers 	<ul style="list-style-type: none"> 15% increase in spending per arrival 5% increase in service exports from tourism 	<ul style="list-style-type: none"> 10% increase in airline seats available to Africa 2% increase in share of international arrivals and receipts to Africa
Key Partners	<ul style="list-style-type: none"> Central government Tourism boards Tourism ministries Tourism associations Regional trading blocks 	<ul style="list-style-type: none"> Tourism boards Tourism ministries Tourism associations Training institutes Regional trading blocks MSMEs and entrepreneurs 	<ul style="list-style-type: none"> Local community Tourism associations Private sector 	<ul style="list-style-type: none"> National, state, and local government Local community involvement in attraction development Regional cooperation on cross-border initiatives

Source: Africa Region Tourism Strategy

1. Policy Reform

Tourism requires a sound policy and investment framework that addresses economic, social, and environmental issues and encourages private sector investment. Public tourism institutions need to be agile, to invest in tourism, to create a transparent environment conducive to growth, and to catalyze long-term private investment. A key goal to be achieved through policy reform is the creation of a positive business-enabling environment.

Policies will be developed through public/private dialogue and will be built on trust and shared goals. Policies will include areas specific to tourism, such as licensing and classification, as well as cross-cutting areas such as modernized legislation and regulatory frameworks with clear “rules of the game” on issues such as land, labor, investment, and fiscal incentives. Policy reform on issues such as utility pricing and natural resource conservation may have economy-wide impacts.

Over the next five years, policy reform interventions will include: policy and regulatory framework assistance, tourism monitoring assistance, public/private dialogue, rapid tourism assessments, and crisis response strategies.

2. Capacity Building

Capacity development will empower client country tourism ministries, tourist boards, tourist associations, tourism professionals, and civil society to provide quality service and make better use of tourism knowledge and information. The desired outcome is skilful tourism managers and a motivated tourism workforce.

Building the capacity of public institutions will allow client countries to manage tourism more effectively. Building the capacity of professional tourism associations will facilitate effective private sector development. Strengthening the links between tourism businesses and training institutes will help improve the relevance of tourism courses and ensure that new tourism graduates are sector-ready and equipped with appropriate customer service and business skills.

Over the next five years, capacity building interventions will include technical assistance, south-south exchanges, MSME training, technical/vocational education, institutional capacity assistance, and entrepreneurship initiatives for client countries.

The Africa region will work collaboratively with client countries and regional tourism networks to identify capacity development needs, to find appropriate capacity development tools, and to provide technical assistance to vocational institutions in order to assure educational advancement. Tourism partners will be encouraged to access, share, and utilize new sources of information. Linkages between foreign and domestic firms will facilitate the exchange of knowledge and ideas. These interventions will increase tourism awareness, innovation, and entrepreneurship. The emphasis will be on partnerships between public and private training providers and tourism businesses at local, national, and regional levels.

3. Private Sector Linkages

Private sector linkages involve the integration of tourism into other sectors of the economy. The aim of interventions is a dynamic private sector with value chains well integrated in the domestic economy. Strengthening forward and backward linkages makes tourism a more effective vehicle of poverty alleviation, job creation, and economic growth.

Over the next five years, private sector linkage interventions will support value-chain development at local, national, and regional levels. This will be achieved through analytical and operational work including value-chain mapping and analysis, partnership development (PPPs), matching grants for MSMEs, support to professional associations, and assistance with access to finance.

Once gaps in the supply chain are identified, steps can be taken in partnership with relevant public, private, and civil society stakeholders to find competitive solutions. Increasing cross-sector awareness of tourism ensures that the tourism market will be considered by other sectors of the economy. Integrating tourism into other projects builds supply-chain linkages.

4. Product Competitiveness

Increasing tourism product competitiveness involves developing partnership projects to improve access, upgrade infrastructure and attractions, and improve destination positioning.⁴³ The desired outcome is internationally competitive tourism products and tourism infrastructure. This involves addressing energy, water, sanitation, air access, and other areas that need improvement.

Over the next five years, product competitiveness interventions will include tourism product and infrastructure assessments, assistance with product and infrastructure upgrades, and support for enhanced destination positioning expertise. Interventions will focus on the promotion of growth poles and clusters of tourism attractions and services to stimulate economic development in particular areas.⁴⁴

Many iconic tourism resources in Africa are shared resources, e.g., Victoria Falls, the African Slave Route, and the Great Migration across the Serengeti. Regional cooperation on product development, protection, and conservation is essential to enhanced competitiveness.

Tourism Skills Needed

Tourism now accounts for more than 20% of the jobs in Cape Verde; an additional 1,300 employees will be needed just for hotels now under development. A reported 98% of all hotel staff are Cape Verdean. Despite high unemployment, however, it is difficult to find qualified staff to fill available positions. Cape Verdeans require training to take full advantage of opportunities in tourism.

Source: Twining-Ward (2010)¹⁹

Table 4. Tourism Interventions

Strategy Pillar	Service Menu
1. Policy Reform	Rapid tourism assessments and sector diagnostics, business-enabling policy reform, environmental and social risk mitigation, investment promotion, and tourism monitoring assistance
2. Capacity Building	Institutional capacity assessments, tourism awareness, innovation and entrepreneurship initiatives, technical/vocational education, south-south exchanges, MSME training, joint research and pilot projects with training institutes and tourism businesses
3. Private Sector Linkages	Value-chain mapping and analysis, partnership development (PPPs), matching grants for tourism MSMEs, aligning professional associations and businesses with growth poles and access to finance
4. Product Competitiveness	Infrastructure assessment, development, and upgrading, product assessments and renewal, and destination positioning expertise

Source: Africa Region Tourism Strategy

Part Three: Implementing the Strategy

The *Africa Region Tourism Strategy* will be delivered using three linked delivery platforms: Knowledge, Advisory Services, and Lending.

Figure 7. Strategy Delivery Platforms



Source: Africa Region Tourism Strategy

Knowledge Platform

The Knowledge Platform, led by AFTFP, is the analytical hub for sector information and analysis. Knowledge tools include a comprehensive tourism database. It profiles sector activity in 47 African countries. Its knowledge resources encompass benchmarks, policy models, case studies, model projects, roster of reports, and strategic reviews. The tourism Knowledge Platform will disseminate regional, topical, and country-specific knowledge products and will provide a forum for discussion of tourism issues and opportunities. It will be a leader in global thinking on Africa tourism.

The *Africa Region Tourism Strategy's* Knowledge Platform will be clearly focused and strategically positioned; it will become the “go-to thought leader” for tourism at a macro level and in response to client demand. It will use next-generation technology currently being developed by The Bank. The Platform will disseminate knowledge management expertise.

The knowledge base will be linked to other knowledge platforms in The Bank in order to increase tourism awareness, cross-sector understanding, and interdisciplinary exchange of ideas.

Figure 8. SSA Tourism Database



Source: AFTFP (2009) Tourism Database

Sub Saharan Africa Tourism Database

In August 2009, AFTFP developed an extensive database that included tourism country profiles for the 47 Sub Saharan countries. The database has 47 stand-alone country profiles which can be used as individual country briefs. The database can also be used for analysis purposes. Users can select individual indicators and rank countries accordingly. The database includes 61 quantitative indicators and 18 qualitative performance indicators. Examples of indicators are arrivals from main source markets, purpose of visit, number of branded hotel rooms, flight frequency, tourism and travel employment, and tourism's contribution to GDP.

Source: Africa Region Tourism Strategy

Advisory Services

The Advisory Services platform will provide analytical services to client countries. Services will include advice on: institutional reform, reimbursable technical assistance, policy notes, tourism data collection, regional forums, and project preparation. Advisory services will provide the underlying basis for tourism lending operations.

Advisory Services products will incorporate capacity development opportunities for client countries and will encourage adaptive tourism management solutions. The *Africa Region Tourism Strategy's* Advisory Services will work with client countries to identify capacity constraints and opportunities in tourism ministries, tourism boards, tourism associations, and within public and non-profit organizations related to tourism.

Advisory Services will help client countries improve tourism asset evaluation, competitor analysis, and the timeliness, quality, and comparability of tourism data and its collection. Data quality has a significant impact on tourism investment yet is an area of consistent government failure in Africa.⁴⁵

Through the *Africa Region Tourism Strategy*, Bank staff will also work with client countries to improve the business enabling environment,⁴⁶ to strengthen forward and backward linkages, and to facilitate the development of growth poles and clusters.⁴⁷

Kenya's Tourism: Polishing the Jewel

The Kenya ESW study profiled Kenya's tourism sector in depth. It made recommendations on how tourism in Kenya could move up the value chain to become more competitive and generate greater value from tourism. The study also outlined strategies for protecting the natural and cultural assets that are the building blocks of Kenya's safari, beach, and cultural heritage offerings.

Regulatory Framework for Tourism in Morocco

In Morocco, The World Bank helped the government to prepare master plans and to manage private bids on these projects. The Ministry of Tourism's capacity to manage projects was considerably enhanced as a result of this work; private sector investors were attracted as a result of the improved regulatory framework.

Source: The World Bank (2000 and 2005)⁴⁶

Table 5. Active AFTFP Tourism Analytical and Technical Assistance Projects

Tourism Analytical and Advisory Assistance (AAA)		Tourism Support (US\$ in thousands)
Kenya	Tourism ESW	328
SSA	AFR Competitiveness Flagship Report	250
SSA	Regional Tourism Strategy	200
Ethiopia	Ethiopia Tourism Sector Competitiveness Report	100
Zimbabwe	Tourism Sector Review	100
Malawi	Tourism Economic Sector Work (ESW)	100
Gabon	Reimbursable Technical Assistance (RTA) Services - Tourism	69
Uganda	Project Concept Note	30
All Africa	Africa Competitiveness Report (Tourism Chapter)	10
<i>Subtotal</i>		<i>US\$1.2 million</i>
Tourism Technical Assistance (TA)		
Zambia	Jobs and Prosperity: Building Competitiveness	600

Lending Operations

Lending Operations will provide targeted loans to support the tourism sector. Interventions, informed by the Knowledge and Advisory Services Platforms, will include support to growth poles and cluster development in key locations. Lending Operations will also be aimed at capacity building and support for private sector linkages.

Across the region, Lending Operations will help governments energize improvements in management quality and tourism competitiveness. Lending will take three forms i) projects that are tourism-dedicated, ii) projects that have a tourism focus and support tourism across multiple components, and iii) projects that have tourism as a separate, singular component. The *Ethiopia Sustainable Tourism Development Project* is an example of a project that is tourism-dedicated. All the components of this project are focused on tourism development.⁴⁸ The *Cameroon Competitive Value Chains Project* is an example of a project that has cross-cutting tourism support and dedicated tourism components. *The Gambia Growth and Competitiveness Project* supports tourism as a discrete component.⁴⁹

The Ethiopia Sustainable Tourism Development Project (US\$35 million) supports tourism development in three major destination areas. One of the project's development mechanisms is a tourism-focused matching grant scheme. This aims to enhance skills and foster cross-sector linkages. The grants enable small businesses to: (i) upgrade technological and managerial skills, (ii) improve market intelligence and access, and (iii) foster backward and forward linkages and increase the sector's spill-over effects. The matching grant scheme of US\$3 million will be matched dollar by dollar by private-sector beneficiaries.

The Cameroon Competitive Value Chains Project (US\$30 million) aims to increase the economic productivity of tourism resources through tourism policy reform, tourism asset development, and vocational training. The project consists of two key sectors: sustainable wood transformation and ecotourism. The budget for the ecotourism component is US\$10 million. The project also include investment climate reform and innovation grants to attract key private-sector investments.

Source: The World Bank (2006, 2007)^{48, 49}

Table 6. Active AFTFP Tourism Lending

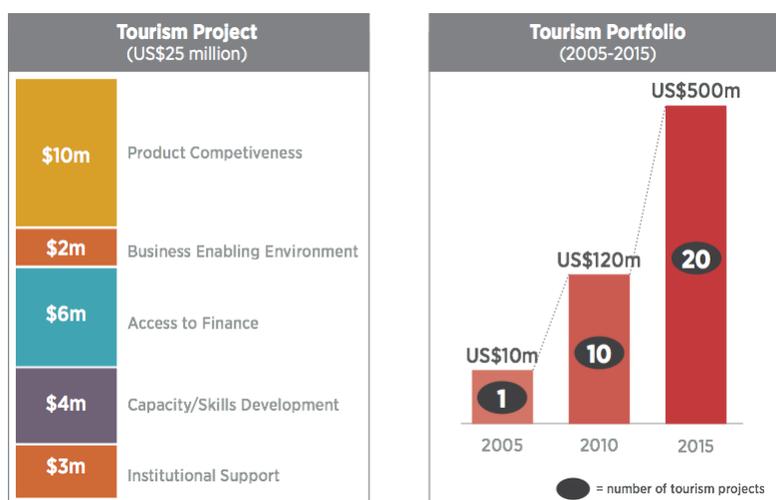
Tourism Lending Operations		Tourism Support (US\$ in millions)
Ethiopia	Ethiopia Sustainable Tourism Development Project	35
Nigeria	GEMS Project/Nigeria tourism engagement	25
Zambia	Support for Economic Expansion and Diversification	22
Cameroon	Competitive Value Chains	13
Mali	Mali Growth Support Project	5.5
Madagascar	Growth Poles Project (with tourism component)	10
Mozambique	Competitiveness and Private Sector Development	5
The Gambia	Growth and Competitiveness Project	3
Lesotho	Private Sector Competitiveness and Economic Diversification	1
Cape Verde	SME Capacity Building and Economic Governance	0.5
Total		US\$120 million

Source: Africa Region Tourism Strategy

Scaling-Up Tourism Operations

Lending will build upon lessons learned from the past and from current operations. A typical tourism lending project in the future could include support to improve product competitiveness, to assist with a tourism-enabling environment, to improve capacity and develop skills, and to provide institutional support. The following chart illustrates a typical project.

Figure 9. Typical Tourism Lending Project and Scaling-Up the Tourism Portfolio



Source: Africa Region Tourism Strategy

Adapting Solutions to Different Countries

Tourism destinations are dynamic and their needs change over time. While some countries, such as Kenya and Senegal, have been heavily involved in tourism for more than five decades, others, such as Cape Verde, and Mozambique, have only recently become involved in tourism.

The *Africa Region Tourism Strategy* needs clear criteria for choosing countries where it will implement interventions and for situations where it will decline to participate in tourism development. Not all countries are ready for tourism; not all countries need World Bank support. Grouping countries according to their stage of tourism development enables The Bank's Africa Region to focus on countries where its interventions are likely to have the greatest positive impact.

Grouping countries according to their level of tourism development is not an exact science. Tourism is dynamic and destinations change over time. Following extensive research and analysis of governance, political support for tourism, tourism competitiveness, and tourism performance, four country groups were identified for tourism in Africa: Pre-emergent, Potential, Emerging, and Consolidating.⁵⁰

- **Pre-emergent destinations** have governance or security challenges, have shown low interest in tourism, and have low short to medium-term tourism growth prospects. In most cases, pre-emergent countries will receive lower priority for tourism interventions.
- **Potential destinations** are working on governance issues, have shown some interest in tourism, have some basic infrastructure for tourism, but still face difficulties with tourism regulation, resources, and institutions.

- **Emerging destinations** have improved their governance indicators, are prioritizing tourism, and are gradually increasing their tourism flows.
- **Consolidating** destinations have relatively mature tourism sectors, are committed to tourism, and are performing in the top ten countries for economic and tourism indicators.

The purpose of destination grouping is to identify countries where tourism interventions are likely to be most effective in stimulating growth and improving livelihoods.

- Priority consideration will be given to those countries in the Emerging group.
- Secondary consideration will be given to Consolidating destinations that need assistance with capacity building, product renewal, and improving competitiveness.
- Tertiary consideration will be given to Potential tourism countries based on their commitment to tourism, positive governance, and ease of doing business indicators.
- The Bank's Africa Region will only support tourism development in pre-emergent countries in exceptional circumstances. It will decline to support projects that are not in line with environmental, cultural, and social sustainability guidelines.

The results of the grouping process are shown below by country income group.

Table 7. Sub Saharan African Countries by Country Group and World Bank Income Groups (GNI per capita)

GROUP	Low Income	Lower-middle Income	Upper-middle Income
Consolidating	Tanzania, Kenya	Cape Verde, Ghana	Mauritius, South Africa, Namibia, Botswana
Emerging	Zambia, Uganda, Rwanda, The Gambia, Senegal, Zimbabwe, Burkina Faso, Malawi, Mozambique		Seychelles
Potential	Mauritania, Mali, Ethiopia, Madagascar, Benin, São Tomé and Príncipe, Sierra Leone, Burundi	Côte d'Ivoire, Nigeria, Lesotho, Angola, Swaziland, Cameroon	Gabon
Pre-emergent	Eritrea, Comoros, Togo, Guinea, Chad, Guinea Bissau, Niger, Central African Rep., Congo D.R., Liberia, Somalia	Sudan, Congo, Rep., Equatorial Guinea	

Source: World Bank Country Income Classifications and Africa Region Tourism Strategy

Note: Indicators used to determine destination groups were: international arrivals relative to population (World Bank SSA Tourism Database); tourist receipts per long-haul tourist arrival (UNWTO data⁵¹); forecasted growth in tourist arrivals 2010 to 2020 (WTC data⁵²); Doing Business rank for SSA (The World Bank's Doing Business Report 2010⁵³); Tourism Competitiveness Index for tourism regulation, infrastructure, and tourism resources⁵⁴ (World Economic Forum, TPCI index)

Table 8. Tourism Interventions by Tourism Development Level

COUNTRY GROUPS	PILLARS			
	POLICY REFORM	CAPACITY BUILDING	PRIVATE SECTOR LINKAGES	PRODUCT COMPETITIVENESS
CONSOLIDATING	<ul style="list-style-type: none"> • Tourism monitoring assistance • Land reform • Business enabling policy reform • Public/private dialogue • Advanced research • Environmental and social impact monitoring 	<ul style="list-style-type: none"> • Joint research projects • South-south exchanges • Technical/vocational education • MSME training • Entrepreneurship initiatives 	<ul style="list-style-type: none"> • Integrated value-chain strengthening • Partnership development (PPPs) • Matching grants for MSMEs • Access to finance 	<ul style="list-style-type: none"> • Growth poles and cluster development • Product innovation and competitiveness projects • Partnerships • Infrastructure upgrading
EMERGING	<ul style="list-style-type: none"> • Sector diagnostics • Investment policy • PPP policy • Business enabling policy • Implementation research • Environmental and social risk mitigation 	<ul style="list-style-type: none"> • Institutional capacity reviews • Tourism awareness, innovation, and entrepreneurship programs • Technical/vocational education • Research and analysis • MSME training 	<ul style="list-style-type: none"> • Value-chain analysis • Partnership development (PPPs) • Sourcing finance 	<ul style="list-style-type: none"> • Growth poles and cluster development • Product development • Investment promotion • Partnership development (PPPs) • Destination positioning assistance • Infrastructure development
POTENTIAL	<ul style="list-style-type: none"> • Rapid tourism assessments • Legislation and regulation • Investment promotion • Environmental and social assessments • Crisis response strategies 	<ul style="list-style-type: none"> • Institutional capacity assessments • Tourism awareness, innovation, and entrepreneurship programs • Skill training • Workforce planning 	<ul style="list-style-type: none"> • Value-chain mapping • Partnership development (PPPs) • Matching grants for MSMEs • Support to professional associations • Access to finance 	<ul style="list-style-type: none"> • Product inventory • Product development • Infrastructure assessment and planning
PRE-EMERGENT	<ul style="list-style-type: none"> • Response to specific requests 	<ul style="list-style-type: none"> • Response to specific requests 	<ul style="list-style-type: none"> • Response to specific requests 	<ul style="list-style-type: none"> • Response to specific requests

Source: Africa Region Tourism Strategy

Working Together to Make it Happen

Integrated Strategies. The *Africa Region Tourism Strategy* is at the heart of the Africa Region’s strategies. Through linkages with other strategies, the *Africa Region Tourism Strategy* has the opportunity to share common themes and support common goals. Knowledge transfer, regional partnerships, PPPs, and economic cluster development will benefit from cross-cutting knowhow. By tackling the known constraints to tourism and managing its risks, the tourism strategy will be an engine for job creation and private sector development.

Figure 10. Nested Family of Strategies



Source: Africa Region Tourism Strategy

Strong Partnerships. Economically productive strategies are the result of trust and collaboration. Tourism involves the collaboration of many different stakeholders in the public sector, in the private sector, in civil society, and in development institutions in and across the region. Networking and communication between the people and institutions involved will help effect positive client-driven change.

Defining and implementing tourism PPPs will be a particular focus of Strategy interventions. PPPs can help develop new tourism products, provide e-tourism services, and build professional capacity more efficiently and at lower cost than the public sector can on its own.⁵⁵

On a regional level, The Bank’s partnerships with other bilateral and multi-lateral organizations will enhance the impact of its interventions. Regional tourism can play an important role in the coordination of transboundary conservation areas, regional visas, tourism standards, and tourism training.

Within The Bank, Sustainable Development, Poverty Reduction and Economic Management, Education, Environment, Transport, and Human Development, will be close partners. Across The World Bank Group, IC, IFC, FIAS, and MIGA, partnerships will help leverage outcomes. External partners such as UNWTO, UNCTAD, WEF, WTTC, SNV, USAID, DFID, WWF, AWF, and others will also be critical to success.

At the regional level, The Bank will facilitate partnerships to provide solutions on cross-border interventions such as visa frameworks and transfrontier conservation areas. Partnerships will be expanded through continuous knowledge sharing and dialogue at local, regional, and national levels.

Skilled Personnel. The AFTFP has a small, tourism-focused group. Short-term tourism consultants assist the core team on knowledge-based tasks that require specialized expertise. The contributions of the team have helped build the knowledge hub and the institutional memory of the department while providing support to TTLs, country staff, and country management units. As tourism business grows, staffing will be expanded and will further tap the professional expertise of colleagues from across The Bank.

Efforts will be made to also raise tourism capacity outside AFTFP in other Bank departments and partner institutions. To this end, conferences, lectures at universities, seminars, webinars, book-launches, and BBLs will be undertaken. A tourism thematic hub will create a dynamic forum for the exchange of ideas amongst the Africa Region staff, across The World Bank Group, and with external partners.

Working together with IFC

AFTFP and IFC, through its Advisory and Investment Services, can work together to create vibrant business-enabling environments for private sector investment and to ensure that this investment brings direct and indirect benefits to local MSMEs and communities. Through its investment arm, IFC invests directly in hotels where the potential to leverage jobs, grow tax revenues, improve foreign exchange earnings, and create opportunities for related smaller businesses is highest. Through its advisory services, IFC's commitment extends to environmental protection and cultural preservation, with an increasing focus on the policy and regulatory dimensions of the tourism sector. IFC has an active global portfolio of 62 hotel projects with over US\$600 million in committed loans; twelve of these projects are in Africa. IFC currently has active advisory projects in Sierra Leone, Mali, Rwanda, Kenya, Tanzania, Burundi, Mozambique, and Zambia.

Source: IFC

Research, monitoring, and evaluation. Monitoring is an essential part of the efficiency mechanisms in the *Africa Region Tourism Strategy*. There are three key areas of monitoring activity: tourism strategy performance monitoring, sector monitoring, and project monitoring.

Tourism strategy performance monitoring will track the growth of analytical activities and lending operations. Tourism sector monitoring will collect and analyze data on global, regional, national, and sector-specific tourism trends. Tourism project monitoring will be used to assess the outcomes of tourism interventions. In particular, Project Results Frameworks will guide the monitoring and evaluation of key areas such as job creation through tourism, tourism institutional effectiveness, MSME development, and pro-poor tourism income.⁵⁶

Conclusion

Tourism can be an effective tool for job creation and private sector development. SSA has significant tourism potential but many of its resources have not been developed into productive assets or are functioning below their full economic potential.

There is a strong case for the World Bank's Africa Region to support cross-sector tourism activities in Africa. Unmanaged tourism can create adverse environmental, cultural, and social conditions. Well-managed, sustainable tourism can be a beacon for investment, economic development, and private sector reform. African client countries increasingly prioritize tourism in their Poverty Reduction Strategy Papers (PRSPs). The World Bank has the knowledge and the experience to help client countries tap their tourism resources more effectively for job creation, economic growth, and poverty alleviation.

The World Bank Group support to the Africa tourism sector is currently US\$120 million. It could reach \$500 million by 2015, generating as many as 360,000 direct formal jobs. This Strategy provides the framework for a new, coordinated approach to tourism assistance in SSA. Implementation of the Strategy will raise the profile of tourism as a tool for sustainable economic development in SSA and establish The World Bank as a hub of excellence in knowledge-based tourism development.

The Evidence Base: Background Research

The *Africa Region Tourism Strategy* has been informed by interdisciplinary work and rigorous tourism sector research conducted over the past 18 months by internal and external experts in conjunction with the *Africa Flagship Competitiveness Report*. This research reflects the broad cross-sector nature of tourism and is reported in a series of short background papers available from AFTFP, *The Evidence Base: Background Research Papers*. The contents of this document are listed below.

Table of Contents (see separate document)

A. Tourism as a Tool for Development

1. Women and Young People in Tourism
2. Tourism and Poverty Alleviation
3. The Climate Change Challenge: Preparing Tourism
4. Technology and Tourism Distribution Systems
5. Tourism Industry Statistics: Investment Building Blocks
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D. Operational Mechanisms

17. Tourism and Growth Clusters
18. Public-Private Partnerships: An Emerging Mechanism in Tourism Development
19. Tourism Investment Promotion
20. Institutions for Managing Tourism Growth

Endnotes

¹ Christie, I. and Crompton, D. E. (2001) *Tourism in Africa*, Working Paper Series No. 12, World Bank, Washington D. C.

² The *Africa Region Tourism Strategy: Transformation through Tourism* has been many years in the making. A team led by Demba Ba, Iain Christie, and Shaun Mann prepared the initial ground work for a tourism program in the Africa Region's Finance and Private Sector Development Department (AFTFP). More recently, Hannah Messerli has led the team responsible for this strategy under the direction of the Africa Region's Vice President, Obiageli Katryn Ezekwesili, Africa Region Chief Economist, Shanta Devarajan, and AFTFP Director, Marilou Jane Uy with guidance from AFTFP's Lead Economist, Vincent Palmade. Louise Twining-Ward, Iain Christie, Eneida Fernandes, and Andres Garcia worked intensively on this document which has also benefitted from the comments of colleagues in the department as well as across The Bank Group. Special appreciation is extended to this work's thoughtful peer reviewers: Jonathan Mitchell (Head of Program, Overseas Development Institute, UK), Phil English (Lead Economist), Yaw Nyarko (Professor of Economics and Head of NYU Africa House), David Bridgeman (Manager, CICIG).

³ Several recent studies in Africa have found that US\$250,000 investment generates approximately 180 full time jobs. Based on this calculation, US\$500 million generates approximately 360,000 full time jobs.

Natural Resources Consultative Forum (2007) *Zambia Economic and Poverty Impact of Nature-Based Tourism*, Economic Sector Work, Report No. 43373-ZM, The World Bank, Washington, D.C.

⁴ The World Bank (2010) *Africa's Future and the World Bank's Role in it*, Internal Draft Document, The World Bank, Washington D.C.

⁵ McKinsey and Company (2010) *Lions on the Move: The Progress and Potential of Africa Economies*, McKinsey Global Initiative, Washington D.C.

⁶ Radelet, S. (2010) *Emerging Africa: How 17 Countries are Leading the Way*, Center for Global Development, Washington, D.C.

⁷ McKinsey and Company (2010) *Op. cit.*

⁸ The World Bank Group (2010) *New Jobs for Africa: A Strategy for Rapidly Scaling up Employment in Africa*, Strategic Directions for FPD, June 2010, The World Bank, Washington D.C.

At the time of writing, the AFTFP Strategy, *New Jobs for Africa*, and the Africa Region Strategy, *Africa's Future and the World Bank's Role in it*, are still draft documents under discussion and circulation.

⁹ *Tourism* may be understood as the temporary movement of people to destinations outside their normal home or workplace, the activities undertaken during their stay, and the facilities created to cater to their needs.

The *tourism sector* is the part of the economy which has a common function of meeting tourist needs, consisting of tourism-related industries to the extent that they supply tourist rather than local and neighborhood markets.

Tourism-related industries, in the terms of the Standard Industrial Classification (SIC), include hotel and catering services, transport, retail distribution, recreational and cultural services. These correspond broadly to main categories of tourist expenditure, i.e. accommodation, food and drink, transport, shopping, entertainment and recreation.

Medlik, S. (1993) *Dictionary of Travel, Tourism, and Hospitality*, Butterworth Heinemann, Oxford.

¹⁰ UNWTO (2010) *UNWTO Tourism Highlights, 2010 Edition*, UNWTO, Madrid.

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- ¹¹ WTTC (2010) *Sub Saharan Africa Economic Forecast Data*, WTTC, Oxford.
http://www.wttc.org/eng/Tourism_Research/Economic_Research/Regional_Reports/Sub-Saharan_Africa/
- ¹² Natural Resources Consultative Forum (2007) *Zambia Economic and Poverty Impact of Nature-Based Tourism*, Economic Sector Work, Report No. 43373-ZM, The World Bank, Washington, D.C.
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- ⁴⁰ Sullivan, J. (2009) http://commons.wikimedia.org/wiki/File:World_airline_routes.png also available from: www.visualcomplexity.com/vc/blog/?p=505
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⁴³ Competitiveness is understood here to be a destination or product's ability to compete globally based on embedded comparative advantages. Productivity, efficiency, quality, and innovation along with production and transaction costs are critical to product competitiveness.

The World Bank (2009) *Competitive Africa Strategies to Leverage the New Global Economy*, Report Concept Note, Washington, D.C. p.7.

⁴⁴ Michael Porter's concept of the business "cluster" explains the concept of competitive advantage through increased innovation, productivity, improved information, specialized institutions and support services. Porter recommends countries should choose winning sectors and support cluster development by working with the market, not through government intervention but using competition to enhance performance.

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analyses of value chains. Pro-poor income is all types of income that is earned by poor people, whether from wages, sales earnings, tips, or community earnings (such as rental of communal land to commercial lodges).



AFRICA TOURISM STRATEGY:
Transformation through Tourism

Part Two: The Evidence Base

Version 3
October 17, 2011

THE EVIDENCE BASE

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Introduction

Tourism is a growth sector worldwide. It has particular potential in Africa. Until recently, however, only a handful of countries in the region have realized their tourism potential. The Africa Region Tourism Strategy provides a framework to assist Sub Saharan African countries to take advantage of their natural and cultural tourism assets in order to build economically productive and sustainable tourism sectors.

The Africa Region Tourism Strategy Annexes are the evidence base behind the tourism strategy; the “stories behind the story.” These stories are organized thematically into six groups.

Group A stories look at how tourism can be a tool for development in Sub Saharan Africa (SSA). They discuss the role of tourism in empowering women and young people, contributing to poverty alleviation, and providing recovery opportunities for fragile states and post conflict countries.

Group B stories discuss tourism research and statistics in SSA tourism. They include an explanation of the relationship between Poverty Reduction Strategy Papers (PRSPs), Country Assistance Strategies (CASs), and Project Appraisal Documents (PADs), and analyze the distribution of World Bank tourism projects across the region.

Group C stories include three sector studies and a discussion of tourism technology and distribution systems. The sector studies are the result of in-depth research by The World Bank AFTFP Tourism team during 2010. These include a review of the prospects and challenges for tour operations, the hospitality sector, and air transportation sector in SSA.

Group D stories are about unleashing the economic potential of tourism in SSA. The case of tourism in Malawi and the employment potential of the Limpopo Transfrontier Park are explained in depth. The potential of ecotourism across international borders is also explored.

Group E stories introduce a number of operational mechanisms that have become important SSA. These include tourism and growth clusters, public-private–sector partnerships, and tourism and climate change.

Group F stories discuss the institutional mechanisms behind SSA tourism. These include tourism institutions, tourism education and training, tourism investment promotion, and tourism land and infrastructure. Key issues, challenges, and opportunities for policy improvement and stakeholder involvement are highlighted.

These annexes are prepared for policymakers and interested stakeholder across the region. Readers should also refer to the tourism annexes in the Africa Flagship Competitiveness Report. These include 24 case studies of tourism success and failure from across the world. They are a useful supplement to the thematic stories presented here.

A. Tourism for Development

1. Women and Young People in Tourism

The development of tourism provides multiple employment and entrepreneurship opportunities for women and young people. Tourism has relatively low barriers to entry, high employment generating ability, and significant potential for home-based industry.

The *UNWTO and UN Women Global Report on Women in Tourism 2010* tells how women in Ecuador started a cooperative bakery to supply bread to cruise ships. It tells of women in China who make cloth bags for Accor hotels, women in Samoa who grow organic produce for hotels, and women in Botswana who weave baskets to sell to tourists in the Okavanga Delta.

The Challenge

Women make up an estimated 70% of the world's poor. Women in developing countries are less likely to be employed than men and less likely to have secondary education. When women are employed, they are less likely to hold prestigious positions than men and less likely to earn top pay.¹

Similar challenges face young people (15 to 24 years old). Young people are estimated to make up more than 40% of the world's total unemployed. Young people in developing countries fare worst.² In Sub Saharan Africa, job creation has not kept up with the total number of young people entering the labor force. There are more than 10 million new job seekers every year. Unable to find work, young people may turn to arms or migrate to the cities and become part of the urban poor.

The Opportunity

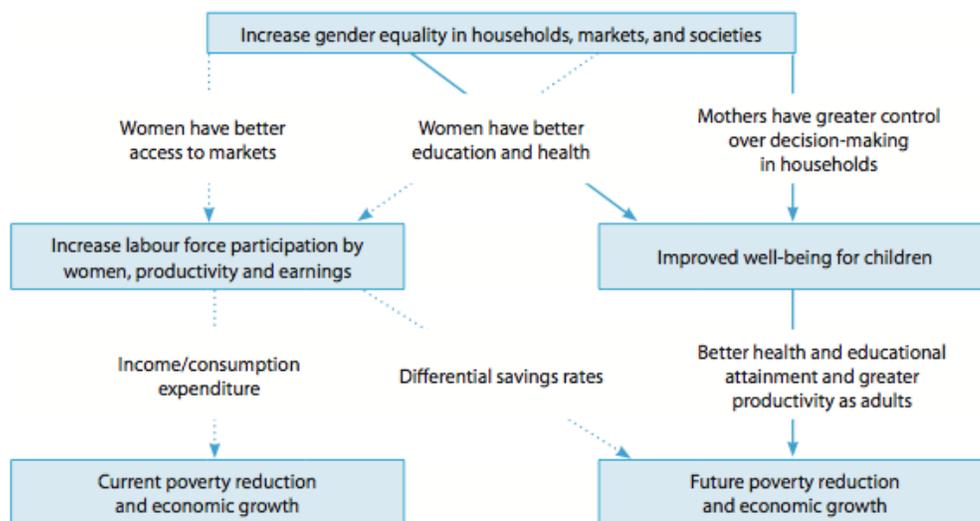
Tourism can provide opportunities for women and young people through formal, informal, and supply-chain employment, education, entrepreneurship, and political leadership. Tourism can raise demand for local products and services, create investment opportunities, and improve transportation, infrastructure, and utilities. Due to the large number of informal employment opportunities created by tourism, the sector can also contribute to poverty reduction.

The *UNWTO and UN Women Global Report on Women in Tourism 2010* finds evidence that women fare better in the tourism sector than in other economic areas. In the hotel and restaurant sector, for example, almost 40% of employers are women and almost half of all self-employed businesspeople are women.

Figure 1. The Relationship between Increased Gender Equality and Poverty Reduction

¹ UNWTO and UN Women (2011) *Global Report on Women in Tourism*, 2010, UNIFEM, New York.
<http://www.e-unwto.org/content/j133q0/>

² Godfrey, M. (2003) Youth Employment Policy in Developing and Transition Countries—Prevention as well as Cure”, Social Protection Discussion Paper Series, No. 0320. The World Bank, Washington, D.C.
<http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Labor-Market-DP/0320.pdf>



Source: Adapted from World Bank (2007), *Global Monitoring Report 2007*, World Bank, Washington D.C..

Source: Adapted from World Bank, 2007³

Table 1. Percentage Women Employers in the Hotel and Restaurant Sector, by Region

	% women as employers in all economic sectors	% women as employers in the hotel and restaurant sector
Region	Average	Average
Latin America	23.2	51.3
Caribbean	26.4	32.8
Africa	20.8	30.5
Asia	17.4	29.7
Average	21.95	36.08

Source: UNWTO and UN Women Global Report, 2010 based on ILO Laborsta Database

Countries in SSA show particularly promising results for women in tourism. Out of 172 developing countries, five SSA countries were in the top ten for the participation of women in the hotel and restaurant sector (Mali, Ethiopia, Lesotho, Tanzania, and Uganda). Overall, women were found to hold 47% of jobs in the hotel and restaurant sector in SSA. In Asia, women hold only 35% of hotel and restaurant positions.

Women also play a greater leadership role in tourism than they do in other sectors of the economy. The *UNWTO and UN Women Global Report* survey found that more than a third of all African tourism ministers were women (19 out of 54 countries). In Africa, the post of tourism minister is almost twice as likely to be held by a woman than ministerial posts in general. The survey also found significant differences across the region. While in East Africa eight out of 17 countries have women ministers of tourism, in North Africa there are no women ministers of tourism. Hon. Ms. Ivonne MBoissona of Central African Republic and Hon. Ms. Tadelech Dalacho Dando of Gabon are the only women ministers of tourism in Central Africa at the time of writing. Four out of ten countries in West Africa have tourist boards led by women (Burkina Faso, Guinea-Bissau, Mauritania, and The Gambia).

³ The World Bank (2007) *Global Monitoring Report, 2007*, The World Bank, Washington, D.C.

Table 2. Percentage of Tourism Ministerial Positions Held by Women, by Region

Region	% women in ministerial positions ⁴	Actual number of women tourism ministers	% tourism ministerial positions held by women
Region	Average	Average	Region
Africa	19%	19	35%
Latin America	24%	5	25%
Asia	9%	7	15%
Caribbean	21%	1	6%
Oceania	7%	0	..
Average	17%		20.7%

Source: UNWTO and UN Women Global Report on Women 2010 (forthcoming)

Women Leading Tourism in Tanzania

In Tanzania the number of women playing a dynamic role in the country's tourism industry has grown dramatically over the last decade. In May, 1998, when Tanzania hosted its first Africa Travel Association (ATA) Conference, a woman Minister of Natural Resources and Tourism, Hon. Zakia Hamdani Meghji, was at the helm. She was only the second woman to hold that post. A decade later, Tanzania's second ATA conference was hosted by yet another dynamic woman, the Hon. Shamsa S. Mwangunga, who was appointed Minister of Natural Resources and Tourism in February 2008 and elected to serve as ATA president in May 2008.

Accomplished women can now be found in all sectors of Tanzania's travel industry from Director of Tourism in the Ministry (Maria Mmari) to Legal Counsel and other management positions on the Tanzania Tourist Board. Tanzania National Parks (TANAPA), have five women Chief Wardens; this is a traditionally male role. Out of 200 park rangers recruited in 2008, 35 were women. Ngorongoro Conservation Area Authority (NCAA) appointed the first woman to hold the position of Manager of Tourism Services in 2010. Zanzibar's tourism industry is also led by a woman, the Hon. Sameer Suluhu Hassan, Minister for Tourism, Trade, and Investment. These talented women are helping to enhance the standing of women in the Tanzanian economy.⁵

Tourism can also provide a multitude of community-based employment opportunities. Women in the Okavanga Delta in Botswana enhance their income by selling traditional baskets and beads to tourists who come from all over the world to admire the birdlife and large expanses of wetland. The baskets are made from reeds, beads, and ostrich shells; they are unique to the area and are of particular interest to tourists. Assisted by carefully targeted marketing, book-keeping, and business training, women in villages around the Delta have formed cooperatives to advocate for members' interests and to train their members to produce quality products. Best available estimates indicate that there are more than 1,500 women currently employed in handicrafts in the Delta.

The Risks

Not all the news about women and young people in the tourism economy is good, however. When poorly managed, instead of empowering women and young people, tourism can perpetuate existing inequalities such as gender stereotyping, sexual exploitation, gender-based marketing, and loss of access to resources. Key challenges include:

⁵ Hoffman, K. in UNWTO and UN Women (2011) *Global Report on Women in Tourism 2010*, UNWTO and UN Women, New York.

- **Access to finance.** Women and disadvantaged groups often lack the collateral to borrow money, or, due to cultural stereotyping, may not be taken seriously by financial institutions.
- **Working conditions.** Women are often paid less and receive fewer employment benefits than men. They may not be provided with adequate maternity leave or transportation to work.⁶
- **Access to education.** Despite considerable progress in primary school education, women still lag behind men in access to tourism and business training.
- **Cultural stereotypes.** Women are still over-represented in sales and housekeeping positions and under-represented in more lucrative positions such as managers, tourism guides, and business owners.
- **Exploitation.** Exploitation through tourism can take many different forms: unpaid family work, dangerous working conditions, sexual discrimination, sexual exploitation of children, prostitution, slavery, and human trafficking. Women and children living in poverty in tourist destination are particularly vulnerable to exploitation. Careful management of tourism is needed to avoid these negative impacts.

Making Tourism Work

Tourism provides a wide array of opportunities for women and young people to escape poverty. Training in tourism awareness, tourism business, and tourism marketing can open the door for tourism entrepreneurship. Access to finance is also an important step towards empowerment. Microloans can help women start tourism businesses and larger loans can help established businesses to expand their workforce with confidence.

Tourism has the potential to enhance conservation and improve the lives of women and disadvantaged groups, particularly in the developing world. Even small tourism projects such as providing technical assistance and loans to women entrepreneurs, upgrading conservation areas, and developing supply chain projects can have a significant positive impact on the quality of life of disadvantaged communities.

Positive impacts are not guaranteed, however. Tourism investment needs to be carefully managed and monitored to ensure projects empower women rather than perpetuate existing cultural stereotypes or put women and young people at risk.

⁶ 'Decent work' has been defined by the ILO as being productive work for women and men in conditions of freedom, equity, security and human dignity. ILO explain that decent work involves: opportunities for work that is productive and delivers a fair income; provides security in the workplace and social protection for workers and their families; offers better prospects for personal development and encourages social integration; gives people the freedom to express their concerns, to organize and to participate in decisions that affect their lives; guarantees equal opportunities and equal treatment for all. ILO (2010) Decent Work for All, <http://www.ilo.org/global/Themes/Decentwork/lang--en/index.htm>

2. Tourism and Poverty Alleviation

The Challenge

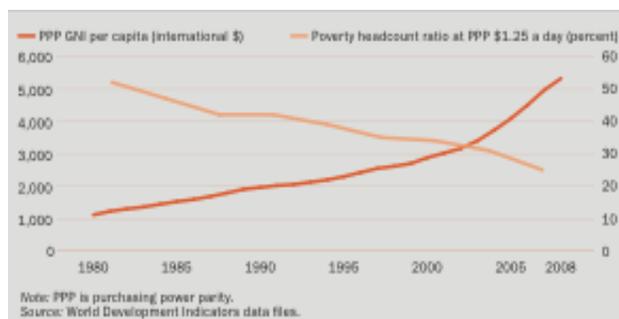
Poverty is arguably one of the greatest challenges facing world development. Poverty is multi-dimensional. It affects different people in different ways over the course of their lives. The 2010 UNDP Human Development Report shows that about 1.75 billion people across 104 countries are living in a state of acute deprivation in terms of health, education, and standard of living.⁷ The global economic downturn has increased the number of people living in poverty by an estimated 64 million.⁸

Sub Saharan Africa faces the most severe poverty challenge. According to a UNDP report, Sub-Saharan Africa has the highest global incidence of multidimensional poverty. Over 50% of the population of SSA live in poverty (down from 59% in the mid 1990s, but up from the 48% in 2005).⁹ Rates of multi-dimensional poverty vary considerably across the region from a low of 3% in South Africa to 93% in Niger.¹⁰

The Opportunity

The good news is that economic growth indicators for SSA are improving and income per capita is highly correlated with indicators for poverty, health, and education. SSA achieved 6.2% growth in GDP in 2007 for the second year in a row; 28 of the 47 SSA countries grew 5% or more. Between 2000 and 2007 Sub Saharan Africa saw investment grow 73%.

Figure 1. As Incomes Rise, Poverty Rates Fall



Source: World Bank Indicators Report, 2010, p.2¹¹

Private Sector Development (PSD) in The World Bank is working specifically to reduce poverty, promote growth, and help people improve their quality of life.¹² Tourism is one of the six key industries that are being used to promote private sector development in Africa.¹³

⁷ UNDP (2010) *Human Development Report 2010*, UNDP, New York.

⁸ Okonjo-Iweala, N. (2010) "What's the Big Idea? To Reposition Africa as the Fifth BRIC- A Destination for Investment Not just Aid," Harvard Kennedy School, May 14, 2010, The World Bank Intranet.

⁹ Radelet, S. (2010) *Emerging Africa: How 17 Countries and Leading the Way*, Center for Global Development, Washington, D.C.

¹⁰ UNDP (2010) Op. cit.

¹¹ World Bank (2010) *World Bank Indicators Report 2010*, World Bank, Washington, D.C.

Tourism Benefitting the Poor

Kenya is home to over 359 different species of animals and 500 species of birds. Indigenous tribal groups attract tourists from all over the world. Kenya also has a high level of urban and rural poverty. Fifty percent of the population earn less than US\$1.25 per day. Kenya's tourism sector generated over US\$760 million (approximately Ksh56.2 billion) in tourism receipts, and created over 498,000 formal and informal jobs in 2006.¹⁴

Rwanda, one of the poorest countries in the world, has also seen how tourism can be an agent of change. In 2008, about 17,000 people visited the Volcanoes National Park (VNP) to see the gorillas. Rwanda's poor are beginning to feel the benefits of the increase in tourism. Five percent of the park revenues are channeled into community projects such as education, water and sanitation, and food security in villages around the park. Employment opportunities are also offered to community members who can work as guides, trackers, and game-wardens. According to a recent World Bank study, nearly US\$428,248 has been directly invested in community projects and used to empower communities. Key social benefits include the building of ten schools and 32 water tanks as well as the creation of ten community associations. Three thousand households benefit from bed night fees.¹⁵

Source: Global Development Solutions 2010; Nielson and Spenceley, 2010

How Tourism can Help the Poor

Tourism is a labor-intensive service industry. Unlike manufacturing or agriculture, tourism is consumed at the point of production and therefore provides a multitude of employment and income generation spin-offs. An estimated 230 million jobs are provided by the travel and tourism industry worldwide; more than ten million of these tourism jobs are in SSA countries.

Tourism to poor countries is growing faster now than it ever has before. There were 60 million tourist arrivals to developing countries in 2005, an increase of 54% from 1990. Of the 924 million international travellers in 2008, 75% were from developed countries, and 40% included a developing country in their itinerary.¹⁶

Tourist spending increases demand for local products and services, creates investment opportunities, increasing demand for land, communications, transportation, construction labor, retail, and provides myriad formal and informal income-generating activities. There is also increasing evidence that poor households receive a substantial proportion of tourist expenditure.¹⁷

Mitchell and Ashley identify three key “pathways” in which tourism can benefit the poor: direct earnings through formal and informal employment; indirect and induced effects where tourism expenditures impact the non-tourism economy through supply-chain linkages; dynamic impacts of tourism on the economy.

Figure 2. Three pathways Tourism Can Affect Poor People

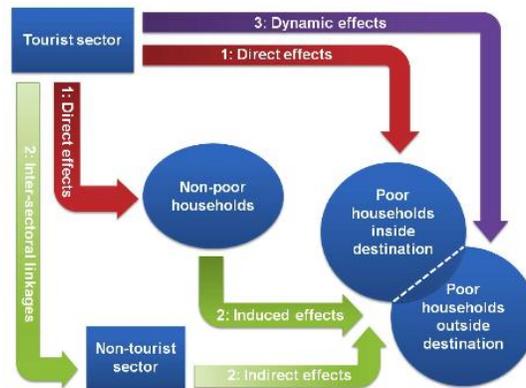
¹³ The World Bank Group (2010) *New Jobs for Africa: A Strategy for Rapidly Scaling up Employment in Africa*, Strategic Directions for FPD, June 2010, The World Bank, Washington D.C.

¹⁴ Global Development Solutions, LLC (2008) *Kenya Tourism: Integrated Value Chain Analysis*, Draft Final Report. The World Bank, Washington, D.C.

¹⁵ Nielsen, H. and Spenceley, A. (2010) *The Success of Tourism in Rwanda—Gorillas and More*. Background Paper for the African Success Stories Project, The World Bank, Washington, D.C.

¹⁶ Mitchell, J. and Ashley, C. (2010) *Tourism and Poverty Reduction: Pathways to Prosperity*, ODI and Earthscan Publications, London.

¹⁷ Mitchell, J. and Ashley, C. (2010) Op. cit.



Source: Mitchell and Ashley, 2010, p. 25.

The Impact of Tourism Employment on Village Income

In the 1990s, villagers around the newly established Madikwe Game Reserve in Northwest Province of South Africa earned roughly US\$2.6 million from all economic activities excluding commercial farming. By 2003, when bed capacity in the new reserve had reached 386, residents were earning \$1.3 to \$1.6 million per annum from tourism. Their total village incomes had increased by between 50% and 62% from tourism even while the reserve and the tourism-linked economy were still developing. Local tourist wages are about three times the average household incomes in the areas and women receive 50% of the wages.

Source: Mitchell and Ashley, 2010, p.35

Value Chain Analysis (VCA) is a useful technique for tracking pro-poor impacts in the tourism supply chain. Value Chain Analysis (VCA) was originally developed as a tool to assess the value that is added to a product as it is transformed along the manufacturing chain from raw materials to a final product.¹⁸ In a tourism context, VCA involves mapping the transactions and relationships that take place along the tourism supply chain. It also involves working with tourism stakeholders in a destination to identify bottlenecks in the system and brainstorming means to combat these bottlenecks with market-based solutions.

The World Bank has made value-chain analysis work a priority in recent years. VCA work has been completed in Tanzania, Mozambique, and Ethiopia with encouraging results.¹⁹ The Ethiopian tourist value chain included \$174.5 million from tourist expenditure and US\$54 million from construction. Seventeen per cent of this income (US\$39 million) reached the poor.

The results of comparative VCA work across SSA and other parts of the world conducted by the Overseas Development Institute (ODI) in London show that not all forms of tourism are equally effective in alleviating poverty, however. A World Bank study in South Africa found 37% of tourist expenditure accrued to poor people; an ODI study Luang Prabang in Laos, found 27% of tourist spending stayed with the poor; in The Gambia, 14% of tourists spending was found to accrue to poor people; in Uganda and Rwanda, about 10% of tourist spending on gorilla watching accrued to communities living nearby.²⁰

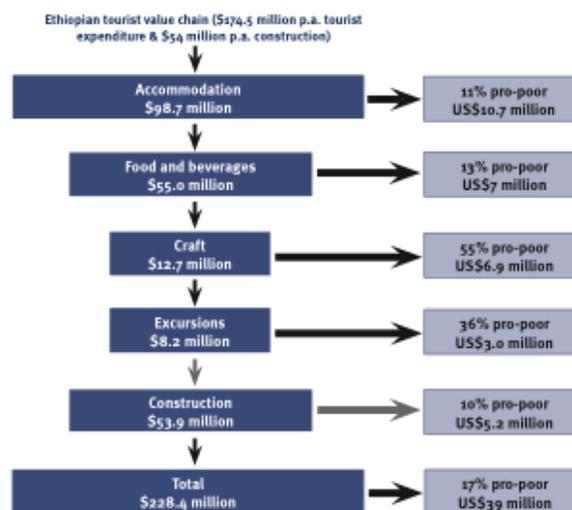
¹⁸ Porter, M. (1985) *Competitive Advantage: Creating and Sustaining Superior Performance*, The Free Press, New York.

¹⁹ World Bank (2006) *Ethiopia: Towards a Strategy for Pro-Poor Tourism Development*, Private Sector Development Department for Ethiopia, World Bank, Washington, D.C.

World Bank (2008) *Kenya Tourism: Integrated Value Chain Analysis*, Draft Final Report, Washington, D.C.

²⁰ Mitchell, J. and Ashley, C. (2010) *Op. cit.*

Figure 3. Tourist Expenditure and Pro-poor Impact in Ethiopia



Source: ODI (2009) p.3²¹

Getting it Right

To ensure tourism activities have maximum pro-poor outcomes, careful research and monitoring is needed. VCA helps to identify gaps in supply-chain benefits and to establish the forward and backward linkages that can boost income in poor communities and increase tourism competitiveness.

The World Bank intends to focus on value-chain development in tourism over the next five years to help client countries to take advantage of tourism’s pro-poor benefits.

²¹ ODI (2009) Value Chain Analysis and Poverty Reduction at Scale: Evidence from Tourism is Shifting Mindsets, Briefing Paper 49, March 2009, Overseas Development Institute, London.

3. Tourism in SSA’s Fragile States and Post-Conflict Countries

Addressing the challenges in fragile states is one of The World Bank’s six strategic directions. Over the last five years, World Bank Group has shifted its agenda from rebuilding infrastructure to promoting sustainable economic recovery. This agenda includes activities to improve the business environment, competitiveness, public sector service delivery, and finance and private sector development.

Currently, 20 Sub-Saharan African (SSA) countries are classified as fragile; more than 50% of those are experiencing conflict or post-conflict tension. SSA’s fragile states include countries that face severe development challenges such as conflict, recovery from conflict, political instability, weak institutional capacity and/or poor governance. Nevertheless, fragile states in SSA share many common constraints. These include the lack of domestic resources, dependence on external resources, low human resource development, low population density, weak infrastructure, concentrated exports, and a high risk of conflict.

Fragile States FY 2010	
Angola	Gambia, the
Burundi	Guinea
Cameroon	Guinea-Bissau
Central African Republic	Liberia
Chad	São Tomé and Príncipe
Comoros	Sierra Leone
Congo, Dem. Rep.	Somalia
Congo, Rep.	Sudan
Côte d'Ivoire	Togo
Eritrea	Zimbabwe

Table 1. Sub Saharan African Countries in Fragile Situations²²

Note: Countries in bold are experiencing conflict or post-conflict tension.

The World Bank’s definition of fragile states is based on the Country Policy and Institutional Assessment (CPIA) rating. A “fragile state” is defined as an IDA-eligible, low-income country or territory with a Country Policy and Institutional Assessment (CPIA) score of 3.2 or below, or without a CPIA score.²³ IDA eligibility is based on two criteria:

- Relative poverty defined as GNI per capita below an established threshold and updated annually (in 2010: \$1,135)
- Lack of creditworthiness to borrow on market terms and therefore demonstrating a need for concessional resources to finance the country's development program.

²² FY 2010 Fragile States list by OPCS.

²³ IDA (2009) IDA’s Support to Fragile and Conflict-Affected Countries: Progress Report 2007-2009, IDA, New York. http://siteresources.worldbank.org/IDA/Resources/Seminar%20PDFs/73449-1257448780237/Fragile_States_MTR.pdf

The Case for Tourism

Tourism and fragile states are not an obvious combination. But the combination can generate jobs quickly, contribute to enterprise growth, attract foreign direct investment, and add to exchange. The sector is highly entrepreneurial and can protect natural and cultural assets while enabling these to become economically productive. It has also been shown to be inclusive of youth, women, urban and rural populations. These are all characteristics that are vital to The Bank's engagement in fragile and post-conflict states and tourism is an effective vehicle to address these issues.

Fragile and post-conflict states. Tourism also have pressing needs including peace, employment, and rebuilding basic infrastructure.

Need for peace and employment. A fundamental issue in reducing the risk of a resurgence of conflict and war in a post-conflict country is to ensure people a stable livelihood. This requires economic growth and good jobs. Jobs are particularly important for young people do they can become active members of the peace-building process. Tourism can play a peace-promoting role by developing inclusive business models, providing financial and in-kind contributions, promoting environmental conservation, rebuilding infrastructure, creating employment, supporting women's initiatives, and addressing socio-economic exclusion.

Rwanda is a good example of how tourism can contribute to an ongoing peace-building process. The tourism industry suffered immensely in the period following the 1994 genocide which deterred visitors and tourists. Now Rwanda's gorillas and pristine lakes are attracting visitors back. The successful reemergence of the tourism sector in early 2000 was due to the dedication and support of the government.

Need for rebuilding. There is a great need for private and financial sector rebuilding in post-conflict situations. The development of a dynamic private sector is often a key element in rebuilding the state's economy. The tourism sector is often one of the first sectors to be affected at the onset of conflict or in times of fragile political and economic conditions. However, tourism is often one of the first sectors to contribute to economic growth, physical reconstruction, and sustainable development in a post-conflict environment.

Tourism can lead private sector redevelopment by laying the foundation for attracting investment. It can particularly promote business-enabling infrastructure investment such as roads, hotels, railways, ports, airports, and communications infrastructure, such as phone and mobile networks. Investments can support the development of diverse natural and cultural resources into adventure tourism, archeological tourism and business travel assets.

Case Studies

Sudan

Tourism is relatively underdeveloped in Sudan. In 2005, after 20 years of war between North and South Sudan, the situation stabilized. Continued periodic rebel activities, however, make the western Darfur region inaccessible. The majority of international arrivals are official visitors, business visitors, and individuals visiting friends and relatives. Leisure arrivals have slightly increased over the last few years; a few adventurous travelers have shown up in tour groups. Potential products include archeological, desert, cultural, and community-based tourism.

Table 2. International Tourist Arrivals to Sudan, 1999 to 2002

International Tourist Arrivals in Sudan, 1999 to 2002	
YEAR	Total Tourist Arrivals
1999	38,661
2000	37,609
2001	50,000
2002	52,000
2003	52,291
2004	60,577
2005	245,798
2006	328,148
2007	436,295
2008	439,661
2009	420,370

Source: UNWTO

Zimbabwe

Zimbabwe is a proven tourism destination and has five UNESCO world heritage sites. Among these is Victoria Falls. Unlike many other SSA countries focused on growing their tourism sector from a nascent stage, Zimbabwe has a successful tourism legacy that provides a platform from which it can rapidly return to substantial tourism activity. The heart of Zimbabwe's tourism offerings are its nature-based resources concentrated in its national parks and protected areas. These cover 14% of the country's total land mass. In the short-term, the sector will need to upgrade its primary tourism offering at Victoria Falls while responding to growing business-related demand as development and business activity spreads. Over the medium-term, pressure is likely to expand from the immediate pent-up demand from those wishing to return to Zimbabwe. The demand from first time business, leisure and travelers visiting friends and relatives is also anticipated to grow. Finally, over the longer term, the sector has the potential to return to a competitive and sustainable economic force employing Zimbabweans throughout the country while also protecting the environment and preserving cultural assets.

Challenges and Opportunities

Tourism development in fragile and post-conflict countries requires at least a basic enabling environment. Vital to The Bank's involvement in post-conflict countries is strong client ownership, security, and an institutional infrastructure that is able to implement and support the development process. This involves several risks that need to be mitigated: political instability, a lack of security, and client ownership. To overcome these challenges it is vital to facilitate continuing dialogue between different stakeholders, to use implementing partners with local knowledge, and to design with the client a conflict sensitive program. Tourism interventions by the private sector can address these challenges in a positive manner.

B. Tourism Research and Analysis

4. Tourism Industry Statistics

The Challenge

Tourism is a global industry yet it is difficult to quantify its impact. Statistics abound, but a comprehensive framework for organizing tourism data has not yet been adopted. Whereas there are acceptable definitions of what a tourist is, the parameters of the sector remain unclear. For example, does tourism include transport or not? The economic value of tourism goods and services, such as natural and cultural resources, can be difficult to assess.

Better compilation and organization of tourism data is crucial to manage sector growth, to demonstrate sector size and influence, and to quantify investment and employment. Data failings can severely limit the ability of the tourism industry to plan future developments and to allocate sufficient resources to tourism development processes.

There are two key barriers to improved systems: the first is tourism's enormous scope, and the second is tourism's direct impact and influence on other sectors, e.g., infrastructure, finance, and environment.

Current Situation

Often there are multiple (and sometimes conflicting) sources of tourism data for each country.²⁴ Basic data include international and domestic arrivals and departures and tourist expenditures. The quality of these data still needs upgrading. The next level of data needed is for different subsectors of the industry: transportation (load factors, costs per passenger/km, etc.); lodging (capacity, occupancy, room rates, etc.); SMEs; national parks (visitation and entry fees); other areas. More market research, surveys, and monitoring (including benchmark development) are needed to supply these data.

Each type of data presents its own challenges, particularly for developing countries. Arrival data may take a year or more to be compiled and published due to the involvement of immigration authorities and the existence of multiple entrance and exit locations for most countries. Time-series data can be complicated if definitions change or same-day visitors are mistakenly included in tourist arrival figures. UNWTO collects data from all member countries and publishes them in their e-statistics.

WTTC together with the UN, the Bretton Woods Institutions, and OECD produce the Tourism Satellite Accounts (TSA). These measure travel, investment, employment, and non-monetary factors. UNWTO's statistics have also recently moved towards adopting the TSA framework. But TSAs are only as good as the data that are input into them. For some countries, collection methods are questionable. Tourist expenditures are sometimes estimated from general foreign exchange receipts rather than from precise information about tourists' expenditure patterns. The TSA model is complete but is expensive to set up and requires persistence and technological skills to maintain. Canada, France, and Spain are leaders in the use of the TSA model. In

²⁴ In a few cases, such as the Dominican Republic, the industry association as well as the Central Bank publish tourism data.

SSA, the Seychelles has attempted a TSA, Namibia uses a WTTC model but calculations are based on a long outdated expenditure survey.

Occupancy rates are usually compiled by the National Tourism Board or the hotel associations. Standards differ from country to country depending on what types of accommodation are included, e.g., B&B, guesthouses, resorts.

Tourism employment and expenditure data are most often missing as they requires costly, complex surveys. Tourism attraction and tourism transport information is usually missing due to a disconnect between site owners, airport authorities, and statistics collection agencies.

A major challenge in emerging markets is that businesses worry about revealing financial and other information to public authorities. For example, a business may be concerned that if it releases its operating statistics, these will be transferred to the tax authorities and result in increased taxation. To overcome this hurdle, the process of statistics collection needs to be depoliticized. Increased transparency is needed along with privacy for individuals.

Key Questions on Tourism Data

Who needs to measure/analyze tourism?

- Public sector (planners, policy makers, marketers)
- Private sector (investment, management, marketing)

What do we need to measure/analyze/monitor?

- The economic impact of tourism
- Trends in tourism demand
- Trends in tourism investment
- The dynamics of tourism development
- Policy and planning actions
- Market research
- Accommodation and other services, attractions, resources

What measurement and analytical tools would respond to requirements?

- Surveys
- Market research
- Tourism satellite accounts

Source: Adapted from Milena Nicolova, George Washington University

Sources of Data

WTTC is best known for their tourism economic modelling (www.wttc.org). WTTC is an association of industry CEOs and leaders that produces forecasts using the TSA model in association with Oxford Economics (www.oef.com). The most complete hotel data are provided by Smith Travel International, its new affiliate, Hotelbenchmark (www.strglobal.com), and Pannell Kerr Forster (www.pkf.com). The International Air Transport Association (IATA25) keeps statistics on air transport. The Cruise Lines International Association (www.cruising.org/) collect cruise shipping information. PATA (www.PATA.org) is an example of a large regional association that collects inward and outward data on its member countries.

²⁵ http://www.iata.org/ps/intelligence_statistics

A number of organizations have attempted to combine information and statistics in a travel index. The World Economic Forum has begun to produce a Tourism and Travel Competitiveness Index.²⁶ The National Geographic Society in the US has an information model called the Destination Scorecard²⁷ that attempts to measure the quality of destinations. In addition, consultancy firms produce data based on their own models. The differences in data collection methodologies make comparisons problematic. In practice, UNWTO and WTTC data have become the data of choice for the industry.

Improving Data Collection

Modern technology makes data gathering quick and effective. It is not difficult to require hotels to submit data on bednights sold on a weekly basis. Rapid and regular compilation of these data could allow real-time analysis and would result in useful reports. There is currently huge variation in the quality of data produced. While some countries publish hotel data a few days or a few months after the event, others may publish them after several years; some may not publish them at all.

The process of improving data can start by assembling a committee or working group of interested stakeholders in each country. This group can include, for example, the national statistics office, the tourism office, customs and immigration, the central bank, and private industry representatives. The committee can call on specialists such as UNWTO/WTTC or consultants specialized in the field. Their purpose is to propose a system of tourism monitoring and accounts for the country, consistent with available resources (see key questions).

As countries seek to analyze policies and investment options, understand their markets better, and measure impacts more precisely, more information is needed. The sooner improvements occur, the sooner people will appreciate the dimensions and potential of the sector.

²⁶ The index was developed with Booz & Company and Deloitte, the International Air Transport Association (IATA), the International Union for Conservation of Nature (IUCN), UNWTO and WTTC.
<http://www.weforum.org/en/initiatives/gcp/TravelandTourismReport/index.htm>.

²⁷ <http://www.nationalgeographic.com/traveler/features/destinationsrated0403/destinationsrated.html>

5. Sub Saharan Africa Tourism Demand

Global Tourism: Resilient and Still Growing

Despite the recent downturn in the global economy, tourism continues to be one of the leading trade sectors. Tourism is currently the fourth export sector in the world following fuels, chemicals, and automotive products. In 2009, the total export income from inbound tourism, including transportation, was over US\$1 trillion or almost US\$3 billion per day.²⁸

The United Nations World Tourism Organization (UNWTO) estimates that tourism currently contributes 5% to global economic activity. Direct and indirect tourism employment contributes 6% to 7% of the total number of jobs worldwide. Furthermore, developing countries are now outpacing developed countries in the growth of arrivals.

The share of arrivals to developing countries including SSA has grown from 32% in 1990 to 47% in 2009. The average annual growth rate of arrivals in developing countries was 5.2% between 2000 and 2009; the growth rate for developed countries during the same period was just 1.2%.²⁹

As a result of the worldwide recession, international tourism arrivals were down by 4.2% in 2009 as arrivals dropped from 919 million to 880 million. Tourism receipts during that same period were down by 5.7%. The near future looks positive, however. UNWTO forecasts growth in international arrivals of between 5% and 6% in 2010. By 2020, international arrivals to SSA are expected to reach 1.6 billion.³⁰

Tourism in Sub Saharan Africa

Tourism growth has been good news for SSA. Between 2000 and 2008, tourism in Sub Saharan Africa had an average annual growth of 6.3%. While global international tourist arrivals declined by 4.2% between 2008 and 2009, arrivals in SSA increased by 3.4% during that period. In 2009, SSA received US\$18.9 billion international tourism receipts.

The World Travel and Tourism Council (WTTC) estimates that direct travel and tourism employment generated 3.6 million jobs in 2009 in SSA and 10.1 million in combined direct and indirect employment.

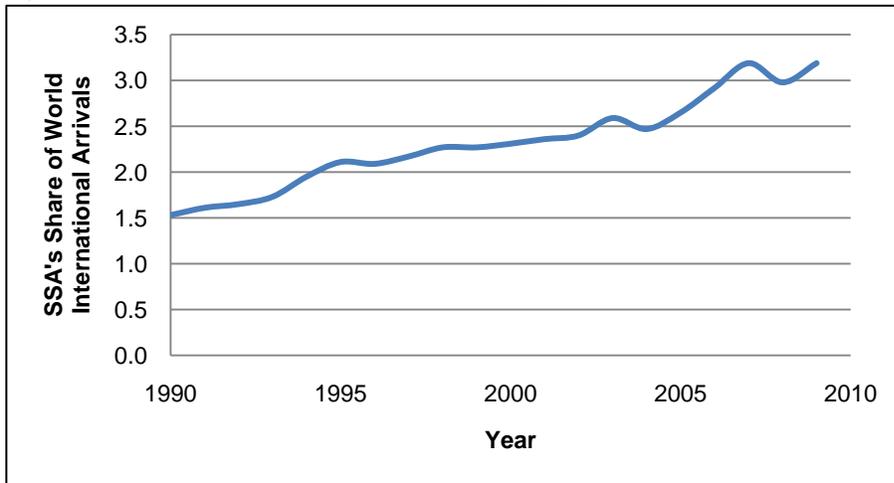
While in 2000 SSA received 2.3% of global tourist arrivals, by 2009 the region's share had increased to 3.2%. In comparison, in 2009 North Africa received 2% of all arrivals; the Caribbean 2.2%; and Central America 0.9%.

²⁸ UNWTO (2010) *UNWTO Tourism Highlights*, 2010 Edition, UNWTO, Madrid.

²⁹ Op. cit.

³⁰ Op. cit.

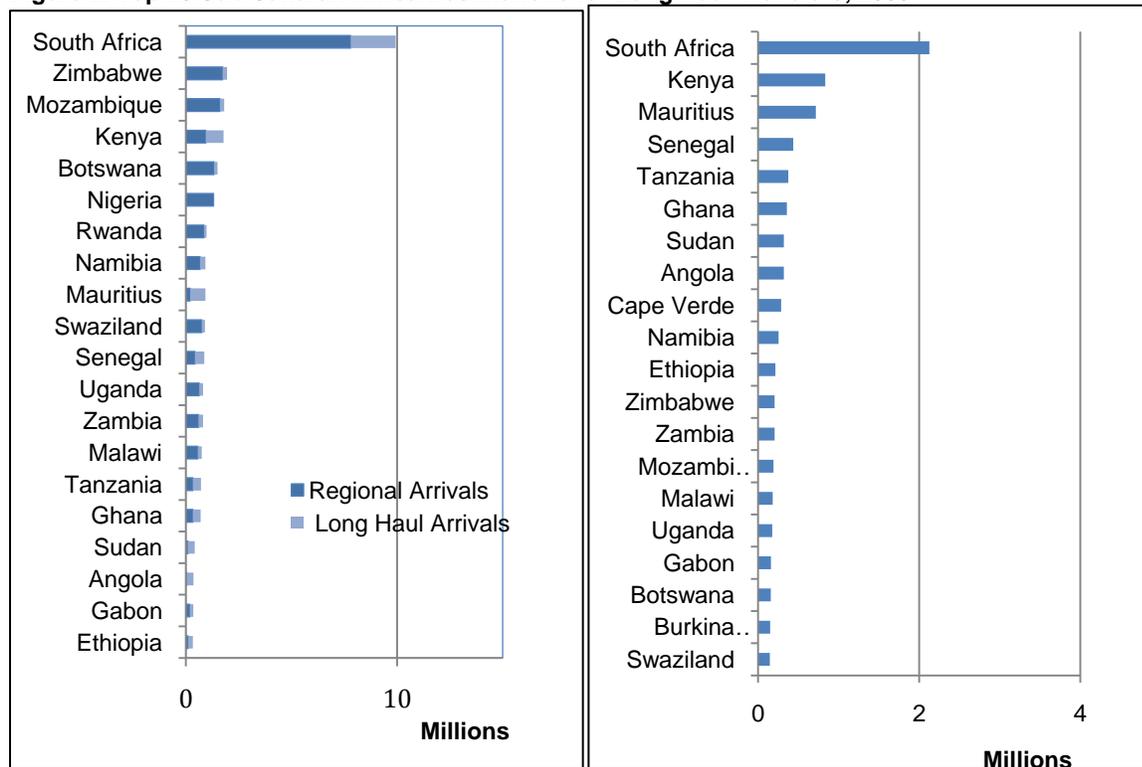
Figure 1. SSA's Share of International Arrivals (%) 1990-2009



Source: UNWTO (2010) UNWTO World Tourism Highlights, UNWTO, Madrid.

In 2009, Southern Africa received 44% and East Africa 38% of all tourists in SSA. West Africa received 14% and Central Africa just 4% of all arrivals. The top five long-haul destinations in Sub Saharan Africa are South Africa, Kenya, Mauritius, Senegal and Tanzania.

Figure 2. Top 20 Sub Saharan Africa Destinations for Long Haul Travelers, 2009



Source: The World Bank (2010) SSA Tourism Database, The World Bank, Washington D.C.

Double-digit Growth in 2009

Kenya, Angola, Swaziland and Ghana performed exceptionally well between 2008 and 2009.

- Kenya’s arrivals dropped by 32% in 2008 following civil unrest during elections in January of that year. In 2009, arrivals bounced back by 24%. This growth is partly due to the Kenya Tourist Board implementing a well thought-out crisis management plan that included reducing Kenya’s visa fees and increasing their marketing budget.
- Angola achieved a 24% increase in arrivals mainly through growth in their key business travel markets (Portugal, China and Brazil). The major driver behind growth in arrivals is the country’s strong economic growth fueled by its booming oil industry.
- Swaziland’s 20% increase in arrivals is partly due to an increase in arrivals from long-haul source markets such as the UK and Portugal, and partly from arrivals from the bordering countries of South Africa and Mozambique.
- In Ghana, arrivals increased by 15% in 2009 following a 19% increase in 2008. Ghana has a rich cultural history. The increase in tourist arrivals combined with the stable economy has attracted a number of international hotel developers. The Kempinski Group expects to open a 270-room luxury hotel in Accra by 2012 and the Mövenpick Ambassador Hotel Accra is expected to open in 2011.

Future Tourism Development in SSA

Tourism-related foreign direct investment (FDI) in SSA is growing.³¹ South African-based hotel companies are investing in Mozambique, Tanzania, and Nigeria among other countries. International hotel companies such as Hilton, Rezidor, and Kempinski have all recently opened hotels in SSA or have properties in the pipeline. In October 2010, Rezidor had 16 hotels open and 20 under development in 14 countries across Africa.

Emerging economies in SSA are experiencing an increase in business travel, which attracts internationally branded hotels. As airlift increases and accommodation facilities improve, leisure tourists are likely to follow.

Figure 3. International Arrivals and GDP per Capita

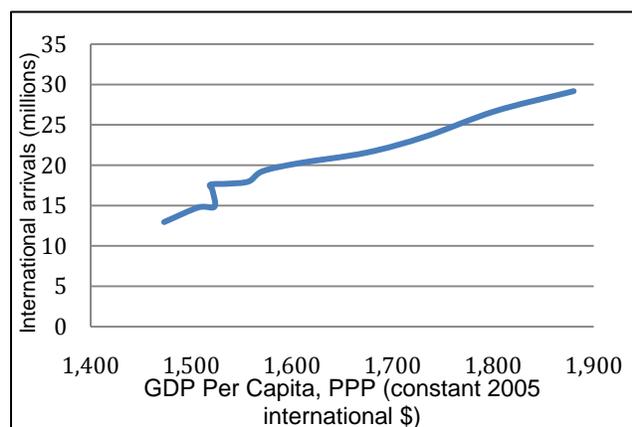


Figure 5 shows a strong correlation between GDP per capita and international arrivals in the developing countries in SSA. In 2010, GDP is expected to grow by 4.8% in SSA countries excluding South Africa, with growth of 3% in fragile countries and 4% in low-income countries.³² This bodes well for the further growth of SSA tourism.

³¹ UNCTAD (2010) Promoting Foreign Investment in Tourism, Investment Advisory Series, Series A, Number 5, Geneva.

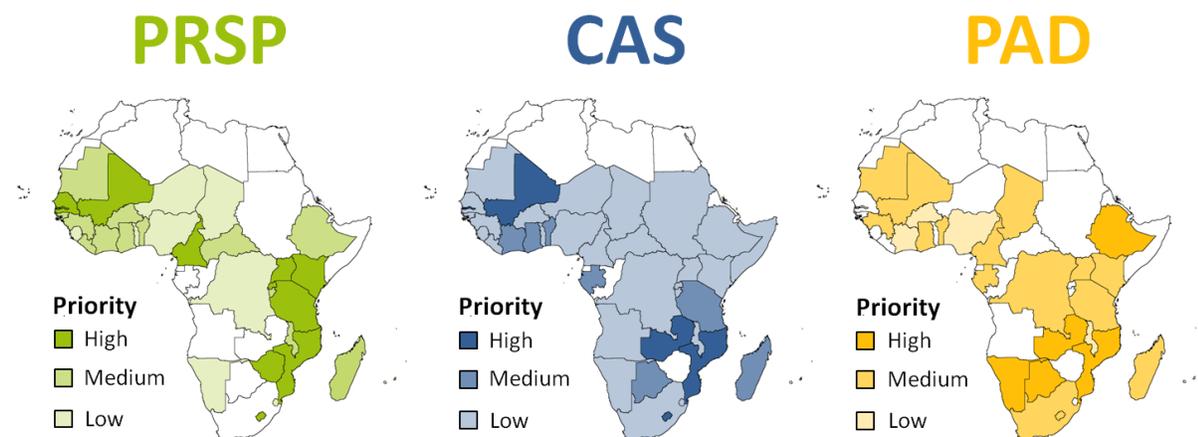
³² The World Bank (2010) *Global Economic Prospects*, Summer 2010, Washington D.C.

6. SSA Tourism PRSP, CAS, and Portfolio Review

Tourism is recognized in many national strategies in Sub Saharan Africa (SSA) as a focal sector for poverty reduction and economic growth. The importance of this sector is not always reflected in World Bank assistance strategies and in the subsequent operations, however.

Between 2005 and 2009, 43 existing Country Assistant Strategies (CASs³³) and 706 Project Appraisal Documents (PADs³⁴) were approved in The World Bank’s Africa region. Figure one shows the degree of priority given to tourism in existing Poverty Reduction Strategy Papers (PRSPs), CASs and PADs.

Figure 1. SSA Region: Priority of Tourism Development



Note: Maps reflect current PRSPs and CASs. PAD illustration is based on review of 740 PADs reflecting AFR projects from 2005 to 2009. Studies completed as part of the Africa Regional Tourism Strategy review.

The PRSP and CAS Story

A PRSP is prepared every three years by World Bank client countries. It is a comprehensive, participatory, and partnership-oriented document which sets out the country’s macroeconomic, structural, and social policies to promote growth and reduce poverty. The CAS is The World Bank’s business plan for development in each client country. The CAS lays out the selective program of support by The World Bank Group in a particular country. The CAS draws on PRSP strategies but identifies additional key areas in which The Bank Group’s assistance can have the greatest impact on poverty reduction. Consequently, not all strategies and initiatives identified in the PRSPs are referenced by the CAS or funded by World Bank projects and/or programs.

The PRSP and CAS study finds substantial discrepancies with respect to tourism development. Results from the PRSPs review indicate that 78% of countries have tourism as a “high” or “medium” development priority. On the other hand, the CAS review reveals a different picture, with only 30% of countries ranking tourism “high” or “medium.”

³⁴ The PAD summarizes The Bank’s assessments of various aspects of the operation and flags issues or areas that may be of special concern to The Bank based on information developed with the Borrower during the identification and early preparation of the proposed project.

The prioritization of tourism development in a CAS is found to be influenced by the following constraints: education; access to finance; policy rules and regulations; weak investment climate; poor natural resource management, corruption and political instability; safety and security; transportation; basic infrastructure. For example, countries in which safety, security, and political stability are core issues, the corresponding CAS do not address tourism development, regardless of any existing potential. This is the case for Burundi, the Central African Republic, Chad, Côte d’Ivoire, Guinea, Kenya, Lesotho, Liberia, Madagascar, Niger, Senegal, Sierra Leone, and Somalia.

It is important to note that The World Bank is only one of many development partners and its involvement depends on its comparative advantage. Furthermore, The World Bank has only recently reengaged significantly in tourism development. This reengagement is a client-driven priority and is expected to be reflected in futures CASs.

The Portfolio Story

Between 2005 and 2009, The World Bank was engaged in tourism development in 27 countries, nine in Southern Africa, six in East Africa, eight in West Africa, and four in Central Africa. Eleven different technical units in SSA initiated projects addressing tourism. These are shown in the table below.

Table 1. Projects that Support Tourism in SSA

Units initiating projects that support tourism	
Unit	Number of Projects
Environment	14
Transport	9
Financial and Private Sector Development, East and South	5
Financial and Private Sector Development, West and Central	3
Education	2
Energy	2
Agricultural and Rural Development	2
PREM	1
Urban and Water	1
Public Sector Reform	1
Water Resources Management	1
Total number of projects	41

Source: The World Bank (2010) Portfolio Review, The World Bank, Washington D.C.

The development goals supported by the top 20 projects are shown in Table 2 below.

The broad spectrum of technical units that are initiating projects with tourism activities and the wide range of development goals that tourism supports, is indicative of the diversity and adaptability of the sector.

Table 2. Development Goals Supported by Tourism Activities (Top 20 Projects)

Development Goals Supported by Tourism Activities (Top 20 Projects)	
Goals	Frequency in Projects
Poverty Alleviation	19
Macro-economic Growth and Diversification	15
Environmental Conservation	12
Gender Equality	9
Regional Development	7
Support for Youth	5
Rural Development	4
Heritage Conservation	4
Community Development	4
Urban Revitalization	0

Source: The World Bank (2010) Portfolio Review, The World Bank, Washington D.C.

The three most frequently used tools for tourism projects are: (i) analytical work; (ii) institutional capacity building; and (iii) grants. The analytical activities include economic and sector work, value chain analysis, and examination of trade activities. Projects include tourism master plans and tourism strategies that set the parameters of public investment and regulation of private sector activities. Institutional capacity building is also an important area of activity. This occurs in the public sector most often in conjunction with ministries and project implementing agencies, but also with local tourism boards, private sector associations, and cultural heritage bureaus. Projects also disseminate information on tourism's role to other agencies such as roads and water departments. The projects support dialogue and partnership with professional and business organizations and activities such as policy analysis and advocacy. Matching grant programs are planned by projects to facilitate small business development (in MSME projects) and alternative livelihoods development (in sustainable resource management projects).

This review has provided a snapshot of what The World Bank has been doing to support tourism development and its alignment with national strategies in SSA. The findings from this review are anticipated to facilitate future dialogue and negotiations among tourism stakeholders to increase support for tourism development in the region.

7. SSA Tourism Destination Analysis and Grouping

Destination Lifecycle

Tourism destinations follow a lifecycle: initial exploration by tourists, development, institutionalization, and finally stagnation and decline, unless a successful rejuvenation strategy is implemented.³⁵

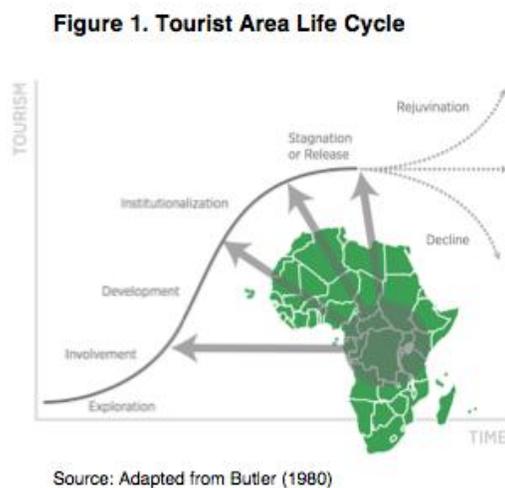
Different types of interventions are needed for different stages of development. While mature destinations may need assistance in marketing and professional development, emerging destinations may need help in institutional strengthening; fragile states may need assistance in crisis response. Sub Saharan Africa is made up of 47 countries at different stages in the development of their tourism sectors. In order to assess the stage of tourism development of each country, an SSA tourism destination typology was created.³⁶

SSA Tourism Destination Typology

Research and analysis of SSA tourism destinations conducted for the SSA Flagship Competitiveness Report³⁷ established that the key factors affecting tourism destination success in SSA are: governance, the priority governments give to tourism, the competitiveness of tourism products, and the amount tourists spend in the destination. Seven indicators were used to assess these areas:

- *Doing Business* rank for SSA in 2010 (The World Bank³⁸)
- *Tourism Competitiveness Index* for tourism regulation, infrastructure, and tourism resources (World Economic Forum³⁹) (3 indicators)
- Tourist receipts per long-haul arrivals (UNWTO data⁴⁰)
- International arrivals per head of population (AFTFP Tourism Database)
- Forecasted growth in tourist arrivals 2010 to 2020 (WTTC data⁴¹)

Each of these indicators was applied to each Sub Saharan African country. Where one or more indicator results were not available for a particular country, the country's average score across all the available



³⁵ Butler, R. W. (1980) "The Concept of the Tourist Area Cycle of Evolution: Implications for the Management of Resources," *The Canadian Geographer*, Vol. 24(1), pp. 5-12.

³⁶ Twining-Ward, L. (2009) *Sub Saharan Tourism Industry Research Phase I*, Unpublished Document for AFTFP, The World Bank, Washington, D.C.

³⁷ Ibid

⁴ World Bank and IMF (2009) *Doing Business 2010*, World Bank, Washington, D.C.

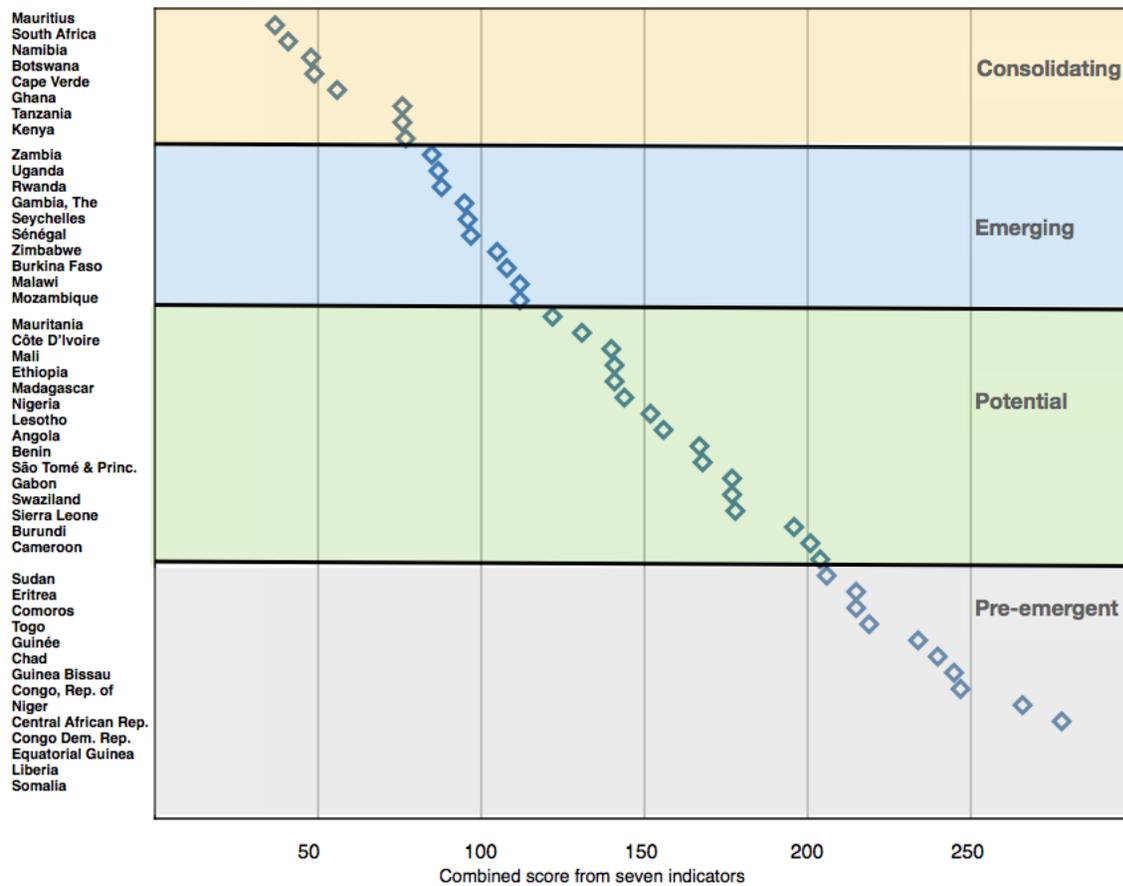
³⁹ World Economic Forum (WEF) (2009) *Travel and Tourism Competitiveness Report 2009: Managing in a Time of Turbulence*, WEF, Geneva.

⁴⁰ UNWTO (2010) E-UNWTO www.e-unwto.org.

⁴¹ WTTC (2010) *Travel and Tourism Economic Impact (Country Specific)*, WTTC, Oxford. www.wttc.org

indicator results was used. Analysis of the countries' cumulative scores using these indicators revealed four distinct groups of tourism destinations: pre-emergent, potential, emerging, and consolidating.

Figure 2. Relative Scores of Each SSA Destination



- **Pre-emergent countries** (score of over 202 points) have governance or security challenges, have shown low interest in tourism, and have low short-to-medium-term tourism growth prospects. This group also includes three countries with little or no tourism data: Somalia, Liberia, and Equatorial Guinea.
- **Potential countries** (score of 116 to 201 points) are working on governance issues, have shown some interest in tourism, have some basic infrastructure for tourism, but still face difficulties with tourism regulation, resources, and institutions.
- **Emerging countries** (score of 81 to 115) have much improved governance indicators, are prioritizing tourism, and are performing reasonably well in terms of quality and competitiveness.
- **Consolidating countries** (score of 0 to 80 points) have relatively mature tourism sectors, are committed to tourism, and are in the top ten countries for economic and tourism performance.

Destination grouping is not an exact science. Tourism is dynamic. Situations change. Some countries have more reliable data collection systems than others. Consequently, these groupings are designed as a guide to the current and future prospects of tourism in a country rather than a concrete or comprehensive assessment.

Decisions on what interventions take place and where will need to be based on all the available information, including client country demand and projects already underway. Nevertheless, this typology represents an important first attempt toward the categorization of tourism differences across the region. The typology will be developed and improved over time as one of the tools of the Africa Tourism Strategy.

C. Tourism Sectors

8. The Tour Operations Sector: SSA Connectors

Tour operators are the “connectors” of the travel business; they link potential travellers with SSA tourism destination options. In 2008, an estimated 70% of long-haul leisure tourists to SSA arranged their trip using a tour operator. Tour operators’ ability to attract and deliver European and North American tourists to SSA ground operators and hoteliers makes them a key component of SSA tourism success.⁴²

The 2010 AFTFP World Bank tourism operator study sheds light on the sector. The study suggests that there are 2,500 to 3,000 ground operators in SSA who handle 4.4 million tourists annually. If each tourist spends just US\$1,500 during their stay (many spend more than US\$6,000) the result is US\$6.6 billion in tourist expenditures, 35,000 to 45,000 employees, and a multitude of forward and backward linkages. In short, this is a sector that needs to be taken seriously.



International tour operators are an excellent source of free destination marketing. Once a new destination is selected for inclusion in an operator’s itinerary, it will be placed on a website, appear in Google searches, and be featured in travel magazines. As the number of tours increases, jobs are created. New bus drivers, guides, chefs, and cleaners are needed. New mechanics, gas pump attendants, accountants, and managers are hired. Hotel occupancy increases, handicraft sales rise, new stores are built.

Tour operators can help launch new and remote destinations. For example, Undiscovered Destinations, a tour operator based in the UK, specializes in organizing trips to hard-to-get-to places for very well-travelled people. Their list of destinations in Africa includes Angola, Comoros, Congo DR, Gabon, Eritrea, Sudan, and São Tomé and Príncipe. By sending tourists to these places, the company provides a direct stream of revenue to local businesses and helps increase awareness of these places in the travel industry.

Tour operators also pave the way for independent tourists and investors. Namibia and South Africa used to be places for organized safaris. Now an increasing number of independent tourists visit, rent cars, book their own accommodation, travel around the country, and spend money. By including a destination in a tour itinerary, operators raise the profile of a country and suggest that it is safe, interesting, and worth investing in.

⁴² Twining-Ward, L. (2010) *Sub Saharan Africa Tourism Industry Research Tour Operator Study*, Unpublished study for AFTFP, The World Bank, Washington, D.C.

A Typology of Tour Operators

The World Bank tour operator study identified three main types of tour operator: tour wholesalers, small group operators, and custom tour operators.

Table 1. Types of International Tour Operator

Type of operator ⁴³	Operator description	Product types	Product description	Client description
Tour wholesaler	Large-scale operator that develops standardized products for a mass market. Often vertically integrated	❖ Charter	❖ All-inclusive beach and safari packages	Low-end mass market and lower middle market, 25 to 40 years old
Small group tour operator	Small to medium-size enterprises providing escorted group vacations	❖ Adventure ❖ Incentive ❖ Diaspora	❖ Overland truck adventures ❖ Guided treks and mountaineering ❖ Bike, kayak, game-fishing, and horseback expeditions ❖ Voluntourism ❖ Diaspora cultural heritage trips	Mid-career professionals, Diaspora social clubs, mature student groups, families, 36 to 50 years old
Custom tour operator	Small to medium-size enterprises providing customized vacations for independent travelers	❖ Custom Leisure ❖ Custom Business	❖ Tailor-made safari vacations ❖ Beach-safari combo vacations ❖ Business travel arrangements	Well-traveled professionals, families, early retirees, middle-to-high-income individuals 40 to 65 years old

Source: World Bank Tour Operator Sector Study 2010

The study conducted an online survey of tour operators in Europe and North America to improve understanding of the sector, to learn more about how it is organized, and to examine the constraints it faces. More than half the operators that responded said wildlife and safari tours were the most frequently sold.

Table 2. Type of Tour Products Most Frequently Sold

Answer options	Responses in percent
Wildlife/safari tours	54%
Nature/adventure tours	30%
Cultural heritage tours	7%
Community and village tours	6%
Bird-watching tours	3%

Note: 54 responses received

Source: Online Tour Operator Survey, 2010

Tours to SSA tend to be longer than to other parts of the world. Seventy-one percent of respondents indicated that the average tour length was two weeks, 10% said their tours were one-week, 7% said 10 days, and 7% said “other,” including stays of up to nine weeks.

⁴³ The tour operations sector is complex and some operators do not fit into any of these three categories. Others will fit into more than one category. This is a simplified mapping process for the purposes of explanation only.

Types of Tours

Adventure Tours. Group adventure tours are active holidays with fixed departure dates. They include luxury safaris, overland truck expeditions, horseback tours, desert expeditions, mild hiking, and serious mountaineering. Sub Saharan Africa is an ideal location for many adventure sports due to the varied terrain and the remoteness of many locations. Typical clients are “DINKS” (dual income–no kids) or “SINKS” (single income–not “konnected”). A recent report by TUI Travel PLC Adventure Brands estimates that the UK outbound adventure market is about 200,000 passengers a year. It is growing at 10% per year. The report predicts a 70% increase in participation in adventure travel over the next three years.⁴⁴

Cruise Tours. Cruise visitors are not, strictly speaking, tourists, as they generally spend less than 24 hours in the destination port-of-call. Nevertheless, for destinations, cruise ships offer the opportunity to attract large numbers of visitors without the significant infrastructure requirements of overnight tourists. Cruise tourism is often heralded as a “taster” of the destination which may lead the visitors to return for a longer visit. For ground operators, cruise ship visitors offer a short business bonanza, which can significantly help cash flow and boost off-season business. SSA cruise ship tourism has suffered significantly due to Somali piracy on the East coast. In West Africa, however, cruise ship tourism gives countries with deep-water ports the opportunity to increase their international profile and build ground operator business skills in preparation for long-stay tourists.

Diaspora Tours. Diaspora travel to SSA often involves city tours, sightseeing, arts and crafts, and visits to slave trade memorials. Travel is mostly by tour bus. The purpose is to learn about cultural heritage of the destination. Although there is considerable independent Diaspora travel from France and the UK, the Diaspora tour market is predominantly middle-income African American adults from 30 to 70 years old. According to a Diaspora operator in the US, clients are interested in learning about the cultural heritage, cuisine, music, and way of life in the countries they visit. The main Diaspora destinations are former staging points for the slave trade in countries that have tourism infrastructure: Sénégal, The Gambia, Ghana, and Benin.

Voluntourism. An emerging niche in this sector is “voluntourism.” Voluntourism is the practice of individuals going on a nonpaid working holiday for the purpose of volunteering for worthy causes.⁴⁵ It is a combination of travel and service that actively engages the traveler with the culture and community that they are exploring. Sometimes the travel will be undertaken as a means to raise money for charity; sometimes it will be more of a personal growth adventure. Tomazos and Butler (2009) report a seven-fold increase in voluntourism organizations worldwide, and suggest there are currently 146 organizations sending thousands of volunteers overseas every year.⁴⁶

Incentive Travel. Incentive travel is travel offered to employees and their spouses as a reward for exceeding company performance targets. It tends to involve large groups of 100 or more people which receive special airline and hotel discounts. Incentive groups typically require high quality accommodation and meeting facilities. It is therefore a fertile ground for product expansion and diversification. The economic spin-offs

⁴⁴ TUI Travel PLC (2009) *Passport to Adventure: Industry Trend Report 2010*. The Adventure Company, Headwater, Imaginative Traveler, Quark Expeditions, Gecko’s Grassroots Adventures, Peregrine and Exodus, London.

⁴⁵ Cheung, S., Michel, M., Miller, D. (2010) *Voluntourism: Give a little Gain a Lot*, Planetarra, Gap Adventures and The International Ecotourism Society, Georgia College Research Analyst Program.

⁴⁶ Tomazos, K. and Butler, R. (2009) Volunteer Tourism: the New Ecotourism? *Anatolia: An International Journal of Tourism and Hospitality Research*, 20(1), 196-211.

for the destinations can be substantial. Currently, there are just a few countries that can meet the needs of incentive groups: Kenya, Sénégal, and South Africa are popular incentive destinations. Operators interviewed noted that the sector is highly sensitive to economic downturns and is not expected to expand rapidly in the next few years.⁴⁷

Challenges of Tour Operations in SSA

Reports from the tour operators interviewed suggest that selling tours to SSA is a hard business to be in. Out of the 36 tour operators interviewed, 11 admitted that their business was losing money. In the online survey, 82% of operators agreed that tours to SSA and hotels in SSA were much more expensive than tours to Asia. 53% of operators thought flights were more expensive to SSA than to Asia. Only 19% thought the cost of labor was higher in SSA.

Other hurdles for tourism in SSA are limited airline connections, security concerns, inadequate roads, immigration difficulties, health and food safety issues, low service standards, and high prices. There are all major concerns for tour operators sending groups to SSA.

Creating the conditions for tour operator success through targeted interventions and working with the tour operators as partners in marketing, promoting, and positioning SSA destinations will help increase demand for travel to Africa and increase the job creation benefits of tourism.

⁴⁷ Twining-Ward, L. (2010) *Sub Saharan Africa Tourism Industry Research Tour Operator Study*, Unpublished study for AFTFP, The World Bank, Washington, D.C.

9. Technology and Tourism Distribution Systems

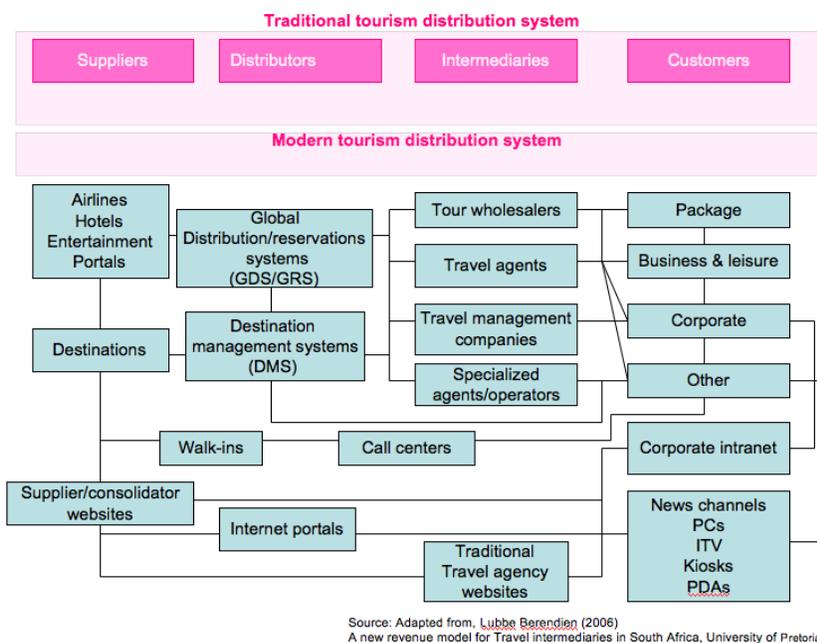
Tour operators are often regarded as the principal travel and tourism intermediaries. In fact, tourism distribution systems are far more complex than this, often involving multiple intermediaries connected via high technology systems. The tourism industry has embraced information technology and the internet. Travel transactions are increasingly complicated and dependent on the international digital tourism distribution system.

Travel consumers now have many options available to them including booking their travel directly through suppliers' websites, using a call center, and using the packaging services of a global distribution system (GDS). Travel payments may be made individually using a credit card, debited from bank accounts using PayPal, or made through a speedy payment system that combines multiple elements of the trip.

The Evolving System

The increasing role of technology in tourism contributes to the contrast between traditional and modern tourism distribution systems. Figure 1 shows a traditional model at the top. The bottom diagram shows what a modern distribution system looks like. The evolution of the system shows how institutions have expanded with technology.

Figure 1. A Comparison of Traditional and Modern Tourism Distribution Systems



Key elements of a modern travel distribution system

Central Reservation Systems (CRS): Comprehensive reservation systems that are unique to a service category and a specific brand (i.e., Starwood, Marriott or Air France).

Global Distribution Systems (GDS): Global distribution systems integrate information from providers of the full array of travel and tourism services; GDS customers are travel agencies and other intermediaries. The four big GDSs are: Galileo, Amadeus, Sabre, and Worldspan. Each is a spin-off of a major airline group. There have been suggestions of anti-trust practices in these services as the cost of entry is high and effectively prevents smaller operators from participating.

Destination Management Companies (DMCs): These are companies in tourism destinations with expert local knowledge. They help organize complex activities (such as conferences) in the local market for a fee.

Travel Portals: These are online consolidators of travel services (linked to and sometimes owned by GDSs) with a user-friendly interface and direct contact to the end consumer (the traveler). Familiar names are Expedia, Kayak, Travelocity, Orbitz. These portals allow travellers to which make airline, hotel, and car rental reservations. Some specialized portals occupy special niches such as consolidating suppliers' unused capacity (consolidators or bucket shops) or last minute deals.

Travel agencies: Travel agencies have been squeezed by multiple changes over the years, the last being the withdrawal of airline commissions. Travel agencies now have to make the cost of their services explicit.

Tour operators: Tour operators' activities are elaborated in a separate annex to this report.

Making the Consumer King

While the tour operator, and to a certain extent the travel agent, remain the major intermediaries, more and more travelers now make their own arrangements.

In this environment, the problem for the supplier and the destination is to have their message seen and heard. This is no easy task considering the mass of information available at a potential customer's fingertips. *The Economist* referred to the notion that "the consumer is king" (*The Economist*, March 31, 2005). It may now be true; no longer can an advertiser simply rely on hammering the same message on T.V. over and over again. While consumers still like good advertisements for their artistic or entertainment value, they try also to avoid the relentless barrage of advertisements. Greater consumer access to technology is splintering traditional advertisers' audiences. Advertisers must seek ways to reach their audiences, often by indirect ways and association of ideas.

Harness Technology in SSA Tourism

Tourism is an information-sensitive industry. E-commerce provides a low-cost method to directly access millions of potential travelers worldwide. The digital marketplace has the ability to level the playing field and redefine the way companies do business. In order to harness the potential of this new tool, education, media marketing, and online transaction capability is needed.⁴⁸ Investment in these areas through public-private-sector partnerships, would be an effective means of increasing the professionalism and competitiveness of tour operations in the region.

⁴⁸ Researchers from the University of Loughborough in the UK conducted a comparison of African and European tourism websites. They examined hotel, car rental, and tour operator websites in South Africa, Kenya, Zimbabwe, and Uganda and concluded that although African organizations are embracing e-commerce and some of the websites are comparable with European sites, the majority had room for improvement. They found that most SSA operators were still in the initial stages of adopting and using e-commerce. Particular note was made of the need for more interactive capability and facilities for online payment. Less than a third of SSA operator websites provided opportunities for online reservations and only 11% offered online payment. Further, electronic customer relationship management (eCRM), a crucial part of e-commerce for retaining customer information, was not adequately addressed (Maswera et al., 2008)

An expert on e-commerce explained during the Africa Tour Operator Survey: “If the internet and e-commerce is going to work for Africa they need to understand it. It does not work the same way as things worked in the old days. It is not about turning static brochures and static tour itineraries into websites. It’s about understanding dynamic pricing, personalized service, and being flexible. To take advantage of the new market access, operators need a website to drive people to the product and a relationship with an online booking operator.”

10. SSA Hospitality Sector: Investor Research

Accommodation in SSA is dominated by unbranded guesthouses and lodges. Just 10% (35,200) of the total rooms are regarded as “international standard” hotels. South Africa has about half the region’s stock of international-standard accommodation. Other destinations with established hotel development markets are Mauritius, Kenya, and Seychelles. Mauritius has 102 hotels of over 80 rooms. Maturing hospitality markets, according to research conducted by Ernst and Young, are Nigeria, Senegal, Tanzania, and Zambia.⁴⁹ Prior to the 1990s, many of the large internationally branded hotels in SSA were government-owned and managed by third-party operators. Nonetheless, development in Africa is anticipated to pick up as hotel companies and developers shift their focus from Asia and the Middle East to Africa as the next “hot” hotel market.

As a result of increasing inter-regional and intra-regional travel and little significant new hotel supply, there is currently a shortage of hotel rooms in many markets. This has resulted in artificially high rates in several SSA markets such as Luanda, Angola, where rooms can be priced at upwards of US\$400 per night for a basic hotel room with limited amenities.

Characterization of the Hospitality Sector

The hospitality sector of SSA is most often classified geographically. Each region presents different hotel development opportunities.

Geographic characterization. Primary research conducted in 2010 noted these characteristics⁵⁰:

- **Western Africa:** Countries in this region have significant under-tapped potential for business and corporate hospitality
- **Eastern Africa:** Countries in East Africa benefit from significant leisure demand due to the mix of safari and beach tourism offerings and good airline options.
- **Central Africa:** Countries in Central Africa have less potential for tourism due to the lack of beaches and the high degree of regional conflict.
- **Southern Africa:** Countries of Southern Africa are the best connected and have the widest mix of hospitality options.

The Development Opportunity

Most hotel investors are interested in Asia, particularly in China and India. But SSA’s attractiveness is increasing.⁵¹ SSA has positive economic and demographic fundamentals: such as increasing population and rapidly expanding economies. In SSA, mid-market, branded, full-service hotels are seen as the sector with most potential. This contrasts with Asia, where there is already a critical mass of full-service hotels and markets are focused on limited-service hotels.

The SSA region is however a highest risk area economically, politically, and socially. Weak airlift and the lack of proactive government policy toward development, are serious drawbacks for investors.

⁴⁹ Ernst and Young, (2010) *Sub Saharan Africa Hospitality Sector Overview*, Unpublished Study, The World Bank, Washington, D.C.

⁵⁰ Op. cit.

⁵¹ Op. cit.

Identifying Strategic Partners

Relative to other regions, SSA presents a difficult environment in terms of the availability of financing. It is also difficult for international players to develop or invest in hospitality developments. In general, it is easier to obtain financing in North Africa, Asia, and established markets than in SSA. Equity contributions in SSA and Middle East/North Africa are typically 40% to 50% of total costs, compared to 30% to 50% in Asia and 20% to 30% in mature markets.

Though SSA presents significant potential for economic return, local investors remain relatively unfamiliar with real estate as an investment. This is because real estate markets in the region are still in their infancy. This lack of experience makes investor wary.

Brands or management companies in other regions (particularly Asia) have adopted a model of partnering with a few key local developers and consultants to expand their presence in key markets via master franchise agreements. This approach is not as fully developed in SSA.

Though land acquisition prices can be somewhat lower in SSA than in other parts of the world, the overall development process in SSA is more challenging and more costly.

Table 1. Median per-room hotel development costs, including land (in thousand US\$)

Service Type	Sub Saharan Africa	Middle East	China and India	United States
Limited Service	110	115	65	80
Full-Service	210	200	150	155
Luxury	475	575	350	525

Source: SSA Hospitality Sector Overview, World Bank

Low labor costs and high profitability are the main appeal of operating hotels in SSA. Lack of skilled labor, low productivity, poor infrastructure, high non-labor operating costs, and the difficulty of securing leases or land titles are the key constraints.

Gross operating profit (GOP) margins in SSA and Middle East/North Africa are typically 50% to 60% of total full-service hotel revenues, compared to 40% to 60% in Asia and 25% to 35% in mature markets. According to respondents, net operating income margins are typically 10% to 15% less than GOP margins for SSA hotels.

11. Air Transport Sector in SSA⁵²

Sub-Saharan Africa aviation has suffered over the years from inadequate infrastructure and a lack of indigenous demand. Traditional SSA traffic flows have hardened around a set of costly air service offerings governed by powerful foreign airlines, restrictive air service agreements, and diseconomies of scale that discourage smaller local airlines from initiating new routes.

The benefits of a strong aviation industry are well known. A strong aviation industry helps to cultivate service management capability, improve aerospace maintenance and engineering, enable trade, and enhance national recognition. The success of Singapore Airlines or Emirates, all in the space of one generation, shows these goals are not unreachable. Pursuing a strong aviation industry, through policy initiatives and investment dollars is a worthwhile effort.

Drivers for Demand in Air Travel

The principal driver of air traffic demand is economic growth. As national incomes rise, so does demand for air travel. SSA is currently underserved by the aviation sector. Fifteen percent of the world's population is catered to by only 4% of scheduled air service seats. In comparison, North American and European travelers have access to around 55% of global seat capacity.

Growth for air transport in Africa is expected to come from demand for intra-African connectivity, as the region's economies become more intertwined. The intra-African aviation market is forecasted to grow at 10% in the short-term and over 8.5% in the medium term. Strong traffic growth is also anticipated on Africa to Middle East routes (over 6.5%) and on Africa to North America routes (around 6%). "Mature" routes to Europe will see the least increase.

Air Travel Supply in SSA

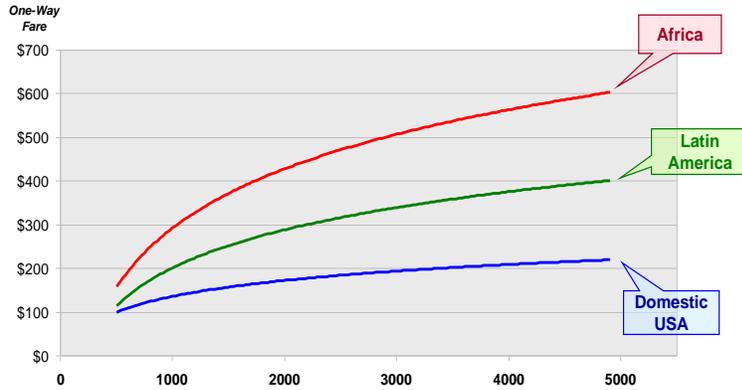
African aviation has seen impressive growth over the last decade. Between 1998 and 2009, the compound annual growth rate for Africa was 6.5%. In 2009, 136 million passengers passed through the top African airports.

Stronger passenger growth, combined with weak growth in air transport supply, has resulted in a sharp increase in average fares. Foreign airlines into Africa and african airlines have been able to significantly raise airfares. African fares are now more than double those in the U.S. for shorter flights (Figure 2).

The presence of four major "hub" cities in the peripheral areas of the continent has ensured that no airline has developed the hub-and-spoke system characteristic of many large countries and continents. Supply has developed primarily along a grid network where major airlines provide connections to surrounding cities from their hubs, supplemented by some intra-hub connectivity.

Figure 2. One-Way Average Fares vs. Other Key Regions

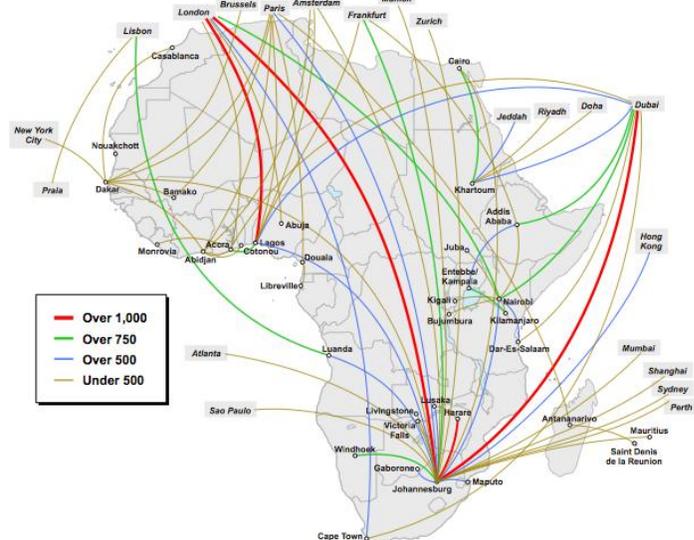
⁵² This annex is developed based on 2010 research conducted by SH&E for the *World Bank's Africa Competitiveness Report* (in progress)



Note: Fare data for Africa includes intra-Africa and Africa–Middle East routes
 Source: Africa (MIDT 2009); USA (US DOT O&D Survey, 2009), SH&E Analysis

There is very limited capacity between regions and within Central Africa (Figure 3). Less than 15% of total intra-African seat capacity is devoted to flights that connect African regions. Central Africa stands out in particular as poorly served. This large region, which encompasses countries such as Angola, Cameroon, Congo (DRC), and Gabon, accounts for only 5% of total intra-African capacity. In addition, air service within these regions, particularly in West Africa, is characterized by infrequent service and multi-stop itineraries.

Figure 3. Distribution of Nonstop Daily Seats within Africa, by Region, August, 2010



Source: OAG August 2010

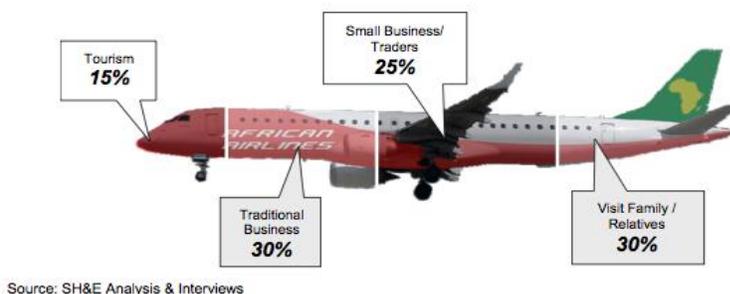
The most frequently served African routes connect the Continent with other regions, typically through Johannesburg. Of the top 75 routes in SSA, a third go through Johannesburg. Only four routes see over 1,000 seats per day. This translates to roughly three flights a day using Boeing 777/Airbus 330 type aircraft. This is in striking contrast to Asia, where more than 300 intra-Asian routes fill more than 1,000 seats per day.

A large portion of African airlines are national carriers that are either fully or partially government-owned. While government ownership is not in itself a competitive disadvantage, it has led to network inefficiencies as state interests oblige airlines to serve routes that might not be commercially viable.

While growth in Africa's airline service and capacity has historically been slower than in other developing markets, the outlook for future growth appears quite strong. Based on current order books, which serve as a good proxy for long-term capacity growth, African airline capacity could double over the next 20 years.

On average, domestic flights in Africa tend to have a mix of business travellers and leisure passengers. Regional flights are generally filled by business travellers, including a significant number of traders involved in small and medium enterprises.

Figure 4. Typical Mix of Passengers on African Carriers



Challenges and Opportunities

Given the limited size of African markets, new carriers need to be domiciled in multiple markets to ensure sustained operations and growth. To achieve this, airlines need to develop bilateral agreements with each market.

Safety is a key issue in ensuring a successful and sustainable airline operation. The airline industry is unique in the challenge presented by high fixed and start-up costs and the need for economies of scale. African airlines have historically struggled with their small scale. This has resulted in few large carriers, most of which are weak financially. Africa has significantly fewer airports, and fewer airports with paved runways, than anywhere else in the world. Although many bush and charter operations can function at airports with unpaved runways, adequately graded and paved runways are required for commercial operations on a larger scale. The lack of navigation services in the continent compounds the safety problems by leaving operators with less air-route infrastructure than airlines are accustomed to in other regions of the world.

SSA tourism is currently constrained by the state of its air transport.

D. Tourism Economic Benefits

12. The Economic Case for Tourism in Malawi

Background

Malawi sits amidst a vibrant travel and tourism region that is increasing its world market share. Although landlocked, Lake Malawi provides significant tourism opportunities. Arrivals to Malawi increased dramatically in 2006; the UK and US markets almost doubled. In 2007, the increase continued but at a slower rate. Because it is a former British protectorate, the UK is the main source market. The US is the second largest source market. Zimbabwe was the main short-haul market in 2007, followed by Mozambique. The average length of stay in 2007 was 11 days. Visitors include a mix of upscale travelers interested in nature and wildlife. It also includes backpackers. While tourism represents only a very small percentage of overall GDP, the sector is recognized as a major foreign exchange earner. Over the next ten years, WTTC expects demand for travel and tourism to grow at 6.5% per year. Near countries with thriving travel and tourism sectors, Malawi has relatively under-developed natural, cultural, and man-made attractions. Further, it needs to embrace effective policies to enable public and private sector collaboration.

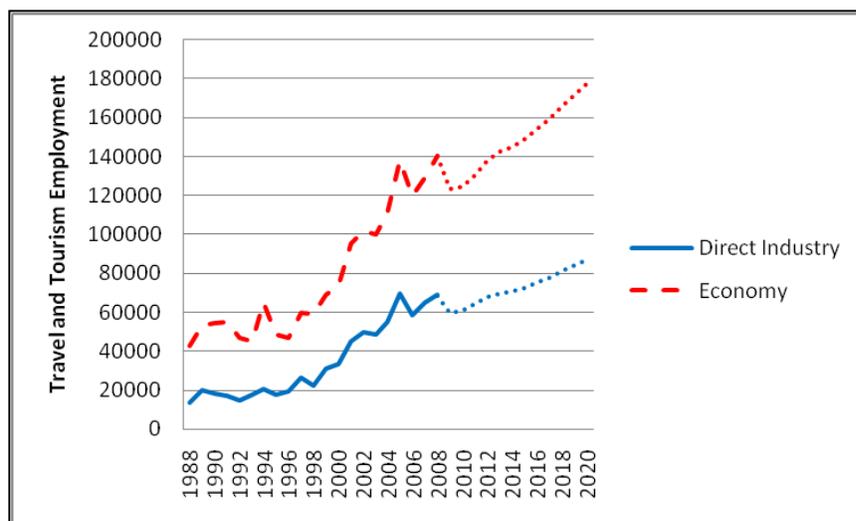
Tourism and Economic Development in Malawi

Malawi's travel and tourism sector has grown twice as fast as its economy since 1996. Using the World Travel and Tourism Council's (WTTC) broader economic measures, the travel and tourism sector contributed US\$184.8 million (5.8%) of Malawi's GDP in 2008. Direct and indirect activities cascade to support multiple sectors, notably transport, infrastructure, and agriculture. An additional benefit of the travel and tourism sector is that it plays a key role in conserving and improving Malawi's natural assets, many of which are degraded or facing the threat of degradation. The travel and tourism sector has a vital role to play in maintaining and promoting the country's rich cultural heritage sites and events.

Scenery, culture, and lakes are what Malawi has to offer tourists. Lake Malawi serves as the base for most tourism activity and for most accommodation in the country. Tourists combine wildlife watching with more sporty activities such as canoeing and horseback riding. Existing niche markets include scuba diving, biking, and bird watching. Ecotourism is currently the main product and is expected to grow in the future. Malawi's central location within Africa also provides opportunities for travelers to combine a trip to Malawi with a trip to Zambia, Zimbabwe, Mozambique, or Tanzania. Malawi is advertised as the "Warm Heart of Africa" and its people are known as some of the friendliest in the region. Operators in Malawi suggest that the country is currently operating at about 50% of its tourism potential and note opportunities for tours combining neighboring countries.

Based on WTTC's economic modelling, in 2008, travel and tourism provided 140,000 direct and indirect jobs across the economy (4.5% of employment). Of these, direct tourism industry employment was 68,000 jobs, equal to 2.2% of total employment (WTTC). Many of these jobs are in remote areas and often provide people with their first formal employment. The impact of tourism wages is further multiplied across the economy, supporting others through subsequent rounds of spending. For example, operators out of the main cities mostly had their own initiatives for promoting local suppliers, particularly for perishable foodstuffs.

Figure 1. Trends and Projections, Travel and Tourism Employment, 1988 to 2020



Source: World Travel and Tourism Council

For fiscal year 2010 to 2011, the Ministry of Tourism, Wildlife and Culture (MTWC) has a revenue target of MK65.28 million (US \$430,000). More significantly, travel and tourism operators generate tax revenue through direct and indirect taxes. Value-chain analysis found that an international visitor paying an average US\$2,327.00 for a two-week safari-lakeshore package yields direct and indirect tax/charges of US \$684.41 for the government (30.5% of the price). This excludes tax revenue from discretionary visitor spending and international flights.

Another important dimension of travel and tourism's economic role is export earnings through spending by foreign visitors (Mitchell et al, 2009). According to the WTTC, in 2008, travel and tourism generated US \$39.5 million in visitor spending, equivalent to 63.4% of Malawi's service exports. This includes spending from the balance of payments accounts while travelling, as well as on transport services. WTTC estimates these will account for 3.5% of Malawi's total exports for 2010.

Nevertheless, Malawi's tourism sector compares poorly to the rest of the region and the rest of the world. International visitors are predicted to generate 6.6% of total exports for the SSA region this year while for the world economy travel and tourism export earnings are estimated to be 6.1% of total exports.⁵³ In Malawi, travel and tourism only generates 3.3% of total exports. This suggests there is potential to increase Malawi's share of exports through increasing the number of international visitors and increasing the amount they spend. Adopting strategies that increase international visitors and foreign exchange receipts would have clear benefits for the economy.

Challenges

Malawi's tourism industry is growing slowly but faces a number of constraints:

- Insufficient supply of well-trained staff

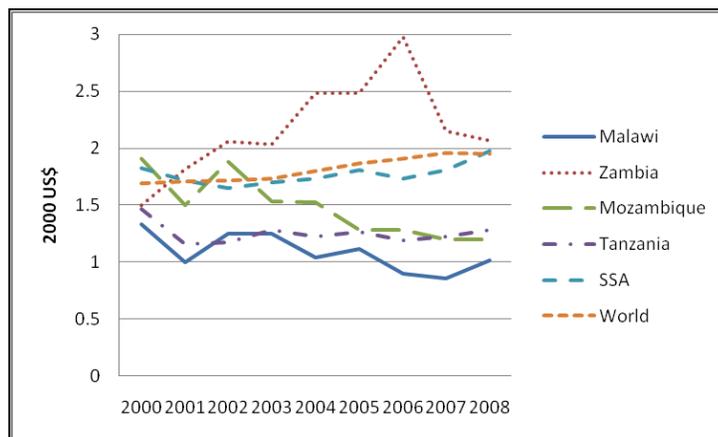
⁵³ WTTC Economic Research Database www.wttc.org

- Weak institutional arrangements and inconsistent dialogue on key policy changes and implementation
- Under-developed destination positioning and limited destination marketing
- Insufficient attention to cultural sites and events and weak product innovation
- Risk of community-investor conflicts
- High cost of air transport and poor air access; below standard local and international access roads
- Poor quality utility supply and high operating costs
- Insufficient zoning of land for tourism
- Poor data collection and analysis

Despite significant growth during the last decade, the travel and tourism sector in Malawi is struggling to become a national development priority. There is some uncertainty about the specific merits of supporting the sector as a source of economic growth and tool for poverty reduction. The uncertainty is aggravated by competitors from neighboring well-established destinations such as Kenya, South Africa, and Tanzania. To promote a level of competitiveness in the sector and to assure sustainability, there is a need for better understanding of the economic potential of Malawi’s travel and tourism sector and a need for greater collaboration across ministries.

Untapped potential in the “Warm Heart of Africa”

Figure 2. Comparison of T&T Multiplier Rates, Selected Countries



Source: World Travel and Tourism Council

Figure 2 shows the multiplier effect of travel and tourism on Malawi’s economy.

- In Malawi, US\$1 spending in the tourism sector led to an average US\$1.08 increase in economic activity in the wider economy.
- In Zambia, US\$1 of spending resulted in a US \$2.17 increase in economic activity in the wider economy.
- In the whole of SSA, US\$1 spending resulted in US\$1.77 in increased economic activity

While the multiplier for tourism-related spending in Malawi is disappointing relative to other countries, it does suggest there is potential for considerable improvement.

There are many opportunities for moving towards a more efficient tourism industry in Malawi. These involve:

- Enhancing stakeholder collaboration and technical assistance
- Improving supply chain linkages (multipliers) and pro-poor impacts
- Increasing the quantity and quality of trained staff, supervisors, and managers
- Expanding response by international tourism investors and training existing, domestic non-specialist tourism operators
- Restoring and improving tourism and cultural assets
- Stimulating investment in the tourism sector to generate medium-to-long-term revenues for the government of Malawi
- Improving travel and tourism institutional performance
- Increasing data gathering and analytical capacity to support tourism sector decisionmaking
- Improving Malawi's destination positioning
- Stimulating innovation in product offerings
- Using and promoting cultural heritage as part of Malawi's main visitor attractions
- Improving accessibility and reducing air access costs to Malawi
- Improving road quality and access to key tourism locations
- Increasing the competitiveness of the lodging sector

13. Employment Potential of the Limpopo Transfrontier Park

The Mozambique Limpopo National Park (LNP), the South Africa Kruger National Park, and the Zimbabwe Gonarezhou together form the Great Limpopo Transfrontier Park (GLTP). The GLTP was established in December, 2002, when the head of the states of Mozambique, South Africa, and Zimbabwe signed a treaty in Xai-Xai city in Mozambique. A joint management board monitors the implementation of the park.

The 2006 to 2013 *Transfrontier Conservation Area and Tourism Development Program* finances the reconstruction of the national protected area management system. It focuses on policy, legal, and institutional reforms, has begun rehabilitating of several national parks. It also addresses the legal and other mechanisms needed to better anchor conservation in the national tourism agenda, e.g., statistics, regional and “tourist districts” master plans, and tourism concessions regulations.

The current program is expected to achieve substantial outcomes for biodiversity conservation, management system capacity, and community welfare around several parks including the strategic Limpopo. However, because there are so many immediate crises to address during this reconstruction period, the current capital investment in individual parks such as LNP is not sufficient to achieve large-scale tourism growth and generate meaningful employment outcomes.

If substantial additional funds were available to Limpopo National Park, it might be possible to scale up the economic and employment outcomes. This would create a more sustainable and economic option for local communities.

The Opportunity

Kruger National Park received about 1.1 million visitors in 2006, of which about 50% were international. Park revenues are about US\$35million. The park employs about 4,500 people. There are about 4,500 hotel beds within the park and another 4,500 hotel beds in the private reserves around the park. Together the hotels provide 20,000 to 30,000 direct jobs. From the 1.1 million visitors, the direct foreign currency inflow is about US\$500 million, which, using a multiplier of two,⁵⁴ amounts to about \$1billion direct and indirect revenues, generating between 100,000 and 150,000 jobs.

In contrast, at the end of 2007, the Limpopo National Park only possessed one 10-bed camp which employs less than 10 people. Another 10 beds are available in the park’s periphery. The park management unit employs about 150 people. Around 20,000 entries are registered but most are pass-through visitors. Less than 1,000 people actually choose LNP as their prime destination. These figures illustrate a huge gap between the two protected areas.

The Kruger Park in South Africa and the Limpopo in Mozambique are very similar in terms of landscape, wildlife habitat and species composition. They have the same climate and both are large wildernesses connected along a 200 km border. However, there is a large difference in the current quality of the wildlife product (populations are much lower in Mozambique), in the quantity of infrastructure (3,000 km of all weather roads in Kruger vs. 75km in Limpopo) and in the number of tourism facilities (4,500 beds in Kruger vs. 10 beds in Limpopo). Until the investment and business environment in Limpopo becomes more

⁵⁴ 1.9 in Namibia and 2.1. in Zambia

competitive, it is unlikely that a substantial proportion of the 1.1 million tourists visiting Kruger can be convinced to visit Limpopo.

Bridging this gap and aiming for an achievable visitor volume in Limpopo (10% of that of Kruger) within 10 years is realistic with additional financing. Creating a suitable environment to attract investors for 500 beds could, at 50% occupancy, create 1,500 direct jobs in the park and 10,000 to 15,000 jobs in the community. It could attract up to 100,000 visitors per year, generating more than US\$2million in revenues for the park, which would cover all its operating costs. This could represent an influx of about US\$28million indirect foreign exchange into the economy.

Objectives and Activities

According to its management plan, the overall objective of Limpopo is as follows:

“the Limpopo NP forms part of the greater transfrontier conservation areas in which ecological processes are efficiently maintained and which contributes to the poverty alleviation and the welfare of the people of Mozambique through eco and cultural development and sustainable resources use.”

Achievement of this objective is anticipated to include the following measurable outcomes:

1. Year-round access to all parts of the Limpopo NP
2. Substantial private sector investment in tourism ventures in the Limpopo NP
3. Community members in significant numbers becoming marketable in a tourism-related labor market

To achieve the above, additional financing will be needed for the following activities:

- Upgrade gravel roads within the Limpopo NP to all-weather standards (1000 km are identified)
- Ensure at least two airstrips connect tourism facilities and to the international airports (Maputo and Vilankulos)
- Build additional fences to reduce human-wildlife conflict where ecological processes and important migratory patterns are not affected.
- Carry out a transboundary relocation of wildlife for species which would otherwise not naturally migrate in order to recolonize the areas that are now free of heavy poaching.
- Build capacity for destination branding and marketing in South Africa, Portugal, Germany, and USA, but also in emerging markets for Mozambique such as China, the UK, and Japan.
- Recruit tourism investment brokers to target suitable investors (IFC could then be called upon for private sector financing).
- Implement a skill development program along the tourism supply chain, including backward linkages, that target members of the communities living in and around the Limpopo NP.

Project Costs

These desirable outcomes, with benefits across sectors, require significant investment in infrastructure, animal management, investment promotion, and training.

Specifically:

1. US\$24million to US\$34million for infrastructure development such as gravel roads (800km to 1000km), several airstrips (US\$1million to US\$2million) and protection fences (US\$1million to US\$2million) including a performance-based maintenance system.
2. US\$2million translocation of more than several thousand animals annually from Kruger (animals themselves are donated by South Africa).
3. US\$2million destination marketing and facilitation of tourism investments targeting 500 hotel beds.
4. US\$2million community tradable skill development (in all trades related to tourism).

The Economic Benefit

A rapid calculation based on valid baseline information shows that this approach can generate 1,500 direct jobs in the park and 15,000 jobs in the community. It can also achieve more than US\$2million revenues for the park (covering all operating costs) as well as about a US\$28million direct foreign exchange input into the economy. These numbers highlight the cross-sector benefits and pro-poor potential of a transfrontier park's collaboration with tourism.

14. Ecotourism and Sustainability

Ecotourism, or nature-based tourism,⁵⁵ is a niche tourism product and has become the fastest growing sector of the tourism industry, growing three times faster than the industry as a whole.⁵⁶ The boom in demand for nature products is in part a reaction to the increasingly urbanized lifestyles in the developed world, and in part driven by the increasing environmental consciousness and concerns about climate change.⁵⁷

Sub Saharan Africa is exceptionally rich in natural attractions. Visitors can view gorillas in Uganda and lemurs in Madagascar; they can trek in Ethiopia, take photography safaris in East and Southern Africa, and wander through rainforests in Ghana. The region is well positioned to benefit from the boom in nature tourism.

The Economic Impact of Ecotourism

UNWTO estimates that in 2007 ecotourism captured seven percent of the world's international market. Moreover, it is estimated that ecotourism captures US\$77 billion of the global market and its growth is accelerating with concerns about global warming.

An economic impact study of nature tourism in Zambia in 2005 found that out of 669,000 international visitors, 176,000 could be characterized as nature tourists. Each nature tourist was found to spend about US\$1,000 per trip in the country generating:

- US\$2,300 in direct and indirect impacts
- US\$1,300 in wages and net income of unincorporated businesses
- US\$420 in tax revenue, 16% of Zambian exports

Environmental and Social Sustainability

Carefully planned nature-based tourism in communities can be a catalyst for conservation, poverty alleviation, and small-scale business development. The SSA Tourism Database notes that The Gambia, Mozambique, Seychelles, South Africa, Uganda, Rwanda, and Eritrea are taking action to promote sustainable travel that protects the environment and helps communities.⁵⁸

Non governmental organizations (NGOs) are actively involved in linking ecotourism and community-based tourism to pro-poor development strategies in many countries in Africa. NGOs active in tourism include: Conservation International, IUCN, USAID, World Wildlife Fund, Overseas Development Institute (UK), Wildlife Conservation Society, and SNV.

Gabon is a good example of how an international NGO and a private-sector sponsor can work together to create a tourism initiative that benefits the local community and supports conservation efforts in the area. In Loango National Park, a partnership was forged between WCS and Société de Conservation et Développement (SCD). It is supported by African's Eden, a tour and ground operator. African's Eden operates a luxury lodge and three eco-camps in Gabon while its sister company, Africa's Connection, until

⁵⁵ Nature-based tourism and ecotourism are used, often interchangeably to indicate tourism connected (in varying facets) to nature. The term "nature-based tourism" is generally considered to be the most inclusive of such tourism activity.

⁵⁶ The International Ecotourism Society (2006) *TIES Global Ecotourism Fact Sheet*, TIES, Washington, D.C.

⁵⁷ Ceballos-Lascurain, (1990) *Ecotourism: Potentials and Pitfalls*, WWF, Washington, D.C.

⁵⁸ Twining-Ward, L. (2009) *Sub Saharan Africa Tourism Industry Research*, World Bank, Washington, D.C.

recently, provided regional air transportation. Africa's Eden is thought to have created 300 jobs and contributed more than US\$4.5 million towards conservation in Gabon since 2001.⁵⁹

Ecotourism Across International Borders

Many natural attractions are shared among countries. International cooperation can increase the sustainability of these natural resources. For example, The Great Limpopo Transfrontier Park is a joint initiative between Mozambique, South Africa, and Zimbabwe (see following case study). The total surface area of the transfrontier park will be approximately 35,000 km². The establishment of the Transfrontier Park is the first step towards creating a bigger transfrontier conservation area measuring a staggering 100,000 km².⁶⁰

Biodiversity and Sustainability

In 2010, the UN World Tourism Organization (UNWTO) celebrated the World Tourism Day under the theme "Tourism and Biodiversity." The UNWTO Secretary General, Taleb Rifai, argued that sustainable tourism can balance the use of natural resources with sound conservation management. Sustainable tourism can also provide vital income and employment for local communities, maintain local biodiversity, and raise awareness of the importance of conservation. The key point is that to improve sustainability outcomes, ecotourism needs to be developed in a fully integrated manner and to address social as well as environmental concerns.

Development of Community-based Ecotourism in the Anjozorobe-Angavo Protected Area, Madagascar

The Anjozorobe-Angavo Forest Corridor is one of the last vestiges of natural forests in the Central Highlands of Madagascar, rich in biodiversity but also suffering from a high level of community pressure (forest clearing, illicit cutting and sale, fires, charcoal). These practices endanger not only its rich biodiversity but also the farms operated by local people.

With support from the UNWTO ST-EP Foundation, Fanamby (a Madagascan NGO) has coordinated a ST-EP project to develop a tourism complex, Saha Forest Camp, in the forest corridor. The aim is to enable local people to benefit from tourism development as an alternative livelihood option. The project provided training to local people on tour guiding, hospitality, hotel and restaurant management. As a result 26 direct jobs (guides, hotel and restaurant staff) have been created. A study of the local supply chain was carried out (potatoes, bananas, beans, and poultry) and business linkages were established with 90 local households to provide agricultural products to the camp.

Source: UNWTO (2010). <http://www.unwto.org/worldtourismday/stories/stories.php?lang=E&op=0>

⁵⁹ Wildlife Conservation Society (2009) *Gabon, Wildlife Conservation Society*, New York.

⁶⁰ The Great Limpopo Transfrontier Park. <http://www.greatlimpopopark.com>

E. Operational Mechanisms

15. Tourism and Growth Clusters

The tourism product is a combination of products and services provided by multiple sectors. These include hotels, restaurants, souvenirs, airport facilities, and transportation.⁶¹ The interconnectedness between these products and service providers make the tourism sector a natural cluster.

What is a cluster?

Clusters are geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition. They include, for example, suppliers of specialized inputs such as components, machinery, and services, and providers of specialized infrastructure. Clusters also often extend downstream to channels and customers and laterally to manufactures of complementary products and to companies in industries related by skills, technologies, or common inputs. Finally, many clusters include governmental and other institutions, such as universities, standard-setting agencies, think tanks, vocational training providers, and trade associations—that provide specialized training, education, information, research, and technical support.

Source: Michael Porter (1998)

The Benefits of a Cluster

The benefits of a cluster are greater efficiency and better capacity to innovate and to transfer knowledge among the firms that operate within the cluster. Tourism clusters are more competitive when they have a high level of attractiveness, are efficient in their marketing, show a high level of productivity, and can enable cohesive management of the destination's tourism system.⁶²

Geographically, there are many examples of successful tourism clusters, such as the Canary Islands (Spain), Orlando (USA), Puerto Vallarta (Mexico), Bavaro/Punta Cana (Dominican Republic). The La Romana-Bayahibe Cluster in the Dominican Republic is a clear example of the benefits of a tourism cluster. The cluster became the first tourist destination in the Caribbean to obtain the Blue Flag eco-label⁶³ and where all hotels are Green Globe⁶⁴ certified. The cluster also reached an agreement with the Ministry of Environment to assist in the management of a neighboring botanical and archeological park.

⁶¹ Porter, M. (2000) Location, Competition and Economic Development: Local Clusters in a Global Economy. *Economic Development Quarterly* 14, no. 1, February 2000

⁶² Kruk, E, J. Hummel, and K. Banskota (2007) Facilitating Sustainable Mountain Tourism. International Centre for Integrated Mountain Development, SNV Netherlands Development Organization, and Nepal Tourism Board.

⁶³ The Blue Flag works towards sustainable development at beaches/marinas through strict criteria dealing with water quality, environmental education and information, environmental management, and safety and other services. For more information go to <http://www.blueflag.org/>.

⁶⁴ Green Globe Certification is the premier worldwide certification label for sustainable management and operations. For more information go to <http://www.greenglobecertification.com/>

Clusters, Geography, and Economic Development⁶⁵

Cluster initiatives can contribute to comprehensive national competitiveness efforts that include policy reform, trade capacity building, private-public dialogue, regional economic development, and workforce development. When designed carefully and implemented efficiently, cluster initiatives may be one of the most effective tools in a broader context of policy reform and other private sector development initiatives.

Bali Tourism Project

The World Bank funded the Bali Tourism Project for Indonesia from 1974 to 1984. It utilized a cluster approach to develop concentrated tourism focused Nusa Dua. This project consisted of infrastructure to promote tourism development in Bali, facilities for hotel training, an access road from the airport, other roads, and road improvements outside Nusa Dua to serve both tourism and other transportation demands. Focused technical assistance to the Bali Tourism Development Corporation, the Bali Tourism Development Board, and the Provincial Department of Agriculture further supported this cluster development.

By the end of the project, despite challenges, the prospects for hotel development at Nusa Dua were good. The government made considerable promotional efforts to improve international tourism in Bali. It improved air access by allowing international air carriers to fly to Bali with both regular and charter flights.

Source: Project Completion Report - Bali Tourism Project (World Bank, 1985)

Poor countries with economies competing with cheap labor and natural resources can use clusters to evolve. Promoting cluster formation in developing countries means starting at the most basic level. Policy-makers must first address foundation components: improving education and skill levels, building capacity in technology, opening access to capital markets, and improving institutions.

Growth Poles

Growth poles⁶⁶ are integrated economic development models aimed at enhancing competitiveness through the promotion of investment in regions with significant growth potential. They can be driven by a single sector such as tourism or a combination of various sectors sharing the same infrastructure.

Successful growth poles are demand-driven and private-sector-led; the public sector supports and complements private investment through integrated investments in infrastructure, local institutional capacity, and business enabling environment, including through PPPs. Public-private dialogue and partnership are critical components of developing productive growth poles. An ongoing growth poles project in Madagascar is a good example of how different regional poles and industries can be supported in a coordinated way.

Madagascar Integrated Growth Poles Project

⁶⁵ Porter, M. (1998) Clusters and the New Economics of Competition, Harvard Business Review.

⁶⁶ Based on World Bank (2010) Prospects for Growth Poles in Mozambique, The World Bank, Washington, D.C.

During the last decade, Madagascar did not provide the right incentives for private-sector-led growth. The reasons for this were the deficient investment climate, poor and unreliable infrastructure, and the high risks associated with the policy environment. Consequently, the government of Madagascar identified three regions where appropriate market conditions could be improved in order to generate increased private sector growth in the tourism, mining, and manufacturing sectors.

The Integrated Growth Poles Project aims to provide an adequate business environment to stimulate and lead economic growth in three regional poles in the areas of Antananarivo-Antsirabe, Nosy Be, and Taolagnaro. The specific objectives are to assist the Government to: (i) construct and rehabilitate critical infrastructure essential for sustained economic activity in the tourism, manufacturing, agribusiness and mining sectors; (ii) put in place appropriate incentive measures to achieve rapid growth; (iii) develop the instruments to ensure equitable, sustainable growth; and (iv) strengthen the capacity of local authorities to formulate, prepare, implement, and manage medium- and long-term integrated regional development projects.

Source: Madagascar Integrated Growth Poles Project (The World Bank, 2005)

16. Public-Private Partnerships: An Emerging Mechanism in Tourism Development

A robust tourism sector requires a good enabling environment, sound infrastructure and support services, and quality attractions. Such attractions include both man-made and natural attractions, e.g., national parks, and cultural heritage sites. Much of Africa's tourist-related infrastructure is in poor condition and lacks investment. Poor connectivity renders many rich tourist sites inaccessible. Civil unrest, lack of funding, and poor management has left many eco-tourism assets in need of significant levels of rehabilitation. The service industries that support tourism often lack expertise and quality. They are limited by: weak human capital; poor and limited infrastructure; weak institutional and regulatory structures; and shallow financial pools of resources that create an uncertain market in which to invest. While there are some examples of private operators collaborating with the public sector to invest in tourism infrastructure, private investment in tourism is still limited. Improved tourism infrastructure, better-maintained and developed tourism assets, and more robust and competitive tourist services will lead to greater economic growth and diversification while contributing to increased employment.

Public-private Partnerships

Public-private partnerships (PPPs) can exist in many forms and variations. A PPP is formed when a private entity enters into an arrangement with a public institution for the delivery of a particular service. PPPs are often seen as opportunities to extend or leverage valuable resources through efficiency gains and the transfer of commercial risk from the public sector to the private sector.⁶⁷

Leveraging private sector financing through public private partnerships is an option that is being increasingly pursued to overcome existing business constraints. The private sector can bring significant advantages to the tourism market including:

- Financing
- Cost effective management of commercial and operational risks
- Efficient service delivery
- Acceleration of core infrastructure provision
- Faster implementation
- Improved quality and expertise
- Skill transfer and human capital strengthening

PPPs in Tourism

Public-Private Partnerships in tourism development pose great potential opportunity for the SSA tourism market. These include:

- Development of core and support infrastructure
- Transportation services
- Hotels, conference centers, museums, sports complexes and other points of attractions
- Sports-based tourism assets such as athletic complexes
- Hospitality training facilities and tourism schools
- Rehabilitation of nature-based tourism assets
- Cultural and World Heritage sites

⁶⁷ Jeffrey Delmon. Private Sector Investment in Infrastructure: Project Finance, PPP Projects and Risk. Second Edition. 2009. See p. 7.

The Tourism and the PPP Experience in SSA to Date

The experience of public-private partnerships in the tourism sector in Sub Saharan Africa is limited, particularly in areas that involve the transfer of commercial risk. While there are examples of the private sector investing in tourism such as in hospitality assets, tourism businesses, and tourism logistical services, there are not many examples where investment risk has been shifted to the private sector. Nor have there been many large-scale efforts to attract investment in tourism through PPPs specifically.⁶⁸

Recently, PPPs have become a tool of interest for the development of nature-based tourism assets.⁶⁹ Many governments are inviting private sector investors to take over management control (and sometimes ownership) of national parks, conservation areas, and tourism sites via long-term concession agreements (25 years or more). Some examples of these initiatives are African Parks Network whose activities now span five national parks in four countries in East, Central, and Southern Africa.⁷⁰ The restoration and tourism investment work taking place in Gorongosa, Mozambique, also serves as a case study for how private investment can be used to rehabilitate an existing tourism asset and stimulate the tourism economy.⁷¹ While these two examples are non-profit, this approach has since been taken with South African National Parks (SANParks) to encourage private-sector for-profit investment in tourism via PPPs.⁷²

Opportunities

PPPs can be used to support specific tourism attractions and to support infrastructure such as airports, access roads and main arterial trunk roads, power, water and sanitation, and inter-country travel. They can result in better risk allocation between the private and public sectors, enhanced public management, and stronger enabling environments. PPP approaches provide an important entry point for leveraging under exploited tourism resources in SSA.

⁶⁸ India has recently initiated a PPP tourism outreach that provides good lessons learned and experiences from which SSA countries can learn.

⁶⁹ Eco-tourism assets here being defined as natural resources that are used to draw adventure and natural tourism such as national parks, wildlife, conservation areas, and protected wilderness.

⁷⁰ See www.africanparks-conservation.com.

⁷¹ Gorongosa National Park in northern Mozambique is one example of a PPP arrangement. In 2008, the government of Mozambique signed a 20 year contract with the Carr Foundation, a US non-profit organization, to co-manage the park and facilitate restoration, rehabilitation and new investment in the park's infrastructure. This contract followed a 3.5 year emergency restoration period. See gorongosa.net for more information.

⁷² See www.sanparks.org for more information. The IFC played an important role in assisting South African National Parks to structure and implement nine nature-based tourism concession, seven of which are in the Kruger National Park.

17. Tourism and Climate Change

Climate change is a serious threat to our environment, to our economies, and to our societies. The Intergovernmental Panel on Climate Change (IPCC) estimates that the average surface temperature on earth will rise by 1.8° C to 4.0° C by the end of the 21st century.⁷³

The impacts of climate change are likely to be severe. Climate affects access to food, water, health, and travel. Heatwaves and reduced rainfall threaten agricultural production and food security. Rising sea surface temperatures, increasingly intense tropical cycles, and elevated sea levels threaten coral reefs and coastal zones.⁷⁴ The IPCC (2007) concludes with a very high level of confidence that by mid-century climate change will impede the ability of many developing nations to make progress on sustainable development goals.⁷⁵

Climate change is clearly not a “what if” scenario anymore. It is a reality that needs to be addressed across continents and institutions.

The Tourism Linkage

There are two clear linkages between tourism and climate change. First, tourism is responsible for about 5% of all anthropogenic carbon emissions.⁷⁶ About a quarter of tourism-related carbon emissions come from airplanes and cars, an issue the tourism industry is only beginning to address.

Second, tourism is highly climate-sensitive. Climate defines the length and quality of tourism seasons, affects tourism operations, and influences environmental conditions that both attract and deter visitors. Ski resorts in Lesotho need snow. Dive tourism in Seychelles and Mauritius is affected by rising sea surface temperatures and rising sea levels. Game-fishing in West Africa requires calm seas. Changes to the seasons affect bird and animal migrations. The desertification of the Sahel impacts tourism opportunities in Mali, Burkina Faso, and Niger.

Sector-wide changes will need to take place to prepare for and adapt to climate change. The airline and transportation sector will need to invest more heavily in fuel efficiency and the development of fossil fuel alternatives. The hospitality sector will need to look into low-carbon hotel development. Tour operators will need to adjust their operations to minimize further emissions.

⁷³ IPCC Fourth Assessment Report in UNWTO (2009) *Climate Change and Tourism: Responding to Global Challenges*, UNWTO, Madrid.

⁷⁴ WTTC (2009) *Leading the Challenge on Climate Change*, WTTC, Oxford.

⁷⁵ IPCC (2007), *The Physical Science Basis – Summary for Policymakers*, IPCC Secretariat, Geneva.

⁷⁶ Christie, I. and Al Rowais, S. (2009) *Tourism in South Asia, “Benefits and Opportunities,”* PREM, Finance and Private Sector Development Unit South Asia, The World Bank, Washington, D.C.

The Effect of Climate Variability on Tourism Destinations and Operators

- Climate is a crucial factor in tourist decisionmaking. Climate defines the length and quality of tourism seasons (e.g., winter sports) in different regions. Some tourism destinations are climate-dependent since climate is the principal resource upon which the tourism industry is based, e.g., tropical islands, ski resorts).
- Climate directly affects various facets of tourism operations, e.g., water supply and quality, heating and cooling costs, snowmaking, irrigation, pest management, evacuations, and temporary closures) that affect profitability.
- Climate change has an impact on key attractions for tourism, e.g., wildlife and biodiversity, rivers, lakes, snow conditions, and glaciers
- Climate can increase the likelihood of extreme events such as hurricanes, floods, and heatwaves.
- Climate change can increase the chance of infectious diseases, wildfires, algal blooms, insects and water-borne pests, e.g., jellyfish, that deter tourists

Source: Adapted from Simpson and Scott (2009) p.5⁷⁷

The Challenge

UNWTO has been involved in the climate change debate since 2003 when the Djerba Declaration on Climate Change and Tourism was created. In 2007, the United Nations World Tourism Organization (UNWTO) worked with United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) on the Davos Declaration, which calls for urgent adoption of a range of sustainable tourism policies. UNWTO stresses the importance of action on climate change. UNWTO calls for reductions in emissions through reducing energy use, improving efficiency, increasing use of renewable energy, sequestering carbon, carbon offsetting, planting trees, and adapting to climate change as it occurs.

In short, the tourism sector will need to:

- Mitigate greenhouse gas emissions from the tourism sector (especially from transport and accommodation activities)
- Adapt tourism businesses and destinations to changing climate conditions
- Apply existing and new technologies to improve energy efficiency
- Secure financial resources to assist poorer regions and countries as they adapt

The Opportunity

Climate change also presents an opportunity for the tourism industry, particularly in SSA. A new breed of tourist is emerging who is interested in low-carbon vacations. A recent survey by TUI Travel PLC found 63% of respondents were concerned about climate change and carbon emissions, 42% said they cared about the environmental impact of their holiday, 31% were prepared fly less often in order to reduce environmental pollution, and 27% actively looked for accommodation that is accredited as environmentally friendly.⁷⁸ Carbon labeling of travel products may not be that far off.

While developed destinations may have difficulty changing the way they run tourism businesses, emerging and potential destinations in SSA have an opportunity to choose a low-carbon tourism future. This presents opportunities for World Bank support.

⁷⁷ Simpson, M. and Scott, D. (2009) From Davos to Copenhagen and Beyond: Advancing Tourism's Response to Climate Change: UNWTO Background Paper, UNWTO, Madrid.

⁷⁸ Tui Travel PLC, (2010) TUI Travel Sustainability Survey, Group Marketing TUI Travel, International Consumer Research, London.

The small size of most tourism businesses presents challenges. Over 80% of global travel and tourism activity is accounted for by small to medium-sized enterprises. Much work is needed to increase knowledge, resources, and methods of mitigating greenhouse gases and increasing energy efficiency in these businesses. WTTC has created practical toolkits to help SMEs and larger enterprises measure, monitor, and reduce energy use. The World Bank, aware of these issues, can support lowering carbon impacts.

What the Airlines Can Do?

WTTC is asking their airline members to commit to a 50% CO₂ emission reduction by 2050 through a range of measures including:

- Maintaining a fleet with up-to-date technology
- Achieving an average load-factor of over 80%
- Removing excess amounts of water and catering to reduce operating weight
- Choosing more efficient flight paths
- Carrying the maximum certified number of passengers and charging higher prices to first-class passengers using more space
- Supporting the inclusion of aviation in the EU Emission Trading Scheme (ETS) as an important step towards a global emissions trading program
- Seeking to adjust bonus programs to reinforce incentives for sustainable travel
- Extending their economic scope to invest in land-based transport systems

Source: WTTC (2009) p.21

F. Institutional Mechanisms

18. Institutions for Managing Tourism Growth

In most emerging tourism destinations, there is a Ministry of Tourism, a statutory body responsible for marketing, and some level of organization in the private sector. This is not the only possibility, however. Tunisia, for example, has a small dynamic Ministry of Tourism, a powerful marketing and infrastructure development arm, a national tourism office (Office National du Tourisme Tunisien), and a land bank/public developer (Agence Financière touristique).

In some developed countries there is no ministry of tourism. In 2009, France, the number one tourism generating country in the world, merged the General Directorate for Enterprises, the Directorate of Tourism, the Directorate of Commerce, Handicrafts, Services and Liberal Professions into a General Directorate for Competitive Industry and Services.

Institutional Frameworks

There are a number of considerations that underpin the choice of institutional framework in tourism.

- **The stage of development.** An emerging tourism industry has different institutional priorities than a mature one. For an emerging destination, the institutional focus may be on building a core of experienced personnel. In a mature industry, the emphasis may move towards advanced research, specific policies, and nurturing competitive advantage.
- **Agency functions.** Single and multi-functional agencies are common in tourism, depending on the tourism priorities of the country. Tourism can be partnered with Environment, Civil Aviation, Commerce, Communications, Culture, and Wildlife. In Dominican Republic, tourism is partnered with the Central Bank.
- **Legal system.** The type of legal system in the destination influences tourism institutions. The most common legal system is a civil code or common law approach. In some countries, legislation dates from colonial times and is in need of urgent review. A newer approach to tourism law is a convergence of civil code and common law that sets out the basic framework for regulations.

Coordination

A critical area for any tourism institution is coordination. Many policy and practice areas that apply to tourism are derived from other sectors. For example, labor laws, building codes, or commercial legislation, all need to be incorporated into a tourism regulatory framework.

Coordination is particularly important due to the fact that tourism functions can be carried out by multiple agencies, private, some public, some jointly public/private. Training, for example, might be a private or a public function, or a combination of both. Policy formulation is primarily a public sector activity but it may be more successful if there are inputs from the private sector.

Critical Functions for Tourism Competitiveness

Tourism institutions have the following functions:

- **Policy vision and strategy.** Policy, vision and strategy development are the role of key public agency with responsibility for tourism. Policymaking also requires outreach to the private sector to ensure that the pros and cons of different approaches have been evaluated.
- **Tourism Planning.** Tourism planning is important to ensure development that is in line with the destination's environmental, social, and infrastructure capacity. When the private sector expands faster than an area's capacity to support additional development serious environmental impacts can occur.
- **Tourism budgeting.** Budgeting is undertaken by the key agency with responsibility for tourism. When tourism agencies are allocated little more than staff costs, their ability to run complementary tourism facilities will be severely limited.
- **Licensing.** Licensing is one of the most contentious of tourism issues. Many countries require multiple costly licenses that are all renewed at different times. They may require industry specific licenses such as the right to sell overnight accommodation, and generic licenses such as the right to transport guests or operate a business. The harmonization of tourism licensing is urgently needed in much of SSA.
- **Regulation.** Independent regulatory authorities are occasionally used in tourism to separate policymaking from standards regulation. Often the design of standards and inspection is undertaken by the ministry.
- **Marketing.** Tourism marketing is a key function of tourist boards and ministries of tourism. Some countries such as Botswana and Tanzania deliberately target "high end" tourists. Other countries such as The Gambia, target the "mass-market." Country image and brand is crucial to differentiate the destination.
- **Training.** Training can be provided by the public or the private sector. The UK has a comprehensive system of tourism training from craft skills, to vocational education, apprenticeships and higher education. Accor, a French hotel chain, has its own university, as does Holiday Inn. Many hotel brands insist on training their staff "the company way."
- **Statistics.** Tourism statistics are notoriously poor in SSA. Different definitions of tourist and visitor are used, expenditure surveys are infrequent, and accommodation occupancy data is rarely complete. Developing a comprehensive statistics plan and ensuring the capacity to action the plan are crucial tourism institution functions.

There is no formulaic solution for tourism institutions. Stakeholders need to work together under a dynamic and charismatic leader to get things done and make them work. Institutions should be designed to carry out specific functions and decided after rigorous analysis. Analytical and technical support from multi-lateral and bilateral groups can be an important ingredient for balancing the roles of institutions and their players.

19. Education and Training: Up-skilling Women and Young People

There are currently more than 200 million unemployed young people in Sub Saharan Africa and more than 10 million new job seekers every year.⁷⁹ Unemployment leads to social dislocation, urban poverty, and increased crime rates. If The World Bank's finance and private sector development unit is to reach its goal of 130 million new jobs by 2020, then more and better quality education and training is needed. Tourism is one of the six industries selected to help meet this challenge.

The Opportunity

Africa's large labor pool provides significant opportunities for the continent. Young people with secondary education have increasingly high expectations for the future. Giving people the skills they need to work in the tourism industry is an effective means of addressing poverty. The need for post-secondary education and employment is urgent and continues to increase. Studies by the Namibian Academy for Tourism and Hospitality (NATH), for example, show how a farmhand can earn five times his farming income as a guide after just 18 months training.⁸⁰

Education is one of the themes of The World Bank's Africa regional strategy. It is also a theme highlighted in the Africa Region Tourism Strategy. The education of women is especially important for tourism. Women make up 54% of hospitality and restaurant employees in Africa; they represent 50% of employers. Improved training will empower more women to start tourism businesses.

Data on women in tourism education are scarce. UNESCO collects data concerning graduates from service education programs which include tourism, transport, environmental protection, and security. Using UNESCO data,⁸¹ *Global Report on Women in Tourism 2010* finds Africa has the lowest percentage of women tertiary level graduates. Just 36.8% of college graduates are women and only 30% of service graduates are women. Kenya and Uganda are the only countries in Africa where women outnumber men as services graduates.

Table 1. Percentage Women Graduates in Services, by Region

	Women graduates as % of all college graduates	Women graduates as % of all services graduates
Region	Regional average	Regional average
Latin America	59.6	53.5
Caribbean	66.2	50.3
Asia	52.2	46.3
Africa	36.8	30.8
Average	53.7	45.3

Source: UNWTO and UN Women (2010) from UNESCO Institute for Statistics Database

⁷⁹ The World Bank Group (2010) *New Jobs for Africa: A Strategy for Rapidly Scaling up Employment in Africa*, Strategic Directions for FPD, June 2010, The World Bank, Washington D.C.

⁸⁰ Personal communication Namibia Academy for Tourism and Hospitality (NATH)

⁸¹ UNWTO and UN Women (2011) *Global Report on Women in Tourism, 2010*, UNIFEM, New York.
<http://www.e-unwto.org/content/j133q0/>

Because there are so few women graduates, few women teach tourism at the college level in Africa. On average, only one in five college teachers are women. Women tertiary teachers are in the minority in all of the African countries for which data were available. For example, out of 1,306 tertiary teachers in Chad, just 16 are women (1%). In Guinée, out of 2,163 tertiary teachers, only 100 (4%) are women. Cape Verde showed the highest level of women tertiary teachers (43%). More women tourism teachers are needed as role models for professional women in tourism.

The Challenges

Meeting expectations. Tourists particularly those who are paying top dollar for their Africa experience, have higher expectations when it comes to service quality. To become more competitive, SSA destination need to appreciate the linkage between a skilled tourism workforce and a successful tourism destination. Tourism awareness is often the first step towards institutional and private sector capacity-building for tourism.

Training mismatch. The hotel and restaurant industry often suffers from a discrepancy between training supply and demand. Whereas tourism-training institutes often focus on hotel management, the current skills gap is often at the operational level. In Namibia, a history of under-investment in education and of poor educational achievement has left young people unprepared to take up new tourism opportunities. Once they enter the sector, they lack on-the-job training to advance their careers . Consequently there is a mismatch between available jobs and available skills.

Level of demand. Keeping up with the level of demand for tourism education is a challenge for some SSA countries. In Ethiopia, for example, only 32 students can be accommodated in the Catering and Tourism Training Institute (CTTI) despite more than 300 applications. Mitchell and Cole note that while the recruitment of staff from poor backgrounds to work in hotels in Ethiopia is excellent from a pro-poor standpoint, it is disastrous in terms of service quality. Training is urgently needed to ensure hotels can continue hiring without compromising service standards.⁸²

Table 2. Applicants/Admissions to the Catering and the Tourism Training Institute, Ethiopia, 2001 to 2007

Region	2001/2		2005/6		2006/7	
	Applied	Accepted	Applied	Accepted	Applied	Accepted
Front office operations	652	32	305	32	235	32
Food and beverage service	840	32	203	32	300	32
Food preparation	528	32	274	32	n/a	n/a

Source: Mitchell and Coles (2009) *Enhancing Private Sector and Community Engagement in Tourism Services in Ethiopia*. Overseas Development Institute, ODI, London: p.69

Quality education. Conversely, where the supply of training schools is rapidly increasing, the challenge is to ensure that tourism education is up to date, of a high standard, and in line with sector needs. An IFC study of tourism training in SSA found the most frequently cited problems were a scarcity of local trainers, lack of follow-up on training, and scarce financial resources.⁸³ In The Gambia, more than 800 students are enrolled in tourism or hospitality courses through the private and public sector; only one institution, the ITTOG,

⁸² Mitchell, J. and Coles, C. (2009) *Enhancing Private Sector and Community Engagement in Tourism Services in Ethiopia*. Overseas Development Institute, ODI, London.

⁸³ Spenceley, A. and Rozga, Z. (2007) *IFC Tourism Training Network, Market Research Report*, IFC, Global Business School Network, London.

provides accredited training.⁸⁴ A proliferation of newly licensed private sector training establishments without proper resources or qualified teachers can be a disservice to young people. In Namibia, a recent World Bank policy note found a fundamental factor contributing to poor educational outcomes was poorly trained teachers, particularly in rural areas. Another factor was the lack of parental supervision and encouragement. Industry leaders say that high school graduates are improperly trained for the jobs and that are available and those that are trained have unrealistic expectations about pay and working conditions and little desire to work in isolated rural lodges.

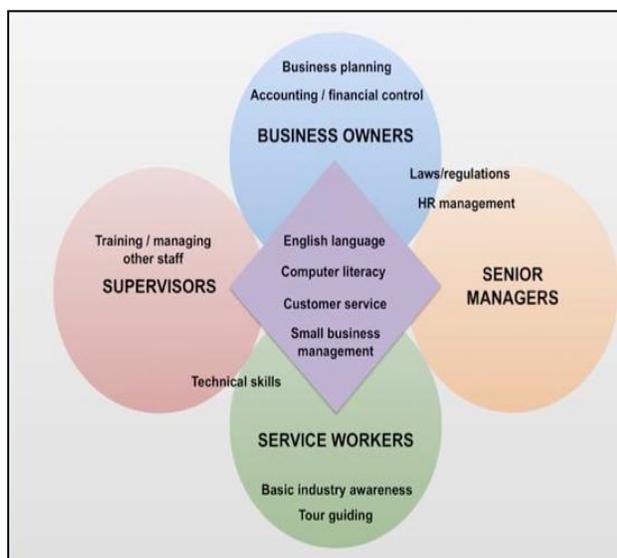
Informal employment. Informal employment is both a challenge and an opportunity. In Sub Saharan Africa, 84% of women are in non-agricultural informal employment. Tourism training can help improve the quality of informal and formal employment opportunities through a focus on “decent work.”⁸⁵ Novelli and Burns (2009) suggest that outreach tourism training can help address problems in the informal sector in The Gambia.⁸⁶

Table 3. Example of Informal Employment in The Gambia, 2009

Establish sub-sectors	Employment
Juice pressers	110
Fruit sellers	132
Hairdressers	44
Senegambia tourist taxis	226
Kotu tourist taxis	206
Palm Rima tourist taxis	65
Palm Grove tourist taxis	41
Cape Point tourist taxis	63
Bijilo tourist taxis	53
Atlantic tourist taxis	28
Senegambia craft market	480
Kotu craft market	210
Fajara craft market	240
Bakau craft market	160
Cape Point craft market	294
Wadner craft market	88
Brikama craft market	288
Banjul craft market	300
Tourist guides	71
Bird watchers	74
	3173

Source: Novelli and Burns (2009) p.38 based on GTA employment survey.

Figure 1. Skills Gaps: Specific and Generic



Source: Tourism Resource Consultants (2010) *Samoa Tourism Workforce Development Plan 2010-2012*, Samoa Tourism Authority, New Zealand.

Technology. Improving tourism education and training through the use of information technology is a new opportunity. In developing countries, the number of internet users grew by an estimated quarter of a billion people between 2000 and 2005; most of the new users are young people.⁸⁷ Improvements in internet connectivity and the growth of e-tourism activities provide an opportunity to increase the accessibility of tourism training courses.

⁸⁴ Novelli, M. Burns, P. (2009) *Restructuring the Gambia Hotel School into a National Tourism Training Institute*, The Gambia Investment Promotion and Free zone Agency (GIPZA), Banjul.

⁸⁵ Decent work is defined as is productive work in conditions of freedom equity, security and human dignity.

⁸⁶ Novelli, M. Burns, P. (2009) Op. cit.

⁸⁷ The World Bank (2007) *World Development Report*, Development and the Next Generation, Washington, D.C.

The Impact

Training makes a difference. The Mitchell and Coles (2009) study found that guides in Laibela, Ethiopia, were earning six times more than in Axum because they were better organized and better trained.⁸⁸ Zeng found that strengthening education and skills in destination areas increased the chances of economic success.⁸⁹ Experience from the Institution of Travel and Tourism in The Gambia shows that close linkages to overseas tourism institutes can help improve standards.

Institute of Travel and Tourism, The Gambia

The Institute of Travel and Tourism in the Gambia offers professional courses in all sectors of the tourism industry with special emphasis on travel agencies, accommodation, tour operations, tour guiding, group operations, event management, and general tourism business management. The capacity of the institute is boosted by close links to several leading overseas institutes: the University of Amsterdam and South Nottingham College in the UK. These overseas institutes provide visiting lecturers and have helped ITTOG to fulfill its mission of providing professional tourism education and training that meets the needs of tourism and other service industries. ITTOG is also supported by the Center for Responsible Tourism in the UK. With the help of this center, ITTOG is able to promote the teaching of responsible tourism as a core activity. ITTOG also hosts professional and college groups from developed countries who study issues related to pro-poor tourism, responsible tourism, using The Gambia as a case study. Finally, ITTOG designs tailor-made courses and consultancy services for various institutions to meet the needs of the industry.

Source: www.ittog.org

If Africa is going to sustain and grow its tourism industry, it is clear that increased emphasis and investment is needed on tourism education and training. Tourism education increases the pro-poor benefits of tourism, and can enhance the participation of women and young people in the sector. It can also raise the quality of service.

⁸⁸ Mitchell, J. and Coles, C. (2009) *op. cit.*

⁸⁹ Zeng (2008) *Op. cit.*

20. Tourism Investment Promotion

Africa has unique assets for tourism. These offer diverse economic opportunities but there are multiple barriers to entry. Tourism investors tread a fine line between the “first mover” advantage, and the risks of entering a new market. Tourism projects do not have readily identifiable alternate uses if the intended market fails to materialize. Institutional, legal, and regulatory environments need to be assessed and information needs to be collect. Terrorism, which manifested itself in Africa in the bombings of the US embassies in Kenya and Tanzania, is an additional risk to consider.

Tourism investment promotion is about providing investors with the information they need to make informed decisions. Typically, investment promotion is carried out by an investment promotion agency (IPA). There are about 6,000 of these around the world, so competition for investment dollars is fierce.

Investment Promotion Agencies (IPA)

A well-structured IPA needs a clear government mandate and government support. It also requires the active support and involvement of the private sector and adequate funding. It must reconcile the needs of both public and private sector interest groups. The top requirement for an IPA is good understanding of the dynamics of foreign direct investment. The roles of an IPA are as follows:

- Disseminate information to investors
- Facilitate investment by creating a “lead-tracking” database, that ensures that the investors finds open doors and answers to their questions
- Transform investor interest into actual investments (the so-called “conversion” factor)
- Cooperate with other agencies, potential partners, and allies to avoid “turf wars”

Investment in the tourism sector is often carried out by an agency independent of the national IPA. It is usually carried out by the ministry of tourism. This works well in some situations. For example, in Mozambique, there are close relationship between the Ministry of Tourism and the Centro de Promoçao de Investimentos (CPI). It also works well in Tanzania with the Ministry of Natural Resources and Tourism and the Tanzania Investment Center (TIC). But in other cases, where the IPA tells one story and another the ministry or tourist board another, promotional efforts may be confused and counterproductive.

Mauritius: Board of Investment

The Board of Investment (BOI) is viewed both locally and internationally as a strategic partner for any investor wishing to benefit from the thriving business environment in Mauritius. The Board of Investment was awarded the top prize for policy advocacy by the WAIPA (World Association of Investment Promotion Agencies) in 2008.

BOI's range of services, provided free of charge include the following:

1. Counseling on investment opportunities in Mauritius
2. Providing sector-specific and tailor-made information for the setting up of a business in Mauritius
3. Organizing customized meetings and visits
4. Identifying joint-venture partners
5. Providing guidance on the choice of site locations and production facilities
6. Assisting with occupation permits, licenses and clearances

Source: BOI website: www.investmauritius.com/

Information Requirements

Investors have demands; the information base available to them is critical to their decisionmaking process. While the details will be different in each case, the database should include:

- An overview of the economic environment, institutional responsibilities, and key policies (capital transfer, labor, taxation, investment environment, tourism legislation)
- An overview of the tourism sector and its structure (including distribution channels) with, trends, size, growth rates, and key indicators
- A description of the labor force and its level of skill
- A discussion of tourism including seasonality, market segments (cultural and historic, safari, beach, adventure) and expenditure patterns.
- Detail on the supply of tourism services (hotels, restaurants, attractions) as well as natural resources, including national parks and marine parks.

Investor Requirements

Investors will be looking to see if the economic fundamentals are in place. Investors will also be looking to see if the public institutions underpinning the economy are objective and transparent or bureaucratic and subject to arbitrary or unpredictable actions. If the answers to these questions are encouraging, there is likely to be a positive attitude to long-term investment. Even in fairly positive environments, however, there are likely to be barriers: market imperfections, lags in public provision of necessary infrastructure, poor or limited access to financial resources.

Investment Promotion Strategy

Investment promotion strategy is a multi-faceted set of actions. These actions that are needed to secure success in attracting FDI and investors who have integrity. The process of developing an IP strategy includes the following components:

- Identify national and agency investment goals
- Undertake a SWOT analysis
- Analyze competition and competitors
- Identify target industries and geographic regions
- Prepare a marketing strategy
- Build an action-oriented work plan

In addition to these steps, an IPA will require high quality documentation: sector information notes and key documents. It may also require site visits and a variety of meetings, before, during and after investment.

21. Land and Infrastructure for Tourism

Land is crucial for tourism. But tourism land markets do not usually work well. For example, the resort of Nitowatu on Sumba Island, Indonesia, was awarded the world's top 2010 Responsible Tourism Award. In a video discussing Nitowatu's development, the proprietor explained how it took eleven years to obtain the land and title for the property.⁹⁰

Potential investors are interested in four main policy areas: how to access land; what tenure security is available; what land uses are permitted; whether investors are treated in a fair and consistent manner.⁹¹ These points are addressed in the following discussion.

Policies

Sound land policies establish incentives for conserving, protecting, and developing land for tourism. Poor policies result in market distortions, lack of transparency, and burdensome bureaucracy. In many destinations, the land that is desirable for tourism development is in the hands of private individuals, often in small lots and held for speculative purposes. It can be difficult to assemble land packages large enough for tourism, particularly for foreigners who do not understand local procedures. Land policies can be used to discourage speculation by taxing undeveloped land.

Land Tenure

Land tenure issues concern property rights for individuals, groups (including enterprises), and the state. The core aspect of land tenure for tourism is access to land, use of land, and control over land. Land ownership, with an option to sell, is usually the most desirable option. As an alternative, many investors have found that long-term leases can work well, especially in Africa. Lease contracts vary considerably in length. They can last up to 99 years. Countries often modulate terms as an incentive or disincentive to favor one region or group over another. For example, in the Maldives, a consortium that includes local investors can secure longer leases that a foreign investor can access.⁹² In many countries the state also has rights to expropriation or eminent domain. These rights can be used to relocate residents from tourist areas but are generally only exercised in extreme situations as create severe social and community impacts and are not compatible with sustainable tourism.

Land Transactions

The principal mechanisms for tracing land transactions are land registries and cadastres. Land registries provide information on land ownership and land transfers. Cadastres provide information on properties, boundaries, rights, restrictions on use, and valuation. In some countries there are several systems in place including customary, traditional, and sacred rights, such as those that exist under Islamic law. With multiple

⁹⁰ Nitowatu has 12 lodging units and provides benefits for 20,000 people living in 400 villages on the island through employment, purchasing supplies and providing social benefits such as schools and clinics; and guests provide about \$400,000 in charitable contributions to the island.

⁹¹ Muir and Shen (2005), *Land Markets*, promoting the private sector by improving access to Land, Note 300, Private Sector Vice Presidency, World Bank, Washington D.C.

⁹² Maldives Investment Climate Assessment (2005) *South Asia Region*, Washington, D.C

systems, it can be difficult to reconcile ownership rights. Land disputes are often closely linked to local social relations. For tourism, a transparent information system and clear procedures can be a considerable strategic advantage for a developing country.

The government is usually responsible for creating a suitable enabling environment for land transactions. The enabling environment needs to provide investors with a degree of security regarding access to land and an agreed-on framework for land negotiations and the provision of public infrastructure.

Institutions

Previously, the burden of developing land for tourism has been the responsibility of the public sector, either through a department of government, e.g., Ministry of Tourism, or through an autonomous agency of government designed to function like a private developer. In Mexico, for example, FONATUR, a trust fund of the Ministry of Finance, has been associated with many successful tourism projects, where the government assembled land and built infrastructure. More recently, however, it has become clear that government is not well suited to be a developer. A new model is emerging. Under this model, the state creates the conditions for physical planning and regulation, and then invites private developers to bid on projects. The Sustainable Coastal Tourism project in Morocco is an example of such a project.⁹³

Agencies are often created to establish an enabling environment for those interested in land investment. An example is Uganda's land information service. Some governments such as Madagascar and Mozambique, prepare special tourism investment zones. Some land banks, such as Tunisia's Real Estate Development Agency (Agence Foncière Touristique), hold land for development. Urban development corporations (UDCs), have also been used to develop land for tourism. They draw on experience from other sectors, where the increased value of land is used as a means of financing utilities (China and India).

Finally, community-based programs, often around national parks and other rural and natural resource areas, are rapidly growing in importance. They seek to include community landowners in tourism projects as citizens, employees, and employers) in ways that preserve their rights.

Volcanoes National Park in Rwanda

Brokered by the Africa Wildlife Foundation, the lodge protects the interests of the community, of the management and of wildlife. In such projects, the sponsors also help communities set up their facilities and guarantee that a percentage of tourist expenditure (+/-70%) will remain in the community.⁹⁴

Infrastructure

In addition to land, investors also need infrastructure. Usually, core infrastructure is provided by utilities or by the state as far as the perimeter of the project. On-site infrastructure is the responsibility of the developer. In some countries, investors also develop core infrastructure, particularly in remote areas. For example, in the Dominican Republic the first big investment project on the north coast (Puerto Plata) was developed by the state. The second, Punta Cana, was developed by the private sector. It includes an airport and water

⁹³ The World Bank (2000) Morocco: Sustainable Coastal Tourism Development Project SAR Report No. 20412-MOR, World Bank.

⁹⁴ Nielsen, H. and Spenceley, A. (2010) *The Success of Tourism in Rwanda—Gorillas and More*. Background Paper for the African Success Stories Project, The World Bank, Washington, D.C.

supply. Core infrastructure can also be developed through public-private sector partnerships. New techniques for developing infrastructure, and more environmentally sound technologies such as wind and solar power and desalination plants, are also emerging that make tourism possible in remote places.

In summary, the considerations for access to land include: the rights investors have to a piece of land, the duration of that right, the availability of information about the available land, the availability of core infrastructure on and around the property, and the regulatory considerations that provide parameters for the usage of the property. Sound land policy should provide: secure tenure rights for ownership, leases, and rentals; well-functioning mechanisms for land transfer; ability to use land as collateral; sound land management; protection of land resources.

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