



Making Tourism Work in Africa: *A strategy for Africa from the FPD team*

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Responsible Tourism Day

Why do we need a strategy for Africa?

- There is market demand and client demand and we need a response
- This is an **opportunity** grow economies and impact poverty directly through jobs and rural development:
 - Tourism has doubled in the past decade, but still only 3.5% of global trade
 - Markets are fragmented: generally not mass tourism, this is good for Africa
 - Growth in “Fair Trade” tourism, community tourism, responsible tourism
 - Assets are outstanding and provide inherent comparative advantages ▶
 - Assets lend themselves to product differentiation and market segmentation
 - Countries are interested to make more of tourism assets; we need to respond
- Challenges** on the supply side need custom sector-specific solutions:
 - Relatively little FDI or innovation in tourism and it's needed ▶
 - 90% of suppliers are SMEs across a range of sectors (constr. retail, ag. Biz, crafts,)
 - Governments are extracting value (taxes and fees) but not reinvesting
 - Governments have a poor understanding of their role in tourism growth
 - Tourism can be and needs to be more inclusive; policy role for govt.
 - Training and skills development need to be tailored to industry needs
- Challenges are capacity, policy, institutional and business climate related – this is a relatively “new” understanding and Africa-specific

An amazing array of unique-to-Africa iconic images



The effect of just one big hotel in Zambia

- A US\$ 17 million investment has provided:
 - An additional 80,000 tourists from 750 beds
 - 450 direct jobs, 280 indirect, and an estimated 2400 livelihoods improved
 - US\$ 12 million in direct tourism receipts to the government per annum
 - US\$ 4 million per annum into the local economy through local purchases



Perspectives today are different...

- Tourism is an established activity in most countries – previous projects were about initiating it (Bali, Cancun, Kenya, DR, Morocco etc.)
- Now have to ask how the “system” is working:
 - What’s the political economy for tourism? Nationally? Sub-nationally? Regionally?
 - Who are the beneficiaries...and what share is each getting?
 - How can tourism link to agriculture...environment...culture...retail?
 - How can it perform better...be more competitive?
 - How can the tourism economy grow...be more sustainable...be shared?
 - Where are the markets and how are they segmented?
 - What’s preventing big investment? What’s attracting it?
- The answers require more rigor and better data, this needs a “new” diagnostic approach leading to “new” solutions



...and the context is different today

- Demand for our work is driven by the PRSP and the CAS; the case for tourism needs to be compelling and set in a broader context; other donors, national/sub-national, rest of the Bank portfolio, sustainable outcomes, AAP, etc.
- We are **not the only game in town**, other options—including PPPs—are available to clients. Advice and projects need to be “on-time” or they lose their relevance.
- Many countries struggling with the transition to private sector driven market economies; **governments are a bigger obstacle than anticipated**, there is mistrust between governments and private sector (both foreign and domestic).
- Tourism is a valid **entry point for tackling domestic reforms**: access to land, access to finance, access to markets, employment regulations, taxation policies, etc...
- Also an option to for **local economic development** through demand for a range of goods and services required by tourists and suppliers to tourists: construction, security, retail, crafts, agriculture, transport, guiding, etc...



These factors necessitate a focus

- ❑ Tourism work is occurring across the Bank in all regions, economic growth, environmental and cultural conservation are the main justifications... **is this enough?**
- ❑ ...in Africa the **imperatives are jobs and income creation**; we have to structure our entry to ensure that the inputs lead to jobs.
- ❑ **Success depends on sector focus**; we have to know how this unique system works to understand where sustainable jobs can be created.
- ❑ **Tourism is multi-sectoral**, requiring cooperation and inputs from a range of government agencies / Bank departments; e.g. Zambia, Ethiopia.
- ❑ **Tourism needs to be anchored in local economies** through innovative and sustainable linkages – this ensures revenue distribution, social inclusion. This is a huge challenge
- ❑ In diagnostics, **the value chain approach is critical**; it tells us where the “fat” and the inefficiencies are – but it needs improvement from the manufacturing model.



Our strategy for tourism in Africa

1. The rationale for entry is to use tourism assets (public goods in many cases) to **create jobs and generate incomes**.
2. Up-front sector **diagnostics** need to deliver:
 - ❑ An in-depth understanding of size, make-up and distribution of direct and indirect tourism revenues;
 - ❑ Accurate assessments of existing supply and demand constraints, ...and growth constraints;
 - ❑ Job opportunities linked to delivery of tourism goods and services;
 - ❑ Training and skills development needs;
 - ❑ Policy improvements that will facilitate growth and lead to more jobs;
 - ❑ A compelling case that has buy-in and commitment from governments (national and sub-national) and shows what ROI can be expected.
3. Build **operational inputs** around creating the environment (demand and supply sides) for growing the tourism economy, building more capabilities in public institutions and creating jobs.
4. Build **results** around the delivery of targeted increases in tourists/ tourism revenue, jobs in targeted beneficiary groups and enhanced relevance of the public sector.

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Ethiopia Sustainable Tourism Development Project

Inputs	Outcomes	Overall Objective
Upgrade and improved presentation of heritage sites	<ul style="list-style-type: none"> • Increased revenues at sites • Jobs created 	Increased earnings and jobs created from tourism
Infrastructure gaps		
Supply chain development		
Information and multi-media marketing collaterals	<ul style="list-style-type: none"> • Market share improved beyond baselines 	
Familiarization trips and road trips	<ul style="list-style-type: none"> • Sustainable management of tourism assets • Increased investment • Better paid jobs 	
Improved policy and regulatory framework		
Training		
Technical assistance		