



United Nations
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Sub-regional Office
for Eastern Africa (SRO-EA)

Towards a Sustainable Tourism Industry in Eastern Africa

*A Study on the
Challenges
and Opportunities for
Tourism Development*



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Executive Summary

The key objective of this study is to build a source of information on the status of tourism development in Eastern Africa with a view to helping policy makers and other stakeholders to outline policies and strategies towards the development of a sustainable tourism industry in the sub-region. The study, therefore, entails an assessment of the extent and importance of the tourism sector in Eastern Africa, identification of the key issues and challenges confronting the development of the sector, identification of good practices, comparative analysis of successful tourism-based economies in Africa and around the world, an analysis of lessons to emulate, and an outline of policy options and strategies that will, in the long term, contribute to the development of a resilient and well integrated tourism sector in the sub-region.

This study builds on both primary and secondary data sources. The study was elaborated through a critical review of literature related to tourism and economic development, tourism in developing countries, regional integration and tourism development. The findings show that significant linkages exist between tourism in LDCs' and poverty alleviation as well as economic development. It is worth noting that, tourism is not a single activity, but an agglomeration of many separate and related activities that include transport, accommodation, food and beverage services, cultural entertainment, conventions and trade fairs, sports and recreation. It can be therefore assumed that the greater the inter-sectoral linkages between the tourism sector and the other sectors, the greater the economic multiplier effects. The industry contribution, as such, to the GDP in the region ranges between 3.8% on the lower level as is the case with Burundi and 46.4% on the higher level for Seychelles.

Owing to the fact that tourism has been identified as one of the key sectors to drive economic development and that most of the prevailing Eastern Africa models have not brought about significant socio-economic development, particularly in terms of poverty alleviation, a number of strategies have been proposed to enhance greater tourism linkages. These are, boosting procurement from local enterprise; partnerships with neighbours; supporting local cultural and heritage product development coupled with enhancing the capacity of local entrepreneurs to deliver these products; and encouraging tourist expenditure within the local economy.

This study further notes that Eastern Africa does not rank favourably as a competitive destination. Key reasons to such unfavourable rankings are the lack of conducive policy and regulatory framework as well as uncertainties in the business environment which do little to encourage investment. In addition, though the region ranks fairly well in terms of the state of its natural resources, the human resources necessary to develop the industry are generally ill equipped or not properly trained and the cultural resources that could expand the range of tourism products remain unexploited respectively.

In the face of broadly similar challenges, Eastern Africa governments should seek to address these issues by establishing policy interventions that are targeted towards ensuring that tourism in Eastern Africa is competitive and sustainable. An analysis of growth diagnostics within the Eastern Africa region clearly indicate that there are ideal challenges, emerging opportunities, existing weaknesses and future threats that may have a real impact on the growth of the tourism industry.

In order to influence and sustain growth, appropriate measures should be taken by key stakeholders to improve the regulatory framework; Travel and Tourism business environment, infrastructure; human, cultural, and natural resources. There needs to be a conducive policy and legislative framework facilitating foreign ownership and FDI, well-protected property rights and few visitor restrictions, to guarantee the development of the tourism industry. Planned and direct private-sector-led investment on weak sectors within EA tourism-based economies can provide a direct impetus for growth. Political stability, security, health and hygiene as well as environmental sustainability are areas for further enhancement and prioritization. Government expenditure on the sector, strong destination-marketing campaigns, and country-level presence at key international tourism fairs need to be equally enhanced. An open skies policy as well as a liberalized environment would be an ideal driver for tourism to the region. The business environment as well as infrastructure need to be improved to service tourists' needs and encourages investment by the private sector. Access to tourism sites is a key factor that would increase accessibility of the destination. There several strategies that can be employed in the development of efficient transport infrastructure. First and foremost, successful development of infrastructure requires public-sector led initiatives including appropriate policy framework, careful infrastructure development planning and setting up coordinating agencies.

The significance of ICT in the tourism industry cannot be overstated given the increasing importance of the online environment for the distribution and promotion of the travel and tourism products. E-Tourism continues to be a significant distribution and marketing strategy for tourism in the developed countries. The implementation of a unique tourism development strategy depends on the partnership between public and private sector. At every stage of implementation, there is a need for governments to stimulate private investment by creating a favourable context for investment in general with specific tourism-related fiscal, financial and other incentives.

An understanding, of the positioning of destinations in terms of price competitiveness relative to their respective competitors can be a strategic development tool for the tourism industry. Demand patterns need to be assessed in light of the dynamics in price competitiveness. The Eastern Africa region needs to leverage on its ease of availability in skilled manpower in countries such as Kenya. This remains a significant challenge for the majority of countries in the region. However, tapping into this opportunity can only be realized through regional integration

and formulation of appropriate policies and legislation that encourage labour mobility across the region.

The study conclusively identifies a unified approach to tourism development under the umbrella of regional integration - an urgent requirement in terms of the potential benefits that could accrue to the region if it is sold as single destination. To achieve this goal, it is essential that the steps towards developing an Eastern Africa Master Tourism Plan be given prominence among the member countries. The development, therefore, of the master plan would map out the developmental agenda for the region as well as to chart out a vision for the tourism sector. This would entail a consultative stakeholder approach to clearly identify key issues and priorities for tourism development in Eastern Africa. Parallel to the master plan is the need for a regional destination management organisation (DMO) whose key functions would primarily entail internal destination development (IDD) and external destination management (EDM) functions. Further to selling Eastern Africa as a single destination, considerations for a single visa for international visitors to the region are highly recommended.

As a means of meeting HR challenges, it is important that the region focuses on human resource quality, capacity and competencies. To do this, Eastern Africa countries should harmonize tourism and hospitality training curricula through the development of standards that guide the training and development of human resources in the region. Instead of relying on expatriates or taking locals for further training abroad, there is need to provide sufficient capacity and competence within the region for quality and competitive training in the tourism sector.

Such strategies would guarantee a growing, competitive and sustainable tourism sector within the Eastern Africa region and possibly form a model for tourism development in Africa.

Table of Contents

ACKNOWLEDGMENT	5
EXECUTIVE SUMMARY	6
TABLE OF CONTENTS	9
LIST OF TABLES	11
LIST OF FIGURES	12
LIST OF BOXES	12
LIST OF ACRONYMS AND ABBREVIATIONS	13
1 INTRODUCTION	15
1.1 Background	16
1.2 Overview of Tourism Development in Eastern Africa	17
1.2.1 Economic Impact of Tourism Development.....	17
1.2.2 Human and Social Capital: Challenges and Opportunities for Tourism Development.....	21
1.2.3 Tourism and Environmental Protection.....	22
1.3 Challenges and Opportunities for Tourism Development in Eastern Africa Countries	24
1.4 Objectives of the study	26
1.5 Methodology	27
1.6 Outputs of the study	28
1.7 Major Findings of the Study	29
1.8 Organisation of the Study	30
2 TOURISM LINKAGES IN DEVELOPING COUNTRY CONTEXTS	31
2.1 Background	32
2.2 Overview of Tourism Linkages	34
2.4 Strategies for Enhancing Tourism Linkages in East Africa	40
3 TOURISM GROWTH DIAGNOSTICS IN EASTERN AFRICA	42
3.1 Introduction	43
3.2 Tourism Development Frameworks in East Africa	45
3.3 Tourism Growth Dynamics in East Africa	46
3.4 Country Sector Diagnostics and SWOT Analysis	48
3.4.1 Burundi.....	48
3.4.1.1 SWOT Analysis of Burundi’s Tourism Sector.....	49
3.4.1.2 Burundi’s Tourism Sector Growth Diagnostics	49
3.4.2 Comoros	50
3.4.2.1 SWOT Analysis of Comoros’ Tourism Sector.....	51
3.4.3 Democratic Republic of Congo (DRC)	51
3.4.3.1 Swot Analysis of DRC’s Tourism Sector	52
3.4.3.2 DRC’s Sector Growth Diagnostics	52
3.4.4 Djibouti.....	53
3.4.4.1 SWOT Analysis of Djibouti’s Tourism Sector	55
3.4.5 Eritrea	55
3.4.5.1 SWOT Analysis of Eritrea’s Tourism Sector.....	56
3.4.6 Ethiopia	56
3.4.6.1 Swot Analysis of Ethiopia’s Tourism Sector	57
3.4.6.2 Ethiopia’s Sector Growth Diagnostics	57
3.4.7 Kenya.....	58
3.4.7.1 SWOT Analysis of Kenya’s Tourism Sector	60
3.4.7.2 Kenya’s Sector Growth Diagnostics	60
3.4.8 Madagascar.....	61

3.4.8.1	SWOT Analysis of Madagascar’s Tourism Sector	62
3.4.8.2	Madagascar’s Sector Growth Diagnostics	62
3.4.9	Rwanda.....	63
3.4.9.1	SWOT Analysis of Rwanda’s Tourism.....	64
3.4.9.2	Rwanda’s Tourism Sector Growth Diagnostics	64
3.4.10	Seychelles	65
3.4.10.1	SWOT Analysis of Seychelles’s Tourism Sector.....	66
3.4.10.2	Seychelles’s Sector Growth Diagnostics.....	66
3.4.11	Somalia	67
3.4.11.1	SWOT Analysis of Somalia’s Tourism Sector.....	68
3.4.12	Tanzania.....	68
3.4.12.1	SWOT Analysis of Tanzania’s Tourism Sector	69
3.4.12.2	Tanzania’s Sector Growth Diagnostics	70
3.4.13	Uganda.....	70
3.4.13.1	SWOT Analysis of Uganda’s Tourism Sector	71
3.4.13.2	Uganda’s Sector Growth Diagnostics	72
3.5	Summary.....	72
4	DRIVERS FOR TOURISM GROWTH IN THE EASTERN AFRICA REGION	74
4.1	Introduction.....	75
4.3	Drivers for the Eastern Africa Tourism Growth – Benchmarking Best Practice	78
4.2.1	Travel and Tourism Regulatory Framework	78
4.2.1.1	Key Regulatory Drivers for Tourism Growth in East Africa	79
4.2.1.2	Political Stability.....	80
4.2.1.3	Health and Hygiene.....	82
4.2.1.4	Environmental sustainability.....	82
4.2.1.5	Greater Prioritization of the tourism industry	83
4.2.1.6	Bilateral Air Service Agreements	84
4.2.2	Business Environment and Infrastructure.....	85
4.3.2.1	Transportation Infrastructure	85
4.3.2.2	ICT infrastructure.....	87
4.2.2.3	Tourism Infrastructure	90
4.3.2.4	The price competitiveness in the TT Industry.....	91
4.2.3	Resources for Tourism Development.....	96
4.2.3.1	Human Resources.....	97
4.2.3.2	Affinity for Travel and Tourism	98
4.2.3.3	Natural Resources	99
4.3.3.4	Cultural Resources	100
5	THE NEED FOR REGIONAL INTEGRATION AS A DRIVER FOR TOURISM DEVELOPMENT IN EASTERN AFRICA.....	104
5.1	Introduction.....	105
5.2	Current Challenges and Opportunities in Regional Integration	106
5.2.1	Challenges of Regional Integration.....	106
5.3	Costs-Benefit Analysis of Regional Integration	108
5.4	Regional Integration and Tourism development: Challenges and Opportunities for E.A.	108
5.5	Regional Tourism Integration: The Case of EAC	110
5.5.1	Key Tourism Interventions of the EAC Treaty	112
5.5.2	Highlights of achievements so far under the EAC Tourism Development initiative.....	112
5.5.3	Indicators of Tourism Growth within EAC	113

5.7 Key Constraints to Regional Tourism Growth within Eastern Africa113

5.6 Summary113

6 CONCLUSIONS AND RECOMMENDATIONS115

6.1 Introduction116

6.1 Towards a sustainable East Africa tourism destination117

6.2 Key Recommendations118

 6.2.1 Role of key Tourism Stakeholders in Developing a Competitive EA Destination120

REFERENCES122

APPENDIX 1: MALAYSIA TOURIST INTERNATIONAL ARRIVALS AND DOMESTIC TOURISM FIGURES 2008-2009127

APPENDIX 2: THE ROLE OF INTERNATIONAL AND REGIONAL TOURISM ORGANIZATIONS IN TOURISM DEVELOPMENT128

APPENDIX 3: LIST OF ORGANISATIONS CONTACTED DURING FIELD MISSIONS129

List of Tables

TABLE 1.1: EASTERN AFRICA KEY DESTINATIONS TOURIST ARRIVALS AND RECEIPTS 2008-2009 ..17

TABLE 1.2: TOURISM EMPLOYMENT IN SELECT EASTERN AFRICA COUNTRIES WITHIN 2010.....20

TABLE 1.3: PROTECTED AREAS IN SELECT EASTERN AFRICA COUNTRIES23

TABLE 1.4: TTCI NATURAL RESOURCE RANKING FOR SELECT TOP RANKING DESTINATIONS AND EASTERN AFRICA COUNTRIES23

TABLE 3.1: TTCI RANKING OF SELECT AFRICAN COUNTRIES44

TABLE 3.2: TOURIST STATISTICS FOR EAC COUNTRIES (2000-8).....47

TABLE 3.3: SWOT ANALYSIS OF BURUNDI’S TOURISM SECTOR.....49

TABLE 3.4: GROWTH DIAGNOSTICS OF BURUNDI’S TOURISM SECTOR.....50

TABLE 3.5: SWOT ANALYSIS OF COMOROS’S TOURISM SECTOR51

TABLE 3.6: SWOT ANALYSIS OF DRC’S TOURISM SECTOR52

TABLE 3.7: DRC’S SECTOR GROWTH DIAGNOSTICS53

TABLE 3.8: SWOT ANALYSIS OF DJIBOUTI’S TOURISM SECTOR.....55

TABLE 3.9: SWOT ANALYSIS OF ERITREA’S TOURISM SECTOR.....56

TABLE 3.11: ETHIOPIA’S SECTOR GROWTH DIAGNOSTICS58

TABLE 3.12: SWOT ANALYSIS OF KENYA’S TOURISM SECTOR.....60

TABLE 3.13: GROWTH DIAGNOSTICS OF KENYA’S TOURISM SECTOR.....61

TABLE 3.14: SWOT ANALYSIS OF MADAGASCAR’S TOURISM SECTOR62

TABLE 3.15: GROWTH DIAGNOSTICS OF MADAGASCAR’S TOURISM SECTOR63

TABLE 3.16: SWOT ANALYSIS OF RWANDA’S TOURISM SECTOR.....64

TABLE 3.17: GROWTH DIAGNOSTICS OF RWANDA’S TOURISM SECTOR.....65

TABLE 3.18: SWOT ANALYSIS OF SEYCHELLES’S TOURISM SECTOR.....66

TABLE 3.19: GROWTH DIAGNOSTICS OF SEYCHELLES’S TOURISM SECTOR.....67

TABLE 3.20: SWOT ANALYSIS OF SOMALIA’S TOURISM SECTOR.....68

TABLE 3.21: SWOT ANALYSIS OF TANZANIA’S TOURISM SECTOR69

TABLE 3.22: GROWTH DIAGNOSTICS OF TANZANIA’S TOURISM SECTOR70

TABLE 3.23: SWOT ANALYSIS OF UGANDA’S TOURISM SECTOR71

TABLE 3.24: GROWTH DIAGNOSTICS OF UGANDA’S TOURISM SECTOR72

TABLE 4.1: THE CALGARY MODEL OF COMPETITIVENESS IN TOURISM76

TABLE 5.1: A SUMMARIZED SWOT ANALYSIS OF EASTERN AFRICA TOURISM REGIONAL INTEGRATION109

List of Figures

FIGURE 1.1: TRAVEL AND TOURISM GDP CONTRIBUTION IN EASTERN AFRICA, 2010	18
FIGURE 2.1: THE TOURISM VALUE CHAIN	36
FIGURE 2.2: TOURISM LINKAGES IN THE LOCAL ECONOMY	37
FIGURE 4.1: TTCI COMPETITIVE INDICES.....	77
FIGURE 4.2: GLOBAL POLITICAL INSTABILITY INDEX.....	81

List of Boxes

BOX 2.1: BACKWARD AND FORWARD LINKAGES IN THE HOTEL SECTOR	35
BOX 2.2: WHY A LINKAGES APPROACH IS NEEDED – BUT OFTEN MISSING – IN TOURISM.....	38
BOX 4. 1: TOURISM INFRASTRUCTURE DEVELOPMENT SCHEMES – INDIA.....	93
BOX 4.2: EGYPTIAN NATIONAL COMPETITIVENESS COUNCIL	96
BOX 4.3: MALAYSIA TOURISM PERFORMANCE (1995-2007).....	102
BOX 5.1: AIRLINES DEMAND A SINGLE EAC VISA	114

List of Acronyms and Abbreviations

ADB	Asian Development Bank
ASEAN	Association of South East Asian Nations
BBC	British Broadcasting Corporation
BOT	Build-Operate-Transfer
CET	Common External Tariff
COMESA	Common Market for Eastern and Southern Africa
CPA	Comprehensive Peace Agreement
DMO	Destination Management Organization
DRC	Democratic Republic of Congo
DRC	Democratic Republic Of Congo
EAC	East African Community
EATWCA	East African Tourism and Wildlife Conservation Agency
ECOWAS	Economic Community of West African States
EDM	External Destination Management
ENCC	Egyptian National Competitiveness Council
EPA	Economic Partnership Agreements
ESI	Environmental Sustainability Index
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Area
GDP	Gross Domestic Product
GDP	Gross Domestic Product
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
HRA	Hotels and Restaurants Act
ICT	Information and communication Technology
IDD	Internal Destination Development
IGAD	Inter-Governmental Authority on Development
IOE	Integrity of Experience
LDC	Least Developing Countries
LTA	Land Transport Authority
MIS	Management Information System
NEPAD	New Partnership for African Development
NGO	nongovernmental organization
NTO	National Tourism Organizations
ODI	Overseas Development Institute
OECD	Organization for Economic Cooperation and Development
PPP	Public Private Partnership
PTA	Preferential Trade Agreements
SACU	South African Customs Union
SADC	Southern Africa Economic Cooperation
SSA	Sub-Sahara Countries
T& T	Travel and Tourism
TTCI	Travel and Tourism Competitiveness Index

UN ESCAP	United Nations Economic and Social Commission for Asia and Pacific
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNWTO	United Nations World Tourism Organization
WEF	World Economic Forum
WEF	World Economic Forum
WTTC	World Travel and Tourism Council

1 Introduction

1.1 Background

Tourism is a multidimensional activity that involves not only the movement of people from one place to another, but also all activities they undertake both directly and indirectly interlinked towards the facilitation of this process (Smith, 1995; Cooper, *et al.*, 1998; Sharpley and Telfer, 2002). The industry is therefore a complex phenomenon which involves transaction processes that are driven by global influences of multinational tourism and travel corporations, geopolitical and other broader forces of economic change (Milne and Ateljevic, 2001). As such, tourism generates immense economic activity globally and has grown to be one of the world's largest industries in terms of volume and revenue generated.

The growth of the tourism industry has been phenomenal, with international tourist arrivals increasing from 25 million in 1950, to 277 million in 1980, to 438 million in 1990, to 681 million in 2000, and currently standing at 880 million (UNWTO, 2010). United Nations World Tourism Organisation (UNWTO) estimates that by 2020 there will be 1.6 billion international tourist arrivals. What is more, the global tourism industry now accounts for 5% of the total economic activity, generating over US\$ 1 trillion per annum or about US\$ 3 billion per day and employing 6-7% of the total workforce in 2009 (UNWTO, 2010). More precisely, the industry contributed about 9.4% of the global Gross Domestic Product (GDP) and employed over 235 million people worldwide (WTTC, 2010). Furthermore, the industry is ranked fourth in the export category worldwide after fuels, chemicals and automotives, accounting for 30% of total commercial services exports (UNWTO, 2010).

Owing to its economic potential, more and more countries, both in developed and developing worlds are turning to tourism to address their respective developmental challenges. Studies have further shown that the majority of developed countries in the West are now using tourism as a tool for economic regeneration and rural development, while oil-rich countries in Middle East, are looking at the industry to diversify their economies. The majority of African countries, particularly those in Sub-Sahara Africa (SSA), are now embracing tourism as a potential tool for economic development and poverty alleviation, given the failure of traditional sectors such as

agriculture to bring about meaningful socio-economic development. This is mainly due to tourism's potential for foreign exchange earnings, job creation, revenue generation for governments through taxation, and for both forward and backward linkages through the multiplier effect. Nonetheless, Fayissa *et al* (2007) observe that whereas tourism development has contributed significantly to the economic growth of developed countries especially through foreign exchange earnings, the full potential of the industry to do the same in Africa is yet to be realised.

1.2 Overview of Tourism Development in Eastern Africa

1.2.1 Economic Impact of Tourism Development

Eastern Africa is a leading tourist destination in SSA, a region whose UNWTO's statistics signify great potential for tourism growth in terms of tourist arrivals and receipts (see Table 1.1 below). The potential of the tourism industry in the region can be attributed to its endowment of natural resource, which have contributed significantly to the economic growth and development of countries such as Kenya, Uganda, Tanzania, Ethiopia, Rwanda, Seychelles and more recently Rwanda.

Table 1.1: Eastern Africa key Destinations Tourist Arrivals and Receipts 2008-2009

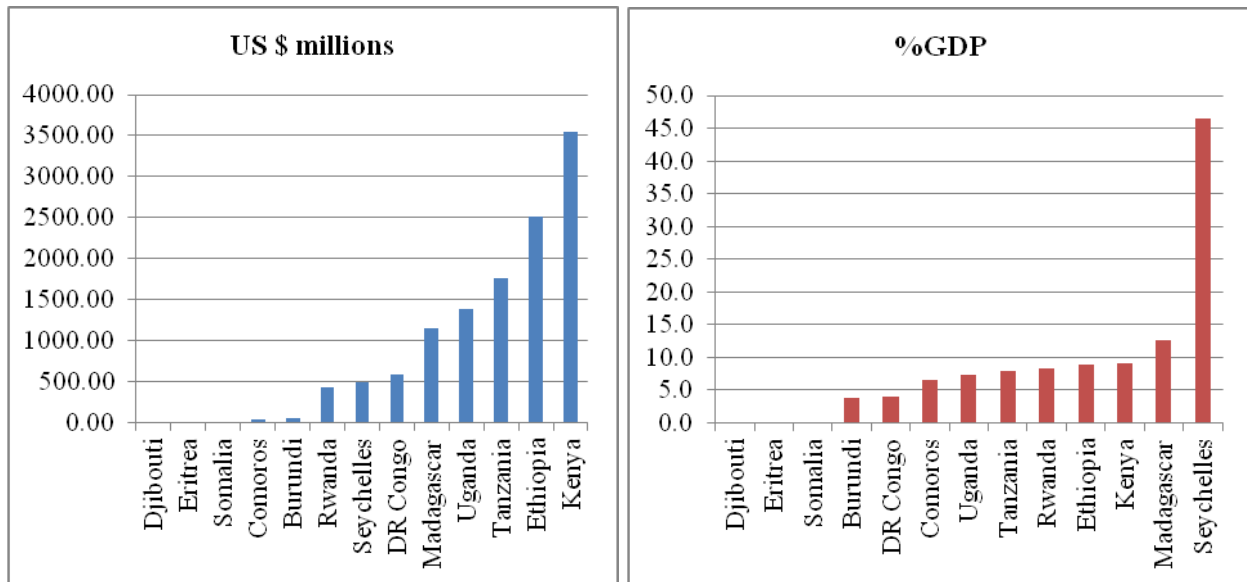
	Arrivals ('000)		Receipts (US\$ millions)	
	2008	2009	2008	2009
Ethiopia	330	-	377	-
Kenya	1 141	-	762	807
Rwanda	731	699	186	174
Seychelles	159	158	258	-
Tanzania	750	-	1 289	1 260
Uganda	844	817	498	667

Source: UNWTO Highlights, 2010

Contribution to GDP

The tourism industry contributes significantly to the Gross Domestic Products (GDP) of the aforementioned countries. Figure 1.1 below details the travel and tourism industry’s percentage and total contribution to GDP in Eastern Africa countries.

Figure 1.1: Travel and Tourism GDP Contribution in Eastern Africa, 2010



Source: WTTC, 2010

On the higher end, the industry contributes about 46% of GDP in Seychelles, about 10% in countries like Kenya, and about 3.8% in countries like the Democratic Republic of Congo and Burundi (WTTC, 2010).

Foreign Exchange Earnings

The tourism industry is also one of the leading foreign exchange earners in most Eastern Africa countries as illustrated in figure 1.1 above. The industry is rivalled only by the agricultural sector which is the main economic backbone for most countries in the region. In Madagascar, Rwanda, Tanzania, and Uganda, for instance, the industry contributes about US\$ 280 million, US\$ 174 million, US\$ 1.2 billion and US\$ 667 million to the respective economies (UNWTO, 2010). In Seychelles, the industry has continued to be a key foreign exchange source accounting for over 60% of the total foreign exchange earnings (WTTC, 2010). In Kenya, the sector is second only

to the agricultural sector, contributing 18% of the total foreign exchange earnings (Kenya Government, 2009).

Source of Employment

Unemployment is a major challenge facing all countries in Eastern Africa owing to the fact that the rates of economic growth are too minimal to bring about meaningful opportunities for the working populace in the region. The United Nations Economic Commission for Africa (UNECA) estimates that the average rate of unemployment in SSA stands at 10.9% and that the actual situation is worse as the proportion of the working poor, those earning below the poverty line (US\$1 per day) is considerably high (UNECA, 2004).

In the effort to curb unemployment, the tourism industry has played an important role in most of the Eastern Africa states, providing direct and indirect, formal and informal, skilled, unskilled and semi-skilled employment. Employment ranges from work in formal environments such as rated hotels, tourism intermediary organisations including tour operators and travel agents to informal settings dominated by vending and hawking of various goods and services in tourist hotspots. Table 1.2 illustrates the magnitude of both direct and indirect tourism employment in select Eastern Africa Countries.

Table 1.2: Tourism Employment in Select Eastern Africa Countries within 2010

	Direct and Indirect Employment through Tourism			Direct Employment in Tourism	
	No. Employed	% Working Population		No. Employed	% Working Population
Seychelles	22,000	56%	Seychelles	12,000	31.5%
Madagascar	455,000	10.1%	Kenya	202,000	3.4%
Kenya	439,000	7.3%	Ethiopia	775,000	3.3%
Ethiopia	over 1.6 million	6.9%	Rwanda	57,000	3.1%
Rwanda	122,000	6.6%	Madagascar	135,000	3%
Tanzania	624,000	6.3%	Uganda	180,000	2.8%
Uganda	381,000	5.9%	Tanzania	253,000	2.6%
Comoros	10,000	5.4%	Comoros	2,600	1.5%
DRC	472,000	3.1%	DRC	216,000	1.4%
Burundi	53,000	3%	Burundi	24,000	1.4%

Source: WTTC, 2010

Government Revenue

The tourism industry is a major source of government revenue in Eastern Africa especially for those countries whose GDP contribution by the industry is significantly high. Uganda and Ethiopia, tourism's contribution to government revenue is 2.3% (US\$ 42 million) and 2.4% (US\$76 million) respectively. The Kenyan government earns a significantly higher amount of US\$ 466 million which accounts for 7.6% of total government revenue while in Seychelles, the US\$35 million, earned by the government through tourism accounts for 22% of government revenue. In Burundi, DRC and Rwanda, however, the industry accounts for 0.7%, 0.9% and 1.7% of the total government revenue amounting to US\$3 million, US\$ 12 million and US\$ 11 million respectively (WTTC, 2010).

1.2.2 Human and Social Capital: Challenges and Opportunities for Tourism Development

Possession and continuous accumulation of relevant tourism skills and knowledge is essential in the creation of human capital, which is a critical resource for the development of a competitive sustainable destination (Lazear, 2004). In SSA, and more so, the Eastern Africa region, the lack of relevant skills and knowledge has been an obstacle for successful tourism development (Victurine, 2000). There have been concerted efforts, especially by the more mature tourism destinations, to address this challenge. Kenya, for instance, through the assistance of the Swiss government, established Kenya Utalii College which has been instrumental in training industry personnel across Africa. Various other countries in the region including Uganda, Tanzania, Rwanda, and Ethiopia now have a number of institutions offering tourism related training programmes both at technical and degree levels. It is worth noting that these training programmes have been set up in response to the growing demand for personnel from the tourism industry and have been initiated by the various governments and international institutions, supported by such organisations as the World Bank. This has led to a considerable increase in basic skills and knowledge relevant to the industry.

However, it is equally important to note that the level of local investment in the tourism industry and the general contribution of the industry in addressing the various developmental challenges have been insignificant in the region (Doswell, 2000). This could be attributed to the fact that these tourism training initiatives have been in response to specific skills shortages within the industry, which is dominated by large enterprises, instead of laying emphasis on basic skills and knowledge to facilitate, for instance, small enterprise development (Doswell, 2000). Thus, the rigidity of the training programmes in Eastern Africa has resulted in very few people being equipped with the appropriate skills and knowledge necessary to increase local productivity and create wealth through tourism development (Lazear, 2004).

Another major challenge facing tourism development in the Eastern Africa region, especially in countries where tourism contributes significantly to GDP, is that benefits accruing from industry do not trickle down to local communities, even in those areas where tourist activity is

predominant. This could be attributed to lack of sufficient social capital. In Kenya, for instance, the incidence of poverty is comparatively higher in areas where tourism is the main economic activity, compared to those areas where agriculture is the predominant economic activity (Manyara and Jones, 2007).

Studies have shown that the more the local community involvement in tourism development through the various community-based initiatives, the higher the benefits that accrue to them (Mitchell and Reid, 2001). Community-based initiatives, therefore, have the potential to benefit communities and offer a developmental route through which support networks could be established (Manyara and Jones, 2007). Indeed, such networks are now seen by international organisations including, the World Bank, United States Agency for International Development and the Dutch development organisation SNV as potential avenues through which local communities can participate in tourism development (Kiss, 2004). Likewise, the governments of Kenya, Uganda, Rwanda and Tanzania, have identified community-based tourism as a way of enhancing local community involvement in tourism development and in so doing ensure that the accruing benefits are of significant economic importance.

1.2.3 Tourism and Environmental Protection

Eastern Africa is one the richest biodiversity regions of the world. For instance, the Albertine Rift, which covers parts of Burundi, Rwanda, DRC, Uganda and Tanzania, is home to the Ruwenzori Massif, Africa's third highest peak, the Virunga Mountains and National Park, popular for their mountain gorillas and active volcanoes, and Africa's deepest lake, Tanganyika (Plumptre *et al*, 2006). In addition, the Eastern Rift Valley, which covers parts of Ethiopia, Kenya and Tanzania, hosts various ecosystems some of which are the richest in species diversity. Africa's highest and second highest mountains, Kilimanjaro and Kenya respectively, a number of rift valley lakes and a diverse range of flora and fauna add to the richness of Eastern Africa's natural resources. What is more, some of the countries in the region including Madagascar, have been described as 'megadiversity countries' owing to high concentrations of biodiversity (Gosling, 1999). In recognition of the importance of this biodiversity many of Eastern Africa

governments have enacted legislation to protect their respective resources. Table 1.3 below details protected areas in select Eastern Africa countries in 2008.

Table 1.3: Protected Areas in Select Eastern Africa Countries

Country	Terrestrial Areas		Marine Areas	
	% of surface area	Number of areas	% of surface area	Number of areas
DRC	12.2	66	1.8	1
Kenya	12.3	284	5.8	11
Madagascar	3.1	53	0.1	8
Rwanda	7.6	5	0.0	0
Tanzania	38.8	537	12.5	17
Uganda	26.1	732	0.0	0

Source: World Bank (2010)

This endowment in biodiversity has resulted in the active promotion of nature-based tourism in Eastern Africa’s leading destinations, given the region’s comparative advantage. In fact, the Travel and Tourism Competitiveness Index (TTCI) ranks Eastern Africa fairly well with regard to the prevailing natural resources that can be used to enhance the region’s destination competitiveness, with Tanzania ranked third globally after United States of America and Brazil. Table 1.4 below compares the natural resource ranking of selected Eastern Africa countries with that of the top ranking destinations.

Table 1.4: TTCI Natural Resource Ranking for Select Top Ranking Destinations and Eastern Africa Countries

Top countries	Overall Rank globally	Overall Score*	Eastern Africa	Overall Rank globally	Overall Score*
USA	1	6.46	Tanzania	3	6.13
Brazil	2	6.37	Uganda	11	5.05
Australia	4	5.77	Kenya	25	4.47
Colombia	5	5.51	Ethiopia	36	4.17
Costa Rica	6	5.42	Madagascar	70	3.09
China	7	5.26	Burundi	97	2.70

Source: WEF 2009

* The higher the score the better the ranking.

The relationship between tourism development and environmental conservation in Eastern Africa could on one hand be seen as symbiotic and on the other exploitative. Tourism development has been promoted, particularly by conservation-based organisations like African Wildlife Fund, International Union for the Conservation of Nature and World Wildlife Fund, as a strategy for enhancing the conservation agenda.

These organisations argue that environmental protection could significantly be enhanced if the support of local communities living in, or adjacent to, protected areas is guaranteed and that this could be achieved if such communities derive socio-economic benefits by conserving their environment and foregoing unfriendly environmental development (Balmford and Whitten, 2003; Naidoo and Adomowicz, 2005). On the other hand, environmentalist argue that in countries such as, Kenya and Tanzania, the uncontrolled development of tourist facilities and large numbers of visitors in protected areas has resulted in a significant loss of biodiversity (Sindiga, 1999). Furthermore, despite such developments, the net benefits accruing to local communities are minimal and the various challenges to conservation including human-wildlife conflicts and encroachment on protected areas have been on the increase (Manyara and Jones, 2008).

1.3 Challenges and Opportunities for Tourism Development in Eastern Africa Countries

Tourism has become a fiercely competitive industry. For tourism destinations all over the world, competitive advantage is no longer natural, but increasingly man-made – driven by science, technology, information and innovation. As such, it is not simply the stock of natural resources of the sub-region that will determine its competitiveness in tourism, but rather how these resources are managed and to what extent they are complemented with man-made innovations.

The quality of the Eastern Africa’s touristic endowment is exceptional and the potential for the promotion of national and regional tourism is high, given the diversity of the region’s products, ranging from safaris and cultural tourism, to leisure activities and beach holidays. Despite this

potential, it is important to underscore the fact that many countries in the Eastern Africa sub-region have barely developed their tourism potential. Indeed, while the tourism sector in some Eastern Africa countries is vigorous and relatively well developed, as is the case in Kenya and the Seychelles, in many countries, the sector is in its embryonic stage.

If Eastern Africa countries are to be successful in competing in the international tourism market, it is important to introduce standards of excellence against which products, particularly infrastructure, accommodation and services, can be measured. Regional branding and national niches should also be clearly identified, and developed, thus minimizing competition between countries, while supporting regional tourism. Management and administration of the sector need to improved, drawing from lessons learnt from tourism policies in other African sub-regions (Southern and Northern Africa).

The primary focus for governments must be the implementation of policies that will encourage tourism development. Yet, the sector cannot develop without improvements in public health and personal safety in tourist areas. The formulation of air transport policies that can reduce the costs of travelling, attract greater traffic, expand consumer choice and increase competition is also crucial. Governments also need to address human resource development and capacity building, and improve environmental mitigation and protection.

In addition, it is worth stressing that the development of the tourism industry also requires effective coordination between the diverse government agencies implicated in the sector, strong partnerships between the government and the private sector, and partnerships with the civil society and, in particular, local communities that are specifically impacted by tourism. Having a clearly defined national policy and strategy for tourism development is essential. However, where national attractions are shared with neighbouring countries and/or where joint promotion and marketing of complementary assets would create more attractive packages and generate economies of scale, a regional tourism development approach should be pursued.

Clearly, a number of factors limit the effectiveness of the tourism industry to play a more meaningful role in the national economies. Therefore, to accelerate the development and promotion of the tourism industry in the Eastern Africa sub-region, it is important to address the key issues that have so far impeded progress. These include: sub-optimal institutional framework and structures; inadequate funding for tourism development; weak local private sectors; disenfranchised local communities; inadequate infrastructure and related services; capacity dearth; narrow choice of tourism products; market marginalisation; enclave industries and foreign-based tourism; weak information and communication technologies (ICT) penetration; and inadequate harnessing of the potential of regional integration.

It is against this backdrop, that the Sub-regional Office for Eastern Africa (SRO-EA) of the United Nations Economic Commission for Africa (UNECA) has commissioned this study. The study is premised upon the principles of sustainable tourism informed by the following definition:

... those forms of tourism which meet the needs of host communities, tourists and the tourism industry, today without compromising the ability of future generations to meet their own needs.

(Swarbrooke, 1999:13)

1.4 Objectives of the study

The key objective of the study is to build a source of information on the status of tourism development in Eastern Africa with a view to helping policy makers and other stakeholders to frame policies and strategies towards the development of a sustainable tourism industry in the sub-region. This study, therefore, entails an assessment of the extent and importance of the tourism sector in Eastern Africa, identification of the key issues and challenges confronting the development of the sector, identification of good practices, comparative analysis of successful tourism-based economies in Africa and around the world, an analysis of lessons to emulate, and an outline of policy options and strategies that will, in the long term, contribute to the

development of a resilient and well integrated tourism sector in the sub-region. Thus, the study is expected to contribute to the process of maximising the economic and social impacts of tourism in Eastern Africa.

A subsidiary objective is to raise the level of awareness in the Eastern African member states, of the potential of the tourism sector in supporting long-term economic competitiveness, growth and diversification, and also to contribute to the definition those actions that would precipitate such growth. It is assumed that the results of the study will be both general and context-specific, to facilitate cross-country application and knowledge networking and sharing.

Specifically, the study seeks to provide:

- a snapshot of the tourism sector in the sub-region, including its levels of contribution to GDP, foreign exchange, employment generation, environmental protection, and human and social capital creation;
- a growth diagnostics of the sector including an assessment of the most binding constraints of growth (institutions, skills base, infrastructure stock, policy and legal and regulatory framework, financial, market penetration, location, product offer and diversification, name and recognition, competitiveness and level of resilience to external shocks, etc)
- an identification of the imperatives for growth, listing of growth drivers and analysis of (new) opportunities for growth; and
- a way forward with suggestions of policies and strategies to consider; reform agenda; and a prioritised and targeted framework for action. Case studies and good practices should inform the policy articulation.

1.5 Methodology

This study builds on both primary and secondary data sources. The study has been developed through a critical review of literature related to tourism and economic development, tourism in developing countries, regional integration and tourism development. These resources were

sourced from published materials in journals, reports from various organisations including various bodies of United Nations, European Union, World Bank, International Monetary Fund, World Economic Forum, World Travel and Tourism Council, East African Community (EAC) and governments of East Africa countries. The literature review has enabled an analysis of the key challenges to tourism growth and has facilitated the identification of appropriate strategies to foster tourism growth in East Africa. Furthermore, analysis of various case studies provides a basis for benchmarking and has identified best practice for tourism development in the region. What is more, document analysis of various government policy documents from a number of various countries in the region have facilitated an understanding of the prioritisation of tourism development in the region, the various challenges these countries face and proposed strategies for tourism growth.

Primary data was collected from industry stakeholders including government officials and private sector representatives drawn from the region and select advanced destinations using in-depth semi-structured interviews. The goal of these interviews was twofold. Firstly, to enable an understanding of the major economic, social and environmental issues that confront tourism development in the region and identified possible solutions and secondly to benchmark best practice in the more successful destinations. Primary data was enhanced during field missions using participant observation approach. This approach enabled the collection of first hand data on various issues particularly, the quality and standards of tourist products and services across the sampled destinations.

1.6 Outputs of the study

This study has:

- Reviewed literature on tourism development and defined general pre-requisite factors for the successful development of the sector based on experiences from successful tourism driven economies;

- Identified and characterised the tourism sector in Eastern Africa in terms of the role of the industry in the national economy and its contribution to economic growth and diversification;
- Assessed the levels of linkages between the tourism sector and the rest of the economy;
- Undertaken a SWOT analysis of the sector paying attention to inhibiting factors (internal and external to Eastern Africa) and the opportunities for growth and development;
- Conducted a comparative analysis and identified best practices in tourism development in Africa and beyond;
- Synthesised major findings and drawn general lessons and recommendations for the development of the tourism sector in Eastern Africa, outlining the major success factors, the roles key stakeholders such as government, private sector, and communities should play and the opportunities offered by regional integration.

1.7 Major Findings of the Study

The tourism industry has the potential to play a key role in the region’s economic growth and development and is indeed a key economic sector for some of the countries. Development and growth of tourism in the region, however, faces a number of challenges, ranging from a narrow product range devoid of innovation and creativity, skewed marketing strategies mainly targeting the Western European and North American countries, unfavourable policy and regulatory frameworks, relatively high levels of insecurity and political instability, lack of government prioritisation of the industry, and a persistent negative global image of some countries in the region. All these issues make the region uncompetitive as a tourism destination. The region is ranked accordingly by the TICI, whereby Kenya has a global ranking of 97, the top in the region, while Burundi is among the last three at 131.

Despite these challenges, there are plenty of opportunities for tourism development in East Africa ranging from product diversification (e.g. eco-tourism, culture, conference, and cruise), new emerging markets bolstered by a growing middle class and the new economic super powers of the Asia, to the opportunities springing from greater regional integration. This would not only

enhance tourism prospects, but also crucially, more sourcing of the necessary inputs from within the region, thus reducing the degree of ‘leakage’ from the tourism system.

Nonetheless, for the countries of East Africa to fully realise these opportunities, a number of issues will have to be addressed. For instance, countries will have to develop more favourable policy and regulatory frameworks to encourage necessary investment in the sector, develop world class infrastructure to support tourism development, and invest in creation of human capital appropriate to support an innovative tourism development approach in the region.

1.8 Organisation of the Study

This study is organised as follows:

- Chapter 2 provides a general assessment of linkages between the tourism industry and the rest of the economy within a developing country context.
- Chapter 3 outlines the tourism growth diagnostics for the East Africa region. The present presents a tourism SWOT analysis for Eastern Africa countries.
- Chapter 4 discusses the imperatives for tourism growth and identifies key growth drivers for the sector.
- Chapter 5 looks at regional integration as a driver for tourism growth in East Africa and identifies key challenges and opportunities.
- Chapter 6 concludes this study and it highlights key recommendation for tourism development in East Africa and outlines the roles various stakeholders could play in developing the region as a competitive destination.

2 Tourism Linkages in Developing Country Contexts

2.1 Background

Tourism can make a substantial contribution to a country's overall economy, aiding in poverty alleviation and providing a more sustainable and diverse economic outlook. As Liu and Wall affirm, tourism is often *used as a tool to stimulate marginal economies and to promote development through the jobs and incomes that it can foster* (Liu and Wall, 2006:1). Such factors are critically important to developing countries in general and more so, Southern-Sahara Africa (SSA).

The Brussels Programme of Action for the Least Developed Countries (LDCs) for 2001-2010, clearly recognises the central role of tourism as *one of the few economic sectors through which LDCs have managed to increase their participation in the global economy* (UN, 2001). This was further echoed by UNWTO's Sustainable Tourism and Poverty Alleviation (STEP) which further laid emphasis on the tourism industry as an avenue through which developing countries, particularly LDCs, could address the incessant challenges brought about by high levels of poverty (UNWTO, 2010). The industry is identified as crucial to economic development as it: provides opportunities for selling additional goods and services; creates opportunities for local economic diversification of poor and marginal areas without other development opportunities; is based on cultural, wildlife and landscape assets that often belong to the poor; offers better labour-intensive and small-scale opportunities than any sector except agriculture; promotes gender equality by employing a relatively high proportion of women; reduces leakage from, and maximises linkage to, local economies (UNWTO, 2010). These facts principally result from the existence, in most LDCs, of significant comparative advantages that are conducive to viable tourism specialisation and development (UN, 2001).

As noted by the UNWTO (2004),

There are several reasons that make tourism an especially suitable economic development sector for LDCs:

- *Tourism is consumed at the point of production - the tourist has to travel to the destination, where he or she will spend his/her money, thereby opening opportunities for local businesses and allowing local*

communities to benefit through the formal and informal economy, by selling goods and services directly or indirectly to visitors.

- *Most LDCs have a comparative advantage in tourism over developed countries - they have assets of enormous value to the tourism industry including - culture, art, music, natural landscapes, wildlife and climate, and heritage sites, usually found in marginalized areas. Visits by tourists to such sites can generate employment and income for communities as well as helping in the conservation of cultural and natural assets.*
- *Tourism is relatively more dynamic than other industries in that it has the potential to support other economic activities, through provision of flexible, part time jobs that can complement other livelihood options, and through the creation of income throughout a complex supply chain of goods and services.*
- *Tourism is labour intensive, which is particularly important in tackling poverty and as already mentioned, it can provide a wide range of different employment opportunities especially for women and young people - from the highly skilled to the unskilled – which to a large extent require relatively little training.*
- *Tourism creates opportunities for many small and micro entrepreneurs, either in the formal or informal economy since it is an industry in which start-up costs and barriers to entry can generally be low or can easily be lowered.*
- *Tourism provides not only material benefits for the poor but also cultural pride. It creates greater awareness of the natural environment and its economic value, a sense of ownership and reduced vulnerability through diversification of income sources.*
- *The infrastructure required by tourism, such as transport and communications, water supply and sanitation, public security, and health services, can also benefit other sectors of the economy”.*

The view that tourism can make a substantial contribution to the economic and social development of the developing countries is gaining momentum due to what has been described as a *quiet but significant reappraisal* (ODI, 2006) of the potential effects it can have on economic growth and poverty reduction as observed below:

as an industry, it [tourism] is labour intensive; it is less vulnerable than traditional sectors; it is non-cyclical; it has a catalytic effect on the rest of

the economy; it has lower barriers to entry and creates better and more gender concerned jobs than most sectors. More important by being built on natural and cultural assets and consumed onsite, it can reach the poor in rural areas where poverty is harsher.

(Gerosa, 2003:2)

Central to these features is the fact that consumers must travel to the country where the tourism services, such as hotels, are located. This significantly increases the potential for valuable direct and more importantly, indirect linkages for the host country, compared to conventional cross-border trade in goods, because the tourist is present physically and therefore able to consume goods and services at the point of their production or availability (UNCTAD, 2007). This therefore underscores the significance of the industry to economic development in the developing countries and the LDCs. For this to occur, however, a tourism development model that checks on leakages and maximises on linkages must be pursued.

2.2 Overview of Tourism Linkages

Gollub *et al* (2003) observe that tourism is not a single activity, but an agglomeration of many separate and related activities that include transport, accommodation, food and beverage services, cultural entertainment, conventions and trade fairs, sports and recreation (see figure 2.I). In addition, activities that are critical to the success of tourism include financial services, telecommunications, health services, energy, water, security, law and order. All these far-reaching activities congregate in the production and consumption of tourism.

BOX 2.1: Backward and Forward Linkages in the hotel sector

Taking hotel accommodation as one possible core activity of tourism production and consumption, backward linkages established by hotels include those with suppliers of inputs that are needed for immediate consumption, such as meat and fish, dairy produce and vegetables and beverages.

Backward linkages also establish longer term relationships such as with construction companies and manufacturers of equipment, linen and uniforms. When these goods are produced locally they can have a powerful effect on improving the value-added in the host country, through consumption multipliers and through multipliers associated with the value chain. There are also important forward linkages that include, in addition to hotels, the production of goods or services used by tourists, such as handicrafts, shopping, musical performances, spa or health treatments and the employment of tour guides. Some commentators have argued that improvements in the depth and added value of a well-managed tourism strategy can also translate into economy-wide improvements in private sector investment and growth, via an improved business climate and market.

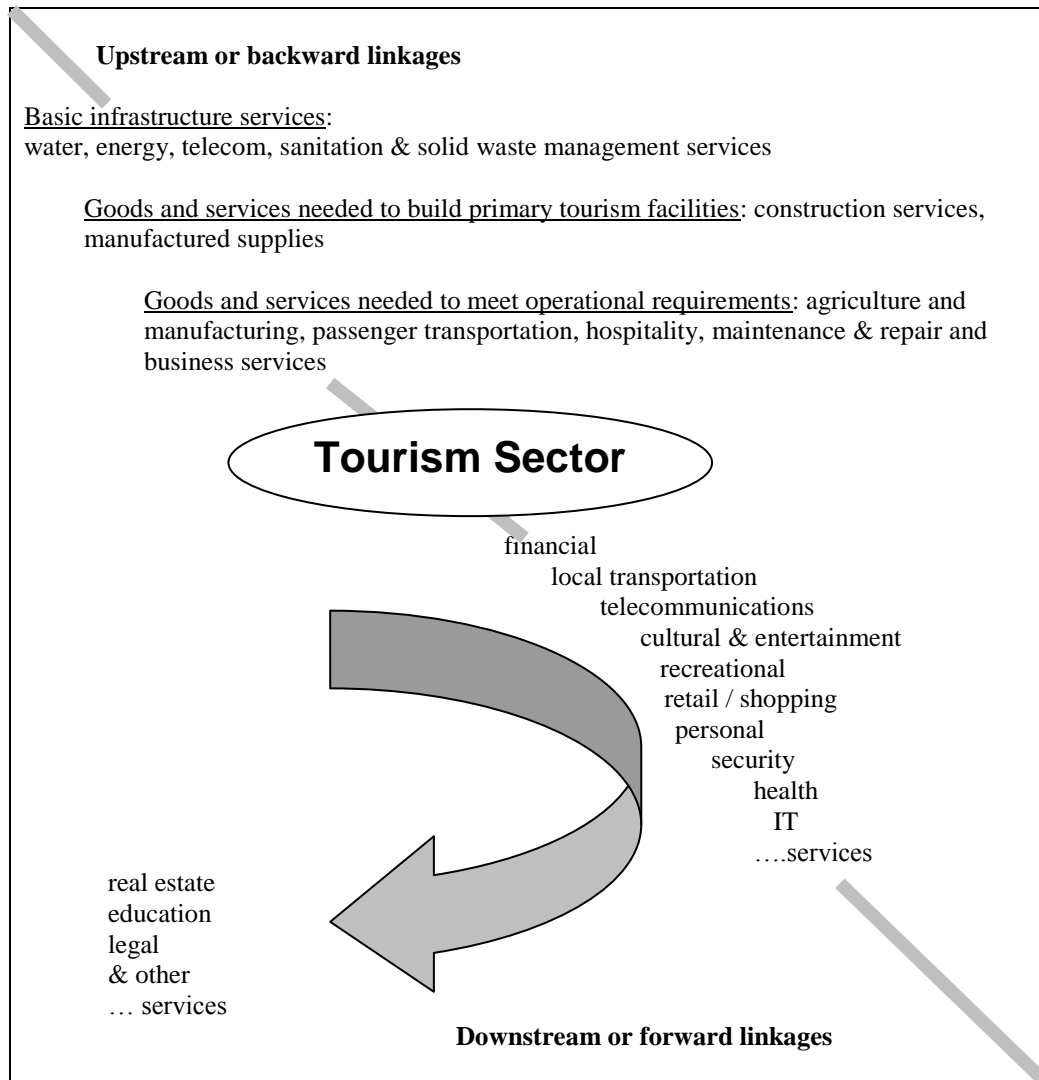
These services can be put together individually by each tourist, or they can be created as a package by tourism intermediaries that provide wholesale or retail services (such as tour operators or travel agents and local government agencies). The more such local forward and backward linkages exist, the deeper can be a country's tourism economy, and the less it will rely upon imported inputs. If a country combines this depth with creativity and innovation, its economy can become more differentiated and more competitive vis-à-vis other destinations.

Source: (UNCTAD, 2007)

The extensive value chain in tourism provides much potential for local value chain development. The greater the extent to which the tourism sector is linked with other sectors of the economy, the greater should be the effect on, for example, direct and indirect employment and revenue generation (UNCTAD, 2007).

UNCTAD (2007) in its report on *Trade and Development Implications of International Tourism for Developing Countries* conceptualizes tourism economic linkages in figure 2.1 below:

Figure 2.1: The tourism value chain



Source: UNCTAD (2007)¹

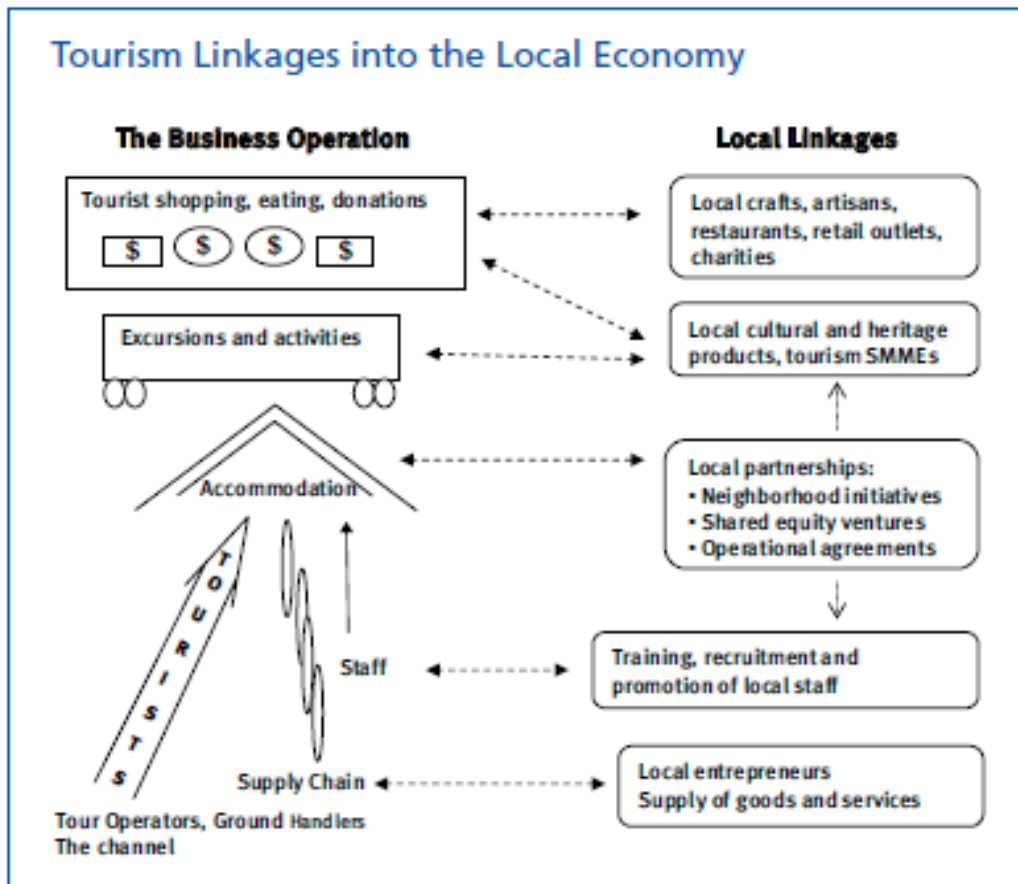
The significance of linkages lies in the fact that strong linkages catalyse a multiplier effect that generates broad-based economic benefits at the national level as well as employment

¹ The figure shows the key sectors that are linked to the tourism industry both upstream/ backward linkages and downstream/ forward linkages. Backward linkages, for instance, entail the provision of goods and services, such as basic infrastructure, supply of materials for construction of tourist facilities and supply of, for example, agricultural produce to hotels, that facilitate the production of tourism specific and related services.

opportunities and poverty reduction at the local level. Without strong tourism linkages, such benefits do not materialize.

Figure 2.2 outlines core components of tourism business operation, and types of local linkages that could be developed.

Figure 2.2: Tourism Linkages in the Local Economy



Source: ODI (2006)

An UNCTAD study on linkages undertaken in Brazil, India and Indonesia, established that tourism linkages were particularly stronger within the economies compared to other sectors (UNCTAD, 2007 b). Furthermore, numerous tourism studies undertaken in developing countries through the support of UNCTAD, show similar trends (UNCTAD, 2007 b). These studies, therefore, affirm the importance of the tourism industry in stimulating economic activity.

2.3 Nature of Tourism Linkages in Eastern African Region

As is the case in all LDCs, tourism can be a potential route through which countries in East Africa can generate foreign exchange earnings and other socio-economic benefits. The benefits accruing from tourism development have, nonetheless, not translated to meaningful benefits for the majority of developing countries, especially the LDCs. This anomaly could be attributed to the nature of underdevelopment in these developing countries characterised by high unemployment rates, and low levels of production owing to minimal entrepreneurial activity, and the lack of internal mechanisms to retain a sizeable proportion of tourism revenue within developing countries (Dieke, 2005). Box 2.2 below highlights some of these challenges.

BOX 2.2: Why a linkages approach is needed – but often missing – in tourism

Any serious effort to increase visitor expenditure and poor people's participation in a poor destination cannot rely on governments, non-governmental organisation and communities alone. It depends on better integration of the tourism private sector into the local economy; on companies investing – and being encouraged to invest – more in local linkages.

Some linkages already exist. Hotels seek out the cost advantage of local labour and supplies such as food, and encourage guests to enjoy local activities to increase length of stay. For many hoteliers and tour operators it is common sense to support local artisans, guides or neighbourhood groups, if these directly enhance the customer experience. But that said, many linkage opportunities are missed. Procurement is often from distant wholesale suppliers, to take advantage of bulk purchasing discounts, reliability of supply or to cater for international tourists' tastes. Even where local farmers produce tourist fare, the market connections between supplier and hotelier may be too weak for a viable linkage, unless a facilitator steps in to support local transactions.

Tour packages may be oriented towards operators' profit margins, rather than maximising local diversification opportunities. Thus, while local linkages exist, the mindset of optimising them for mutual long-term gain often does not.

Source: ODI (2006)

It is worth noting that the more a destination is economically advanced, the more developed the tourism industry would be and the greater the net earnings (and by implication the lower the leakages) (Dieke, 2005). A typical comparison is that between Kenya and The Gambia (Dieke, 2005). In the former, net earnings in 1992 were 65% of gross foreign exchange earnings, while in the latter, earnings were 20%. This is because the foreign exchange component in the costs of tourism falls significantly with the development of the industry. Furthermore, in the case of

Kenya, local manufacturers have been encouraged to provide the goods and services which were formerly imported, and the booming tourist sector has in turn spawned backward linkages, such as lucrative hotel construction and supply of related material and equipment. In due course countries like Kenya might export their surplus production to neighbouring countries. In The Gambia, conversely, it is obvious that the low local multiplier effect of the industry reflects the relatively underdeveloped nature of the industry and by extension, the country (Dieke, 2005).

Owing to its disposition as being capital intensive, tourism in developing countries, especially in LDCs, has been described as being heavily dependent upon foreign investment, so that policy makers have little or no control over the nature of tourism development, for example, in terms of the scale, type of markets to attract, or even the facilities to provide (Sindiga, 1999). For instance, overseas tour operators exercise significant power in terms choice of destinations to *sell* or which holiday types or market segments to offer. In some cases they demand all-inclusive deals whereby the bulk of the revenue is retained in source countries with minimal expenditure in destinations (Khan, 1997). This has also been known to promote *enclave tourism* which does not foster linkages in developing destinations. The Caribbean Islands have often been cited as an example of this phenomenon (Boxil, 2004). Thus, international tour operators influence people's choice of vacation destination on the basis of market demand or externalities, such as terrorism, and can easily substitute one destination for another. Many tourism organisations have attempted to some extent to promote linkages within the host destination but most of these take the form of corporate social responsibility, often geared towards mitigating a social need as opposed to promoting long-term meaningful socio-economic benefits. As the ODI (2006) study notes, *company donations divorced from business operations do not exploit the assets of tourism: the sector (hotels operating on high gearing and operators operating on low margins) is not rich with cash, but it does have enormous purchasing power (its supply chain), business expertise (e.g. in product development, marketing), capital assets (equity or physical assets) and influence over a massive consumer market (the expectation, actions and expenditure of tourists). Investing in local linkages for local benefit can harness these strengths.*

What is more, as SSA mostly pursues a Western oriented model, travel to and from destinations is usually provided by Western airlines, accommodation is often provided in hotel chains owned and managed by foreign Multi-National Companies (MNCs), (though in some cases there are partnerships with resident entrepreneurs), and tourists remain in enclaves for the duration of their holiday (Dieke, 2005). Further, because tourists pre-pay abroad for the use of these facilities and services in their home countries, it is estimated that only 22-45% of the total holiday price accrues to LDCs (Dieke, 2005), very much reinforcing the ‘leakage’ concept discussed above.

A recent study by UNCTAD (2007) on *Procurement Patterns and Purchases for Selected Countries* showed that hotels in the Tanzania, for example, are more likely to import building materials and general goods and services (including foodstuffs) than hotels in Kenya. This is due to the fact that the domestic economy does not have the capacity to supply the materials needed. In addition, it is far easier for a hotel to procure goods and services in mainland Tanzania than it is for a hotel in the island of Zanzibar. Hotels in Zanzibar reported that they imported 40 per cent of their hotel uniforms, for example, while those on the mainland reported importing only 28 per cent and buying the rest locally.

2.4 Strategies for Enhancing Tourism Linkages in East Africa

Owing to the fact that tourism has been identified as one of the key sector to drive economic development and that the prevailing model has not brought about meaningful socio-economic development, a number of strategies have been proposed to enhance tourism economic linkages. ODI (2006), for instance, suggests several measures that developing countries can pursue to enhance tourism economic linkages including: a) boosting procurement from local enterprise; b) partnerships with neighbours; c) supporting local cultural and heritage product development coupled with enhancing the capacity of local entrepreneurs to deliver these products; and d) encouraging tourist expenditure within the local economy.

Achieving this goal will require appropriate policy interventions that encourage local community involvement in tourism, such as capacity-building for local entrepreneurs to enable them meet industry standards, and those policies that encourage investors to partner effectively with local

communities. Eastern Africa governments will, for instance, have to identify desirable tourism products; promote both domestic and foreign investment in the tourism industry and related sectors; take measures to facilitate local tourism operators' access to, and participation in, global information and distribution systems; and formulate strategies to achieve the most beneficial linkages for their respective tourism industries (UNCTAD, 2010). Further, it is important to note that significant gains to the tourist industry can be realised through regional integration, thus increasing the possibilities of sourcing inputs within the region (e.g through Kenyan manufactures). In addition, new concepts of tourism development that ostensibly enhance linkages including ecotourism and community-based tourism will have to be domesticated to ensure a balanced approach in meeting respective country priorities under broad sustainability dimensions of economic, environmental and socio-cultural considerations.

3 Tourism Growth Diagnostics in Eastern Africa

3.1 Introduction

Over the last decade tourism has emerged as a primary development strategy for Eastern Africa countries and a key factor for regional integration based on the economies of scale accrued in the regional efforts. Convergence of development priorities within countries in the EAC has been highlighted as the best approach in dealing with external shocks such as climate change, terrorism and financial crises (EAC, 2006). There is evidence from the UNCTAD report on Foreign Direct Investment (FDI) in EAC that investments in tourism facilities and services have continued to grow since the 1970s (UNCTAD, 2010). Tourism has started to attract more FDI in Eastern Africa countries with countries, such as Tanzania and Uganda attracting on average USD 280 million and USD 220 million respectively per year between 1996 and 2003 (UNCTAD, 2010). The sector has thus become an important avenue for growth and reducing the resource gap in Eastern Africa countries by contributing to gross capital formation, skills and technology transfer, creation of jobs and therefore reducing poverty (UNCTAD 2008).

However, as already mentioned (see chapter 1), the tourism industry in East Africa currently faces a number of challenges including: a heavy reliance on traditional nature-based tourism products such as safari and coastal products; an emphasis on traditional western tourist markets; the foreign orientation of the industry with regard especially to resource ownership and control; lack of destination competitiveness; sub-optimal institutional framework and structures; inadequate funding for tourism development; weak local private sector; disenfranchised local communities; inadequate infrastructure and related services; capacity dearth; enclave industries and foreign-based tourism; weak ICT penetration and inadequate harnessing of the potential of regional integration.

Globally, East Africa does not rank favourably as a competitive destination (WTTC, 2010; WEF, 2009). The World Economic Forum's (WEF) travel and tourism competitive index (TTCI) ranks destinations based broadly on: prevailing regulatory frameworks; business environment and infrastructure; and human, cultural and natural resources (chapter 4 reviews these in more detail). On this basis, the region's poor rankings can be attributed to the lack of conducive policy and

regulatory frameworks and uncertainties in the business environment which do little to encourage investment. In addition, although the region ranks fairly well in terms of its natural resources, the human resources necessary to develop the industry are weak and the cultural resources that could expand the range of tourism products remain weak and unexploited respectively. Table 3.1 shows the global rankings of select East countries and how the region compares with other destinations in Africa.

Table 3.1: TTCI Ranking of Select African Countries

	Overall Rank	Overall Score*	Regulatory framework		Business environment		Human, Cultural and Natural resources	
			Rank	score	Rank	Score	Rank	Score
Rest of Africa								
Botswana	79	3.81	66	4.55	76	3.29	95	3.60
Egypt	64	4.09	52	4.84	65	3.59	73	3.84
Gambia	87	3.72	65	4.56	90	3.06	72	3.84
Namibia	82	3.77	71	4.45	77	3.27	94	3.60
South Africa	61	4.10	82	4.31	52	3.81	49	4.17
East Africa								
Burundi	131	2.98	129	3.17	119	2.53	126	3.76
Ethiopia	123	3.15	128	3.27	112	2.65	101	3.52
Kenya	97	3.60	93	4.15	100	2.81	72	3.84
Madagascar	116	3.28	112	3.79	106	2.74	119	3.32
Tanzania	98	3.59	102	4.03	118	2.56	50	4.17
Uganda	111	3.38	115	3.75	114	2.64	81	3.76

Source: WEF 2009

* The higher the score the better the ranking.

Whereas it is expected that the traditional tourism products based on the region’s natural resources will continue playing a crucial role in the industry, it is imperative that other unique products that invoke innovation and creativity are developed. In addition, impediments to tourism growth that in turn affect the competitiveness of the region, such as, absence of conducive policy frameworks, unfavourable conditions in business environment, lack of appropriate resources including human capital as already mentioned, will require a co-ordinated effort from key stakeholders including governments, private sector and academia to put in place

appropriate mechanisms necessary to overcome such obstacles. What is more, global rankings pit Eastern Africa countries under intense competition from other equally competitive economies within Africa (see table 3.1) and beyond.

3.2 Tourism Development Frameworks in East Africa

An assessment of the sectoral distribution of FDI in Eastern Africa countries confirms that there are targeted efforts to develop tourism in the region (UNCTAD 2010). According to the EAC's report on trade 2008, FDI has played a major role in Kenya's tourism sector (EAC, 2008). Over the last three decades, there has been a steady rise in Tourism-based FDI investments in EA countries. For instance, as a result of Kenya maintaining an open-door policy on FDI since its independence, the country's diversified product base has been a magnet for FDI. Consequently, Kenya is dominated by foreign operators such as United Touring Company (U.K.), Express Travel (U.S.), Abercrombie and Kent (U.K.) and Pullmans (Germany). The biggest investments are in the establishment of hotels and lodges for coastal and safari tourism. A number of the major international hotel chains present in Kenya, include Hilton, Intercontinental, Serena, Block Hotels and Holiday Inn. New trends have been timeshare holidays and ecotourism. However, encouraging foreign investments has hindered localised control of the sector and encouraged enclave form of tourism where little or no monetary benefits accrue to the local people (Sindiga, 1999). This anomaly has been noted and there are deliberate efforts to promote domestic investment through the creation of organisations such as, the Tourism Trust Fund.

Tourism is an important developmental priority in Tanzania and the country has heavily invested in tourism development through the construction of tourist lodges/hotels and the creation of a conducive environment for intermediaries. Tanzanian tourism authorities emphasise an ecotourism approach which is supposedly sensitive to the social and environmental conditions as well as the local community needs. In Uganda there has been a rebound in FDI following the improvements in the political and investment climate in the early 1990s and the country has been recording an annual growth rate of 30% (UNCTAD, 2010). Specific initiatives to improve the investment climate included the establishment of an investment code protecting investors' rights

in 1991, the return of properties confiscated from Asians during the 1970s, and the revoking of preferential trade agreement in 1992, preference being restricted to domestic ownership (Reinikka and Collier, 2001).

3.3 Tourism Growth Dynamics in East Africa

Presently, tourism is rapidly growing throughout the region, with many undeveloped areas remaining, particularly in Tanzania, Ethiopia and the coastal belt, there is potential for more growth. WTTC estimates indicate that global tourism to mainland Africa continues to grow despite the recent financial and terrorism crises (WTTC, 2010). This growth has been facilitated by both endogenous and exogenous factors including: high levels of global tourism growth and increasing awareness of and demand for African destinations; high levels of broad regional macroeconomic growth and increasing capital flows from both domestic and foreign sources in Eastern Africa; improving infrastructure, supported largely by donor loans and grants; continued donor pressure to improve local and national business environments to attract commercial investment as the mainstream regional poverty reduction strategy (UNCTAD, 2010a). As a result of this donor pressure, there has been a shift in political and resource governance priorities with the E.A. states, as well as elite interests, coupled with the continued government support for and emphasis on, tourism development as a key economic growth strategy and investment focus.

East Africa survived the effects of the global financial crises despite the severe impacts on international markets. Regional growth remained relatively stable, with a growth rate of 3.9 per cent in 2009 (ECA, 2010). Ethiopia was the fastest growing economy in the region, with its GDP rising by 7.5% in 2009 due to strong performance of the non-agricultural sectors, while GDP growth reached 5% in Djibouti, Rwanda, and Uganda. Such stout growth was sustained by continued heavy investment in infrastructure development in Djibouti and solid performance in the services sectors in Uganda and Rwanda (ECA, 2010). Growth reduced in Burundi, declining from 4.5 per cent in 2008 to 3.2 per cent in 2009, due to the modest performance of the manufacturing sector caused in part by power outages.

The number of foreign tourists to the EAC region reduced by about 9 percent in 2008, compared to an increase of 12 percent in 2007. All countries except Kenya registered an increase in foreign tourists during the year, due to, among other reasons, yields from intense promotion, advertising initiatives and fiscal incentives to the hotel and general tourism sector by most governments in the region. The 33.8% reduction of tourists to Kenya was largely due to the post election violence that occurred during the first quarter of 2008 illustrating the susceptibility of the industry to external shocks. Table 3.2 below summarises key tourism figures for the EAC between 2000 and 2008.

Table 3.2: Tourist statistics for EAC countries (2000-8)

Tourism Indicator	State	2000	2001	2002	2003	2004	2005	2006	2007	2008
Foreign visitors/tourists number '000	Burundi	-	-	86	87	175	194	216	192	-
	Tanzania	502	525	575	576	582	613	644	719	965
	Uganda	503	205	254	306	512	468	539	642	844
	Kenya	1,037	994	1,001	1,146	1,361	1,479	1,601	1,817	1,203
	Rwanda	4	6	10	16	27	24	31	38	78
	East Africa	-	-	1,926	2,132	2,657	2,778	3,030	3,408	
Hotel beds, number '000	Burundi	1.27	1.18	1.10	1.10	1.06	1.10	1.10	1.02	1
	Tanzania	17,303	18,284	45,500	55,500	55,932	56,562	56,781	56,995	57,205
	Uganda	-	-	-	-	-	789	-	946	1,656
	Kenya	9,382	8,328	8,183	7,766	10,031	10,846	13,004	14,712	14,234
	Rwanda	-	-	-	-	-	-	-	-	-
Hotel rooms, number '000	Burundi	0.69	0.70	0.64	0.64	0.64	0.70	0.80	0.89	0.89
	Tanzania	10,025	10,325	25,300	30,600	30,840	31,365	31,689	31,870	32,045
	Uganda	-	-	-	-	-	534	-	801	1,255
	Kenya	5,967	4,755	4,416	4,755	5,568	5,951	6,924	8,289	8,143
	Rwanda	-	-	-	-	-	-	-	1	4
Tourist expenditure, US million dollars	Burundi		-	-	-	1	1	1	1	1
	Tanzania	739	725	730	731	746	823	950	1,037	1,354
	Uganda	-	-	185	265	321	327	375	449	590
	Kenya	284	309	226	335	533	647	779	972	762
	Rwanda	-	-	-	-	-	-	152	186	174

Source: EAC (2010)

3.4 Country Sector Diagnostics and SWOT Analysis

3.4.1 Burundi

Burundi has great potential for tourism development. The geographical position of Burundi, in the heart of Africa and its wonderful landscapes are some of the country's strengths in this regard. Burundi's wildlife is varied and comprises of many animals like elephant, wild hippopotamus, lion, crocodile, leopards, antelopes, monkeys, and flying lemurs. The rain forests of Burundi are home to numerous species of birds ranging from game birds like quail, partridge, guinea fowl, snipe, duck and geese to interesting bird species like the Trumpeter Hornbill and African Lemon Dove. Although the tourism industry is still in its infancy, there is ample opportunity for development. In spite of the political tremors within the country in the past, the government is currently embarking on peace building initiatives to bring stability in the country in a bid to promote tourism growth. The government hopes that the industry will contribute significantly to socio-economic development. A SWOT analysis of the sector is as highlighted in table 3.3 below.

3.4.1.1 SWOT Analysis of Burundi's Tourism Sector

Table 3.3: SWOT analysis of Burundi's Tourism sector

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • Landscape which gives the country a mild and temperate climate • Public sector reforms since 2009 • Cultural proximity to regional markets • The geographic position of the country, in the heart of Africa 	<ul style="list-style-type: none"> • Unfavourable business environment (although there important ongoing initiatives to improve this) • Poor ground transport infrastructure • Poor air transport networks • Inadequate tourism marketing • Reliance on traditional nature-based tourism products • Low levels of FDI in tourism • Lack of appropriate tourism policy and regulatory framework
KEY OPPORTUNITIES	KEY THREATS
<ul style="list-style-type: none"> • Untapped potential in terms of natural and cultural resources. • Growth in regional tourist markets • Membership of EAC leading to greater investment opportunities • Such membership is could also lead to a fall in the price of goods imported from the sub-region thereby enhancing price competitiveness and a rise in industry skills and knowledge transfer in the sector. • Harmonization of FDI policies and regulations 	<ul style="list-style-type: none"> • Global financial crisis continues to affect the country's economic prospects • Continued perceptions of political instability

3.4.1.2 Burundi's Tourism Sector Growth Diagnostics

Burundi is ranked 131 globally in the 2009 TTCI (WEF, 2009). Key factors that contribute to such low ranking are the travel and tourism (TT) regulatory framework, as well as the TT business environment and infrastructure. In terms of the TT regulatory environment, aspects such as the lack of a clear tourism policy as well as the lack of proper health and hygiene, and the lack of prioritization of travel and tourism nationally. The Travel and Tourism Business Environment was also a key facet that contributed to poor performance and was a key growth constraint for the sector. Key aspects to note here were the state of air transport infrastructure; state of tourism infrastructure; and the state of ICT infrastructure.

In its review of Burundi' tourism sector, WTTC (2010) projects that leisure travel would be a significant market segment in the industry accounting for 11.8% of total tourism revenues to Burundi. The sector would experience a decline in capital investment (-5.3%) as well as productivity as indicated by the direct industry GDP (-6.9%) and TT economy GDP (-6.9%) within the year ended 2009-2010. These effects can be attributed to the TT business environment and infrastructure challenges highlighted within the TTCI index as well as weaknesses identified in the SWOT matrix.

Table 3.4: Growth Diagnostics of Burundi's Tourism sector

BURUNDI	BIF (billion)	2010 % of total	Growth (2009-2010)
Personal travel and tourism	157.7	11.8	2.1
Business travel	82.8	5.0	-2.0
Government expenditure	3.3	0.7	4.2
Capital investment	18.7	5.4	-5.3
Visitor Exports	1.7	2.5	2.8
Other Exports	1.6	2.4	9.5
T & T Demand	265.8	11.8	0.3
Direct industry GDP	29.5	1.8	-5.3
T & T Economy GDP	63.5	3.8	-5.3
Direct industry employment	24.2	1.4	-6.9
TT Economy employment	53.2	3.0	-6.9

Source: WTTC (2010)

Table 3.4 indicates these projected growth indices for the tourism sector in Burundi. The WTTC (2010) statistics indicate that Burundi is expected to gain around 157.7bn BIF in terms of revenues from personal travel and tourism (leisure-based tourism) in 2010. Further, business travel is expected to contribute to about 5% of total revenues.

3.4.2 Comoros

The Comoros archipelago comprises the four main islands of Njazidja (formerly Grand Comore), Mwali (formerly Mohéli), Nzwani (formerly Anjouan) and Mayotte, plus several smaller islets. Mayotte is administered by France but claimed by Comoros. The tourism sector is relatively underdeveloped, but has been identified by the government as a priority growth

sector. The main attractions of the Comoros are its beaches, underwater fishing, and mountain scenery.

3.4.2.1 SWOT Analysis of Comoros’ Tourism Sector

Table 3.5: SWOT analysis of Comoros’s Tourism sector

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • Established ports and coastal resources • Rich resources in terms of endemic biodiversity • Culture attractions • Favourable image as a tourist destination 	<ul style="list-style-type: none"> • Relatively undeveloped tourism sector • Regional instability • Heavy reliance on nature-based tourism • Lack of competitiveness • Weak institutional framework and structures for tourism development • Inadequate funding; • A weak local private sector • Lack of skilled labour force • Inadequate recording of tourism information e.g. arrivals, receipts, occupancy rates etc • Poor and expensive access in terms of e.g. airline connectivity
KEY OPPORTUNITIES	KEY THREATS
<ul style="list-style-type: none"> • Untapped tourism potential e.g. eco-tourism, culture, conference, and cruise • Emerging markets in tourism in Africa, Asia and the Middle East • Expansion of air and water transportation 	<ul style="list-style-type: none"> • Global financial crisis • Piracy in the Indian Ocean • Climate change • Increasing tourism competition in the region • Adverse travel advisories • Cost of doing business

3.4.3 Democratic Republic of Congo (DRC)

DRC is home to eight national parks, five of which are UNESCO World Heritage Sites, as well as being home to many endangered species. However, internal conflict in eastern and northern parts of the country has prevented it from exploiting opportunities presented by tourism, with rebel forces taking control of the national parks, killing park rangers and hunting rhinos for trade. Even though the DRC has a higher share of the gorilla population, its ineffectiveness in preserving wildlife has handed the advantage to its neighbours. Gorilla tourism generates the largest share of tourism receipts in both Rwanda and Uganda and unlike DRC.

There is great potential for transport infrastructure development in DRC. Foreign airlines could, for instance, reap benefits from the underdeveloped infrastructure. The country is the third largest in Africa and hence geographically large. The country faces a number of infrastructural challenges including, an underdeveloped road and rail network and travellers are concerned with

local airlines’ safety standards which have even been banned by the European Union (EU) from flying over its airspace. As a result, SN Brussels Airlines and SA Express, the South African airline plan to operate domestic routes in 2010 (EMI, 2010).

3.4.3.1 Swot Analysis of DRC’s Tourism Sector

Table 3.6: SWOT analysis of DRC’s Tourism sector

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • Public sector reforms since 2009 • Impressive landscape and favourable climate for tourism development • Cultural proximity to regional markets and diversity • The geographic position of the country at the heart of Africa • Abundant natural resources – hosts Africa’s largest tropical forest 	<ul style="list-style-type: none"> • Weak institutional frameworks • Reliance on nature-based tourism products • Lack of competitiveness; • Inadequate funding for tourism development; • A weak local private sector; • Inadequate infrastructure and related services; • Capacity dearth; • Weak ICT penetration; • Inadequate harnessing of the potential of regional integration etc.
KEY OPPORTUNITIES	KEY THREATS
<ul style="list-style-type: none"> • Untapped tourism potential e.g. eco-tourism, culture, adventure etc • Unexploited domestic tourism market • Emerging markets in tourism in Africa, Asia and the Middle East • Iconic personalities in the global music industry • Expansion of air and water transportation 	<ul style="list-style-type: none"> • Internal conflict in eastern and northern parts • Increasing tourism competition in the region • High incidence of infectious diseases and health hazards • Adverse travel advisories • Cost of doing business

3.4.3.2 DRC’s Sector Growth Diagnostics

A closer review of the DRC’s tourism sector through the WTTC sector indicates that the sector would experience a decline in growth in 2009, in terms of capital investments (3.1%) and visitor exports (11.6%). This trend is attributed to the state of insecurity as well as weak investment climate for tourism in the country.

Table 3.7: DRC's Sector Growth Diagnostics

DRC	CDF (billion)	2010 % of total	Growth
Personal travel & tourism	317.1	3.0	2.0
Business travel	192.7	1.6	4.6
Government expenditure	10.3	0.9	5.9
Capital investment	128.3	5.5	-3.1
Visitor Exports	19.9	0.4	-11.6
Other Exports	40.1	0.8	-5.6
T & T Demand	708.4	4.1	0.9
Direct industry GDP	233.1	1.9	1.7
T & T Economy GDP	495.9	4.0	0.2
Direct industry employment	216.5	1.4	0.7
TT Economy employment	472.1	3.1	-1.3

Source: WTTC (2010)

3.4.4 Djibouti

Djibouti's growing reputation is becoming internationally recognised. The country is gaining particular attention for its free trade zone, which is located in one of the world's busiest sea lanes. The country established its free trade zone in 2004 and is now looking forward to establishing further import and export business in areas such as, telecommunications, banking and travel and tourism. There has been steady growth in international visitor arrivals in recent years. The number has increased from 20,000 in 2000 to an estimated 30,000 in 2005 (EMI, 2010).

The country's tourism potential is based on its geological heritage as well as its rich and long-standing traditions and culture. However, the development of the sector has been hampered by difficulties such as the high cost of transport, insufficient hotel infrastructure and the inaccessibility of major touristic sites. A strategic sector development plan has been prepared by the Government to promote appropriate investment, step up training in tourism trades, encourage public and private sector partnership and set up sector financing mechanisms such as the Djibouti

Development Fund. Djibouti's varied tourism supply comprises special interest products such as diving and fishing, and products connected with the discovery of the country's natural resources.

The rich and varied cuisine of Djibouti is another important tourism resource. In addition, the warmth of its people, its strategic location on the Horn of Africa, at the crossroads between Africa, the Middle East and the Indian Ocean, and the abundance and variety of its natural and cultural resources are key enabling factors for Djibouti's recent growth in tourism. The tourism product is mainly centred on four activities: Diving in the Sept Freres archipelago, the Gulf of Tadjoura, Obock, the islands of Musha and Maskali, and Le Goubet; Fishing in the Bay of Goubet, Arta Beach or the Sables Blancs; Bathing, chiefly at the islands of Musha and Maskali, the Sables Blancs, Le Goubet and the Gulf of Tadjoura; and The Bush; and discovering the main natural resources (Assal and Abbe Lakes, the Forest of Day, Le Goubet, Dittilou, Bankoualé and Randa).

SWOT analysis of the tourism sector in Djibouti is as highlighted in table 3.8 below. A key challenge facing Djibouti's tourism sectors is lack of a conducive climate for investment and business. This can be attributed to the fact that, the country has been experiencing political instabilities and as a result been regarded as highly insecure.

3.4.4.1 SWOT Analysis of Djibouti’s Tourism Sector

Table 3.8: SWOT analysis of Djibouti’s Tourism sector

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • Variety of its natural and cultural resources • Geographical location • Abundant marine resources for tourism development 	<ul style="list-style-type: none"> • Investment and business climate • Poor air transport connectivity • Inadequate tourist facilities e.g. hotels • Lack of price competitiveness • Political instability and insecurity in the region • Lack of prioritization of Tourism • Lack of appropriate skills and knowledge
KEY OPPORTUNITIES	KEY THREATS
<ul style="list-style-type: none"> • Marketing • Product development • Country branding to improve on the image • Untapped tourism potential e.g. eco-tourism, culture, conference, and cruise • Emerging markets in tourism in Africa, Asia and the Middle East • Expansion of global digital economy (E-business). • Expansion of air and water transportation • Growth of Conference Tourism 	<ul style="list-style-type: none"> • Erosion of cultural values • Adverse travel advisories • Cost of doing business • Global Economic Recession imposing on the local economy • Inadequate funding of tourism initiatives • Stringent visa requirements

3.4.5 Eritrea

Travel and tourism in Eritrea, though still at a developmental stage, has significant growth potential. Despite the country’s challenges, the outlook for the industry is very promising due to Eritrea’s wide variety of natural tourism assets, ranging from virgin marine resources to spectacular landscapes. Travel and tourism accounted for less than 2% of the country’s GDP in 2009. However, the development of tourism is hampered by drought, political instability, and war. In particular, the intermittent border tensions with Ethiopia remain a major threat to tourism growth and development. Once security has been restored and investments are secured, a national tourism policy should provide the structure necessary to further promote and develop tourism in Eritrea.

3.4.5.1 SWOT Analysis of Eritrea’s Tourism Sector

Table 3.9: SWOT analysis of Eritrea’s Tourism sector

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • Diverse natural and cultural resource base • Adequate prioritization of the Tourism sector • Spectacular landscapes • Reputation for hospitality • Geographic location along the Red Sea coastline • Rich cultural heritage 	<ul style="list-style-type: none"> • Relatively undeveloped tourism sector • Lack of competitiveness; • A weak local private sector; • Inadequate tourism infrastructure and related services; • Lack of relevant skills and knowledge • Weak ICT penetration
KEY OPPORTUNITIES	KEY THREATS
<ul style="list-style-type: none"> • Opportunities from cultural and marine-based tourism • Tourism product diversification • Foreign direct investment 	<ul style="list-style-type: none"> • Regional political and security issues • Increasing tourism competition in the region • Adverse travel advisories • Poor image and negative publicity • Climate change • Stringent visa requirements

3.4.6 Ethiopia

Ethiopia can be referred to as a land of contrasts, extremes, remote and wild places. The country has some of the highest and most stunning places on the African continent, such as the jaggedly carved Simien Mountains, one of UNESCO's World Heritage Sites - and some of the lowest, such as the Danakil Depression, with its sulphur fumaroles and lunar-like landscape. In fact, 80% of the highlands of the whole of SSA are found in Ethiopia. The country is old and as Abyssinia, its culture and traditions date back over 3,000 years. Many people visit Ethiopia because of the remarkable manner in which ancient historical traditions have been preserved. The ceremonies and rituals of the Ethiopian Orthodox Church open a window to the authentic world of the Old Testament (Tourism Ethiopia, 2011).

3.4.6.1 Swot Analysis of Ethiopia’s Tourism Sector

Table 3.10: SWOT analysis of Ethiopia’s Tourism sector

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • Rich cultural heritage e.g. Axum etc • Abundant natural resources for tourism e.g. Lake Tana, Simiens Mountains, Bale Mountains, Harar, etc. • Reputation for hospitality • Government support and prioritization of the sector • Media give good publicity and promote industry • Price competitive in the market • Funding opportunities for the sector readily available for locals • Good international air connectivity through Bole International airport. 	<ul style="list-style-type: none"> • Over-reliance on traditional culture oriented products • Lack of market presence (e.g. Out of the 360 or so specialist Africa tour operators in the UK and Europe only 10% offer regular itineraries for Ethiopia). • Lack of adequate skills and human capacity • Over-emphasis on traditional markets e.g. Europe and USA etc • Perceived difficulties for foreign direct investors
KEY OPPORTUNITIES	KEY THREATS
<ul style="list-style-type: none"> • Improving existing and establishing new accommodation for tourism • Emerging markets in Africa and Asia • A strong domestic tourism market - Addis Ababa is also diplomatic hub • Collaboration with regional players in East Africa • Great potential for conference tourism 	<ul style="list-style-type: none"> • Global economic environment • Insecurity in the region • Increasing tourism competition in the region • Adverse travel advisories • Cost of doing business • Weak ICT infrastructure

3.4.6.2 Ethiopia’s Sector Growth Diagnostics

Although the share of the tourism industry’s capital investment are estimated to be ETB 7,432.7 million (US\$604.0 million) or about 10.2% of total investments in 2010, a decline is nonetheless projected to the tune of 1.5% over the 2009 figures (WTTC 2010). However, this decline in capital investment within the sector would not significantly influence its performance in 2010. The decline in capital investment is attributed to the challenges and threats highlighted in the SWOT analysis highlighted above (Table 3.10). In particular, regional tensions escalated in 2009 between Ethiopia and Somalia, further affecting the sector.

Table 3.11: Ethiopia's Sector Growth Diagnostics

ETHIOPIA	ETB (million)	2010 % of total	Growth
Personal travel & tourism	10,488.4	3.7	8.0
Business travel	4,597.8	1.3	6.0
Government expenditure	936.0	2.4	7.3
Capital investment	7,432.7	10.2	-1.5
Visitor Exports	16,149.3	45.0	1.3
Other Exports	451.8	1.3	-0.6
T & T Demand	40,055.9	8.6	3.1
Direct industry GDP	15,015.0	4.3	5.5
T & T Economy GDP	30,885.7	8.9	4.3
Direct industry employment	774.8	3.3	1.2
TT Economy employment	1,625.6	6.9	0.0

Source: WTTC (2010)

3.4.7 Kenya

Currently, tourism plays a key role in Kenya's economic growth and development (Kenya Government, 2009). In addition, tourism through its multiplier effect has promoted domestic development, created new commercial and industrial enterprises, stimulated demand for locally-produced goods and services. Kenya is rich in wildlife preserves. They have been classified as national/marine parks, national reserves/marine reserves and game reserves. Each of these protected areas is unique in its diversity, attractions, character and scenery. Arid and semi arid ecosystems form the largest percentage of Kenya's famous parks and have a great diversity of easily observable plains' wildlife and fauna. Kenya's mountain parks offer unique scenery and flora, hosting rare mountain game species such as the bongo and forest hog. Lake ecosystems contain the greatest concentration of bird life in the world (Sindiga, 1999). These tourist attractions are additionally zoned into seven tourist circuits which are uniquely defined geographical regions comprising various attractions for the purpose of marketing, management and tourism development. This, notwithstanding, the country's tourism product range remains narrow and is skewed towards the western European market.

Performance of the Kenyan tourism economy in 2009 was severely affected by three adverse shocks. First, the second-round effects of the global economic downturn depressed Kenya's main export markets. Second, the erratic, delayed and shorter rainfall had a negative impact on the agricultural and power sectors. Third, the prolonged effects of the 2008 post-election violence depressed investor confidence and had adverse effects on the Kenyan economy and population. Despite this, Kenya won the Best Leisure Destination award at the World Travel Fair in Shanghai, China, in April 2008. In addition, the country has embarked on the diversification of its tourism product range, for instance, development of resort cities, and is keen on tapping the domestic, regional and alternative international markets. A SWOT analysis of the sector is as highlighted below.

3.4.7.1 SWOT Analysis of Kenya's Tourism Sector

Table 3.12: SWOT analysis of Kenya's Tourism sector

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • Internationally renowned tourist destination • Reputation for hospitality and diverse tourism products. • Relatively secure destination • Well established tourist facilities and tourism infrastructure in the region • Quality trained staff in the region • Highly ranked in East Africa as a Conference Tourism Destination in Africa • Foreign ownership of tourism companies by international operators in Kenya is prevalent and encouraged • Good airline connectivity 	<ul style="list-style-type: none"> • Outdated legal and policy framework • Over-reliance on traditional source markets • Poor general infrastructure • Insufficient financial resources for tourism development and marketing • Inadequate skills in areas necessary for strengthening the sector • Inappropriate standardization guidelines for tourist facilities • Inadequate research in tourism • Inadequate capacity of tourist security agents
KEY OPPORTUNITIES	KEY THREATS
<ul style="list-style-type: none"> • Untapped tourism potential e.g. eco-tourism, culture, conference, and cruise • Unexploited domestic tourism market • Emerging markets in tourism in Africa, Asia and the Middle East • Expansion of global digital economy (E-business). • Expansion of air and water transportation • Growth of Conference Tourism • Development of Nairobi as a 24hr Metropolis • Development of resort cities as envisaged in Vision 2030 tourism flagship projects 	<ul style="list-style-type: none"> • Occasional negative media publicity • Perception of Kenya as a cheap • Increasing tourism competition in the region • Erosion of cultural values • Adverse travel advisories • Cost of doing business • Global economic recession • Piracy in the Indian Ocean – threat to cruise tourism

3.4.7.2 Kenya's Sector Growth Diagnostics

Kenya is ranked 97th globally within the 2009 TTCI (WEF, 2009). It is strongly ranked as far as the regulatory environment is concerned and the TT human, cultural and natural resources. However, the TT Business Environment and Infrastructure are ranked poorly according to the TTCI. A closer review of the WTTC 2010 estimates within the sector indicate that revenues from MICE/Business travel would be expected to exhibit the highest growth (3.8%) compared to the leisure travel segment (3.5%) in 2010. Further, there would be an increase in travel and tourism demand by 2.2% in the same year (WTTC, 2010). The direct industry contribution to

GDP grew in 2010 by about 2.6% as well as the direct industry employment rates (2.6%) as shown in table 3.13 below.

Table 3.13: Growth Diagnostics of Kenya's Tourism sector

KENYA	KES (billion)	2010 % of total	Growth
Personal travel & tourism	94.1	4.2	3.5
Business travel	48.0	1.6	3.8
Government expenditure	35.2	7.0	3.5
Capital investment	49.3	8.6	1.7
Visitor Exports	110.1	18.5	1.0
Other Exports	8.4	1.4	-7.6
T & T Demand	345.1	8.8	2.2
Direct industry GDP	124.4	4.2	4.2
T & T Economy GDP	267.2	9.0	3.8
Direct industry employment	202.1	3.4	2.6
TT Economy employment	438.5	7.3	2.2

Source: WTTC (2010)

3.4.8 Madagascar

The Republic of Madagascar is an island with a total area of: 587,040 sq. km (land: 581,540 sq. km water: 5,500 sq. km) located in the Southern parts of Africa in the Indian Ocean, East of Mozambique. The tourism sector is a dominant source of foreign exchange earnings. The sector accounts for one fourth of earnings originating from services and is growing at 20% per year. The country is endowed with superb tourist scenery (Diego Suarez's region - Antsiranana - in the north of the country for instance).

3.4.8.1 SWOT Analysis of Madagascar's Tourism Sector

Table 3.14: SWOT analysis of Madagascar's Tourism sector

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • One of the world's top "biodiversity hotspots" • Rich natural heritage - more than 80% of Madagascar's flora and fauna are found nowhere else in the world and some taxonomic groups, including reptiles and amphibians, are over 95% endemic • Coastal attractions 	<ul style="list-style-type: none"> • Lack of supportive policies and regulations • Investment climate is not conducive to tourism development • Weak country credit rating • Unfavourable labour relations in the hospitality sector • Poor airline connectivity • Inadequately skilled labour-force • Inadequate funding for tourism initiatives • Stiff competition from neighbouring tourism destinations such as Seychelles and Mauritius
KEY OPPORTUNITIES	KEY THREATS
<ul style="list-style-type: none"> • Investment finance through the "Funds For the Promotion of Private Business" • Tourism product diversification e.g. adventure, special interest etc • Establishment of ecotourism investment zones • Emerging markets in Africa and Asia 	<ul style="list-style-type: none"> • Lack of an 'open skies' policy. • Perceptions of poor governance and political instability • High degree of environmental and forest degradation • Climate change • Disaster vulnerability e.g. drought, cyclones, flooding, etc

3.4.8.2 Madagascar's Sector Growth Diagnostics

The WTTC (2010) statistics indicate that Madagascar is expected to experience a decline in leisure travel by 2.7% as well as business travel (-0.6%) in 2010 (WTTC, 2010). Capital investments and the overall travel demand would decrease by 9.2% and 2.6% respectively in 2010 (see table 3.15 below).

Table 3.15: Growth Diagnostics of Madagascar's Tourism sector

MADAGASCAR	MGA (billion)	2010 % of total	Growth
Personal travel & tourism	512.2	3.5	-2.7
Business travel	141.9	0.8	-0.6
Government expenditure	106.2	5.6	4.0
Capital investment	1,251.3	12.8	-9.2
Visitor Exports	959.7	19.6	5.3
Other Exports	83.1	1.7	10.1
T & T Demand	3,054.5	11.0	-2.6
Direct industry GDP	730.4	4.0	3.7
T & T Economy GDP	2,346.9	12.7	-2.5
Direct industry employment	135.3	3.0	2.0
TT Economy employment	454.8	10.1	-2.6

Source: WTTC (2010)

3.4.9 Rwanda

Rwanda has three national parks that cover about 10 percent of the country's area, one of which is the Volcanoes National Park (VNP). The Akagera National Park offers a range of wildlife, such as elephants, hippos, giraffes and zebra. The Nyungwe Forest National Park has a large tract of mountain forest and is rich in biodiversity. Guided walks and chimpanzee tracking are offered. Lake Kivu is a popular destination for both domestic and international tourists with a range of facilities, attractions and recreational facilities. The destination, nonetheless could benefit from further development. In addition, Rwanda offers business opportunities, mainly for travellers from the Eastern DRC and other neighbouring countries. The country has also been successful in attracting national, regional and international conferences.

Travel and Tourism in Rwanda has grown steadily over the years to become the second largest source of export earnings after coffee. Since its prioritisation as a key economic contributor, travel and tourism has continued to maintain its position as one of the leading foreign currency earners in Rwanda. Ranked by the Rwanda Development Board (RDB) as the fastest growing

industry in the country, travel and tourism generated US\$ 175 million in 2009. With continued investment by the government, travel and tourism is expected to grow and will remain a key foreign exchange earner.

3.4.9.1 SWOT Analysis of Rwanda’s Tourism

Table 3.16: SWOT analysis of Rwanda’s Tourism sector

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • Clear tourism strategy • Consistent marketing of the country and its attractions - strong representation in major tourism fairs (ITB in Berlin, World Travel Market [WTM] in London) • Natural attractions e.g. gorillas. • Conducive business environment and involvement of the private sector • Government prioritization of the tourism industry 	<ul style="list-style-type: none"> • Heavy reliance on nature-based tourism products • Inadequate infrastructure and related services • Lack of skilled labour force • High transaction costs and lack of price competitiveness • Relatively low quality service delivery • Poor airline connectivity
KEY OPPORTUNITIES	KEY THREATS
<ul style="list-style-type: none"> • Development of new experiential products e.g. dark tourism, culture-based tourism, conference etc • Unexploited domestic and regional tourist markets • Emerging markets in Asia and the Middle East • EAC membership could lead to drop in prices of imported goods and mobility of skilled labour 	<ul style="list-style-type: none"> • Increasing tourism competition in the region • Cost of doing business is relatively high • Global Economic Recession • Regional political instability

3.4.9.2 Rwanda’s Tourism Sector Growth Diagnostics

Tourism growth in Rwanda was impressive in 2010. The WTTC sectoral performance indicate that the sector would experience areas of growth in tourism revenues, such as business travel (5.9%), government expenditure on travel and tourism marketing, promotion and development (6.1%), visitor exports (5.6%) and the Travel and Tourism Economy GDP (5.1%). These factors would accelerate growth in the region. However, such growth is still hampered by the lack of high quality accommodation and services within the sector. According to the head of Tourism and Conservation at Rwanda Development Board (RDB), planned strategic investments such as construction of the five-star Marriott Hotel and the ongoing construction of a convention centre together with a five-star hotel will come in handy, to bridge the existing gap and to utilise the

existing potential in the tourism sector. Rwanda’s recent launch of EAC’s Standards Criteria for Classification of Accommodation, Restaurants and other Tourist Facilities, is set to hugely benefit the sector. The growth diagnostics is as highlighted in the table below.

Table 3.17: Growth Diagnostics of Rwanda’s Tourism sector

RWANDA	RWF (billion)	2010 % of total	Growth
Personal travel & tourism	72.8	3.0	1.4
Business travel	52.6	1.8	5.9
Government expenditure	6.6	1.7	6.1
Capital investment	62.1	9.2	0.3
Visitor Exports	145.9	40.8	5.6
Other Exports	2.0	0.6	1.8
T & T Demand	342.0	8.9	3.7
Direct industry GDP	118.9	4.0	6.5
T & T Economy GDP	249.4	8.4	5.1
Direct industry employment	57.4	3.1	4.1
T&T Economy employment	122.2	6.6	2.6

Source: WTTC, (2010)

3.4.10 Seychelles

Tourism features highly within Seychelles development strategy (2010-2017). It is the most important non-government sector of Seychelles’ economy. Since the opening of Seychelles International Airport in the early 1970s, tourism has played a crucial role in the country’s economy. The holiday activities within the Seychelles are mainly the traditional sun sea and sand. The country has some of the most beautiful islands in the Indian Ocean, among some of the finest in the world. Seychelles also offers environmental, historical, cultural and culinary holidays. A number of Seychelles’ 115 islands are open to tourists, for either overnight stays or day trips. A SWOT analysis of the sector is as highlighted below.

3.4.10.1 SWOT Analysis of Seychelles’s Tourism Sector

Table 3.18: SWOT analysis of Seychelles’s Tourism sector

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • Adequate infrastructure and services to the highest international standards • Well recognized destination image in the international markets • Political stability of the country • Good investment climate and policy framework • Industry-enabling policy framework including the country’s 1990-1994 Development Plan and the Tourism Strategy (2010-2017). 	<ul style="list-style-type: none"> • Tight controls on exchange rates and the scarcity of foreign currency • Limited external funding available for tourism marketing, product development and promotion. • Deficiencies in services and maintenance of facilities • Limited range of tourism product options • Relatively high cost of accommodation and access
KEY OPPORTUNITIES	KEY THREATS
<ul style="list-style-type: none"> • PPP between the Seychelles Tourism Board and the private sector in mounting joint overseas marketing initiatives • New and emerging ICTs • Foreign investment in order to upgrade hotels and other services • Emerging markets in Africa and Asia 	<ul style="list-style-type: none"> • Black market trading of foreign exchange • Piracy activities in and around Seychelles’ territorial waters in the Indian Ocean • Climate change related environmental impacts • Perceptions of some policy choices e.g. liquidation of the Ailee Development Corporation Ltd that owned Plantation Hotel and Casino etc

3.4.10.2 Seychelles’s Sector Growth Diagnostics

The WTTC (2010) statistics indicate that there is expected to be a decline in visitor exports by (-0.5%), tourism demand (-0.8%), and tourism economy employment (-0.7%) in 2010. These statistics also indicate a decline in capital investments (-6.8%), visitor exports (-0.5%) and tourism demand (-0.8%). Such sluggish performance would have significant impacts on the decline in Tourism economy GDP (0.1%).

Table 3.19: Growth Diagnostics of Seychelles's Tourism sector

SEYCHELLES	SCR (million)	2010 % of total	Growth
Personal travel & tourism	995.0	15.5	0.0
Business travel	222.4	1.9	3.6
Government expenditure	397.0	22.2	3.7
Capital investment	448.5	12.0	-6.8
Visitor Exports	4,399.1	33.2	-0.5
Other Exports	200.1	1.5	-10.9
T & T Demand	6,662.0	26.3	-0.8
Direct industry GDP	2,943.6	24.5	0.7
T & T Economy GDP	5,577.4	46.4	-0.1
Direct industry employment	12.4	31.5	0.0
TT Economy employment	22.2	56.4	-0.7

Source: WTTC (2010)

3.4.11 Somalia

Somalia is a country in East Africa bordering the Gulf of Aden and the Indian Ocean, east of Ethiopia. Formerly a British and an Italian colony, the country gained its independence in July 1960. Somalia has been devastated by a civil war without an effective central government following the disintegration of the dictatorial regime in 1991. Somalia is poorly endowed with natural resources. While chaos and clan fighting continue in most of Somalia, some orderly government has been established in the northern part (Trip Advisor, 2010). In May 1991, the elders of clans in former British Somaliland established the independent Republic of Somaliland, which, although not recognized by any government, maintains a stable existence, aided by the overwhelming dominance of the ruling clan and the economic infrastructure left behind by British, Russian and American military assistance programs. Northern Somalia is the world's largest source of incense and myrrh which are forestry products.

Somalia Tourism also includes the landmark of Shanghai Old City. Presently controlled by the warlords and the wealthy businessmen, the city is known for its scenic beauty and the old architectural heritage. The place has been restricted to the tourists (TripAdvisor, 2010). Another

most sought after sightseeing spot in Somalia Tourism is the Sinbusi Beach, which is situated about 5 kilometres away from the city of Merca.

3.4.11.1 SWOT Analysis of Somalia’s Tourism Sector

Table 3.20: SWOT analysis of Somalia’s Tourism sector

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • Has one of the largest coastal belt in Africa • Scenic beauty and the old architectural heritage • Rich history and culture • Beautiful and pristine beaches 	<ul style="list-style-type: none"> • Internal conflict • Capacity dearth • Dilapidated tourism infrastructures and facilities • Untrained personnel in the hospitality sector • Improper governance • Poor image and negative publicity • Poor transport infrastructure
KEY OPPORTUNITIES	KEY THREATS
<ul style="list-style-type: none"> • Untapped tourism potential e.g. eco-tourism, culture, and cruise etc • Unexploited regional tourism market • Expansion of air and water transportation • Somali diaspora • Relative stability in Somaliland and Puntland • Fairly modern and affordable ICT infrastructure 	<ul style="list-style-type: none"> • Perceptions of Islamic fundamentalism that encourages terrorism • Mogadishu is considered as one of the most lawless cities in the world • Adverse travel advisories • Piracy within the coast of Somali • Perceptions of poor governance

3.4.12 Tanzania

Overlooking the plateau of northern Tanzania stands the snowy peak of Mt Kilimanjaro. The varied and diverse ecosystem of this mountain creates a strikingly beautiful picture. Gifted with the tag of the 8th natural wonder of the world, a visit to Ngorongoro Crater is regarded as a world-class experience. Tanzania comprises approximately 120 tribes hence one can expect to find not only diverse but also interesting aspects of this country’s cultural tourism. Tourism is also focused on the coast, especially the islands of Zanzibar and Pemba. Game fishing and diving are the main attractions in these islands. Zanzibar is a Tanzanian island known for having some of the best beaches in the world. This island is not only home to the Swahili people and a rich Arab-African history, but also home to the Menai Bay conservation area, a protection for endangered turtles.

The tourism industry plays a significant role in the national economy accounting for a growing percentage of GDP. The sector also pulls tourism-based companies and foreign investors together so as to devise campaigns channelled towards the growth of the sector. A good portion of Tanzania’s land is devoted to conservation areas necessary for eco–tourism development. The Tanzania Tourist Board together with the Tanzania National Parks is promoting tourism inside and outside the country. A SWOT analysis of the sector is as highlighted below.

3.4.12.1 SWOT Analysis of Tanzania’s Tourism Sector

Table 3.21: SWOT analysis of Tanzania’s Tourism sector

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • Conducive investment climate • Vibrant and growing tourism industry • Rich natural heritage – Ngorongoro Crater, Serengeti National Park etc and ranked among the top in the world in terms of natural resource endowment • The highest Mountain in Africa - Kilimanjaro • Big game hunting in the Southern Circuit of Tanzania • Scuba Diving and other water sports – along Indian coast and Zanzibar Island • The clean and azure beaches –Zanzibar and Mafia Island • Rich cultural heritage e.g. Zanzibar and Bagamoyo etc • Foreign ownership of tourism companies in Tanzania by international operators is prevalent and encouraged 	<ul style="list-style-type: none"> • Inconsistent energy and water supply, telecommunication problems • Poor transport infrastructure • Heavy reliance on nature-based tourism • Short high season and low occupancy rates - 40% to 45% on average. • Poor access – both international and internal flights and high costs of internal transport • Lack of price competitiveness • Poor service delivery and standards • Northern circuit is becoming overcrowded • Ineffective security/policing • Health and hygiene risks, coupled with garbage collection and disposal problems • Lack of funding and marketing resources
KEY OPPORTUNITIES	KEY THREATS
<ul style="list-style-type: none"> • EAC integration could encourage labour mobility and enhance management of cross-border resources e.g. Maasai Mara and Serengeti etc • Growth in domestic and regional tourism • Emerging markets in Africa, Asia and Middle East • Product diversification e.g. cruise, cultural, dooms-tourism etc • Underexploited tourism resources in the non-traditional tourist circuits e.g. in the Southern parts of country 	<ul style="list-style-type: none"> • High taxes • Perceptions of instability as the case recently in Arusha and Zanzibar • Increasing tourism competition in the region • Adverse travel advisories • Cost of doing business • Climate change – melting of Kilimanjaro snow • Piracy in the Indian Ocean

3.4.12.2 Tanzania's Sector Growth Diagnostics

According to the WTTC statistics, Tanzania is expected to witness a decline in the tourism economy GDP (-0.1%) from 2009. Similarly, a decline in direct industry employment (-2.5%) and the tourism industry employment (-3.3%) would imply a sluggish growth of the sector in 2009. The growth indices are as shown in Table 3.22 below.

Table 3.22: Growth Diagnostics of Tanzania's Tourism sector

TANZANIA	TZS (billion)	2010 % of total	Growth
Personal travel & tourism	1,142.1	4.8	3.9
Business travel	668.8	2.3	3.2
Government expenditure	108.0	5.6	0.8
Capital investment	864.8	13.4	-1.6
Visitor Exports	1,560.8	23.0	0.8
Other Exports	41.1	0.6	1.1
T & T Demand	4,385.6	10.9	1.4
Direct industry GDP	987.1	3.3	0.7
T & T Economy GDP	2,378.0	8.0	-0.1
Direct industry employment	252.6	2.6	-2.5
TT Economy employment	623.5	6.3	-3.3

Source: WTTC (2010)

3.4.13 Uganda

Uganda is well known for the hospitality of its people, given that this (hospitality) is a key element to its diverse population. Uganda is further known for its low level of crime and hassle towards tourists (though in some quarters, the negative image of an Idi Amin country still persists) and is the source of the Nile. Uganda is Africa's most complete bird-watching destination with more than 1,000 species recorded. Spread across both sides of the equator one can have the opportunity to experience the biodiversity of the various national parks and protected areas across the country. Uganda's main attraction lies divided between Bwindi National Park and the Virunga Mountains, home to the endangered mountain gorilla.

Uganda has embraced eco-tourism, based on the fact that it promotes low-impact tourism and avoids the adverse environmental effects of traditional mass tourism and the sale of natural resources. Adding to this choice of tourism is the fact that it also appeals to different groups of people such as tourists, environmentalists, businesses as well as governments. Given the ever rising concerns and threats that global warming poses, Uganda has continued to practice eco-tourism to minimize the negative effects that global warming would not only cause to her environment but also her tourism industry. The Ugandan economy has seen an unprecedented increase in the level of tourism as a result of economic and political reform. A SWOT analysis of the sector is as highlighted below.

3.4.13.1 SWOT Analysis of Uganda’s Tourism Sector

Table 3.23: SWOT analysis of Uganda’s Tourism sector

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • Government acknowledgement of the importance of the tourism sector • Rich cultural heritage and diversity • Rich natural resource base – mountain gorillas, ornithological destination with more than 1,000 species recorded • Low level of crime and hassle towards tourists • Reputation for hospitality 	<ul style="list-style-type: none"> • Inadequate skills and knowledge • Poor sectoral coordination • Limited sector funding • Inadequacy of the country’s infrastructure, particularly electricity and roads, due to lack of investment • Weak private sector organisations • Lack of relevant and up- to- date tourism legislation. • Lack of skilled labour force • Poor airline connectivity
KEY OPPORTUNITIES	KEY THREATS
<ul style="list-style-type: none"> • Competitive tourism investment climate • Performance enhancement fund (PEF) to boost sector performance in economic turmoil • Tourism infrastructure and facility development • Tourism product diversification e.g. conference tourism • Untapped domestic and regional tourist markets • Emerging markets of Asia and Middle East • EAC integration could encourage labour mobility within the sector 	<ul style="list-style-type: none"> • Relatively high inflation • Degradation of the country’s environmental resource endowment • Instability in Northern Uganda • Regional instability e.g. threats from cross border conflicts in Sudan, South Sudan and Eastern parts of Democratic Republic of Congo

3.4.13.2 Uganda's Sector Growth Diagnostics

Uganda is ranked 111 globally as far as tourism competitiveness is concerned (WEF, 2009). The factors that have led to this positioning have been largely attributed to the fact that the TT business environment and infrastructure has not been conducive for growth. According to the WTTC reports (see table 3.24), capital investments are expected to decline by 3.5% in 2010, leading to a decline in direct industry employment (-1.6%) and a decline in visitor export by a significant 4.7%. Leisure based tourism would continue to be a key growth driver of the sector in Uganda, exhibiting a growth rate of 3.4% and accounting to 4.8% of tourism revenues in Uganda (WTTC, 2010).

Table 3.24: Growth Diagnostics of Uganda's Tourism sector

UGANDA	UGX (billion)	2010 % of total	Growth
Personal travel & tourism	1,507.4	4.8	3.4
Business travel	620.0	1.6	2.6
Government expenditure	88.9	2.3	5.2
Capital investment	508.1	6.7	-3.5
Visitor Exports	906.0	12.1	-4.7
Other Exports	211.2	2.8	-4.8
T & T Demand	3,841.6	7.6	-0.1
Direct industry GDP	1,400.1	3.5	1.6
T & T Economy GDP	2,935.6	7.4	0.5
Direct industry employment	179.6	2.8	-1.6
TT Economy employment	381.3	5.9	-2.7

Source: WTTC (2010)

3.5 Summary

In the face of broadly similar challenges Eastern Africa governments should seek to address these issues by establishing policy interventions that are targeted towards ensuring that tourism in East Africa is competitive and sustainable. An analysis of growth diagnostics within the Eastern Africa region clearly shows that there are ideal challenges, emerging opportunities, existing weaknesses and future threats that may have a real impact on the growth of the tourism

industry. It is therefore imperative that appropriate intervention measures are put in place to deal with these challenges.

4 Drivers for Tourism Growth in the Eastern Africa Region

4.1 Introduction

Destination competitiveness has been defined as the ability of a destination to maintain its market position and share and/or improve this through time (d’Hauteserre, 2000). Competitiveness is about producing more and better quality goods and services, which are marketed successfully to consumers at home and abroad (Newall, 1992). It is a general concept that encompasses price differences coupled with exchange rate fluctuations, productivity levels of various components of the tourist industry, and qualitative factors affecting the attractiveness or otherwise of a destination (Dwyer et al, 2001). Competitiveness also refers to a destination’s ability to create and integrate value-added products that sustain its resources while maintaining market position relative to competitors (Hassan, 2000) and the relative ability of a destination to meet visitor needs on various aspects of the tourism experience, or to deliver goods and services that perform better than other destinations on those aspects of the tourism experience considered to be important by tourists (Dwyer and Kim, 2003).

Destination competitiveness relates to both competitive and comparative advantages of a tourist destination. When viewed within the context of a tourist destination, comparative advantage relates to inherited resources both natural and cultural, including climate, scenery, flora and fauna, while competitive advantage relates to created items such as the tourism superstructure (i.e. being the additional created assets which rest upon general infrastructure and which serve visitor-oriented needs and desires such as hotels, attractions, transport network), the quality of management, human capital and government policies (Dwyer and Kim 2003). Extant literature clearly appreciates the importance of both comparative advantage and competitive advantage within the tourism industry, and as such, the importance of understanding the factors that determine the ability of a tourism destination to compete is being increasingly recognised from both a theoretical and managerial perspective (Chon and Mayer 1995; d’Hauteserre 2000; Hassan 2000; Ritchie, Crouch and Hudson 2001). In line with these, Ritchie and Crouch (1993) propose the Calgary Model of Tourism Competitiveness that recognizes five key constructs of destination competitiveness (see Table 4.1).

Table 4.1: The Calgary Model of Competitiveness in Tourism

Destination Appeal	Destination Management	Destination Organisation	Destination Information	Destination Efficiency
ATTRACT Destination Attractiveness	MANAGER Managerial Efforts	DMO Management organisation capabilities	MIS Internal management information system	IOE Integrity of experience
DETER Destination deterrents	MKGT Marketing efforts	ALLIANCE Strategic alliances	RESEARCH Research	PROD Productivity

Source: Ritchie and Crouch 1993

These constructs are reflected by a number of destination related factors. Ritchie and Crouch identify a destination’s appeal to be a factor of tourism destination competitiveness, referring to the destination attractors and deterrents. Attractors include eleven elements: natural features, climate, cultural and social characteristics, general infrastructure, basic services infrastructure, tourism superstructure, access and transportation facilities, attitudes towards tourists, cost/price levels, economic and social ties and uniqueness. Among destination deterrents are security and safety (i.e. political instability, health and medical concerns, poor quality of sanitation, laws and regulations such as visa requirements). Such factors are a formidable barrier to visiting a particular destination and consequently tourism growth (Wilde and Cox, 2008).

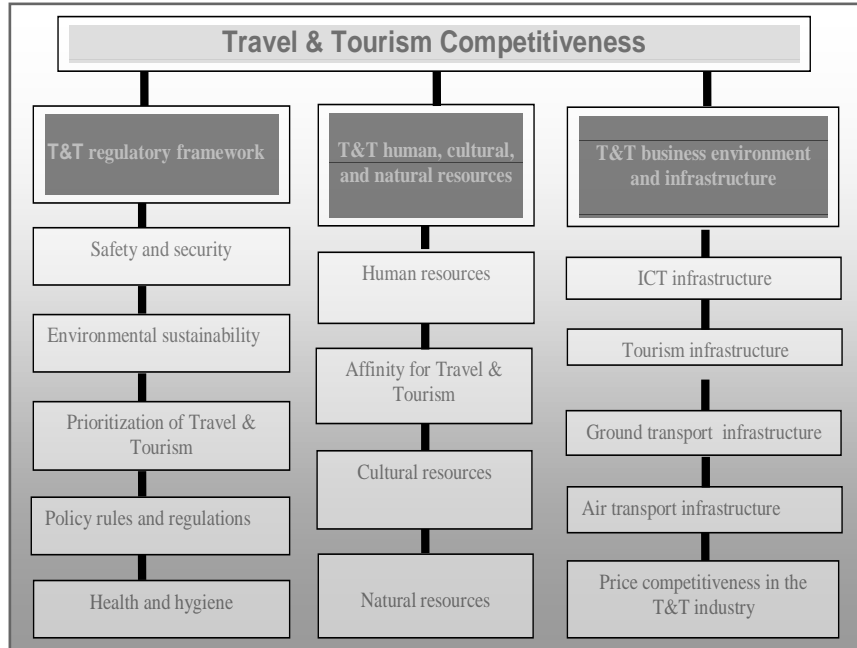
The model further emphasizes that a carefully selected and well executed program of destination management can serve to improve the tourism competitiveness of a destination. In particular, as Wilde and Cox (2008) observe, marketing efforts have the potential to enhance the perceived appeal (e.g. image) of a destination, whilst managerial initiatives can strengthen the competitive position of a destination. Further, destination competitiveness can be enhanced through management of organization capabilities and strategic alliances.

Additionally, the use of detailed information systems is advanced as a basis for decision making, where internal management information provides the ability to better manage the performance of destination's product. This aspect of the model is closely linked to a research function, as research enables a destination to adapt to changing market conditions. The final construct in the

model is Destination Efficiency, which draws on the integrity of experience, relating to the ability of the destination to provide an appropriate (expected and promised) experience. The second set of the efficiency factors are termed productivity variables. These include variables which are hypothesized to develop skills and/or conditions which can increase the quantity and quality of the output of tourist experiences for a given level of resource input, such as training staff.

According to the WEF’s Travel and Tourism Competitiveness Report 2009, the factors and policies that make it attractive to develop the Travel and Tourism (TT) sector in different countries can be identified based on three broad categories of variables that facilitate or drive travel and Tourism competitiveness. These categories are summarized into the three sub-indexes: TT regulatory framework; TT business environment and infrastructure; and TT human, cultural, and natural resources. Each of these sub-indexes is composed in turn by 14 pillars of TT competitiveness (see figure 4.1).

Figure 4.1: TTCI competitive Indices



Source: WEF (2009)

Each pillar is in turn, made up of a number of individual variables. The index assesses a country's competitiveness on the basis of two parameters. First a score based on a 1-7 weighting with 7 being the ultimate score and secondly, the relative position to the other sampled countries globally and regionally.

4.3 Drivers for the Eastern Africa Tourism Growth – Benchmarking Best Practice

The Calgary model and the TTCI provide a basis for the identification of growth drivers appropriate for the Eastern Africa countries and key countries for benchmarking best practice. The following discussion is nonetheless not limited to these models of destination competitiveness. Some of the key Tourism FDI drivers, for instance, are based on the number of tourism inflows to the country, the geographical proximity, cultural proximity, national stability, size and economic growth, political stability and investment climate, FDI related regulations and incentives, tourist assets and the national demand for tourism facilities (EAC, 2008).

4.2.1 Travel and Tourism Regulatory Framework

The travel and tourism regulatory environment is an important factor in the enhancement of destination competitiveness and is a critical factor for tourism development. Specifically, regulatory elements that relate to government policies include bilateral air service agreements, safety and security, health and hygiene, environmental sustainability, prioritization of travel and tourism and the policy, rules and regulations. This section aims at making practical proposals for the Eastern Africa region on the areas of improvement. By referring to benchmark countries globally, the practical proposals can be used to enrich to the various country specific developmental strategies already set to drive tourism growth in the future.

The TTCI indicates that a conducive regulatory environment is a clear precursor for an upbeat tourism growth in the region. Within the Eastern Africa region, Kenya scored the highest as far as the regulatory environment is concerned with a score of 4.15 and was ranked as 93 globally in 2009 (WEF, 2009). Key factors that have contributed to this poor ranking globally is the

stringent foreign ownership restrictions within Eastern Africa countries, poor policies and unfavourable regulatory environments, with Kenya being a notable exception. Europe ranked highly within TTCI rankings globally with the top four countries in this region being Switzerland, Germany, Spain, and the United Kingdom. Eastern Africa countries can learn a lot from these countries. Switzerland, for instance, has the most transparent and stern Visa and Travel Regulations in Western Europe, in addition to a very transparent and favourable tax regime, such as low capital gains tax for investments in tourism. This, thus, provides a secure and conducive environment for local and foreign investments.

Compared to Eastern Africa countries such as Burundi, which apparently had the least TTCI ranking and scores in the Eastern African region of 3.17 and 129 respectively globally, countries like Malaysia, Singapore and South Africa had also an impressive ranking globally. Singapore ranked the 1st globally with regard to rules and regulations, hence, had a conducive policy and legislative framework for the development of the tourism industry. This is attributed to the policies facilitating foreign ownership and FDI, well-protected property rights and few visitor restrictions. Further, it is one of the safest countries in the world.

4.2.1.1 Key Regulatory Drivers for Tourism Growth in East Africa

Safety and security is an important factor that influences tourist choices to travel and preferences of destinations. It is an important indicator for tourism competitiveness. This was highly evident in the aftermath of the tragic events of 11th September 2001. As such, several tourism destinations have crafted policies to address insecurity especially within the tourism sector. In South Africa, for instance, through the 2010 Tourism Safety Initiative, the city of Cape Town has developed a tourism safety and security action plan which has been able to reduce potential risks and disasters, such as visitors being misled by fraudulent advertising, muggings, attacks in tourist spots or on trains and buses, hijackings, murder, rape, robberies, kidnapping and major transport disasters and freak accidents. The Nordic countries, (including Finland, Iceland, and Norway) possess apt government policies on safety and security that include police forces that are effective in providing protection from crime and violence, which is critical for the tourism industry. This is so despite the fact that they do not suffer from high levels of crime and violence

Within East Africa, Kenya, Uganda, Ethiopia and Burundi have been prone to incidents of insecurity over the recent past brought about by threats of terrorism which have made these Eastern Africa countries to critically assess their security policies and develop appropriate intervention measures to deal with these threats.

Kenya in particular, has adopted counter-terrorism measures aimed at curbing and mitigating threats in the country as a result of a seemingly ‘insecure neighbourhood’ (particularly from Somalia) in addition to the fact that the country has played a big role in enhancing the overall security of the Eastern Africa region by facilitating the CPA (Comprehensive Peace Agreement) and the current on-going referendum process in South Sudan. The relative peace in Tanzania poses significant benefits for tourism businesses and investors in Tanzania. Furthermore, the reliability of the police service in law enforcement and order especially in Tanzania and Madagascar plays a greater role in enhancing a conducive and safe environment for tourists and investors to visit as well as do business in the respective countries.

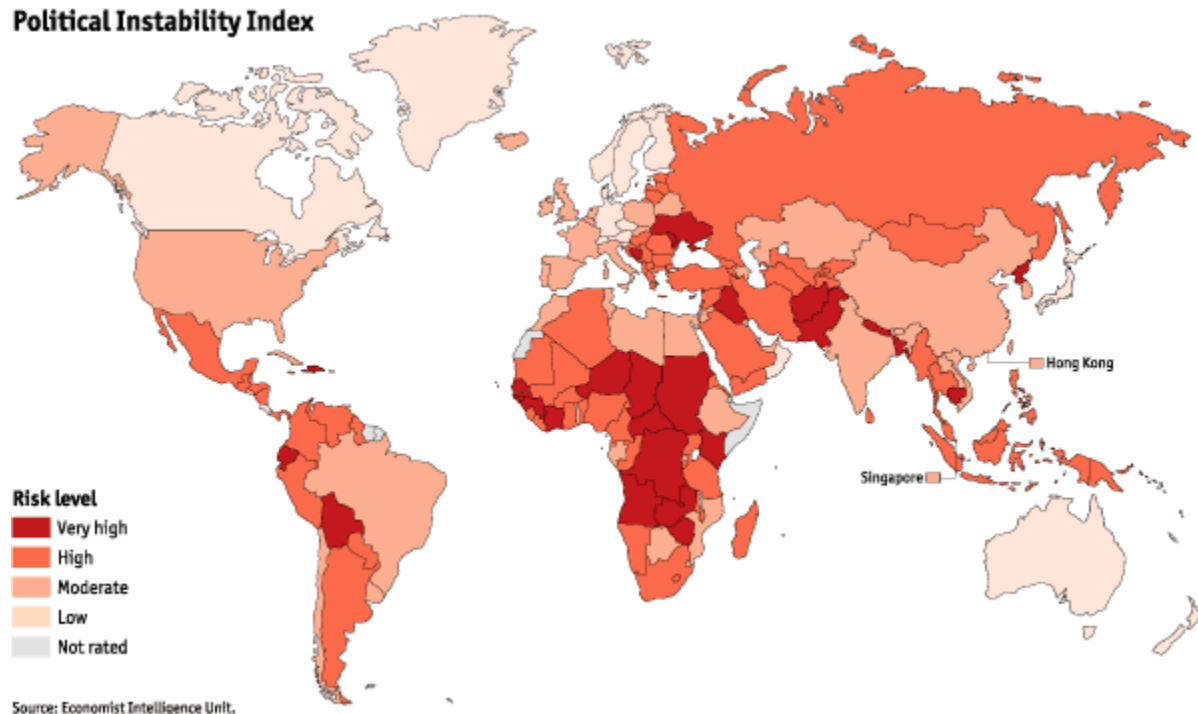
Critical aspects of tourism security policy that are crucial to tourism growth include: hotel physical safety and security; safety and security at tourism attractions; incidence of crime against tourists; legislative initiatives for managing crime and crime management initiatives.

4.2.1.2 Political Stability

According to a recent report by the Business Daily on political stability and investor confidence in East Africa, ‘Easing of political tensions and the current ongoing search for uniform governance standards in East Africa has boosted business confidence in the region and is encouraging investments that could enhance employment’ (Business Daily, 2010). More than any other economic activity, the success or failure of a tourist destination depends on being able to provide a safe and secure environment for visitors. Governance based on the rule of law can significantly lower political risk, creating a stability that would be conducive for investment.

According to the Political Instability Index of 2009, the Eastern Africa region does not fare well in terms of economic distress and underlying vulnerability to unrest, with countries, such as Burundi, DRC and Kenya considered as high risk (Viewswire, 2011). For instance, continued ethnic violence and political instability in Burundi has in the recent past contributed to this disparate situation. In Tanzania, the government in 1986 began embarking on an adjustment program to dismantle the socialist economic controls and encourage more active participation of the private sector in the economy. The political environment has since changed as a result of the change in policy that was evidenced within the reforms. Nonetheless, Ethiopia, Rwanda and the Seychelles are considered as relatively low risk countries as indicated in figure 4.2. This trend suggests the need for appropriate intervention measures and policies to improve the political environment in East Africa.

Figure 4.2: Global political instability index



Source: Economist Intelligence Unit (2010)

4.2.1.3 Health and Hygiene

From a tourism perspective, concerns about access to improved sanitation and health status of the populace is an important indicator of competitiveness. The access within the country to improved sanitation is important for the comfort and health of travellers. In the event that tourists do become ill, the country's health sector must be able to ensure they are properly cared for, as measured by the availability of physicians and hospital beds. In terms of physician density per 1000 people, all Eastern African countries are rated poorly in global TTCI rankings (Kenya, 115; Uganda 121; Burundi 128; Ethiopia 128 and Tanzania 131). Further, in terms of access to improved sanitation, the region performs very poorly, with countries such as Madagascar and Ethiopia, having only 12% and 11% of the population respectively, accessing improved sanitation. Low ranking of countries within the region is also highly attributed to the very high rates of communicable diseases such as HIV/AIDS. Improving the health of the workforce is of urgent concern for the future of the T&T sector, as well as for all sectors in the economy.

Well-developed health-care systems act as an incentive for visitors to travel. It is important that Eastern Africa countries learn from countries such as Australia, Austria, USA and Belgium whose policies on health care systems are quite advanced therefore providing tourists with assurance of receiving quality healthcare and hospitality services in the destination. Furthermore, countries like Malaysia, Singapore and South Africa, are now taking advantage of the health care systems to promote health tourism targeting western clientele.

4.2.1.4 Environmental sustainability

Environmental sustainability is a critically important facet that would guarantee competitiveness and is a precursor to biodiversity conservation. Eastern Africa countries can only achieve competitive status when there are deliberate efforts to protect, conserve and sustain biodiversity. An apt policy framework is crucial for ensuring that Eastern Africa countries continue to be attractive destinations in the future (WEF, 2009). The key factors that indicate environmental sustainability include, the stringency of the country's laws in terms of environmental regulation,

enforcement of environmental regulations and the extent to which the country' government is taking necessary steps to ensure that the tourism sector is being developed in a sustainable way.

For instance, there is a strong focus on environmental sustainability in Kenya, which is consequently ranked 16 globally (WEF, 2009). This is due to the fact the country relies heavily on the natural environment for tourism development. Kenya's high ranking, is based on strong and well-enforced environmental legislation. This indicates the extent of stewardship as far as environmental governance is concerned. In the Eastern Africa region, Kenya has made great strides towards environmental sustainability and adopted measures, such as the development of environmental and wildlife management policies to ensure sustainable biodiversity conservation and management. Further, the Global Environmental Sustainability Index (ESI) signifies that Kenya is highly rated with good indices including Eco-efficiency (ESI = 0.55) and Green house gas emissions (ESI = 0.45) (WEF, 2009).

Globally, Sweden, Switzerland, and Denmark are renowned for their environmental sensitivity and are consequently ranked as top three in terms of environmental sustainability competitiveness (WEF, 2009). These countries are characterized by environmental legislation that is both stringent and well enforced with specific focus on developing the tourism sector in a sustainable way, and good overall environmental outcomes such as low levels of pollution and environmental damage. In addition, Modern and comprehensive environmental technologies are available in Austria. Data on matters pertaining to soil status, forest status, status on wetlands, and other areas of relevance are readily available and closely monitored and evaluated. Austria is one of the leading countries in Europe in the field of environmental policy and regulation (WEF, 2009). Western European countries can, thus, provide valuable lessons for the member states of the Eastern Africa region to enhance their policies and regulations environmental sustainability, given the rich natural resources.

4.2.1.5 Greater Prioritization of the tourism industry

Government prioritization of the tourism industry is a subset of the expenditure spent on tourism marketing and branding to attract tourists and exposure of the country's tourism associations to

international tourism fairs. Mauritius, Singapore, and Greece are the top performers in the overall prioritization of the tourism industry (WEF, 2009). This is perhaps not surprising given the importance of the sector for their economies, and it is borne out of their high government expenditure on the sector, strong destination-marketing campaigns, and country-level presence at key international tourism fairs. These countries are making great efforts to successfully develop their tourism sectors. Such prioritization can be a strong impetus for growth, particularly in terms of attracting necessary investment for tourism development.

4.2.1.6 Bilateral Air Service Agreements

Bilateral air service agreements between countries indicate the level and extent of collaboration between the countries. Bilateral air services agreements/arrangements contain the routes airlines can fly including cities that can be served within, between and beyond the bilateral partners; the number of flights that can be operated or passengers that can be carried between the bilateral partners; the number of airlines the bilateral partners can nominate to operate services and the ownership criteria airlines must meet to be designated under the bilateral agreement. This clause sometimes includes foreign ownership restrictions and tariffs – (i.e. prices). Some agreements require airlines to submit ticket prices to aeronautical authorities for approval (it is not current practice for Australian aeronautical authorities to require this), and many other clauses addressing competition policy, safety and security.

Within Eastern Africa context, the challenges have been that Eastern Africa countries have not engaged in bilateral air service agreements owing to the fact that these countries do not adopt an “open-skies policy”. This is major impediment to tourism growth, especially, the regional segment. In Europe and Asia, for instance, the openness of their bilateral air services agreements, together with the growth of the low cost carrier airlines, has lead to a boom in tourism in these regions (O’Connell and Williams, 2005). Benchmark countries like Australia, Malaysia and Indonesia are popular destinations owing to the fact that these countries have adopted an open-skies policy and have a liberalized environment within their respective transport sectors.

4.2.2 Business Environment and Infrastructure

The quality of the tourism business and infrastructure within a country provides a key driver for the growth and competitiveness of the tourism industry. The development of tourism relies on the availability of a conducive business environment and the development of appropriate infrastructure, which service tourists' needs and encourages investment by the private sector. This section discusses various infrastructure, such as transport, tourism and ICT and price competitiveness as key drivers for tourism growth.

4.3.2.1 Transportation Infrastructure

Transportation in tourism is most often seen as just part of the tourism system that deals with bringing tourists to destinations, a means of getting around the place and leaving it once the duration of the trip is over. However, the transportation system of a destination is far more significant in that it has an impact on the tourist experience, which determines how people travel and why they choose different forms of holiday, destination, and transport (Page and Lumsdon, 2004). Moreover, transportation modes and management have been identified as being the important ingredients of the international tourism system in the sense that linkage by air, sea and land modes is essential for the operations as well as the availability of support services, such as fuel stations, auto repair, motels and rest facilities for land travel (Culpan, 1987:546).

The improvement in transportation modes plus low fares has increased the accessibility of areas once considered 'off-the-beaten-path'. Access to tourism sites varies according to the nature of the site, the state of infrastructure, and the efficiency of the public transport system (Sorupia, 2005).

The quality of air transport infrastructure eases access to and from countries, as well as movement to destinations within countries. This is measured in terms of both the quantity of air transport, as indicated by the available seat kilometers, the number of departures, airport density, and the number of operating airlines, as well as the quality of the air transport infrastructure both for domestic and international flights (WEF, 2009).

Vital to ease of movement within the country is the extent and quality of the country's ground transport infrastructure. This takes into account the quality of roads, railroads, and ports, as well as the extent to which the national transport network as a whole offers efficient, accessible transportation to key business centres and tourist attractions within the country.

There are several strategies that can be employed in the development of efficient transport infrastructure. First and foremost, successful development of infrastructure requires public-sector led initiatives including appropriate policy framework, careful infrastructure development planning and setting up coordinating agencies. For instance, in Singapore, whose travel and tourism environment and infrastructure was ranked 5th globally for having excellent transport infrastructure, infrastructural development has been often guided and driven by government legislation, and agencies set up for that purpose notably, The Land Transport Authority (LTA) and the Road Traffic Act (Lim, 2006).

Secondly, sound infrastructure financing strategies, either public sector-based or private-sector-based initiatives are required. Public supply strategies include:

- Public supply and operation where the government finances and operates the infrastructure through a government department
- Corporatization, which involves the introduction of market-based finance and which is operated by a public enterprise.
- Management contract, where there is a possibility of bond financing. The infrastructure is operated by a public enterprise but private operator may be involved for specific purposes.

Private sector initiatives include:

- Leasing, where funding is by the public but operation is by a private operator.
- Franchise, where both financing and operations are done by the private sector.
- Concession, (including the build-operate-transfer (BOT) model) where the private sector funding and operation are utilized. In the case of BOT, the concessionaire covers the

investment costs and operations and contracts are long-term (20-30 years) and typically, this involves costly infrastructure development (bridges, ports, airports etc). The assets are transferred back government at the end of the contract.

Several versions of the above options have been employed in different economies. In the case of Singapore, the country has an active Public Private Partnership (PPP) program in the development of the infrastructure. In addition, there is an increasing trend towards privatization of infrastructure construction as this may spread risks to a wider range of participants who may be better equipped than governments to deal with the risks. These investors, however, demand a broader range of investment products, ranging from conventional instruments like bank deposits, government debentures, publicly listed bonds and stocks to alternative investments like hedge funds and private equity (Lim, 2006).

In addition to the above initiatives, there is regional collaboration and joint action, especially in cases where individual countries may lack capacity. This is necessary for the development of regional infrastructure as it allows economies of scale through pooling and joint facilities. For instance, NEPAD, noting the probable lack of infrastructure development capacity among most African countries, proposes collaboration and joint action as a strategy towards achieving infrastructural growth (NEPAD, 2007). These strategies can be considered by East Africa member countries to spearhead the infrastructure development necessary for tourism growth.

4.3.2.2 ICT infrastructure

The significance of ICT in the tourism industry cannot be overstated given the increasing importance of the online environment for the distribution and promotion of the travel and tourism products. ICT infrastructure encompasses penetration rates through the internet, telephone lines, and broadband, which provide a sense of the society's online activity. It also includes a specific measure of the extent to which the internet is used by businesses in carrying out transactions in the economy (WEF, 2009). Access to good technology not only raises tourism competitiveness by increasing attractiveness of the destination as a comfortable destination to

high-end tourists, it also raises the attractiveness of the destination as an investment location for tourism investors whose capital finances supply expansion in the tourism sector.

As the world advances to the ICT platforms, Africa is slowly catching up. Among others, two key initiatives stand out as icons of ICT development in Africa which possess great potential to positively transform the continents' business environment: The NEPAD Africa e-Payment Gateway Project and the East African Submarine Cable System (EASSy) Project.

4.3.2.2 .1 The NEPAD Africa e-Payment Gateway Project

The NEPAD Africa e-Payment Gateway is an e-tourism project intended to benefit the African continent by reducing the costs of doing tourism business. The project is intended to provide African businesses, citizens as well as governments with efficient and affordable access to electronic commerce platforms.

The objective is to bring revenue directly into Africa using an African owned and operated infrastructure that will directly impact the GDP of African economies. Further, it aims to provide each country with the ability to increase tourism and SME sector revenues without incurring the high costs charged by existing third party platforms residing outside of Africa (ITRealms, 2009).

The project is a joint partnership between African and international investors initially targeting the tourism sector but broad in scope to cater for the SMEs in other non-tourism sectors that do not have the resources to market and conduct electronic commerce through the Internet independently.

At present, Africa's tourism and cultural assets are marketed mainly by external entities that have access or own the technology to conduct e-commerce. In some cases this does not always provide an equitable share of revenue for their various partners in Africa. The African e-Payment Gateway will enable direct payments into each country and provide the partners outside Africa the ability to market untapped regions of the continent that have been previously overlooked.

In addition, the e-payment gateway will provide a method by which the African Diaspora will be able to remit funds back to Africa through a cost-effective and secure payment transaction technology. Further, it can also be expected that the technological advancement will converge with mobile and smart card payment systems and thus greatly benefit the ‘unbanked’ population of Africa.

4.3.2.2 The East African Submarine Cable System (EASSy) Project

In the past most African countries’ telecommunication carriers heavily relied on radio or satellite system to carry the bulk of their international traffic. With the advent of optical fiber cable systems and the inherent quality and increased bandwidth that they provide, carriers have switched to submarine cables as their primary communication medium. The EASSy project is therefore an optimum means to improve the communication sector in the region, allowing more people to access at the same time and at cheaper rates (ADB, 2007).

With a length of 9900 km, EASSY is a state-of-the-art high speed submarine cable. The project aims to connect about twenty coastal countries and landlocked countries of Eastern and Southern Africa to the rest of the world, thanks to a network of submarine optic fiber cables with broadband and land relays. It is envisaged that the project will have significant benefits for the citizens of the region such as: providing better quality services at reduced operational costs and user charges; providing more reliable international communications; providing competitive prices for national and international connectivity; stimulating investment and economic growth; increasing employment opportunities; and easing access to education and broad knowledge such as medicine. In addition, the project is likely to have an indirect effect of attracting more tourism to current tourist centres because of the ease of communication (ADB, 2007).

In summation, a competitive ICT infrastructure is a key prerequisite for tourism competitiveness in the modern world and certainly the NEPAD eTourism and EASSy projects are good efforts towards this end. Kim (2009) in discussing *The Korean experience of overcoming economic crisis through ICT Development* summarizes the success factors for competitive ICT infrastructure development. Firstly, there must be a strong and sustained political commitment to

the informatization and development of the ICT sector from the highest echelon of the government. Secondly public informatization training programs should be implemented in order to bridge the digital divide and at the same time boost the self sustaining demand among a large segment of the population. Thirdly, competitive environment for telecom service providers should be created and, lastly, the government should take the initiative to develop the basic ICT technologies. In order for the above to work smoothly and produce the envisioned results, Kim notes that, sustainable sources of funding for ICT product, service and infrastructure development is mandatory. This can be done through the government budget contribution, donor funding, telecommunications service operators' contribution, auction price for radio wave frequency and franchising.

4.2.2.3 Tourism Infrastructure

In addition to the provision of the general infrastructure described above, the success of any tourism destination is dependent to a large degree on the nature of the facilities and services infrastructure that are available to the tourist. These can be categorized as:

- a) Primary tourist facilities and services (accommodation/hotels, restaurants, and travel and tour services).
- b) Secondary tourist facilities and services (shopping, recreation, entertainment and visitor information services).
- c) Tertiary tourist facilities and services (health services and care, emergency and safety services, financial services and personal services).

To successfully develop the above infrastructures, there are various approaches that destinations could embrace. Some of these are discussed below:

The implementation of the tourism development strategy depends on the partnership between public sector investment (especially in infrastructure) and private sector investment (especially in projects and enterprises). At every stage of implementation, there is a need for governments to stimulate private investment by creating a favourable context for investment in general with specific tourism-related fiscal, financial and other incentives.

In the case of the East Africa, however, the lack of an adequate local capital base for major projects is a major constraint to tourism development. It is therefore expected that tourism development will be dependent largely on foreign investment. There are nonetheless, opportunities for the involvement of local communities and indigenous entrepreneurs through joint ventures, land for equity exchanges, employment, and training schemes to achieve the necessary entrepreneurial, managerial and operational skills.

Several broad categories of incentives may be used including: financial incentives, through which a government provides grants or loans from its own resources or through a government financial institution; quasi-financial incentives, through which a government provides loan guarantees, subsidies or exchange rate guarantees, or a differential grant that covers the gap between official and commercial lending rates; fiscal incentives, through which a government provides tax holidays and deductions, customs duty exemptions, concessions or capital expenditure allowances; and incentives of considerable diversity, including training facilities, profit repatriation and work permits (see box 4.1 below).

There are some considerations, however, which precede any of the above arrangements (UN ESCAP, 2001). These include the government's role in: market forces; development and investment responsibilities in infrastructure development and incentives; provision of training facilities and programmes; supporting transport services; and the construction and operation of facilities such as hotels and attractions; commercial enterprise or partnership, and if so to what level and type of risk; various structures and systems that guide tourism development into particular strategies (e.g. ecotourism); private sector investment in some of the essential services, for example, operating the national airline, in order to reduce dependency on off-shore commercial decisions; and facilitating development, for example in land negotiations acquisitions for tourism development.

4.3.2.4 The price competitiveness in the TT Industry

The price competitiveness in the TT industry is clearly an important element to take into account when analyzing travel and tourism competitiveness. A destination's price competitiveness is the

outcome of its industry structure, the conduct and performance of firms, industrial productivity, and government microeconomic as well as past and present macroeconomic policies (Dwyer et al, 2000).

BOX 4. 1: Tourism Infrastructure development schemes – India

Since most infrastructure elements and the delivery systems are within the purview of the state Governments or private sector, tourism infrastructure is being developed mainly with financial assistance to state/ U.T. governments and by providing various incentives to private entrepreneurs.

Specific schemes for which financial assistance is provided to the States include the following: (a) Construction schemes - forest lodges, tented accommodation, tourist complexes/tourist lodges, wayside amenities, motels, cafeterias/restaurants, tourist reception centres, pilgrim sheds/dormitories, etc. at pilgrimage centres, and public conveniences. (b) Tourist transport - mini-buses, jeeps, elephants, etc. for wild life viewing; cruise boats, ferry launchers, etc. for water transport; tourist coaches in selected circuits; and special tourist trains.

The most frequent pattern of funding which has continued over successive plan periods is known as "normal funding". Under this pattern, the Central Department of Tourism meets almost the entire expenditure, except the cost of land and interior decoration in the case of construction projects.

A new method of funding by way of grant-in-aid towards project cost was introduced during 1992-1993.

In this scheme, 28 per cent of the project cost is provided by the central government and 12 per cent is provided by the state government. The balance of 60 per cent has to be raised as a loan from financial institutions or banks. This method of funding is applicable to projects requiring large investments.

It is expected that the state governments would be able to mobilize more resources from financial institutions for investment in tourism projects through this method.

Incentives to private entrepreneurs

Hotels and tourism-related activities have been declared as priority sectors for foreign investment.

As a result, foreign equity participation in tourism projects is automatically allowed up to 51 per cent, and higher percentages of foreign equity can be approved on a case-by-case basis.

Tourism industries are also eligible for a number of incentives, such as interest subsidy, income tax exemption, reduced customs duty, etc. There are specific incentives being provided by the Central Department of Tourism. One specific incentive is for approved hotels up to the 3-star category and heritage hotels outside the four metro-cities which are eligible for an interest subsidy for loans from the Industrial Finance Corporation of India, Tourism Finance Corporation of India and State Financial Corporations.

The rates of interest subsidy are (a) 5 per cent for 1 to 3-star category hotels in areas identified for intensive development; (b) 5 per cent for heritage hotels outside metropolitan areas; and (c) 3 per cent for all other 1 to 3-star category hotels outside metropolitan areas.

In order to encourage the owners of heritage properties to convert palaces, forts, havelis, etc. of any size into heritage hotels, a capital subsidy scheme was introduced since May 1993. Under the scheme, a capital subsidy of 10 per cent of the project cost or Rs. 500,000, whichever is less, is available for developing any structure of 75 years or older as a heritage hotel.

Domestic travel agents and tour operators are given assistance to develop markets abroad. Assistance is given for market research, promotional visits abroad, and so forth.

Source: Raveendra (no date-p107)

http://www.unescap.org/ttdw/Publications/TPTS_pubs/pub_1748/pub_1748_TP-M.pdf

The cost of tourism to the visitor includes the cost of transport services to and from the destination and the cost of ground content (accommodation, tour services, entertainment, food and beverage). Both types of costs are relevant to the travel decision. Differing costs in particular destinations in comparison to others, coupled with foreign exchange rate variations, are regarded as the most important economic influence on destination shares of total travel abroad. In both the medium and long term, an increase in relative cost can be linked to a fall in market share in travel from every origin country, while a fall in relative cost is linked to a rise in market share (Edwards, 1995).

Price Competitiveness Indices are usually determined for each of the major categories of goods and services that comprise tourist expenditure within a destination (Dwyer et al. 2000). The values of the indices enable destinations to be ranked according to their price competitiveness based on eleven major tourism services and products which they deliver to visitors. These include: food; drink; accommodation; shopping; entertainment; self-drive cars; train, coach fares; taxis; organized tours; petrol; and conventions.

In the case of TTCI, a country's price competitiveness is measured by taking into account such factors as: the extent to which goods and services in the country differ in price from other destinations (purchasing power parity), airfare ticket, taxes and airport charges, fuel price levels compared to those of other countries, and taxation in the country (which can be passed through to travellers) and the relative cost of hotel accommodations (WEF, 2009).

An understanding, therefore, of the positioning of the destination in terms of price competitiveness relative to their respective competitors can be a strategic development tool for the tourism industry. Patterns of changes in demand, for instance, need to be assessed in the light of dynamics in price competitiveness (Dwyer et al, 2000).

However, Dwyer et al (2000:18) observe that:

Since the tourism sector has wide ranging links to a myriad of other industries, there is often very little that tourism operators can do to influence the price competitiveness of their products and services in the absence of reforms elsewhere in the economy ... By examining price competitiveness indexes, and the components that comprise them, strategies can be formulated to achieve

greater competitiveness of a destination. The results have implications for the direction of macroeconomic policy, industry policy and destination marketing.

It is important that stakeholders in the private and public sectors of tourism understand which market segments for their tourism product is more or less competitive. In an increasingly competitive global tourism environment, the price competitiveness of special interest markets may be expected to assume greater attention by policy makers (Dwyer et al, 2000).

The Egyptian National Competitiveness Council (ENCC) (BOX 4.2) provides a worthwhile case of the involvement of the industry in achieving destination competitiveness. This illustrates that the Egyptian government takes the issue of competitiveness seriously. Egypt, for instance, is ranked 1st globally in terms of price competitiveness, as a result of very low ticket taxes and airport charges, relatively low fuel price levels (ranked 3rd overall), and in terms of hotel price index where it is ranked 4th (WEF, 2009).

BOX 4.2: Egyptian National Competitiveness Council

The Egyptian National Competitiveness Council (ENCC) was established as a private sector–led nongovernmental organization (NGO) in February 2004. Its objective is to shed light on the issue of competitiveness and enhance the competitiveness of Egypt on various levels. The ENCC started as an observatory for the developments taking place in the Egyptian economy and their implications for Egypt’s competitiveness. Its role is currently being broadened to include several initiatives that will impact, complement, and—sometimes—coordinate among efforts to improve the competitiveness of Egypt.

For the last five years, the ENCC has successfully published the Egyptian Competitiveness Report. This report provides a thorough analysis of Egyptian competitiveness based on the main competitiveness methodology of the World Economic Forum. Each year, a specific issue or sector is discussed in more detail, generating lively debate and highlighting the challenges within that area. This important annual report has attracted the attention of the Egyptian government, academic professors, industry leaders, and international observers. Since its establishment, the ENCC has succeeded in bringing together senior government officials, private-sector leaders, professors, think tanks, and media professionals to raise awareness and generate debate on Egypt’s competitiveness.

It has demonstrated that much more can now be done to strengthen the private-public dialogue on economic reform. The ENCC has also fostered important debate in Egypt and influenced competitiveness dialogue both in Egypt and in the region through its participation in the World Economic Forum on the Middle East in recent years.

The Egyptian Travel & Tourism Competitiveness Council

The importance of the sector, together with the previously mentioned growth potential for the Egyptian TT sector, encouraged the Egyptian National Competitiveness Council to form a Travel & Tourism Competitiveness Council (TTCC) with the objective of bringing together stakeholders from the TT sector to review sector developments, discuss its challenges, and come up with means of enhancing its international competitiveness.

The TTCC is composed of a group of high-profile local TT sector business leaders and international players, who coordinate and collaborate with other stakeholders (including government officials, professors, professional consultants, chambers of Travel & Tourism, the Egyptian Tourism Federation, other NGOs, donor programs, and international organizations). Their mission is to assess the factors impeding the enhanced competitiveness of the sector and suggest solutions for dealing with these impediments, including policy actions. This is done through spreading awareness (inside and outside the sector), advocacy, and mobilizing efforts in cooperation with other stakeholders. To achieve its objectives, the TTCC scope of work includes but is not limited to:

1. Preparing briefings on sector performance that analyze and shed light on specific issues related to the local TT sector as well as following up on local and international changing market conditions that may impact the sector’s performance;
2. Organizing discussion forums that bring together various stakeholders of the TT sector to discuss challenges and suggest feasible solutions to be submitted for discussion with senior government officials; and
3. Following up with policymaking bodies on the application of suggested solutions and monitoring the implementation of policy reforms.

SOURCE: WEF (2009)

4.2.3 Resources for Tourism Development

One of the most important success factors for tourism development in any destination is the availability of various types of resources. These resources could broadly be categorized as: human resources; affinity for travel and tourism; natural resources; and cultural resources.

4.2.3.1 Human Resources

The availability of quality of human resources is an integral part of successful destination development. In this respect, high literacy levels are an important step towards enhancing the quality of industry relevant skills and knowledge at the various levels of learning including secondary and tertiary levels. In this regard, Singapore is rated as the top destination globally by WEF in terms of its high quality human resource and this has enabled the successful development of its tourism industry (WEF, 2009). This rating is based on the quality training programmes that are geared towards meeting the needs of the industry, availability of appropriate research for tourism development and innovation, significant investment by the Singaporean Government in continuous staff training and development which has ensured high quality staff who have relevant up-to-date skills and knowledge. The government has also formulated appropriate policies and legislation which in turn have facilitated the engagement of foreign labour to fill skills and knowledge gaps when and where necessary. As a result of this, Singapore now boasts an excellent educational system and world class training facilities for tourism development.

Regionally, Kenya ranks highly globally at position 33 in terms of its human resource for tourism development based on the same parameters. This is, therefore, a great opportunity for the rest of the Eastern Africa region to leverage as the availability of skilled human resources remains a significant challenge for the majority of countries in the region. However, tapping into this opportunity can only be realized through regional integration and formulation of appropriate policies and legislation that encourage labour mobility across the region. The steps taken by the EAC for instance, towards this end are already bearing fruit and countries such as Uganda and Rwanda are benefiting from skilled labour and skills transfer from Kenya (EAC, 2006). The wider Eastern Africa region should consider a similar approach.

4.2.3.2 Affinity for Travel and Tourism

An important aspect of tourism growth is the affinity for travel and tourism in any given destination and is based on the extent to which a given country or society is open to tourism development and to foreign visitors. The hospitality of the destination can be an avenue through which destinations can further market themselves as positive experiences and this generally result in return visits and recommendations through word of mouth (Litvin et al, 2008). This can be illustrated by the importance accorded to tourism by countries and can be assessed in terms of the contribution of the industry to GDP and the extent of extension of business trips for leisure purposes. In this regard, WEF ranks Montenegro, Barbados and Mauritius first, second and third respectively. That a country like Barbados is ranked as such is by no accident. In its White Paper for tourism development, the Government of Barbados, whilst recognizing the importance of tourism to the country's economy, deliberately sets out to create tourism awareness amongst its citizens by developing, implementing and monitoring tourism awareness programmes targeting all Barbadians (Barbados Government, 2010).

In Mauritius, for example, the tourism industry contributes about 26.5% to GDP, generating over US\$ 2.3 billion in 2010 and employing 28.5% of the total workforce (WTTC, 2010). Consequently, the Government of Mauritius and industry stakeholders assert great importance to the tourism industry. This implies that there is greater understanding of the importance of the tourism industry by the majority of people in Mauritius. Moreover, coupled with the conducive services sector liberalization policies, Mauritius has continued to attract a significant number of foreign investors in the tourism industry (Dabee and Greenaway, 2001). In addition, the FutureBrand 2010 country brand index, ranks Mauritius as the top country brand for tourism, with an overall global ranking of 21 (BBC, 2010). Thus, a similar approach is recommended in the Eastern Africa region and can be achieved through concerted efforts by the various governments to raise awareness on the importance of tourism through media campaigns and education curricula.

4.2.3.3 Natural Resources

Possession of natural resources, in particular, unique resources, for tourism development can be instrumental in enhancing the competitiveness of destinations blessed with such resources. As already mentioned, East Africa is one such region that is blessed with abundant natural resources where most of the countries have been ranked very highly in TTCI. TTCI ranks the competitiveness of natural resources in destinations based on the number of UNESCO's natural heritage sites, the quality of the environment in terms of pollution levels, the percentage of protected areas to the total land area and the total number of known species. Based on these factors, the TTCI ranks USA, Brazil and Tanzania as the top three destinations globally endowed with abundant natural resources (WEF, 2009). In terms of the number of natural heritage sites, Australia has the most followed by USA, though Tanzania and Kenya rank fairly well in the region. UNESCO defines natural heritage as (UNESCO, 2008):

- Natural features consisting of physical and biological formations or groups of such formations, which are of outstanding universal value from the aesthetic or scientific point of view;
- Geological and physiographical formations and precisely delineated areas which constitute the habitat of threatened species of animals and plants of outstanding universal value from the point of view of science or conservation;
- natural sites or precisely delineated natural areas of outstanding universal value from the point of view of science, conservation or natural beauty.

Thus, the region stands a high chance of being positioned favourably as it is well endowed with unique natural resources (Plumptre et al, 2006). This will require concerted efforts to document and nominate various resources as natural heritage resources for onward registration under the UNESCO World Heritage guidelines. This may also require necessary capacity building to document, develop appropriate policies to enhance the management and conservation of identified sites. In line with this, there is the need to further document through appropriate scientific classification procedures, the fauna of the entire region. Countries such as DRC, possess invaluable resources in this regard which could play a critical role in enhancing the

region's competitiveness (Plumptre et al, 2006). In terms of the percentage of protected areas to the total land area, most countries in East Africa rank fairly well globally with Tanzania, Uganda and Ethiopia ranked at 6th, 18th and 29th respectively (WEF, 2009). This therefore implies that these countries have relevant policies that have facilitated the creation of protected areas which in turn play a key role in tourism development. It is important therefore that such best practice be adapted by the other member countries in the region through various engagements including regional bodies such as the EAC.

4.3.3.4 Cultural Resources

Cultural resources constitute an integral part of any destination in the world. The TTCI identifies Spain, Sweden and United Kingdom as the top three destinations with abundant cultural resources for tourism development (WEF, 2009). One of the indicators for this ranking is the number of UNESCO's world cultural heritage sites. UNESCO defines cultural heritage as (UNESCO, 2008):

- Monuments: architectural works, works of monumental sculpture and painting, elements or structures of an archaeological nature, inscriptions, cave dwellings and combinations of features, which are of outstanding universal value from the point of view of history, art or science;
- Groups of buildings: groups of separate or connected buildings which, because of their architecture, their homogeneity or their place in the landscape, are of outstanding universal value from the point of view of history, art or science;
- Sites: works of man or the combined works of nature and of man, and areas including archaeological sites which are of outstanding universal value from the historical, aesthetic, ethnological or anthropological points of view.

Heritage tourism, for instance, has been a key driver for tourism development and growth in Egypt which has capitalised on its unique past to establish itself as a competitive destination. Heritage tourism could also play a similar role in a country like Ethiopia, which is endowed with abundant heritage resources some of which are of significant global interest. The challenge, however, for Ethiopia, is to actively develop the capacity to facilitate the documentation and

nomination of the various sites to be considered for registration by UNESCO world heritage sites. Such registration can boost tourism development. For instance, the listing of Lamu town in Kenya and Stone Town, Zanzibar Tanzania, as UNESCO world cultural sites has resulted in a significant rise in tourism (Steyn, 2010).

In addition, the TTCI identifies other indicators as measures of cultural resource competitiveness including, the number of sports stadia in a given country, the number of international fairs and exhibitions hosted by countries in any given year and the nature of creative industries. This is indeed a major shortfall for all countries in East Africa and as such the region has been unable to attract major sporting events and meetings compared to South Africa which hosted the World Cup in 2010 and which has hosted other international conventions and sporting events.

Furthermore, an analysis of the top ten and the emerging tourist destinations in the world reveals that cultural and not nature-based tourism, dominates the tourism products of these countries. In other words, the majority of the top destinations of the world rely on man-made attractions for tourism development. France, for instance, is not just known for its heritage, but has also as an urban tourism destination of haute culture and is thus popular for its fashion, nightlife, cuisine, arts and culture. Performing arts are also key attractions drawing millions of visitors yearly, for instance, to the West End in London (UK) and Broadway in New York (USA).

What is more, the emerging destinations are also embracing this approach to tourism development with UAE developing world class hotels and attractions such as the Burj Al Arab, the 'seven' star hotel and the Burj Khalifa, the tallest free standing structure in the world which is already drawing a huge number of tourists. Malaysia, now a top ten destination of the world has also embraced this approach to tourism development and boasts Genting Resort a six thousand room establishment which is currently the world's largest tourist resort. In Africa, Sun City and the Water Front development in South Africa are perfect examples of this alternative approach to tourism development.

This illustrates that if Eastern Africa region is to be considered a serious destination of the future, there is urgent need to shed the traditional approach to tourism development that lays emphasis on natural resources to embracing new, critical, innovative and creative ideas to compete effectively with the top and emerging destinations of the world. The lessons drawn from countries like Malaysia are a clear indication that with the right policies, resources and ideologies, such levels of tourism development can be achieved with the Eastern Africa region. The current proposal by the Kenya government to develop five new tourist resorts in areas where general economic activity has been minimal, such as Isiolo and Turkana is a commendable step in this direction.

Box 4.3: Malaysia Tourism Performance (1995-2007)

Malaysian Tourism Campaign sets a Benchmark for Others

Malaysia's tourist industry has been described as one of the great success stories in the modern history of the relatively young Asian state, which today celebrates 53 years of independence from Britain. Malaysia, according to the World Tourism Organisation barometer, made it into the top 10 countries in terms of international tourist arrivals in 2009 — a challenging year for many countries due to various crises such as the economic slowdown and H1N1 influenza.

In the Asian market, Malaysia ranked second after China in terms of tourist arrivals. Tourism in Asian countries is only behind export industries in generating income for them. Tourist receipts reached 53.37 billion ringgit (Dh62.41 billion) in 2009, up from 8.5 billion ringgit in 1998. Malaysia's tourism campaign helped the country to achieve its target before the end of the year. The government had set a goal of 19 million international tourist arrivals in 2009, but that target was already achieved by October of the same year. By the end of the year, the figure had reached 23.65 million tourists.

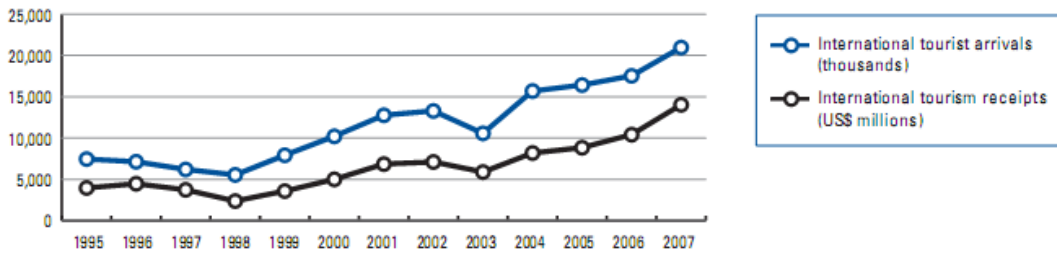
Since its development by an agency in 1999, the "Malaysia: Truly Asia" media campaign — which has been continually updated and refreshed in subsequent years — has earned more awards for the country than any other tourism campaign in the history of advertising. The campaign focuses on the activities that the country offers visitors. Images of Malaysian people and the natural beauty of the country are matched with slogans such as "multi-cultural harmony", "king of fruits", "shoppers' paradise", "one of the world's best dive sites", and "130 million-year-old rainforest". Apart from its rainforests, Malaysia offers marine parks, watersports activities, pristine beaches, modern infrastructure and shopping centres, several festivals and various cuisines, such as Malay, Chinese and Indian.

Malaysia prides itself on having listed Unesco World Heritage sites, such as Gunung Mulu National Park, Kinabalu Park, and the historical sites of Georgetown and Malacca. The country's multi-racial, multi-cultural nature and high standards of hospitality make it easy for tourists "to blend in", as a friend put it.

The Tourism growth rate in terms of tourism arrivals has been growing as is indicated in figure 4.3 below:

Figure 4.3: International Tourist Arrivals to Malaysia from 1995-2007

International tourist arrivals (thousands), 2007.....20,973
 International tourism receipts (US\$ millions), 200714,047



Source: United Nations World Tourism Organization

Infrastructure

The availability of excellent infrastructure and facilities has also made the nation a good business centre in a vibrant region. It is a popular destination for meetings, conventions and exhibitions. In the world of business, Malaysia has taken giant strides to become a major global hub for Islamic finance. The government realises the importance of continuing to promote tourism as one of the strategic growth sectors that can help fuel the economy and create employment for the population of 27 million, officials say.

The target is to provide 2.7 million jobs in the tourism industry by 2015. Under the country's tenth plan for the period 2011-2015, the government is trying to triple tourist arrivals and keep Malaysia in the top 10 in terms of global tourism receipts. Malaysia's successful experience in using advertising to boost tourism's contribution to the economy has served as a lesson to some Arab countries.

Egypt, one of the major tourist destinations in the world, has in the past few years run a television campaign under the slogan "Egypt: the house is yours" — a reference to an Arab welcome to guests and visitors. Tourism is one of the key sectors of Egypt's economy. However, its revenues have not reached the same level as Malaysia's, as yet. The target for this year, according to Tourism Minister Zoheir Garranah, is to increase Egypt's tourism receipts to \$11.5 billion.

By Jumana Al Tamimi, Associate Editor, Published: August 31, 2010

Other sector reviews:

‘Malaysia strongly prioritizes the tourism sector (ranked 23rd in the related pillar), ensuring its presence in all major international tourism fairs (ranked 1st). Furthermore, the country has effective destination-marketing and branding campaigns (ranked 12th), with, for example, the Kuala Lumpur Convention Centre winning the 2008 Brand Laureate Award acknowledging ‘excellence’ in product.’ (Source: WEF, 2009)

5 The need for Regional Integration as a Driver for Tourism Development in Eastern Africa

5.1 Introduction

Regional integration in Africa has undergone major advancements within the 21st century. It is now seen as ideal within African contexts, despite the challenges facing the progress towards the wider African regionalization (Schiff and Winters, 2003; Ng'eno *et al*, 2003). Past efforts to form regional integration schemes in Africa have failed as a result of socio-political and economic factors. Contrary to these notions, Sarbo (2010) in his excerpt on regional integration in African countries, affirms that political and economic integration has been part of the wider African strategy to overcome fragmentation, marginalization and improve the continent's position in the global political economic arena. Regional integration can certainly play a major role in Africa's development. For instance, whereas the Inter-Governmental Authority on Development (IGAD) was initially established to combat drought and desertification, it has played a major role in conflict resolution, most notably, the Comprehensive Peace Agreement (CPA) of Sudan. Sarbo (2010:1) further argues that, for regional blocks such as IGAD:

... there is more potential for political integration, developing and managing the regional commons, trans-boundary issues, infrastructure, and harmonising legal and regulatory frameworks and macroeconomic policies. Rather than following the classic model of market integration, African states should pursue developmental integration as part of the process of integration into the global economy on a fair and equitable basis.

Despite such optimism about regional integration, the collapse of the EAC and Southern Africa Customs Union (SACU) regionalization schemes in the early 1970s' brought about a paradigm shift focusing on political and economic hegemony in Africa (Schiff and Winters, 2003). There have, nonetheless, been increasing concerns in Africa about the harmonization of macro-economic policies, movement of people and regional trade (Schiff and Winters, 2003). Key drivers for African countries to join regional alignments, then and now, have been motivated by the urgent need to address common challenges, such as improving economic policy, reducing poverty, and managing the process of liberalization in a collective and coordinated manner (Kasekende and Ng'eno, 2000; Goldstein and Ndung'u, 2001). Nevertheless, efforts to sustain regional integration in East Africa under the umbrella EAC had been experiencing various

challenges including, the drop in the quality of their domestic policies and regional insecurities. Some of the inherent challenges that led to economic stagnation of regionalization in the initial EAC mainly included, lack of sound policies to guide benefit sharing and differences in political and economic ideologies i.e. capitalist and socialist (Mukibi, 2010).

In addition, internal civil strife and interstate wars in Sudan, Ethiopia, Uganda, Rwanda, Burundi and the DRC have weakened the potential benefits of regional co-operation. Economic hardships have meant poor maintenance of local infrastructure like road networks, railway lines, and postal services, thus increasing the cost of regional communication and production activities (Schiff and Winters, 2003). This chapter highlights these issues, and identifies key drivers for regional integration and ideal challenges facing such efforts with a view to developing East Africa as a single destination.

5.2 Current Challenges and Opportunities in Regional Integration

5.2.1 Challenges of Regional Integration

Regional integration in Africa has undergone major challenges. Sarbo (2010) highlights that the end results have been a disaccord between the ideal and the state on the ground. The Key constraints that have affected regional integration efforts in Africa include factors that are endemic to the region as well as conflicts in developmental priorities amongst the member states. The fragmented nature of African regional organizations and overlapping membership within the African continent has resulted in conflicting interests manifested in regional efforts in Africa. Some SADC Member States such as Tanzania also belong to regional economic communities that already have or plan to have Customs Unions. These include, the Common Market for Eastern and Southern Africa (COMESA) and the EAC (Vines, 2001). Such overlapping membership leads to the negotiation with two or more EPAs with the same countries, which is not conceivable. Current World Trade Organization rules do not allow a member state to belong to more than one Customs Union.

Muhumuza (2004) and Anadi (2005) underline that, the key challenges facing regional integration is that, some countries are reluctant to implement integration programmes. For instance, the continued reluctance of ECOWAS member states (such as the Benin Republic, Ghana, Nigeria, and Togo) to transfer to the regional body the powers to make economic and social decisions, has resulted in the slow ratification of major protocols and the slow implementation of agreed plans within the region (Anadi, 2005). However, Maruping (2005) affirmed that, socio-economic policy divergence was a significant constraint that faced regional blocs in Africa. He acknowledged the fact that policy differences at the regional and country contexts had a significant hindrance towards the move for regional integration. Maruping (2005:145) confirms that:

....the inconsistency or incoherence at the macroeconomic level had also been a source of problems for the systematic implementation and “internalization” of the regional integration agenda into national programmes.

The political, security and humanitarian challenges amongst member states, also have posed one of the biggest challenges for regional blocs in Africa. The Somalia crisis which resulted on the collapse of all state institutions amounted to serious security and humanitarian challenges for IGAD states as well as immediate neighbours such as Djibouti, Kenya and Ethiopia (Sarbo, 2010). There were conflicting views amongst member states of IGAD on how best to deal with the Somali crisis, which resulted in IGAD not playing a key role within the peace and reconciliation process until 2002. Socio-political challenges such as xenophobia have hampered labour mobility and social cohesiveness amongst member SADC countries. FDI constraints and incoherent FDI policies have also hindered regional investments. As indicated in previous chapters, the business and investment climate has a direct influence on tourism growth within the region.

The high degree of vulnerability of the countries to external shocks such as external debt burdens, adverse effects of climate change, natural disasters, unfavourable terms of trade, the current oil price shocks affecting non-oil exporting countries amidst declining primary

commodity prices, and civil strife have also had their toll. These issues present immense challenges for regional integration in Africa.

5.3 Costs-Benefit Analysis of Regional Integration

Regional integration has been seen as a means of removing geographical barriers and enhancing dependent states which have a centralized regional form of governance. The costs of regional integration can be construed to be political and to some extent economic. In the case of the EU, for instance, there has been concern on the loss of national autonomy by some member countries and stress to the economies of the more advanced countries following the admission of the new member countries between 2004 and 2009 (Sarbo, 2010). It is, nonetheless, important to note the benefits of regional integration mostly outweigh the costs and prevailing evidence suggests that countries that embraced regional integration policies have relatively higher economic growth rates (Mukiibi, 2010). Some of these benefits are economic, socio-political and environmental in nature. Mukiibi (2010) states that there are benefits that accrue to member states. These include the combined benefits through synergy, bargaining bloc in the international arena, viability in foreign direct investment and the improved scope for diversification and its benefits of lowering risk. The EAC Customs Union and the Common Market that will commence in July 2010, present an opportunity to unlock the trade potential of the region, thereby improving the livelihood of its people. However, to review some of the key benefits of regionalization, the regional SWOT analysis below sheds more light on these.

5.4 Regional Integration and Tourism development: Challenges and Opportunities for E.A.

Regional integration has indeed presented emerging opportunities for countries in Africa. However from experiences in Europe and the Caribbean, there are lessons to learn. To have a holistic assessment of the impacts of regional integration on development, it is imperative that one examines the impacts of regional integration on investment and foreign direct investment, and competition. Experiences from the Caribbean indicate that, as a result of the Regional Economic Partnership Agreements (EPA), there has been some level of growth within the

Caribbean tourism circles. The Caribbean market is gradually expanding to include free movement of visitors and tourism workforce as already discussed in previous chapters. These are considered marginal since they are not able to compete with the EU firms. Regional integration has enhanced the competitiveness of Caribbean tour operating firms in the international markets by providing them with opportunities to enter the EU market.

Table 5.1: A summarized SWOT Analysis of Eastern Africa Tourism Regional Integration

KEY STRENGTHS	KEY WEAKNESSES
<ul style="list-style-type: none"> • Aggregation of a regional tourism promotion budget – economies of scale • Development of Key competencies and diversified product profiles • Potential for well coordinated security efforts regionally • Strengthens and unifies national policies towards a sustainable tourism industry regionally • Regional integration enhances coordinated planning and mutual cooperation between partner states • Free access across borders for both citizens of member states and tourists • Coordinated efforts to deal with natural calamities such as climate change • Appropriate platform for International lobbying and networking • Abundance and diversity of both natural and cultural resources • Reputation for hospitality across the region • Some countries e.g. Kenya and Ethiopia have fairly good airline connectivity that other countries can leverage • Potential for differentiated tourism product development but complementing the common East Africa destination product e.g. heritage tourism in Ethiopia, nature-based tourism in Tanzania, urban tourism in Kenya etc. 	<ul style="list-style-type: none"> • Lack of political goodwill towards regional integration • Conflicting governance structures • Diffusion of ICTs in tourism is not widespread • Poor access – both international and internal flights • Poor infrastructure – especially roads • High costs of internal transport • Lack of price competitiveness • Poor service standards and delivery • Lack of proper land-use planning • Inadequate funding • Perception of instability and insecurity in the region • Travel advisories • Over-reliance on traditional markets • Increased threats of terrorism and piracy in the Indian Ocean • Slow growth in local employment opportunities • Tourism resource use conflicts • Cultural degradation due to global cultural influences • Adverse climatic changes • Lack of a single regional tourist visa • Poor image and negative stereotypes • Insufficient and weak institutional and regulatory frameworks • Insufficient data and information on tourism trends and impacts • Several regional initiatives e.g. SADC, EAC with overlapping membership

KEY OPPORTUNITIES

- Development of a regional strategy in Tourism Marketing and Promotion
- There is a strong growing middle class in Africa estimated at 32 million
- A single Tourist entry visa would make the region a competitive destination the way it has done to Central American states.
- Harmonization of professional standards and codes of conduct
- Harmonize issuance of visas as Schengen states have done. This will facilitate easy travelling of visitors within the region.
- Adoption of common criteria for classification and grading of accommodation facilities
- Collaborative governance of protected areas
- Implement regional policies aimed at enhancing sustainable development precepts
- Trans-boundary resource management between neighbouring states
- Open borders would foster regional development
- Establishment of a common visitor information system by the Regional Tourism Boards and NTOs within Eastern Africa.
- Skills and knowledge transfer
- Improved international relations and public policies
- Close collaboration between stakeholders
- Increased planning , monitoring and evaluation efforts
- Diversification of tourism products

KEY THREATS

- Deficiencies in bureaucracies and governance structures
- Lack of harmonisation of government policies
- Introduction of the air passenger duty (APD) for departures from European airports to long haul destinations
- Demand-related constraints such as the industry's high sensitivity to the quality of service
- Poor or inadequate infrastructure, communications, and human resources
- Perceptions of political and economic instability
- Negative image of the region
- Undeveloped public–private sector partnerships
- Environmental degradation and decline in wildlife populations
- Expensive airfares and insufficient air routes
- Perceptions of health and hygiene risks – such as Ebola, marbug etc.
- Global financial crisis and unstable fuel prices

5.5 Regional Tourism Integration: The Case of EAC

The establishment of the EAC treaty was based on a broad vision of a prosperous, competitive, secure and politically united East Africa (EAC, 2006). Tourism and Wildlife were regarded as key focal areas for the integration process, primarily as a result of their sectors' reliance on natural resources for tourism revenues. Regional coordination and partnership in tourism

marketing promotion and development were seen as the best front for the region in the international market. Currently, the provisions under the EAC treaty, (Article 5) observe that partner states undertake to develop a collective and coordinated approach to the promotion and marketing of tourism within the region. To this end there have been major efforts by the member countries to achieve this. For instance, Kenya has developed quality standards as specified under the Hotels and Restaurants Act (HRA act). Partner States within the EAC co-ordinate their policies in the tourism industry and undertake to establish a cooperative framework that will ensure equitable distribution of benefits. Further, the partner states are required to establish a common code of conduct for private and public tour and travel operators, standardize hotel classifications and harmonize the professional standards of agents in the tourism and travel industry within the Community. In addition, the Partner States propose to develop a regional strategy for tourism promotion whereby individual efforts are reinforced by regional action to market EAC as a single destination. Furthermore, efforts within the region are being made within the region to implement the EAC treaty.

Cooperation in Tourism and Wildlife, Article 115 and 116 of the EAC Treaty states that the key objectives of such cooperation are to:

- (i). Promote a collective and co-ordinated approach for marketing quality tourism;
- (ii). Co-ordinate the establishment of a Common Code of Conduct to guide standardized hotel classification, and harmonise the professional standards of agents in tourism and travel industry within the Community;
- (iii). Establish a legal framework for cooperation in the tourism sector;
- (iv). Initiate and co-ordinate a Cost Benefit Analysis Study for development and a joint marketing plan and its implementation;
- (v). Promote a collective and co-ordinated policy for the conservation and sustainable utilization of wildlife and other tourist sites in the Community;
- (vi). Initiate a study on cooperation in hunting, anti-poaching, preservation of wildlife migratory routes and conservation of fauna;
- (vii). Coordinate efforts for marketing East Africa as a single tourist destination; and

- (viii). Implement Council decisions relevant to the sector and prepare progress and annual reports.

5.5.1 Key Tourism Interventions of the EAC Treaty

Under the EAC Development Strategy 2006-2010 key interventions are proposed to ensure that East Africa is promoted and developed as a single destination. These include:

- a) Marketing and promoting East Africa as a single tourist destination.
- b) Operationalising the East African Tourism and Wildlife Conservation Agency (EATWCA).
- c) Implementing the Criteria for Classification of Hotels, Restaurants, and other Tourist facilities.
- d) Harmonizing policies and legislation on Wildlife Conservation and Management.
- e) Adopting a regional approach to the protection of wildlife resources from illegal use and practice.
- f) Adopting a regional approach for participation in regional and international treaties/agreements on wildlife conservation and management.
- g) Enhancing capacity building in the tourism and wildlife sector.

5.5.2 Highlights of achievements so far under the EAC Tourism Development initiative

An overall Tourism and Marketing Plan and Strategy is currently in Place. Furthermore, the East African Tourism and Wildlife Co-ordination Agency (EATWCA) has been established. The EATWCA Board is to prepare the agency's operational procedures and guidelines have been established and a draft operational manual and protocol for the Agency has been prepared. In addition, partner states have since 2006 been participating jointly as EAC in major international fairs like WTM in UK and ITB in Germany. In terms of promotional efforts, promotional materials (DVDs, brochures, posters etc) have been produced and distributed. In addition, East Africans are now treated equally and benefit from preferential tariffs when using accommodation facilities and visiting attractions in the partner states.

5.5.3 Indicators of Tourism Growth within EAC

Several basic economic and institutional contextual factors are fundamental to understanding tourism development dynamics in the Eastern Africa region. Economic growth is currently at high levels and commercial investment is increasing fairly rapidly in all five countries; Commensurate with this growth, infrastructure in all the member countries is improving in respect to areas such as telecommunications and internet connectivity, roads, and air travel.

5.7 Key Constraints to Regional Tourism Growth within Eastern Africa

The constraints to growth of Eastern African economies vary from market-based to supply-based constraints and (or) challenges. According to the EAC reports, the industry is faced with the following constraints:-

- 1) Some East African countries are seen as “Longhaul” destinations with high ticket costs
- 2) Difficult airline connections
- 3) Cost of accommodation is uncompetitive compared to Asia
- 4) EAC does not yet have common visa for tourists to visit any of EAC countries in a short time.
- 5) Individual African countries are little known abroad if anything Africa is known as unity of countries full of problems and diseases
- 6) There exists a greater competition for FDI in tourism for EAC states. Recent statistics indicate that Africa received only 5% of FDI out of US\$ 1.67 Billion in 2008 (World Investment Reports 2009).
- 7) Global financial crises as companies around the world are facing declining profitability, tighter credit conditions, lower stock values, slower market growth and a general feeling of uncertainty of the future.

5.6 Summary

In brief, it is important to note that regional integration in East Africa would present new opportunities as well as ideal challenges for the region. Therefore, to tap into this potential, as already highlighted in this chapter there needs to be concerted actions by the various

stakeholders to make this possible. Regional integration would be an important intervention strategy for the region.

Box 5.1: Airlines Demand a Single EAC Visa

Airlines in the region have expressed impatience over delays in instituting a single EAC visa. The delay is blamed for interfering with the flow of tourists. Majority of tourists in East Africa are from outside the region and so have to rely on air transport.

Sources in the airline industry said tourists that would like to visit more than one East African country find it cumbersome and expensive to get all the appropriate visas. ‘We are really crying for one visa. Ministers are only talking but not acting,’ an airline official said. ‘They should act on what they discuss. You the media should push them. Otherwise, they are not making it a priority,’ Pierre Declerk, the SN Brussels Airlines Uganda Country Manager said last week.

A single tourist entry visa for the five-member state East African Community is expected to be addressed at the next heads of state summit, according to current chairman, President Paul Kagame. Kenyan Minister for Tourism, Najib Balala recently echoed these concerns of tourists and airlines. Balala argued a single entry visa would make the region a competitive destination the way it has done to Central American states.

The idea of a single entry visa was mooted last year and when it was announced, it became an instant big hit among international tour operators and a hot story in the media. On November 10, 2008 Uganda’s Trade minister Janat Mukwaya, Kenya’s Najib Balala, Shamsa Mangunga of Tanzania, and Rwanda’s Monique Nsanzabaganwa addressed a press conference on the fringes of the 2008 World Travel Market (WTM), to announce their decision to make the EAC a single visa destination.

A headline in *The Telegraph* of UK ran: ‘Tourists to roam free in East Africa’. It was followed by headlines like: ‘Simpler Safaris’ in *The Times* of South Africa and ‘East African nations to get single visa’ in *Safarigorillas.com*

John Musinguzi (*in AU Monitor*, 29.04.2009) <http://www.pambazuka.org/aumonitor/comments/2325/>

6 Conclusions and Recommendations

6.1 Introduction

Owing to the fact that tourism has been identified as one of the key sector to drive economic development and that the prevailing Eastern African models have not brought about meaningful socio-economic development, a number of strategies have been proposed to enhance greater tourism linkages. A panacea to the challenges facing Eastern Africa lies within Africa. Western models on tourism development would not appropriately apply within the African context, but rather those of successful destinations in Asia which only a couple of decades ago had similar economic manifestations to those of some Eastern Africa countries. Notwithstanding these, there is need to engage various stakeholders to proactively seek for a resolve for the challenges that face the region. The key objective of the study was to provide a review on the status of tourism development in East Africa for purposes of informing appropriate tourism policy formulation for the member countries.

This study has assessed the extent and importance of the tourism sector in Eastern Africa, particularly in terms of the sectors potential for economic growth and development. The study has further identified the key issues and challenges confronting the development of the sector, including a narrow product range, limited markets, lack of relevant skills and knowledge, negative global image and lack of relevant policies and regulations. The study has also benchmarked good practices, provided an analysis of successful tourism-based economies in Africa and elsewhere, drawing upon lessons to emulate, and outlined policy options and strategies that will in the long term, contribute to the development of a resilient and well integrated tourism sector in the sub-region. A subsidiary objective was to raise the level of awareness among Eastern Africa member States of the potential of the tourism sector in supporting long-term economic competitiveness, growth and diversification, as well as, contribute to the definition of the actions, which would precipitate such growth. It is assumed that the results of the study will be both general and context-specific to facilitate cross-country application and knowledge networking and sharing.

6.1 Towards a sustainable East Africa tourism destination

A number of countries do provide valuable lessons for tourism development in East Africa. Nonetheless, Malaysia is singled out due to the fact that only few years back its economic situation was similar to that of many countries of East Africa and that it is now ranked among the top ten destinations of the world. Thus, Malaysia's tourism growth trajectory can provide important lessons that can inform tourism development in East Africa. The model of tourism development in Malaysia, unlike that of all countries in East Africa, is not oriented towards the Western European and North American markets. In fact the country embraces a model of tourism development that is similar in characteristics to that of the majority of the top destinations of the world, such as UK, France, Italy, Germany and Spain in Europe and USA and Canada in North America. The model of tourism development in these countries is strongly rooted in domestic foundations which should essentially inform the orientation of the tourism industry in terms of tourism product development and marketing.

The domestic market in Malaysia is by far much bigger than that of the international market with slightly over 23 million international arrivals compared to over 90 million domestic tourists in 2009 (see appendix 1). In addition, regional tourism constituted a significant chunk of the international market. For instance, the Singaporean market alone amounted to almost 13 million tourists in 2009 while the arrivals from UK, the leading western country, stood at 0.43 million tourists. That Malaysia has a vibrant market implies that the country has succeeded in developing appropriate tourism products that significantly appeal to the Malay first, then the regional and international market. This is indeed the case with the aforementioned top destinations as it is a preferred model for destination development as observed below:

... generally the supply of tourism is driven by domestic or local demand that is typically stable and reliable and less fickle than demand from distant markets. Hence, solid domestic demand provides a healthy competitive environment and the critical mass of demand necessary to support a thriving tourism and hospitality sector.

Ritchie and Crouch (2003:102)

Furthermore, the Malaysian model of tourism development is highly likely to be sustainable and less susceptible to external shocks owing to the fact that domestic and regional tourists are more likely to be informed of the destination compared to international tourists, especially from the Western and North American markets, who rely significantly on travel advisories from their respective governments (Akama, 2003). If lessons from countries like Kenya and Burundi that have suffered the effects political instability and travel advisories in the region are anything to go by, then the Malaysian model of tourism development is highly recommended for the Eastern Africa region. A fallacy usually projected by sceptics is that Africa, and SSA for that matter does not possess the necessary purchasing power to sustain substantial economic growth. The fact is that there is a growing potential presented by a burgeoning middle class in Africa, currently estimated at 32 million, with the same purchasing power as their Western, Asian and North America counterparts, with similar desires, such as good private schools, gizmos and travelling, which has prompted leading global companies, including Wal-Mart to consider investing in the region (Kharas, 2010). This is indeed an opportunity that the region cannot afford to ignore and would entail a major paradigm shift and re-orientation of the current approach to tourism development East Africa. What is more, emerging new markets of Asia, East Europe and South America, present vital opportunities for the region (UNWTO, 2010).

6.2 Key Recommendations

The study has conclusively identified that a unified approach to tourism development under the umbrella of regional integration is indeed an urgent requirement in terms of the potential benefits could accrue to region if it is be sold as single destination. To achieve this goal, it is essential that the steps towards developing an Eastern Africa Tourism Master Plan be given prominence among the member countries. It is important to note that the success of this will largely depend on the good will of member countries. The development, therefore, of the master plan would map out the developmental agenda for the region as well as to chart out a vision for the tourism sector in the region. This would entail a consultative stakeholder approach to clearly identify key issues and priorities for tourism development East Africa.

Parallel to the master plan, is the need for a regional destination management organisation (DMO) whose key functions would primarily entail an internal destination development (IDD) and external destination management (EDM) functions. Destination management would be ideal in addressing the challenges that arise within the international contemporary tourism arena. IDD would entail forms of activity engaged by the DMO to develop and maintain tourism in the destination. These would entail areas, such as crisis management, human resource development, finance and venture capital, resource stewardship, coordinating tourism stakeholders, visitor servicing, and information and research. Harmonization of policies and the regulatory frameworks in tourism development as far as human, natural and social capital is concerned is vital at this stage. The policies would also address global challenges for sustainable development such as climate change, poverty alleviation and financial crises.

Further to selling East Africa as a single destination, considerations for a single visa for international visitors to the region are highly recommended. Among the benefits of having a single visa for the region in terms of tourism development and as can be learnt from the Schengen and Caribbean cases, is that this approach will enable free movement of tourists within the region. This is expected to be beneficial to new destinations in East Africa as they could leverage on the markets of the more the mature destinations. The successful implementation of this approach will nonetheless require joint efforts from member countries, particularly, their respective immigration authorities to develop an appropriate policy framework to facilitate the adoption of a single visa for the region.

As a means of meeting HR challenges, it is important that the region focuses on human resource quality, capacity and competencies. To do this, it is important that Eastern African countries harmonize tourism and hospitality training curricula through the development of standards that guide the training and development of human resources in the region. Instead of relying on expatriates or taking locals for further training abroad, there is need to provide sufficient capacity and competence within the region for quality and competitive training in the tourism sector. In addition, regional universities need to engage in informing policies through practical Research and Development for innovation in tourism. Tourism is a dynamic industry that is information-

based. There is need for up-to-date information that would guide decision-making within the region. What is more and as already the case with EAC, free movement of labour should be highly encouraged in the region. This is one of the ways of addressing the human resource challenges that the majority of countries in the region face. Free movement of labour will, for instance, also translate to skills and knowledge transfers across the region. Countries that have relatively more advanced tourism skills and knowledge pools like Kenya, could inform the development of human resources in the region.

Quality and standardization is integral as a means for ensuring that management systems are competitive. Coupled with this is, is the issue of price competitiveness or value for money. There is need to develop quality standards, re-engineer and learn from best practices as well as benchmark with the best in the international markets to be competitive. The steps undertaken by EAC to standardise the hotels, lodges and restaurants could be adopted for the region. In addition, as with the case of Egypt, the formulation of body tasked with ensuing destination competitiveness in the region, would be highly recommended.

Clearly, the development of tourism in East Africa will require concerted efforts of all key stakeholders including, public and private sectors, non-governmental agencies and academia. The following section details the roles these stakeholders could play in tourism.

6.2.1 Role of key Tourism Stakeholders in Developing a Competitive EA Destination

The overall responsibility of the public sector, both at the national and regional/local levels, would be to promote a climate conducive to tourism development by recognizing the potential of the tourism sector in national and regional development strategies, and ensuring effective and coordinated participation of all the other stakeholders. For instance, the overall responsibility of tourism development rests on the national government which is mandated with the formulation appropriate policies and regulatory frameworks for tourism development. In addition, the national government should play a key role in guiding the overall tourism product development, supporting capacity development by establishing training institutions, creating a conducive

environment for investment, overall marketing of the destination through the establishment of tourism marketing authorities, and facilitation of research necessary to inform tourism development.

The private sector, on the other hand, plays a major role in development of tourism in terms of investing in the various profitable ventures that seek to enrich the experiences of tourists in the destination. In this regard, the private sector assumes the risks for these ventures. Nonetheless, in order to foster private sector involvement in tourism, national governments should provide appropriate incentives.

Non-governmental organisations (NGOs), in addition to being industry watchdogs, can play a critical role in enhancing social capital that is necessary for sustainable tourism development. Some of the roles they could play include: initiating necessary dialogue to ensure the involvement of key stakeholders, such as local communities in the decision making process; promoting consultation in tourism planning and development; undertaking awareness and empowerment initiatives for stakeholders, especially those that are disenfranchised; and promoting sustainability issues in tourism development.

Research is now an integral part of development. The role of academia, therefore, in tourism development is very critical in that it can be avenue for: innovation; tourism entrepreneurship; new and applied scientific knowledge necessary to develop the industry; technical expertise for the industry; and continuous professional development.

It is important to note that despite the diverse roles of the various stakeholders in tourism development, there is need for a consultative approach that takes into account the respective priorities of stakeholders and consequently those of member countries. In this regard, consultations should appreciate the need for member countries to be competitive, while at the same time, emphasising the importance of a complementary and unified approach towards that will enhance the sustainability of tourism in the region.

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Appendix 1: Malaysia Tourist International Arrivals and Domestic Tourism Figures 2008-2009

Country Of Residence	2008	2009	% Change
Singapore	11,003,492	12,733,082	15.7
Thailand	1,493,789	1,449,262	- 3.0
Indonesia	2,428,605	2,405,360	- 1.0
Brunei Darussalam	1,085,115	1,061,357	- 2.2
Philippines	397,884	447,470	12.5
Vietnam	122,933	149,685	21.8
Cambodia	35,464	43,146	21.7
China	949,864	1,019,756	7.4
Japan	433,462	395,746	- 8.7
Taiwan	190,979	197,869	3.6
South Korea	267,461	227,312	- 15.0
India	550,738	589,838	7.1
West Asia	264,338	284,890	7.8
<i>Saudi Arabia</i>	74,632	77,082	3.3
<i>United Arab Emirates</i>	34,994	22,108	-36.8
<i>Iran</i>	63,165	101,664	60.9
Canada	77,664	88,080	13.4
United States Of America	223,249	228,571	2.4
Australia	427,076	533,382	24.9
New Zealand	56,117	63,004	12.3
United Kingdom	370,591	435,091	17.4
Scandinavia	117,094	118,824	1.5
Netherlands	90,802	111,139	22.4
France	86,030	110,054	27.9
Germany	111,525	128,288	15.0
Switzerland	26,489	28,523	7.7
Russia Federation	26,308	29,202	11.0
Poland	11,745	12,544	6.8
Italy	38,945	46,352	19.0
Turkey	8,152	8,265	1.4
South Africa	25,437	23,556	- 7.4
Others	1,131,140	676,543	- 40.2
Total	22,052,488	23,646,191	7.2
Domestic Tourism	63, 283, 000	90, 506, 000	43.0

Source: Ministry of Tourism, Malaysia

Appendix 2: The Role of International and Regional Tourism Organizations in Tourism Development

Key Organisations and Their Roles in Tourism development

Organisation	Nature of organisation	Role in tourism development
United Nations World Tourism Organization (UNWTO)	UN tourism Special agency	-Promoting the development of responsible, sustainable and universally accessible tourism, paying particular attention to the interests of developing countries.
United Nations Conference on Trade and Development (UNCTAD)	UN Special agency	-Addresses imbalances of globalization, supply constraints of developing countries. -recognises importance of tourism in economic development, also FDI in tourism.
World Trade Organisation	International trade organization	-supervises liberalisation of international trade. -seeks to address the growing economic disparity globally. -under its arm General Agreements on Trade in Service (GATS), sets framework for future liberalization of services trade including tourism.
The World Travel and Tourism Council (WTTC)	Global forum for business leaders in travel and tourism	Global Activities – addressing challenges and opportunities that affect all sectors of the global travel and tourism industry. Regional Activities – assists countries with huge potential for tourism but with no resources to do so. Economic Research - undertakes extensive annual macro-economic research, which assesses the current and projected impact of travel and tourism on a total of 181 national economies around the world.
The International Air Transport Association (IATA)	An airline trade organisation	Represents interests of airlines across the world, sets safety standards for airline industry, provides professional support to all industry stakeholders.
The World Bank Group	International financial organisation	-financial and technical assistance to countries around the world. -private sector development through the International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA) and the International Centre for the Settlement of Investment Disputes (ICSID).
African Union	Africa country membership organisation	-socio-economic integration by formulating appropriate policies, strategies and programmes. -establish partnerships with relevant organization to spearhead regional development

Appendix 3: List of Organisations Contacted During Field Missions

Country	Organisation	Nature of organisation
Egypt	Ministry of Tourism	Government
	Royal Ways Tours	Private Sector
Ethiopia	Ministry of Tourism	Government
	National Tour Operations Enterprise	Private Sector
Kenya	Ministry of Tourism	Government
	Ministry of East Africa Community	Government
	Kenya Tourist Board	Government
	National Economic and Social Council	Government
Rwanda	Rwanda Development Board	Government
	Gorilla Hotels	Private Sector
	Chamber of Tourism	Private Sector
Tanzania	East Africa Community	Regional Organisation

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