

TOURISM AND DEVELOPMENT

Agendas for action



October 2007

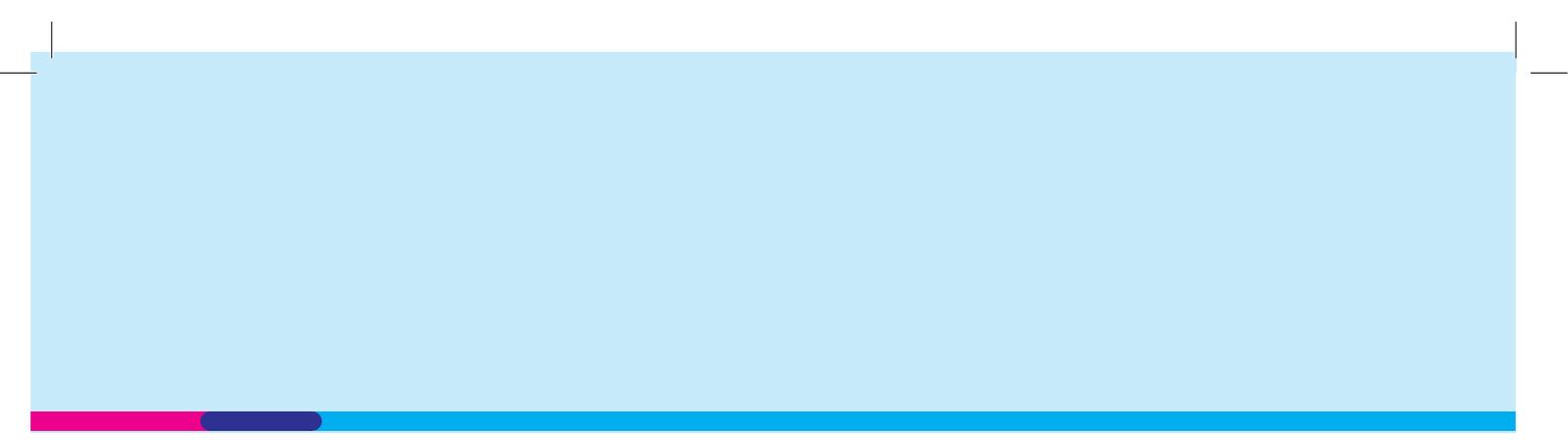
SNV

Connecting People's Capacities

TOURISM AND DEVELOPMENT

Agendas for action

October 2007



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Abbreviations and Acronyms

ATA	Aid to Artisans
ATTO	Association of Tanzania Tour Operators
AWF	African Wildlife Foundation
CAPMER	Centre for the Support to Small and Medium-sized Enterprises in Rwanda
CBNRMA	Community Based Natural resources Management Areas
CBNRM	Community Based Natural Resources Management
CBT	Community Based Tourism
CBTIs	Community Based Tourism initiatives
CBV	Community Business Ventures
CISP	Community Initiatives Support Projects
CPI	Investment Promotion Institute
CSR	Corporate Social Responsibility
CT	Cultural Tourism
CTDLT	Catering and Tourism Development Levy Trust
CTI	Chamber of Tanzania Industries
CTP	Cultural Tourism Programme
DINATUR	National Directorate for Tourism
DNAC	National Directorate for Conservation Areas Designated for Tourism
EDPRS	Economic Development and Poverty Reduction Strategy
EIA	Environnemental Impact Assermenté
ETP	Ethiopian Tourism Paradigm
EU	European Union
FPP	Forest People's Project
FRSP	Fédération Rwandaise du Secteur Privé
FUTUR	National Tourism Fund
GDP	Gross Domestic Product
GOK	Government of Kenya
GoM	Government of Mozambique
GoR	Government of Rwanda
GTZ	German Technical Assistance Cooperation
HANDICO	National Handicrafts Company
HAT	Hotel Association of Tanzania
HDI	United Nations Human Development Index
IFAD	International Fund for Agricultural Development
IGCP	International Gorrilla Conservation Programme
INE	Instituto Nacional de Estadísticas
IPEX	Instituto para a exportação
JICA	Japan International Cooperation Agency
KTB	Kenya Tourist Board
KTDC	Kenya Tourism Development Corporation
KIST	Kigali Institute of Science and Technology
KWS	Kenya Wildlife Service
MBOMIPA	Association of seven villages in sustainable conservation
ME	Micro Enterprise
MINECOFIN	Rwanda Ministry of Finance and Economic Planning
MINICOM	Rwanda Ministry of Commerce, Industry, Investment Promotion, Tourism and Cooperatives
MITUR	Mozambique Ministry of Tourism
MKUKUTA	Mpango wa Kukuza Uchumi na Kupunguza Umaskini
MNRT	Ministry of Natural Resources and Tourism
MSE	Micro & Small Enterprises
NARC	National Alliance Rainbow Coalition

NCAA	Ngorongoro Conservation Area Authority
NEPAD	New Partnership for African Development
NGO	Non-governmental organizations
NSGRP	National Strategy for Growth and Reduction of Poverty
NTDP	National Tourism Development Programme
ODI	Overseas Development Institute
ORTPN	Office Rwandais du Tourisme et des Parcs Nationaux
OTF	On The Frontier
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PNV	Parc National des Volcans (Rwanda)
PPT	Pro-poor tourism
PRSP	Poverty Reduction Strategy paper
REMA	Rwanda Environmental Management Authority
RIEPA	Rwanda Investment and Export Promotion Agency
SE	Small Enterprise
SMEs	Small and micro enterprises
SNNPR	Southern Nation, Nationalities and the Peoples' Region
SNV	Netherlands Development Organization
SPDTM	Strategic Plan for the Development of Tourism in Mozambique (2004-2013)
SPPT	Sustainable Pro poor Tourism
SPRP	Government's Action Plan for the Reduction of Absolute Poverty
ST-EP	Sustainable Tourism-Eliminating Poverty
TANAPA	Tanzania National Parks Authority
TATO	Tanzania Association of Tour Operators
TCCIA	Tanzania Chamber of Commerce Industry and Agriculture
TFCA	Transfrontier Conservation Areas
TIC	Tanzania Investment Centre
TNBC	Tanzania National Business Council
TO	Tour Operator
TPHC	Tourism, Parks and Hotels Commission
TWG	Tourism Working Group
UGC	Uniao geral das Cooperativas
UNDP	United Nations Development Programme
UNWTO	United Nations World Tourism organization
USAID	United States Agency for International Development
VAT	value added tax
WMA	Wildlife Management Area
WTTC	World Travel & Tourism Council
WWF	World Wildlife Fund for Nature

Foreword

The initiative to present a series of country documents on the state of Sustainable and Pro Poor Tourism in Africa was brought forward during an international workshop in Rwanda at the end of 2006. At this workshop SNV advisors, hotel and tour operators, government staff and representatives of NGOs and international donors exchanged their views on “How Governments can Boost Local Economic Development through Tourism”. On the one hand it was apparent that tourism offers an enormous potential for the creation of jobs and income for the poor and therefore constitutes an important instrument in poverty reduction strategies. On the other hand it became clear how little we still know about the effects and impact of current government actions to link tourism with local economies. The SNV advisors in Rwanda, Ethiopia, Kenya, Tanzania and Mozambique therefore decided to carry out more in-depth research on the present and potential role of tourism related to national development goals.

The resulting five country studies are complete. They offer a wealth of information about the state of affairs. At the same time they show that there is a great need for more specific and quantitative information on income and employment derived from tourism, as well as on the links between tourism and other sectors such as education, rural infrastructure, agriculture, business and enterprise development and conservation of natural resources.

The country studies are useful in many aspects. They focus on what governments have been doing and where they can improve in terms of:

- increasing tourism arrivals
- increasing out-of-pocket spending by tourists
- increasing the share of tourism income to local and poor economies.

The country studies also provide a basis for priority setting. In promoting SPPT there are many issues and challenges which probably cannot be tackled at the same time. Some are easier to deal with than others. In that sense they are a source of learning for SPPT practitioners and facilitate the exchange of experiences and best practices. They also demonstrate that there still exist many capacity gaps that hamper the development of SPPT and which will need to be addressed in the years to come. I am sure that in the writing process many ideas were generated on how SNV can provide capacity development services for making tourism in Africa a sustainable and pro-poor business.

This work has been made possible with the valuable input and support of ODI and especially of Caroline Ashley, who helped in the research and writing process. Without her enthusiasm, her constructive criticism and above all her inspirational mind, these country papers would not have been produced. Thank you very much, Caroline.

And finally of course, I would like to express my appreciation for the perseverance of my colleagues in SNV, who authored the papers: Dominique Verdugo (Rwanda), Abdurahiman Kuba (Ethiopia), James Weru (Kenya), Mtui Elibariki (Tanzania) and Luis Sarmento (Mozambique). A special word of thanks goes to Dominique who alongside preparing the paper on Rwanda also coordinated the work of the others and made sure that this writing project was brought to a good end.

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July 2007

Introduction

Caroline Ashley, Overseas Development Institute

Why focus on government action to boost the local economic impacts of tourism?

The reports in this volume assess how governments in Eastern and Southern Africa can enhance the local economic impacts of tourism. There are at least five good reasons why this is an ideal time to review what governments can do in this field.

The first is simply the growth of tourism in developing countries, including many African countries. International tourism receipts doubled in sub-Saharan Africa in the decade from 1994, and continued growth is projected. Africa has a larger share of world tourism than of global exports¹. Thus it is easy to see why tourism is increasingly seen as a priority sector in many African countries.

Secondly, governments are not only searching for growth but for 'pro poor growth'. The fact we are half way through the period between the declaration of the Millennium Development Goals, and 2015 when poverty is supposed to be halved, is concentrating minds on the key challenge of lifting households out of poverty and ensuring benefits of growth are 'shared'. This turns attention to tourism, because tourism offers considerable potential for involving the poor. Yet at the same time, wealth of pro-poor benefits does not flow automatically. In some destinations and contexts, the poor benefit considerably from tourism, but in others they do not. Thus capturing pro-poor benefits from tourism requires policy attention.

Thirdly, creating opportunities for the poor in tourism can best be done when the sector is still growing and is fluid. Right now, tourism is expanding and many governments have ambitious growth targets, as shown in the reports below. As new products, skills, supply chains and marketing

images are being developed, mechanisms that open opportunities for the poor can be developed simultaneously. Once hotels already have their preferred suppliers, investors have already secured the prime lodge sites, and tourists have fixed expectations of what products to expect, it can be harder to leverage new options for the poor.

Fourthly as the reports here show, a number of governments already have clear policy commitments to boosting the poverty impacts of tourism. What they tend to lack is specific detail on how to make that happen. The analysis here therefore aims to help them translate the policy commitments into practice by providing detail on potential actions. Of course we recognise that government is just one player, and others also need to adapt their practice to boost benefits to the poor,² but governments need specific tailored advice.

Finally, it is high time for greater synergy between development thinking and tourism management, and there is great potential for this in the field of pro-poor tourism. In tourism, there is growing recognition of the need to plan at the level of the destination, not just the nation. This is the ideal level at which to address the search for motors of 'local economic development' and for 'anchors' that can generate a wide range of linkages in the local economy. In development debates, there is also discussion of how to ensure the private sector plays its corporate role in poverty alleviation. This requires highly practical application in tourism, where the challenge for governments is how to create a set of commercial incentives that make it in the interest of tourism operators to strengthen their local linkages, while running a sophisticated commercial business.

¹ While Africa only has 4% of global international arrivals, and 3.7% of global receipts, this in fact represents a success, given that Africa's share of all global exports is just 2% (World Bank 2005).

² There are other guidelines and reports written specifically for the private sector. For example, in South Africa (http://www.odi.org.uk/tourism/PROJECTS/05_toolsandtips.html) in the Caribbean (http://www.odi.org.uk/tourism/RESOURCES/toolkits/0604_caribbeanguidelines_english.pdf).

All these ingredients make it an ideal time to assess what governments are already doing to enhance local economic benefits of tourism, and what further pro poor tourism (PPT) strategies they could adopt³. The case studies presented here do exactly that for five Eastern and Southern African countries: Ethiopia, Kenya, Mozambique, Rwanda, and Tanzania.

Five case study countries

The five reports included here were prepared by SNV advisors in East and Southern African countries. Each is based on action research done in preparation for a workshop, held in Kigali, Rwanda in October 2006, on the topic of government incentives for enhancing the local economic impacts of tourism. SNV's tourism advisors, representatives of partner and client organizations attended the workshop.

The aim of the reports is to gain a snapshot of the current situation in each country, in relation to governments implementation of PPT measures, and to feed ideas into further discussion with partners and tourism stakeholders.

The countries represent a diverse range of tourism experience. The table below shows, at one end of the spectrum, Kenya and Tanzania are among the most well-established safari and coastal destinations in Africa. While Mozambique comes close to Tanzania in arrivals, its tourism sector serving internationals (non southern Africans) is still more embryonic, as is the tourism private sector. At the other end of the scale, Ethiopia and Rwanda are trying to establish themselves on the tourism map, while playing tribute to their distinctive cultural, natural or historical assets.

Tourism data for the case study countries, 2004

Country	International tourist arrivals (thousands)	International tourism receipts (US\$ mn)	HDI index ranking (out of 184 countries)
Kenya	1,199	495	151
Tanzania	566	621	162
Mozambique	470	95	168
Ethiopia	210	73	170
Rwanda	26	no data	158

Sources:

Tourism data: Market Trends, 2005 except Rwanda, for which data are from government (ORTPN) statistics and are for 2005.

HDI ranking: Human Development Report 2006 (UNDP 2006)

Benefits to The Poor from Tourism and Areas to Consider for Government Action

There are many different ways in which poor people are affected by tourism. Ways to expand any or all of these need to be considered. The broad types of impact come from:

- Direct economic participation by the poor in the tourism-economy: as a worker, vendor, or, micro-entrepreneur. This large category includes unskilled hotel and restaurant workers, self-employed guides, artisans, street vendors, and transport operators.
- Economic participation by the poor in sectors that supply tourism, such as agriculture.
- Other financial flows to poor people, such as shares of revenue from parks, donations from tourists, or community earnings from joint ventures.
- Non-financial gains (or costs) to poor people, including physical, infrastructural and cultural change and opportunities to participate in decisions.

³ The focus in this report is on ways to boost the local economic impacts of tourism, and hence boost benefits to poor people living in the tourism destination. The term 'pro poor tourism' refers to any measure that boosts the net benefits of tourism to the poor. Thus the two terms – local economic impacts and PPT – are used fairly interchangeably in this volume.

- Dynamic effects resulting from the stimulus that tourism can provide to local economic development or national growth. As technical skills, markets, communication links, or policy-makers attention increase, so new ways for poor people to enhance their livelihood can emerge over time.

A great many factors determine the size, type and distribution of these impacts on the poor. These range from, for example, the total size of the tourism sector and its domestic supply chain; whether poor people have skills, resources and market access to cater to the needs of the tourists industry; expenditure and activity patterns of tourists; procurement practice of the tourism sector; and commercial incentives facing operators. The reports do not assess every determinant of benefits to the poor in the case study countries (and indeed it is clear that there is a lack of information on the scale and determinants of benefits to the poor), but they focus on this central question:

How can the benefits to the poor, and the factors that shape those benefits, be influenced by government?

It must be recognised at the start, that tourism is a commercial industry, and not everything can be influenced by government. Nevertheless, there is a great deal that governments can do to set the context in which tourism develops and expands.

So what action can governments take? There is no easy way to summarise the diverse range of possible interventions. They can be categorised as interventions at micro, meso and macro level. Or they can be divided into actions within the tourism sector and actions beyond the sector. Or grouped by interventions with poor producers, with big business, and tourists themselves. Some actions are policy and regulatory issues, some involve direct intervention such as building infrastructure or funding local initiatives.

Understanding of what measures are effective is evolving rapidly, but evidence to date suggests that a pro-poor approach needs a shift beyond the conventional priorities of government, which

are boosting tourism arrivals. Arrivals are indeed needed, but so is a balance and integration of three strategies:

1. More tourists
2. Increased spending per type of tourist, particularly out-of-pocket spending, driven by quality and diversity of products
3. A higher proportion of tourism spending reaching the poor.

The interventions considered here focus particularly on the latter point, although they *must not be divorced from broader tourism development*. They should be operationally feasible, commercially sensible, and should be integrated into mainstream tourism development not left in a ghetto or up to the responsibilities of a part-time 'community tourism officer'. In most African countries, expansion of the overall sector is understandably the top priority. Certainly in emerging destinations like Rwanda and Ethiopia, boosting arrivals is a necessity for boosting benefits to all players, including the poor. However, that said, the Mozambique study makes clear that Mozambique already receives a substantial number of arrivals with very little participation of the domestic private sector, formal or informal, and with shallow supply chains extending into the local economy. Capturing arrivals may be necessary, but it certainly isn't sufficient. Furthermore, there is a great deal to be said for developing tourism *from the start* in a way that encourages local participation. Thus it is just as important for the emerging destinations to consider strategic approaches to pro poor impact, as it is for the more established ones.

Analytical approach used in the case studies

The approach adopted in the case study reports is to analyse specific government interventions that affect different types of benefit to the poor.

The case studies first consider government incentives that relate directly to five types of economic engagement of the poor:

INTRODUCTION

1. Promoting employment opportunities, conditions, and hospitality skills of the poor
2. Helping poor suppliers (particularly farmers) enter the supply chain
3. Enabling poor entrepreneurs to operate tourism businesses
4. Expanding opportunities for artisans and craft makers
5. Creating incentives for private sector – community partnerships

And then three types of intervention that indirectly help facilitate all these five different economic benefits:

6. Influencing private sector behaviour

7. Facilitating destination-level linkages
8. Developing tourism products and segments well-served by the poor.

Finally government actions that promote other financial and non-financial benefits are considered:

9. Sharing revenues and taxes with local people
10. Maximising benefits to local people from tourism infrastructure and services
11. Managing trade-offs between residents and tourists over resources
12. Managing cultural disruption
13. Enabling participation by the poor in policy-making and

Table below summarizes the areas of pro-poor benefit and interventions that are analysed in the case study reports.

Benefits to the poor and areas of government intervention

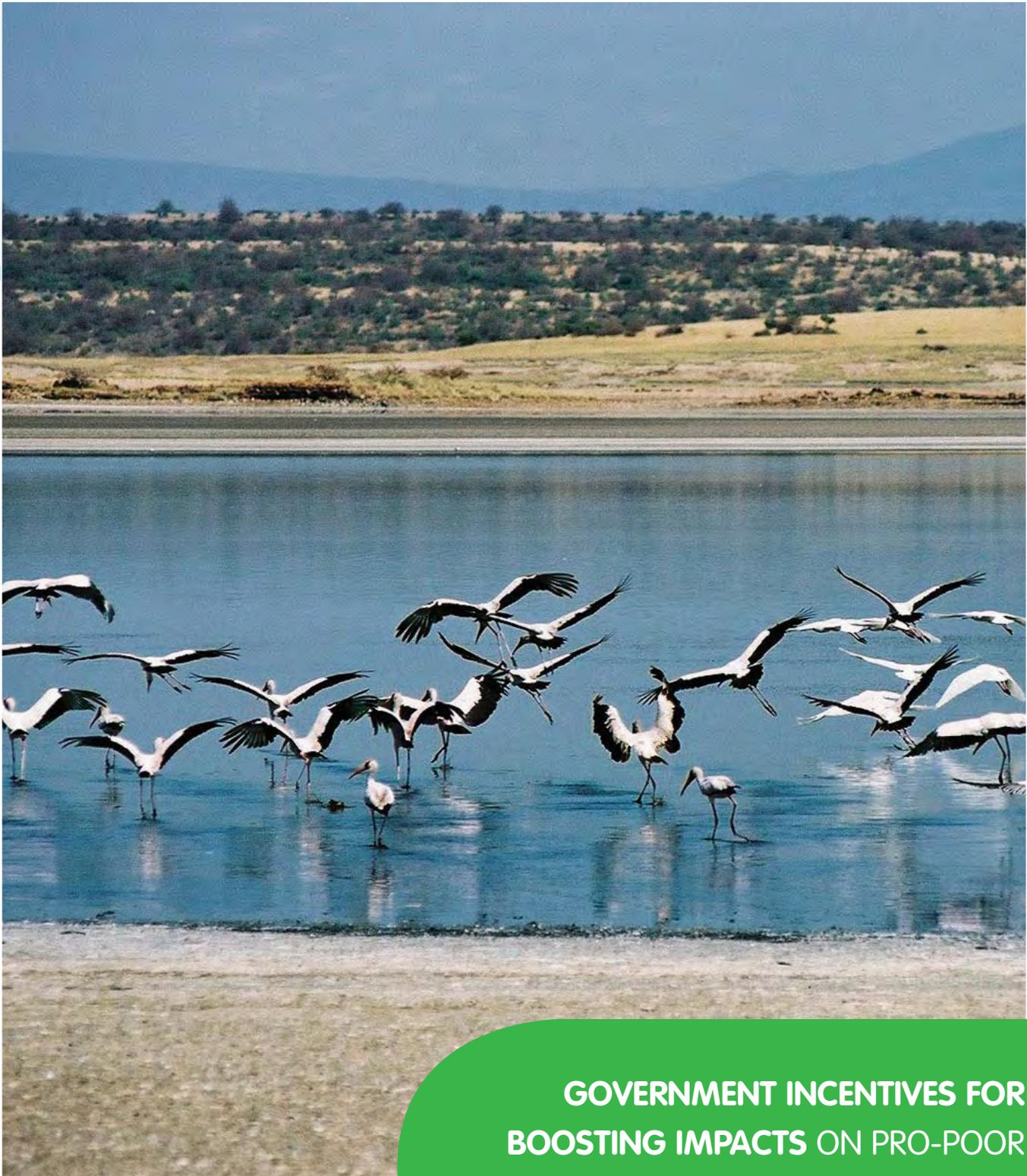
The poor can benefit from tourism via:	Areas of government intervention to consider:	
Direct participation:	Direct	Indirect
Employment in tourism businesses	Promoting employment opportunities, conditions, and hospitality skills of the poor	Influencing private sector behaviour
Supplying goods and services to hotels, restaurants, other businesses	Helping poor suppliers (ptic farmers) enter the supply chain	
Providing goods and services directly to tourists: <ul style="list-style-type: none"> • Informal sector • Small enterprise • Community enterprise 	Enabling poor entrepreneurs to operate tourism businesses including: <ul style="list-style-type: none"> • MSEs, informal sector • Community tourism • artisans/craft 	Facilitating destination-level linkages
Operating a business through a joint venture with an investor	Creating incentives for private sector – community partnerships	Developing tourism products and segments well-served by the poor
Other economic gains:		
Receipt of fees, expenditure of government revenue	Sharing revenues and taxes with local people	
Receipt of tourist donations		Facilitating destination-level linkages
Non-financial gains/costs		
Development of local infrastructure and services	Maximising benefits to local people from tourism infrastructure and services	Facilitating destination-level linkages
Natural resource use/degradation/enhancement	Managing trade-offs between residents and tourists over resources	
Cultural change	Managing cultural disruption	Influencing private sector behaviour
Empowerment via participation in decision-making	Enabling participation by the poor in policy-making	

It must be recognized that benefits to the poor from tourism depend on many other factors in addition to the above-mentioned areas of government intervention, which are not assessed in these reports. The most important factors to recognise are:

1. The total number of tourists and size of the tourism economy. If tourism slumps, benefits to all, including the poor, will slump too. However, there is plenty of existing material on general tourism development and no point re-writing it in these poverty-oriented reports. On the other hand, there are important implications of this point: policies that increase the share of tourism earnings that reach the poor but constrain the total size of the sector may be counter-productive (aside from the fact they may be impractical for political reasons). Thus the strategies proposed here need to be synchronised with the broader policy context.

2. General conditions that enable pro-poor growth (or 'shared' growth), such as the macro-economic and business climate, skills and health of the poor, and infrastructure. These factors are not specific to tourism but will influence the sector. Decent schools, clinics and roads may make as much difference to the ability of the poor to participate in tourism as any tourism-specific policy.

The areas of government action considered here are mainly to increase the *share* of tourism expenditure that reaches the poor, or to enhance the non-financial benefits to the poor. As the reports that follow show, there are some pro-poor strategies already in place, and a great many more proposed that can boost benefits to the poor from tourism.



Reinout van den Bergh

GOVERNMENT INCENTIVES FOR BOOSTING IMPACTS ON PRO-POOR TOURISM IN KENYA

James Weru, Tourism Advisor

Summary

This report critically assesses the current and future government incentives that can be utilized to boost impacts of pro-poor tourism (PPT) on poverty alleviation in Kenya. The report also makes recommendations on how the government and other stakeholders can mainstream tourism in poverty alleviation endeavours.

This study was initiated by Netherlands Development Organisation (SNV) in collaboration with Overseas Development Institute (ODI). SNV through one of its practice areas – Sustainable Pro-poor Tourism (SPPT) – is committed to supporting the development of sustainable Pro-poor tourism through; lobbying for pro-poor tourism oriented policies, capacity building of community based tourism initiatives, brokering sustainable relationships between private investors, donors and communities, and facilitating women empowerment through tourism. On the other hand ODI is an independent think tank on international development and humanitarian issues, ODI's work in tourism promotes an approach that puts poverty at the heart of the tourism debate by focusing on how tourism can enhance the livelihoods of the poor.

The study took an exploratory design and most of the information was collected through desk review. However, limited information was collected through primary data collection methods. After the data collection the information was organised, analysed and collated.

It is hoped that the findings of this study will be of importance to both private sector and development organisations grappling with the idea of using tourism as a strategic tool to alleviate poverty. In addition, the government can also use this document in its striving to utilise a sectoral approach in poverty alleviation.

Introduction

Tourism situation in Kenya

Tourism is one of the major foreign exchange earners in Kenya and is second to the agricultural sector. According to Kenya Tourist Board (KTB), last year the industry earned approximately US\$ 800 million and this was accrued from 1.8 million visitors (Daily Nation, 2007). 10% of Kenya's Gross Domestic product (GDP) is accounted for by the industry. The industry is growing at an average rate of 9% per year and the government is doing all it can to maintain this growth rate and even expand it to higher horizons (Denman, 2006)

Nevertheless, large proportion of the total earnings leaks out of the economy in the following ways; importation of items – such as drinks - to be consumed by tourists, payment of salaries to expatriates, expatriation of profits by foreign owned companies, payment of franchise fees by franchised companies in Kenya, repayment of foreign acquired loans. This phenomenon is compounded by the fact that only a small percentage of the retained tourism earnings trickles to the local communities whose resources are used to fuel and sustain the industry.

Kenya's tourism industry is very seasonal as it is highly inclined to international tourists' load whose flow is affected by weather and other factors in the source countries. There are three seasons in a year, namely; Peak season, shoulder and low season. Peak season spans November to March, low seasons starts in April and ends in June while shoulder season is between July and October.

The industry has five key stakeholders, namely; Government, tourists, tourist service providers, development agencies and host communities. In the past, the latter have not been full involved in the development of the sector, but now there are efforts to involve them in tourism policy formulation and encouraging them to claim a share of the tourism cake by investing in Community based tourism.

Policy Context

Current Policies and Pro-Poor Elements

Government commitments to making tourism pro-poor

Prior the 1990's tourism industry was growing by default and provision of a policy framework to oversee the development of the industry was not a priority then. A few years after independence the government created the fully fledged ministry of tourism to oversee the development, management and marketing of the industry.

In light of the proven potential of the tourism sector, the Government formulated Sessional Paper No.8 of 1969 on the Development of Tourism in Kenya which defined the growth targets that it hoped to achieve in the years ahead as well as outline the areas where the Government would participate jointly with the private investors in developing the tourist industry. The Government policy as outlined in this historic document covered the following main areas: - type of tourism to be encouraged; protection and development of Kenya's tourist attractions; protection and development of tourist infrastructure and superstructure as well as other tourist facilities; training and manpower development for the sector; promotion and marketing in the tourist generating markets and research.

With the ever- increasing competition and changing trends at the tourism market place, the government realized that it can't take a back seat and put the industry on auto-pilot forever. In 1995 the Ministry through the auspice of Japan International Cooperation Agency (JICA) initiated the development of a Tourism Master Plan,

among other things the plan highlighted how community tourism could be infringed in the sector. However, this document was not institutionalised by the ministry although some of its recommendations were implemented in piece meal. Currently, the ministry is in the process of reviewing its strategic plan.

In 2001 the Government launched the Poverty Reduction Strategy Paper (PRSP). This is a strategy for meeting the long-term vision outlined in the National Poverty Eradication Plan of 1999 which proposed a 15-year time horizon to fight poverty based on the first MDG of halving poverty by 2015. This document has recognized tourism as one of the key sectors which can be strategically positioned for poverty alleviation in the country.

By 2003, there was basically nothing on the ground to show that the PRSP was being implemented. Upon assuming power the National Alliance Rainbow Coalition (NARC) Government came up with a new Economic Recovery Strategy for Wealth & Employment Creation Strategy (ERS). This document superseded the PRSP and it outlines the development strategy and macro level policies that the government plans to pursue by 2008. The ERS has recognised that tourism can offer a good platform of encouraging local economic development.

The government has formulated "Tourism Policy, 2005", although it is yet to be ratified by parliament, it clearly articulates how communities can align themselves in order to benefit from tourism and provides a framework on how the private sector can collaborate with the locals so as to create synergies.

"The government is drafting a tourism bill to fast track the implementation of a new National Tourism Policy, 2005. The government will continuously seek opportunities for good partnerships with the private sector to develop the country as a tourist destination".

Kenya Times, Oct 30 2006, reported on [www. publicdiplomacywatch.com](http://www.publicdiplomacywatch.com)

The Ministry of Tourism and Wildlife through the support of Tourism Trust Fund is developing Environmental Impact Assessment guidelines for the tourism sector. The guidelines will assist

in maximising tourism benefits and reducing its costs which are usually borne by the industries stakeholders especially the local communities.

Environmental Impact Assessment (EIA) Guidelines for tourism sector

The Government of the Republic of Kenya through the Ministry of Tourism and Wildlife is in the process of developing the Environmental Impact Assessment (EIA) Guidelines for tourism sector in Kenya. This process is supported by the European Union through Tourism Trust Fund under the auspices of Enabling Environment Grant. The process is participatory ensuring involvement of all key stakeholders in the tourism sector. These lead agency sectoral EIA guidelines are being developed in conformity with the provisions of the Environmental Management and Coordination Act (EMCA), 1999 and the Environmental Impact Assessment (EIA) and Environmental Audit (EA) Regulations, 2003 (Legal Notice No 101 of 13th June 2003) Section 12 and Sub-section 2.

Source: - www.kws.org/eia-tourism-guides.html

In the same spirit the government is reviewing the Wildlife Policy and Legislation. Most of the factors that called for this review relates to community involvement in wildlife management i.e. land ownership, sub-division and use, increased human wildlife conflicts and inadequate compensation, and need to decentralise wildlife management. This process is expected to lead to a more conducive legal framework that will

promote sustainable management of wildlife and address controversial issues such as human-wildlife conflicts, benefit sharing, ownership and user rights, and community involvement. This policy review will have impetus in the development of tourism with special reference to community tourism, as Kenya's tourism is mainly wildlife based.

Legal framework governing the tourism industry

There exist two legislations regulating Kenya's tourism industry, namely:

- a) Tourism Industry Licensing Act (TILA)
CAP (381) Laws of Kenya
The Tourism Industry Licensing Act CAP (381) provides for the regulation of tourist and travel enterprises through:
 - (i) Licensing of all tour and travel enterprises within the tourism industry.
 - (ii) Monitoring of all enterprises covered under this Act through regular Inspections to ensure that high quality services are maintained.
 - (iii) Prosecuting those enterprises that fail to uphold the expected standards of service.
- (b) Hotels and Restaurants Act (HRA) CAP (494) Laws of Kenya
This is an Act of Parliament, which governs the licensing of hotels and restaurants in the country. It also provides for:
 - (i) Regulation of hotels, restaurants and lodges.
 - (ii) Collection of a training levy to finance training programmes for personnel working in the tourism industry.
 - (iii) Dealing with matters incidental to and directly connected with the management of hotels and restaurants in the country.

Tourism Policy Status Analysis

Tabulated here below is an analysis of tourism policy status in Kenya.

Tourism Policy status analysis

<i>Policy instrument (intervention)</i>	<i>Comments</i>
National Tourism Policy, 2005	<ul style="list-style-type: none"> • Tourism bill to be tabled in parliament being formulated, • Calls for community involvement in tourism, • Calls for diversification of tourism i.e. inclusion of community based products such as walking safaris.
Wildlife policy, 2006	<ul style="list-style-type: none"> • The wildlife policy is being reviewed , • A steering committee has been formed to oversee the collection of views from stakeholders, • The policy review assesses how wildlife can be best managed while accruing tangible benefits for the communities, • Once the policy is done it will be tabled in parliament for approval.
Process of developing policies	<ul style="list-style-type: none"> • In the past policies were made using the top-down approach, • Currently, there are efforts to involve communities.
Tourism regulations	<ul style="list-style-type: none"> • Regulations governing accommodation facilities, travel agents and tour operators are in place, • Regulations on licensing local step-on guides are not in place, • Most tourism establishments are required to get multiple licences as opposed to one single permit, • Local establishments don't get concessions on registration, • Some of the requirements are too tight for local establishments to cope with, • Licensing centres are well dispersed.
Spatial planning	<ul style="list-style-type: none"> • Need for a Tourism Master Plan, • Regional plans are being developed i.e. Maasai Mara, Western Kenya.
Infrastructure planning	<ul style="list-style-type: none"> • Most of the infrastructure benefit tourists more than the locals, i.e. water, electricity
Allocation of tenure over tourism land, tourist assets	<ul style="list-style-type: none"> • Need for guidelines to facilitate the development of joint partnership between locals and private investors in the industry.
Geographic priorities	<ul style="list-style-type: none"> • The government is keen on tourism diversification but most of the tourism development is concentrated on a few "tourism hot-spots" such as Amboseli, Mara, coastal and Mt. Kenya region.
Prioritising of tourism products for development & marketing;	<ul style="list-style-type: none"> • Tourism policy calls for diversification of tourism from wildlife & beach tourism, • Marketing materials for community tourism have not been developed,
Establishment of district tourism offices	<ul style="list-style-type: none"> • Regional tourism information centres are not available, • Tourism offices are available in major towns but are under staffed.
Inter-ministerial collaboration	<ul style="list-style-type: none"> • Little collaboration is there, but not well coordinated.
Investment incentives for new developments	<ul style="list-style-type: none"> • Usage of expatriate where capacity exists locally is discouraged, • Policy is not clear on employment of poor locals, • Policy is silent on procurement and partnership practice,
Concession for tourism sites	<ul style="list-style-type: none"> • Not defined in the policy provisions,
Development of protected areas for tourism	<ul style="list-style-type: none"> • Locals are not always guaranteed access to the tourism facilities, i.e. beaches • Sharing of benefits with locals is taking place.
Investment in tourism training	<ul style="list-style-type: none"> • The Catering and tourism Development Levy Trustees has developed a curriculum for tour guiding, and other in the process of developing others i.e. Front office management, Hotel Management, Tour Operations, Food Production, and Food & Beverage Service. • Policy encourages learning of foreign languages, i.e. French, Spanish, Italian, Germany, Chinese.

Collection of revenue from tourism sites	<ul style="list-style-type: none"> Lack of adequate guidelines on how tourism revenue should be shared, but revenue sharing does happen.
Strategies for boosting tourists numbers	<ul style="list-style-type: none"> The government is keen on promoting tourist arrival numbers.

Key opportunities for making tourism pro-poor

According to Ashley (2006) governments yearning to promote pro-poor tourism have to combine and balance three integrated policy strategies; boosting tourist arrival numbers, increasing average expenditure per tourist, and increasing the share of tourists' expenditure that enters the local economy.

number of tourist arrivals. With continued growth, the industry is being faced with the scarcity of accommodation facilities for the guests. This has necessitated a switch to targeting high yielding tourists. In order to make tourism more pro-poor oriented there is an urgent need to enact practices that will propagate the retention of tourism income at the grass-root levels.

For quite some time tourism policies in Kenya have been oriented towards increasing the

The prime challenges facing PPT in Kenya

The biggest challenge in pro-poor tourism is to make sure that a substantial amount of tourism revenue is retained at the local economies of countries visited by tourists. Below are a number of remedies that can be prescribed to this problem;

- Development of a profitable supply chain between the formal and informal sector in the tourism industry,
- Reduction of the leakages of tourism revenue to tourist's source countries,
- Usage of tourism as a gender empowerment tool,
- Diversification of tourism products to include more community centred ones,
- Diversification of tourist destination.

Current benefits and costs to the poor from tourism in Kenya

Kenyans living in tourism areas are benefiting from tourism and there are a substantive number of opportunities for these benefits to be

extrapolated. The matrix below is a summary of the benefits and costs accrued by poor from the industry.

Costs and Benefits accrued by poor from the tourism sector

Types of participation by the poor	Benefits / Costs accrued	
	Gains	Costs
Worker	<ul style="list-style-type: none"> • A substantial number of individuals earn salaries & wages; • Those employed support a number of dependants; • Local people have benefited from on job training; • Improved living standards; • Chance to make new friends; • Learning of foreign languages. 	<ul style="list-style-type: none"> • Seasonal jobs; • Most of the jobs are manual and low paying; • Living away from family members; • Culture change; • Poor working conditions.
Entrepreneur	<ul style="list-style-type: none"> • Profits from their establishment; • Psychological satisfaction; • Diversified livelihood based; • Tourism establishments require low capital base. 	<ul style="list-style-type: none"> • Business is seasonal; • The sector is very sensitive, i.e. political instability.
Local communities	<ul style="list-style-type: none"> • Enjoying of tourist infrastructure; • Revenue from community based tourism initiatives; • Donations to community projects; • Decision making involvement. 	<ul style="list-style-type: none"> • Reduced access to natural resources such as water, grazing lands and beaches; • Environmental degradation; • Culture erosion.

Factors enabling the accrual of benefits for the poor

A number of factors have enabled the poor to be in a position to accrue benefits from tourism; those factors are as outline below:

- Most tourist attractions are located in marginalised areas;
- Tourism is labour intensive;
- Tourism has multiplier effects as it is spent over and over again at the local economies;
- Tourism enterprises require low capital to initiate;
- NGOs have been supporting community based tourism initiatives;

Factors reducing the accrual of benefits for the poor

While the above factors have been harnessing the potential of tourism to alleviate poverty, there are also a number of factors hindering it, they include:

- Tourism revenue: a substantial amount of tourism income leaks out of the local economies to developed ones either within the country or in foreign country;
- Signing of unguided business partnership contracts between local communities and private investors;
- Lack of guidelines to facilitate and oversee the development of community based tourism initiatives.

Pro-poor tourism research is lacking in Kenya and where little studies on the subject have been undertaken they have not been shared among stakeholders in the sector. Most of the studies are case studies and they mostly pinpoint the successes attained, challenges encountered and lessons drawn from community projects. The 'big picture' of where the poor are benefiting from tourism and in which types of the value chains, is lacking.

Current government incentives on the poor

The previous section touched on a variety of benefits to the poor. Of course there are many factors that influence the scale and distribution of benefits, ranging from capacity of the poor, the business environment, and economic history. However, the core question for this report is how does Government affect the benefits they gain and costs they suffer? And what more could Government do to enhance the gains?

The approach used here is to analyse specific government interventions that affect different types of benefit to the poor. As outlined before, a pro-poor policy requires measures that increase the share of expenditure reaching the poor, in addition to measures that boost tourism arrivals and total spend. The first 9 instruments covered here are all aimed at boosting financial flows to the poor:

Five areas of action focus on specific types of economic engagement of the poor:

1. Promoting employment opportunities, conditions, and hospitality skills of the poor
2. Helping poor suppliers (i.e. farmers) enter the supply chain
3. Enabling poor entrepreneurs to operate tourism businesses
4. Expanding opportunities for artisans and craft makers
5. Creating incentives for private sector – community partnerships

Three types of intervention help facilitate all these different economic benefits:

6. Influencing private sector behaviour
7. Facilitating destination-level linkages
8. Developing tourism products and segments well-served by the poor.

The ninth expand other types of financial flows that are not earnings:

9. Sharing revenues and taxes with local people

Finally government actions that promote non-financial benefits are considered:

10. Maximising benefits to local people from tourism infrastructure and services
11. Managing trade-offs between residents and tourists over resources
12. Managing cultural disruption
13. Enabling participation by the poor in policy-making

The remainder of this section analyses whether incentives are in place, missing, or could be strengthened, in relation to each.

Promotion of tourism skills and employment opportunities for the poor

Issues to consider: how can the strength of local skills and the number of non-management jobs created in tourism be enhanced to the benefit of the poor? How much tourism training is available for un-skilled and semi-skilled workers? Are hoteliers obliged to provide training? What measures exist to maximise employment opportunities and to enhance working conditions of the poor?

Job creation in the Global Travel and Tourism Industry is growing one-and-half times faster than any other sector. The industry is labour intensive and it employs about 200 million people worldwide. In Kenya it offers employment to well over 138,000 segments in direct employment and 360,000 in indirect, (Okungu, 2001). Most of the jobs created in the industry require semi-skilled labour and this has enabled many locals to benefit from employment provided by hotels, lodges and other tourist facilities located in marginalised areas. The motivation to train and employ locals is fuelled by the corporate social responsibility (CSR)

policy of both local and international tourism establishments handling tourists in these local setups.

- **Potential Action Area:** In order to boost the number of jobs created the government should; encourage investments in local training, boost local training in remote areas, inspire tourism investors to detail their plans for long-term increase in employment of local people, and initiate destination-level discussions so that operators collaborate on local training.

Tourism training in Kenya is done in both privately and government owned institutions. A large number of these colleges are located in major towns; Nairobi, Mombasa, Nakuru, Nyeri, Eldoret, and Kisumu. This has limited access of training services to potential students in rural areas. However, now there is a pioneer guiding school in Maasai Mara (Koyaki Guiding School) which is equipping locals (mostly who have not had formal education) with guiding skills and is funded by European Union (EU) through the Tourism Trust Fund. A number of tourism establishments have on-the-job training programs and locals with minimal educational background have acquired specialised skills at minimal costs. On job training has demerits as no certificates are issued, tourism establishments undertaking on-job training should consider incorporating certificates of participation.

The government doesn't have specific regulations governing employment in the tourism sector but there are blanket regulations stipulated by the Ministry of Labour and Human Resource Development which covers all sectors. The regulations stipulate that employees should have contracts and should earn a minimum wage of no less that USD \$ 75 per month.

The compulsory free primary education, recently introduced by the government is a welcome move for the tourism sector, in that locals can more easily get semi-skilled jobs if they can easily communicate with tourists in English. The ministry of tourism should work out ways of mainstreaming tourism in secondary schools curriculum,

as in the case with other subjects such as agriculture. Currently, secondary school students are introduced to tourism during geography lessons, the government can take this a notch higher by including more content related to tourism in this subject, i.e. introduce a whole chapter on tourism. Subsequently, tourism can be offered as an optional examinable subject to students who are keen in developing a career in the industry. The world economy is shifting from industrial based economies so service based ones, in view of this the government can facilitate the development of tourism clubs and associations, this will cultivate a culture of travelling among the youth and in turn promote domestic tourism.

In Kenya all hotels and restaurants are required to pay a training levy to the Catering and Tourism Development Levy Trustees (CTDLT). The revenue from this levy is utilized to support tourism marketing through Kenya Tourist Board (KTB), development of standards, and training in the tourism sector but there have been concerns on the effectiveness of the fund as it is only used to support one government training institution (Utalii College). Recently, CTDLT made a milestone in the standardization of tourism training in the country by developing a training curriculum for the tourist guides, development of other curricula is also envisioned. CTDLT should encourage the development of a tourism professional body. This will offer a platform for the professionals to be involved in the planning and management of tourism in Kenya.

When foreign investors invest in the country the government discourages employment of expatriates were local expertise is available. However, the government doesn't mandate them to invest in staff training nor fund tourism training. This is left to be addressed by the staff development policy of these companies.

- **Potential Action Area:** To encourage lodges and other tourism establishments to invest more in staff training, particularly of local staff the government should consider a waiver of training levy for those that do their own training and encourage investors

to detail their staff training plans to train and recruit local people.

- *Potential Action Area:* The government should also consider increasing the content of tourism in secondary school syllabus and eventually introduce tourism as an optional examinable subject just like agriculture (due to recognition of the role it plays in the country's economy). To complement this Government should also explore the potentials of introducing tourism training in rural areas especially where tourism is prevalent through rural polytechnics. In furtherance of this the government should facilitate the formation of tourism clubs in schools and colleges.

Facilitating supply chain linkages between tourism businesses and local entrepreneurs

Issues to consider: Small entrepreneurs who supply inputs to tourism often get less policy attention but are important among poor participants. Is there any information on the significance of the tourism supply chain to the poor? Are farmers assisted to sell to hotels and restaurants? Is there any business support for potential suppliers of goods and services to the tourism trade?

The tourism supply chain is made up of the suppliers of different goods and services that are incorporated in the formation of tour packages sold to tourists. Tourism supply chains encompass many components - not just limited to accommodation, transport and excursions, but also bars and restaurants, handicrafts, food production, waste disposal, and the infrastructure that supports tourism in destinations, (Leeds Metropolitan University, 2001).

Foods and drinks accounts for about 30% of all tourists' expenditure, which if spent locally, could transform the local economy (Ashley et al, 2005). Almost all hotels in tourism "hot spots" in Kenya have contracted large, well established and distant establishments to supply them with agro-based products. This could be a good business opportunity to stimulate the local economy and contribute to diversification and improvement of local livelihoods. Introduction of local supplies chains is a double win for both the communities and the hotel, as the hotels benefits by getting fresh products, increases customer satisfaction, grants them a chance to empower local communities and even sometimes reduces operating costs, (Weru et Morgan, 2006).

Hoteliers' concerns over the local supplies

There are a number of issues that the hotels believe inhibit the local communities from supplying hotels. These included:

- i) **Quality:** Communities can not supply quality products in comparison to the ones fetched from big suppliers,
- ii) **Quantity:** The hotel mainly require bulky quantities and communities might not cater for the quantity ordered
- iii) **Consistency/regularity/timeliness:** Due to the lack of business orientation and "seriousness in business" communities might not supply as per the time the orders are expected.

Source: Weru et Morgan (2006)

- **Potential Action Area:** There is need for the government to acknowledge the interrelationship between tourism and other sectors, such as agriculture and handicraft. A comprehensive study to establish viable and creative ways of incorporating local communities in the tourism supply chain could be undertaken.

Enabling poor entrepreneurs to develop tourism businesses and access the market directly

Issues to consider: A multitude and diversity of enterprises are possible in tourism. But can small and micro enterprises (SMEs) get registered and operate easily? Are there any measures to assist local guides, home stays, and transport providers etc to enhance their products, business skills and market access? Does the physical environment help or constrain them? Is there specific support for enterprises run by communities?

The Government is committed reducing poverty through tourism, through the creation of Tourism Trust Fund which is a joint venture between the Government of Kenya and European Union. TTF's mission is to contribute to poverty reduction and private sector growth in Kenya, whilst ensuring a sustainable use of natural resources and optimization of tourism satisfaction. The fund provides grants to individuals or community groups who are interested in tourism ventures which are guided by the following themes; poverty reduction, tourism diversification, and development of sustainable tourism. Kenya Tourism Development Corporation (KTDC) provides loans to tourism investors but their loans target large scale investments and there is need of working out practicable ways of loaning entrepreneurs keen in establishing small and medium sized tourism establishments.

Financing of Community Based Tourism initiatives (CBTIs)

Tourism Trust Fund (TTF) was established as a joint initiative of the European Union and the Government of Kenya in 2002. One of the key objectives of TTF is to diversify the tourism product by supporting new and existing ventures, projects and initiatives, and to create an enabling environment for sustainable tourism development and enhanced product quality. This involves identifying, supporting and funding community tourism projects.

In the last three years TTF has funded eco-lodges and camps, tourism management plans, cooperative projects between wildlife conservationists and communities, handicraft workshops, and cultural centres.

To date a total of USD\$ 3.7M has been distributed to community projects in various parts of Kenya.

The TTF funds have been used to develop and upgrade lodge facilities, conserve and protect local flora and fauna and develop new activities and experiences for tourists. The funding has also been used to develop tourism plans for areas such as Tana River, Western Kenya, Amboseli/Tsavvo and Samburu.

Source: http://www.tourism.go.ke/ministry.nsf/pages/funding_resources

Kenya's tourism industry is driven by two sets of legislation; Tourism Industry Licensing Act (TILA) and Hotels and Restaurants Act (HRA). These two facilitate the registration of micro-enterprises such as boutiques, curio shops and traditional boats. The government is trying to make licensing for tourism business as simple as possible, even for small businesses. The government is now giving licenses to the informal tourism sector, i.e. freelance tour driver guides.

However, what is hampering the involvement of locals are the other numerous licences required by other government departments. So to counteract this government should introduce single business permits to reduce the hassle that potential tourism entrepreneurs have to go through.

The Kenya Tourist Board does umbrella marketing of Kenya as a tourist destination. Individual tourism establishments are

required to do specific marketing in relation to their products. The small local tourism establishments have been having problems on promoting their products, in that they lack marketing funds and the technical know how.

- **Potential Action Area:** reduce the number of operating licences that are required of small enterprises by different arms of government. TTF has supported a number of successful community tourism projects such a Kenya Community Based Tourism Network (KECOBAT) and South Rift land Owners Association (SORALO). As per the bilateral agreement signed between European union, TTF period was expected to end this year but this has been extended to mid next year (2008). The government should look for innovative ways of retain this outfits beyond 2008 as it has proved to be a useful vessel in the development of community based tourism. In addition to these the government should contemplate of introducing tourism extension officers who will operate in the same modus operatus as the agricultural extension officers. These officers will assist locals in tourist areas on how to identify, plan, develop, market and manage community based tourism ventures.

Promoting craft production and sales by the poor

Issues to consider: craft sales can be a vital opportunity for those without formal skills to participate in tourism. Is there any business support for craft-makers and vendors to enhance their products, sales and incomes? Can they access the tourism market easily?

Kenya's crafts are popular both at the international and domestic levels. Varieties of items are available ranging from, baskets, kikoys, wood carvings, stone carvings and beaded products. Most of these crafts are sold at the international markets or are bought locally by locals and visiting international travellers. Handicrafts remain one of the best avenues of initiating local economic

development as the they are produced by marginalised communities who have been doing so since time in memorial. The handicraft making skills are inherent and are passed from one generation to another. However, this sector has not been exploited fully due to a number of factors which have bogged down its potentials to empower marginalised communities; low quality, lack of innovative products, presence of many middlemen and practicing of supply oriented production as opposed to a demand oriented one.

The local government, especially in Nairobi City has allocated space for makeshift curio markets on Tuesdays and Saturdays. The markets are popularly know as "Maasai markets", the sellers pay a small fee and are able to sell their wares for a whole day. Popular shopping malls, such as Village Market, have followed suit and are staging these makeshift curio markets in their premises. Some lodges have also sought to assist communities in marketing their wares, a good example is Sopa Lodge in Amboseli National Park which has provided a permanent selling point for the Maasai Women at no cost.

Mvula (2007) noted that villagers living in cultural Manyattas visited by tourists don't accrue substantial revenue from the sale of handicrafts due to the following factors:

- Tour operator driver/guides having already taken visitors to several curio shops en route to their tourist destination, as they receive 'break money' of circa. USD\$ 7 each time they stop at a curio shop from the shop owner;
- Lodges in the tourist destination sell Maasai curios in their own gift shops. Not only does this mean that many tourists have purchased their curios before visiting the village, but these curios are predominantly mass-produced and brought in from Nairobi, and hence local people additionally have little opportunity to supply their curios to the lodges as they cannot compete on price;
- Lodges running Maasai cultural/dance evenings where the people involved are permitted to display their curios after their performance. The

majority of these Maasai are not from the local area.

- *Potential action area:* The government through the auspice of local government should increase the number of open curio markets. The government should assist handicraft producers in registering intellectual rights of innovative products they produce, this will reduce lose of revenue due to patenting of local products by international companies, i.e. copyrighting of kiondo by Japan and the intended patenting of Kikoy by a British company.

Incentives for formal partnership between private operators and residents

Issues to consider: Joint ventures between communities and private operators can generate high returns but be ferociously difficult. Is there a legal policy framework to encourage such joint ventures? Do communities have tenure or assets of market value? Does government provide technical advice or facilitation to ensure they get a good deal? Or does it encourage other kinds of less formal partnerships?

Currently, there is absence of guidelines to facilitate the development of partnership between the private sector and communities. This has resulted in the signing of agreements that don't allow the communities to fully enjoy tourism benefits. The introduction of guidelines would equip locals with more bargaining powers. In Kenya quite a number of joint venture between private sector and communities have been sealed. The most common type of joint ventures involve the establishment of eco-lodges, where locals set aside land to create a conservancy and a private investor sets up an eco-lodge. There is need for government to collaborate with other stakeholders and develop partnership guidelines that will elaborate on the step-by-step procedure of signing such agreements and enumerate regulations governing such contracts like the case in Botswana.

- *Potential action area:* joint work between government, private operators, communities and NGOs to establish guidelines for negotiating and operating joint ventures between communities and investors. The guidelines, once agreed need support of complementary regulations. There is also a need to sensitize and build capacity of local communities so that they can be at par with the private sector investor when negotiating for a deal.

Influence over private sector

Issues to consider: how tourism businesses operate determines the size and scale of benefits to the poor? Are there any formal requirements, rewards, or implicit expectations for the formal private sector (hotels and tour operators) to source products locally, improve their local employment practice, support local residents and micro-businesses, or enter partnerships with communities?

Currently, the government is not offering any incentives to the private sector, such as through concession clauses, industry awards, or registration requirements, to encourage them to source products locally, employ more locals or partner with communities. Most of the organisations have been supporting communities through their corporate social responsibility strategies.

Various tourism associations such as Ecotourism Society of Kenya have come up with awards that are awarded to tourism establishments that are environmentally friendly and which accrue benefits for the local populations. The government should also initiate awards to motivate the private sector to work hand in hand with the local communities living next to tourist attractions.

- *Potential Action Area:* The government should find ways of creating commercial incentives for companies to increase the participation of local people – not just in their CSR programmes. A review is needed of how concession

processes, licence procedures, and local planning initiatives could be used to get the private sector themselves thinking more about what they can do.

Facilitating other destination-level linkages between tourism business and local entrepreneurs and residents

Issues to consider: If hoteliers, tour operators, micro-entrepreneurs and residents come together, potential to benefit all through enterprise development, training or mentoring, and neighbourhood upgrading is huge. Are there any initiatives within local destinations that bring together all the different stakeholders? Is government acting as a catalyst?

In most tourism regions in Kenya there are no initiatives that bring together stakeholders (community, tourist service providers, tourists and government) with a view of discussing how to develop the destination and upgrade the neighbourhood. In most cases each stakeholder in a given destination acts on her/his own without considering synergies they would create by acting together.

One recent initiative, supported by TTF, is to assess challenges of beach tourism. The study sought to establish how a profitable supply chain can be created between the beach operators and the formal tourism sector along the Kenyan coastline.

Proposed beach management framework and stakeholder collaboration in Kenya

In Kenya, a new approach to managing the seafront has been proposed which will certainly require collaboration among many types of stakeholders if it is to be successfully implemented. A report for the Tourism Trust Fund in May 2006 (Liaison Development Consultants 2006) identified severe management problems on the beach including low income and stiff competition for the various beach operators, feelings of insecurity for tourists, environmental degradation of the beach and marine resources, and the perpetuation of poverty among the majority of residents in the coastal province. The study involved interviews with tourists, hoteliers, and the many different kinds of beach operators identified: "Beach operators are involved in diverse economic activities such as: fishing, curios, boat operators, vendors of various goods especially food stuffs, safari sellers, massage operators, tube renters, photographers, letting tables, beds and chairs, money changers, translators, drugs traffickers and commercial sex workers. Vetting exercise done by the MOTW (Ministry of Tourism and Wildlife) recognized only curio sellers, boat operators, safari sellers and fishermen."

The recommendations include an entirely new approach to business registration, management of the beach, access for operators, and collaboration among stakeholders. It finds that many associations based on economic activity have already been formed, usually with their own code of conduct. These have already increased security, cleanliness, and dialogue among groups of stakeholders. The report calls for strengthening of such associations with a clear role in destination management. It concludes that: there is need to develop comprehensive management plan of the beaches, identify a lead agency in the management and coordination of activities and identify responsibilities for the various agencies including the beach operator's associations.'

Source: Improving The Beach Management Regulatory Environment And Legitimization Of Beach Operators Project. Liaison Development Consultants 2006. Report to Ministry of Tourism and Wildlife.

- **Potential Action Area:** The government should act as a catalyst in the development of destination forums to facilitate profitable and sustainable linkages between different stakeholders.

Development of tourism products and segments well served by the poor

Issues to consider: what are the tourism products that are offered, or could be developed, that particularly offer more opportunities for the poor? E.g. rural, agro- or adventure tourism, urban tourism, artistic and cultural products? Is government specifically assisting such developments?

Local communities have started to embrace tourism as an alternative means of livelihood. To this effect they have initiated various community based projects such as: ecolodges, walking safaris, camel rides, sanctuaries, curio shops, cultural lectures, cultural manyattas, traditional dishes, cultural dances and homestays to mention but a few. Most of these products are just taken by international travellers as excursions outside their main itinerary. For communities to win on this, special itineraries combining different community projects should be designed and sold to the tourist market. There has been no research that has been conducted to establish which types of tourists generate more benefits for the poor.

- **Potential Action Area:** There is need for government to encourage diversification tourism by incorporating other forms of tourism that are community based; such as hiking safaris, homestays, agro-tourism, cultural tours, rural tours and adventure tourism. However, this should be based on an analysis of the overall impacts of different segments.

Sharing revenue from taxes and fees with local people

Issues to consider: When authorities gather fees for usage of national parks and tourism facilities, is there a share that goes to local residents? How does government manage the trade-off between money for residents and money for the Treasury?

The government earns tourism revenue in the following forms; income tax from employees employed in the sector, corporate

tax, value added tax (VAT), catering and training levy, airport landing fees, airport parking fees, aircraft navigation fees, tourism business registration fee and visa fees. The money earned from tourism is first taken to the treasury where it is lumped up with income from other sectors. The Ministry of Tourism is then expected to prepare a budget every year, depicting the amount they need and why they need it.

Local governments have been able to give back some of revenues accrued from tourism attractions under their jurisdiction, to the communities who bear the consequences of living next to protected areas. Examples of such protected areas include; Maasai Mara National Reserve, Lake Bogoria National Reserve and Samburu National Reserve. For parks under Kenya Wildlife Service the equation is a bit different as the money is first collected and then a percentage of it re-invested back to the community in form of community projects through their Community Service department.

- **Potential Action Area:** There is need for the government to consider ploughing back a portion of tourism revenue to local areas neighbouring tourist attractiona, as where tourism flourish that still where poverty flourish, i.e. Amboseli, Samburu, Maasai Mara and Coastal Region. The revenue doesn't necessarily have to be in cash form but it can be in the form of infrastructural development.

Maximising local benefits from infrastructure and services

Issues to consider: when new roads, water supplies, power lines, health care, or other services are developed for tourists, is there a process for working out how to optimise benefits for local people too? Are locals consulted?

There has been a problem of locals not being able to access tourist facilities. Some of them have been charged with trespass. A good example is along the Kenya Coastline where locals have to travel long distances before they can access the beach as most access routes have been grabbed. Lodges located in

remote areas have tried to assist locals by providing basic services as such water, and health services. For example Tortilis Camp in Amboseli Region have assigned specific times of the day when locals can go to fetch water for their borehole. Keekorok Lodge's Clinic sometimes handles health emergency cases from the neighbouring communities. However, there are some scenarios when tourism causes competition for resources, such as water, between the local population and the tourists' establishments. Kenya has been having a centralised decision making process but with the new government things are changing and there is a lot of power devolution nowadays. Through this locals have been consulted on the development of new infrastructures.

- **Potential Action Area:** when developing new infrastructure, ensure wide consultation and find ways to optimise benefits for both tourists and residents.

Managing trade-offs and resources

Issues to consider: is there competition between residents and tourists over use of land, coastline, grazing, marine resources, or water? What measures does government use for reducing impacts of tourism on residents and their natural resources?

There has been tension between tourism developers and conservationist due to critical problems such as human-wildlife conflict, loss of grazing land and loss of fishing opportunities by the locals. The government has created a National Environmental Management Agency (NEMA) which is mandated with the task of making sure that environmental impact assessments are conducted before the implementation of any project, be it tourism related or not. The government has gone ahead and has imitated a process aimed at developing EIA guidelines that are tourism sector specific.

- **Potential Action Area:** There is need to grant NEMA more authority so that can deal with individuals or organisations who contravene environmental laws more expeditiously.

Disruption and cultural infringement

Issues to consider: Do local people suffer from cultural effects of tourism, sexual exploitation, or other disruption? What does government do to address this?

Tourism in Kenya causes a number of cultural degradation issues, namely; master- servant dichotomy, cultural erosion, cultural shock, commercialization of culture, child prostitution. The government through collaboration with other stakeholders has initiated codes of conduct for travellers. Some non profit making organisations have also developed codes of conduct and this has seen the proliferation of non coordinated set of the codes. The government needs to come up with one code of conduct for travellers so as to avoid duplication of efforts and confusion among travellers.

- **Potential Action Area:** The government should coordinate with others to unify stakeholders behind one code of conduct for travellers. In addition the government should introduce rigorous measures to counteract critical vices associated with tourism such as child sex-tourism, drug abuse and human trafficking.

Participation by the poor

Issues to consider: can the poor influence policy so that it meets their needs? In the process of developing national tourism policy, are representatives of poor groups, workers, small enterprises or the informal sector consulted? In developing local level tourism plans, are residents consulted?

For a long time, the formulation of tourism policies had been a prerogative of a few individuals sitting in an office somewhere, but with the change of government, communities and residents are gradually being incorporated into the planning and policy formulation processes. The views of small community tourism initiatives for a long time have

been dwarfed by the views of major tourism operators, but slowly communities are being empowered and are able to air their views. This situation has greatly promoted by the creation of Kenya Community Based Tourism Network which seeks to create a forum where these community tourism initiatives can speak in one voice.

- *Potential Action Area: Tourism sector is driven by four major stakeholders; tourists, tourist service providers, host government and host communities. The host community has not been fully appreciated as a stakeholder and there is need for the government and the other stakeholders to acknowledge them as key stakeholders and involve when making critical policy issues in relation to the industry.*

Conclusion

In a nut shell, the government can accelerate the harnessing of tourism for poverty alleviation through the provision of a conducive environment. Most of the incentives are related to policy realignment, local communities' empowerment and private tourist service providers' involvement in local economic development. Currently, the government has put in place a number of initiatives that are aimed at accelerating the growth of pro-poor tourism either directly or indirectly. They include; creation of TTF, recognition of tourism as strategic tool to alleviate poverty, more participation in tourism policy formulation, introduction of EIA guidelines for the tourism sector, some revenue sharing with communities, recognition of the need to simplify tourism business licences and formulation of pro-poor oriented tourism policies.

Without downplaying the government's efforts in making tourism growth pro-poor oriented there are many opportunities that have not been exploited so far. This is clearly evident from potential action points highlighted in the previous section of this paper. Below is an outline of recommendations that the government should implement so as to make tourism a good tool for local economic development.

- Look for creative approaches that enable locals to sell products, such as excursions, outside the main clients' itinerary. This will cause a paradigm shift from the thinking promotion of community tourism is the only way to make tourism benefit locals.
- Tourism training in Kenya is undertaken by both private and government owned institutions, which are located in major towns such as Nairobi, Mombasa, Kisumu, Nakuru, Nyeri and Eldoret. To revert this decentralization of tourism training is a prerequisite so that locals have access to the services.
- Facilitation of local supply chains between local suppliers and business establishments, by commissioning a study on the possible supplies that tourism establishment can source locally the commercial pre-requisites for such a shift, and call for the enhancement of the interrelationship between tourism and other sectors such as agriculture.
- Development of guidelines for community private sector joint ventures. All stakeholders should be involved so that there is ownership of these guidelines. Regulations to enforce them should also be put in place.
- The government should accelerate its campaign on tourism product diversification from the traditional beach and wildlife to more community centred products such as cultural tourism.
- Reducing the negative impacts of tourism on the environment and local communities by developing a unified code of conduct on how tourists should behave once they arrive in the tourist destination.

From the discussion in this paper it can be clearly seen that there is a lot things that can be done to make tourism work for the poor. Some are complex changes of policy orientation while others are simple and may involve just behaviour changes. The tourism stakeholders should not always look for the complex ones that might take time to conquer but should look for areas where they can make quick gains.

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MOZAMBIQUE



Luis Sarmiento SNV

MOZAMBIQUE: AN ANALYSIS OF GOVERNMENT INCENTIVES FOR INCREASING THE LOCAL ECONOMIC IMPACTS OF TOURISM

Luis Sarmiento, Tourism Advisor

Introduction: Current tourism situation

Mozambique at a Glance

- Population 20 366 795 (2006) . Density 25.5pers/sq.km . Illiteracy rate 53.6%.
- Capital city. Maputo – 1 International gateway – 4 regional/international airports
- Area 799.390 km² – 2.700 km of coastline
- 252.535 km² of National Parks and Natural Reserves (31,6 %)

Source: "The Investor"- Solutions – referred to 2004 unless otherwise noted

Rise, fall, and recovery of tourism⁴

Historically, Mozambique was considered one of the premier tourism destinations in Africa and the sector played an important role in the economy of the country. In 1973, Mozambique welcomed close to 400,000 tourists, mostly from South Africa, Zimbabwe and Portugal. Tourism was developed around three themes – the beaches, the wildlife, and the dynamic environment offered by the urban centres. Pristine beaches, warm sea, boating and fishing opportunities, contributed to an experience that was unique in Southern Africa. With Gorongosa National Park (a product well developed) considered one of the prime game parks in southern Africa, and the hunting in the central "coutadas" (hunting areas) of an international standard. The tourism infrastructure fell rapidly, following the change in security in 1973. This was due to the war as well as poor management, and wildlife resources, especially large mammal species, were virtually decimated.

The signing of the peace-accord in 1992 initiated the start of the recovery of the tourism sector. Since the mid 1990s the economy has experienced substantial growth and a number of business hotels have been developed in Maputo. The southern resorts of Ponta do Ouro, Inhambane, Bilene, had a high demand for beach based leisure tourism that stimulated the development of accommodation. Investments predominantly comprised of cottages, campsites and self-catering accommodation, were targeted at regional markets. More upmarket small-scale development has emerged on the islands of the Bazaruto, Marine National Park and on the mainland in Vilankulos. More recently investors are beginning to show an interest in the northern regions, mainly Pemba, the Quirimbas archipelago and Nacala. The total number of arrivals to the country started rising steadily from 2000 onwards and Mozambique is presently positioning it self as an popular international destination.

Growth in International Arrivals:

Number of arrivals by purpose	2001	2002	2003	2004	2005
Tourists	322.780	540.732	441.365	414.925	N/A
Business/Conference	143.586	183.021	165.630	198.936	N/A
Leisure & Holidays	114.804	222.570	141.096	130.853	N/A
VFR	64.390	108.585	112.949	85.136	N/A
Other Visitors	81.313	402.153	284.734	296.135	N/A
Total of Arrivals	404.093	942.885	726.099	711.060	

Source: MITUR official statistics

⁴ Sourced from the "Strategic Plan for the Development of Tourism in Mozambique"- 2004/2013.

Economic contribution of Tourism to GDP

Until 2001 the contribution of tourism to Gross Domestic Product (GDP) was relatively low. In 2002 however, tourism contributed 1.8 percent to the national GDP (*Strategic Plan for the Development*

of Tourism in Mozambique"- 2004/2013). In 2001 it accounted for 0.9 percent of total revenue registered by the country's largest companies in 2001 (KPMG *'The 100 biggest Companies in Mozambique'*).

Contribution of Tourism to National Economy (GDP):

Year	91	92	93	94	95	96	97	98	99	2000	2001	2002	2003
%	0.5	0.6	0.8	0.8	0.8	0.8	1.0	0.9	0.9	0.9	0.8	1.8	2.5

Source: MITUR official statistics

As a prospective investment sector, tourism has done well and has accounted for 16% of total investment applications in Mozambique over the period 1998 – 2002. This has turned tourism, with a total investment of US\$ 1.3 billion, into the third largest sector

for investment in the country, after industry (33%) and energy and natural resources (18%) (*data: CPI*). This growth rate became more evident with the investments in new ventures increased from 2002 to 2005.

Approved proposals for new tourism investments:

Proposals	2000	2001	2002	2003	2004	2005
Approved	36	55	68	80	55	95
Rooms	968	686	590	857	1.855	2.704
Beds	2003	1372	1148	1912	3.171	2.951
Employment	1071	559	530	1191	1.922	2.232
Val. Invest- US\$ mn	39.171.000	180.083.000	65.101.900	51.926.000	67.159.000	83.690.000

Source: MITUR official statistics

Government policy on tourism and pro-poor tourism

In order to create the necessary legal enabling environment, the Government of Mozambique since 1994 has adopted a number of policies and passed legislation for improved natural resource management, which play an important role in tourism promotion. Those with direct relationship with the tourism sector are:

- National Tourism Law (2004)
- Tourism Policy and Implementation Strategy (2003)
- National Forestry and Wildlife Policy and Strategy (1995)
- Forestry and Wildlife Law (1997)
- Land Law (1999)
- National Environmental Management

Programme (1995)

- Environmental Framework Law (1997)
- Fisheries Law
- Investment Law

In order to ensure the effective co-ordination and integration of sector policies and plans related to environmental management at the highest level, a National Commission for Sustainable Development (NCSD), linked to the Council of Ministers, was created in 1997 by a provision in the Environmental Law.

The 'Tourism Policy and Implementation Strategy', approved in April 2003, replaces the 1995 'National Tourism Policy and Strategy', while the SPDTM (*"Strategic Plan for the Development of Tourism in Mozambique (2004-2013)"*), follows up and

consolidates in one single document the previous strategic plan, a strategic development plan for coastal tourism (“A Planning Framework for Regional Tourism Development in Mozambique”), developed in 1997.

This document, so important for the development of tourism in Mozambique, situates the new approach to Tourism Policy, which combines the binomial product-market and the priority areas for the development of tourism, with relevance to the integration of conservation areas and a particular clear reference for tourism as a major contribution for poverty alleviation.

The Government’s Action Plan for the Reduction of Absolute Poverty (SPRP) guides actions for the reduction of poverty through development processes. The central objective of the Government is a substantial reduction in the levels of absolute poverty in Mozambique through the adoption of measures to improve the capacities of, and the opportunities available to all Mozambicans, especially the poor. The specific objective is to reduce the incidence of absolute poverty from 70% in 1997 to less than 60% in 2005 and to less than 50% by the end of the decade. The poverty reduction strategy is based on six priorities aimed at promoting socio-economic development throughout the country.

In the scenario of these six priorities, tourism is seen as a “complementary sector” that cuts across many of the primary priorities and that has significant potential for contributing to the economic development of the country. Particular reference is made in the SPRP to the role of tourism in stimulating demand for locally produced goods, thereby contributing to wider employment opportunities and to appreciating the importance of creating a culture of ‘domestic tourism’ as a strategy in increasing the overall income from tourism.

Private sector activity is considered the prime engine for economic growth and is directly related to increasing employment and overall poverty alleviation in Mozambique. Adequate legislation

and its implementation are a key factor for the promotion of investment in the tourism industry.

A key aspect in the new tourism policy is the emphasis placed on the effective involvement of district authorities and local communities. This realization has serious implications for governance processes and human resources capacity development. Other key policy shifts reflected in the new tourism policy are the recognition of the real value of Conservation Areas in the development of the tourism sector, the emphasis placed on the role tourism can play in poverty alleviation and a new approach into product development targeted towards a league of market segments.

It can then be said that the foundations are laid for a sustainable and responsible development of tourism as leverage for poverty alleviation in Mozambique but in practical terms much has to be done at national and local level to make it feasible in real terms in order to create the necessary enabling environment so that many more of the marginalised vast majority of the Mozambican poor can effectively participate in the tourism business and benefit from it.

In 2006 the Government of Mozambique (GoM) has defined a strategy for the administration of the national territory through which local governments at district level will benefit from a local development fund, allocated on a yearly basis by the Ministry of Finances to all districts of the country for local development, clearly linking the use of it to local civil society integration in local governance processes.

Poverty alleviation is certainly the most important issue to be addressed in this scenario of local governance and tourism can be one of the best possible options due to its cross-cutting character and its potential to contribute to local economic diversity including small scale emerging entrepreneurial abilities.

Tourism in Conservation Areas

An emerging trend in new tourism development has been the promotion of conservation areas in particular regional transfrontier conservation areas. Mozambique has been a leader in southern Africa in this regard, forging the way for a number of new Transfrontier Conservation Areas - TFCA initiatives. The Greater Limpopo TFCA (www.peaceparks.mz) provides a model in which formal conservation areas and CBNRM can be combined into one concept of integrated conservation management⁵.

The new paradigm for protected areas recognizes that areas set aside for conservation have the dual purpose of being managed for conservation, as well as for socio-economic objectives. Previously conservation areas were established primarily for the preservation of wildlife populations or certain species, and in some cases for spectacular landscapes. However, they are nowadays increasingly being established to enhance development objectives and create employment and entrepreneurial opportunities for neighbours. Instead of being managed mainly for visitors and tourists, they are now managed with local people more in mind.

Conservation areas management trends – a new paradigm

TOPIC	Past - Conservation Areas were:	Future - Conservation Areas will be:
Objectives	Exclusionary and set aside for the preservation of wildlife populations, species and spectacular landscapes/ scenery Managed mainly for visitors and tourists Valued as wilderness Focused on protection and law enforcement	Created and managed with ecological, social and economic objectives in mind Managed with local people in mind Valued for cultural importance of so – called “wilderness” Self regulating with consultation and collaboration between partners
Governance	Run by central government	Run by many partners, primarily the private sector and communities
Local people	Planned and managed against people Managed without regard to local opinions	Run with, for, and in some cases by local people Managed to meet the needs of local people
Planning approach	Planned, developed and managed as separate units	Planned as part of local, national and international system Developed as networks linking protected areas and buffer zones by green corridors
Perceptions	Land and resources viewed primarily as a state owned national asset – restricted access and use rights Viewed only as a national concern	Viewed also as a community asset – devolution of access and use rights Viewed also as a local and international concern (continuum of rights and obligations)
Management techniques	Managed reactively with a short timescale Managed in a technocratic way	Managed adaptively in a long term perspective Managed in a business/commercial manner, with political considerations
Finance	Paid for by taxpayer	Paid for by beneficiation of the resources being managed and protected
Management skills	Managed by scientists and natural resources experts	Managed by commercially orientated staff, guided by scientists and experts Valuing multi-skilled individuals, and drawing on local knowledge

Sourced from the “Strategic Plan for the Development of Tourism in Mozambique”- 2004/2013.

⁵ Sourced from the ‘Mozambique Transfrontier Conservation Areas and Tourism Development Project – November 2005’- The World Bank

If the implementation of plans effectively includes communities in the overall concept, the way is prepared to facilitate the rehabilitation of wildlife into not only the formal conservation areas, but also into communal areas – effectively providing them with new livelihood and economic options besides agriculture. TFCAs thereby become a tool for facilitating development for marginalized communities.

Buffer zones open a great opportunity for the development of Community Based Tourism – CBT initiatives with local communities capacitated to run small scale lodges that can become a complement to more sophisticated accommodation provided by high-end operations within the boundaries of national parks. This requires a particular attention to the implementation of innovative ideas regarding feasible and sustainable CBT local initiatives.

Tourism Public Institutions

The Mozambican Government has recognized the opportunities in economic growth and job creation through tourism and therefore created in 2000 a separate Ministry of Tourism - MITUR (www.moztourism.gov.mz). The responsibility for Conservation Areas was transferred from the Ministry of Agriculture to the Ministry of Tourism in 2001.

To realize its areas of responsibility and its mandate, the Ministry of Tourism is organized according to the following activity areas:

- a) Tourism activities;
- b) The hotel and related industry;
- c) Conservation areas designated for tourism;
- d) Tourism inspection.

At national level, the Ministry of Tourism has the following bodies: National Directorate for Tourism (DINATUR), National Directorate for Conservation Areas Designated for Tourism (DNAC), Tourism Promotion Directorate (DPT), Planning and Co-operation Directorate (DPC), General Inspection of Tourism (IGT), Human Resources

Department (DRH), Administration and Finance Department (DAF), Legal Department (DJ) and the Transfrontier Conservation Areas Coordination Unit (ACTF).

At local level, the Ministry of Tourism is represented by the Provincial Directorates of Tourism, with representative directorates or offices at district level expected to be introduced in the future. In January 2004, the Ministry of Tourism established Provincial Directorates of Tourism in all the provinces, except for Maputo city. The Ministry of Tourism controls also a National Tourism Fund (FUTUR), responsible for the promotion of the development of tourism through marketing, technical and financial assistance to local operators, training and provision of assistance on undertakings of tourism interest.

Pro poor tourism in the legal framework

All the legal instruments are very clear in stating that tourism must contribute to poverty alleviation but on the other hand the same documents are not very explicit on how to achieve this objective through practical measures.

In particular, the Tourism Law refers to only two articles that can be considered favouring PPT principles:

- Article 3 – *Objectives (of tourism)* – d) “To contribute to job creation, economic growth and relief of poverty”
- Article 14 – *incentives to promote tourism activity* – “New investments and undertakings as well as improvements may, by virtue of their socio-economic interest in the development of the sector, enjoy special incentives to be defined by the Council of Ministers”.

Apart from what above is mentioned, nothing else is referred in the strategic plan or in the Tourism law in what concerns benefits from tourism.

A three-pronged approach to pro poor tourism

Pro poor tourism requires three integrated policy strategies:

- Increase the number of tourists
- Increase expenditure per tourist
- Increase the share of expenditure that reaches the poor

The above box states the need to balance national policies in order to obtain impacts in line with SPPT. It can be said that the Mozambican tourism legal framework is not addressing these issues in a structured way through a coordinated action plan.

The economy of Mozambique is characterised by the coexistence of a formal sector and an informal one. Private sector is recognised by laws and in principle supported by official institutions for being the core of a national formal sector but the poor are marginalised and thrown to the category of informal sector, thus not being covered by laws or rules.

The informal sector is believed to employ over 90% of the active population of Mozambique and this “parallel” sector of the economy, has its own vitality and it constitutes the cradle of the future private sector of this country.

Local Economic Benefits from Tourism: Current Context

Tourism in Mozambique is very much seen as a sector important for the macro growth of national income through the contributions to the national treasury rather than leverage for grass root national development.

After 2002 the figures related to national income generated by tourism started rising steadily (from US\$ 64 mn in 2001 to US\$124 mn in 2006, MITUR Official Statistics). But these numbers have not been reflected on a clear improvement of life conditions at local level amongst the marginalised poor producers of services and products. Local linkages resulting from tourism supply

demands are very weak due to constraints faced by local producers and suppliers to respond adequately to standards and volumes required by the hospitality industry. Development of tourism in Mozambique has been happening since its “rebirth” as a result of external investment of small and medium scale entrepreneurs from South Africa, Zimbabwe and in some cases from Portugal, coming to Mozambique in search of business opportunities. More recently bigger investments took shape, also resulting from foreign interests. All of these have requirements related to the supply of products and services that are easily matched by the strong economy of South Africa.

Micro business is not recognised in the tourism sector, as it is in the informal sector which is not recognised as a “partner” within the legal business environment. There are no active micro-finance schemes or programs. Nevertheless some small scale tourist ventures are slowly taking shape, as in is the case of a very restricted number of CBT lodges close to Conservation areas and little accommodation units along the main roads. In fact this is one of the opportunities effectively benefiting local small “poor” entrepreneurs that take advantage from tourism traffic along roads leading to tourism destinations.

Small scale poor entrepreneurs have also seen opportunities in areas close to markets and bus stops in urban and suburban areas, putting up food stalls or basic bars which are sometimes visited by tourists. Some establish facilities close to tourism infrastructure which are very much used by local or non-local people working in lodges or hotels.

Direct benefits to the poor are currently fairly meagre, being mainly:

- Unskilled jobs, the vast majority of the national working force of tourism which reached 34,000 in 2006 (*MITUR official statistics*);
- 20% revenue share of National parks entrance fees which goes for local community funds used in general to improve access to basic

services and local social infrastructure like schools or rural clinics

- Some very limited supply of inputs to hotels such as local food or out-sourced services like mechanics or infrastructure maintenance.
- Small enterprises such as craft sales that have access to hotel shops and a good number of artisans and arts/crafts individual vendors that have good access to tourists in direct sales

Looking beyond just 'the poor', there is very little in the way of a Mozambican private sector in tourism. It is confined to very small scale hotels, restaurants and "barracas" (food & beverage stalls) which sometimes add on basic accommodation. Most tourism businesses are foreign owned although registering Mozambican passive partnerships.

Mozambican authorities welcome investments that incorporate Mozambican nationals as partners and thus licensing procedures become easier and sometimes faster but generally, with the exception of some big companies, these partners are slowly driven away by not being able to raise capital along with the foreign investor.

There are several reasons why direct benefits are very limited:

- The national private sector is still in its infancy in particular within the tourism sector which is in its vast majority controlled by small, medium and big foreign investors and entrepreneurs.
- The South African neighbour's strong economy is hampering the Mozambican ability to supply products and services on a competitive base.
- Local linkages resulting from tourism supply demands are very weak due to constraints faced by local producers and suppliers to respond adequately to standards and volumes required by the hospitality industry.
- Mozambican micro and small scale business have difficulties to directly access tourists due to the fact that the large majority are not registered officially, so they operate within the

so-called informal sector which is not covered by the laws and regulations that license legal operations.

- Tourism developed very quickly and with South African expertise and models, thus requiring South African imports, instead of being based on local capacity. Hotels, lodges and large restaurants have clear interests in buying locally so long as international quality standards are met. But local producers have difficulty in meeting requirements due to poor transportation, storage infrastructure, lack of processing and conditioning facilities and inadequate access to credit and inputs. As a result, more than 95% of food products, equipments and specialized services are imported or supplied by foreign businesses
- Policy preferences: official speech always made clear that only a development based on a "Low Impact - High Income" tourism was welcome and considered appropriate. This means that a high-profile kind of tourism was envisaged by policy makers, based on the principle that quality investments would have to come from outside the country through "big investors", thus putting aside the idea that tourism could develop from inside, with national capacities, at a national rhythm.

Government has never declared as a priority the need to support and/or capacitate small national initiatives that could give some advantage to a "Mozambican ability" to start from scratch and make it part of the development scenario in terms of creating and providing "national" tourism products. On the other hand it has been always clearly expressed by tourism authorities that a "Low Quality" tourism and specifically "Backpackers" tourism was not welcome in Mozambique.

This lack of vision, in terms of a national human resource basis engagement, has largely contributed to the present absenteeism of Mozambicans in the tourism business, with the exception of a low skilled labour supply to the industry and the very meagre and inefficient presence of national entrepreneurial initiatives in restaurants,

bars and a reduced number of very small scale accommodation units.

Nevertheless some emerging national entrepreneurs are trying to come with appropriate means into the sector contributing to the general idea that the situation is changing for better in a near future.

There is a great opportunity to improve from the present lack of integration of the poor economically active, if and when at local level the informal sector can become a stakeholder in the tourism business. The GoM is apparently welcoming this idea but no official declarations have been made in that sense.

More artisans, more community products, more food products supplied by small scale farmers, more services provided by micro entrepreneurs can develop if the government is open to a change

in licensing schemes for the poor and micro credit is easily available.

In the meantime the informal sector is not inactive. Very small scale entrepreneurs are seeing opportunities in the development of tourism around the country and slowly adapting to a new business environment resulting from tourism development.

The Informal sector (http://macua.blogs.com/mocambique_para_todos/2006/04/sector_informal.html) is employing the vast majority of the active Mozambican population, reaching a figure of 90.5% in accordance to the last statistics of INE (National Institute for Statistics) but even though the Mozambican government is not addressing the need to plan for its inclusion on the big picture of the country's economy or even as an important stakeholder in the process of development of tourism in Mozambique.



Assessment of Current Government incentives for Boosting Impacts

There are many factors that influence the scale and distribution of benefits, ranging from capacity of the poor, the business environment, economic history and effective good governance practices. However, the core question for this report is how does Government affect the benefits the gain and costs they suffer? And what more could Government do to enhance the gains?

The approach used here is to analyse specific government interventions that affect different types of benefit to the poor. A pro-poor policy requires measures that increase the share of expenditure reaching the poor, in addition to measures that boost tourism arrivals and total spend. The first 9 instruments covered here all aim to boost financial flows to the poor and the last four deal with the enabling participatory environment for the inclusion of the poor.

Five areas of action focus on specific types of economic engagement of the poor:

1. Promoting employment opportunities, conditions, and hospitality skills
2. Helping poor suppliers enter the supply chain
3. Enabling micro and small scale entrepreneurs to operate tourism businesses
4. Expanding opportunities for artisans and craft makers
5. Creating incentives for private sector – community partnerships

Three types of intervention help facilitate all these different economic benefits:

6. Influencing private sector behaviour
7. Facilitating destination-level linkages
8. Developing tourism products and segments well-served by the poor.

The ninth expand other types of financial flows that are not earnings:

9. Sharing revenues and taxes with local people

Finally government actions that promote non-financial benefits are considered:

10. Maximising benefits to local people from tourism infrastructure and services
11. Managing trade-offs between residents and tourists over resources
12. Managing cultural disruption
13. Enabling participation by the poor in policy-making

Promotion of tourism skills and employment opportunities for the poor

Issues to consider: how can the strength of local skills and the number of non-management jobs created in tourism be enhanced to the benefit of the poor? How much tourism training is available for un-skilled and semi-skilled workers? Are hoteliers obliged to provide training? What measures exist to maximise employment opportunities and to enhance working conditions of the poor?

Training in tourism skills is very limited in general throughout the country. Existing small scale official training was localized till very recently in Maputo at “Hotel Escola Andaluza” which is presently under a privatization process.

Presently there is no public institution that provides tourism training in basic skills for the more economically disadvantaged, although government constantly refers the need for such institutions. FUTUR (National Tourism Fund) is planning to organise and finance local training courses in tourism development areas where basic skills are more needed, but programs are not yet set or action plans defined.

One public institution – ESHTI Superior School of Hospitality and Tourism - is supplying training in planning and management skills but not focused on the tourism industry's major requirements like receptionists, rooms and restaurant skills.

There is presently no training tax or levy on tourism business or hotels, and no compulsory requirements for tourism business to invest in training. There is some private training on-the-job in some hotels, in basic hospitality skills like room servicing, receptionists and English language.

Till 5 years ago there was a tourism levy canalised to a public institution (FUTUR) that amongst other things financed training. Nowadays, after the introduction of VAT this levy is no longer applicable.

There is an opportunity to include tourism skills in the basic training provided by mostly religious institutions settled around the country (arts and skills rural "missions") and some have expressed their interest. In this case a lot could be done in order to create a good base of basic skills amongst the poor in areas where tourism is developing.

Mozambique has Portuguese as its official language and so English as the "tourism language" is highly important as one of the most relevant basic skills Mozambicans have to learn. English is now part of the curricula of the general education system at secondary level. Poor people in general have no access to training in English.

There is no specific labour regulation for tourism. A national general regulation covers all the economic activities in the country. There is a minimum wage at USD 55 per month applicable at national level.

All workers are supposed to have contracts registered but in practical terms a lot of workers, mainly in rural lodges and isolated tourism resorts, are not covered by contracts, for being considered "day workers".

It is very difficult to envisage a specific policy that addresses the priority for the poor to access the tourism business in a country where its own private sector is not yet developed (and not properly incentivised) to a critical mass level that allows it to be a dynamic force in the development of tourism in the country.

- **Potential Action Area:** Government should become more actively involved in the support of the tourism private sector investments by helping and promoting local training programs in areas where tourism is growing. Particular attention should be given to a local enabling environment in order to facilitate and promote:
- Local BDS interested in providing tourism basic skills training courses to locally graduated students not able to carry on their studies
- Carrier management policies negotiated with tourism operators including the lowest labour categories.
- In-house training courses organised by local tourism businesses, enabling tax deductible schemes.
- Secondary school curricula including general knowledge about tourism, in order to influence future professional engagements.
- Basic training programs in business management skills
- Local English training courses

Helping poor suppliers enter the tourism supply chain

Issues to consider: Small entrepreneurs who supply inputs to tourism often get less policy attention but are important among poor participants. Is there any information on the significance of the tourism supply chain to the poor? Are farmers assisted to sell to hotels and restaurants? Is there any business support for potential suppliers of goods and services to the tourism trade?

In the South and Centre of the country, procurement of local goods and services is compromised by the weak local capacity to respond to the required standards and the vicinity to South Africa makes it easy for hotels and good restaurants to source goods and services from this country at unbeatable prices and conditions. In the North, Dubai and the UAE are the preferential suppliers for equipments.

Presently there is no clear evidence of communication between large and small business to create commercial linkages at local level in any tourism destination. There is no collaboration between agro support services and the tourism industry to help poor farmers supply food to hotels. In practical terms almost everything is imported from South Africa.

Nevertheless there are some isolated initiatives resulting from responsible attitudes by some investors developing isolated resorts as in the case of islands in the north of the country or in conservation areas. These initiatives, very small in number yet, have been involved in generating positive impacts through the inclusion of local poor people in the business as suppliers as the case of "Nkwichi Lodge" in Lake Niassa (www.mandawilderness.org) which can be considered a case of success in the country.

Other big investors like the Rani group (www.raniresorts.com) are identifying some strategies to include poor suppliers in their operations through lodges located on islands in the north and the centre of the country.

Recently, the Ministry of Commerce and Trade has launched a national campaign in favour of promoting the preferential consuming of Mozambican products, branding it with a "Made in Mozambique" logo. The campaign is not yet generating results in practical terms and time is short till the complete opening of borders in the SADC region in 2010, after which goods and services will not be subject to any customs restriction, with obvious adverse effects to weaker economies in the regional "satellite" countries that will eventually be condemned to become compulsory consumers of regional stronger economies e.g. South Africa.

In some isolated cases, local producers are able to supply fresh products to hotels and restaurants in tourism areas, but this is not reflecting any specific policy drawn up to favour the "poor" which are all included in the so called informal sector.

Existing products and services supplied by the "poor", such as fresh food products and arts, crafts, dancing, boats, basic skills, tour guides and other are requested by tourism services such as hotels or local tour operators, on a case by case local arrangement. Improvement can occur if and when demand volume increases.

Some poor or small scale producer's umbrella organisations like "Kulima" and UGC (Uniao Geral das Cooperativas) are interested in linking up their associates to hotel and restaurant demands but are still facing a lot o difficulty in establishing concrete linkages.

- *Potential Action Area:*
The GoM has to start understanding that the development of tourism should not only impact positively on the national economy through collected taxes by the Ministry of finances but that the most important is how can the business it self contribute to local economies of scale impacting at household level by including as much as possible the common citizen and its ability to produce and supply.

It has to be perceived by the government that tourism products can take advantage of the peculiarities of the Mozambican lifestyle and traditions, this meaning that it is not only through "foreign investment" and thus foreign standards that the development of tourism has to take shape but that also the "Mozambican offer" can be included in order to allow "local linkages".

A lot can be done to increase the demand on local products and services to the tourism supply chain:

- Hotels and restaurants of higher standards should adapt their menus so that traditional food could be promoted amongst their foreign clients.

- Government and NGO's should set up programs to upgrade local production abilities in order to help standards development, responding to quality demand.
- Government should use the "Made in Mozambique" national campaign to promote not only industrial products and services from the formal sector but include also the ones produced and supplied by the informal sector.
- In what food production is concerned Government should also change drastically its policies related to the present self-subsistence approach, to a market oriented production attitude by small farmers of the informal sector.
- Efforts should be made in order to label small producer's food products as "organic products" in order to have "poor quality" more acceptable for being chemical free.

Enabling poor entrepreneurs to operate tourism businesses

Issues to consider: A multitude and diversity of enterprises are possible in tourism. But can small and micro enterprises (SMEs) get registered and operate easily? Are there any measures to assist local guides, home stays, and transport providers etc to enhance their products, business skills and market access? Is there specific support for enterprises run by poor communities?

FUTUR, a national fund for the development of tourism is granting soft loans to a very limited number of local small scale entrepreneurs in order to help them to build small accommodation units along main roads or remote areas. FUTUR is also promoting short training courses to capacitate these beneficiaries in management skills.

FUTUR is also involved with national marketing actions in international tourism trade shows and the production of promotional material, some of it including local culture elements that have a graphic link to the poor. But there is no

government planned marketing assistance to micro and small enterprises and access to capital or business development services (BDS's) for tourism SME's is practically non existent. Banks and financial institutions do not promote feasible actions allowing access to credit to "poor" entrepreneurs or favour in any sense Mozambican entrepreneurial financial capacities.

There are no registration forms for local guides but the activity is likely to be regulated in the future. Some NGO's have tried localised initiatives in tourist guide training but subsequent activity has never employed tour guides on a constant basis.

Some receptive tour operators and travel agents are training their own tour guides in urban centres like Maputo, the capital. In some regional gateways like in the case of Vilankulo where there is an international regional airport serving the Bazaruto archipelago which is the busiest tourism destination in the country, a group of local operators is planning to train a small number of tour guides.

It is difficult (but not impossible) to register basic accommodation providers like room renting and government is intending to issue some rules to legalise this activity but these are seldom covering poor households.

The private sector in general, foreigner and national, complain a lot about difficult access to business due to a lot of bureaucracy and sometimes "red tape" attitudes by officials. Poor entrepreneurs are in an even worse condition, not having any financial resources, access to credit, know how or business opportunity awareness. Present government policy is trying to address bureaucracy constrains to licensing processes by opening "one window services" but these are not yet proving the necessary quick needed responses.

At local level, some municipal governments are showing interest in finding practical solutions to organise small scale producers in order to include them in the tourism business, but till the present moment no clear strategy has yet been defined.

- *Potential Action Area:*
Government has to start recognising the informal sector as a major stakeholder in the national economy. Some steps could be made by the state in order to “formalise” the informal sector through policies addressing the promotion of micro entrepreneurial abilities like:
 - Ensuring licensing and regulations that do not exclude small entrepreneurs
 - Facilitating home-stay accommodation with minimum standards
 - Giving exclusivity or priority to national small and micro entrepreneurs in local small scale tourism businesses or related to tourism sector.
 - Promoting micro-credit schemes.

Promoting craft production and sales by the poor

Issues to consider: craft sales can be a vital opportunity for those without formal skills to participate in tourism. Is there any business support for craft-makers and vendors to enhance their products, sales and incomes? Can they access the tourism market easily?

FUTUR has a plan to finance the construction of road stalls to facilitate the direct access of poor artisans and arts and crafts vendors to tourists.

Presently a small NGO – “ATA”-Aid to Artisans –is helping crafters to create associations but its impact is localised in the south of the country and very small scale.

There are some local artisans associations that promote events in order to facilitate the access of artisans to tourists and one public institution - IPEX – National Institute for Exports is facilitating artisans’ presence in international specialised trade shows.

Some hotels facilitate the access of their premises to arts and crafts vendors and some others promote local craftsmen by allowing them to produce their objects of art inside the hotels as a way to facilitate cultural interaction with clients. Poor producers and vendors take advantage of roads that give access to tourism destinations getting together to put up informal markets where tourists can buy fruit or arts and crafts and the authorities keep their eyes closed to the informality of the situation.

Government has no specific action to help or capacitate artists, vendors, musicians in commercial processes related to tourism, but local governments are allowing artisans and vendors to have access to good locations in public markets and some public areas along busy streets which tourists are likely to access.

In tourism coastal areas hotels/ lodges are distant from centres, but vendors can get easily to tourists. Close to main tourist attractions it is common to see vendors exhibiting their products freely and without interference of authorities.

- *Potential Action Area:*
The Mozambican government, through the Ministry of Culture should start addressing arts and crafts issues in order to help artists and artisans to develop their products and skills through training programs covering the country.

Artisans should be helped at local level to share experiences and access information in order to allow them to develop their products and skills.

In every urban area in the vicinity of tourism major destinations local governments should invest in attractive arts and crafts markets and much effort should be put in “localising” product’s typology.

Creating incentives for private sector – community partnerships

Issues to consider: Joint ventures between communities and private operators can generate high returns but be ferociously difficult. Is there a legal policy framework to encourage such joint ventures? Do communities have tenure or assets of market value? Does government provide technical advice or facilitation to ensure they get a good deal? Or does it encourage other kinds of less formal partnerships?

There is currently no legal policy framework to encourage partnerships or joint ventures between formal sector operators and local communities although political leaders express openly their opinions in favour of these.

Land in Mozambique has no market value due to constitutional constraints; in some very limited cases, communities have obtained legal rights on concessions and economic activities developed within the boundaries of areas considered “community reservations”, enabling them to be part of eventual developments, but results have not been proving real success so far.

A key issue in the constituency of local partnerships involving incoming investors and residents is the right on land transactions that is not recognised because the land belongs exclusively to the state in accordance to the constitution.

In TFCA's government is stating the need to design feasible partnerships between local communities and private sector investors and for this purpose is preparing a “code of conduct” for the investors interested.

- **Potential Action Area:** *Communities” in Mozambique have not yet an official status recognised by law as legal entity. Much has to be done in order to give, especially to rural communities settled in and around the national parks, a legal status so*

that processes relating to partnerships and legal ownership of assets can become clearer and easier to deal with.

In partnerships with private sector, local communities should not compromise large portions of their allocated land in “eco-tourism” projects that exclude their member's economic and social activities to safeguard investor's interests.

Community Based Tourism should not be seen as a individualised tourism product but should be considered as a complementary economic activity in the context of community development and a possibility to anchor a variety of local social and economic activities.

In the context of development of the national parks and in the particular case of TFCA's, the legal rights for tourism developments should be given in exclusivity to local communities in order to allow them to participate with advantage in partnerships with the interested private sector.

Influencing the behaviour of the established private sector

Issues to consider: how tourism businesses operate determines the size and scale of benefits to the poor. Are there any formal requirements, rewards, or implicit expectations for the formal private sector (hotels and tour operators) to source products locally, improve their local employment practice, support local residents and micro-businesses, or enter partnerships with communities?

There are no incentives created by Government for the formal private sector in order to promote local linkages or products sourced locally or partnerships with communities or in any sense to make private sector more “Pro Poor”.

Theoretically Government is giving lots of exposure to the general need to fight poverty and increase the involvement of private sector and civil

society in general but there is no incentive whatsoever to promote new commitments from the private sector, in line with general principles of poverty reduction.

Agreements with new investors do not cover specifics for community benefits except in the case of “Nature Conservation Areas” within the TFCA’s for which a code is under preparation.

Presently the government is preparing a code of incentives to the private sector but it is a process very much restricted to public sector. Private sector will be involved at a final stage but there is a clear intention to attract foreign investment instead of proposing the strengthening of a national private sector to take a major role in the development of tourism.

- **Potential Action Area:** Government should negotiate with the private sector a responsive attitude by giving some privileges to tourism sector business “responsible” attitudes relating to priority given to products and services supplied by local small producers and service providers.

The national campaign around the labelling “Made in Mozambique” should be supported by Government through a set of incentives to tourism businesses that give precedence to local and national Mozambican supply chains.

Facilitating linkages between private operators, local people and other stakeholders within a destination

Issues to consider: If hoteliers, tour operators, micro-entrepreneurs and residents come together, potential to benefit all through enterprise development, training or mentoring, and neighbourhood upgrading is huge. Are there any initiatives within local destinations that bring together all the different stakeholders? Is government acting as a catalyst?

There are some local business and civil society initiatives trying to bring together

tourism actors for the benefit of the destination product, but results and deliverables are very difficult to guarantee.

Some lodges, mainly located on islands are putting in place corporate responsibility policies that benefit local communities. Tourism related activities, like diving operations and boat charters are involved in initiatives with local communities raising public awareness for environmental protection and other related issues.

Some isolated initiatives are taking place but a lot more could be done if central government addressed this issue in a concerted way with the national private sector in order to obtain commitments based on equitable shared responsibilities as well as a strong basis to allow Mozambican private sector’s growth.

The growth of tourism in the country is marked by a series of investments happening in a succession of individual approaches by investors of different origins, interests and targeted markets or even volume of investments and it is not happening in accordance with local development plans. This is causing a communication gap amongst local stakeholders and thus affecting joint strategies to “localise” tourism and local linkages.

- **Potential Action Area:** Government at national and local level should act as a catalyst in the process of structuring local economic linkages. Recently the central government has declared the district level to be the cradle for development in the country. Civil Society, private sector and local government at district level are invited by central government to build up dialogue platforms in order to plan jointly district development. GoM is even granting a local development fund of US\$300.000 in every district of the country to support financially local processes.

This is a great opportunity for local stakeholders in major tourism destinations to plan the integration of local economic activities amongst

which, local economic linkages to the tourism businesses can become a reality. A lot depends on local vision and dynamics to concretise potential ideas into concrete actions.

Developing tourism products and segments well served by the poor

Issues to consider: what are the tourism products that are offered, or could be developed, that particularly offer more opportunities for the poor? E.g. rural, agro- or adventure tourism, urban tourism, artistic and cultural products? Is government specifically assisting such developments?

There are great opportunities to develop new tourism products just by taking advantage of existing cultural habits and basic economic activities serviced by poor people like organic food production, traditional dancing, "Dow" transport and tours, traditional fishing, traditional adventure long trails, etc. But government is not actively involved in the promotion of these alternative products.

Community Based Tourism lodges are very few in number in the country. Although the government is expressing its interest in its development there is no practical promotion of the idea amongst rural communities. Nevertheless in 2007 WTO has approved and financed a project through its ST-EP fund responding to a request made by MITUR in order to capacitate local communities to run more efficiently a number of small CBT lodges in the area of the Special Elephant Reserve of Matutuine district in the south of the country. A number of issues have to be considered if CBT lodges are to prove some degrees of success as their regular commercial operations develop. But this is a great opportunity to introduce land-locked communities in remote areas to interactive commercial practices. On the other hand it is vital to these communities and its members to get involved with collective ownership issues that will eventually to strengthen their development from within.

Arts & crafts are developing in volume and typology and around the most important tourism destinations as well as the number of vendors is constantly growing. In some cases local governments (Municipalities) facilitate the access of artisans to tourists but much more should be done in order to obtain better results in terms of product quality, quantity and typology.

The poor, who in general terms in Mozambique are the ones living under the one dollar a day reference, are not yet prepared to produce or supply directly the tourism industry, but NGO's and GoM agencies are slowly and gradually preparing grounds for development using tourism as a "trigger effect". DNAC is preparing training programs for local communities living close to conservation areas in order to capacitate them to supply food products on a regular base to lodges. Arts and Crafts are also targeted by the same program as an option for local small scale production

- **Potential Action Area:** Government should put up a strategy for boosting domestic tourism as an alternative for the inclusion of national inputs in the tourism supply chains at national and local level. A high-end option for the development of tourism in Mozambique has to be accompanied by the development of a national offer of tourism products and services. High standards in tourism products and services require procurement based on high standards too in the supply of goods and services very difficult to find in Mozambique.

A national tourism structure is much more prepared to accept local supplies and national tourists also more prepared to consume local products.

There is also the need to see CBT through a different approach. It has to be understood that CBT is not only – and most probably not at all – a tourism product as such. CBT has to be understood in the context of local development proposed to communities and

specially to the ones settled in areas adjacent to National parks and TFCA's.

Communities should be advised by government and NGO's involved in local development processes, to negotiate amongst them the integration of small scale CBT products that could be offered to niche markets as eco-tourism product networks, complementary to hi-end products existing within the park's boundaries.

Through this model, communities would be able to grow their own abilities and skills in the management of their own assets and territories and compromise with better conservation practices. Asset's ownership by communities and management practices to run CBT lodges should be placed in the right context of feasibility. Partnerships could place communities as owners, outsourcing management through contracts with private sector management companies specialised in managing integrated CBT lodges in a network concept. These CBT management private sector specialists could work closely through eventual joint ventures with specialised tour operators selling eco-tourism packages to niche markets which would comprise a certain number of days touring the CBT networking lodges on a given region.

Sharing revenue from taxes and fees with local people

Issues to consider: When authorities gather fees for usage of national parks and tourism facilities, is there a share that goes to local residents? How does government manage the trade-off between money for residents and money for the Treasury?

There is no specific tourism tax revenue. A general 17% VAT sales tax is collected by the Ministry of Finances on all transactions in the country.

In accordance to a specific law for natural conservation areas, local communities benefit from 20% of parks entrance fees

and public infrastructure and service fees. Since 2005 Government has issued a ministerial decree (93/2005) – "Mecanismos de Canalização dos 20% às Comunidades Locais", stipulating the mechanisms to be used in the distribution process of the 20% to local communities. This is really the very first clear application of SPPT principles, benefiting directly the livelihoods of poor people and mechanisms are being updated as processes develop.

- *Potential Action Area:* Government should help communities to plan for the use of moneys resulting from the contribution above mentioned. Collective income poses always a problem to the community in designing best options to use available money in the interest of all.

Government should also commit to relevant actions like:

- Maximise transparency through regular meetings with community representatives.
- Facilitate philanthropic flows by using national marketing tools.
- Capacitate local community's representatives in management skills.
- Propose networking schemes between neighbouring communities.

Maximising benefits to local people from tourism infrastructure and services

Issues to consider: when new roads, water supplies, power lines, health care, or other services are developed for tourists, is there a process for working out how to optimise benefits for local people too? Are locals consulted?

Government is demanding from new investors a complementary investment in local infrastructure like small schools or rural hospitals as a way to generate positive impacts on local communities' livelihoods, but there are no monitoring processes or enforcement systems that can guarantee concrete results.

Government is in fact not planning public infrastructure in accordance with tourism development needs. Public infrastructure supporting macro development strategies is highly dependant on foreign aid. But access to tourism destinations is improving more and more as more roads are constructed and basic services are put in place by either the investors or public works. This is having an impact on better access to basic services by the poor and especially roads are favouring commercial contacts impacting on livelihoods of people settled along these new corridors.

In remote areas along the coast and in the hinterland new conservation areas, investors have to face the need to invest in their own basic infrastructure like roads, water and power supply and in some cases local residents benefit from them. In these cases, local communities are in general consulted.

- **Potential Action Area:**
The development of tourism in major attraction destinations should be actively planned with the inclusion of local representatives.

Infrastructural development has to be planned in accordance to local development plans and not only respecting macro development intentions agreed with international donors.

Managing trade-offs between residents and tourists over resources

Issues to consider: is there competition between residents and tourists over use of land, coastline, grazing, marine resources, or water? What measures does government use for reducing impacts of tourism on residents and their natural resources?

Theoretically the government intends to control negative impacts on local residents within tourism development areas, but there are no practical measures or legal monitoring processes. Nevertheless government is firm on guaranteeing

access of locals to natural resources, although in natural conservation areas management plans have to enforce full respect of conservation principles.

Tension at local level between local residents and tourism activities is normally managed on a case by case approach with the help of local leaders and community negotiation.

Littering is one of the main problems faced by new investments in tourism due to the fact that public waste management is very weak or completely absent as a regular practice in the case of rural areas.

- **Potential Action Area:**
Government has to have clear and stated rules regarding waste management in tourism development areas.

Government has also to approve the code of conduct for tourism operators and tourists already pending for a long period of time.

Managing cultural disruption

Issues to consider: Do local people suffer from cultural effects of tourism, sexual exploitation, or other disruption? What does government do to address this?

The GoM is preparing a code of conduct for operators and tourists that covers all aspects of cultural disruption that can affect local communities in the respect of their traditions and uses in order to protect their interests.

Indirectly tourism is contributing to local disruption of family values and sexual exploitation due to the fact that immigrating workers employed in the tourism industry do not, in general, respect local values. Government is not very much aware of this, being still very much focused on the idea that tourists themselves can be the cause of social damage which is in general, not the case. The government intends to issue a Code of Conduct for tourists in order to protect cultural values as well

as the natural and historical heritage. Prostitution is not welcomed in tourism development and child prostitution is considered a crime by the National Tourism Law which specifically outlaws child sexual abuse and sex tourism.

- **Potential Action Area:** One of the worst effects of tourism development is the exclusion of people from large portions of traditional lands in order to respect the tourism operator's requirements of privacy. This issue should be addressed through local negotiations before land concessions.

It has to be understood that space and landscape are very much part of the African culture and also considered as a privilege of rural communities living in a scattered settlement pattern.

Once again the code of conduct for tourists and tourism operators should be approved for the protection of local communities.

Enabling participation by the poor in making policy and plans

Issues to consider: can the poor influence policy so that it meets their needs? In the process of developing national tourism policy, are representatives of poor groups, workers, small enterprises or the informal sector consulted? In developing local level tourism plans, are residents consulted?

In the elaborative process of national tourism policy the private sector is consulted on a very broad representation basis. In theory, local residents have to be consulted and they are in some cases, but the enormous lack of general preparation to understand collective interests is affecting practical results and any feasible actions for poverty reduction.

In local level development plans (very few exist), residents are consulted through communities' representatives on an occasional basis. Nevertheless a great effort is put on public awareness by pressure groups and public sector agencies, to include

civil society. Government is also recently trying to include as much as possible local consultancy to communities as a basic requirement for tourism development's land concessions.

In Nature Conservation Areas, special legislation is applicable in what is referred to as local community inclusion and consultation processes, thus in these processes TFCA's have particular relevance.

Conclusion:

The Government strategy for the development of tourism in Mozambique recognizes that a cross-sectoral approach is needed to develop economically, environmentally and socially sound tourism. This includes integrating tourism needs into the local and national economic and physical planning processes and priorities. But in practical terms much has to be done in order to implement this political ideal objective into practical actions on the ground. Decentralization and local empowerment, improved governance, and improved capacity of the public sector to deliver services and support the private sector as well as the emerging small scale local economies are some of the necessary steps forward in order to create the enabling environment for Sustainable Pro-poor Tourism to take place.

Partnership among different levels of government, communities and the private sector is at the heart of the matter. Each of these partners have to have specific responsibilities and contributions to make in the implementation of practical actions

The future scale of the tourism industry in Mozambique, where in ten years time it is possible to be talking about inbound tourist expenditure approaching US\$ 300 million per year (in a middle scenario) to US\$ 450 million per year (in a high scenario), is a great opportunity to diversify measures that will generate impacts in poverty reduction and Government is a crucial stakeholder in the process.

To include the poor in the process a community strategy will be a key tool for creating awareness, for consensus building,

for generating participation in processes of change and development, for making informed decisions and for resolving conflicts. At the community level, the communication strategy should focus on the need to ensure access to information for all local stakeholder groups and to strengthen the ability of all stakeholders to articulate and disseminate information, and make their own informed decisions.

There is also a need for Government to improve the business climate and create an enabling environment for national private sector investments in tourism and other related enterprises, by increasing transparency and addressing regulatory and other barriers.

The tourism industry is also experiencing rapid growth in Mozambique. Tourism is now the third largest sector for investment in the country. In addition to the overall economic promise of tourism development, many of the areas with greatest tourism potential are located in some of the poorest areas of the country, where agricultural potential is lowest, where opportunities for other types of income generation are limited and where conservation-based tourism is one of the few potential sources of growth. The Government therefore has to promote the development of pro-poor tourism in these areas as a unique opportunity to improve the livelihoods of the local people.

Existing constraints to tourism development in Mozambique include poor infrastructure and access to many high potential areas, the lack of institutional capacity to plan and manage tourism development and integrate it with other development plans and priorities, a poor business climate and the absence of marketing and a creative approach to product development.

It is increasingly recognized that tourism generates backward and forward linkages that must be approached broadly in the context of a national framework and that the tourism sector alone cannot alone achieve these. The Government therefore must envision a cross-

sectoral approach in which sustainable tourism is integrated into the country's overall policies and economic and physical planning processes. In short, tourism has to be in Mozambique, to some degree, everyone's business.

To conclude it can be said that there are some positive indications in the development of tourism in Mozambique and what it can do in order to generate positive impacts in the national economy as well as in poverty reduction but much has yet to be done by the government to address some very important issues.

A lot of attention has to be given to create a tourism industry that is pro poor in its structure on some key issues:

- Establishment of an enabling institutional framework with adequate planning and control mechanisms
- Domestic Market growth as an issue that definitely has to be understood by government as a way to anchor tourism development in a sustainable way in Mozambique. The future can be otherwise compromised if tourism is only perceived as an industry for foreigners invested and managed by foreigners.
- Governance issues have to address seriously in terms of local planning, building an enabling environment for local linkages to the tourism businesses.
- Partnerships between communities and private investors have to take in consideration the gradual inclusion of local individuals in management skills and not only in account a revenue solution based on rental agreements.
- Community capacity building has to take in account the need to invest seriously in national human capital.
- A conducive business climate for development of a Mozambican private sector, including support to what is currently the informal-sector.

Annex: People consulted and references

This document results from a research conducted by a SNV team composed by two SPPT tourism Advisors of the Southern Portfolio of Mozambique, namely Luis Sarmento and Marcia Mavale.

In the research process several institutions and individualities where consulted

AHSM	Hotel Association of southern Mozambique
CPI	Investment Promotion Institute
CTA	National Council for private sector associations
DINATUR	National Directorate for Tourism (Department of MITUR)
DNAC	National Directorate for Conservation Areas(MITUR)
DPC	National Directorate for Planning and Cooperation (MITUR)
DPT	Directorate for Tourism Promotion (MITUR)
DPTUR's	Provincials Directorates of Tourism
FUTUR	National Found for Tourism
IGT	General Inspection for Tourism
M.TRAB.	Ministry of Labour
MIC	Ministry of Industry and Trade
MIN. FIN.	Ministry of Finances
MITUR,	Ministry of Tourism
SINTIHOTS	Tourism Labourers Union

For more information on Mozambique

www.ine.gov.mz; www.metier.co.mz --- Official general Mozambique info

www.futur.org.mz; www.mozguide.com --- Tourism info

www.usaid.gov/mz; www.tipmoz.com --- NGO/ other / business gen info

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Dominique Verdugo

**AN ANALYSIS OF GOVERNMENT
INCENTIVES FOR INCREASING THE
LOCAL ECONOMIC IMPACTS OF
TOURISM IN RWANDA**

Dominique Verdugo, Tourism advisor

Introduction:

Development context

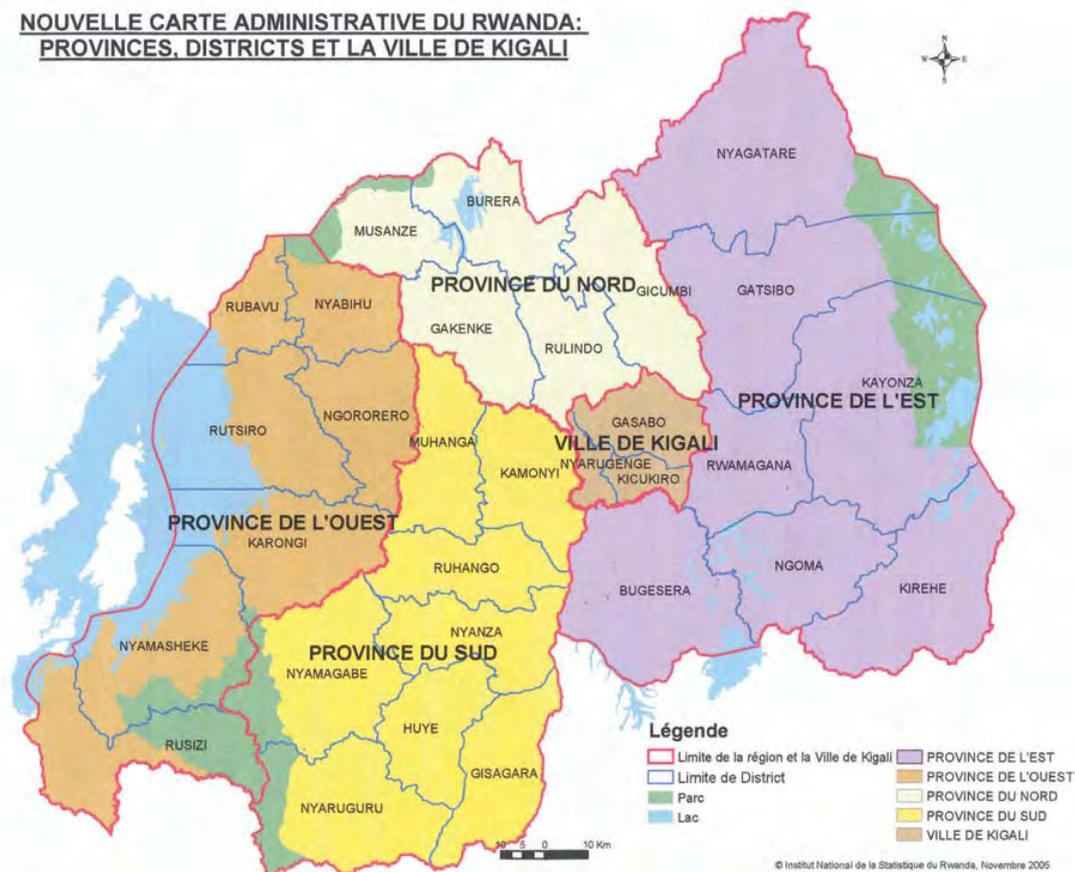
Tourism is tiny but important to Rwanda. Poverty is extreme. A big challenge is to harness tourism for poverty.

Rwanda is a small land linked country situated in Central Africa on the watershed between Africa's two largest river systems: the Nile and the Congo. Much of the country's 26,338km² is impressively mountainous, the highest peak being Karisimbi (4,507m) in the volcanic Virunga chain protected by the *Parc des Volcans*, home to the

world's biggest number of endangered mountain gorillas. The largest body of water is Lake Kivu, but numerous other lakes are dotted around the country, notably Burera, Ruhondo, Muhazi and Mugesera. Also popularly known as 'the land of a thousand hills', the country lies 75 miles south of the equator in the Tropic of Capricorn, at about 880 miles west of the Indian Ocean and 1,250 miles east of the Atlantic Ocean. Rwanda is bordered by Uganda to the North, Tanzania to the East, Burundi to the South and the Democratic Republic of Congo to the West. The capital of Rwanda is Kigali.

Administrative Map of Rwanda

NOUVELLE CARTE ADMINISTRATIVE DU RWANDA: PROVINCES, DISTRICTS ET LA VILLE DE KIGALI



Rwanda has a population of 8.3 million people (Census of 2002) with a demographic growth rate of around 3% per year (5.8 children per family). It has one of the highest densities in Africa (± 300 inhabitants per km²). With a per capita income of US\$ 220 par year, Rwanda is desperately poor. According to the United Nations Human Development Index (HDI), Rwanda is ranked 158/177 countries worldwide⁶. The country has improved from last year's 159th position out of 177 countries survey. According to the HDI, the country registered improvement in the score for life expectancy by 0.32, education 0.61, GDP 0.42, while the change in GDP per capita was -5. The HDI ranked Rwanda in the 67th position among the 102 developing countries. This places Rwanda among the least developed nations in the world. The recent concerns of GoR⁷ relates to poverty reduction efficiency. Poverty fell from 60.4% in 2000/2001 to 56.9% in 2005/2006 when GDP growth rate is 6.3%.

As a result of Rwanda's population pressures, over 50% of farms are less than one half hectare in size⁸, and competition for land is an underlying source of conflict. Rwanda has always been and remains, a predominantly agricultural economy, so that access to land is a key issue. Preserving conservation areas to support tourism is becoming more difficult. The new land reform law (2006) should bring political and economic benefits. However, the law could actually lead to conflict if not implemented carefully⁹.

Landlocked with few natural resources and minimal industries, increasing pressures on land and decreasing plot sizes per family, HIV remaining entrenched epidemic¹⁰, low literacy¹¹ (69%) and net primary school enrolment rates (85.9%¹²), there are many challenges for Rwanda's economic development.

Rwanda's economy still may be small and predominantly agricultural, but in recent years, with political stability, it has posted

an impressive 9.9% GDP growth rate at the same time reducing inflation to 3.2% and currency depreciation to only 6.5% per annum. Foreign exchange controls have been liberalized and the banking system is sound and thriving¹³. Despite its sustained economic growth, little recognition is made though of the widening gap between rich and poor¹⁴ in recent years.

Rwanda is one of the first countries to undergo assessment by the peer review mechanism of the New Partnership for African Development (NEPAD) and received a generally favourable report.

The major exports of Rwanda are coffee, tea, mining and tourism. Coffee is one of Rwanda's leading export cash crops and makes up to 50% of the total export value, while the mountain grown tea is considered to be some of the finest in the world. International Tourism Receipts counted for 8.9% of exports of goods and services in 2005¹⁵.

The Vision 2020 (2002) is a framework for Rwanda's development, presenting the key priorities and providing Rwandans with a guiding tool for the future. It supports a clear Rwandan identity, while showing ambition and imagination on overcoming poverty and divisions. With its Vision 2020 objective of combating poverty, Rwanda has embarked on a comprehensive program of privatization and liberalization with a goal of attaining rapid and sustainable economic growth. The goal is to transform the economy from its 90% dependence on subsistence agriculture into a modern, broadly based economic engine, welcoming to investors, creating employment and new opportunities.

Explicit aspirations within Vision 2020 are not specific to, but are related to, tourism:

- Rwanda will develop a culture of entrepreneurship;
- The country will develop a broad, dynamic and competitive private sector;
- Rwanda's private sector's role in investment will increase;

6 UNDP Human Development Report 2006

7 GoR Akagera Retreat in February 2007

8 Estimated 2 hectares per family in the 1960s and 1.2 hectares in the 1990s

9 2006 www.usaid-rwanda.rw

10 With a prevalence rate of 5.1%

11 Average adult has 2.6 years of schooling

12 EICV figures 2005/2006

13 UNDP Rwanda Country Profile 2005

14 Rwanda Country Summary by Human Rights Watch in January 2006

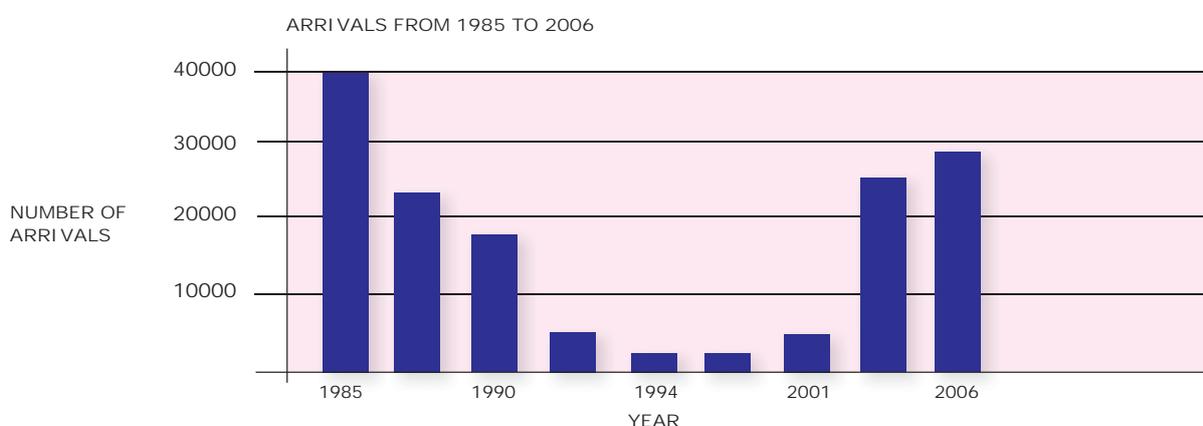
15 Data collected during 2006 by World Tourism Organisation (UNWTO)

- Rwanda's private sector will generate non agricultural jobs, especially in industry and services, and will significantly contribute to sustainable poverty reduction.

Current tourism situation

Before the period of 1990-1994, Rwanda had become an established tourism destination. Unfortunately, the dramatic events of 1994 devastated the economy and the tourism industry in Rwanda.

Constraints to the Development of Tourism in Rwanda



Source: Data from ORTPN

The security situation has been re-established in the country and Rwanda tourism industry has experienced a revival since 2002. An international campaign launched tourism again in 2003. Rwanda is currently booming and ahead of its targets set in 2004 in both tourists' arrivals and foreign exchange earnings¹⁶. The number of visitors to Rwanda in the year 2005 was estimated at 26 000. This is now superior to 24 000 recorded in 1989, but not yet back to the earlier peak of 39,000 in 1984. International Tourism Receipts counted for 8.9% of exports of goods and services in 2005¹⁷.

In that same year of 2005, international arrivals to Rwanda registered a 16% growth above the average 13% for Sub Sahara Africa¹⁸. It is notable that Rwanda with such high growth rate of tourism also has focused and funded government strategies directed at tourism infrastructure development and promotion¹⁹. The aim is to

attract 70,000 international tourists in 2010. There were above 30,000 before ending 2006 (ORTPN November 2006). An annual 16 to 20% growth rate up to 2010 will match this aim.

All-year-round tourism is possible in Rwanda due to a good temperate climate with an average temperature of 19° C. Most visitors come in July and August being dry season and holiday period in Europe and America. Rwanda does not have proper statistics and data yet but an extension of this period has been noticed in 2006²⁰. Although climatic conditions are strength for tourism, analysis of the current situation shows that in the international market, the tourist sites exploited in Rwanda are limited in comparison with their potential. Tourism to Rwanda is still highly focussed upon short visits²¹ to the Mountain Gorillas. As small as beautiful, Rwanda under-exploits today its tourism potential.

16 On The Frontier Rwanda 2006
 17 Data collected during 2006 by World Tourism Organisation (UNWTO)
 18 UNWTO (2006) Africa is this year again the world's leader in terms of growth in international tourist arrivals. Between January and August 2006, international tourist arrivals to the region increased by 9.8%. Sub-Saharan Africa (+12.6%) leads the performance so far. www.world-tourism.org/newsroom/Releases/2006/november/barometer06.htm
 19 The World Bank - Africa Private Sector Development, Number 16, July 2006
 20 Remark by Rosette Rugamba, DG ORTPN (October 2006)
 21 Length of stay went from 4 days in 2004 to 4.5 days early 2006 (ORTPN 2006)

Rwanda Tourism Products

Main product: Mountain Gorillas in the *Parc National des Volcans*

Growing products:

- (1) Two other national parks, specifically *Parc National de Nyungwe* in the South West of the country and *Parc National de l'Akagera* (main product up to the 80')
- (2) New attractions in the *Parc National des Volcans*
- (3) Cultural tourism (emerging)
- (4) Kigali City Tour

Source: - ORTPN 2006

Analysis of Rwanda's exposure within the UK press from 2004 to 2006

Conclusions on Rwanda's tourism exposure within the UK press

(Dec. 04 to Feb. 06)

2004: genocide and gorillas

First semester 2005: gorillas and genocide

Second semester 2005: gorillas and tourism

(other tourism products, gorillas and film industry, T.O. marketing using new movie King Kong)

First semester 2006: Ascend the Nile

Role of press coverage today; Image building: ability to repair the country's international image as a tourism destination; Influence the projected international destination image of Rwanda; Increase number of tourists in the country; Increase length of stay; Inform on product diversification; Influence public opinion on the importance of tourism for Rwanda; Encourage international investments in the industry.

Source: Data from ORTPN

The accommodation sector comprises over 140 hotels (around 1,400 rooms) and is expanding, including a few international hotels and many private Rwandan ones. Up-to-date information on the size of the tourism sector is missing, though due shortly: a new complete list of hotels and restaurants should be published by the new Tourism Chamber of the Rwanda Private Sector Federation early 2007. However, CAPMER publishes on their web site names of 139 hotels. More than half of the hotels are situated in Kigali which represents more than 45% of the total number of rooms²². Novotel Umumbano, Hotel Mille Collines (privately owned by a Rwandan national) and Serena Kigali are the three largest ones in Kigali. Many small hotels are locally owned mostly by Rwandans. One small luxury eco-lodge in the volcanoes region (8 bandas) is owned by a regional company (400 US\$/night per person as from January 2007). The Akagera Game Lodge in the Akagera National park was recently renovated. The Serena Group of Hotels is investing in the renovation and expansion of the hotel structures and facilities to elevate to international standards both Serena Kigali (ex Intercontinental)

and Lake Kivu Serena (ex Kivu Sun) hotels. Discussions led to finalising deal between GoR and the Serena Group²³. Recently, substantial public and private investments have been made in tourism. The full range of Rwanda's resources has yet to be realized, but there are clearly opportunities in the emerging tourism industry.

Government policy stance on tourism and pro-poor tourism

As said above, Rwanda tourism industry has experienced a revival since 2002.

This growth followed the adoption of the new Rwanda Tourism Strategy and the designation of tourism as a priority sector in October 2002. The year 2003 was marked by the launch of national and international tourism in Rwanda, accompanied by a series of marketing and distribution measures aimed at attracting nationals and foreigners to invest in the tourism sector²⁴.

As part of the Rwanda National Innovation and Competitiveness Programme, a national Tourism Working Group (TWG) with the support of a consultancy firm On The Frontier (OTF) developed the Rwanda Tourism

²² WTO Tourism Market Trends Africa Figures 2004

²³ The New Times November 6th 2006

²⁴ WTO Tourism market trends Africa Figures 2004

Strategy in 2002. They articulated this vision for the Rwanda's Tourism Industry: *'Generate \$100mn in tourism receipts in 2010 by focusing on creating high value and low environmental impact experiences for Eco-travellers, Explorers and Individual Business Travellers.'*

The strategy focuses on tourism growth at national level and on country's receipts' increase. To meet the above targets, the strategy advocates increasing the level of visitors' spending per day and length of stay. The goal is to reach 70,000 visitors staying one week and spending an average of US\$ 1,400, by 2010.

Rwanda is a compelling example of tourism content analysis leading to action. The Government of Rwanda commissioned the World Bank Economic and Sector Analytic Work (ESW) to establish sectors with comparative advantage and tourism emerged as one. They then developed a strategy – products to invest in, consumers to consider and sector management – and a focused investment plan including infrastructure, human resource development, and marketing. They added a results layer and are implementing the plan, aiming to invest US\$ 100 million and demonstrate US\$ 345 million in returns over a seven-year period. They are currently ahead of their targets having already invested US\$ 30 million and already seeing 2005 foreign exchange earnings from tourism rise to US\$ 26 million (from US\$ 22 million expected)²⁵.

Tourism appeared in Rwanda's Poverty Reduction Strategy Paper (2002), in the private sector development section, as a potential generator of foreign currency, as it was before 1994. Rwanda embraced tourism in its PRSP's sectoral plan, mainly as foreign exchange earner or employment generator, and more broadly as a source of economic growth, but it did not mention its possible contribution in creating opportunities for the poor. It did not include consideration and information about how tourism could contribute to produce outcomes that directly benefit the poor, to

shift away from just the growth of the industry or its contribution to macroeconomic indicators.

The 2006 Tourism Policy, by contrast, explicitly links tourism to poverty reduction. 'Recognizing the country's over reliance on subsistence farming, the high level of poverty and the need to diversify exports, the Government of Rwanda (GoR) elected to make tourism a priority sector for its economy'. This is stated for a second time in the Rwanda Tourism Policy under the Rwanda Economic Framework. The Rwanda Tourism Policy was submitted by MINICOM in February 2006 and approved by Cabinet in March 2006. The policy underlines that tourism is an asset to diversify Rwandan economy, to promote investment and to create employment. The tourism sector is recognised as a useful vector in the fight against poverty. The policy centres on tourism promotion, on improvement of tourist sites, on development of tourist infrastructure, as well as development of entrepreneurship spirit in the hotel and hospitality industry. It stresses the importance of sound communication and coordination amongst all relevant stakeholders.

One of the six overarching principles underlining tourism development in Rwanda presented in the Rwanda Tourism Policy concerns community participation and benefit. Rwanda tourism industry will ensure that communities, especially the ones living around protected areas, have a stake in tourism. Furthermore, special interest groups, such as rural dwellers, women and youth will also benefit from tourism.

There is on the other hand, no accurate legal framework or a policy adapted to the current issues facing the booming tourism industry. The only available plan is the tourism master plan developed in 1989. However, the World Tourism Organization (UNWTO) is presently working in close cooperation with ORTPN in an effort to develop a Tourism Master Plan running for ten years detailing a three-year action plan. SNV was involved in the preparatory mission.

25 The World Bank - Africa Private Sector Development, Number 16, July 2006 (page 6) and OTF Rwanda

Currently the Government of Rwanda is embarking on developing a second Poverty Reduction Strategy to cover the period 2007-2012 called Economic Development and Poverty Reduction Strategy, EDPRS. The elaboration process is on going in 2006 and is due to be finalised in the first half of 2007²⁶. Tourism is considered under the Private Sector Development Cluster as one the three major national exports with coffee and tea.

The more extensive consideration of tourism in the new national EDPRS, will definitely link the sector to poverty reduction, with an immediate effect of concentrating efforts

on designing and implementing policies and poverty strategies for the characteristics of the industry, enhancing positive effects on the poor, especially in rural areas²⁷. SNV in close collaboration with ORTPN participated in completing the tourism indicators and key activities draft ensuring support to micro enterprises, providing incentives for hotels to source locally and partner with communities, training small businesses, and diversifying tourism into products that are particularly accessible to the poor. Of the 7 key activities listed below (see box overleaf) 3 activities have a direct pro poor focus (shown in *italic*).

EDPRS Performance framework for the Private Sector Cluster / Tourism

1) To ensure increased value added production and returns from traditional major exports products	
Strategic directions	Developing and promoting diversified tourism opportunities that attracts tourists and benefits communities
EDPRS Output	Value added production and returns from traditional export products increased (coffee, tea and <i>tourism</i>)
Lead agency and partners	MINICOM, MINALOC, ORTPN, RIEPA, Tourism Chamber
EDPRS Key indicators	<ul style="list-style-type: none"> • Total export revenues from traditional exports: coffee, tea and tourism increase from \$90m in 2005 to \$202 in 2008 • Tourism revenues increase from \$26m in 2005 to \$75m in 2008 to \$99m in 2010 • Tourists numbers increases from 26,000 in 2005 to 70,000 in 2010 • Average length of stay increases from 4 days in 2005 to 7 days in 2010 • Average expenditure per visitor increases to \$1400 in 2010 • <i>Diversified tourism options increase in rural communities and more women and men in rural areas are engaged in/employed by tourism micro enterprises</i>

²⁶ www.minecofin.gov.rw

²⁷ Pro Poor Growth Strategies in Africa/ Tourism: a viable option for Pro poor Growth in Africa? / Economic Commission for Africa / Economic Policy Research Center / Expert Group Meeting Kampala June 2003 (p. 23)

Key activity areas	Key intended outcomes	Indicators and targets
<ul style="list-style-type: none"> Investing in expansion of tourism infrastructure and services to attract visitors Implementing quality standards (facilities and service) for key elements of tourism sector Promoting private sector investment in high standard new facilities and upgrading existing facilities Improving tourism marketing, enhancing promotion of tourism to target markets and building tourism links and partnerships <i>Diversifying tourism options ecotourism, adventure and community based tourism and encouraging private sector investment in creating these</i> <i>roviding support to tourism micro enterprises providing incentives for hotels and tour operators to partner with communities and source products locally</i> <i>Undertaking extensive training to service delivery, management and marketing capabilities of small and medium sized tourism businesses</i> 	<ul style="list-style-type: none"> Revenues from tourism have significantly increased More tourism services and in more parts of the country Major expansion in ecotourism has created high value, low impact tourism Tourist visitation has grown significantly and tourists are staying longer and spending more per capita Tourism is recognized to be major opportunity and is attracting increased private sector investment Tourism products in rural areas are more diversified and micro enterprises in rural communities are benefiting more from tourism growth 	<ul style="list-style-type: none"> Value of revenues from tourism: \$26m in 2005 to \$56m in 2008 to \$99m in 2010 Total number of tourists increases from 25,000 in 2005 to 31,000 in 2006; 42,000 in 2007; 50,000 in 2008 to 70,000 in 2010 Average length of stay: 4 days in 2005 to 5 in 2006 to 7 days in 2010 Average expenditure per 7-day visit increase to \$1400 (\$200 a day) Diversification: number of visitors (foreign and national) to major sites outside national parks Extent of new private sector major investment in tourism facilities from xx in 2005 to xx in 2010 Degree to which sales of tourism based micro enterprises owned/managed by women and men are improving Number of Districts and type of registered new tourism enterprises XX in 2005 to xx by 2010 Extent to which incentives and partnerships for tourism linkages with communities are in place and being implemented Number of women and men in small tourism enterprises who have received training by skills areas/extent to which service standards are set up and met
8) To strengthen coordination, cooperation and capacity in private sector development		
Strategic directions	<ul style="list-style-type: none"> Improving capacity in: policy development, analysis, negotiation and implementation in all key areas affecting private sector development Building a stronger public/private sector partnership for private sector development 	
Tourism Skills enhancement of public and private sector tourism operators	Both tourism organisations and private sectors operators are equipped with improved service and quality management capacity	

Source; MINICOM - Unpublished Draft OCT 16th 2006. Emphasis added to highlight PPT issues.

Pro Poor Tourism approach is a very new concept in Rwanda. No reference was made explicitly to 'pro poor tourism' in 2002, in the Tourism Strategy and in the PRSP. When these documents were drafted and approved, no attention was given to PPT. On the other hand, Government of Rwanda is always working towards poverty alleviation in all its programmes. There are several ways since 2005 and particularly in 2006, in which pro poor thinking can be seen to be developing for the tourism sector. Revenue sharing programme started around the three national parks. National policy documents on poverty are embracing tourism as a route to tackling poverty, while the tourism policy is more specifically focusing on involvement of the poor. Community-based Tourism Guidelines were also drafted in October 2006 in collaboration

with UNWTO. This is with time a fast change for the Rwandan tourism sector. Below three approaches are outlined, all of which are needed to boost poverty impacts of tourism. It can be seen that since 2002 Rwanda has been investing in the first two – boosting arrivals and spending per tourist – and more recently has also started addressing the third, which is boosting the share of revenue that reaches the poor. The Rwanda Tourism Strategy is currently under revision since February 2007. The first draft revised document is now making explicit reference to CBT and PPT. Definitions of terms will certainly have to be clarified in next version. Pro poor tourism is not about charity. A move is therefore also needed from mentioning donations to proper income from tourism.

A 3-pronged approach to pro poor tourism

Pro poor tourism requires three integrated policy strategies:

- Increase the number of tourists
- Increase expenditure per tourist
- Increase the share of expenditure that reaches the poor.

Section 3 will explore more specific strategies that can assist with the third of these.

Local economic benefits from tourism: current context

In 2006 the World Travel and Tourism Council estimates that the Travel and Tourism Economy (direct and indirect impact) will account for 5.4% of Rwanda's Gross Domestic Product (GDP). Rwanda Travel & Tourism Industry is expected to grow 8.3% and to contribute 2.8% to GDP. The percentage of exports from tourism counted for 17% in 2006²⁸. Tourism employment is estimated at 84,000 jobs in the same year corresponding to 4.3% of total employment or 1 in every 23.5 jobs²⁹.

Local economic benefits from tourism include informal sector activities mainly in transport (on roads and lakes), handicrafts, guiding and for a lesser part but certainly growing, cultural dancing, community tours, home stays and meals. Accurate and detailed information is missing on these existing benefits. SNV undertook in

October 2006 a brief analysis with one of their partners. A one day community trip by a group of 3 people will bring US\$80 into around 3 communities, reaching 51 people directly. The entire four-day visit to Rwanda costs this group just under US\$ 3,000.



Amahoro Tourism Agency's members performing in front of tourists

28 OTF and ORTPN – October 2006

29 WTTC Rwanda The 2006 Travel & Tourism Economic Research, UK

An analysis done of the Bwindi and Virunga Gorilla Mountain Forests in 2002, estimated that local income from gorilla tourism in 2002 amounted to US\$0.7 million per year. While not insignificant in a poor area, the analysis pointed out that this income was:

- Smaller than the opportunity costs of not using the conserved area for agriculture – a cost which can be assumed to fall largely to local people.
- Very small compared to benefits accruing to other stakeholders. Total tourism expenditure on gorilla viewing was US\$7.75 million, so local income represented around 10% (Hatfield 2005).³⁰

Assessment of current government incentives for boosting impacts

There are many factors that influence the scale and distribution of benefits, ranging from capacity of the poor, the business environment, and economic history. However, the core question for this report is how does Government affect the benefits they gain and costs they suffer? And what more could Government do to enhance the gains?

The approach used here is to analyse specific government interventions that affect different types of benefit to the poor. As outlined earlier, a pro-poor policy requires measures that increase the share of expenditure reaching the poor, in addition to measures that boost tourism arrivals and total spending. The first 9 instruments covered here all aim to boost financial flows to the poor:

Five areas of action focus on specific types of economic engagement of the poor:

1. Promoting *employment* opportunities, conditions, and hospitality skills of the poor
2. Helping poor suppliers (farmers) *enter the supply chain*
3. Enabling *poor entrepreneurs* to operate tourism businesses

4. Expanding opportunities for *artisans* and craft makers
5. Creating incentives for *private sector – community partnerships*

Three types of intervention help facilitate all these different economic benefits:

6. Influencing *private sector behaviour*
7. Facilitating *destination-level linkages*
8. Developing tourism *products and segments* well-served by the poor.

The ninth expand other types of financial flows that are not earnings:

9. *Sharing revenues* and taxes with local people

Finally government actions that promote non-financial benefits are considered:

10. Maximising benefits to local people from tourism *infrastructure and services*
11. *Managing trade-offs* between residents and tourists over resources
12. Managing *cultural disruption*
13. Enabling *participation* by the poor in policy-making

The remainder of this section analyses whether incentives are in place, missing, or could be strengthened, in relation to each.

Promotion of employment opportunities and hospitality skills for the poor

Issues to consider: how can the strength of local skills and the number of non-management jobs created in tourism be enhanced to the benefit of the poor? How much tourism training is available for un-skilled and semi-skilled workers? Are hoteliers obliged to provide training? What measures exist to maximise employment opportunities and to enhance working conditions of the poor?

³⁰ Taking into account other indirect benefits of tourist expenditure within Rwanda (secondary income and tax), plus additional benefits to the international visitors (consumer surplus), total economic benefits of gorilla tourism amounted to US\$20.6 million, of which local benefit represents just 6% (Hatfield 2005).

Training

Tourism and Hospitality are still new in practice. The tourism industry faces a major challenge as there is no training available in essential hospitality skills and appropriate languages i.e. English, French and Swahili. There is training in very basic hospitality skills and even more basic training in languages. In June 2006, there are four official small scale private institutions offering training in hospitality and tourism in Rwanda. *Centre de Formations des Jeunes* welcome students from secondary school level and provide basic training in hospitality. Local NGOs believe there is no access to training for the poor. Some

hotels provide in house training for candidates from the lower end particularly focusing on apprenticeships in cleaning and security, more rarely in cooking. One hotel manager considers that 2/3 of their staff are roughly from the lower end. For some establishments, communication skills and languages are a barrier for recruitment.

"There is a lot to do in tourism training at all levels in Rwanda, from lower end to high level of education because the industry's culture should be for all."

*Observation on tourism training - APEHOTOUR
June 2006*

Positive example of tourism training

Some ex Child Soldiers have been integrated in a training programme in cooking and in serving (waiters) by an existing NGO having own restaurant. The NGO received support and equipment from the BIT (*Bureau International du Travail*) and from the French Embassy. The first group of 40 trainees graduated early March 2007. Eighteen of them are in the process of opening a new restaurant in Gikondo (Kigali).

Source: APROPOL March 2007

A new national tourism school should be built in 2007 on GoR funds³¹. It will be important that this new school provides training across the skill levels so that unskilled and semi-skilled entrants to tourism can benefit and progress. Under a World Bank fund, the new Tourism Chamber will organise seminars on training on a regular basis.

There is no training tax in place on business or on hotels, nor requirement for tourism businesses to invest in training. However, a hotel investing in training benefits from a 100% tax rebate on the money spent as long as there is prior approval for the training plan which has to be audited with certificates of training.

Tax exemption on tourism training

TRAINING AND RESEARCH EXPENSES: All training and Research expenses incurred by a taxpayer and declared and earlier agreed and which promote activities during a tax period are considered as deductible from taxable profits in accordance with provisions of Article 21 of the law on direct taxes income.

Source: New Investment Code (page 20 under B)

Employment conditions

Regulations already govern employment in Rwanda but not specifically the tourism sector. Ministry of Labour and Vocational Skills is in the process of developing further its working regulations as there is for example, no minimum wage for the time being. Those regulations will be across the board and not distinctively for tourism.

Workers are employed today with contracts. Employment practice in mid 2006 tends officially, to be as good as existing regulations. However on the ground, it really depends on the nature of the business, either public sector or private company. In small private companies, regulations do not seem to apply regarding, for example, number of working hours per week;

31 RPSF Tourism Chamber (November 2006)

days off, annual leave ... It is the reverse for international NGOs or hotel chain where conditions of employment are better than existing regulations where minimum salaries are reviewed periodically.

Job creation in tourism sector

The importance of job creation to rural livelihoods:

Two hotels are under construction in Western and Northern Provinces with a capacity of 60 rooms each. For the construction period 250 unskilled and semi skilled people are employed on each of the two building sites. Amongst those, and depending on their aptitude, a small number will be part of the 120/150 staff members after hotel opening. Rwandan families counting on average 5 members per family, the 120/150 jobs created would feed a minimum of 600 persons in each District. Beyond direct employment, suppliers will obviously benefit from the two new hotels. The 120/150 hotel staff will be recruited mainly from the region and trained in house. Three expatriates will probably be employed in the management team. Around ten qualified staff will be needed as well and recruited from the region or will have to come from Kigali or elsewhere.

For special events as banquets and weddings, extra staff will be hired on a short fixed term contract. In addition, the hotels owner is planning to propose cultural activities to his guests. With very little investment, these activities help job creation and promote Rwandan culture. The hotels will try to develop partnerships with local artists.

- **Potential Action Area:**
 - deepen investment in training
 - ensure training for unskilled and semi skilled women and men entrants
 - ensure tax incentives for training include small operators and training for local communities including vulnerable minorities
 - develop training subsidies (or loans) for small operators
 - develop extensive language skills programmes in both English and French

Helping poor suppliers enter the tourism supply chain

Issues to consider: Small entrepreneurs who supply inputs to tourism often get less policy attention but are important among poor participants. Is there any information on the significance of the tourism supply chain to the poor? Are farmers assisted to sell to hotels and restaurants? Is there any business support for potential suppliers of goods and services to the tourism trade?

No business support exists for potential small suppliers of goods and services to hotels. There is no on-going local level programme to stimulate communication between large and small business in a destination or to facilitate linkage. This collaboration between agricultural support services and the tourism industry to help farmers supply food is needed and required by the tourism sector.

Some meetings have been organised though in 2005, involving Ministry of Agriculture, Kigali Institute of Science and Technology (KIST), hotel chefs and farmers to explore solutions to 4 or 5 star hotels requirements in terms of hygiene and standards, and local producers' selling practices. These meetings were convened after Intercontinental management noticed that Kenyan tea was served in the hotel instead of Rwandan one. Packaging was actually the problem and not the tea itself. For hygiene standards a 5 star hotel requires tea bags in cellophane and on a string. As yet Rwandan tea is not packaged in this way and sold in bulk. A similar issue had arisen over chicken; local producers like to sell chickens whole. The Intercontinental likes to buy packages of cut pieces such as wings and thighs³².

No data exists from restaurants regarding the percentage of their expenditure for local, national and imported fresh products and supplies. Fruits, vegetables, meat, coffee, tea, milk, yoghurts, cheese, beers, soft drinks, water, sodas are normally bought in Kigali. Flour, butter, all types of

32 Rosette Rugamba Director General of ORTPN, stated this example at the Kigali Regional Tourism Workshop on October 4th 2006

oil, some fish, condiments, wines, alcohols, are bought in Kigali but are imported products. Based on a small restaurant outside of Kigali, it appeared that 20% is bought locally, 30% is bought nationally and mainly from Kigali but not entirely, and 50% of their purchase is imported³³.

An example of the potential benefits, but also the practical problems, comes from NOVOTEL Umumbano, which is one of few large hotels in Kigali. Their restaurant

consumes 110 whole cows per year and 5400 eggs per week. The hotel manager finds it difficult to deal with small farmers as a result. Their experience with a local egg producer made them reluctant even though they are willing to help small suppliers to enter the supply chain³⁴.

Some new companies, such as Elegant Africa, wish to start supporting establishment of local suppliers of goods and services, as outlined in Box 8.

Support to local suppliers of goods and services

Elegant Africa in Northern Rwanda

Supplies & Services

"Local subsistence farmers will be encouraged to supply us with our daily requirements of fresh fruit and vegetables. The Tented Camp will also source local transport operators for our clients and through evaluation of vehicles, raise the quality of this service in the area. The Lodge will be making use of a Rwandan tour operator renowned for quality service, for transfers and add-on tours."

Staff

"The Lodge and Tented Camp will each employ about 35 people each in positions ranging from managers, through restaurant and administrative staff to maintenance and general labour. People living in the immediate vicinity of each establishment will be given first opportunity for employment. Staff training will be ongoing and realising our one of company objectives of increasing the skills level of the communities we work with."

Guides

"People from the neighbouring communities will be trained as guides to take clients on walks in the hills and through local villages with an opportunity to sample local meals and interact with the community. People from the community at Lake Ruhondo currently using local style canoes for transport between the islands on the lake, will be trained to conduct professional canoe safaris. These safaris will range from a few hours to overnight trips with guests staying on the islands at local villages and/or desolate islands."

Extracted from www.elegantafrica.com

- **Potential Action Area:**
 - increase collaboration between agricultural support services and tourism industry
 - ensure business support to suppliers of goods and services to the tourism trade
 - support small women and men suppliers to enter the supply chain
 - assist local women and men producers to sell their products to hotels and restaurants
 - stimulate communication between large and small businesses at destination level
 - facilitate linkages at destination level

Enabling small entrepreneurs to operate tourism businesses

Issues to consider: A multitude and diversity of enterprises are possible in tourism. But can small and micro enterprises (SMEs) get registered and operate easily? Are there any measures to assist local guides, home stays, and transport providers etc to enhance their products, business skills and market access? Does the physical environment help or constrain them? Is there specific support for enterprises run by communities?

³³ % in terms of money spent

³⁴ Marc Bessodes, Managing Director of NOVOTEL Umumbano

There are few formal barriers to entry in terms of regulations for small businesses: any group of people can register their new organization with the sector administration at village level since the last decentralisation in 2006. As soon as they are registered with the registrar of companies/associations at District level, they can operate and go into business. The association's employees will be regulated by national labour law and income taxes will be deducted³⁵.

No barriers exist for local people on building small tourism accommodations such as *bandas* or a tented camp. As there is no regulation, simple accommodation providers can get registered. If one has money and land, one can build anything; no need to inform, no rules to be followed, no minimum standards or requirement. Home stays are not part of the formal economy. In June 2006 in *Musanze* District, five home stays were known offering one room each welcoming potentially two visitors. This number seems to be increasing and expanding to other Districts.

Constraints

However, in practice, the tourism micro and small enterprises in the tourism sector in Rwanda face major constraints including:

- an overall absence of tourism culture
- a sturdy and deep dependency syndrome on international aid linked to recent History,
- a limited understanding of visitors' needs
- limited access to capital due to high interest rate and no long term credit and finally,
- the general and persistent lack of business and entrepreneurial skills.

The new Tourism Chamber of the Rwanda Private Sector Federation (RPSF) is supporting professional NGOs and specifically Hotels and Restaurants Association, Travel Agencies and Tour Operators Association, Tourism Training Institutes Association and Transporters Association including taxis. MSEs seem today to be excluded.

Referring to two of the 3-pronged approach to pro poor tourism, increasing expenditure per tourist and increasing the share of expenditure that reaches the poor, it is essential to underline here the critical need for tourists to withdraw cash easily with their credit cards. Small restaurants, cooperatives or shops do not accept today payment by credit cards though they tend to accept beyond Rwandan Francs, Euros, US\$ and British Pounds in cash. Limited access to cash certainly restricts tourists' expenditures from local small producers and crafters narrowing directly women's economic opportunities.



Local restaurant in Western Province

Home stays

The Police are recently trying to control, supervising and checking on home stays in Musanze in Northern Province. Owners of home stays are arguing back to the Police that control over visitors will damage Rwanda's re-established image as a safe destination.

Source: Testimony by a home stay owner - June 2006

Lack of tourism culture

As mentioned earlier there is no tourism culture amongst Rwandan with the strong belief that 'tourists are from outside'. Local practices could therefore make it difficult for local tourism entrepreneurs to get established. Self-confidence has certainly to be gained through capacity

35 0% up to 30000RWF; 20% FROM 30000 TO 100000 RWF and 30% above

building. Understanding that hospitality is not exclusively reserved for outsiders has to be accomplished.

Lack of capital

Access to credit is a challenge and not yet a smooth process. Rates are quite high and the banks want guarantees which the poor don't have. The bank with the lowest rate, *Banque Populaire*, still wants conventional collateral. The micro-credit institutions have very high rates.

Interest rate

There is no official interest rate as it depends on the market. Each institution or bank sets up its own interest rate taking into account operating expenses inflation rate and risks level. Inflation rate had stabilised in 2005 at 9% and in 2006 recent estimate mention around 6% (October 2006). 240 micro finance institutions are registered in October 2006 including 143 agencies of *Banque Populaire*. *Banque Populaire* offers the lowest interest rate being 13% per annum in 2006. Most of other institutions offer 2% per month (24% per annum). There is also access to micro credit at over 40% interest rate per annum.

The tax pressure is high in Rwanda even for low salaries. Workers earning between 30 000 to 100 000 RWF per month (45 to 180 US\$) have to pay a TPR (pay as you earn) of 20%.

Even counting on assistance by GoR, the procedure to register a small enterprise is still long and tenuous. The time and money required doesn't act in favour of entrepreneurship. To go into business requires a minimum capital and knowledge which is not available for the poor.

The GoR is helping informal economy sectors to formalise particularly in main towns and especially in Kigali. If CAPLAKI (see below) is one of the success stories for the time being³⁶, many other street vendors have had to drop their businesses instead of facing long bureaucracy. Many micro entrepreneurs don't have the capacity to follow ever-changing policies and procedures due to lack of information or illiteracy.

Schemes to help small entrepreneurs Small and medium (not specifically tourism) entrepreneurs can be assisted by MINICOM and by CAPMER (Centre for the Support to Small and Medium-sized Enterprises in Rwanda). GoR encourages setting up of cooperatives and supports them with some funding. The new RPSF – Rwanda Private Sector Federation – provides support through four BDS centres in four different main towns of the country. On the other hand, there is no specific support for enterprises run by communities or groups of residents.

Guides

Demand is booming for tourism guides and this is an area where government action is needed. It is therefore an area where pro-poor considerations could be incorporated into forthcoming action. At present the only officially recognised Guides by GoR are the ones working for ORTPN within National parks and for the Kigali City Tour. The guides employed by Tour Operators received in house training and are accepted as guides by ORTPN but there is no documentation on their duties and tasks. Thus there is presently no category of 'local guide' which is more accessible to the poor. Nevertheless, there is demand for local guides in the vicinity of the *Parc national des Volcans*. Standards, definitions and regulations covering guides will be needed. In this process, the opportunity to consider a 'local guide' category, which is accessible to someone with less formal education, should be explored.

- **Potential Action Area:**
 - strive to develop a 'tourism culture'
 - organise study tours to neighbouring countries for small entrepreneurs to 'better capture' the tourism industry
 - increase understanding of visitors' needs by small entrepreneurs
 - enhance access to capital for small and micro women and men entrepreneurs
 - provide business and entrepreneurial skills training to both men and women entering the market chain
 - simplify registration process of small and micro entrepreneurs
 - facilitate women's participation in tourism activity

36 New plot in discussion has provoked uncertainty amongst vendors

- elaborate specific standards for home stays
- develop measures to assist local women and men guides
- consider a 'local guide' category
- ensure an enabling business environment for community-based enterprises
- ease access to cash for tourists to locally spend more

Promoting craft production and sales by the poor

Issues to consider: craft sales can be a vital opportunity for those without formal skills to participate in tourism. Is there any business support for craft-makers and vendors to enhance their products, sales and incomes? Can they access the tourism market easily?

"Handicraft helps directly poverty reduction through the "gagne petits" who see their income increase considerably".

A Kigali hotel owner



Craftswoman at Cooperative Kakira in Kirehe District

Business support

Crafters, vendors, artists, music groups get business support through existing cooperatives and PPMER. PPMER provides financial support through loan at extremely low interest rate. PPMER (*Projet pour la Promotion des Petites et Micro Entreprises Rurales*) is a unit of MINICOM (Ministry of Commerce, Industry, Investment Promotion, Tourism and Cooperatives). Early 2006 PPMER is in operation in two Districts involved in tourism development, Musanze (Northern Province) and Nyagatare (Eastern Province). They target value added micro projects, such as carpentry, beekeeping, and basketry. Local crafters have to group themselves into associations to benefit from PPMER funding³⁷. PPMER employs staff locally to supervise associations' proposals and development. The *Banque Populaire* is custodian for PPMER. Each association applies for funding to *Banque Populaire* and will pay it back on a very low interest rate and on a very long period. PPMER believes in the effectiveness of loans. Free money does not serve sustainable development.

Promoting craft production

In Nyagatare District, a local association used the PPMER fund for buying raw material and producing baskets. PPMER staff had offered training programmes beforehand in entrepreneurship skills including marketing. The association members knew how to make baskets. The training helped them to improve on their design and on their technical abilities.

Source: Emmanuel Werabe ORTPN November 2006

RIEPA has set up craft training centres at District level. They also fund exports sectors, especially handicrafts, with business missions, fairs, and training. Small producers as cooperative members benefit from this initiative. RIEPA encourages small producers participating in export quality products with an incentive of 4000 RWF (±US\$ 7) each per week. These small crafters are producing both for tourism and for export. There is marketing assistance provided by GoR to craft small

enterprises or cooperatives. This scheme was not designed with micro enterprises in mind and as a result is not accessible by them.

There is a new programme involving local communities around *Parc National des Volcans* initiated by IGCP – International Gorilla Conservation Programme. Recently and through funding from IGCP and in collaboration with ORTPN, these producers benefited from training to improve their technical and entrepreneurial skills.

Space for vendors

Government provided a piece of land for handicrafts street vendors to relocate their businesses after expelling them from Kigali City centre. In the process, vendors organised themselves as an association CAPLAKI regrouping around 25 shops and providing parking space. This new market place being the first one in Rwanda helped their business development. The ORTPN Kigali City Tour actually stops there on their way back. Local governments don't provide physical markets for sales to tourists. The idea is being discussed by some Districts.

Some vendors also get access to tourists and tourists shops inside large hotels. NOVOTEL has two permanent shops and temporary exhibitions on a regular basis for handicrafts and art (painting, photography, sculpture ...).

Most hotels in Rwanda are in urban centres. For isolated ones, vendors do not get to tourists. Few associations – and not individuals – are set up on the edge of protected areas as “curio shops”. ORTPN's offices in Kigali and at *Parc National des Volcans* sells some craft products though without a pro-local policy.

- **Potential Action Area:**
 - support craft design improvement, encourage creativity
 - develop women and men crafters' technical abilities
 - promote local initiatives through low interest loans
 - provide appealing physical markets for sales to tourists
 - develop a pro-local craft policy per destination

Creating incentives for private sector – community partnerships

Issues to consider: Joint ventures between communities and private operators can generate high returns but could be ferociously difficult. Is there a legal policy framework to encourage such joint ventures? Do communities have tenure or assets of market value? Does government provide technical advice or facilitation to ensure they get a good deal? Or does it encourage other kinds of less formal partnerships?

There is no existing legal policy framework to encourage legal partnerships or joint ventures between formal sector operators (hoteliers, lodge owners, tour operators) and local communities. The “*Loi de l'offre et de la demande*³⁸” is recognised as the ruling procedure by actors in the tourism industry. Thus as communities do not have assets of high market value, there is little demand for partnership with them.

It seems that it might remain this way in the future partly to avoid discrimination issues through unfair competition and to follow World Trade Organisation recommendations unless communities have tourism assets. As such there is no incentive or obligation on the private sector to engage.

Although there is no formal policy framework, GoR through ORTPN has supported and facilitated the development of a first partnership around the *Parc National des Volcans*. This may set the trend for further partnerships. The International Gorilla Conservation Programme (IGCP) under the African Wildlife Foundation (AWF) successfully brokered a deal for the lodge's development with the Kinigi community which owns the land. To minimize the community's financial risk, AWF helped structure a loan so that interest payments are only triggered by income. Interest will only accrue when the community sees commensurate income. AWF says that in business terms, this is a ‘subordinated equity deal’ and that in conservation terms, it is a precedent that could open the way for conservation tourism development across the continent. The Sabyinyo Silverback

38 The laws of supply and demand.

Lodge will be a high-end, 16-bed conservation lodge on community land adjacent to Volcanoes National Park. The lodge will provide the setting for a unique tourism experience in which visitors can experience local wildlife and see conservation in action. AWF believes that the conservation pay-off of this effort should be great. AWF adds that availability of exclusive accommodations will attract more guests to national parks, will encourage longer stays, will provide communities

with a marketable tourism product and will contribute to management funds for protected area authorities through increased gate collections and fees from gorilla permits³⁹.

A different type of community-private sector partnership occurs in the foothill of the Volcanoes National Park, where a tour operator is channelling his clients to community products (see Box 12).

Private sector - community partnership

In the Northern Province, at the foothills of the Volcanoes National Park, international tourists visiting the gorillas are being encouraged to visit local communities, thus generating income for local people, via a new partnership with a local tour operator.

Amahoro Tours, a small tour operator established in 2003, helped local communities to set up an umbrella association of 13 community associations. The umbrella association is now converting itself to a business, called Amahoro Tourism Allies. The 13 communities have over 180 members. Some of these 13 receive tourists, others focus on food production and tree nurseries, and some are not yet involved in the tourism supply chain. Amahoro Tours sells gorilla visit permits, transports guests to the park, and also offers his guests the chance to take community tours. So far, 20% of his guests take such community tours, ranging from half a day to 3 days. They are paid fees directly by the tour operator and/or by the tourist. For example, a one day community trip by a group of 3 people will bring with no new investment, US\$80 into around 3 communities, reaching 51 people directly.

The establishment of community tours has been successful with very little new investment – it rested on (1) the anchor product of gorillas to attract tourists to the area, (2) giving local people some new ideas and confidence via an SNV-organised tourism-training visit and capacity building over a year, and 3-month support from volunteers from Sustainable Development through Tourism (3) an open and regular relationship with the local tour operator. However, the tour operator points out that ATA faces difficulties in developing tourism business skills, and this requires government to either provide local training, or support private operators to provide it.

Source: Greg Bakunzi of Amahoro Tours – October 2006

- **Potential Action Area:**
 - recognize communities as tourism industry actors, and as holders of tourism assets
 - enhance the image of private sector – community partnerships
 - promote existing partnerships
 - support private sector to provide local training to partner communities

Influencing the behaviour of the established private sector

Issues to consider: how tourism businesses operate determines the size and scale of benefits to the poor? Are there any formal requirements, rewards, or implicit expectations for the formal private sector (hotels and tour operators) to source products locally, improve their local employment practice, support local residents and micro-businesses, or enter partnerships with communities?

39 Adapted from <http://www.awf.org/content/solution/detail/3508/>

Until now, no incentives have been created for the formal private sector (hotel and tour operators) to source products locally, improve their employment, or enter in partnerships with communities. For example, no pro-poor incentives exist in the process for giving out tourism concessions, or for licensing or registering tourism businesses, nor for giving tour operators space at the international trade fairs.

Rwanda Bureau of Standards is developing a document on Code of Practice in different sectors including the tourism industry, but as of November 2006, Rwanda has no industry standards, no awards or codes. New tax exemption for tourism is being designed.

There are a number of investment incentives that are not specific to tourism but apply to any investor. However, the tourism sector is one of GoR's priority sectors, and thus tourism investors receive considerable incentives.⁴⁰ For example, some equipment is exempted from paying import duties.⁴¹ In these cross-sectoral incentives, there are some pro-poor elements:

- RIEPA (Rwanda Investment and Export Promotion Agency) RIEPA lays down conditions for foreign investors and international investment that is over \$ 100,000. In these instances, the number of expatriate workers depends on importance of investment and on field of expertise needed by company. It is a condition that expatriates have to train other company's staff.
- To be allowed a bank loan through RIEPA, an investor has to show the social economic impact of her/his project. Nonetheless, for any bank in Rwanda the major criteria is remaining the return on investments.
- Tax allowance can be obtained by companies settling in rural areas (where poor people live) and depending on number of Rwandan employees.

"Poverty in Rwanda cannot be reduced without the active role and participation of the private sector," said Emmanuel Hategeka, the Secretary General of the RPSF to The New Times on November 16th 2006.

Incentives for private sector-communities partnerships

Private sector view: How can Government make our linkages with the local community stronger?

- By encouraging more visitors to Rwanda
- By giving more information to tourists to encourage them to take community tours
- By providing awareness programmes for local communities on the tourism industry
- By giving small entrepreneurs a tax rebate on training they provide to communities

Source: Conclusion of Presentation by Amahoro Tours at the Kigali Regional Tourism Workshop on October 4th 2006

- **Potential Action Area:**
 - encourage more visitors to Rwanda
 - discuss with the private sector what would make them invest more in linkages with the local economy
 - inform tourists about community tours and cultural tourism
 - provide awareness programmes for local communities involved with tourists
 - propose tax rebate to small entrepreneurs for training investment

Facilitating linkages between private operators, local people and other stakeholders within a destination

Issues to consider: If hoteliers, tour operators, micro-entrepreneurs and residents come together, potential to benefit all through enterprise development, training or mentoring, and neighbourhood upgrading is huge. Are there any initiatives within local destinations that bring together all the different stakeholders? Is government acting as a catalyst?

The Tourism Working Group brings together on an irregular basis tourism public and private sectors, tourism businesses but not SMEs nor residents. There is no initiative bringing different stakeholders to discuss how to develop the destination, neither in Kigali nor in other Provinces. At local level, tourism actors obviously know each other, but never meet formally.

⁴⁰ New Investment Code (page 12) CHAPTER XI : PRIORITY SECTORS – Article 29

⁴¹ The list of equipment exempted is available in the New Investment Code (pages 17-19) under 9^o EQUIPMENT FOR TOURISM AND HOTEL INDUSTRY.

Members of Tourism Working group have quoted: "It should certainly be developed" and "It is needed".

- **Potential Action Area:**
 - start destination initiatives to create linkages
 - facilitate multi-stakeholder partnerships at destination level

Developing tourism products and segments well served by the poor

Issues to consider: what are the tourism products that are offered, or could be developed, that particularly offer more opportunities for the poor? E.g. rural, agro- or adventure tourism, urban tourism, artistic and cultural products? Is government specifically assisting such developments?

Specific segments

The segment encouraged by GoR is high end tourism; "high income, low impact" There has been no research done to assess which type of tourists generates most benefits to the poor. As of 2006, no research has been carried out. Collection and analysis of statistics is one of ORTPN's priorities. Once completed, this data "will allow for better analysis of the market for tourism to Rwanda and of progress in attracting target markets"⁴².

There is a lack of information on spending behaviour of different types of tourists but the likely pattern is:

- Domestic visitors buying agricultural products from the poor while travelling in Rwanda. International tourists not buying directly from the farmer as they are driven to hotels and parks, but eating in hotels that buy some local food.

Fly in and Overlanders / International tourists are most likely to use cultural and rural products provided by the poor. All tourists could buy these

from the poor except the domestic tourists. Independent travellers and overlanders are most likely to be interested by CBT initiatives:

- Expatriates are regular buyers from local artists mainly for paintings, and sculptures.

As cited earlier, tourists need access to cash for spending locally. Local small producers and crafters cannot offer credit card's facilities. Banks can provide cash points using an international credit card. This will open untapped economic opportunities for the poor and higher market participation for women.

Rural tourism and community tours Rwanda is starting to develop rural tourism. For the first time in 2006 ORTPN began encouraging tour operators to take tourists down to the community. They are doing this in a structured way, encouraging tourists to go with a tour operator and not individually, and to visit through registered associations of local residents. The main tourism products and tourist activities offered in Rwanda involving the poor are craft producers and dancers. Visits to communities only started in late 2005. They normally receive payment from Tour Operators or direct payment from tourists themselves. No data is available regarding numbers of visitors per association, nor of the number of associations providing activities to tourists.



Lady at her door step in Kirehe District

⁴² Townsend Claudia, Guidelines for CBT in Rwanda, UNWTO-ORTPN, October 2006

Community based tourism

The first guidelines for community based tourism in Rwanda have been prepared⁴³ for ORTPN in October 2006 under an UNWTO ST-EP project. These guidelines are giving an overview of community based tourism in Rwanda for all sectors involved. The document outlines experiences aiming at generating discussion on this topic. It stresses that there is not a single model for ensuring success and that support for communities is almost always necessary; independence and profitability of the enterprise being the aim. It concludes saying that CBT is one of a number of ways that tourism can contribute to poverty reduction. It should be considered alongside broader pro poor tourism strategies. Implementation of guidelines is planned in 2007.

Crafts

GoR is supporting the arts and crafts through associations' and cooperatives' creation. A number of international organisations or NGO initiatives are working on improving quality of crafts and supporting access to local and international markets.

The private sector organises art competition/ exhibitions at national and regional level to help crafters sell their products (Kampala, Nairobi). GoR is not specifically encouraging tourists shopping for local crafts from the poor. Oral information is given at ORTPN office on local shops or NGOs. Kigali City Tour stops at CAPLAKI (local association of vendors/retailers) at the end of their tour. International donors (GTZ) have supported the setting up of Federation of Crafters.

- **Potential Action Area:**
 - strengthen communities and micro enterprises to become actors of the tourism supply chain
 - favour direct income from community tours
 - diversify the tourism offer outside national parks and national museums
 - encourage three to four-day hiking and mountain biking circuits i.e. along Lake Kivu

- assess the overall poverty impact of different types of tourism, to feed into planning and prioritisation
- ease access to cash for tourists installing International ATM specifically around tourist attractions



Initiative funded by IGCP, PADDEP, ORTPN and PPMER

Sharing tourism revenue with local people

Issues to consider: When authorities gather fees for usage of national parks and tourism facilities, is there a share that goes to local residents? How does government manage the trade-off between money for residents and money for the Treasury?

In this section we decided not to cover general tax-raising from tourism, but only issues of channelling revenue to poor people. Tax levied on tourist business (VAT) goes straight to government. ORTPN is self funded since 2005 through National Parks entrance fees and Permits, mainly from visits to the Mountain Gorillas. For the national parks there is new revenue sharing scheme which started in Rwanda for the first time in 2005. Revenue sharing of 5% has been implemented on all three national parks' fees and the share goes to local residents through the District. The amount of 70 millions Rwandan francs (\pm 125 000 US\$) was shared on different projects around national parks. Projects were established by the Districts.

⁴³ Guidelines prepared by Claudia Townsend, sustainable tourism consultant for UNWTO

Revenue sharing scheme

Revenue sharing scheme: Projects are initiated by the local governments, Districts. They must impact on social economic development and on the poor including conservation components. The Districts concerned with this new scheme work closely with ORTPN to identify and initiate projects for funding. Then decisions are taken jointly by both parties to select the projects with higher impacts through consensus. This amount is not equally distributed to different Districts but correspond to projects selected depending on their impacts on poverty reduction.

In Eastern Province in 2005, one of the associations has asked the District and ORTPN for a milk cooler plant. All farms are distant from the market and their first need was to be able to collect and keep their milk production before distribution to nearer town. All farmers have a cow in that region so the consensus was easily reached.

Source: Revenue sharing scheme - Emmanuel Werabe ORTPN (November 2006)

Maximising benefits to local people from tourism infrastructure and services

Issues to consider: when new roads, water supplies, power lines, health care, or other services are developed for tourists, is there a process for working out how to optimise benefits for local people too? Are locals consulted?

Although benefits for the poor would be considered, local communities are on the whole not consulted when infrastructure is being built. Local communities are only consulted at local level for the HIMO (*Haute Intensité de Main d'Oeuvre*) project but never at decision level. Local communities are generally informed regarding development activities.

Feasibility studies are now undertaken as a recent process. Environmental Impact Assessments are done in Rwanda since 2005⁴⁴. Every public and private project including tourism developments shall be subjected to environmental impact assessment, before obtaining authorisation for its implementation (Article 67). The environmental impact assessment shall be examined and approved by the Rwanda Environmental Management Authority abbreviated as REMA (Article 69).

- **Potential Action Area:**
 - assess benefits from new infrastructures to local communities; children, women and men
 - examine alternatives for development projects that optimise benefits to all
 - involve local communities in decision making



Water collection by children in Ngoma District

44 Organic Law determining the modalities of protection, conservation and promotion of environment in Rwanda in Official Gazette of the Republic of Rwanda, Chapter IV Environmental Impact Assessment, Articles 67-70

Managing trade-offs between residents and tourists over resources

Issues to consider: Is there competition between residents and tourists over use of land, coastline, grazing, marine resources, or water? What measures does government use for reducing impacts of tourism on residents and their natural resources?

The Terms of Reference for undertaking Environmental Impact Assessments stipulates in broad terms measures to minimise local people's loss of access to lake shore, grazing, fishing or other resources due to tourism. Not related to tourism, the new land law claims to accept the validity of customary rights to land, but rejects the customary use of marshlands by the poor⁴⁵ based on environmental considerations. Some measures as well are in place to limit environmental degradation and littering by tourists.

Further to this general approach, specific measures could be anticipated by GoR for reducing impacts from tourism on residents before becoming critical i.e. water consumption and land.

It is important to recall here that nothing was done until recently to minimise local communities' loss of access to forest and its resources (fruits, timber, hunting...) in national Parks. This affected indigenous local communities specifically the Batwa. Efforts towards a change are certainly starting. This is in line with other shifts outside tourism, such as concerning fishermen and land owners or users along lakes' shore. Land compensation procedure has been set up⁴⁶. National guidelines on compensation are still awaited.

A concern expressed in more recent years by GoR and by Tour Operators is travellers throwing empty water bottles to kids and other litter, such as plastic bags, papers, etc.

"The journey is still long and ahead of us" was the conclusion on these issues of one tourism partner in June 2006.

- **Potential Action Area:**
 - assess impacts of new land law implementation on poor rural population for tourism development
 - prepare code of conduct for tourists regarding empty water bottles and other litter

Managing cultural disruption

Issues to consider: Do local people suffer from cultural effects of tourism, sexual exploitation, or other disruption? What does government do to address this?

People suffering from cultural effects of tourism, sexual exploitation and other disruption is not an issue yet in Rwanda due to low number of tourists. Even if a few do suffer already. GoR is not providing codes of conduct or information about appropriate behaviour for tourists. Some new establishments to open in 2007 want to draw code of conduct for their clients.

There is a legal system in place to report child sexual abuse although NOT specifically for tourism. Law exists and numbers of NGOs are dedicated to such social problems. Minors are controlled with regard to prostitution. Although legal systems are in place, sexual exploitation of children exists in rural areas, even increasingly since the end of the Genocide due to the number of homeless individuals and poverty. There is no evidence today of this involving tourists. Under new law, heavy punishment is provided for anybody abusing a child sexually. It goes up to life imprisonment if the abuser is caught.

As mentioned above Rwanda is one of the first countries to undergo assessment by the peer review mechanism of the New Partnership for African Development NEPAD and received a generally favourable

⁴⁵ Rwanda Country Summary by Human Rights Watch in January 2006

⁴⁶ The GoR published a law on land tenure in September 2005. The long awaited land law issued is meant to transform a jumble of small, fragmented, and minimally productive plots into a more prosperous system of larger holdings producing for global, as well as for local, markets. National authorities are to determine how land holdings will be regrouped. Such land use planning marks a radical departure for Rwanda.

report. Rwanda was though criticized in 2005 for refusing recognition to CAURWA⁴⁷ (Community of Indigenous Peoples in Rwanda) which defends the rights of the Batwa minority (some 30,000 people)

saying its ethnic focus violated the constitution⁴⁸. In response to NEPAD, Rwanda agreed to discussions with CAURWA.

One of CAURWA's initiatives

CAURWA's aims are to promote the rights of Rwandan Batwa and to improve their living conditions through securing sustainable livelihoods, improving access to education, and influencing local and national policy and programmes. In 1998, Batwa potters' groups asked CAURWA to help market their products. CAURWA requested Forest Peoples Project's (FPP⁴⁹) for assistance to set up a sustainable trading enterprise that would deliver real benefits to Batwa potters. The innovative Dancing Pots pottery project was established in 2001 and works with 14 potters groups located throughout Rwanda. By commercialising the Batwa's traditional skills of pottery and dance, and creating a Batwa-run Fair Trade craft enterprise, Dancing Pots is helping to reduce Batwa poverty and social exclusion through developing sustainable fair tourism.

Source: CAURWA <http://www.catgen.com/caurwa/EN/index.html>

- **Potential Action Area:**
 - discuss with stakeholders measures to prevent negative cultural impacts from tourism
 - prepare code of conduct for tourists' expected behaviour
 - develop tourism awareness campaign

Local level tourism plans do not exist for the time being in Rwanda.

There is no direct participation by the poor at present in making policy and plans. This should be an area of attention when tourism master plans at national and certainly at local levels are done.

Enabling participation by the poor in making policy and plans

Issues to consider: can the poor influence policy so that it meets their needs? In the process of developing national tourism policy, are representatives of poor groups, workers, small enterprises or the informal sector consulted? In developing local level tourism plans, are residents consulted?

- **Potential Action Area:**
 - consult representatives of poor groups in the revision process of the Rwanda Tourism Strategy
 - ensure public discussions with local communities including women when developing Sustainable Tourism Development Master Plan for Rwanda

The Rwanda Tourism Policy was approved by Cabinet in March 2006. Private sector was represented in the working group (hotels and tour operators) but not specifically workers or small entrepreneurs.

⁴⁷ Communauté des Autochtones Rwandais

⁴⁸ Rwanda Country Summary by Human Rights Watch in January 2006

⁴⁹ FPP is an international NGO and registered charity in the UK. The project has received grants and support from (among others) the Community Fund, Norwegian Church Aid, Canadian Cooperation, Christian Aid, and some UK charitable trusts

Conclusion

The three-pronged Pro Poor Tourism approach is more tourists, more spend per tourist, and more of that spend reaching the poor.

Given the extent of poverty, getting tourism going in Rwanda is vital for economic growth and poverty reduction. More arrivals and more income from tourism mean more jobs. At the same time, it is important to look at how much of the expenditure reaches the poor and who participates.

While tourism is now being developed, and receiving significant consideration and investment in Rwanda, is an ideal time for government to incorporate approaches that maximise opportunities for the poor. A strong start has already been made, as seen in:

- The emphasis on increasing length of stay and spend per visitor, which usually means involving a wider range of tourist services and opens up opportunities for the poor around the anchor products
- Encouragement of tourist visits to communities
- The first joint-venture lodge in Rwanda
- The training tax rebate for hotels
- First discussions with business hotels about constraints to using local products
- Support programmes for SMMEs and artisans.

A good chance is to create an industry that, from the start, is pro poor in its structure and becomes as a result a model in the region. Some key priorities within this seem to be:

Investing in the supply side – capacity of the poor

- Investing widely in hospitality skills, including for un-skilled, semi-skilled and rural women and men ; building the capacity base
- Introducing training tax rebate for small operators
- Replacing begging and hassle 'muzungu agacupa' with tourism awareness campaign

- Encouraging a multitude of MSEs into the sector – this requires everything from micro-level business support to them, to catalysing destination partnerships to link stakeholders together
- Stimulating banks to install International ATM specifically around tourist attractions

Diversification including the poor, focus at destination level

- Continuing diversification of products so that tourists who come for gorillas also do many other things, spend more time and money, and specifically spend these on services provided by the poor
- Extending the tourism supply chains far into the local economy, such as through supplies of local foods and furnishings to the hospitality sector.
- Stimulating local linkages between large and small enterprises; facilitating the set up of multi stakeholders meetings at destination levels including local NGOs
- Increasing out-of-pocket spending based on a larger number of sales outlets, a large variety of handicrafts specific to the local areas, and ease of shopping for tourists
- Allowing tourists to easily access cash with credit card
- Promoting circuits in loops around Rwanda i.e. lakes region; enriching visitors' experience in between the three national parks; initiating few-day hiking circuits i.e. along Lake Kivu planned in collaboration with actors at District and Sector levels ; developing biking itineraries

Increasing information on pro poor actions

- Assessing all of the Rwandan tourism chain and collecting data
- Analysing how type of tourists and tourism benefit the poor in different ways
- Measuring barriers to micro and small entrepreneurship
- Assessing whether favouring

independent travellers is needed for greater pro poor impact.

- Consulting with poor people and the private sector on what would unblock commercial constraints to stronger local economic linkages.

Working in partnerships

- Unleashing the creativity of different women and men as actors
- Taking advantage of the fact that foreign investors and international NGOs are interested in Rwanda's tourism now; using discussions with them to leverage pro poor commitments and in turn using these as models for development

Challenges ahead are various in Rwanda for implementing Pro Poor Tourism. Being a new concept there is little knowledge on how the poor women and men could benefit from tourism. But at the same time there are many ways in which policies and strategies are heading in the good direction. Many things are already underway and above, are listed new areas to be explored and developed. Recently, substantial public and private investments have been made in tourism. The full range of Rwanda's resources has yet to be realized, but there are clearly opportunities in the emerging tourism industry. Since the security situation is re-established in the country, Rwanda's tourism industry is experiencing a promising increase towards economic growth and poverty alleviation. This is unquestionably a time of fast change for the Rwandan tourism sector.

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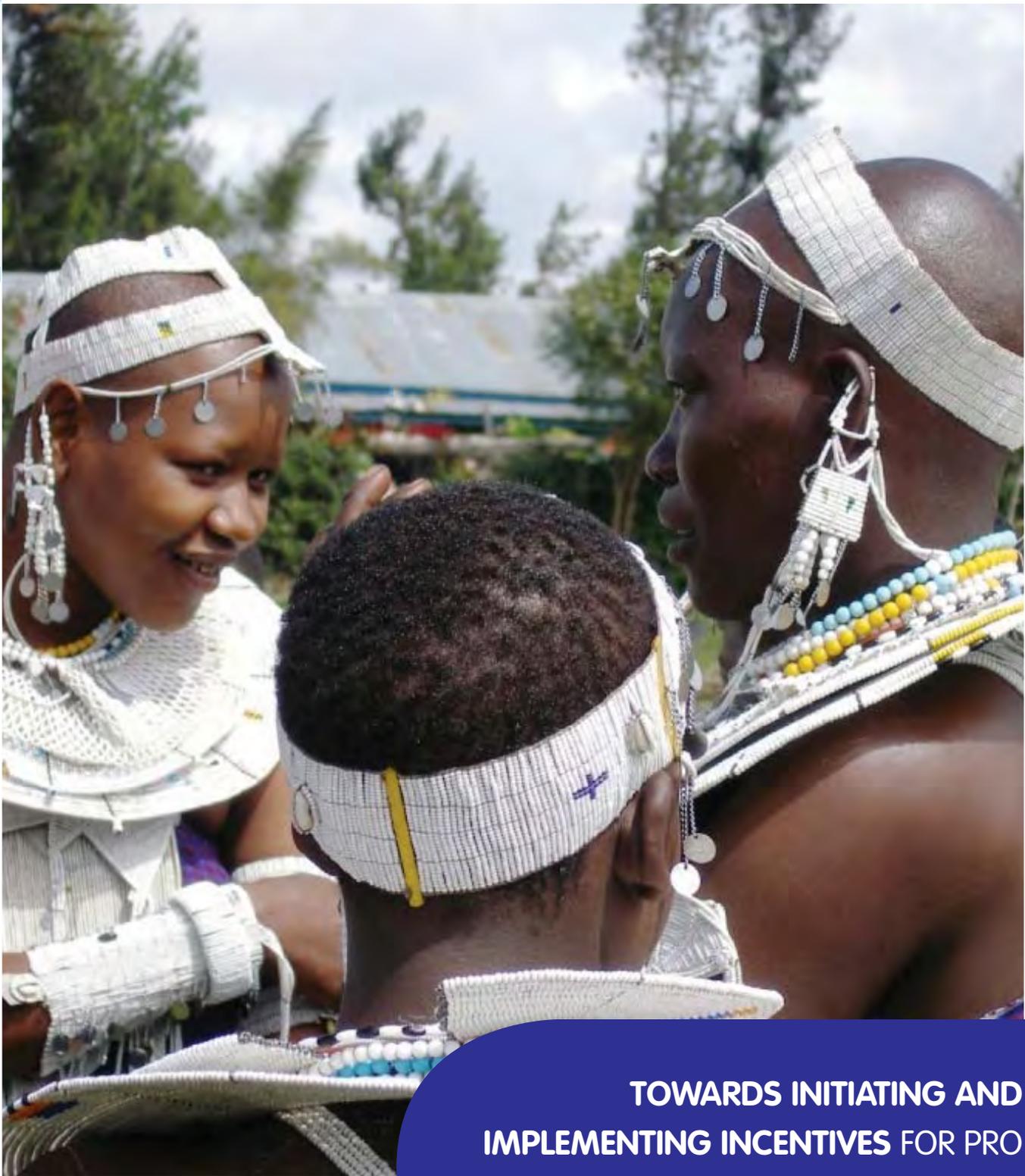
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Dominique Verdugo

**TOWARDS INITIATING AND
IMPLEMENTING INCENTIVES FOR PRO
POOR TOURISM IN TANZANIA**

Elibariki Mtui

Background

In Tanzania, tourism is one of the fastest growing industries. International visitor arrivals in Tanzania grew since 1995 from 295,312 to 612,754 in 2005, with an expenditure of USD 824,000 million in 2005 (TTB Annual report). Tourism represents the second largest factor of foreign currency income after the mining sector; contributing 14 % to the GDP. Tanzania is ranked as the 5th top tourism earner in Africa (US\$739 million in 2001). (UNWTO report).

Tanzania has recognised the potential for tourism in reducing poverty. Tanzania has of late given recognition to tourism in poverty reduction and included it in its PRSP (Poverty Reduction Strategic Papers) and the NSGRP (National Strategy for Growth and Reduction of Poverty) known in Kiswahili as MKUKUTA (Mpango wa Kukuza Uchumi na Kupunguza Umaskini). The PRSP 2000, 2001 and 2003, mentions the Government exploring ways for making the tourism sector more pro poor, but there was no well elaborated strategy. Tanzania has made some initial efforts to foster initiatives that will make tourism contribute to poverty reduction such as: Community-Based Tourism, Cultural Tourism, and the UNWTO ST-EP initiative. The full potential for mainstream tourism to directly contribute to poverty reduction has not yet been realised.

Sustainable Pro Poor Tourism (SPPT) goes well beyond ecotourism and community based tourism. SPPT attempts to maximise the potential of tourism for eradicating poverty by developing appropriate strategies in co-operation with all major stakeholders i.e. government, private sector and indigenous/local communities. SPPT is putting poor people and poverty at the centre of the sustainability equation. SPPT can become a central activity where socio-cultural, economic, and ecological/environmental aspects come together in addressing long-term sustainable development issues. It encompasses conserving/preserving and sustainably using not only natural resources but people's culture, way of life and their cultural heritages. This SPPT Strategy for making tourism pro poor focuses specifically on facilitating

processes and systems for *unlocking opportunities* for the poor within tourism, rather than exploring how to expand the overall size of the sector.

Need for research on Sustainable PPT incentives in Tanzania

This study was initiated by SNV Netherlands Development Organisation (SNV) in with the support and collaboration of Overseas Development Institute (ODI). The study design was exploratory, with most of the information based on desk review with limited primary data collection. The available data collected was analysed and compiled in a logical flow, and in coordination with other SNV studies in Africa

The findings and conclusions of this study aim to assist tourism stakeholders including government, private sector and development organisations which are struggling on how to effectively use tourism to reduce poverty. The work was part of a wider SNV project, in which a 'toolkit' for governments (Ashley 2006) was also produced, which complements this report by providing practical tips on some of the issues raised here.

Objective of the research:

The overall objective of the research in Tanzania is to increase knowledge, commitment, and implementation of incentives that will make tourism sustainable and pro poor in Tanzania.

The specific objectives are:

- (i) Identification of incentives (by government and/or private sector) that are *currently* in place to encourage pro poor impacts from tourism;
- (ii) Assessment of which of these are *effective* or *ineffective* and why – with lessons learned from other countries for recommendations on how effectiveness can be increased;
- (iii) Identification of incentives that *could be used* but are currently not (or very little used);
- (iv) Identification of the main types of positive and negative impacts of tourism for the poor at present, and the factors that facilitate or impede them;

- (v) Analysis of which incentives should become *priorities* for action or improvement, and by whom, with a *draft programme* on how implementation can be done or improved

Intended research outputs for Tanzania:

- (i) Increase awareness, understanding and commitment by SNV, Government staff and other stakeholders (Private Sector, Development Agencies) of PPT incentives and their need, by working on the research together analysing and/or sharing the findings;
- (ii) Identify recommendations and priorities for action by SNV partners and for support from SNV;
- (iii) Identify lessons learnt to date about incentives for PPT and to share these with other countries in the EA region
- (iv) Stimulate the support and adoption of PPT as the way forward for doing tourism in Tanzania.

Policy stance on tourism and pro-poor tourism

Tourism arrivals and long-term priorities

The MNRT Division of Tourism is currently preparing a National Tourism Development Program (NTDP) 2006-2015. This program is a comprehensive long term plan to implement the National Tourism Policy. Activities on poverty reduction are spelled out in this draft document.

The Tanzania Tourism Policy (1999) and Tanzania Tourism Master Plan (April 2002) have optimistic growth projections. A main concern is to boost tourists' arrivals from the 640,000+ to 1.0 million by the year 2010.

There are efforts to address industry and product development issues such as quality improvement in hotel services: establishing

a star rating/accreditation system (being spearheaded by government), improving cultural tourism, encouraging more investment, improving infrastructure like access roads to both existing destinations as well as opening up new destinations such as the Eastern Arc, the Southern and Western Tanzania circuits⁵⁰

Attention to poverty issues

There is high recognition by government that tourism can be an important player in poverty reduction. However, while the realisation of the potential for tourism to contribute to poverty reduction is gaining strength in government and other players, there is not yet a holistic strategy for making intentions a reality; nor are there developed indicators for measuring impact in the NAGPUR (MKUKUTA). Compared to other Policy objectives PPT is weak. The National Tourism Policy spells out four (4) objectives areas: Economic, Social, Environment and Cultural objectives (in this sequential order). Although it doesn't specifically mention the words poverty or poverty reduction, it does address contributory factors. In the main government documents and strategies, the government is actively exploring ways to make the tourism sector more pro-poor. And in the recent NSGRP, tourism is explicitly mentioned a number of times. The government benefits from tourism taxes, levies and fees revenues, and contribution to poverty alleviation are now also being recognized and appreciated. There is also recognition of the need for increased CBT and development of Wildlife Management Areas, as well as improved infrastructure. 25% of revenues from tourism activities in protected areas (National Parks & Game Reserves) are ploughed back to the surrounding local communities in the form of development projects such as school and health buildings, bridges, water supply, and training.

50 quote from: Tourism Policy & Regulatory Framework: "The Tourism Policy of September, 1999 has the following objectives: to promote the economy and livelihood of the people, essentially poverty alleviation, through encouraging the development of sustainable and quality tourism that is culturally, and socially acceptable, ecologically friendly, environmentally sound and economically viable. To market Tanzania has a favoured tourist destination for touring and adventure in a country renowned for its cultural diversity and numerous beaches; To increase the contribution of the sector from 16 percent to 25 and 30 percent by the year 2010. Thus it is determined to maintain its tourist resource base in an adequate manner as it forms part of the public resources, improve existing tourist infrastructure and develop it further to increase revenue collections from the sector".

National Tourism Policy objectives

The National Tourism Policy, published by the MNRT in 1999, has the following general policy objectives:

- Assist in promoting the economy and livelihood of the people
- Poverty alleviation through development of acceptable, sustainable and quality tourism
- Market Tanzania as a touring and adventure destination, renowned for cultural diversity and beaches.

The growth projects in the tourism policy aim to develop tourism outside the Northern circuit, and thus to reduce the disparity between the Northern Tourist Circuit and most other areas, and between rural and urban areas, in terms of poverty levels. One of the most evident pro-poor commitments within government tourism policy is the Cultural Tourism Programme (CTP - one form of PPT popular with government in Tanzania – see below). From CTP's experiences, aspects of PPT may be incorporated in the NTDP. The MNRT and TTB are now working (with the support of SNV) towards developing guidelines for Community Based/Cultural Tourism that will stimulate higher quality standards, professionalism, and ethics for enhancing business growth.

Conservation policy and socio-economic objectives

The conservation policy spells out a balance between conservation and socio economic objectives. However, in practice conservation is a predominant driver in the implementation of the conservation policy especially for wildlife.⁵¹ There are however, emerging initiatives by NGOs and protected areas to relate practices between conservation and socio-economic benefits for sustainability of resources. The WMA concept, CBNRMAs, the TANAPA CISP, CBT, Ecotourism

Projects, CBVs are good initiatives that would need coordination and articulation in the form of a strategic plan for achieving a common tourism purpose for a bigger impact in poverty reduction.

Seeking a balance

Three strategies for pro poor impact

Pro poor tourism requires three integrated strategies policy:

It requires a balancing of policies to:

- Increase the number of tourists
- Increase expenditure per tourist
- Increase the share of expenditure that reaches the poor

Maximising benefits to the poor requires a balance of three strategies. In Tanzania, the current priority is increasing tourist numbers, but with a number of significant, though separate, efforts to channel some expenditure to the poor. More specific strategies that can assist with the third of these strategies will be explored later in this text.

Current situation on pro-poor tourism in Tanzania

The checklist here gives a quick overview across the whole spectrum of pro-poor benefits and incentives, as a basis for getting into greater detail on a few important and critical areas that will make a difference.

Current tourism benefits to different poor people

The poor mainly get benefits through:

- Low level jobs, (gardening, night watch, cleaning, housekeeping etc,
- Supply of farm goods and services,

⁵¹ The Wildlife Policy 1974 "The wildlife conservation Act is for the protection, conservation, development, regulation and control of fauna and flora the biggest tourism attractions. The aim of policy and Regulatory Frame work is to involve a broader section of society in wildlife conservation particularly the rural communities and the private sector".

Policy Objectives are:

- To maintain the great biological diversity endowment which constitutes an important economic base to the nation
- To broaden the scope of players in the interpretation and implementation of the policy
- To increase the sectoral contribution to the Gross Domestic Product from 2% to 5%
- To enhance wildlife protection, utilization, management and development of protected areas and international cooperation
- To stimulate and guide the local communities and the private sector by administering, regulating and management of the wildlife resource.

Concerning the role of the private tourism sector it states: "The private sector is encouraged to invest in conducting hunting and photographic safaris, wildlife ranching, cropping and development of tourism infrastructures as well as village utilization schemes and marketing wildlife resources".

- Improved health and education services form tourist donations and/or funds set aside for socially responsible business practice
- Community Based tourism initiatives such as cultural tourism where direct benefits come through providing services, food, dances, cultural demonstrations, donations, accommodation, handicrafts.

There is a striking lack of information quantifying these benefits, aside from a number of local level case studies, mainly of community conservation projects (for example, by African Wildlife Foundation), plus some aggregate employment estimates.

Tourism in Tanzania supports more than 150,000 jobs and many more indirect jobs. The jobs are in different levels depending on geographical location, literacy skills, and expertise. Tourism jobs are concentrated in the main tourist circuits (Northern, Eastern and coastal) with fewer in the central, Lake Zone, Western and Southern parts). At management (decision making) there are more foreigners than local people. At middle level (operational level) there are also significant numbers of foreigners. At low level (hotel gardeners, chambermaids, watchmen, and laundry staff) are mainly local people.

The benefits to the poor created through tourism cover several sectors:

- Agriculture: employment and supply of farm produce (fresh vegetables and fruits, animal products poultry, dairy and meat products) to tourist hotels.
- Transportation: mainly jobs and local transport through Tour operations (air, road, marine, agency)
- Hospitality: jobs through hotel accommodation, food, drinks, guiding, leisure, and agency
- Cultural Sector: Homestays, guiding, recreation, handicrafts making, herbal medicines, indigenous skills.

Economic assessment based on 1992 data, estimates that half of the total employment

impact of tourism is in the staple foods sector (Kweka et al, 2003).⁵² This means it is very important to consider the indirect effects of tourism on poor workers, and not just direct hospitality work.

Main Tourism costs to the poor

The main costs to the poor from tourism are:

- Poor conditions of work, exploitation (low remuneration compared to work load)
- Restriction and reduced access to coast, water, grazing lands, natural reserves;
- Accommodating culturally insensitive behaviour and adopting new behaviours
- Degradation of local assets/environment
- Degradation of cultural authenticity, values

There has been some detailed anthropological/ecological work assessing negative livelihood impacts on pastoralists (see for example, Homewood and Brockington 1999), but other negative impacts have not been measured.

Initiatives that enhance benefits to the poor

In Tanzania there are a number of initiatives that enhance tourism benefits to the poor:

- The Cultural Tourism Programme (CTP) which stimulates community based cultural tourism. This in turn generates direct rural incomes, direct employment, and the VDF (Village Development Funds) to local community development projects.
- Contributions from Protected Area Authorities such as National Parks and Game Reserves who contribute up 25% of their fees to community development initiatives and also employ local people such as game scouts/rangers and other unskilled labour.
- Tourist hunting fees: 25% is supposed to go to the community where the hunting activity is done but procedures make it too little and/or too late to reach the poor.

52 Input-output analysis indicated that tourism expenditure in 1992 created over 52,000 full-time equivalent direct jobs within the sector, but over 117,000 in other sectors, of which the bulk were in food supply.

- (iv) Community Business Ventures (CBV) between communities and Private Tour Operators, where pieces of community reserved land are subleased to private tourism investors for direct: annual set sub-lease base fee, bed-night fees and in some cases extra activity fees per day that are paid directly to the village governments
- (v) The Wildlife Management Areas⁵³ pilot projects now being developed to enable communities manage and utilise wildlife resources through tourism activities in their areas
- (vi) Taxes from tourism activities are pulled to the Government Treasury and indirectly reach the poor through subsidies given to District Councils who provide social services and development projects and other Government development and provision of social services.
- (iii) Unfair distribution of benefits from community business ventures due to lack of business, legal, bargaining and contractual comprehension by local people;
- (iv) Low level of awareness by local, people or communities of what tourism benefits are there e.g. The Guidelines for Tourism Licensing provides for equity sharing with local people but either people are not aware of it and/or there are deficiencies in investment opportunities and limited indigenous and community participation in investment activities;
- (v) Poor institutional framework, technical capabilities and coordination within the MNRT itself and among various ministries , the private sector, NGOs involved in tourism development to address pro-poor tourism issues e.g. different institutions have different quite opposing opinions on environment, conservation and tourism issues/concepts that frustrates good intentions of tourism benefits to the poor.

Hard data for the CBVs, CTP, and pilot WMAs is not readily available. There are however, indicative examples of specific initiatives such as the Mto-wa-Mbu CT module (*see below*).

Factors constraining benefits to the poor

Benefits to the poor are low or missing in areas where:

- (i) Tourism activities are also low despite abundance of attractions due to underdeveloped infrastructure such bad access roads, lack of water, communications, lack of accommodation facilities, weak communication and air transport, low entrepreneurial skills and awareness of opportunities, inadequate regional and international tourist linkages and marketing of existing tourism potentialities (e.g. the Southern and western parts of Tanzania);
- (ii) Tourism benefits do not reach the intended beneficiary (household, community) or reach it very late due to bureaucratic procedure of disbursement;
- (vi) Low level of professional skills and education related to tourism is big constraining factor for local people to access jobs in the tourism industry. A good example is the low number of local people employed as managers in the big international hotels or high end ecotourism lodges in local community areas. There is simply no significant number of qualified and experienced Tanzanian hotel managers. The situation can be improved in the future with the opening of the National College of Tourism that will initially focus on hotel management courses.
- (vii) Half hearted commitment in the enforcement of guidelines that will benefit the poor.

53 The WMA s are sponsored by the Government through the Wildlife Division

Assessment of current incentives

There are many factors that influence the scale and distribution of benefits, ranging from capacity of the poor, the business environment, and economic history. However, the core question for this report is how does Government affect the benefits they gain and costs they suffer? And what more could Government do to enhance the gains?

The approach used here is to analyse specific government interventions that affect different types of benefit to the poor. A pro-poor policy requires measures that increase the share of expenditure reaching the poor, in addition to measures that boost tourism arrivals and total spend. The first 9 instruments covered here all aim to boost financial flows to the poor:

Five areas of action focus on specific types of economic engagement of the poor:

1. Promoting employment opportunities, conditions, and hospitality skills of the poor
2. Helping poor suppliers (particularly farmers) enter the supply chain,
3. Enabling poor entrepreneurs to operate tourism businesses,
4. Expanding opportunities for artisans and craft makers,
5. Creating incentives for private sector – community partnerships,

Three types of intervention help facilitate all these different economic benefits:

6. Influencing private sector behaviour,
7. Facilitating destination-level linkages,
8. Developing tourism products and segments well-served by the poor,

The ninth expand other types of financial flows that are not earnings:

9. Sharing revenues and taxes with local people

Finally government actions that promote non-financial benefits are considered:

10. Maximising benefits to local people from tourism infrastructure and services
11. Managing trade-offs between residents and tourists over resources

12. Managing cultural disruption
13. Enabling participation by the poor in policy-making

The remainder of this section analyses whether incentives are in place, missing, or could be strengthened, in relation to each.

Promotion of tourism skills, and employment opportunities for the poor

Issues to consider: how can the strength of local skills and the number of non-management jobs created in tourism be enhanced to the benefit of the poor? How much tourism training is available for un-skilled and semi-skilled workers? Are hoteliers obliged to provide training? What measures exist to maximise employment opportunities and to enhance working conditions of the poor?

The biggest challenge the tourism industry in Tanzania is facing in light of benefiting the poor, is limited skills and education. Until recently education in tourism has been limited to a few hotel management and tour guiding schools/colleges offering certificate courses. There was no training facility offering management cadres in tourism. The few qualified people obtained their training in Kenya and other countries.

Access to tourism training facilities
There are limited training facilities in tourism at the lower end provided by a limited number of privately owned tour guide schools and Hotel Management schools. There are two wildlife management training institutes offering certificate courses for community game scouts such as the Pasiansi and Lindi Wildlife Training Institute where village game scouts receive short courses and are awarded certificate that enables them to be employed by CTP operators and CBV investors as tour guides.

Tanzania has now opened the National Tourism College that will mainly provide hotel management courses and universities are now providing tourism management certificates, diplomas and degrees. It is a big challenge for poor people to access these training facilities from their own pockets without sponsorships. Some sponsorship is provided by/through NGOs

and donor organisations that support community conservation initiatives in the country.

- *Potential Action Area:* The Training Levy fund would be very useful in providing sponsorships for training capable poor people. The government and other partners should provide more sponsorship for un-skilled and semi-skilled workers so that the poor can also acquire qualifications for employment.

Practices and regulations governing employment

Tanzania has a general minimum wage pronounced in each budget speech. There are two categories of minimum wages (for urban workers and rural workers at TZS 80,000 (US \$ 64 pm) and TZS 60,000 (US \$ 48 pm), and nothing special for employment in the Tourism Sector. Employers in tourism and the hospitality industry pay the bare minimum wage rates⁵⁴. The workers also get something from the services charge included in hotel bills and some tips.

Tipping in Tanzania is/was formally not allowed but it is anyway given on very voluntary basis, no worker will demand it like it is in other countries). Many employment contracts are temporary and/or for very specific periods of time. There are general complaints from various circles that working conditions in the tourism industry are not as fair as they could be. There is the Workers Employment Act 1961 with several amendments made over the years and now under a comprehensive review (of clauses that are accused of favouring employees too much). The reviewed act is supposed to be balanced so that it motivates investors to employ local people in the context of a free labour market that ascertains efficiency and high productivity. There are no special regulations for employment for the poor in tourism. This is an area where some work is required to have some preferential employment quotas for local skilled people especially for tourism investments done in local communities e.g. eco-lodges and hotels for a win-win situation.

- *Potential action area:* There is a need for clear policy, regulations, and guidelines on new investment employment ratios, capacity building commitment, and salary/wages structure specifically for the tourism sector. This should be part of social responsibility and responsible tourism investment.

Tourism training and development fund
Tanzania had a special levy/tax for tourism development (workers' training and skills improvement) of 2% but it was abolished for lack of focus on training and how it should be used and who should manage such a fund.

A training tax is usually a recommendation to enable countries to build local capacity that will spearhead tourism development especially targeting poor people who cannot afford full college fees. However, without clear objectives and comprehension of the whole training fund or tourism development fund such an initiative was bound to face problems.

There are however, some directives that investors should train local people as part of investment deals but nothing concrete is spelt out as enforceable commitments. They are more or less like voluntary offerings.

Foreign investment in staff training and funding tourism training

Foreign investors enter into agreement for employing and investing in local staff training as part of the investment concession package. In practice these agreements are like loose directives or voluntary commitments that are not really enforced.

This situation requires a policy/regulation and guidelines that will spell out the obligations of the investor and become part of the investment package agreement. There should be clearly spelt out employment commitments e.g. for employment, and numbers of people to be trained at different levels in a certain period of time.

⁵⁴ The minimum wage is by far not sufficient for meeting basic human needs. The trade unions have been contesting with government to come up with a wage based on 'real costs'.

The agreed figures can be used to monitor compliance by, say, the Ministry of Labour, licensing authority, or other institution.

Facilitating supply chain linkages between tourism businesses and local entrepreneurs

Issues to consider: Small entrepreneurs who supply inputs to tourism often get less policy attention but are important among poor participants. Is there any information on the significance of the tourism supply chain to the poor? Are farmers assisted to sell to hotels and restaurants? Is there any business support for potential suppliers of goods and services to the tourism trade?

There has not been a full fledged documented analysis of tourism sector supply chain market chain or value chain for Tanzania. A supply chain analysis will help to enlighten government, policy makers and the public on what the tourism sector map is like, who is doing and can do what, where does the money go, who is earning what (available and potential business linkages), what areas need support and/or special attention. A complete picture/map of the tourism sector will form the basis for decision making and strategy for forming strong stakeholder partnerships in pro-poor tourism.

The tourism supply chain for Tanzania is not strong. Most goods for the tourism industry are procured abroad with quite little being bought from local people.

The local economic base is small and you find a sizable amount of some basic necessities being imported by tourist hotels such as Ketchup, tomato sauce/paste, beef, and butter. The complaint (by big hotels) is that there are no sufficient supplies locally and where available they quality is poor. Fresh food supplies such as vegetables, eggs, milk, and meat are bought locally by the smaller hotels. In the bigger hotels even some of the fresh foods are also imported for the reason that "local products do not meet their quality standards."

- *Potential action area:* An essential first step is an assessment of the tourism supply chains in Tanzania, to understand what is already being sourced domestically, and specifically from poor producers, what are the constraints, and the main areas with potential for improvement. This information base is essential for informed intervention decisions in enhancing supply chains

Business support for potential suppliers of goods and services to hotels

Tanzania is a "free market" economy and thus there are truly no specific incentives. Support to local suppliers of goods and services are limited to areas supported by NGOs such as the Usambara in Tanga. There are individual initiatives by farmers and other producers to pull together their goods so that they can access far off markets in big cities like Dar es Salaam. In Tanga and Kilimanjaro the Tanga Small Dairy framers and Nronga Women Group have been supported by NGOs to increase milk production, processing and market (not necessarily to tourist hotels). And again producer groups of fruits and vegetables in Lushoto have come together for collective marketing to the Dar es Salaam market.

- *Potential action area:* More support is needed especially in quality improvement, grading, and packaging to achieve international standards for the up-end tourist hotels and for export. There is a good potential for poor people to be involved in the production and selling of local exotic fruits and vegetables.

Local level business linkage programmes to stimulate local supply chains

There are various business and trade associations, but none focused on linking suppliers and the tourism formal sector. There is the Tanzania Chamber of Commerce Industry and agriculture (TCCIA), Tanzania National Business Council (TNBC), Chamber of Tanzania Industries (CTI), TATO, and the Tanzania Investment Centre (TIC). These do provide information and a bit of limited linkage promotion especially in commerce, manufacturing, and agriculture,

but for tourism such organisation does not exist. There are other tourism business related groups like the Tanzania Association of Tour Operators (TATO), Association of Tanzania Tour Operators (ATTO), and Hotel Association of Tanzania (HAT). These associations mainly deal with advocacy and lobbying and hardly cross sectoral business linkages. Likewise the Tanzania Tourism Board deals with marketing.

- **Potential Action Area:** local government could catalyse destination-level initiatives that get tourism businesses talking with current and potential suppliers, to help improve the match between supply and demand.

Collaboration between agricultural support services and tourism

Food is needed by the tourism sector but linkage is done on personal business terms through individual tenders or from the open market. There are currently no formal agricultural programmes that assist farmers to meet requirements of hotels or tap into their markets.

- **Potential action area:** The tourism sector in Tanzania still needs a push and a framework that will foster deliberate business linkage initiatives to emerge and strengthen local input into the supply chain. There is a need of for finding ways for creating more linkages such as capacity building for local producers to improve quality and diversity of products so that they can effectively access the high end or tourist markets for; meats, milk, eggs, vegetables, and fresh fruits. This can be done by stimulating corporate social responsibility programmes for operators, training producers on quality production, and developing supply chain collaboration between tourism and agriculture.

Enabling poor entrepreneurs to operate tourism businesses

Issues to consider: A multitude and diversity of enterprises are possible in tourism. But can small and micro enterprises (SMEs) get registered and operate easily? Are there any measures to assist local guides, home stays, and transport providers etc to enhance their products, business skills and market access? Does the physical environment help or constrain them? Is there specific support for enterprises run by communities?

The success of tourism initiatives for the poor needs the committed support of the local governments where the people are living and operating. The local governments' active involvement is a key factor for in fostering: access to capital, business skills, mitigating barriers to entry and registration, accessibility to destinations, and monitoring quality. Very few local governments however, play an active role in supporting tourism separately, partly because they do not know how, and partly due to how the tourism business is organised and managed. Most of the tourism businesses are regulated at national level and very little if at all at regional or district level. Some local governments have helped SMEs by showing areas where they could operate or by just leaving operators alone to do their businesses in areas of choice. In the case of the CTP, local governments have lost their earlier enthusiasm after realising that there was no big money in terms of fees and taxes forthcoming.

Access to business development services
Tanzania has an SMEs policy in place that stipulates how SMEs in the country should be operated and supported in general terms not specific to sectors. In the tourism sector, SMEs are not subjected to same regulations that govern medium and big tourism operators such as registration procedures fees and taxation requirements. This is a grey area that the CTP guidelines are attempting to clarify.

There are also a number of private sector development services providers:

- (1) Business Development Services (BDS) providers for SMEs, mainly providing training in basic business management skills and marketing.
- (2) A mix of financial institutions from international banks and local banks to the MFI (Micro Finance Institutions) and SACCO's (Savings and Credit Cooperative Societies).
- (3) NGO and other institutions providing support services to SMEs in their own target groups and focal areas such as sustainable environment and wildlife conservation organisation. These include: WWF (World Wildlife Fund), AWF (African Wildlife Foundation), FZS (Frankfurt Zoological Society), GTZ (German Gesellschaft für Technische Zusammenarbeit), USAID, CI (Conservation International), UNWTO-STEP, and Hunting Companies Foundations, like Friedkin Foundation, National Parks, etc.)

For the poor with unregistered businesses, banks are off-limits. The poor can join a SACCO or other MFI as long as they are willing to save at the start and then borrow. The question is save from what? MFI and SACCO's funds (though relatively more expensive than banks) are the most convenient and accessible the poor in raising capital. They also "instill" a credit culture and business discipline for survival and future growth.

It seems as if there is a pretty good range of financing options for MSEs including tourism business. The funds support a variety of programmes with different objectives that are not necessarily business objectives.

In terms of marketing, the Government, through MNRT and TTB does provide limited marketing assistance through the general marketing programmes abroad (in presentations, distributing promotional materials, linking to markets) and for those local operators who can raise some funds, subsidizing stalls in international Tourism Fairs. For the poor, they get subsidized stall slots in locally organised International Fairs like KARIBU –Tanzania.

- *Potential action area: A special tourism business development seed fund could be established focusing on giving small amounts of seed capital to potentially viable small tourism projects especially to marginalised areas. The seed capital fund should focus on stimulating and fostering community based tourism initiatives to grow. The fund can be used to increase the bargaining position for communities and small entrepreneurs in the case of tourism joint venture negotiations with bigger tour companies*

Registration processes and procedures
There are MNRT guidelines on tourism licensing (2004) with minimum standards and registration requirements, classification of tourism activities that include: accommodation from hotels to hostels, tour operators, tourist agents business, operations (travel agents, tour operators, guides, and specialist services), core values and responsibilities, requirements for citizens, foreigners and citizen-foreigner joint ventures. The guidelines provide differential requirements for Nationals/ Citizens (with preferential terms) such as: car hire licences, travel agency licenses, and tour guides. The preferential licensing is meant to enable locals to participate and benefit from tourism through lower entry barriers. Thus the intention is to as much as possible, empower local people, but this does not necessarily mean 'poor' people.

- *Potential action area: The government could make more focused provisions that target isolated areas and people with potential for tourism activities such as non traditional and cultural tourism products. Provisions and support could be in the form of:*
- *Assistance to comply with standards that do not make it unnecessarily difficult for little guys;*
- *Assistance to set standards and categories that are achievable by MSEs but is clearly labelled for what they are, so the tourist knows what to expect;*
- *Remissions on some licensing fees and tax charges such as low or no tax obligations in the early stages of product development, testing, and*

operation with set criteria for graduating to formalisation;

- Assistance in training and capacity building in product development, business management skills, customer care/service and quality improvement, linking with markets and promotion.

A good example is the CTP modules, which are not formally registered and do not have operating licences as they are seen as infant development initiatives in the category of MSEs. Most of them are only enlisted with the Local government and TTB and their existence and operations recognised by the District and village governments. At national level they are seen as informal MSEs.

Support to artisans

Issues to consider: craft sales can be a vital opportunity for those without formal skills to participate in tourism. Is there any business support for craft-makers and vendors to enhance their products, sales and incomes? Can they access the tourism market easily?

Small handcrafters/artists, street handicraft vendors (not curio shops), cultural tourism, are treated as informal sector activities. The government is silent on licensing and taxes, which help some of them, grow. Business support to these entrepreneurs comes through a number of organisations but in piecemeal for a real lasting impact. Some forms of assistance are:

- Supporting individuals to form production groups for joint marketing and training. These groups are enlisted local government authorities through the department of community development;
- The government and Development organisations have been helping the National Handicrafts Company (HANDICO) which was a parastatal organisation. It is recognised by government as the agency for promoting handicrafts business in Tanzania;

- There is also a National Council of Artists (BASATA) recognised by government as the agency for promoting artists in Tanzania, and the National Council for Music (BAMUTA) is recognised by government as the agency for promoting music in Tanzania.

The idea was for government through these organisations to support and promote handcrafters, artists, musicians, to grow economically. The initiative has been difficult due to lack of funding (from government), over-expectations of members on what government should do and non delivery of market-driven products/services. BAMUTA and BASATA exist as regulatory bodies. HANDICO has continued to exist but shrunk in size.

Infrastructure/physical environment and tourism SMEs

Local infrastructure projects are mainly based on normal government planning priorities for development. There is not specific attention to facilitating tourism SMEs, such as in their accessibility to roads or water.

- **Potential Action Area:** Local governments could do more in develop their own district tourism master plans, where they could develop strategies for fostering SPPT that would guide local communities to tap into tourism potentials in their areas. Local government could also help in identifying potential areas for tourism business activities, promote them, link them with markets, and facilitate joint venture/business deals

Market access: of vendors to tourists and vice versa

Small tourism SMEs have access to tourists given the tourism routes and location of lodges. Those close to tourist routes to game parks and hotels stand a bigger chance of tapping opportunities through employment, direct base fees, business links (sale of foods, handicrafts, voluntary donations) and possibly equity sharing.

Some tourists travel themselves to remote rural area, using tour operators, public transport, or making arrangements with a local person. However, the majority of tourists are on established routes and thus the vendors need to access those routes in order to tap into the market. Vendors, especially handicrafts makers and sellers, in Tanzania have attempted to access the tourist market in various remarkable ways. Some have erected makeshift stalls and permanent structures for curio shops along the roads used by tourists to protected areas, lodges, tourist hotels. Some have put up makeshift stalls as close as it is allowed to the gates of game parks/reserves. In some small towns along the tourist routes to protected areas there are handcraft /curio sections in the local town market. This has seen horrendous mushrooming of all sorts of structures and selling stalls around the protected areas access roads and gates. Hotels located inside protected areas have their own in-hotel curio shops where some of the products sold are procured from local communities.

- *Potential Action Area: The sales outlets around park gates and access roads could be better organised as sales centres in the form of a big shop with different stands owned by individuals. The local government and other support organisations could come up with some basic guidelines and capacity development programme, especially on quality improvement and design diversification and especially for the poor who are also naïve as to what tourists demand.*

Support for 'community run' enterprises

The main support for community tourism is via the 'Cultural Tourism Program' (CTP), which was funded from 1996 to 2001 and is now being reviewed and revitalised (see below). In addition, there are a few initiatives providing support to enterprises run by communities, mainly from international conservation NGOs, and International Development Agencies in terms of training/capacity building, grants for planning and establishing businesses. The organisations among others include: SNV, USAID, WWF, AWF, TCMP SIDA, UNIDO, UNEP, France – Service de Coopération et d'Action Culturelle⁵⁵, GTZ, the Vice President's Office Division for Environment, TANAPA, and NCAA (Ngorongoro Conservation Area Authority).

⁵⁵ Funding under the tourism cluster, heritage, and archaeology, and they work closely with the Antiquities Division of MNRT. L'agence Française de Développement is principal funder of a Tourism Training School and associated curriculum which is being developed over the next few years. France has funded a tourism workshop focussing on the Southern Circuit

Experience in the Cultural Tourism Programme

Under the CTP, rural communities have been assisted to develop tourism products for tourists, including campsites, home-stays, tours to local forests or waterfalls, mountain climbing, biking, fishing, story tellers, historical sites, and traditional cooking demonstrations. Although official support for CTP ended in 2001, a survey in 2006 found that many enterprises have continued. The programme is now being revitalised.

The 2006 survey (Tanzania Tourism Board, 2006) identified a number of weaknesses in the current products offered, such as low quality services, lack of marketing, and lack of diversity in the product offer. Thus the new phase aims to enhance CT to have:

- proper product development,
- product/tour/packaging,
- high quality and hygiene,
- customer service/care,
- interpretive skills (telling the story),
- costing/pricing,
- records keeping,
- coordination and security,
- and overall expansion/diversification or replication to other areas.

The programme is structured so that a variety of payments flow to villagers, as shown in Table 1. The average earnings from each tourist are around US\$10-12 now. Although this is a tiny fraction of their total holiday cost, if it could be earned from the majority of tourists in Tanzania, it could still have a significant impact at village level. The challenge is to scale-up the programme in a way that is commercially successful.

In addition to direct payments, the tour fee is set so that it includes a contribution to the Village Development Fund. The VDF funds community development initiatives such as education (classrooms, books, desks), water supply, health services (dispensary rooms, maternal wards). The VDF is supposed to be jointly managed by the Village Government and the Cultural Tourism Coordinators in the area. In addition, some tourists make voluntary donations, especially if they go to a school, a dispensary, or see an initiative that would need a little support for completion.

Fees Earned in the Mto-wa-Mbu Cultural Tourism Programme

Earnings at Mto-wa-Mbu	2005 (in TZS)	Fees (in US\$)	Total 2001 - 2005 (in TZS.)	Total (in US\$)	% of total
Number of tourists	3,177 Pax		7,675 Pax		
Village Development Fund	4,765,500	4,289	13,013,000	11,713	13%
Guide fees	9,135,500	8,223	21,325,500	19,195	21%
Administration Fee	6,354,000	5,719	16,996,000	15,298	17%
Contact person fee (Warriors, Farmers)	8,574,000	7,717	22,997,000	20,699	23%
Traditional food	3,102,000	2,792	12,022,195	10,821	12%
Biking (MTB, local)	2,878,000	2,590	6,639,000	5,976	7%
Souvenirs/Makonde	4,086,500	3,678	7,612,500	6,852	8%
Total amount of income	38,895,500	35,010	100,606,195	90,555	100%

Incentives for formal partnerships between private operators and residents

Issues to consider: Joint ventures between communities and private operators can generate high returns but be ferociously difficult. Is there a legal policy framework to encourage such joint ventures? Do communities have tenure or assets of market value? Does government provide technical advice or facilitation to ensure they get a good deal? Or does it encourage other kinds of less formal partnerships?

Joint ventures between communities and private operators have developed in the Community Based Natural Resources Management Areas (CBNRMA), and are known as Community Based Ventures (CBVs). The CBNRMAs are now being scaled up into Wildlife Management Areas (WMAs) with full government mandate to manage and utilise wildlife. Joint ventures can generate high returns but be painstakingly difficult to transparently negotiate and manage. Such joint ventures in tourism are even more complicated as there are several issues that crop up all the time (to mention a few):

- Tenure of community assets e.g. land, wildlife resources;
- Interpretation of laws and policy. There are different laws governing resources for tourism e.g. land act, village land act, wildlife act, the investment act and these are sometimes contradictory;
- Different decision making levels (at community and government levels);
- Different interests and interest groups within community, government and peers;
- Benefits sharing (who benefits? the poor or leaders?).

Policy framework for joint ventures
In Tanzania there is a policy that encourages partnerships and joint ventures between international and local operators (not specific to communities). A legal framework for partnerships between formal sector

operators and local communities exists under the law of contract, company law, land acts, the Tanzania investment act, WMA regulations etc. There is however, no specific and elaborate policy framework for tourism joint ventures between communities and private sector. There are some procedures mentioned in the WMA regulations and guidelines for "pilot WMAs" and some incentives for partnerships are mentioned in the guidelines on tourism licensing. These are however, not well translated into compelling regulations nor are they truly enforced in actual practice. The framework is scattered and unstructured.

This is possibly due to lack of capacity in terms of human resources as there are no Tourism Officers or departments in Regions, or Districts. There is a little awareness and commitment to the PPT approach and what it takes to make it happen at all levels of government and communities. Legal education and understanding in most communities is quite low especially in investment and contracting. Partnerships and Joint venture with local communities tend to favour the more knowledgeable formal sector private investors, especially during negotiations as there is big disparity in legal comprehension by the local people and enlightened operators.

• *Potential Action Areas:*

1. Regulations, procedures, and guidelines are needed at central government, regional, district level to provide guidance and oversee good and fair practices on the specific subject of private community partnerships.
2. Communities need assistance so that they can understand their legal and commercial situation, and obtain an agreement that is fair to both sides.
3. A Tourism Act is now in the process of being developed. Other policy and legal frameworks should then follow so that different aspects concerning tourism partnerships can be adequately be addressed and inconsistencies removed.

Incentive and obligation for private partner to engage

There are some incentives for private (especially international) partners to engage with local people. For example, a tourism investor operating inside a Wildlife Management Area through a partnership with a community faces lower limitations on tourism activities at certain times, compared to game parks. In a partnership with a community that has relatively similar attractions to a game park, visitors are freer to do more activities, and at times that are not allowed in the protected areas such as: people interfacing, night game drives, hiking, hunting, bird shooting, and campfires

Marketable community assets/endowments

In many areas especially those adjacent to national parks communities have a good number of attractions that have potential for tourism business. Most of these areas are marginal to lands for agriculture but good for non farming activities including tourism:

- Land with attractive natural beauty and scenery;
- Natural attractions including forests, wildlife that can be put for non-consumptive as well as consumptive uses in a sustainable manner;
- Rich cultural heritage attractions including historical sites, people's way of life, and traditional knowledge.

There is general lack of lack of understanding on how to put a value on such assets. There is no formula developed to deal with this issue. In most joint venture negotiations, these assets are hardly evaluated as a bargaining contribution by communities.

- **Potential Action Area: Government should develop basic criteria and a formula for assisting a community to understand and realise the value of community assets.**

Negotiating, implementing and monitoring partnerships

Although there are provisions related to the partnerships (as mentioned above), community interests, contracting implementation, and monitoring, for instance in the Pilot WMA guidelines, they yet have to be tested in a three and a half years' phase.

NGOs play a big role of honest broker by bringing the issues at the table and enlightening the communities on the big picture, legal understanding, and issues of roles, benefits, responsibilities, obligations, liabilities, rights, costs, and benefits before signing. Local governments are supposed to oversee the processes and bear witness for inclusion in their planning. In reality, interest from local government in these processes is quite low given the time needed to conclude such deals. These are painstaking processes that entail collectively educating the local people/leaders on their common interests, mitigating personal interests, understanding legal implications (rights and obligations), agreeing on values of assets, finally agreeing on the form of partnership (equity of partners), implementation structures and monitoring mechanisms for transparency for all.

- **Potential Action Area: The CBVs are good examples that can help government to come up with a good workable policy and regulatory framework for beneficial "win-win" and sustainable community - private partnerships in tourism**

Influence over private sector behaviour

Issues to consider: how tourism businesses operate determines the size and scale of benefits to the poor? Are there any formal requirements, rewards, or implicit expectations for the formal private sector (hotels and tour operators) to source products locally, improve their local employment practice, support local residents and micro-businesses, or enter partnerships with communities?

There are some limited and unstructured incentives created for the formal private sector (hotels and tour operators) to source products locally, improve their employment, or enter partnerships with communities.

Process for giving out tourism concessions

The giving out of tourism concessions is done at national level by different MNRT divisions depending on the activity. The practice in most respects does not require community consent first. The process can go without consultation with communities as long as there is compliance with the tourism licensing guidelines. It is expected (by government) that the operators will work in harmony with the local communities and support projects that will benefit the poor such as infrastructure (roads, water supply, and education) and employment. In the licences there are “non-binding” clauses for what the operators are expected to provide to communities

Industry standards, awards, codes

There are some awards and codes for the private sector that are international, but are applied in Tanzania, and seek to encourage responsible behaviour. Specifically:

- International Awards such as TODO! Award in Ecotourism is being operated in Tanzania to boost sensitivity and contribution of tour operators and other tourism initiatives towards poverty reduction.
- The Global Code of Ethics in Tourism is somewhat applied and more needs to be done.⁵⁶

Conditions laid down for foreign investors

Tanzania established a special Tanzania Investment Centre (TIC) in 1997, which is responsible for the coordination, promotion, and facilitation of investments in Tanzania. Main roles of TIC include: (1) Providing assistance and guidance in the processes of establishing enterprises i.e., incorporation and registration, (2) Helping in obtaining necessary licenses, work permits, visas, approvals, facilities and services (3) Helping in sorting out any administrative

barriers confronting both local and foreign investments (4) Promoting both foreign and local investment activities (5) Assisting in securing investment sites and (6) Assisting investors to establish projects (7) Granting certificates of incentives and investment guarantees for all investments which are over US\$ 300,000 and US\$ 100,000 for foreign and local investors respectively. It can be seen from this list that ensuring investments maximise linkages with the local economy is not part of the priorities.

- *Potential Action Area: When investors get support, here are no formally spelt out special requirements for PPT or benefits for the poor. This is an area where pro-poor incentives can be worked out very effectively as this is the beginning of investment commitments.*

Incorporation of pro poor incentives into other government actions

There is no specific incorporation of pro poor incentives into other Government interaction with the tourism private sector, such as in supporting marketing at international tourism trade fairs or implementing the new star grading system.

Destination-level linkages between tourism businesses, local entrepreneurs and residents

Issues to consider: If hoteliers, tour operators, micro-entrepreneurs and residents come together, potential to benefit all through enterprise development, training or mentoring, and neighbourhood upgrading is huge. Are there any initiatives within local destinations that bring together all the different stakeholders? Is government acting as a catalyst?

There is great potential for sustainable benefits for all tourism players if hoteliers, tour operators, micro-entrepreneurs, and residents come together in developing enterprises and products, training/mentoring, neighbourhood upgrading, and establishing socially responsible working relations.

⁵⁶ See website (www.unwto.org)

There are examples of initiatives that bring together all different stakeholders such as the TANAPA Community Investment Support Programme, the CTP, and the WMAs. The Cultural Tourism programme has an aspect of bringing together different stakeholders within an area, but needs to strengthen it. The pilot WMAs involve different stakeholders right from the beginning with participatory Land Use Planning, then Resource Zone Management Planning (RZMP) or General Management Planning (GMP). The government is now having an awakening and becoming a catalyst in destination linkages. This is evidenced by the role it plays in refocusing promotion to new tourist circuits and investment to the south and western part. There are new projects for developing access infrastructures (roads, water, electricity, and communications) in those areas.

Development of tourism products segments served by the poor

Issues to consider: what are the tourism products that are offered, or could be developed, that particularly offer more opportunities for the poor? E.g. rural, agro- or adventure tourism, urban tourism, artistic and cultural products? Is government specifically assisting such developments?

In Tanzania there are some products already offered that directly involve the poor, and others that could also be further developed. Current offers include rural cultural, agro and adventure tourism, urban tourism, artistic and heritage sites products. Activities that particularly involve the poor are:

- (i) *Employment:* tour guiding, local porter services, interpretive guiding;
- (ii) *Food stuffs and beverages:* milk, local made cheeses, eggs, fruits, juices, vegetables, chickens, mutton, and beef, fruit juices, other soft and hard drinks;
- (iii) *Handicrafts:* carvings, sculptures/souvenirs,, traditional tools and dresses, traditional jewelry/ornaments;
- (iv) *Accommodation services:* homestays, local Guest house services;
- (v) *Transport services:* local hired transport;
- (vi) *Leisure and entertainment:* traditional/cultural dances entertainment, story telling.

However, there is no information on the extent to which the poor benefit from different market segments of tourism, nor on how important the direct benefits that they can gain from rural tourism are, compared to the indirect benefits such as employment and food supply to mainstream tourism. There is therefore no basis for deciding which segments should be encouraged from a pro-poor perspective.

- *Potential Action Area:* There should be a study commissioned to look into the different impact levels of tourism businesses on different segments of the tourism supply chain. Tracing the tourism dollar and its influence to local economy.

Potential markets for products of the poor
Different types of tourists (domestic, international, regional, safari, fly-in, overland) will use different products of poor people:

- (i) International group tourists who fly in are the most likely to use cultural/adventure products provided by the poor. These are tourists sparing time for a 'people experience' after long game safaris in the parks. These are the well to-do travelling family, and groups.
- (ii) International students, study and research groups, and adventure groups, may stay for relatively longer periods of time in the rural areas, and sometimes wanting to participate in community work;
- (iii) Back packers and budget tourists who are adventurous and travelling for new experiences.

However, there is no factual information on the pro poor impacts of these groups, not about the market potential of these groups to adopt cultural or interactive tourism. There are no concerted efforts to encourage these groups.

The review of the CTP (TTB 2006) found that more nature-based attractions were continuing than cultural products. It is perhaps more difficult to offer cultural insights and interaction to a quality that tourists demand compared to, say, a trek to a cave or forest. The CTP experience to date provides some insights on what can be done to boost cultural and rural tourism:

- There is a market with a potential for growth, as more and more tourists are seeking experiences and activities outside the wildlife parks
- Products need to be developed to meet international standards (quality, customer care/service)
- Marketing/promotion is a critical success factor that needs much support,
- Local people need awareness creation, education and mentoring on what and how tourism business should successfully be run.
- **Potential Action Area: Assess pro-poor impacts of different types of tourism, and areas where impact can be boosted. Consider measures to diversify the tourism product in ways that meet tourist needs while also involving the poor.**

Sharing revenue from tourism with local people

Issues to consider: When authorities gather fees for usage of national parks and tourism facilities, is there a share that goes to local residents? How does government manage the trade-off between money for residents and money for the Treasury?

Government collects tax revenue from tourism in different ways as they come from various sources namely: tourist visas, airport taxes, park entrance fees,

VAT, licence fees, corporate tax, Hotel Levy. Tanzania has a 20% Value added Tax (VAT) on most goods and services, including accommodation, food, transport, and electricity. There is a general sentiment that hotels manage to avoid some taxes. Tanzania has an incentive package for new big investments that include: a 5 year tax holiday and import duty waiver on capital goods this somehow is believed to have created loopholes for avoid taxes through ownership changeovers.

Tourism revenues hypothecated for pro-poor purposes
There are some funds that are paid out to communities to motivate and encourage them to participate in wildlife conservation where they live and around protected areas. The most direct way in which government revenue is shared with the poor is via sharing revenue from parks and wildlife. Protected Areas Authorities have of late realised that they cannot do conservation sustainably by themselves. The importance of involving communities in conservation has become more and more apparent. Communities and people who live around the protected areas are in most cases poor and would (out of necessity) wish to utilise the wildlife resources consumptively. They must therefore see some other benefits for them to put the resources into non-consumptive or sustainable uses.

One mechanism which is intended to direct funds back to communities is associated with hunting tourism. The intent is that 25% of revenues from hunting fees are channelled back to the activity communities through the District Councils. However, many villages do not receive these funds at all, or receive it too late and too little. The mechanism to send hunting fees directly to communities is long i.e. from the Treasury to Region to District Council, where it is distributed across the board to all villages in the ward or district.

TANAPA has a policy to direct 7.5% of their budget to neighbouring adjacent communities and these tourism revenues do go *directly* to adjacent communities (and TANAPA is to be commended for proposing to increase this percentage). It should be

noted that the parks with the greatest numbers of visitors and revenues, are in the North, which ironically increases the disparity with poorer regions elsewhere.

Ngorongoro Conservation Area Authority (NCAA)⁵⁷ contributes up to US \$ 500,000(in cash) per annum to the local partner community for their development in addition subventions on food, health services and child education sponsorships,

Maximising local benefits from infrastructure and services

Issues to consider: when new roads, water supplies, power lines, health care, or other services are developed for tourists, is there a process for working out how to optimise benefits for local people too? Are locals consulted?

There are consultation processes and assessments when new roads, water supplies, power lines, health care, or other services are being developed for the people and tourists. There are processes for assessing and working out how to optimise benefits for the people including Environmental Impact Assessments (done by experts), tapping indigenous knowledge about the area, and developing an optimal path for maximum benefit to the people.

Most projects are a result of local people demands/ needs than just tourists, but tourism has helped fuel demand for new infrastructure. Most parts of rural Tanzania are quite underdeveloped; so, any infrastructure improvement that is made generates a big impact to a very wide area. For instance a tarmac road joining a big town to one district, means shortening the distance for travelling on a treacherous road even when coming from another District. An example is the Arusha- Karatu-Ngorongoro Road that does not touch Mbulu district but has shortened the bad road from Arusha to Mbulu by 68Km of tarmac thus encouraging traffic flow. This road was built

due to a long time cry of tour operators, tourists, and farmers from the two big farming districts of Mbulu and Karatu. Eventually the road was built to provide a better and more comfortable access to the Ngorongoro Conservation Area and the Serengeti National Parks. It now takes under- two hours from Arusha to the Ngorongoro gate as opposed to the three and half to four hours before the tarmac.

On the other hand, TANAPA has also allowed light regular passenger flights into parks like Serengeti that allows tourists to fly in. Some airstrips close to national parks have been constructed to cut travel time from the big airports. This has seen a big increase in the number of tourists flying into the parks. However, it also has trade-offs: flights may cut down on the number of days tourists stay in the country and/or tourists spend less money to buy products and services from the local/poor people as they fly over the areas.

Managing trade-offs and natural resources

Issues to consider: is there competition between residents and tourists over use of land, coastline, grazing, marine resources, or water? What measures does government use for reducing impacts of tourism on residents and their natural resources?

Land allocation and use has become an issue in many areas especially wildlife migratory corridors, game controlled areas, beaches and water sources and water catchment areas. In many areas with tourist potential there are competing uses that have created conflicts among different user groups, such as between tourist activities and grazing and farming, or tourist recreation on beaches against local community access.

Mitigating loss of access to natural resources
The government has put in place a Land Policy and programme of Land Use Management Planning at village level (VLUMP) for all areas

57 A wildlife sanctuary that allows people (mostly Maasai pastoralists) to settle and graze their cattle in

so that the land can be put to optimal and sustainable uses, while minimising conflicting and unsustainable uses. The land use management plans address specific areas for: settlements, farms, recreational, religious/spiritual, grazing/pastures, reserve land, and wildlife conservation (fauna and flora), water catchment/sources/springs and access passageways (roads, trails, harbours, airstrips).

There is some fencing now going on in many areas, by new tourism investors (local and international) especially in the hotel industry. This is an issue that needs government attention as villagers/communities find themselves fenced off public land and attractions for tourism businesses.

Land use plans are slowly being developed and adopted by communities. The common challenge is the enforcement and adherence to the planned uses by the people and their leadership.

- **Potential Action Area: Tourism benefits to the poor can be used to motivate and speed up land use planning management in order to avoid conflicts and unsustainable uses of land and natural resources.**

Mitigating environmental degradation by tourists

There are strong anti-littering measures, but these are in urban and protected areas. There are some problems of littering outside protected areas, particularly due to domestic tourists/travellers. International tourists are bit more cautious about littering. The littering is in the form of plastics (bags and bottles) and metal cans. In the rural areas there are cases of livestock and wildlife dying from plastic constipation and choking. Plastics take very long to decompose such that farms, gardens and water streams are clogged, thus increasing work load to farmers and environment degradation.

- **Potential Action Area: The challenge is on the enforcement of anti-littering measures in communities where local poor people have not internalised the importance of cleanliness (hygiene and sanitation). Education is needed on a continuous basis**

Tourism impacts on people's culture

Issues to consider: Do local people suffer from cultural effects of tourism, sexual exploitation, or other disruption? What does government do to address this?

The cultural effects of tourism, sexual exploitation and other disruptions are prevalent but with different intensity in different areas. The government has made efforts to minimise those effects using different approaches.

Tanzania is a signatory to and has adopted the World Tourism Code of Ethics which has been translated into Kiswahili (the National language) for all tourism stakeholders and players to abide by. There are also different regulations and codes of conduct developed by government into guidelines which need to be complied with. Where these are observed and enforced they would reduce negative impacts of tourism on residents, these include:

- Dress code;
- Core values spelt out in tourism licensing guidelines;
- Obligation by tour operators to inform and educate visitors on dos, don'ts;
- Booklets and web information on "WHO, WHAT, WHERE WHEN in Tanzania."

The government plays a big role in regulating appropriate behaviour for tourists. It is a requirement on all operators to enlighten their customers and government has published booklets on code of conduct and cultural values that that tourists are supposed to observe. Government has been providing periodic information books from way back in the early 1960s which were titled "WHO, WHAT, WHERE in Tanzania" elaborating on issues regarding where to go, who to meet, what to do, what is desired and not desired. These efforts are quite successful as you find a good number of tourists asking what to wear, and where to wear what in different places in the country. This has helped to reduce negatives impacts of tourism to local people

Participation by the poor

Issues to consider: can the poor influence policy so that it meets their needs? In the process of developing national tourism policy, are representatives of poor groups, workers, small enterprises or the informal sector consulted? In developing local level tourism plans, are residents consulted?

In the process of developing National Tourism Policy it is mentioned there was involvement of Private Sector, individuals. This does not necessarily mean representatives of poor groups' workers small enterprises were fully consulted.

Current policy reviews and guidelines are becoming more participative in varying degrees at different stage of the process. What input is eventually incorporated in the final documents is however, determined by the policy makers. Examples of involvement of representatives of poor groups/community groups are: WMA regulations and guidelines (mainly for awareness creation), review of the wildlife act 2002, CTP guidelines (will be participatory at all stages), and the NTDP has different degrees of involvement. Residents are fully consulted in the processes of developing local level tourism plans e.g. district tourism master plans, Wildlife Management Areas (WMA) General Management Planning (GMP), CBNRMA (Community Based Natural resources Management Areas), Conservation Business Ventures (CBV) etc. The village of Ololosokwan in western Serengeti is a living example.

Summary and Conclusion

There are some pro-poor tourism actions being made by government and other stakeholders, but they are not articulated or coordinated for one common impact. The pilot WMAs are developing interesting models of local involvement, the revitalised CTP is seeking to address the quality and marketing problems of community tourism, there exist a few good examples of community-private partnerships, the tourism product is diversifying geographically, and investments in essential hospitality sectors issues, such as grading, is being made to continue developing Tanzania tourism.

However, the challenges are plentiful. There are gaps in the development of appropriate pro-poor policies, regulations, and guidelines: participation of poor people/communities is not sufficient and some policies/regulations are not in place or not completed. There are also big gaps in implementation and monitoring due to lack of sufficient human resources at the different levels of government. The tourism sector is too much centralised at macro/national level whereas implementation of policy and regulations is done at meso and micro levels. There are few incentives to encourage the private sector to maximise their linkages with the local economy. Among the poor themselves, tourism business awareness and skills levels are limited. More work is needed to continue expanding tourism arrivals to Tanzania, such as the hotel accreditation system (star rating) which is not yet in place. Infrastructure still needs a lot of work as many areas with great tourism potential are yet to be opened up.

The government has a new awakening and is now making efforts to make tourism pro-poor. There are many opportunities could be explored further and exploited:

- First embark on assessing the tourism value chain for Tanzania and where the poor are already earning – or could earn – most benefit. This will give an indication of the relative importance of whether boosting linkages in the supply chain, expanding the total number of bed nights, or focusing on specific products or areas.
- Then develop the product and the value chain involving all tourism stakeholders from both the formal and informal sector with a focus on:
- Mitigating tourism revenue leakages by stimulating local linkages
- Building up hospitality skills among the poor for them to gain tourism employment;
- Encouraging the private sector to assess how to expand local economic linkages as part of their own day to day commercial operations
- Fostering enhancement and diversification of more community based tourism products,
- Diversification of tourism circuits to cover more areas with potential,
- Capacity development of local and community entrepreneurs
- Capitalising on fully realising the potential of tourism in gender empowerment by ensuring training and SMME support reach women.

How pro-poor policies can be embedding in mainstream tourism development also needs consideration. The MNRT could think of establishing a unit that looks into PPT aspects both in mainstream tourism at macro level and specific products and initiatives at micro and meso levels. It is not enough to target small interventions/ projects that generate direct incomes but look at how the tourism industry as whole can be to contribute more to revenues, jobs, and business linkages to the poor.

On the basis of the above, and in the absence of any more detailed data about pro-poor impacts of different types of tourism, the suggested priority areas for action are 1, 2, and 3 below:

(see summary on following page)

- (1) Invest in every way possible to appropriate training and ensure easy access for the poor for increased numbers, practical curriculum for and at all levels of personnel in the value chain
- (2) Adopt PPT into Tourism policy/ regulation and an implementation framework with both voluntary and compulsory incentives for compliance with PPT practice
- (3) Establish appropriate government structure for tourism at Regional and District levels.

These should be supported – and amended if necessary- by a proper analysis of pro-poor impacts and potential to inform all the above.

Policy instruments to consider in making tourism pro-poor

POLICY INSTRUMENT		EXAMPLE OF HOW IT CAN BE PRO-POOR	RANK	PRIORITY LEVEL
1	Tourism policy	Commitments to prioritising economic impacts as a decision-making objective	NEW	HIGH PRIORITY Adopt PPT into Tourism policy/regulation in implementation
2	Process for developing tourism policy and plans	Consultation with residents.	TO IMPROVE	
3	Tourism regulations	Grading regulation for accommodation, licensing of guides, that accommodate 'basic' services	TO IMPROVE	
4	Spatial planning	Zoning of hotels and services that ensures access for vendors to tourists, and access for residents to local resources,	TO IMPROVE	
5	Infrastructure planning	Ensuring maximum 'dual' use benefits of new roads/water	GOOD	
6	Allocation of tenure over tourism land, tourism assets	Secure tenure for residents over tourism land with legal status for doing business	TO IMPROVE	
7	Geographic priorities in tourism	Inclusion of less developed areas	TO IMPROVE	
8	Prioritisation of tourism products for development and marketing	Inclusion of rural, cultural, historical, nature-based products	TO IMPROVE	
9	Production of tourism maps and information	Inclusion of rural, cultural, historical, nature-based areas and products	TO IMPROVE	
10	Establishment of regional/district tourism offices, definition of local mandate	Inclusion of support to SMMEs, facilitating linkages.	NEW FOR TOURISM	HIGH PRIORITY Establish appropriate government structure for tourism at Regional and District levels
11	Inter-departmental collaboration	Linkage with SMME support services and agricultural department	NEW	
12	Investment incentives for new developments (foreign or domestic)	Reward/require pro-poor employment, procurement and partnership practice' Promotion of joint venture partnerships	NEW	HIGH PRIORITY Establish a policy implementation and regulatory framework with both voluntary and compulsory incentives for compliance with PPT practice
13	Concession of tourism sites	Reward/require pro-poor employment, procurement and partnership practice	NEW	

14	Development of protected areas for tourism	Ensure use of, and access to, local services	TO IMPROVE	
15	Investment in tourism training	Inclusion of basic language and hospitality training for 'unskilled' entrants	TO IMPROVE	HIGH PRIORITY CONTINUOUS Invest in every way possible to appropriate training and ensure easy access for the poor for increased numbers, practical curriculum for and at all levels of personnel in the value chain
16	Sweeteners for foreign investment	Strategic targeting of location and type of investment, inclusion of development performance requirements	TO IMPROVE	
17	Collection of revenue from tourism sites, businesses, Pas	Fee structure that ensures a fair proportion goes directly to residents	TO IMPROVE	
18	And, somewhat separately...			
19	Expenditure of tourism tax revenue	Investment in services for/ assets of the poor	NEW	
20	Strategies for boosting tourism numbers		TO IMPROVE	

TO IMPROVE: Some incentives are already in place but improvement is needed – worth exploring further

NEW: Few or no incentives are in place - could explore what should be done.

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Reinout van der Bergh

**AN ANALYSIS OF GOVERNMENT
INCENTIVES FOR INCREASING THE
LOCAL ECONOMIC IMPACTS OF
TOURISM IN ETHIOPIA**

Adurahman Kubsa, Tourism advisor

Summary

Tourism in Ethiopia takes place in protected areas, ecotourism sites, community managed areas, resorts and urban areas. There are already small scale benefits to the community in general and the poor in particular with considerable difference between the regions and the destinations. The beneficiaries include the service providers among the community such as local tour guides, horse or mule providers, boat service providers, porters, accommodation and hotels owners and shop owners. More or less it is unanimously agreed that the major proportion of the benefits go to the tour operators that are mainly based in the capital city. Next to the tour operators, the local tour guides benefit significantly at local levels. The elites or influential people are also among the most benefited.

The degree of benefit accruing to the local economy is unknown but appears low. Mechanisms for benefiting the community or the poor are not well established. Initiatives are at an infant stage and their coverage restricted. Nevertheless, the commitment of the stakeholders such as the government, the private sector, the donors and the

community is considerable and promising. The communities have started to appreciate the benefits of the tourism business.

The high priority action includes raising awareness about pro-poor tourism and reaching consensus on establishing the mechanisms for benefiting the poor. Such a mechanism needs the support of legislation that enables the government officials to take action beyond the nice supportive policies at the federal and regional government levels.

Introduction

Background

The Federal Democratic Republic of Ethiopia covers an area of 1,133,380 sq km and has a population of 73,053,286 (2005 estimate). Ethiopia has untapped tourism potential due to the presence of the diversity of natural, cultural and historical tourist attractions. In recent years international arrivals has shown significant growth. In 2001 the number of international arrival was 148,438 where the records for 2005 stands at 227, 398 international visitors. Although it is not well accounted for, the number of domestic tourist has shown considerable increase.

Growth international arrivals between 2001 and 2005

Year	Number of international arrivals	% increase
2001	148,438	
2002	156,327	5.3
2003	179,910	15
2004	184,078	2.3
2005	227,398	23.5

Source: Ministry of Culture and Tourism (unpublished data)

Tourism is believed to be an important force that contributes to the war against poverty. The commitment of the government at all levels to make tourism pro-poor is promising. The Ethiopian Tourism Paradigm (ETP), a Plan for Accelerated and Sustained Development to End Poverty (PASDEP), the draft tourism policy of the Federal government and the tourism policy and strategy of the Southern Nation, Nationalities and the Peoples'

Region (SNNPR) have set the good intention and the commitment of the governments to make tourism pro-poor. Implementation is at an early stage. Benefit sharing with communities inside and adjacent to protected areas, ecotourism sites, community managed areas and resorts are all encouraged and supported. Pro-poor tourism (PPT) concepts are new in the context of Ethiopia.

PPT is an emerging practice area for the Netherlands Development Organization (SNV), which provides capacity development services to clients and partners. Capacity development services have been underway in the Southern Nation, Nationalities and Peoples' Region (SNNPR) since 2004. The first support was directed to the identification of Sustainable Tourism-Elimination of Poverty (ST-EP) projects by the United Nations World Tourism organization (UNWTO) consultant. The Tourism, Parks and Hotels Commission (TPHC) of SNNPR is the partner government organization in the region, whereas the Ministry of Tourism and Culture also has expressed interest in working with SNV Ethiopia.

Given this complexity and the new concept of PPT, this preliminary action research was undertaken by SNV to explore how government can strengthen incentives for pro-poor tourism (see Annex for further information on this report and stakeholders who were interviewed). The report aims to contribute to on-going discussions of how pro-poor action can be enhanced in tourism.

The current tourism situation

Ethiopia provides diverse products ranging from landscape scenery, wildlife, culture, history, and archeology. The attractions are widely distributed throughout the country. Ethiopia's many national parks enable the visitor to enjoy the country's scenery and its wildlife, conserved in natural habitats, and offer opportunities for travel adventure unparalleled in Africa (Ministry of Culture and Tourism, n.d).

The origin of international tourists includes Africa, Europe, America, Middle East and Asia. The contribution of Africa is considerable due to the presence of the African Union Head Quarters in Addis Ababa, the capital city of Ethiopia. Moreover, many international organizations have their offices in Addis Ababa.

The tourism sector is growing fast and stands as the third foreign exchange earner, following coffee and oilseeds (Mann, 2006). Many factors are contributing to such positive achievement:

- Ethiopian Air Lines provides international flights and connections to most parts of the world. Ethiopia is reasonably well connected by international flights and Ethiopian Air Lines has one of the best reputations amongst African national airlines (World Tourism Organization, 2004).
- International organizations have their offices in Addis Ababa.
- Strong effort is underway to improve Ethiopia's image.
- The government is committed to use tourism in the fight against poverty.
- The involvement of the private sector, community and donor agencies is growing significantly.
- Ethiopia is still an untouched country and many tourists recommend visits to Ethiopia.

Policy on Tourism and Pro-Poor Tourism

The Ministry of Culture and Tourism of the Federal Democratic Republic of Ethiopia has started drafting policy on tourism. Consultative meetings with the different stakeholders such as the tour operators association, ecotourism association and hoteliers' association in Ethiopia were held. The representatives of the different regional states were also participants of the consultative meetings. Comments have been submitted and are expected to be included in the final version of the policy. The draft policy contains sections on community participation. The draft policy has emphasized the need for benefit sharing and strong community participation without necessarily reflecting on specific strategies of PPT.

The regional states in Ethiopia also have the mandate to develop tourism policy and strategy. Accordingly, the Southern Nation, Nationalities and Peoples' Regional State (SNNPR) has an endorsed tourism policy and strategies. The policy has identified the roles for different stakeholders in which the community is included. Nevertheless, this policy also doesn't look into the PPT strategies.

A 3-pronged strategy for pro-poor impact

Pro poor tourism requires three integrated policy strategies:

It requires a balancing of policies to:

- Increase the number of tourists
- Increase expenditure per tourist
- Increase the share of expenditure that reaches the poor

Thus both federal and regional policies are supportive of the ideas of community participation without detailing aspects of the above strategies. In terms of the three pronged strategy for PPT outlined in Box, 1, they give greatest emphasis to increase the number of tourists. They talk about community benefit in general, but not specifically about shares of expenditure reaching the poor.

Local Economic Benefits From Tourism

In order to understand the current main economic benefits of tourism to the poor people in Ethiopia, it is important first to look into where tourism takes place. Hence the following table presents the summary of where tourism takes place and the benefits of tourism to the poor people.

Tourism sites and benefits to the poor

Tourism sites	Types of tourists	Benefits to poor people
Religious and historical places	International and domestic	Tour guides, handicraft producers and retailers, boat service, food suppliers, small shops, hotels and restaurants
Protected areas: national parks (non-consumptive tourism)	International and domestic	Employment, tour guides, renting mules and horses, porters, cooks, souvenir shops, schools construction from tourists donations
Protected areas: controlled hunting areas (consumptive tourism)	International	Revenue share (community projects), renting horses and mules, employment, porters
Ecotourism	International dominated	Employment, food suppliers
Resorts	Domestic dominated	Employment, tour guides, souvenirs, sale of forest products, small shops, food suppliers
Urban	International and domestic	Employment, tour guides, hotels and shop, food suppliers
Community managed areas and ecotourism	International dominated	Tour guides, running lodges, renting horses, boat services, ecotourism association, participation in decision-making, partnership with private sector

Growth of benefits

On the positive side, the sheer growth of tourism means that economic opportunities for the poor also grow. Over the current decade the tourism business has shown significant growth. The number of tour operators has grown from one to over one hundred (private tour operators); the numbers of hotels, lodges and restaurants have also increased through out the country. Such increase has created an opportunity for employment and income generation. Requests for more infrastructure at tourist destinations have also increased.

Also on the positive side, tourism types such as ecotourism, with special focus on community interaction, have been introduced and payments are made directly to the local people. The cases of the Adaba-Dodola Community managed ecotourism and Wenchi ecotourism in Oromiya State are the best examples of local economic benefits from tourism. The farmers manage tourist accommodations, provide horses, meal and guiding. Moreover, hotels and lodges in rural areas purchase food from local markets if not directly from the farmers. Almost all hotels and restaurants in urban centers and city rely on locally produced food. The Bishan Gari Eco-lodge in Oromiya Satet is among the privately owned accommodation that has created employment opportunity for the community where the Eco-lodge is built.

The contributing factors that support greater flow of benefits to the poor include:

- the overall change in government policy from mixed economy to market economy;
- the existence of supportive investment policy;
- decentralization of power to regional states; and
- the concerted efforts of development agencies to include tourism in development projects and technical assistance.

Constraints on benefits to the poor

There are, however, some constraining factors that influence the flow of benefits to the poor. The constraining factors include:

- limited experience of the stakeholders in pro-poor tourism;
- weak institutional arrangements in the tourism sector;
- low levels of out-of-pocket spending by tourists, resulting in revenue staying mainly with hotels and operators;
- PPT is new concept.

For example, recent analysis by the World Bank (Mann, 2006) concluded that:

'Currently, the supply chains throughout the sector afford very little opportunity for benefits from tourism to disperse into the broader economy'.

Aside from the employment generated in the formal sector (hotels, transport, tour operations), there are few opportunities for poorer Ethiopians to be involved. In Lalibela (the main cultural site visited by 90% of tourists), craft sellers earn only 1% of tourist revenue (Mann, 2006).

The prime reason for the lack of benefits is the *low out of pocket expenditure by tourists*, which is up to five times less than in some neighbouring countries. This is a result of the facts that:

- There is not much to spend money on: there are limited sales outlets and limited variety of handicrafts;
- It is difficult to use credit cards or change money, so spending money locally is difficult;
- Crafts are low value and low quality. Few are specific to the local area;
- Interpretation and guiding skills are low;
- There are few facilities such as information stands, toilets, shops, or banks, at the sites, which would enable tourists to linger.

This analysis helps define a wide agenda for possible interventions that would help upgrade tourism as well as increase local economic impact.

Assessment of Current Government Incentives for Boosting Impacts

There are many factors that influence the scale and distribution of benefits, ranging from capacity of the poor, the business environment, and economic history. However, the core question for this report is how does Government affect the benefits the gain and costs they suffer? And what more could Government do to enhance the gains?

The approach used here is to analyse specific government interventions that affect different types of benefit to the poor. A pro-poor policy requires measures that increase the share of expenditure reaching the poor, in addition to measures that boost tourism arrivals and total spend. The first 9 instruments covered here all aim to boost financial flows to the poor:

Five areas of action focus on specific types of economic engagement of the poor:

1. Promoting *employment* opportunities, conditions, and hospitality skills of the poor
2. Helping poor suppliers (farmers) *enter the supply chain*
3. Enabling *poor entrepreneurs* to operate tourism businesses
4. Expanding opportunities for *artisans* and craft makers
5. Creating incentives for *private sector – community partnerships*

Three types of intervention help facilitate all these different economic benefits:

- 6 Influencing *private sector behaviour*
- 7 Facilitating *destination-level linkages*
- 8 Developing tourism *products and segments* well-served by the poor.

The ninth expand other types of financial flows that are not earnings:

9. *Sharing revenues* and taxes with local people

Finally government actions that promote non-

financial benefits are considered:

- 10 Maximising benefits to local people from tourism *infrastructure and services*
- 11 *Managing trade-offs* between residents and tourists over resources
- 12 Managing *cultural disruption*
- 13 Enabling *participation* by the poor in policy-making

The remainder of this section analyses whether incentives are in place, missing, or could be strengthened, in relation to each.

Promotion of employment opportunities and hospitality skills for the poor

Employment opportunities in hotels, restaurants, lodges, bars, transport, tour operation, etc are tremendously important for unskilled and skilled human resource. Apparently many of the opportunities exist for unskilled labor. However, this results in poor service and customer dissatisfaction. Thus training is important.

Training in the tourism sector is getting off the ground. For many years, the government-owned Ethiopia Tourism and Hotels Training Institute has offered training in tourism and hospitality skills. In recent years, Gonder and Hawassa Universities have started training in tourism and hotel management respectively. Moreover two private colleges in Addis Ababa also offer trainings in tourism. As the result of the recent education policy, training in related fields is also offered at high schools that undertake vocational training. The major factor in selecting the trainees is the marks the students obtain in national examination and/or the interest of the students to attend the courses.

It is expected that at the end of the training, people are employed by private and government hotels and tour operators. Nevertheless, many hotels fail to employ such qualified staff. Tourism administration is encouraging those in the business to employ trained and qualified staff through provision of guidelines and setting

standards for hotels and tour operators. The hoteliers in SNNPR have requested tourism administration to organize training for their staff during a recent meeting of the hoteliers in Awassa, the center of SNNPR.

The absence of qualified staff in hotels means a lack of quality services and discourages tourists from staying longer. It also forces some tour operators to bring along food from large cities and reduce the use of local hotels and restaurants. Therefore, it has economic implications.

In order to improve the current situation, the Tourism Parks and Hotels Commission has provided a guideline which states the standard of hotels, the expected qualification of staff and inspection procedures. The enforcement of the guideline is important. The private sector needs to be committed to employ trained people, so that employment opportunities in tourism area realised and quality services are rendered to tourists.

- **Potential Action Area: invest more in training, including for semi and unskilled people and work with hoteliers to ensure trained personnel are employed.**

Helping poor suppliers enter the tourism supply chain

Agriculture supports the life of over 85% of the population in Ethiopia. Farmers usually sell their produce in urban centers. The farmers' cooperatives purchase considerable quantity of produce and sell in towns. Under such circumstances there are different possibilities for the farmers to supply their produces to hotels, restaurants and lodges. What usually matters is the location of the buyers. Eco-lodges and other hotels at resorts purchase agricultural products locally. In smaller urban centres, farmers sell their produces directly to hotels and restaurants owners. The other possibility is that collectors buy produces from farmers and sell to the hoteliers. The governing factor is the location and the standard of the hotels.

There is no government action as such, linking poor suppliers to the tourism supply chain or helping them to meet the standards required by hotels.

- **Potential Action Area. The government could play the role of encouraging the tourism business runners to purchase supplies from the poor suppliers. Moreover, professionals in the government offices could also identified what the market demands and provide advice and support to the poor suppliers so that the poor suppliers produce as per the demand of the market.**

Enabling poor entrepreneurs to operate tourism business

Short term training and organizing local tour guides has started in Amhara, Oromiya and SNNPR States. Recently, twenty eight local tour guides were trained and gained a certificate of attendance in SNNPR. Similar training was conducted in different regions. Such training has contributed to the recognition of local tour guides as service providers. The recently trained local guides were drawn from three categories: tour operator's company employee, freelance tour guides, and newly recruited tour guides. The tourism administration recruited the local guides and SNV Ethiopia facilitated the training and provided trainers.



*Regional officials and trained local guides holding a certificate of attendance in SNNPR, Ethiopia
Credit: Abdurahiman Kubsa*

The trained local guides are well recognized by all the actors such the tour operators, the tourism administration and the community. This was an important move. The tour operators have started using the local guides when they bring tourists to attractions.

Other training such as hospitality, lodge management, service standards, cooking, honey production, credit and savings, and languages were provided to local people. There are significant changes for trainees, including not only income but also increased understanding about tourism, knowledge of how to provide basic tourist services, and establishment of tourism associations. Various training institutes also offer short term training in hotel management, hospitality, cooking and reception. However, the opportunity is limited to the larger towns.

An important area that requires government support to is the conflict between the local guides and the guides employed by the tour operators mainly in the capital city. Tour operators in the capital city undertake package tours and have their own guides. When the tourists arrive at attractions the local tour guides request to take over the guiding. This is not welcomed by the tour guides that are permanently employed by the tour operators. Hence the local guides and the community complain that they are not totally benefiting from the tourism that takes place in the locality.

- *Potential Action Area: work with tour operators and local guides to reach agreement on the role of local guides when tours arrive in their area.*

Ethiopia is losing potential tourism spending!

A willingness to pay survey in 2003 showed 42% of tourists would have spent more if facilities and products at tourist sites were available. Average 'loss' was US\$15 per visitor day, which means Ethiopia is losing out on US\$3.1 million from holiday visitors in 2004, and around \$4 million if business tourists are included.

It is estimated that tourists would spend US\$100 more, each, if credit card use was easy. Thus Ethiopia is losing roughly US\$10 million per year in hard currency spending from lack of credit card facilities.

Promoting craft production and sales by the poor

Craft sales can be a vital opportunity for those without formal skills to participate in tourism. Different crafts are produced and sold where tourism takes place. Nevertheless, the environment is not supportive.

Most tourism related businesses concentrate in cities and the beneficiaries are also in the cities. As an example most souvenirs and crafts are collected from rural areas at cheap prices and sold in cities. This makes rural market sites more important for the collectors-where they purchase at lower price. Small and micro businesses receive tangible support from the government through different funding mechanisms.

In rural and urban centers market places are considered attractions for tourists and sometimes included in the tourists' itinerary. This provides an opportunity for the vendors to sell some products. Prices in rural areas are low as the local guides bargain considerably for the price on behalf of the tourists. By doing this, the local guides feel that they have supported the tourists.

Locally woven cloth is common in some localities. They are either directly sold to tourists or collected by suppliers to the larger cities. Some training efforts encourage the community members to improve the production of commodities that may be purchased by those running tourism businesses. A project that would support such local producers has been identified during the ST-EP projects identification mission. The implementation of such project is important to strengthen the business.

- *Potential Action Area: work with the collectors and local guides to offer proper price for the items.*

Creating incentives for private sector – community partnerships

Government encourages investment in tourism and this provides an opportunity for the creation of private sector-community partnership. However, there is no clearly stated supportive policy or specific encouragement to partner with a community. Land is state owned and investors could obtain land through lease from the government.

There is at least one case whereby a private lodge owner tried to enter into partnership with the residents, but it didn't materialize eventually. Attempts were made at a private-public-community partnership at Wenchi ecotourism site in Oromiya State. GTZ provided technical support (Kebede, personal communication). The government has allocated one hectare land for tourism development and sixty hectares of land for forest conservation free of land lease. The government has facilitated the process and encouraged the residents and the private lodge owner to enter into tripartite agreement. With the support of a technical input the agreement was signed between local government, the community and the investor. The investor has also leased land from individual farmers for lodge building site. The construction took place and yet is not in use. Some of the reasons for the delay of effective implementation of the agreement include the absence of trust between the community and the private sector and the interest of the private sector to maximize profit.

- *Potential Action Area: As creating incentives for private sector-community partnership is important in supporting the poor it is recommended that government issues clear policy statement that provides support for such arrangement.*

Influencing the behavior over private sector

Tourism business involves multi-stakeholders. The stakeholders include the private sector such as hotels, lodges, tour operators, concessionaires of protected areas (Controlled Hunting Areas), transport, on one hand; and NGOs or donors and government organizations on the other hand. Even among government organizations, different organizations play different roles. As an example, investments related to tourism business are handled by investment authority, city administration, zone administration, etc. Many such organizations strive to meet their defined roles and responsibilities rather than looking into the tourism as business and facilitating the possibilities of benefiting the poor. The question here is who is in a better position to influence private sector behavior?

The level of expectation about the potential of the private sector to benefit the poor is high – particularly among the residents themselves. The hotels and lodges owners are expected to benefit the local people through employing inhabitants of the area whether the area is urban or rural.

When Government gives out concessions for controlled hunting areas to the outfitters, the process takes into account the possibility of creating more jobs for the residents and increasing benefits to the people, besides improving natural resources conservation. The contractual agreement contains articles about employing staff from among the inhabitants. This is considered to be vital as trophy hunting takes place in areas that are inhabited by the resident population. It is also believed to be vital to sustain the business that generates foreign currency. Moreover, the private sector also makes promises to the inhabitants to benefit them so that land is secured. The existence of cooperation between the residents and the private sector is important to better conserve the wildlife. Nevertheless, the degree of implementation varies among different individual company owners. What is governing is more personal interest to improve the livelihood of the people, than the enforcement of agreement.

When government concludes concession agreements with national or foreign investors, the issue of benefiting the community is usually discussed. The missing point is that the community in general, and the poor people in particular, are not well informed about the framework of the agreement and there is no follow up of the implementation of the agreement.

The power of influencing the behavior of the established private sector rests on the shoulder of the government in the provision of appropriate legal instruments and enforcing such instrument. Concerted efforts also need to be put in place to win the will of the private sector towards contributing to the war against poverty. For this, it needs to be in their commercial interest to maximize local linkages. This in turn depends on tourist attitudes, the type of product marketed, and on the cost and quality of local goods and services. The initiative is positive but there is a long way to go.

- *Potential Action Area: Not only including pro-poor clauses in concession agreements, but ensuring they are implemented. Discussing with operators who to remove constraints to them making greater use of local skills, goods and services. Establishing good practice norms.*

Facilitating linkages between private operators, local people and other stakeholders within a destination

In the effort of eliminating poverty, different schemes related to linkage between private operators, local people and other stakeholders within a destination have been undertaken. Community managed ecotourism has been established in the Bale Mountains. The service providers such as local guides, horse providers and lodge managers have established ecotourism association. Linking with the tour operators has been successful, in that the tour operators send tourists to such destination. Moreover an effort was made to bring an investor to construct a lodge, though there was no success so far.

Similar association also exists in other area. Ecotourism associations at a few destinations have established the opportunity for the members of the association to discuss destination management, set codes of conduct and jointly manage the routine activities. Experience-sharing among government officials, local guides and community members is among such initiatives.

All the initiatives so far towards facilitating linkages between private operators, local people and other stakeholders within a destination come from aid agencies such as NGOs and bilateral organizations.

- *Potential Action Area: The scale of these multi-stakeholder initiatives at destination level is very small so far, and not yet fully embraced by the government. The government needs to play significant roles towards embracing the initiatives and expanding the model.*

Developing tourism products and segments well served by the poor

Ethiopia has natural, cultural and historical tourist attractions. The existing tourism products are very much associated with these attractions. As PPT is not about a specific product, all the potentials need to be looked in. However, there are number of products at every tourist attraction from which the poor are not benefiting.

Traditions and cultural events are used as products that attract many tourists but the beneficiaries are not the poor. In principle, the development of tourism products that attract backpackers, low budget tourists, mountain trekkers and the like, creates opportunities for the poor to directly earn income through providing various services. However, the problem is that the benefit that goes to the owners and managers of such products is extremely little. Paying a fraction of USA dollar to take photographs of people is what is currently taking place. There is no consultation about how much the owners and managers of the product would like to charge. Again the tour guides decide on how much the people earn from

the tourist. Therefore, it is important that the government looks in to the possibilities of improving the situation for the sake of benefiting the poor, the tourist and the tourism business.

As an example bull jumping in Omo Valley in SNNPR is one of the important cultural events that attract tourists. The living style of the different ethnic groups in Omo Valley is used as attractions. But the benefit to the poor is very little.

- *Potential Action Area: government needs to explore how local people can be assisted to capture a greater share of revenue from rural and cultural tourism. This may involve establishing norms for payment from operators, assisting residents to charge user fees, and upgrading the range and quality of the local services provided.*

Sharing revenue from taxes and fees with local people

Revenue gathering takes place at different places under different office. The tax authority collects all revenue related to tax and such income belongs to the government entirely. In some cases entrance fees to tourist attractions are also collected by the finance department. Once the revenue is collected through the finance department or office then it is claimed to be government income and goes directly to the government treasury. Such income is the most difficult to retrieve to the community in general and the poor in the particular. Regulations are strict with handling government revenue. Even if there is a good will from people in the government office changing the system requires extensive commitment.

The entrance fee to the protected areas and species fee from the controlled hunting areas are set aside to be used for the national park management in some regions. Here it is possible to allocate some money for community projects. Getting the approval of the regional government took quite considerable time and resource. In SNNPR, the government has allocated revenue from entrance fees to the national parks and species fees from trophy hunting for community development projects.

There is no uniform system in the country about the use of revenue from tourism, but there are some positive examples. As an example, the Konso Special Wereda tourism office in SNNPR has got approval for entrance fee share between the government and the community, with each receiving 50%. This is an overwhelming success for the tourism office and the community. However, the community and the office have to sort out the details about how the money at community level is utilized to avoid petty corruption. The contributing factor is decentralization of power to district level, the pressure from the community and the presence of other actors such as SNV.

- *Potential Action Area: extend the mechanisms for sharing tourist fees with local residents. Empower and require local government to do this.*

Maximizing benefits to local people from tourism infrastructure and services

The efforts of developing different infrastructures for the nation takes into account the benefits to the community. Where there is tourism, the government considers developing infrastructures that could benefit the tourist as well as the poor. The government has provided infrastructure such as road and airports for domestic flights. Such developments have benefited the community. As an example, the current road upgrading to Omo Valley in SNNPR has generated thousands of temporary jobs for the poor. The construction of such road takes into account the overall need for the development, besides increasing tourism business.

- *Potential Action Area: encourage the participation of the poor in infrastructure development and provide mechanisms for benefiting the poor.*

Managing trade-offs between residents and tourists over resources

Some tangible negative impacts are reported from different tourist attractions. Some of the negative impacts include dependency (begging), increase in the number of school drop-outs of younger students to become tour guides, increased

number of sex workers and commercialization of attractions and heritage. So far there are no well defined mechanisms to reduce the negative impacts. It was also reported that there is evidence of environmental degradation and littering by tourists. The options for necessary measure are under consideration in some attractions.

In areas such as Konso in SNNPR the concern of the poor is considerable about the theft of wooden totem from grave yards. The wooden totem has cultural significance. The disappearance of such wooden totem means loss of tourism products.

- *Potential Action Area: raising awareness of the poor about the negative impacts of tourism and educating tourists and setting code of conduct are among the major steps that required to improve the current situation.*

Managing cultural disruption

Tourism brings tourists to communities that have maintained cultures and traditions for many generations. Such intact areas exist at a distance from urban centres. More and more such places are proving to be tourist attractions. There is a tendency that, through strong marketing, more tourists visit such places. However, the encounters between tourists and residents have impacts on culture. Discussion is underway about disruption and cultural infringement caused by tourism. There are cases where sexual exploitation, begging, increased school drop outs, etc have become a concern for the community, the government and others.

- *Potential Action Area: What is missing is action from the government side. The important actions include assessment of the current situation, raising community awareness about the negative impacts, educating tourists and creating a sense of cooperation among all the stakeholders to manage cultural disruption.*

Enabling participation by the poor in making policy and plans

Policy is usually formulated at two levels such as federal and regional policies. Policy formulation usually follows a consultative approach where the different stakeholders take part in commenting on the draft policy. The Federal tourism policy and strategy is under formulation. Two rounds of consultative workshop were held where the representatives of the tour operators and various government tourism administrations participated. The other service providers such as hotel and lodge owners also took part in commenting through their associations. The participation of the poor in the process of policy formulation is not as such clear. Perhaps the participation of the poor is through the participation of elected community representatives where the policy is eventually discussed and endorsed.

Tourism policy and strategy has been formulated in SNNPR. The development of regional policy has also followed the same pattern. However, both policies have contained elements of community participation and obtaining benefits from tourism to ensure poverty eradication.

Representatives of the community took part in district level strategy development and plans for tourism development. This represents the case of Konso Special Wereda (District) where SNV Ethiopia provides capacity development service. The important question at this juncture is do these representatives bring the concerns of the poor to such events or just do things as usual?

In order to address the issue of participation by the poor in making policy and plans, different important steps need to be taken.

- *Potential Action Area: encourage the involvement of the poor in local level plans and disseminate the experiences to their representatives that participate in policy formulation.*

Conclusion

In conclusion there are number of initiatives that one could consider as pro-poor within Ethiopia's tourism sector. The process of benefiting the poor has started indirectly. A system that supports the net benefits to the poor is not yet in place as most of the initiatives are at the beginning stage and not much has been documented. At some attractions the communities have shown the desire to be involved in tourism. With the initiatives from the different actors and the commitment of government, the recognition for the role of the poor in tourism and benefit sharing is receiving more attention. Some skills have been gained by the community members. Participation and partnership have been attempted in areas managed by the community.

The implementation of PPT is challenging and demanding as there are considerable constraints and challenges that associate with such a new approach in the tourism business. Nevertheless overcoming the constraints and challenges are possible if the followings measures are carefully put in place.

Enhancing understanding and gaining the support of all the stakeholders: this is an important action towards consensus reaching on the importance of PPT as the means to poverty elimination, building trust and confidence of the stakeholders and gaining the support and commitment of all the stakeholders. Success in PPT is possible if and only if the actors (mainly the government and the private sector) obtain benefits besides ensuring the net benefit to the poor. The private sector and the government also have interest to gain financial return through tourism and PPT must accommodate the interests of these actors. As PPT demonstrates success more private sector (hoteliers, tour operators and transport providers) join the tourism industry. More investment benefits all the actors such as the government through tax, private sector through earning income from tourism and the poor through all the three PPT strategies. The community and the tourists have to be included in this action.

Put in place appropriate instruments: financial and legal procedures that ensure benefits to the community need to be worked out with the involvement of all the stakeholders. The desire for a strategy for the implementation of PPT is seen as an critical input by the tourism administration. The supportive polices have to be translated into action through such strategy and implementation. The involvement of the stakeholders particularly the private sector creates an atmosphere of cooperation, willingness and be commercially attractive.

Ensure community coherence and capacity: the need for capacity development is significant at different levels with regard to PPT. SNV provides capacity development service to government partners and clients. These partners, in turn, need to help ensure capacity development at the community level. The community is not homogenous and conflicts are inevitable in relation to benefit sharing. An appropriate mechanism need to be put in place at the community level so the participation, transparency and equity are there within the community.

Support to the private sector: the private sector commits considerable resource to provide services to tourists. Nevertheless standard and quality of the services usually fall below the expectation. This needs improvement through capacity development in the requirement skills and knowledge of the private sector.

Support to small enterprises in tourism: the commitment of the government in supporting small enterprises needs to be extended to tourism too. Encouraging the interested parties to consider tourism as viable option is necessary.

Annex I: People consulted and reports referenced.

This action research report is based on the advisor's own knowledge, author's previous consultations with the stakeholders, the products of local guides training, interview with different stakeholders in the region and telephone interview with government officials in other regions, private sector and the federal Ministry of Tourism and Culture. The tourism officer of German Technical Cooperation (GTZ) supported community-private based ecotourism project was also interviewed.

Focal group discussion was held with the staff of Tourism, Parks and Hotels Commission of the Southern Nation, Nationalities and Peoples' Regional State, the partner organization to SNV Ethiopia. The recent training of local guides in the region was also utilized to further generate information relevant to the topic of the research. This research was guided by Caroline Ashley, SNV consultant and author of various documents pertinent to PPT.

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Reflections and Conclusions

Some reflections on the findings of the case studies

These five reports highlight a wealth of opportunities for governments to take action. While the situation is different in each country, some striking themes emerge.

- i. Governments are embracing the need to harness tourism for poverty reduction in their statements, but are invariably vague about specific instruments to achieve this. In some countries, such as Rwanda, a series of small but specific steps are evidence of a clear direction of change. While some countries have, or are developing, policies for community tourism or community wildlife management, none of the government have a specific and coherent set of planned interventions for mainstreaming a pro-poor approach across the tourism sector.
- ii. There is virtually no hard data on how tourism affects the poor, the main sources of incomes and impacts for the poor, nor the differential impact of different types of tourism. This means that whatever policy priorities are in place have been made on the basis of assumptions about impacts on poverty and not on evidence. The lack of information on the supply chain of tourism, and whether food and other supplies are sourced locally, nationally or imported, is extreme.
- iii. The one concrete action which all five governments are already implementing is the sharing of revenue from protected areas with local communities. While very important for the direct beneficiaries involved, this is not a mechanism that is tackling the central challenge for mainstreaming and scaling up pro-poor impact: namely pushing the operations of the commercial industry onto a more inclusive footing (while remaining commercially sustainable). This challenge remains. Table 1 summarises the areas of action adopted in each case study country plus Uganda.
- iv. Other common existing interventions are in the field of support for micro enterprises or community tourism. This intervention on the supply side is essential if poor entrepreneurs are to be able to enter the tourism market. However, although it is one useful component of a pro-poor approach, there is a high risk of failure if it is done in isolation. A history of failed interventions, particularly in community tourism, suggests that direct enterprise support must be linked with other interventions on the demand side, such as to engage the private sector, to bring stakeholders together at the destination level, to ensure marketing materials creates appropriate consumer expectations, and facilitate out-of-pocket spending by tourists.
- v. Some common and striking gaps emerge from the case studies. Recent research is suggesting that half of the benefits to the poor from tourism actually come not from direct engagement, but from the *supply chain* (Mitchell and Ashley forthcoming). And yet not one existing intervention to strengthen local input in the supply chain is found within these 5 case studies. There is no ready-made solution, other than to start by talking with agricultural ministries and practitioners, but it is an area calling out for action. Another evident gap is the lack of destination-level partnerships catalysed by government. This type of intervention (getting people talking) is not a great challenge to implement, but it does involve a new approach and way of working. Bringing together stakeholders – public and private, large and small – in a destination has been shown to have a catalytic effect and multiple benefits not only for the poor (Goodwin and Bah, 2003). Several of the case studies identify the need for a greater role for local government in tourism, and this is one area where their input is needed.

Challenges of governance, implementation and scaling up impacts on the poor

Government can be part of the problem rather than the solution, and new regulations may not be effective, so great care must be taken when recommending more and more government interventions that are supposed to benefit the poor. As the case studies show, well-intentioned policies may not be implemented or benefits may be captured by elites. For example, the Tanzania case study reports that incentives for entering partnerships with communities are mentioned in government guidelines but not enforced in practice, while a share of hunting fees that is distributed from Treasury to District Councils for local residents' benefit sometimes arrives too little and too late.

These governance issues have enormous implications for how the recommended pro poor tourism policies should be pursued:

- First, new action plans must be realistic in the face of limited resources and capacity in government, and the fact that benefits often are captured by elites. The case study reports here outline a long menu of possible interventions, but wisely conclude with the top priorities for each country.
- Secondly, proponents of pro poor approaches have to shift away from old-fashioned thinking about government and private sector roles. The mentality of tackling all problems with regulations will deliver limited change on the ground in tourism. Where employment and minimum wage laws exist, they are often flouted. Simply adding more pro-poor rules is not going to expand the local economic footprint of tourism. The focus should be on enhancing implementation, and particularly on finding effective ways to catalyse action *by others*. Government itself can only directly alter the pattern of tourism employment, training, sourcing and investment at the margin. Significant impact comes from influencing the private sector. This requires finding ways to create incentives for the operators to do their commercial business in ways that deliver greater poverty impacts.

Governments cannot afford to scare investors away with a host of regulations on who and how they should do their employment, procurement, training, and planning. But at the same time they cannot afford to give investors nothing but sweeteners, with no demands, no expectations, no commercial incentives for the investor to work out for themselves how they can deliver more local impact while also delivering their product and satisfying the guest. These expectations can be created through high level dialogue, bid criteria for concessions, national award schemes, or through use of government's own purchasing and patronage power in the tourism sector. To date, there is virtually no evidence of government seeking to influence the private sector in this way in the five countries studied.

The case study reports focus on how to change the share of revenue reaching the poor rather than on policies to expand the total number of arrivals or expenditure. But of course these two sets of policies *must be intertwined* for several very practical reasons. Firstly there is political reality – if government's priority is to double arrivals, pro-poor approaches that deter investment or development will simply be blocked, while those that are integrated with product development will share the political limelight. Beyond this, there is feasibility of implementation: chefs and lodge managers will be more open to working with new local suppliers at a time when expansion means that new suppliers are in any case needed; local governments will be more amenable to small-scale infrastructure needed by micro-entrepreneurs at a time when they are receiving, or trying to attract, a growing stream of visitors. Guides and drivers will be more amenable to restructuring commission fees and dividing the tourism pie differently, if they can see the pie is growing for all. Finally and most importantly, aside from the purely practical, it is important to recognise that the number of tourists matters to the poor too. Whatever jobs and benefits they do receive from tourist arrivals – which seem to vary enormously – will be multiplied when arrivals multiply. The pro poor mantra that boosting arrivals is not enough is now widely recognised, and indeed was a driving force behind the analyses presented here. But at the same time boosting the share of revenue that reaches the poor should not be done in isolation of mainstream tourism development. The fact that all five countries analysed here are upgrading their tourism product should make it an ideal time to make progress in implementing the excellent pro-poor policies outlined here.

Overview of PPT Tools that are currently implemented

Is there government action to:	Ethiopia	Kenya	Mozambique	Rwanda	Tanzania	Uganda
Boost local inputs into the tourism supply chain?						
Support micro/small/community tourism entrepreneurs	✓ (training)	✓ Tourism Trust Fund	✓ FUTUR – National Tourism Fund	✓ PPMER support	✓	✓ (recog. UCOTA)
Accredit a 'local guide' category	✓	~ Licensing of freelance guides			✓	✓
Support craft makers & vendors		✓ Loc government		✓	✓	✓
Provide a market space for tourist craft sales		✓ Loc government	✓ Local Municipal Government	✓ (only one so far)	✓	✓
Include un-skilled and semi-skilled people in hospitality training	✓ Some					
Apply a training levy or rebate to hotels		✓		✓ Rebate	(previously)	
Apply a minimum wage		✓	✓		✓ (compliance ??)	
Stimulate partnerships bw private sector and communities			~ Suggested by Govt.		~ Some mention in guidelines	~ In concessions policy
Influence private sector behaviour via concessions, licensing, or codes	~ (in theory)		~ In theory		Good intentions on paper	
Catalyse destination linkages between stakeholders	✓ at very local level	~ (planned beach mgt initiative)	✓ Local level initiatives		Some efforts by NGOs	
Share protected area revenue with local communities	✓	✓	✓	✓ (new)	✓	✓
Channel donations from tourists to communities					✓ Part of Cultural Tourism Programme	
Address cultural/social costs of tourism	Under discussion		✓ Firm approach by law		✓	
Address environmental / physical costs of tourism		✓ NEMA	✓ Surveillance by Min. of Environment	✓ REMA	✓	✓ Wildlife damage
Involve poor people in plans and policy making	✓ Federal & regional	✓ Kecobat	~ Occasionally		~ Sometimes at different stages	✓
Make strategic choices based on evidence re. pro poor impact?			~ Already some awareness		~ Influence from Cultural Tourism experiences	

Key

✓ = there is some action on this issue

~ = there is some initiative or discussion on this but rare, new or implementation is piecemeal

UCOTA = Ugandan Community Based Tourism Association

KECOBAT = Kenyan Community Based Tourism Association

NEMA = National Environmental Management Act (Kenya)

REMA = Rwanda Environment Management Agency

Source: SNV Advisors: Abdurahiman Kubsu, James Weru, Luis Sarmiento, Dominique Verdugo, Elibariki Mtui, Anthony Mwanje.

The reports call for a number of priority actions for government to boost the local economic impacts of tourism. Further investment in training, in understanding flows of benefits, in working with partners, and enhancing the operating context for MSEs are found in several reports. The reports also share a note of enthusiasm to build on the small steps that have already been made, in order to put more words into action. The impression that emerges is that governments are committed to enhancing poverty impacts of tourism, but need more tools to make it happen. It is therefore hoped that these 5 detailed reports, and the Toolkit that goes with them, will provide exactly the tangible suggestions needed for governments to make further progress.

Further information

These reports are complemented by a 'toolkit' for governments (Ashley 2006), which outlines recommended actions and provides more information on each type of intervention analysed here. The Table of Content of the Toolkit is presented in Appendix 2. It can be found at http://www.odi.org.uk/tourism/RESOURCES/toolkits/0611_toolkit.pdf

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Appendix 2:

Details of the Toolkit on how governments can boost the local economic impacts of tourism.

How can governments boost the local economic impacts of tourism?

Options and tools

By Caroline Ashley, 2006

This toolkit was produced by SNV and ODI in conjunction with the reports presented here. It covers core principles for developing incentives for PPT, 4 case studies of local economic linkages and the influence of government, 12 tools, and finally issues for effective implementation.

The 8 Core Principles:

1. PPT action can be applied – with adaptations – to any tourism economy;
2. Combine and balance three objectives: more tourists, higher spend per tourist, and a greater share reaching the poor.
3. Take a balanced approach: tackle supply and demand, public and private roles, financial and non-financial impacts;
4. Potential for pro-poor tourism depends on wider conditions for pro-poor growth;
5. Assess who are ‘the poor’ you want to benefit?
6. Not just jobs, not just community tourism, but linkages and Local Economic Development;
7. Do not assume – assess;
8. Unleash creativity and remove blockages.

The 12 TOOLS: Approaches and tools that Government can use

TOOL 1 Boosting local inputs into the hotel supply chain

Do not ignore supply chains

Help to link the buyers and suppliers

Help SMMEs become reliable suppliers

Develop the supply chain as bed capacity expands

Help ensure economies of scale

Give businesses every reason and tool to revise their procurement

TOOL 2 Stimulating micro and small tourism enterprises

Business support: training, credit and business development services

Ensure licensing and regulations do not exclude small entrepreneurs

Establish and monitor a scheme for ‘local guides’

Provide simple infrastructure to catalyse SMMEs

Facilitate access to private sector linkages and mentoring

Stimulate market demand

Create events to bring tourists and service providers together

Community based tourism vs micro entrepreneurs: clarity not confusion

TOOL 3 Boosting local craft and tourist shopping

Upgrade product quality, supply and fit with tourist tastes

Develop locally distinctive products

Create sales venues

Ensure tourists have information, incentives and capacity to spend more locally

TOOL 4 Boosting employment opportunities of the poor

Expand the tourism sector and expanding employment
Invest in hospitality skills of unskilled & semi-skilled people
More and better jobs for local people

TOOL 5 Facilitating destination-level partnerships

Governments should use their unique convening power
Gather views, get communication going
Take positive concrete steps

TOOL 6 Diversifying the destination, including more products of the poor

Assess options for product diversification
Create opportunities through rural cultural tourism
Urban tourism, township tours and more
Focus on how the poor can benefit. Don't just assume

TOOL 7 Use government roles to influence private sector behaviour

Use concession processes and investment deals to encourage pro poor actions
Other levers: awards, codes, certification, communication and local initiatives

TOOL 8 Facilitate joint venture partnerships, private sector and community

TOOL 9 Other ways to channel financial flows to communities

Revenue sharing with communities from protected areas
Facilitate philanthropic flows

TOOL 10 Addressing cultural, social and physical impacts

Maximise local benefit from tourism infrastructure development
Manage trade-offs over local resources
Minimise disruption, environmental damage and cultural infringements
Set up systems to prevent sex tourism and particularly child prostitution.

TOOL 11 Pro-Poor policy making

Participation by the poor in policy
Strategic evidence-based decision-making

TOOL 12 Strategic choices: Which segments, markets, investors?

Targeting specific markets and segments.
Investors: foreign and domestic, large and small

The issues to address to be effective and ensure implementation:

- Build commitment and support;
- Opt for the feasible over the ideal;
- Achieve something rather than trying nothing;
- Plan for implementation;
- Harness the full range of levers available to government;
- Work across sectors, levels of government, and outside government.

The toolkit is available on www.snvworld.org or http://www.odi.org.uk/tourism/RESOURCES/toolkits/0611_toolkit.pdf

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