Africa Business Forum 2022

REGULATING AND FACILITATING INTRA-AFRICA TOURISM

FIFTH AFRICA BUSINESS FORUM

Investing in multimodal transport infrastructure to optimize the benefits of the African Continental Free Trade Area: a focus on air transport and tourism

Regulating and Facilitating Intra-Africa Tourism

The tourism industry is now a priority sector across the African continent (AU/NEPAD, 2004; 2010). The African Union (AU) Agenda 2063, identifies the sector as a pathway through which Africa could be transformed. Such recognition is premised on the potential of the industry to advance the continent's economic diversity and resilience. With a strong pan-African orientation, Agenda 2063 marks the turning point from previous approaches to tourism development, which focussed on externally driven growth, to an approach based on internal potential—in terms of existing and largely untapped products and markets.

Agenda 2063 has set ambitious goals for the tourism industry. The first 10-year Implementation Framework proposes that the industry's contribution to the continent's gross domestic product (GDP) should increase by 100 per cent—from \$138 billion to \$276 billion by 2023—and that the level of intra-Africa tourism should double (AU, 2015; WTTC, 2020). By 2063, the industry contribution to GDP should have increased five-fold (UNWTO, 2019a). For these targets to be realized, the formulation and full implementation of the African tourism strategy and the establishment of the African Tourism Organization are strongly recommended.

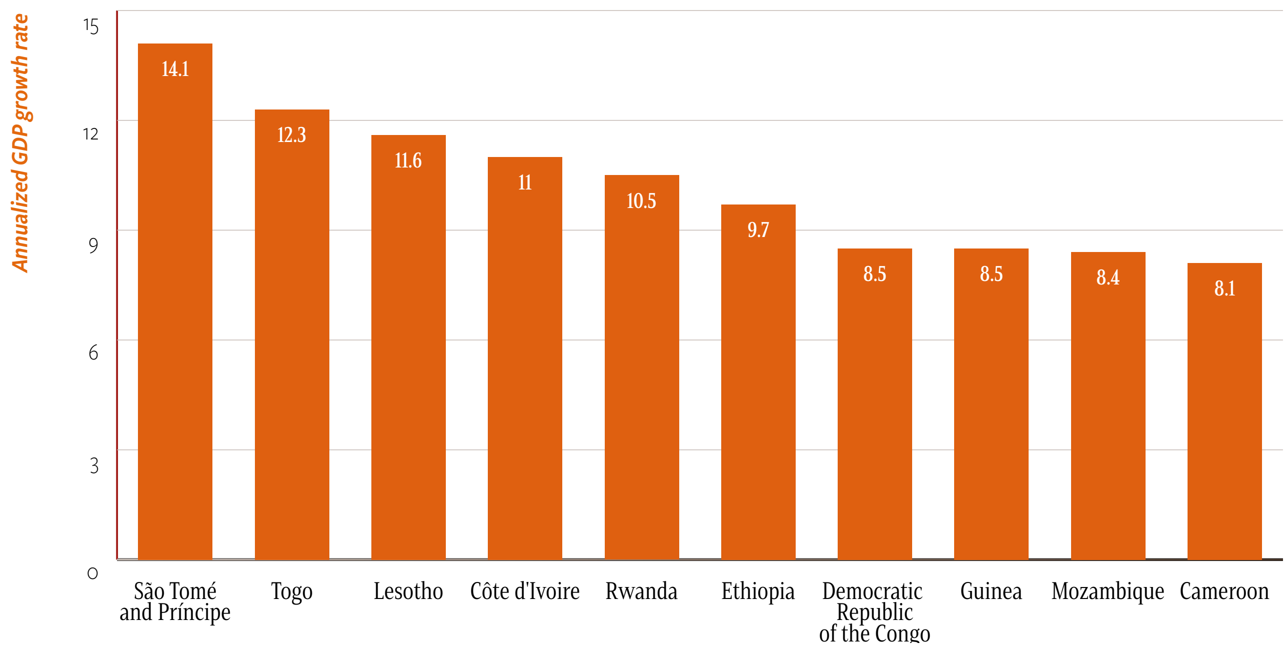
The goal of this chapter is to establish what key tourism sector strategic, regulatory and policy-related interventions are necessary to facilitate intra-African tourism within the context of the African Continental Free Trade Area (AfCFTA) services trade liberalization agenda. Tourism is defined here as a service industry, comprising "tangible components—transport systems and hospitality services including accommodation, food and beverage, tours and souvenirs, and related services and intangible components—rest and relaxation, culture, escape, adventure" (UNCTAD, 2017, 11).

THE ECONOMIC IMPORTANCE OF TOURISM IN AFRICA

Up until the 21st century, tourism activity was concentrated in the northern, eastern and southern parts of the continent. Though the status quo of tourism remains, there has been a gradual change as an increasing number of member states embrace the industry. This paradigm shift in development could be attributed to the failure of traditional sectors, such as mining and agriculture, in bringing about meaningful economic growth and development. Over the past 10 years, a number of new destinations have recorded the highest annual growth rates. Of these, the fastest growing destinations (FIGURE 7.1 ON PAGE 182) have been Lesotho (11.6 per cent), São Tomé and Príncipe (14.1 per cent) and Togo (12.3 per cent), while the destinations with slowest average growth have been South Africa (0.9 per cent), Egypt (1.3 per cent), Mauritius (1.8 per cent) and Nigeria (1.9 per cent).

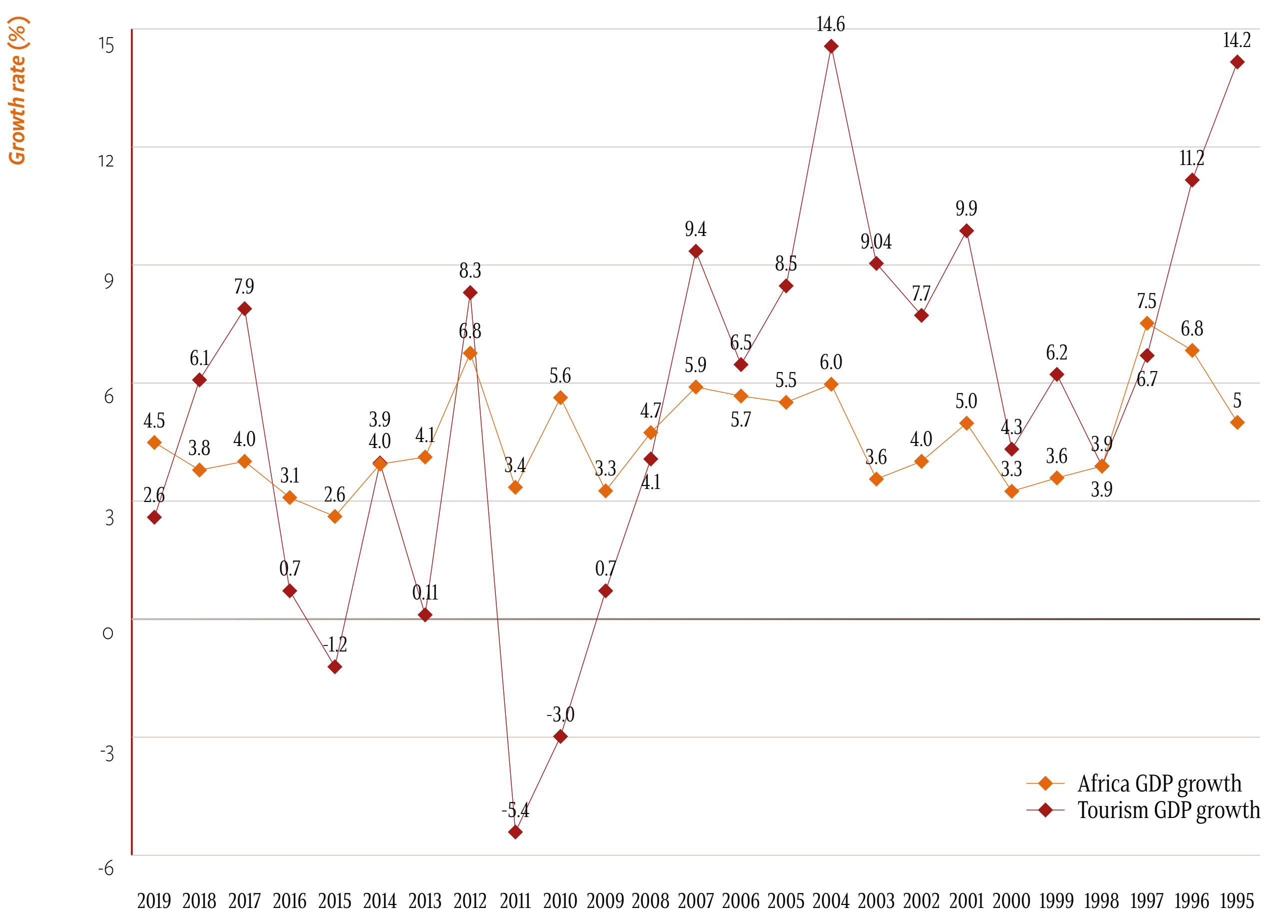
As a result of the increased prioritization of the tourism industry, there has been a significant rise in its economic impact on the continent. For example, with an average annual growth rate of 5.3 per cent since 1995, tourism's value has grown five-fold to \$168 billion, accounting for 7 per cent of GDP in 2019 (WTTC, 2020; World Bank, 2020a). But the growth rate has been erratic and has declined, the fastest period having been between 1999 and 2008 at 8 per cent. FIGURE 7.2 ON PAGE 182 shows the growth trajec-

FIGURE 7.1 TOP 10 FASTEST GROWING AFRICAN TOURISM ECONOMIES, 2009–19 (%)



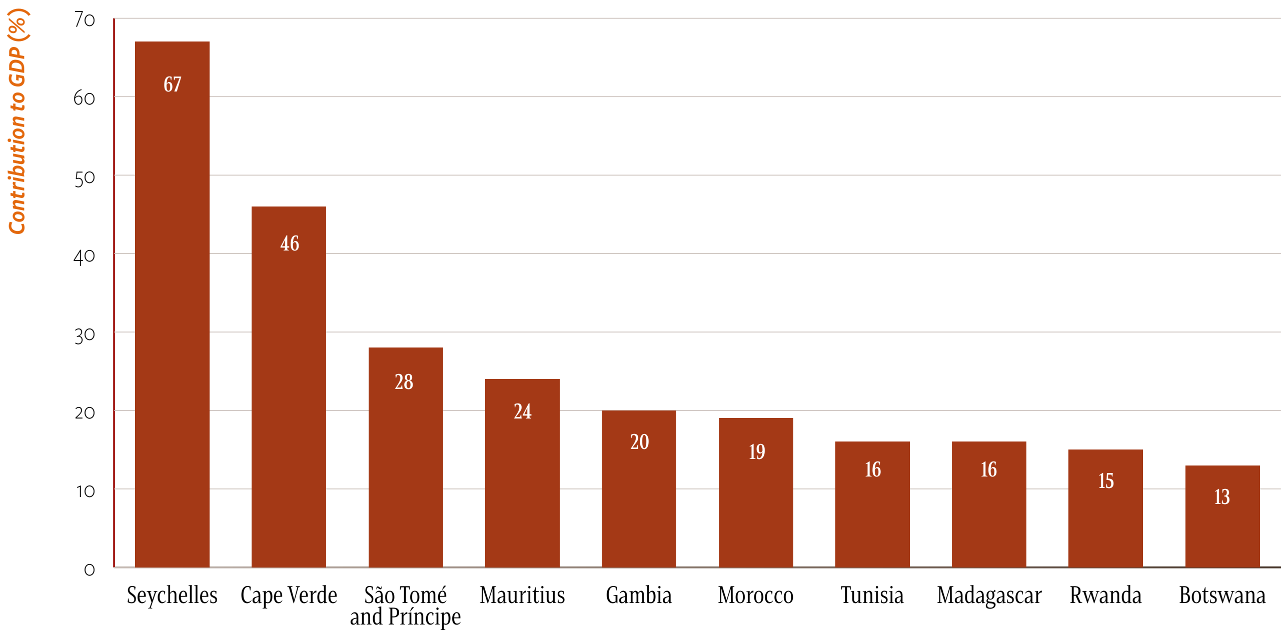
Source: World Travel and Tourism Council, 2020.

FIGURE 7.2 AFRICAN TOURISM GDP GROWTH RATE COMPARED WITH AFRICA GDP GROWTH RATE, 1995–2019 (%)



Source: World Travel and Tourism Council, 2020.

FIGURE 7.3 **TOP 10 AFRICAN COUNTRIES BY TOURISM CONTRIBUTION TO GDP, 2019**



Source: World Travel and Tourism Council, 2020.

tory of the tourism industry in Africa in comparison with that of the continent in general. Between 2009 and 2016, the tourism industry registered only an average annual growth rate of 0.5 per cent, mainly due to the negative growth in 2010, 2011 and 2015, whereas the continent's average GDP growth was 4.1 per cent. This negative growth was caused by external shocks—the global financial crisis, the Arab Spring and the Ebola outbreak in Central and West Africa—and demonstrates the sensitivity of the industry (as is currently the case with the Covid-19 pandemic), compared with other sectors—such as agriculture and extractive industries—whose market prices remained strong during this period (EU, 2016).

The role of the tourism industry as a driver of economic activity varies across the continent. For a number of small island states it is the major economic driver, contributing upwards of 67 per cent of GDP in the case of Seychelles (FIGURE 7.3). In absolute terms, tourism activity has remained concentrated in the traditional destinations, which collectively account for close to 90 per cent of tourism receipts, some $151.3 billion in 2019 (WTTC, 2020).

The tourism industry, as an export-oriented sector, has also continued to be an important source of foreign exchange earnings and a positive contributor to the balance of payments for a number of member states. In 2019, the industry generated more than $50 billion in international tourism receipts, accounting for 10 per cent of the continent's total exports (UNWTO, 2020a; WTTC, 2020). Of total tourism receipts, Africa's largest tourism destinations, Egypt and South Africa, accounted for 41 per cent. As a percentage of total exports, the industry plays an important role in small island states such as Cabo Verde (50 per cent), Comoros (54 per cent) and São Tomé and Príncipe (73 per cent) (World Bank, 2020a).

The tourism industry in Africa has played a key role in attracting investments to the continent (hotels and convention bureaus), valued at $34 billion, accounting for 6 per cent of total investments in Africa (WTTC, 2020). This has been driven by the rapid growth of the tourism industry, coupled with the comparatively low levels of tourism infrastructure, opening up the sector for potential investments. The investments have been focused in emerging destinations on the continent, where a consider-

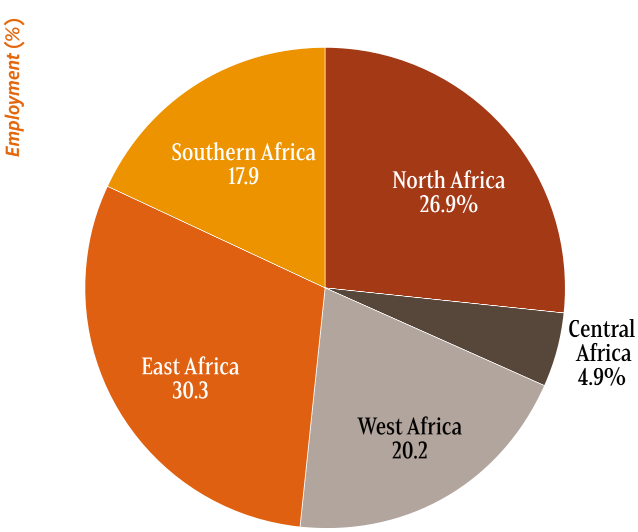
TABLE 7.1 SHARE OF TOTAL EMPLOYMENT FROM TOURISM FOR THE TOP 10 AFRICAN COUNTRIES, 2014–19 (%)

	2014	2015	2016	2017	2018	2019
Cabo Verde	36.1	34.4	35.2	37.5	38.4	39.3
Lesotho	11.8	13.7	16.0	15.0	14.9	15.4
Madagascar	11.7	12.7	14.7	12.6	13.2	13.5
Mauritius	19.5	21.7	22.6	22.7	23.2	22.9
Morocco	16.8	16.2	16.5	17.0	16.7	16.7
Namibia	13.6	15.6	16.1	14.8	15.7	15.5
Rwanda	10.4	11.4	11.2	12.4	13.0	13.1
São Tomé and Príncipe	21.2	24.6	24.6	22.4	23.3	23.0
Seychelles	58.0	65.1	64.0	66.2	66.6	65.2
Tunisia	16.3	13.1	13.0	13.7	14.6	14.9

Source: Torld Travel and Tourism Council, 2020.

able chunk of new investments has been directed (ECA, 2020). The growth prospects of the tourism industry have attracted investors and leading international global hotel chains to diversify their property portfolios, with West Africa leading in hotel pipeline activity as of 2017. Investors and global hotel chains are attracted to Africa because, unlike in developed parts of the world where international hotel brand penetration is high—70 per cent and in North America and 40 per cent in Europe—brand penetration is only at 10 per cent in Africa (W Hospitality Group, 2018). So, this presents immense investment opportunities for global hotel chains.

FIGURE 7.4 BREAKDOWN OF TOURISM EMPLOYMENT BY REGION, 2019 (%)



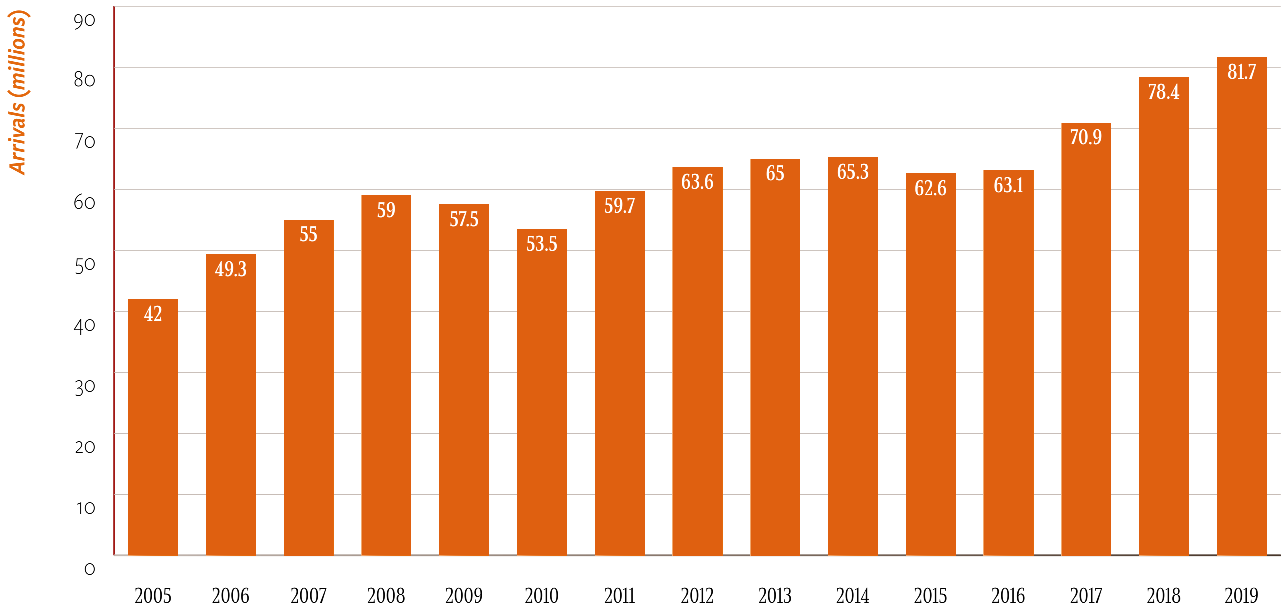
Source: orld Travel and Tourism Council, 2020.

The tourism industry has also become an important source of employment on the continent. This is because the industry is labour intensive, generating direct employment. Because of its multiplier effect, the tourism industry is able to generate more jobs, both induced and indirect, compared with other traditional sectors. A study conducted by the World Bank in Zambia revealed that an investment of $250,000 in the tourism industry yields 182 (formal) full-time equivalent jobs, which is 40 per cent more than a similar investment in agriculture and 50 per cent more than in the mining sector (World Bank, 2013). Other studies have shown that the tourism industry has a multiplier factor of 3.2, which is higher than the communications, financial services and education sectors have (Croes and Rivera, 2017; Klychnikova and Dorosh, 2013; WTTC, 2019).

With an average growth rate of 4 per cent a year over the past two decades for both direct and total employment, the tourism sector now employs 2.5 million people directly and accounts for over 24 million jobs (WTTC, 2020). This translates to 2.5 per cent direct employment and 6.8 per cent total of the industry share of employment on the continent. Going by the share of total employment, tourism is one of the main sources of employment for a number of AU member states (TABLE 7.1).

The importance of tourism as an employer varies across the five regions of the continent. East and North Africa account for over 57 per cent of the jobs in the industry (more than 13 million jobs), while Central Africa only accounts for 4.7 per cent, about 1 million jobs (FIGURE 7.4).

FIGURE 7.5 AFRICA'S TOURIST ARRIVALS, 2005–19 (MILLIONS)



Source: UNWTO, 2020a.

The tourism industry generally employs a higher proportion of women than men. In Africa, for the past two decades, women's share has consistently been above 60 per cent, compared with men's 35 per cent (ILO, 2021). In 2019, of the 10.6 million jobs generated in the accommodation and restaurant sector, close to 7 million (66 per cent) were occupied by women.

The industry's appreciable contribution to the continent's economy was brought about by a rapid growth in tourist arrivals, currently more than 78 million a year (UNWTO, 2019a; World Bank, 2020a) (**FIGURE 7.5**). Although the growth trajectory is steadily upwards, there have been dips in arrival numbers, which are attributable to externalities and follow the same path as tourism receipts. It is also expected that arrivals will fall sharply by 50 million in 2020, due to the Covid-19 pandemic (UNWTO, 2020c).

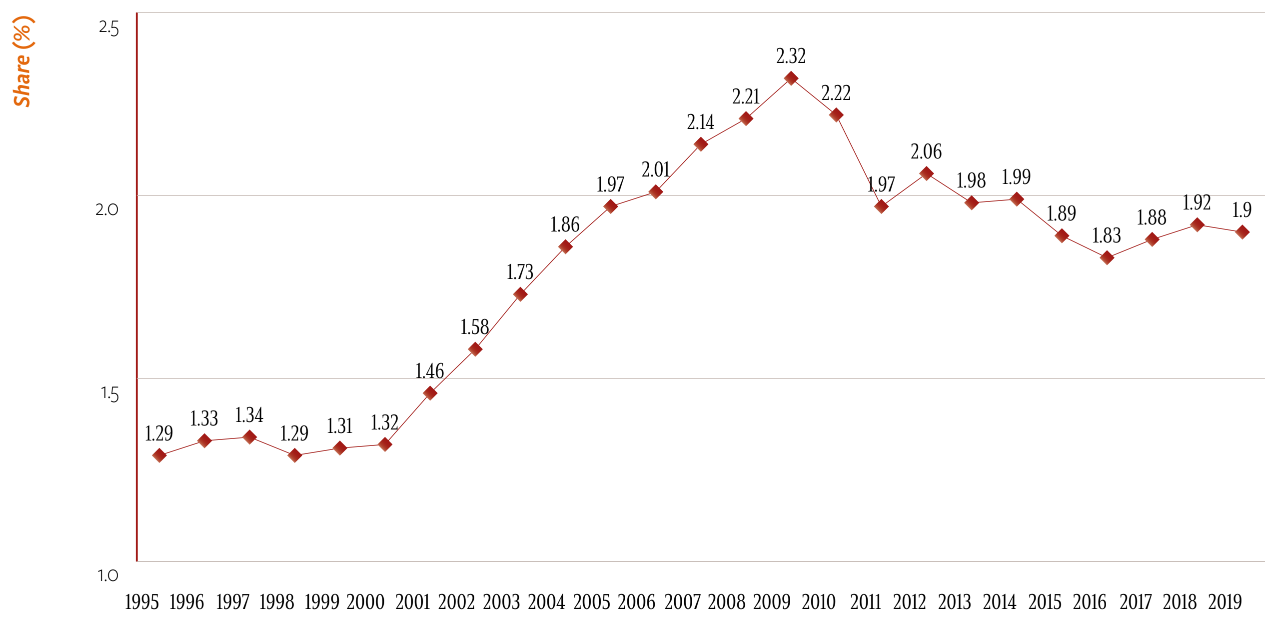
THE GLOBAL CONTEXT OF THE AFRICAN TOURISM INDUSTRY

The tourism industry's emergence as a key global economic sector is driven by a number of factors, including advancements in the transport sector, in particular changes in aviation; increased ownership of private cars; enhanced organizational capacity of the industry; increased disposable incomes and increased leisure time and holiday entitlements. With over 1.4 billion international tourist arrivals in 2019, the industry currently generates $1.7 trillion in tourism receipts, accounting for 6.8 per cent of total global exports and 28.3 per cent of the total service exports (UNWTO, 2020a; WTTC, 2020). The industry also accounts for 10.3 per cent of global GDP, valued at $8.9 trillion, and is a major employer, with 1 in 10 jobs worldwide attributed to tourism (WTTC, 2020).

Although the growth of the tourism industry in Africa has been phenomenal when looked at in isolation, the picture is somewhat different when juxtaposed with the rest of the world. With the industry's contribution to Africa's GDP at 7 per cent, the importance of tourism on the continent is not on a par with the global norm. Moreover, the continent's share of global tourism GDP was just 1.9 per cent in 2019 (**FIGURE 7.6**). Africa's share of global tourism GDP has been on a downward slope since 2011, having peaked at 2.3 per cent in 2009.

Tourism receipts in Africa deviated from the global trends because of externalities. And while tourism is very sensitive to externalities, the effects vary across regions. In 2003, while there was negative growth for global tourism receipts, the continent registered positive growth. This was because the 2003 SARS epidemic mostly affected the Asian market. Africa has also had periods of negative growth when the rest of the world was positive—such as in 2011, 2015 and 2016. These negative growth patterns were because of perceptions of instability and insecurity in the leading Africa destinations. In 2011, the tourism industry was affected by the Arab Spring, while South Africa's was affected between 2015 and 2016 because of xenophobic-related issues.

FIGURE 7.6 AFRICA'S SHARE OF GLOBAL TOURISM GDP, 1995–2019 (%)



Source: orld Travel and Tourism Council9, 2020.

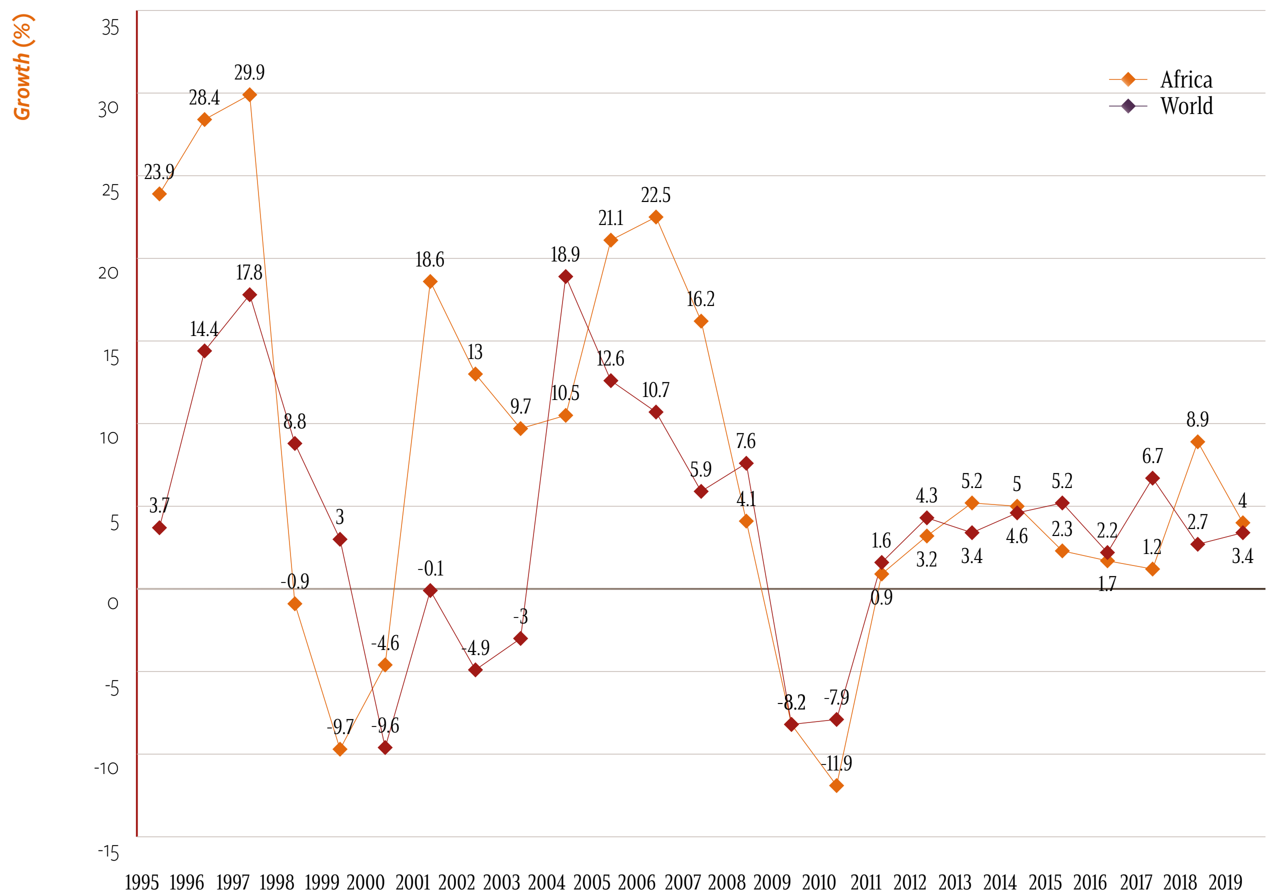
The average $626 spent per tourist in Africa in 2018, a figure way below the global average of $1,000, is disconcerting given the potential tourism has for the continent. While the average spent per tourist in Africa has slightly improved, the gap with the rest of the world has widened. In 2005, the difference was $250. In 2018, it was $400 (UNWTO, 2020a). The difference is attributed to factors ranging from the nature of the tourism product (urban tourism tends to have higher costs) to the length of stay, (more is spent on longer stays) (Gossling, Scott and Hall, 2018).

Globally, the bulk of tourism activities take place within urban areas—they have been and still are the growth drivers for the industry (Al-Saad and Ababneh, 2017). Urban tourism can be understood as travel to neighbourhoods, towns, cities and areas where the main motivation is the enjoyment of attractions, facilities and services (Al-Saad and Ababneh, 2017). Currently, at 22 million international visitors, Bangkok is the most visited city in the world, followed by Paris (19.1 million), London (19 million), Dubai (15.9 million) and Singapore (14.7 million) (Mastercard, 2019). It follows that these cities are also found in countries that are also top global destinations. Of the top 100 most-visited cities, only seven are in Africa. These are Johannesburg at position 39, Cairo at 67, Cape Town at 73, Casablanca at 82, Durban at 92 and Lagos at 100. For the majority of the 100 most-visited cities in the world, the main purpose of travel is for leisure (85 per cent of visitors), as is the case of Bangkok. With an average length of stay of 3.5 nights in 2017, Dubai had the highest average spent per day per international visitor—$537—earning the city a total of $29.7 billion.

The tourism sector has emerged globally as a key destination for capital investments, currently valued at almost $1 trillion, about 4.4 per cent of the world's total capital investments. Africa only accounted for 3.6 per cent of capital investment in the tourism sector. The growth rate of Africa's capital investments has, nonetheless, been above the global average, especially in the 1990s and 2000s. While world tourism registered negative growth rates in capital investments between 2000 and 2004, the tourism sector in Africa received a boost. As with the rest of the world, however, the global financial crisis had a negative impact on capital investments for the tourism sector in Africa, resulting in negative growth in 2009 and 2010. In 2011 capital investments recovered (**FIGURE 7.7**).

Africa's small share of the global tourism industry can be attributed to a number of factors, including a relative lack of competitiveness. This is illustrated by the Travel and Tourism Competitiveness Index (TTCI), released biannually since 2007 by the World Economic Forum. The TTCI identifies the key national-level factors and policies necessary for driving destination competitiveness. Between 2007 and 2019, the five most competitive destinations in Africa—in descending order—have consistently been Mauritius, South Africa, Seychelles, Egypt and Morocco (**TABLE 7.2**).

FIGURE 7.7 AFRICA AND WORLD GROWTH IN TOURISM CAPITAL INVESTMENTS, 1995–2019 (%)



Source: orld Travel and Tourism Council, 2020.

TABLE 7.2 TRAVEL AND TOURISM COMPETITIVENESS IN AFRICA, 2019

AFRICA RANKING		GLOBAL RANKING	ENABLING ENVIRONMENT		POLICY AND ENABLING CONDITIONS		INFRASTRUCTURE		NATURAL AND CULTURAL RESOURCES	
			GLOBAL RANKING	INDEX*	GLOBAL RANKING	INDEX*	GLOBAL RANKING	INDEX*	GLOBAL RANKING	INDEX*
1	Mauritius	54	43	5.3	43	4.6	41	4.3	117	1.8
2	South Africa	61	105	4.2	102	4.1	60	3.7	17	3.9
3.	Seychelles	62	61	5.1	103	4.2	30	4.7	118	1.8
4	Egypt	65	86	4.5	45	4.6	76	3.3	33	3.1
5	Morocco	66	71	4.8	47	4.6	69	3.5	54	2.6
6	Namibia	81	100	4.4	80	4.4	62	3.6	70	2.3
7	Kenya	82	110	4.1	68	4.5	90	3.0	42	3.0
8	Tunisia	85	78	4.7	57	4.5	84	3.1	100	2.0
9	Cabo Verde	88	84	4.6	63	4.5	64	3.6	135	1.5
10	Botswana	92	99	4.4	82	4.4	93	2.8	67	2.3

Source: WEF, 2019.

Note: *Index guide: 1 is least competitive (red), 7 is most competitive (green).
The system colour ranking goes from green ( ) to yellow ( ) to orange ( ) to red ( ).

Even for the most competitive destinations in Africa there is reason for concern. The best position achieved globally for an African destination was Seychelles (at 38) in 2013 (WEF, 2013) . Since then, Africa's global positioning declined. This implies that efforts to improve the continent's competitiveness have not been on a par with those in the rest of the world, which could explain the African industry's corresponding declining share of global tourism GDP and tourism receipts.

The challenges afflicting Africa tourism development can be seen through the lens of the TTCI. The cultural and business travel pillars, for instance, is a testament to the narrow range of African tourism products, which are predominantly nature-based—for which the continent is well endowed, with Tanzania ranked 12 globally. But nature-based tourism is similar across Africa and hence not suitable for regional promotion. In Africa, cultural resources are largely untapped, with sporting infrastructure—which plays a key role in leading global destinations—remaining underdeveloped. The exception is South Africa, with its high global ranking at 23. Business travel—especially for meetings, as incentives, and for conferencing and exhibitions—is also underutilized. Of the 12,951 global meetings in 2018, Africa only hosted 414 (3 per cent), and South Africa accounted for 24 per cent those (100 meetings) (ICCA, 2019).

The aviation industry is underdeveloped and operates in a very restrictive environment, given the lack of supporting agreements and protocol ratifications (IATA, 2020). The continent only accounts for 2.1 per cent of the global passenger market (of which 0.3 per cent is the domestic market) and 1.8 per cent of the global cargo transport market. As a result, travel within the continent is the most expensive globally. This is due to high operating costs, heavy taxes and charges, coupled with the lack of low-cost carriers and a lack of connectivity. A passenger wishing to travel from Kinshasa, Democratic Republic of the Congo, to Lagos, Nigeria, should expect the itinerary to cost about $1,200 and for the trip to take 12 hours in travel time (Hattem, 2017; Ogunfowoke, 2018). What is more, prevailing visa regimes remain a hindrance to regional travel, with 42 per cent of African citizens needing visas to travel to other African countries, compared with 45 per cent of the global population (UNWTO, 2019c). This means that Africa is almost as closed to itself as it is to the rest of the world.

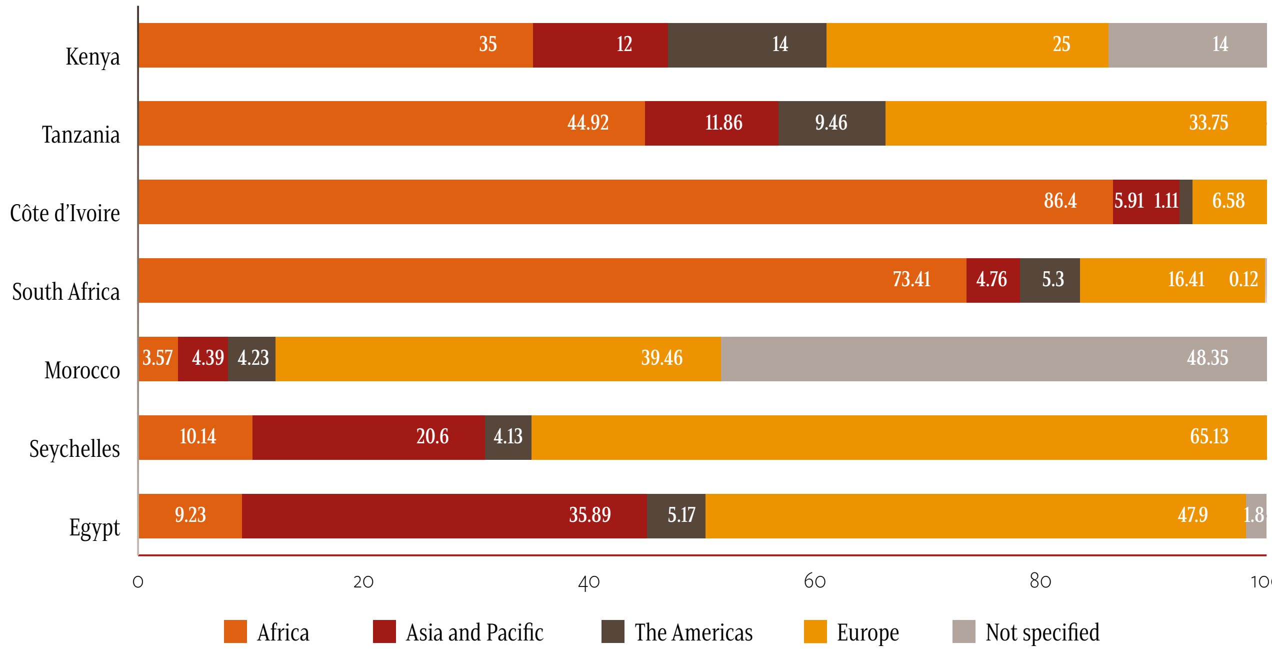
Regional tourism in Africa

Globally, 80 per cent of tourists travel within their regions, and even more so within their country (UNWTO, 2020a). France, which hosted over 86 million visitors in 2018, had 79 per cent of all its visitors come from the European market. In the Americas, the United States, with 76 million visitors, drew 60 per cent of its visitors from the region. In Asia, China (63 million arrivals) had 92 percent come from the Asia–Pacific region, and Thailand (38 million arrivals) recorded 70 per cent from the region.

The key pull factor for regional tourism is urbanization, with major cities being the main destinations. Kuala Lumpur, which is the seventh-most-visited city in the world, recorded that all five of its top feeder cities were from within the region— Bangkok, Jakarta, Manila, Seoul and Singapore—from which the city earned $3.29 billion in 2016 (Mastercard, 2016). The same applies to Barcelona—whose main feeder cities were Amsterdam, Brussels, Frankfurt, London and Paris—from which the city earned $2.8 billion over the same period.

Regional tourism in Africa has hovered around 48 per cent since 2013 (UNWTO, 2019a). A closer look at the continent reveals that the prominence of regional markets varies across the five blocs—central, east, north, southern and west. In Southern Africa, 77 per cent of tourist arrivals come from within the region, which is close to the global average of 80 per cent. Central Africa is at 47 per cent and East Africa at 42 per cent. North Africa has the lowest share of arrivals from the continent at 16 per cent (UNWTO, 2019a).

FIGURE 7.8 **BREAKDOWN OF TOURIST ARRIVALS BY REGION FOR SELECT COUNTRIES, 2019 (%)**



Source: UNWTO, 2019a.

For a number of member states, regional tourism is important. In 2018, for South Africa regional arrivals stood at 74 percent and for Côte d'Ivoire at 86 per cent (above the global average). The large share of the regional markets in South Africa is partially attributable to the government's country-specific target strategies to tap into the intra-Africa tourist market (SA Tourism, 2007; 2010). The importance of regional markets is also now embraced by a number of member states and the share of regional arrivals has gradually grown because of initiatives such as the Intergovernmental Authority on Development (IGAD) Sustainable Tourism Master Plan and the East African Community (EAC) tourism marketing strategy. For other member states, such as Egypt and Seychelles, the European market remains crucial. Egypt attracts 61 per cent of its arrivals from Europe but only 9 per cent from the continent, and Seychelles gets 65 per cent from Europe but only 10 percent from the continent (**FIGURE 7.8**).

THE REGIONAL TOURISM AND TRADE NEXUS

A closer look at a number of global destinations, in particular the top 10, reveals a consistent pattern between tourist and trade flows that tends to be regional (**TABLE 7.3**). Close to 80 per cent of source markets are regional and trade also takes place regionally—with the exception of the United States, where the leading tourist market is not regional. But, even in the case of the United States, China, Japan and the United Kingdom are its major trading partners.

There is some causal relationship between tourist and trade flows, with the expectation that the higher the level of intra-regional travel, the higher the level of intra-regional trade and vice versa (see Table 8.3). Past studies to understand the tourism–trade relationship, using co-integration and causality techniques, have yielded diverse results that nevertheless confirm the existence of a causal relation. A study on tourism and trade for OECD countries that used a dynamic heterogeneous panel data analysis revealed that international tourist arrivals boosted international trade and that the converse was also true, thus suggesting a complementary relationship (Santana-Gallego, Ledesma-Rodriguez and

TABLE 7.3 SELECT TOP GLOBAL TOURISM DESTINATIONS AND THEIR TRADING PARTNERS

	TRADE (2018)			TOURISM (2017)		
	TOP TRADING PARTNERS	TRADE AMOUNT ($ BILLION)	TRADE SHARE (%)	TOP INTERNATIONAL ARRIVALS	INTERNATIONAL ARRIVALS (MILLIONS)	INTERNATIONAL ARRIVALS SHARE (%)
France	Germany	83.2	14.6	United Kingdom	5.1	14.2
	United States	45.3	8.8	Germany	3.5	9.5
	Spain	44.3	7.8	Belgium	3.2	8.7
	Italy	42.7	7.5	Spain	2.4	6.6
	Belgium	40.3	7.1	Italy	2.1	5.8
USA	Canada	299.7	18.0	Canada	20.2	26.2
	Mexico	265.4	15.9	Mexico	17.8	23.2
	China	120.1	7.2	United Kingdom	4.5	5.8
	Japan	75.2	4.5	Japan	3.6	4.7
	United Kingdom	66.3	4.0	China	3.2	4.1
China	United States	479.7	19.2	Hong Kong	79.8	52.1
	Hong Kong	303.0	12.2	Macau	24.6	16.1
	Japan	147.2	6.0	Vietnam	6.5	4.3
	South Korea	109.0	4.4	Taiwan	5.9	3.8
	Vietnam	84.0	3.4	South Korea	3.8	2.5

Source: For trade—World Bank, 2020b. For tourism—UNWTO, 2019a

Note: indicates regional, signifies long haul, indicates a mismatch with trading partner, and indicates a mismatch with tourist markets.

Perez-Rodriguez, 2011; 2016). A more targeted study using fractional integration showed that German tourists to Spain had a sustained post-tour impact for several months on the Spanish wine industry (Fischer and Gil-Alana, 2009). With these results in mind, the tourism industry should be seen as a potential avenue for quickly accomplishing some of the goals of the AfCFTA.

Drivers of intra-Africa tourism

Intra-regional tourism continues to be an important contributor to the African economy. More than 215 million tourists travelled to African countries between 2016 and 2018, of whom almost 45 per cent were from within the region.[1] This, however, is low compared to other regions, such as Asia–Pacific (80 per cent) and Europe (78 per cent) (UNWTO, 2018). Key factors in boosting intra-regional travel include the ease and cost of travel, the level of regional integration (including commonly used currencies), and the desirability and maturity of the tourism products offered. The intuition behind this is that when countries are more economically and socially integrated, residents will be more motivated to opt for a regional destination to travel for both pleasure and business. This section of the chapter builds on and updates some of the analysis conducted in the 2017 *Economic Development in Africa* report (UNCTAD, 2017) and analyses the impact of African regional integration on international and intra-regional tourism.

Regional integration is proxied by two recently published indices—the 2019 Africa Regional Integration Index (ARII) (AfDB, AU and ECA, 2020) and the 2019 Africa Visa Openness Index (AVOI) (AfDB, 2019).[2] The ARII assesses the status and efforts all African countries to integrate their trade, production, economy and infrastructure in the region, and to facilitate the free movement of people. South Africa was the most regionally integrated country on the continent, while South Sudan was the least. Overall integration was low, but the widespread implementation of the AfCFTA is expected to improve this in coming years. The AVOI further evaluates how open African countries are to visitors from the region. Seychelles and Benin are the most open countries, with a visa-free policy for all African visitors. At the other end of the spectrum, Equatorial Guinea requires a visa before travel for all visitors.

In addition to regional integration, a destination's level of development and tourism competitiveness may have an influence on international and intra-regional tourism. Development is proxied by GDP per capita. By this measure, Seychelles is the most developed (or highest-income) economy and Burundi is the least. The expectation is that more development would attract more tourists, who would spend more. Destination competitiveness is measured by the most recent Travel and Tourism Competitiveness Index (TTCI)—the overall index, as well as the subindices measuring the enabling environment, the travel and tourism policies and enabling conditions, the travel and tourism infrastructure, and the natural and cultural resources. While Africa lagged behind the rest of the world in all dimensions, Egypt, Mauritius, Morocco, Seychelles and South Africa were notable exceptions. Discouraging conditions, weak infrastructure and underdeveloped resources led to Chad's poor performance on the global index.

Currency restrictions were also briefly assessed for their impact on regional tourism. This factor was measured by a binary indicator of whether the government had controls on payments for invisible transactions and currency transfers (IMF, 2019). Results of this assessment were not presented in the *Annual Report on Exchange Arrangements and Exchange Restrictions 2018*, as no conclusive pattern emerged. This finding aligns with the results of the more rigorous 2017 UNCTAD analysis that suggested there was no linear relationship between currency restrictions and total inbound tourism expenditures (export revenues). However, currency restrictions had a negative and statistically significant relationship on the growth in international tourism receipts (UNCTAD, 2017). (All variables assessed in the following analyses are listed in Annex 8.1).

Analysing the impact of regional integration on tourism service export revenues

The first analysis looked at the potential impact of regional integration on total tourism export revenues, measured as average annual travel exports to world between 2016 and 2018. The two proxy measures of regional integration had contrasting relationships with tourism export revenues. As expected, a better performance on the ARII was correlated with higher tourism export revenues (correlation coefficient .57). However, just as in the 2017 UNCTAD analysis, visa openness was negatively correlated with travel exports (correlation –.26). Visa openness was a clear enabler of tourism development. In the data, the negative correlation emerges because the three countries with the highest tourism export revenues—Egypt, Morocco and South Africa—were in the bottom 20 on the AVOI. When these countries were excluded, the relationship was positive (correlation .14).

To further analyse the impact of regional integration on tourism export revenues, successive models were estimated using the form:

$$T_i = K + \beta_1 R_i + \beta_2 V_i + \beta_3 X_i + \varepsilon_i$$

where T is the dependent variable travel service exports in country i; K is the intercept; R is the country ARII score; V is the country AVOI score; and X is control variables. β_1 represents the effect of improved overall regional integration on tourism revenues. The results of the regression analysis are presented in **TABLE 7.4**. One of the main determinants of changes in tourism spending is the size of the local economy, estimated by the primary control variable GDP. It was included in the first model (1). Other control variables were added and assessed in the subsequent models (2) and (3).

The results strongly suggest that increasing overall regional integration will stimulate more travel export revenues. Visa openness had a negative relationship with travel exports, and the coefficient was statistically significant. Among the control variables, the analysis confirmed that GDP is robustly associated with travel service exports. Larger economies tend to have larger tourism export earnings. It is difficult to assume causality as the interaction goes both ways—higher tourism earnings boost GDP, and vice versa. The other control variables were not consistently significant.

TABLE 7.4 THE IMPACT OF REGIONAL INTEGRATION ON TOURISM EXPORT REVENUE

VARIABLES	DEPENDENT VARIABLE: AVERAGE TRAVEL SERVICE EXPORTS ($ BILLIONS)		
	(1)	(2)	(3)
Africa Regional Integration Index	11.19[a] (2.48)	4.45 (3.33)	8.34[a] (3.02)
GDP ($ billions)	0.01[a] (0.00)	0.01[a] (0.00)	0.01[a] (0.00)
Travel & Tourism Competitiveness Index		1.93[a] (0.63)	
TTC Subindex: Natural and Cultural Resources			1.1[b] (0.53)
Constant	−3.39[a] (0.84)	−7.29[a] (1.53)	−4.67[a] (1.11)
Number of observations	46	37	37
Adjusted R-squared (coefficient of determination)	0.61	0.71	0.68
Standard Error (goodness of fit)	1.22	1.16	1.23
Significance F	1.89E-09	3.4E-09	2.86-08

Note: Standard errors are in parentheses: [a] Probability < 0.01. [b] Probability < 0.05. [c] Probability < 0.1.

Analysing the impact of regional integration on African visitor penetration

The second analysis looked at the potential impact of regional integration on African visitor penetration, measured as average number of tourists from Africa between 2016 and 2018 for every 100 persons in the country. Just like the previous analysis, visa openness was negatively correlated with African visitor penetration (correlation −.04), but the correlation remained negative when the previously mentioned countries were excluded (−.08). Additionally, African visitor penetration had a stronger relationship with the ARII subindex specific to trade (.62) than the overall ARII (.04).

To further analyse the impact of regional integration on African visitor penetration, successive models were estimated using the form:

$$P_i = K + \beta_1 R\,T_i + \beta_2 V_i + \beta_3 X_i + \varepsilon_i$$

where P is the dependent variable African visitor penetration in country i; K is the intercept; RT is the country ARII–Trade score; V is the country AVOI score; and X are control variables. β_1 represents the effect of improved overall regional integration on Africa visitor penetration. The results of the regression analysis are presented in TABLE 7.5. A likely determinant of changes in visitor penetration is the level of development, estimated by the primary control variable GDP per capita. It is included in the first model (4). Other control variables are added and assessed in subsequent models (5) and (6).

The results strongly suggest that trade integration, level of development (of destination), tourism and travel infrastructure, tourism policies and conditions, and natural and cultural resource availability are key determinants of African visitor penetration. For example, a 10 per cent improvement in the ARII trade subindex is associated with an additional nine African visitors per 100 inhabitants. So, for a country like Seychelles, with an open visa regime and a competitive tourism product, the number of visitors from other African countries could be improved as a by-product of a deeper trading relationship with the continent.

TABLE 7.5 THE IMPACT OF REGIONAL INTEGRATION ON AFRICAN VISITOR PENETRATION

VARIABLES	DEPENDENT VARIABLE: AVERAGE ANNUAL NUMBER OF TOURISTS FROM AFRICA (PER 100 POPULATION)		
	(4)	(5)	(6)
Africa Regional Integration Index: Trade Subindex	87.02[a] (17.00)	103.59[a] (19.78)	95.57[a] (17.71)
GDP per capita ($ thousands)	2.67[a] (0.68)	3.59[a] (0.98)	4.77[a] (1.27)
Travel & Tourism Competitiveness Index		−11.08 (7.95)	
TTC Subindex: Travel and Tourism Policy and Enabling Conditions			18.04[b] (7.41)
TTC Subindex: Infrastructure			−16.41[b] (7.15)
TTC Subindex: Natural and Cultural Resources			−10.35[b] (4.45)
Constant	−31.21[a] (7.01)	−5.35 (7.95)	−48.27[b] (22.79)
Number of observations	41	33	33
Adjusted R-squared (coefficient of determination)	0.53	0.57	0.68
Standard Error (goodness of fit)	13.73	14.47	12.34
Significance F	1.91E-07	4.60E-06	4.76E-07

Note: Standard errors are in parentheses; a Probability < 0.01. b Probability < 0.05. c Probability < 0.1.

The results of the analysis suggest that overall regional integration, and particularly trade integration, can influence both total international tourism revenue and intra-African visitor penetration. One major limitation of the analysis is the omission, due to data unavailability, of air travel connectivity and costs. In Africa, poor roads and long distances (or complete inaccessibility of island states), increase the tourism industry's dependence on air travel. Unfortunately, irregular and infrequent routing of airlines, high costs and concerns about safety and security, hamper the competitiveness of destinations to tourists from within and outside the region (UNCTAD, 2017). So, although greater regional integration may boost the desire to travel within the region, to do so air transport services need to be available and affordable.

HARMONIZING TOURISM POLICIES IN AFRICA

Owing to the increased prioritization of the tourism industry on the continent, a number of policy documents have been formulated at the national, regional and continental levels. The majority of these were initially nationalistic and, in some instances, regional bloc-centric and informed by a post-colonial agenda in which former colonies still maintain strong ties with former colonizing countries (Manyara and Jones, 2009). Consequently, ensuing policies were not geared towards the promotion of regional tourism, but rather aimed at the Western European market. The main markets for African francophone countries were and still are the French-speaking European countries, and likewise for anglophone countries, the United Kingdom.

The quest for a continental approach to tourism development can be traced back to 2002, when work on the African Tourism Action Plan was first initiated by the African Union's New Partnership for Africa's Development, and finally endorsed at the AU Summit in 2004. The action plan sought to nurture a continental collaborative approach to tourism development through jointly mobilizing resources, marketing tourism, strengthening institutional capacity, creating an enabling environment, doing research and development, investing in tourism infrastructure and products, reinforcing human resources and quality assurance, and establishing and adopting a code of conduct and ethics (AU/NEPAD, 2004).

Prioritizing the tourism industry at the regional level can be traced back to the establishment of the Common Market for East and Southern Africa (COMESA). The aims and objectives of the COMESA treaty were, among others, to promote joint development in all fields of economic activity and the joint adoption of macroeconomic policies and programmes to raise the standards of living of people and to foster closed relations among member states (COMESA, 1994). The treaty has specific pronouncements on a number of key economic sectors. The pronouncement on tourism is articulated in chapter 19, article 138, and calls for joint and coordinated efforts towards the development of the industry. Despite the recognition of the importance of tourism, it was not until 2012 that COMESA started work on a framework for implementing the treaty's objectives for the industry (COMESA, 2012).

Actual commitments towards joint efforts for tourism development at the regional level should have started in 1998 with the signing of the Protocol on the Development of Tourism by the Heads of State and Government of the Southern Africa Development Community (SADC) (SADC, 1998). The motivation for the protocol was the region's low share of the global tourism industry despite the immense potential it harboured. Joint action was necessary because tourism in the region remained underdeveloped. The protocol has a number of objectives, including aggressively marketing the region as a single but multifaceted tourism destination that capitalizes on its common strengths and highlights individual member states' unique tourist attractions, and facilitating intra-regional travel for the development of tourism through easing or removing travel and visa restrictions and harmonizing immigration procedures (SADC, 1998).

Also signifying the importance of the tourism sector was work started in 2002 on the EAC tourism marketing strategy, which then only covered Kenya, Tanzania and Uganda. The main aim of the strategy, finalized in 2003, was to position the community as a single tourism destination under the brand name and slogan, "Destination East Africa: The more you see the more there is to see," and this was encouraged by the existing mainly nature-based tourism products (EAC, 2003). The strategy recommended easing travel restrictions for foreign tourists and establishing an independent institution to coordinate the marketing activities. Its implementation, however, faced hurdles. The then-three member states had similar tourism products and competed for the same traditional markets. Unlike the SADC protocol, the EAC effort gave little emphasis to intra-regional and continental travel.

There have been other steps towards harmonizing tourism policies at the regional level. In 2010, the East African Community (EAC) commissioned the study *Towards Sustainable Tourism in Eastern Africa*, which identified challenges the region faced. The study recommended a regional approach as essential for enhancing the industry's development (ECA, 2012). This recommendation was embraced by the Intergovernmental Authority on Development (IGAD), which immediately started formulating a sustainable tourism master plan, which was completed and launched in 2013. The master plan recommended that IGAD's eight member states align their national tourism development instruments with the regional framework. The Ethiopian and Ugandan tourism master plans—formulated during the implementation of the IGAD sustainable tourism master plan—were both aligned to the regional framework and emphasized partnerships (IGAD, 2013). As a result, the share of regional tourism is on the rise across the IGAD region (Kitomo, 2020).

Over the past few decades there has been little activity in formulating regional tourism policies in the other African regional economic communities. Only recently, for instance, has the Economic Community of West African States (ECOWAS) embarked on formulating its Regional Tourism Policy 2019–2029, which—like other regional tourism development instruments—lays emphasis on nurturing the intra-regional tourist market and aligning national policies (ECOWAS, 2019). ECOWAS's policy is cognisant of the challenges facing the region, some of which are common throughout the continent and include issues related to safety and security, the lack of price competitiveness and the prohibitive cost of travel, especially of accommodations. To implement the policy, ECOWAS also formulated the Ecotour 2019–2029 Action Plan, with the goal of positioning the region by 2029 as a premier destination.

In the effort to harmonize tourism policies across Africa, the African Union Minimum Integration Programme (MIP) is worth mentioning. It is an instrument informed by a number of treaties and declarations, such as the Lagos Plan of Action, Final Act of Lagos, and the Abuja Treaty and the Sirte Declaration. The MIP strives for an African Economic Community through the identification of common grounds for regional integration (AU, 2009, 2). Some of the main objectives of the MIP include identifying regional and continental projects within RECs and the African Union Commission, and identifying priority sectors that call for bold coordination and harmonization measures within and among RECs.

The Agenda 2063 recommendation for a continental strategy provides common ground for RECs to work together. Coordinated by the AUC through technical support provided by ECA, and in close collaboration with RECs and other key stakeholders, work on the African Strategic Tourism Framework 2019–2028 started in 2017 and was completed and endorsed by the Heads of State and Government in Niamey, Niger, in 2019. The main aim of the continental strategy is to provide a pathway through which Agenda 2063 tourism targets can be realized (AU, 2019a). Given its emphasis on intra-Africa tourism, the framework provides a platform through which various regional initiatives can be harmonized to achieve the ambitious Agenda 2063 tourism targets.

The implications of African Union protocols and declarations on the tourism industry

International tourism entails the consumption of services outside the traveller's usual environment and country borders. Tourism is thus classified as part of the services trade, and so the AU Protocol on Trade in Services is of relevance. Based on the consumption abroad mode of services supply, the main objective of the protocol is to establish a single liberalized market for trade in services (WTO, 2001; AU, 2018a, 36). The full implementation of this protocol could, therefore, provide a pathway to improving the continent's tourism competitiveness and to fostering regional value chains, which remain underdeveloped.

Tourism has been identified—together with transport, financial and business services, and information and communications technology (ICT)—as one of the five priority services sectors under the AfCFTA. A major challenge facing the development of intra-regional tourism in Africa, however, is the limited mobility of people. Owing to a number of factors, including restrictive visa regimes, African citizens are some of the least mobile people globally. But there has been progress in addressing the challenge. In 2016, 55 per cent of Africans were required to obtain traditional visas for travel within the continent (AfDB, 2017), but by 2018 this had decreased to 45 per cent (UNWTO, 2019c). The full implementation of the Protocol on Free Movement of Persons, Right of Residence and Right of Establishment will bolster intra-Africa travel and could additionally boost investments. Adopted by the AU Heads of State and Government in January 2018, the main objective of the protocol is to facilitate the Treaty Establishing the African Economic Community by providing for progressive implementation of the free movement of persons, right of residence and right of establishment in Africa (AU, 2018b). To realize this objective, the protocol advocates removing visa requirements for durations of stay of up to 90 days. The protocol also supports the free use of vehicles by African citizens in member states other than their own for up to 90 days. Using vehicles could provide an alternative to air transport, given that globally on average 37 per cent of tourists travel by road (UNWTO, 2019b).

The continent continues to endure several challenges where lack of infrastructure impedes integrating member states. The African Development Bank estimates a yearly funding deficit of $108 billion for infrastructure development (AU, 2019b). The Heads of State and Government recognized this and in 2012 adopted the Programme for Infrastructure Development in Africa (PIDA), which will provide a framework for infrastructure development in information and communications technology (ICT), water, energy and transport sectors. PIDA's transport sector vision calls for the free movement of goods and people through an efficient transport system founded on modern rail, roads, ports and air transport services. To achieve this, the continent was divided into several transport corridors and, based upon priority actions plans, several projects were implemented. A number have been completed and are having a positive impact on the tourism sector. In 2017, as part of the Northern Transport corridor—covering Burundi, Democratic Republic of the Congo, Kenya, Rwanda, Uganda and South Sudan—a 485 kilometre standard gauge railway section between Nairobi and Mombasa was launched. This resulted in a rise in domestic tourism in the coastal region (Mwakio, 2017). The finalization of cross-border road projects, such as the Abidjan–Lagos highway, and the rolling out of one-stop border posts will ease the movement of people and vehicles across member state borders, thereby boosting regional tourism. This has seen countries such as Côte d'Ivoire benefit from regional tourism. In 2018, the country had 1.7 million visitors, of whom 1.6 million used road transport (UNWTO, 2019a).

The continent's small share of the global air transport market is of concern (IATA, 2020). Because of the limited liberalization of air space, coupled with poor connectivity and lengthy travel times, the costs of travel within the continent remain the highest globally. About 25 per cent of intra-Africa air travel and 35 per cent of international travel require at least one stop to get to a destination (ICAO, 2019). Some 93 per cent of air traffic between Accra and Kinshasa is not direct and requires stopovers at either Lomé (41 per cent), Abidjan (26 per cent) or even eastern Africa hubs as far away as Nairobi (20 per cent) and Addis Ababa (19 per cent). With an estimated 1.3 billion passengers in 2018, low cost carriers are becoming an important segment of the aviation industry. But, at just 2.4 per cent of the global share, their impact remains limited in Africa, as there are only about a dozen small low-cost carriers on the continent.

Steps towards addressing air transport challenges at the continental level can be traced back to the 1987 Yamoussoukro Decision, whose main goal was to create a conducive environment for developing intra-Africa and international air services by eliminating air traffic rights and reducing tariffs (ECA, 1999; Schlumberger, 2010). In 1999, on the basis of the declaration, African ministers with civil aviation portfolios met with an agenda to liberalize African air space and fast-track the Yamoussoukro Decision (ECA, 1999). Following its adoption by the AU Heads of State and Government in 2000—under the auspices of the Abuja Treaty—the Yamoussoukro Decision became a legally binding framework geared towards eliminating bilateral air transport agreements through gradually granting first freedoms of air—the right to fly across territory without landing (ICAO, 2006; ECA, 2004). The full implementation of the Decision—in particular granting the fifth freedom of air, which will allow African carriers to pick up and drop off passengers across and between member states—is expected to reduce the cost of air travel, increase the number of direct flights across the continent and so boost intra-Africa tourism.

As part of speeding up implementing the Yamoussoukro Decision, the Single African Air Transport Market (SAATM), also an Agenda 2063 flagship project, was endorsed by the Heads of State and Government in 2015. The goal was to have a single air transport market for the continent by 2017 (AU, 2017). SAATM is expected to boost intra-Africa travel, since bilateral air transport agreements will be eliminated and the fifth freedom granted. Only 28 member states are signatories to SAATM, but the International Air Transport Association projects that if just 12 fully implement the SAATM, 55,000 new jobs will be created and $1.3 billion of additional GDP will be generated (IATA, 2014).

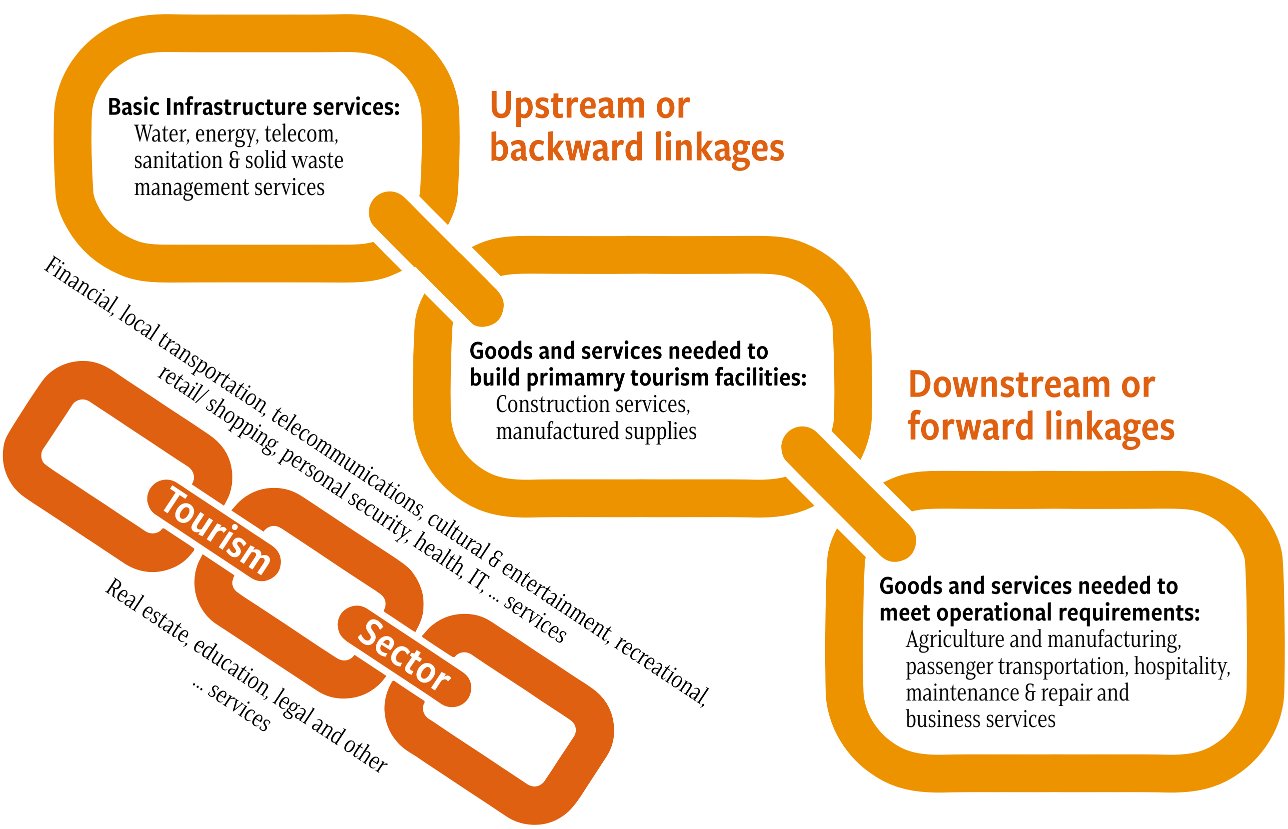
Tourism value chains in Africa

There is now an emphasis on strengthening the tourism industry's value chains across the continent (UNCTAD, 2018; Njoya and Nikitas, 2019). Effective participation in global value chains (GVCs), however, requires domestic and regional value chains (RVCs), both of which are weak and contribute close to zero value added (Ahmad and Primi, 2017; Dollar and Kidder, 2017). There are several reasons for this. Institutions are weak, there is a lack of property rights, innovation is low, there is a dearth of human capital, environments are unsupportive, and there are credit accessibility issues, as well as logistical inefficiencies coupled with poor infrastructure (Dollar and Kidder, 2017). The factors hindering RVCs include the rigidity of African borders, similarity in tradeable commodities, multiplicity in REC membership and informality and the underdeveloped nature of economies (Ahmad and Primi, 2017; Dollar and Kidder, 2017). Weak RVCs can be addressed by the full implementation of the AfCFTA, given that there is a correlation between the level of intra-regional trade and the depth of RVCs—the higher the level of trade, the deeper the RVCs (UNCTAD, 2019).

Tourism value chains can be best understood as the sum of all activities involved in the production of the tourism product and its final consumption by the tourist, combining both the supply (backward linkages) and demand (forward linkages) (FIGURE 7.9). As with the other sectors, the participation of African member states in the tourism GVCs is comparatively low. But the more heavily tourism-reliant economies, which also tend to be natural resource–poor—such as Cabo Verde, Gambia, Mauritius, Seychelles and São Tomé and Príncipe—tend to have higher linkages in the GVCs as a result of their heavy dependence on high value-added import inputs (Dollar and Kidder, 2017). This is attributable to their weak domestic capacities and almost non-existent RVCs, which are weak because the tourism sector dominated by foreign-owned enterprises—airlines, tour operators, travel agencies and hotel chains—and because of a heavy dependence on imports (UNCTAD, 2017).

The lack of RVCs, coupled with weak domestic capacities, results in considerable leakages of tourism revenue across the continent.

FIGURE 7.9 TOURISM VALUE CHAINS



Source: UNCTAD, 2007.

The EAC has the highest foreign-based expenditure (expenditures incurred outside the region) as a percentage share of total tourism revenues in the world, with Kenyan service providers capturing 45–50 per cent of the GVC (Daly and Gereffi, 2018; Murray and Wolf, 2017). A study on the sources of leakages in the tourism sector in Zanzibar revealed that only 16 per cent of resort requirements were locally sourced. Up to 70 per cent of agricultural inputs were imported in Botswana for use in the tourism sector, and weak agricultural linkages with the hotel sector have also been noted in Senegal (Andersen, 2013; Njoya and Nikitas, 2019; UNCTAD, 2018). For Gambian tourism value chains, 60 per cent of the value does not get to the country, since most value gets taken up by airlines and multinational corporations (MNCs) (UNWTO, 2013). This situation is not much better for the more developed African destinations, where there is still a heavy reliance on imports. Compared with Indonesia and Thailand—each with approximately 10 per cent of foreign value added in final demand by hotels and restaurants—South Africa's foreign value added share of 45 per cent signifies a heavy reliance on imports in the GVCs, which mainly come from OECD countries (UNCTAD, 2017).

Under the General Agreement on Trade in Services (GATS), the tourism and travel sectors received the most commitments by developing countries and by 93 per cent of the least developed countries (LDCs) (Honeck, 2012; UNWTO, 2013). This has encouraged the prevalence of large MNCs in Africa, which have exacerbated the leakage of tourism revenue. Given that all member states are developing countries and the majority are LDCs, the continent is open to the world, which has resulted in Africa seeing a significant growth in branded global chain hotels and in routes flown by large global airlines. This is a positive step towards attracting much-needed FDI and enhancing destination competitiveness. But weak domestic and regional capacities mean that minimal benefits will accrue because of the leakages of tourism revenue. RVCs and domestic capacities need to be strengthened to better participate in the GVCs and to take advantage of opportunities that exist for local goods (such as agricultural inputs) and services (developing local skills and knowledge to minimize a reliance on international expatriate labour). This requires strengthening sectoral linkages at the national and regional levels (to ensure consistent supply both in quality and quantity), embracing ICT to get closer to markets and fully committing to regional and continental initiatives such as AfCFTA, SAATM and the Free Movement Protocol.

A differentiated approach is required, given that member states are at different levels of tourism development across the continent. For emerging destinations, the goal would be to gain access and integration into RVCs and GVCs by establishing a conducive investment environment and enhancing the capacity of local suppliers through knowledge transfer partnerships with global enterprises. For more mature destinations with access to RVCs and GVCs, the emphasis should be on value capture to ensure that benefits accrue across the value chains. This could be achieved across the tourism value chain by using the following approaches (Ahmad and Primi, 2017):

- Process upgrading—enhancing production efficiency through using the same level of inputs for more production or using less inputs for the same or higher levels of production.
- Product upgrading—enhancing product quality to create more demand.
- Functional upgrading—enhancing capacity to move higher up the value chain where rewards are larger.
- Channel upgrading—entering into a higher value-added hierarchy of the value chain at national, regional or global levels.

Information and communications technology adoption and its impacts on intra-Africa tourism

ICT has taken an important part in driving tourism growth. A study on the correlation between ICT and tourism in Africa, conducted between 1996 and 2016, revealed that the increased use of ICT also resulted in an increase in tourist arrivals (Adeola and Evans, 2020). For instance, global distribution systems (GDS) have linked tourists through intermediaries—such as travel agents and tour operators—to services provided by suppliers—such as airlines, accommodation providers, car hire agencies and tourist activity providers. More recently there has been a proliferation of web-based intermediaries—working on the basis of transaction fees and commissions, though still reliant on GDS—offering services directly to the consumer. These intermediaries, also referred to as online travel agencies (OTAs), are used by 51 per cent of travellers globally. They include companies such as booking.com, Expedia, hotel.com and AirBnB (Jelski, 2019).

The proliferation of OTAs, growing social media subscriptions, the heavy investment in ICT infrastructure and the resultant deep internet penetration and smart phone adoption all present opportunities for intra-Africa tourism. The OTAs, though still largely MNCs, have provided an opportunity for small and medium-sized enterprises (SMEs) to take their products to the market. With over 300 million middle class Africans able to consume tourism products, the continent harbours an untapped market for OTA suppliers to access (AfDB, 2018). There has been a rapid growth in the use of OTAs and there is concern from traditional suppliers, for example, in the accommodation and transport sectors (taxis), that OTAs are disrupting their businesses. The opening of these fields to so many players has resulted in growing competition and brought about better price competitiveness and service delivery. But it has also brought about regulatory challenges (Dahir and Chutel, 2019). Although OTAs involve some costs, increased social media subscriptions have provided opportunities for African tourism suppliers to tap into the African market, which has seen a rapid rise in domestic and regional tourism (WTTC, 2020).

LESSONS FROM THE EUROPEAN UNION IN BEST PRACTICES TO FACILITATING INTRA-REGIONAL TOURISM DEVELOPMENT

The European Union (EU) best exemplifies how intra-regional tourism can be developed (UNWTO, 2018). The tourism industry accounts for over 10 per cent of the EU's GDP and 10 per cent of all enterprises, which generate 11 per cent of total employment (EU, 2020a). The industry is also a major employer of youth (37 per cent) and women (59 per cent) (EU, 2019).

The 1992 Treaty on European Union recognized the importance of the tourism sector and placed emphasis on the free movement of persons (including the right of abode), goods and service, all critical components for promoting regional tourism (EU, 1992). In furthering this, the 1995 *Green Paper on the Role of the Union in Tourism* defined the part that the European Union Commission (EUC) could play in developing the sector, including harmonizing policies across the bloc (EU, 1995). The Schengen Area—established in 1985 as a part of the EU comprising 26 of the 27 member states—does not have physical internal borders, and flights within the area are regarded as domestic flights. This has reduced the cost of air transport and has played an important role in boosting intra-regional travel (EC, n.d.).

The development of tourism within the EU is guided by a policy that calls for joint planning and development by member states and has a strong emphasis on implementing proposed actions (EU, 2010). EU tourism policy is informed by four priority activities (EU, 2010). These are:

- Stimulate competitiveness in the European tourism sector.
- Promote the development of sustainable, responsible and high-quality tourism.

- Consolidate the image and profile of Europe as a collection of sustainable and high-quality destinations.
- Maximize the potential of EU financial policies and instruments in developing tourism.

The European Union's response to tourism externalities during the Covid-19 pandemic

The Covid-19 pandemic has had a profound impact on EU tourism, with losses estimated at 70 per cent for tour operators and hotels and 90 per cent for the cruise sector (EU, 2020b). To mitigate Covid-19's impact on the tourism industry, the EUC, through the Joint European Roadmap (JER), has provided guidance and support to its member states, facilitating the gradual resumption of services and ensuring that the industry survives (EU, 2020c). The JER is an umbrella framework providing the EUC with a coordination mechanism to combat the impacts of the pandemic (EU, 2020d). SMEs have been the most affected by the pandemic. They are losing business, and a number are facing insolvency. As SMEs employ the bulk of the workforce, the commission has provided €100 billion in an emergency initiative to safeguard jobs and to mitigate unemployment risks. The commission has also put forward €1 billion through the European Investment Fund to unlock €8 billion in loan guarantees for SMEs.

The commission has also been proactive in planning the gradual resumption of tourism services. Guided by the European Centre for Disease Prevention and Control, the EUC has been active in drafting health protocols for the transport and hospitality sectors. The commission has also emphasized the domestic and intra-EU tourist markets as a strategy that will facilitate the speedy recovery of the industry (EU, 2020b).

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ANNEX 7.1

TABLE A7.1 SUMMARY OF MAIN VARIABLES USED IN ANALYSES

VARIABLE	N	MEAN	MIN.	MAX.	DATA SOURCE
Dependent variables					
Average annual travel service export revenue (to world), 2016–18 ($ billions)	47	0.90	0.002	8.57	Calculated from UNWTO (2019a)
Average annual visitors from Africa per 100 population, 2016–18 (African tourism penetration)	41	9.8	0.1	97.2	Calculated from UNWTO (2019a)
Average number of arrivals from Africa, 2016–18 (millions)	41	0.72	0.001	7.61	Calculated from UNWTO (2019a)
Independent variables					
Africa Regional Integration Index (ARII), 2019	54	0.33	0.15	0.63	AfDB, AU and ECA (2020)
ARII 2019: Subindex for Trade Integration	54	0.38	0.11	0.73	AfDB, AU and ECA (2020)
Africa Visa Openness Score (AVOI), 2019	54	0.46	0	1	AfDB (2019)
Travel & Tourism Competitiveness Index score (TTC) (ranging from 1 = worst to 7 = best), 2019	38	3.17	2.5	4	WEF (2019)
TTC Subindex for Enabling Environment	38	3.97	3	5.3	WEF (2019)
TTC Subindex for Travel and Tourism Policy and Enabling Conditions	38	4.02	3	4.6	WEF (2019)
TTC Subindex for Infrastructure	38	2.56	1.8	4.7	WEF (2019)
TTC Subindex for Natural and Cultural Resources	38	2.14	1.4	3.9	WEF (2019)
GDP ($ billions), 2015 (lagged to reduce causality)	52	44.76	0.32	49.46	World Bank Database
GDP per capita ($ thousands), 2015	52	2.46	0.29	14.75	World Bank Database
GDP per capita ($ thousands), 2018	52	2.68	0.27	16.43	World Bank Database
Population (millions)	54	24.79	0.098	206.14	UNDESA
Restricted currency: Controls on payments for invisible transactions and current transfers	54	1 (Mode)	0	1	Adapted from IMF (2019)

ENDNOTES

1 United Nations Economic Commission for Africa (ECA) calculation from United Nations World Tourism Organization (UNWTO) data.

2 According to the ARII report (AfDB, AU and ECA, 2020), the ARII's Free Movement of People dimension and the AVOI measure different things. While both evaluate the openness of countries' visa regimes, ARII also assesses the degree to which African countries have committed to the Protocol to the Treaty Establishing the African Economic Community Relating to Free Movement of Persons, Right of Residence and Right of Establishment. We include both indices in the analysis to parse the specific impact of existing visa regimes on tourism.

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