



Note

Tourism Services: State of Play & Opportunities for East African services' providers

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Summary

This note first presents the state of tourism in the EAC region, to then discussing awareness of rules and programs utilized under the UNFCCC and WTO by EAC partners. It further discusses the effect of climate change on tourism in the region. Finally, the note provides an analysis of the challenges faced by tourism service providers and opportunities as well as needs towards enhancing tourism services in the EAC region.

State of tourism services in EAC region

The tourism sector has been identified as one of the major contributors to the services industry in EAC countries with an estimated contribution of 8.9% of the regional GDP¹. The industry also creates jobs in the services sector of the region, with a projection of 2.3million jobs by 2025.² International tourist arrivals have progressively increased in the EAC, reaching about 4.750.000 people in 2011-2015 as compared to 3.290.000 people in 2005-2008.³

In Kenya, the tourism sector contributes 10 per cent to the Gross Domestic Product (GDP) and employs about 11 per cent of the total workforce in the country, while the number of international visitor arrivals increased by 8.1 per cent in 2017. In Tanzania, the tourism sector contributes close to 18% of the country's GDP and 30% of export earnings. It further accounts for 10.9% of total employment and 9.5% of total investments. Similarly, the Ugandan tourism sector also generated 313 million jobs (9.9% of total employment) both direct and indirectly in 2017 and future projections indicate an increase by the end of 2018. Thus, the tourism industry is undoubtedly one of the fastest growing sectors in EAC, with regional countries such as Rwanda having a projection of \$150 million revenue in the immediate future.⁴ However in Burundi the tourism industry is underdeveloped, with contribution to the national wealth remaining low at 1.3% of GDP and on average 2.1% of total exports.⁵ The tourism sector has thus contributed to the growth of the EAC member countries with enhanced potentials to be further explored by these countries.

Awareness of WTO and UNFCCC rules able to enhance services' tourism in EAC

Although the tourism sector is not a negotiating issue per se at the UNFCCC, there is still a lot of discussions held at international level. For example, the year 2017 was dedicated as the International Year of Sustainable Tourism for development by the United Nations. It is therefore important for EAC regional governments to employ WTO and or UNFCCC rules/programs including national initiatives and Special & differential treatments in the services sector at the WTO particularly for Least Developed Countries, towards enhancing services/tourism in the EAC. Again such programs further include submission of Intended Nationally Determined Contribution (INDC) to the United Nations Framework Convention on Climate Change (UNFCCC) and the implementation of the East African Classification System in fulfilment of the EAC Partner States' aspirations to harmonizing the quality standards of tourism facilities in the region.

Based on consultations with government representatives including tourism, environment, trade and other relevant ministries, as well as research institutions in the EAC region to ascertain their awareness of such rules/programs that enhance tourism in their respective countries, it was demonstrated that some government officials were not aware of specific WTO and/or UNFCCC rules that enhance services tourism in the region. However, they believed that the states recognize the threats posed by climate change on tourism and has in some cases acted to address them. In this regard, the Kenyan government developed the National Climate Change Response Strategy in 2010 and the National Climate Change Action Plan (NCCAP 2013-2017) in 2012. Like in Kenya, there is

limited knowledge and awareness of both public and private sector officials on WTO and or UNFCCC rules/programs that enhance the tourism sector in other EAC countries. This limited awareness raises concerns of how multilateral rules in the WTO/UNFCCC translate to actions in some of these countries.

Nonetheless, some governmental stakeholders seem fairly aware of WTO and UNFCCC rules/programs that have been implemented to enhance the tourism sector. For example, Mr. John Ssempebwa from Uganda highlighted his awareness of programs such as the “*Uganda Green Growth Development Strategy*” (UGGDS), launched by the government of Uganda. As a signatory to the UNFCCC, the strategy describes how the country can promote the use of natural resources in a sustainable manner to achieve economic growth, and development, while at the same time combating climate change in the effort to mainstream climate change in its developmental framework. In Tanzania, there seems to be an engagement concerning general WTO and/or UNFCCC rules, as it was affirmed that the country is ensuring it adhere to its commitments through transparency and benefitting from Special and Differential treatments under the GATS for instance.

Challenges faced by tourism services providers in their provision of services to foreign tourist

Despite the significant contribution of the tourism sector in the EAC, there are still some challenges in terms of providing tourism services that inhibit the good functioning of the tourism value chains of the partner countries. Challenges include lack of skilled personnel,

outdated/absence of infrastructures and amenities.

Inadequate Infrastructure

Infrastructure is key to the tourism sector, however the region suffers from a deficit to adequately support the tourism sector. In Tanzania there is limited number of quality accommodation available for tourist. The issue of inadequate infrastructure is no different in Kenya, where similar challenges are faced within the country’s tourism industry. Poor road networks continue to make some areas in these countries inaccessible making it challenging to deliver services to tourist as they are in some cases unable to reach some parts of the countries. In Burundi, private stakeholders involved in tourism value chain have deplored: (i) the lack of restaurants, refreshment bars on most of sites, (ii) the poor condition of some roads including the roads linking Bujumbura the capital and the tourist sites of Rumonge and Nyanza lake, (iii) the absence and / or lack of maintenance of sanitary facilities, (iv) insufficient camping-lodges in parks and nature reserves.

Limited Skilled Human Resources.

In Rwanda and Uganda, service providers are constrained by insufficient skilled human capacity in the tourism industry. Human resource to take care of game parks and provide needed services to foreign tourists, e.g. Tour guides and related personnel; who support the sector are inadequate. Coupled with the above challenge is language barrier. **Language barrier** in these countries inhibits effective communication between tourist and tour guides making it quite challenging in providing tourism services to foreigners. In Burundi, it was made clear that most of actors providing tourism services were not equipped to provide services up to international standards, because of this lack of knowledge and skills on marketing, language, etc.

Inadequate Technological/ICT Resources

Recently Technological challenges such as the high cost of some services including internet charges are a major constraint to service provision by providers. For example, according to Ms. Zaina Namale a travel agent in Uganda, *'there are many good quality hotels that charge for internet service. In many cases the hotel's in room phone service is outrageously expensive even for local calls which turns a vacation into a night mare hence making tourism service provision difficult'*. In Tanzania and other partner countries, poor internet connectivity remains a challenge in the tourism industry. This makes it difficult for tourist to stay in touch with their families back home or to have access to online information.

Safety and Security

The safety and Security of both the hosts and visitors are pre-requisites to a growth of sustainable tourism sector. Hotels and restaurants are highly vulnerable to insecurity especially through imminent terror attacks in some parts of the region. Due to insecurity, some parts of Kenya are still red zones for international travelers. This situation has been escalated by negative media highlights and travel advisories, posing challenges to tourism industry in general.

Impacts of Climate change in tourism services

The tourism sector is a highly climate-sensitive sector because climate change affects a wide range of environmental resources that are critical attractions for tourists, such as wildlife, biodiversity, and water. Climate change can destabilize ecosystems, cause shift in tourist

destinations, death and migration of wildlife species, flooding of tourism sites and significant increase in cost of running tourism services in different areas. These challenges make tourism time table ineffective by adversely affecting time for sightseeing and fixed dates for cultural events.

In Uganda, drought resulting from climate change affects productivity in both animals and plants. Consequently, starvation of wildlife species and people lead to malnutrition and low resistance to diseases. These loss of biodiversity makes the country less attractive. According to Mr. Geoffrey Baryesiima a warden at Queen Elizabeth National park in Uganda, *"Starvation and hunger have led to increased poaching of wildlife species and constant encroachment of rural inhabitants on parkland for survival which has contributed to increase in conflicts between communities and tourism management, thus hampering tourism as tourists do not patronize crisis-prone destinations."*

Rwanda's tourism sector is not exempted from climate change impacts. According to Francois Munyentwari, the country Director of ACORD Rwanda, climate change's effects on tourism are more linked to weather patterns that make it difficult to reach the country's game parks. He stated that *"I believe we need to deeply look at some climate-induced challenges facing Rwanda, especially the variation in weather patterns and natural disasters, such as flash flooding, heavy rains with strong winds and thunder lightnings, landslides and erosion , which are turning roads into streams and damaging the infrastructure, hence affecting the accessibility of touristic sites and game parks"*.

In Kenya some of the concrete impacts of climate change on tourism services bear similarities to the challenges facing other regional states. In early 2018, the main highway to the Masai Mara National Reserve, one of the most popular tourism destinations in Kenya, was closed for three days due to flooding and earth movement

damage. Around the same period, Mombasa, a major tourist destination city, experienced flooding; coastal inundation and erosion damage coastal infrastructure and ecosystems, which impacts negatively on tourist establishments situated close to the coast; gradual changes in temperature and precipitation prompting species to migrate to more favourable habitats can negatively impact certain locations for wildlife-based tourism; effects of changing environmental conditions such as infectious disease, wildfires, and insect or water borne pests (jellyfish, algae blooms) caused by climate change can deter tourists; the Kenya Wildlife Service (KWS) studies reported that droughts are pushing lions closer to waterholes adjacent to human settlements, fuelling human-wildlife conflict; increases in average annual temperature are likely to severely compromise or eliminate certain ecologically sensitive tourist destinations, such as the snow caps of Mount Kenya, sensitive marine ecosystems, and coastal rainforests. Bleaching of Kenya's coral reefs has also been observed.

Also, in Tanzania, increased water abstraction for rice irrigation upstream Katuma River system has already contributed significantly to water shortage for wild animals in Katavi National Park. A similar experience is also reported for the Great Ruaha River ecosystem⁶. Again in 2009, it was envisaged that melting of ice on Mountain Kilimanjaro; sea level rise; submerging small islands and destruction of coastal investments and infrastructures (for example, hotels and recreation facilities), beaches, as well as coral reef bleaching would continue to impact negatively on the tourism sector by changing the scenic view of the natural environment⁷.

Opportunities to enhance tourism services

The tourism sector has been portrayed as having so much potential in boosting the economic development of the EAC partner countries

through revenues and job creation. With this in mind, there is the need for identifying potential opportunities that can be explored towards enhancing tourism services in the EAC. Some of these opportunities are discussed below.

The 'Destination East Africa Initiative'

The destination East Africa initiatives provides a promising opportunity for the member states in tourism services. This initiative seeks to present EAC as a single destination with the aim of boosting tourism in the member states. Partner countries including Tanzania and Rwanda are taking advantage of this initiative to promote their tourism sectors. Strategies utilized under this initiative includes joint marketing and promotional efforts. The initiative further seeks to encourage intra-regional tourism by offering incentives for members from the EAC. This provides opportunities to member states to understand the wealth they have and foster proper utilization of the available opportunities in the sector. This initiative views the tourism sector as one of the most important sectors for sustainable development. Again, through this initiative the member states hope to increase international visiting arrivals and strengthen economic ties in the region. According to Mr. Edwin Sabuhoro, the founder and Managing Director of Rwanda Eco Tours Ltd, his company is already utilizing the EAC integration agenda to grow his business. In emphasizing his point, he said that; *"Our Company is taking advantage of the EAC Common Market and specifically the 'Destination East Africa Initiative' to explore opportunities beyond Rwanda's borders and has opened a branch in Uganda. Currently, our company's operations in Uganda are very smooth because there are no specific barriers for Rwandese operators who are facilitated in all possible ways, including admission in the local associations of tour operators."* This initiative therefore presents an opportunity for EAC partner countries to enhance their tourism sectors.

In Burundi, many stakeholders indicated that this initiative might also help attracting tourists who come from other EAC countries and therefore capitalizing on regional tourism and develop diversity of tourist heritage through proximity effects.

Domestic Initiatives

In addition to a regional level plan, some partner countries in the EAC have established domestic initiatives towards boosting the tourism sector in their countries.

The “*Tembera u Rwanda*” Campaign is another such opportunity with potential to enhance and grow tourism in Rwanda. Exploring Rwanda’s diverse tourism offerings by Rwandans is what the *Tembera u Rwanda* campaign is all about. *Tembera u Rwanda* simply means “explore Rwanda.” It is also the hash tag for the domestic tourism campaign launched late 2016 by the Rwanda Development Board (RDB), the sector regulator. This domestic tourism campaign was launched in September 2016 in Huye District in the Southern Province. According RDB, “*the aim of the campaign, was to increase awareness amongst Rwandans about attractions and also encourage them to travel within the country with the ultimate goal being instilling a traveling culture amongst Rwandans.*”

In Kenya, the government has also recently embarked on such strategies to promote domestic tourism in the country with the aim of mitigating the challenge of seasonality in the sector. To this end, concerted efforts, for example, the #*TembeaKenya* campaign spearheaded by the Kenya Tourism Board (KTB) have so far yielded positive outcomes by keeping the industry alive even during international off-peak periods⁸. Additionally, such government initiatives are strengthened by Kenya’s growing middle class which has increased demand for leisure, accommodation and travel services.

Meetings, Incentives, Conferences and Exhibitions (MICE) Destination

MICE destinations are an opportunity for enhancing tourism services in the EAC. Some of the partner countries including Kenya, Rwanda and Tanzania, are already hosting such international events and this serves as an avenue to enhance the tourism sector.

For example, to deal with continental competition, Kenya has adopted strategies to market itself as a preferred destination for MICE programs. Various high-profile international conferences and forums have been held in Kenya over the recent past. These include United Nations Conference for Trade and Development (UNCTAD), the Tokyo International Conference on African Development (TICAD-VI), Africa, Caribbean, and the Pacific Parliamentary Assemblies meeting, as well as the African Green Revolution Forum (AGRF).

Also, in 2012 Uganda was ranked the 8th Meetings, Incentives, Conferences and Exhibitions (MICE) destination in Africa competing for the same position with Johannesburg and Mombasa to hold high level MICE. The MICE market is seen as the segment for future growth and its inter-linkages with culture and the bonding effect cannot be under estimated. The region can therefore continue to explore this opportunity to boost their tourism services.

Needs to benefit from such opportunities

Although there are opportunities to enhance tourism in the EAC, there are challenges that have to be addressed in order for partner countries to benefit from such opportunities.

Technological Advancements

In the past, marketing of the tourism sector was

mostly done through exhibitions and expos in targeted countries. Although this strategy was effective in attracting tourists to the country, logistically, it was prohibitive. However, in contemporary times, the unprecedented rise in the use of technology, social media and e-commerce platforms has had significant impact on how consumers interact with hospitality providers and purchase holiday packages. Advances in ICT has increased the ease and reduced the cost of doing business. Hence as a result of these advancements including enhanced internet connectivity, partner countries can be more efficient in providing tourism services.

Improved Infrastructure

Poor infrastructure has always been a challenge faced by tourism service providers in the EAC. Improving infrastructure such as good roads and accommodation facilities as well as amenities including electricity and clean water will go a long way to help these countries benefit from opportunities available. For example, Kenya is currently making significant infrastructural investments particularly in its transport systems denoted by increased budgetary allocations for construction of roads, standard gauge railway (SGR) and port facilities. These initiatives will boost the tourism by opening up destinations which were previously inaccessible.⁹ Other partners including Rwanda and Tanzania will also benefit from benchmarking such initiatives

considering infrastructure is one of the major challenges in their tourism sectors.

Well trained and skilled labor force

Limited qualified professionals in the tourism industry inhibit the progress of the sector in the EAC particularly Tanzania and Rwanda. Some professionals in the tourism sector are challenged with hospitality management skills as well as languages barrier which are essential in providing services to tourist. Tour guides for example need to receive language training in order to communicate effectively with the tourist. Workers in hotels need to be abreast with customer relations so as to make their guest feel comfortable during their stay in these countries, that way they can relax and explore tourist sites without worrying about their wellbeing in terms of accommodation etc. Therefore, efforts at investing in training programs for workers in the sector is crucial for the member countries to explore opportunities that will enhance the sector.

Finally, to enhance tourism in the EAC, there must be concerted efforts to address the following: enhancing security and political stability; improving collaboration among stakeholders; increasing private sector investment among others. These opportunities when enhanced seeks to catapult the development of the tourism sector in the EAC.

Endnotes

¹ East African Community (2015). Vision 2050. Regional Vision for Socio-Economic Transformation and Development. Arusha, Tanzania. Retrieved from: http://www.africa-platform.org/sites/default/files/resources/eac_vision_2050_february_2016.pdf 9/07/2018. Page 88

² Ibid. page 88/89

³ UNCTAD (2017). Economic Development in Africa Report 2017. Tourism for Transformative and Inclusive Growth. United Nations publication. New York and Geneva. Retrieved from: http://unctad.org/en/PublicationsLibrary/aldcafrica2017_en.pdf 6/07/2017

⁴ Ibid. Pg. 164.

⁵ Données de la Banque mondiale sur jusqu'en 2015

⁶ National Climate Change Strategy (2012)

⁷ Mushi, R. S (2009): Climate Change and its Impact on Coastal Tourism, A case of Bagamoro District. Msc Dissertation, University of Dar es Salaam

⁸ Interview with Rosemary Mugambi: Regional Sales and Marketing Director, Serena Hotels EA

⁹ Interview with Cyros Onyiego: Country manager, Skyward Express



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