



ECONOMIC
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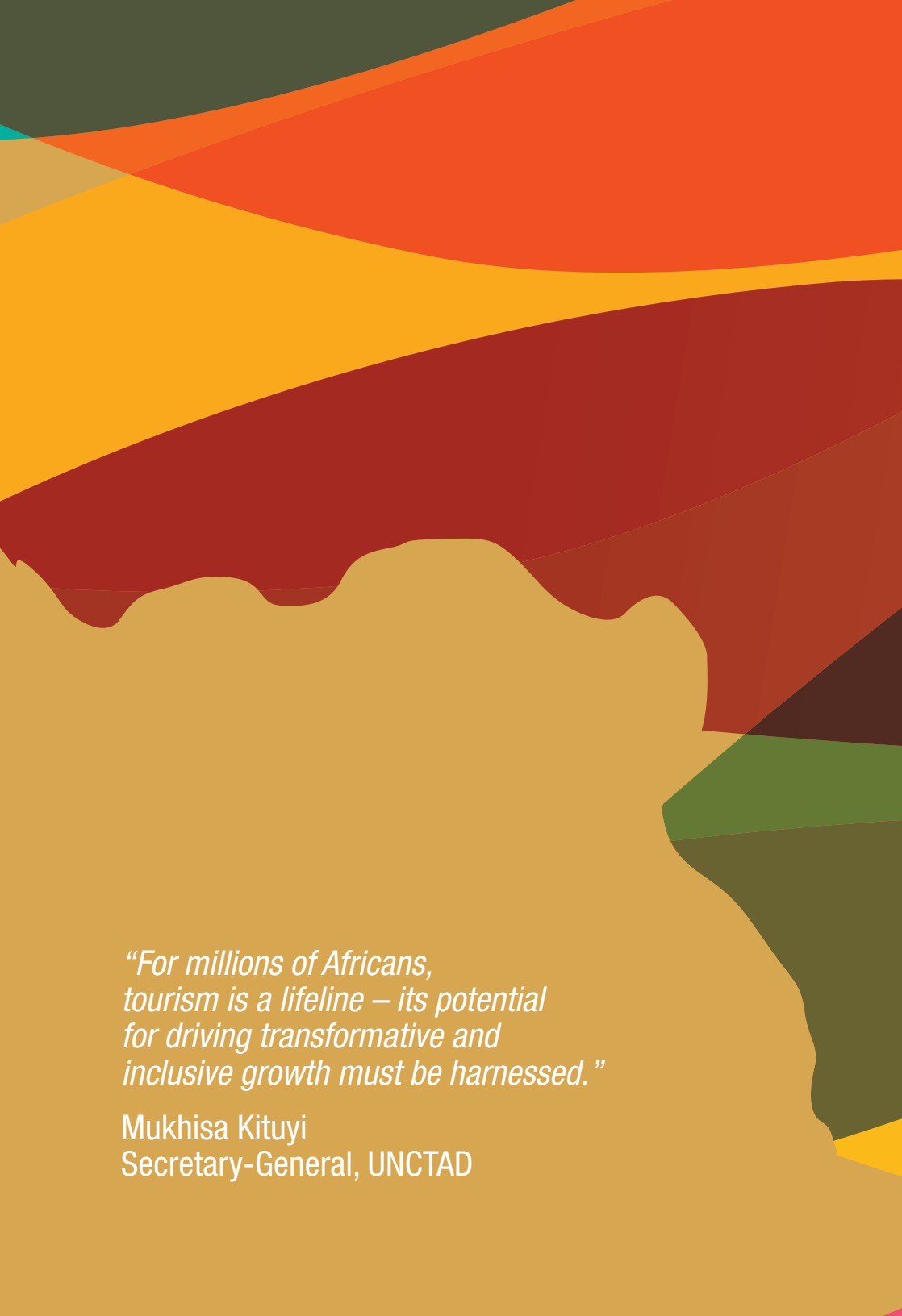


AFRICA

REPORT 2017

Tourism
for Transformative
and Inclusive Growth





*“For millions of Africans,
tourism is a lifeline – its potential
for driving transformative and
inclusive growth must be harnessed.”*

Mukhisa Kituyi
Secretary-General, UNCTAD

Economic Development in Africa Report 2017

Tourism for Transformative and Inclusive Growth



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Table of Contents

| | |
|---------------|----|
| Abbreviations | ix |
| Glossary | x |

INTRODUCTION

| | |
|--------------------------------------------------------|----------|
| Tourism for transformative and inclusive growth | 1 |
|--------------------------------------------------------|----------|

CHAPTER 1

| | |
|-----------------------------------------------------|----------|
| The tourism sector in Africa: Stylized facts | 9 |
|-----------------------------------------------------|----------|

| | |
|------------------------------------------------------------|----|
| 1.1 Definitions | 11 |
| 1.2 Key characteristics of the tourism sector in Africa | 12 |
| 1.3 Tourism in national development plans | 34 |
| 1.3.1 Mapping African tourism policy at the national level | 34 |

CHAPTER 2

| | |
|------------------------------------------------------------|-----------|
| Fostering structural transformation through tourism | 39 |
|------------------------------------------------------------|-----------|

| | |
|---------------------------------------------------------------------|----|
| 2.1 Structural transformation and the growth of tourism | 41 |
| 2.2 The role of intersectoral linkages in structural transformation | 43 |
| 2.2.1 Linkages and their importance | 44 |
| 2.2.2 Value addition in the tourism value chain | 45 |
| 2.2.3 Strengthening intersectoral linkages | 56 |
| 2.2.4 Developing key tourism market segments | 63 |
| 2.3 Conclusions | 75 |

CHAPTER 3

| | |
|-------------------------------------|-----------|
| Tourism and inclusive growth | 79 |
|-------------------------------------|-----------|

| | |
|-------------------------------------------------------------|----|
| 3.1 Vulnerability and inclusive growth | 81 |
| 3.2 Tourism and poverty alleviation | 82 |
| 3.3 Youth and tourism | 85 |
| 3.3.1 Youth and employment | 85 |
| 3.3.2 Enabling youth to participate in the tourism sector | 88 |
| 3.4 Women, gender and tourism | 89 |
| 3.4.1 Role of women and gender in African tourism policies | 89 |
| 3.4.2 Female labour participation in tourism | 89 |
| 3.4.3 Gender considerations in tourism employment | 90 |
| 3.4.4 Enriching tourism through higher female participation | 95 |
| 3.5 Conclusions | 97 |

CHAPTER 4**Increasing intraregional tourism by deepening regional integration 99**

| | | |
|-------|---------------------------------------------------------------------|-----|
| 4.1 | Continental tourism | 101 |
| 4.2 | The case for intraregional tourism | 105 |
| 4.3 | Intraregional tourism: Scope and potential | 106 |
| 4.4 | The role of regional integration in promoting intraregional tourism | 114 |
| 4.4.1 | Free movement of persons | 115 |
| 4.4.2 | Tourism policy at the regional and pan-African levels | 124 |
| 4.4.3 | Currency convertibility | 129 |
| 4.4.4 | Air transport | 136 |
| 4.5 | Conclusions | 141 |

CHAPTER 5**Tourism, peace and development in Africa 145**

| | | |
|-----|------------------------------------------------------------------------------------------------|-----|
| 5.1 | Tourism can be a driver for peace | 147 |
| 5.2 | Measuring peacefulness in Africa | 148 |
| 5.3 | Political unrest and conflict significantly harm the tourism sector | 149 |
| 5.4 | Effects of tourism on peace in Africa | 151 |
| 5.5 | Tourism can help sustain peace after conflict | 155 |
| 5.6 | Negative perceptions of the continent should be managed if tourism is to flourish | 158 |
| 5.7 | Policies can play a role in creating a virtuous circle of peace and the development of tourism | 160 |

CHAPTER 6**Main messages and recommendations 163**

| | | |
|-----|-----------------------------|-----|
| 6.1 | Main findings | 165 |
| 6.2 | Main policy recommendations | 169 |

REFERENCES 175**BOXES**

| | | |
|----|---------------------------------------------|-----|
| 1. | The impact of Ebola on tourism in Africa | 31 |
| 2. | Structural transformation in Mauritius | 44 |
| 3. | The development of infrastructure in Rwanda | 64 |
| 4. | Medical tourism in Tunisia | 73 |
| 5. | Intraregional tourism in the ECOWAS | 113 |
| 6. | Data and methodology | 156 |

FIGURES

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 1. Africa: International tourist arrivals, international tourism receipts and tourism export revenues, 1995–2014 | 13 |
| 2. Total inbound and outbound tourism expenditure, 1995–2014 | 22 |
| 3. Africa: Source markets by world region, 1995–2014 | 27 |
| 4. Hotel and restaurant employees by sex, 2000–2012 | 28 |
| 5. Tourism: Capital investment in constant billions of dollars and as a share of gross domestic product, 1995–2015 | 29 |
| 6. Tourism in national development strategies in Africa: Elements relating to inclusive growth, linkages and tourism market segments | 36 |
| 7. Structural change in Africa: Average annual change in share of value added of agriculture, hunting and forestry in total value added, 1995–2014 | 42 |
| 8. Structural change and growth of tourism in Africa, 1997–2013 | 43 |
| 9. Tourism value chain | 47 |
| 10. Value added content in final demand by hotels and restaurants sector, by main source industry, selected countries, 1995–2011 | 51 |
| 11. Value added content in final demand by hotels and restaurants sector, by source industry and origin, selected countries, 2011 | 53 |
| 12. Evolution of selected intersectoral linkages with hotels and restaurants sector, South Africa and Tunisia, 1995 and 2011 | 55 |
| 13. Africa: Unemployment rates by age and sex, 1991–2014 | 86 |
| 14. Africa: Youth unemployment rate by subregion, 1991–2014 | 87 |
| 15. Africa: Women and men in vulnerable employment in the hotels and restaurants sector | 91 |
| 16. Percentage of men and women with an account at a financial institution, 2014 | 93 |
| 17. International tourist arrivals in Africa from the world and from within Africa, 2010–2013 | 102 |
| 18. International tourism receipts compared with domestic tourism spending in Africa, 1995–2014 | 104 |
| 19. Intraregional tourist arrivals as a share of total international tourist arrivals in Africa, 2010–2013 | 107 |
| 20. Intraregional tourist arrivals as a share of tourist arrivals from within the continent, 2010–2013 | 108 |
| 21. Main purposes of travel to and within Africa and selected countries, 2014 | 111 |
| 22. Average annual growth in inbound tourism in African countries, 2005–2015 | 133 |
| 23. Africa: Global Peace Index by region, 2009 and 2016 | 149 |
| 24. Africa: Political Stability and Absence of Violence and Terrorism Index, 2015 | 150 |

BOX FIGURES

| | |
|----------------------------------------------------------------|-----|
| 1. Western Africa: Tourism arrivals and expenditure, 1995–2015 | 31 |
| 2. Intraregional tourism in ECOWAS, 2012 and 2013 | 113 |

TABLES

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 1. Africa: International tourist arrivals, 1995–2015 | 14 |
| 2. Africa: International tourism receipts and tourism export revenues, 1995–2015 | 18 |
| 3. Africa: Tourism export revenues as a percentage share of total exports and total services exports, 1995–2014 | 20 |
| 4. Africa: Direct and total contribution of tourism to gross domestic product, 1995–2015 | 23 |
| 5. Total contribution of tourism to gross domestic product, by country category, 2011–2014 | 24 |
| 6. Africa: Direct and total contribution to employment in tourism, 1995–2014 | 26 |
| 7. Volatility of tourism inflows versus other external inflows | 30 |
| 8. Tourism, gross domestic product and exports, selected countries, 1995–2014 | 50 |
| 9. Information and communications technology and financial infrastructure profiles, selected countries, 2015 | 62 |
| 10. Leading countries in Africa hosting international meetings, 2015 | 63 |
| 11. Visa openness, number of international tourist arrivals from Africa to Africa and share of tourism and travel as a percentage of gross domestic product, 2010–2015 | 117 |
| 12. Ratification and implementation of protocols on the free movement of persons in regional economic communities | 120 |
| 13. Tourism at the regional economic community policy level | 126 |
| 14. Currency restrictions, 2005–2015 | 132 |
| 15. Impact of currency restrictions on international tourism receipts | 136 |
| 16. Instrumental variable (two-stage least squares) regression findings: Peace as beneficiary of tourism | 154 |

BOX TABLE

| | |
|---------------------------------------------------------------------------------------------------------|-----|
| 1. Instrumental variable (two-stage least squares) regression findings: Tourism as beneficiary of peace | 156 |
|---------------------------------------------------------------------------------------------------------|-----|

Abbreviations

| | |
|------------|-----------------------------------------------------------|
| AMU | Arab Maghreb Union |
| CEN-SAD | Community of Sahelo-Saharan States |
| COMESA | Common Market for Eastern and Southern Africa |
| EAC | East African Community |
| ECCAS | Economic Community of Central African States |
| ECOWAS | Economic Community of West African States |
| FDI | foreign direct investment |
| GDP | gross domestic product |
| IGAD | Intergovernmental Authority on Development |
| ILO | International Labour Organization |
| ISCO-08 | International Standard Classification of Occupations 2008 |
| LDC | least developed country |
| LLDC | landlocked developing country |
| OECD | Organization for Economic Cooperation and Development |
| SADC | Southern African Development Community |
| SIDS | small island developing State |
| UN-Habitat | United Nations Human Settlements Programme |
| UNWTO | World Tourism Organization |

Glossary

CONTINENTAL AND INTRAREGIONAL TOURISM

Continental tourism refers to tourism within Africa, whereas intraregional tourism refers to tourism within regional economic communities. Both continental and intraregional tourism are subsets of international tourism.

DIRECT CONTRIBUTION TO EMPLOYMENT

Number of direct jobs in travel and tourism.

DIRECT CONTRIBUTION TO GROSS DOMESTIC PRODUCT (GDP)

GDP generated by industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transport services, as well as the activities of restaurant and leisure industries that deal directly with tourists. It is equivalent to total internal travel and tourism spending within a country less the purchases made by those industries (including imports). In terms of the United Nations Tourism Satellite Account methodology, it is consistent with total GDP calculated in the Tourism Satellite Account: Recommended Methodological Framework 2008.

DOMESTIC TOURISM

Tourism undertaken by resident visitors within the economic territory of the country of reference, i.e. residents travelling within their country.

INBOUND TOURISM

Tourism (international) undertaken by non-resident visitors within the economic territory of the country of reference, i.e. non-residents travelling within another country.

INBOUND TOURISM EXPENDITURE

Tourism expenditure of a non-resident visitor within the economy of reference.

INTERNATIONAL TOURISM

Inbound and outbound tourism; activities of a resident visitor outside the country of reference.

OUTBOUND TOURISM

Tourism (international) undertaken by residents visiting outside the economic territory of the country of reference, i.e. residents travelling within another country.

OUTBOUND TOURISM EXPENDITURE

Tourism expenditure of a resident visitor outside the economy of reference, as described in the International Recommendations for Tourism Statistics 2008, paragraph 4.15(c).

TOTAL CONTRIBUTION TO EMPLOYMENT

Number of jobs generated directly in the travel and tourism sector plus indirect and induced contributions.

TOTAL CONTRIBUTION TO GDP

GDP generated directly by the travel and tourism sector plus its indirect and induced impacts.

TOURISM EXPENDITURE

Amount paid for the acquisition of consumption goods and services, as well as valuables, for own use or to give away, for and during tourism trips; includes expenditures by visitors, as well as expenses paid for or reimbursed by others.

TOURISM SATELLITE ACCOUNT

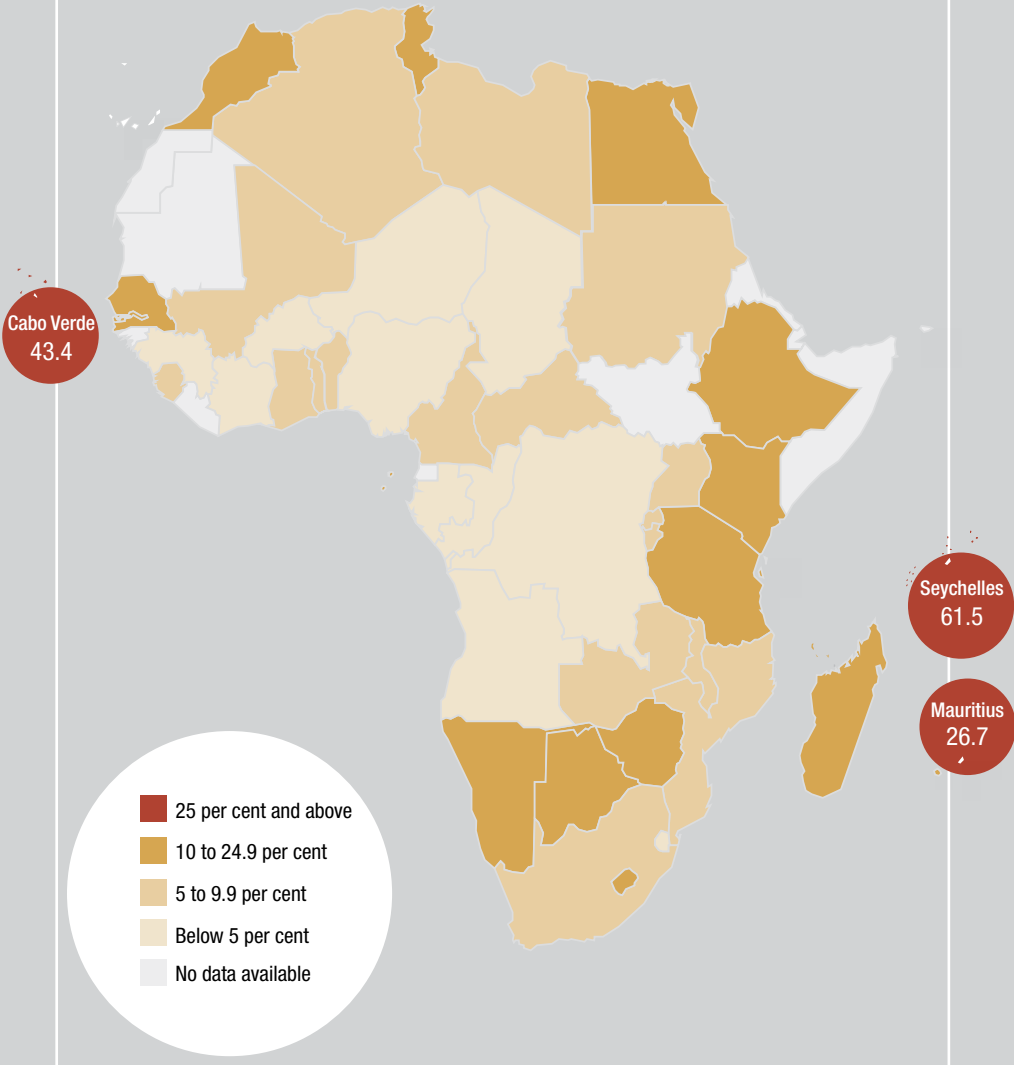
The second international standard on tourism statistics developed to present economic data on tourism within a framework of internal and external consistency with the rest of the statistical system through its link to the System of National Accounts.

Introduction

Tourism for transformative and inclusive growth

At a time when the continent is building its productive capacities, deepening regional integration and pursuing economic diversification, tourism in Africa continues to grow. To better harness the potential of the tourism sector to contribute to inclusive growth, structural transformation and achievement of the Sustainable Development Goals, Africa should adopt policies that strengthen intersectoral linkages, boost intraregional tourism and promote peace.

Total contribution of tourism to real gross domestic product, 2011–2014 (percentage)



The United Nations designated 2017 as the International Year of Sustainable Tourism for Development. The tourism sector has been praised for its capacity to stimulate economic growth through the creation of jobs and by attracting investment and fostering entrepreneurship, while also contributing, if properly harnessed, to preservation of ecosystems and biodiversity, protection of cultural heritage and promotion of empowerment of local communities.

Tourism can be an engine for inclusive growth and sustainable economic development. Since the 1990s, tourism has increasingly contributed to Africa's growth, employment and trade. During 1995–2014, international tourist arrivals to Africa grew by an average of 6 per cent per year and tourism export revenues, 9 per cent per year. The average total contribution of tourism to gross domestic product (GDP) increased from \$69 billion in 1995–1998 to \$166 billion in 2011–2014, that is from 6.8 per cent of GDP in Africa to 8.5 per cent of GDP. Furthermore, tourism generated more than 21 million jobs on average in 2011–2014, which translates into 7.1 per cent of all jobs in Africa. This means that over the period 2011–2014, the tourism industry was supporting 1 out of every 14 jobs. At the same time, tourism has also been associated with operating in isolation from other parts of the economy, suffering from high financial leakage, generating sociocultural tensions and environmental damage. History suggests that countries cannot rely on tourism as the sole avenue out of poverty or the only pathway to sustainable economic development.

Tourism's potential has been recognized by policymakers at the national and international levels, and is increasingly reflected in national and international policy frameworks. At the global level, Sustainable Development Goals 8, 12 and 14 highlight the central role of tourism in job creation, local promotion of culture and economic development. However, as tourism covers several sectors and is a cross-cutting issue, the development of tourism has an impact on many Sustainable Development Goals, for example poverty, decent work, gender and infrastructure development.

At the continental level, the African Union's Agenda 2063 and the Tourism Action Plan under its New Partnership for Africa's Development recognize tourism's importance in driving Africa's socioeconomic development and structural transformation through job creation, in catalysing growth in other productive sectors and in fostering inclusion through the participation of women and youth in the sector's activities.



At the regional level, the policy frameworks of several regional economic communities, including the 2012 Protocol on Tourism of the Southern African Development Community (SADC), the Sustainable Tourism Development Strategy of the Common Market for Eastern and Southern Africa (COMESA) and the Sustainable Tourism Master Plan 2013–2023 of the Intergovernmental Authority on Development (IGAD), highlight tourism's importance in supporting socioeconomic development.

At the national level, most African countries have national development plans that outline a country's vision for its future and identify planned policies and sectoral priorities, which highlight the importance of tourism.

The Economic Development in Africa Report 2017: Tourism for Transformative and Inclusive Growth examines the role that tourism can play in Africa's development process. It argues that tourism can be an engine for inclusive growth and economic development and that it can complement development strategies aimed at fostering economic diversification and structural transformation within the right policy context. The report does not focus on climate change or its financing aspects as these have been taken up in much greater detail in recent publications on the sector. The focus is rather on enhancing the role that tourism can play in socioeconomic development, poverty alleviation, trade, fostering regional integration and structural transformation. To achieve all of this, Africa must tackle key impediments to developing the tourism sector, such as weak intersectoral linkages.

Tourism can be an important contributor to economic development for several reasons. First, tourism has the capacity to significantly contribute to GDP, employment and export earnings.

The sector can also offer a compelling case for prioritization for socioeconomic development in Africa. Tourism is a relatively job-rich sector and employs comparatively high shares of women and youth. Globally, women make up between 60 and 70 per cent of the tourism labour force, and half of its workers are aged 25 or younger. It thus has the potential to foster more inclusive growth.

In addition, with rising disposable incomes and hence more resources available for leisure and travel, as well as globalization which boosts business travel, the forecast for tourism is positive. It is expected that international tourist arrivals to Africa will continue to grow robustly to 134 million arrivals by 2030 (World Tourism Organization (UNWTO), 2016a).

Furthermore, given that globally most international travel takes place within a traveller's own region and that, with a rising African middle class, if continental disposable incomes increase, there is greater scope for boosting continental and intraregional travel in Africa.

Tourism also has the capacity to generate and spread incomes and has strong spillover effects for poverty reduction through stronger linkages. Strong linkages catalyse a multiplier effect that can generate broad-based economic benefits at the national level, as well as in situ employment opportunities and poverty reduction at the local level. In many African countries, however, tourism linkages remain weak and underexploited. Consequently, much of the value added in the tourism sector is captured by foreign investors, international tour operators and foreign airline companies, while often only limited benefits remain within the destination country and flow to the poor. Thus, better linkages can lead to, inter alia, more jobs for the most vulnerable groups in society, the poor, women and youth.

Finally, the promotion of peace, justice and strong institutions are prerequisites for achieving any economic development goals. This is clearly also the case for goals related to the development of tourism.

Most African countries, however, face significant challenges and constraints in exploiting the potential of tourism services in trade and economic development. The Economic Development in Africa Report 2017 aims to identify key barriers and impediments to unlocking the potential of tourism in Africa to help transform the continent's economy structurally, and provides policy recommendations on how those barriers and impediments could be addressed. The focus is on the following four challenges:

- (a) Strengthening intersectoral linkages
- (b) Enhancing the capacity of tourism to foster more inclusive growth
- (c) Tapping the potential of intraregional tourism through deepening regional integration
- (d) Harnessing peace and stability for tourism.

The Economic Development in Africa Report 2017 examines some of the underlying policy issues of the tourism sector and provides policy guidance on how tourism could contribute to the continent's structural transformation.

Some of the key questions addressed in the report include:

- How does tourism contribute to structural transformation and more inclusive growth?
- How can linkages between tourism and other productive sectors be harnessed to create additional economic opportunities and provide sustainable livelihoods?
- How can the economic potential of intraregional tourism be fostered and better exploited through deeper regional integration?
- What is the relationship between tourism and peace?

The main findings are as follows:

First, tourism can promote economic diversification and structural transformation in Africa, with linkages between tourism and other productive sectors playing a fundamental role in this regard. To unlock the potential of intersectoral linkages to contribute to structural transformation, cross-sectoral issues need to be aligned with, and integrated into, policy frameworks at the national, regional and continental levels.

Second, tourism is critical to the continent's inclusive growth and can play an important role in the global fight to reduce poverty and achieve the Sustainable Development Goals. Beyond generating economic benefits and boosting productive capacities, tourism has the potential to foster inclusion by creating employment opportunities among vulnerable groups such as the poor, women and youth.

Third, continental and intraregional tourism in Africa is increasing and offers opportunities for economic and export diversification if its potential is exploited at the national and regional levels. African countries would benefit if they made further progress with the free movement of persons, currency convertibility and liberalizing air transport services. This would facilitate greater access to tourism destinations and boost the competitiveness of destinations. It also requires regional economic communities and countries to comprehensively plan for intraregional and continental tourism.

Fourth, peace is essential for tourism, and the development of tourism can foster peace. African countries with tourism potential should implement policies that strengthen the sector as these policies will contribute to both peace and development. The analysis and findings of the report also confirm the bidirectional causal relationship between peace and tourism and further show that the effect of peace on tourism is much greater in magnitude than the impact of tourism on peace.

Organization of the report

The report comprises six chapters, organized as follows.

Chapter 1 provides an overview of the stylized facts on the tourism sector in Africa. It presents data on the size and evolution of the tourism sector, in terms of its contribution to GDP, employment and trade. It then considers the ambitions governments have for tourism through an analysis of the tourism sector's role in national development plans.

Chapter 2 examines the relationship between tourism and structural change, and discusses how linkages between tourism and agriculture, infrastructure and specific

tourism market segments, such as ecotourism, cultural tourism and medical and wellness tourism, could be strengthened, especially from an entrepreneurial point of view. The chapter focuses on intersectoral linkages and examines how the sector's potential can be tapped to promote local economic development through job creation and by stimulating enterprise development. It aims to shed further light on the breadth and depth of intersectoral linkages of tourism and characterizing the related value chain more precisely.

Chapter 3 explores the role that tourism can play in promoting inclusive economic growth in Africa. It discusses what is meant by inclusivity and inclusive growth, and how tourism could foster them by providing opportunities to vulnerable groups in society, particularly the poor, youth and women.

Chapter 4 discusses the scope, potential of and constraints in the development of intraregional tourism in Africa, examining how intraregional tourism could be boosted through deepening regional integration in the areas of movement of persons, tourism policy, currency convertibility and air transport.

Chapter 5 explores the relationship between tourism and peace, and examines the extent to which tourism contributes to peace in Africa and vice versa.

Chapter 6 presents the main findings and policy recommendations.



The background of the page features a stylized map of the African continent, rendered in various shades of orange and yellow. The map is composed of several overlapping, semi-transparent shapes that create a layered, artistic effect. The colors range from a light, pale yellow to a deep, rich orange, with the darker tones concentrated in the central and southern parts of the continent's outline.

Chapter 1

The tourism sector in Africa: Stylized facts

This chapter outlines stylized facts about the tourism sector in Africa in terms of the revenues and jobs the sector generates and its contribution to GDP, trade and employment. The chapter also explores whether tourism earnings are more or less stable than other external flows as stability is an important determinant for economic planning. The chapter then discusses the role of tourism in national development plans and the ambitions Governments have for the sector. The definition and classification of tourism data in economic analysis are first summarized to clarify how key tourism concepts are used in this report.

International
tourist arrivals
in Africa



+6% per year
in 1995–2014

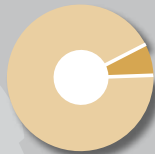
~56 million
per year
in 2011–2014

Tourism
export revenues
in Africa



+9% per year
in 1995–2014

~\$47 billion
per year
in 2011–2014



7% of total export revenues
on average
in 2011–2014



46% of services export revenues
on average
in 2011–2014

1/14 jobs generated by tourism industry, on average, 2011–2014

An illustration of 14 stylized human figures in grey, with the first figure on the left highlighted in orange. This represents 1 out of 14 jobs.
= 21 million

1.1 Definitions

Tourism, as an economic activity composed of multiple, interdependent services and goods, is difficult to define. According to UNWTO, “tourism is defined as the activities of persons identified as visitors. A visitor is someone who is making a visit to a main destination outside his/her usual environment for less than a year for any main purpose [including] holidays, leisure and recreation, business, health, education or other purposes [...] This scope is much wider than the traditional perception of tourists, which included only those travelling for leisure” (United Nations and UNWTO, 2010). Visitors can be either same-day visitors or overnight visitors. The latter are called tourists.

A more comprehensive definition would be that tourism is a service industry, comprising several tangible and intangible components. The tangible components include transport systems — air, rail, road, water, and hospitality services — accommodation, food and beverages, tours and souvenirs, and related services, such as banking, insurance and safety and security. The intangible components include rest and relaxation, culture, escape, adventure and new and different experiences.

Whether tourism is a business, an industry, a service or just a phenomenon depends on the point of view from which tourism is examined and defined (Page and Connell, 2006; Mitchell and Ashley, 2010). Often, tourism is referred to as an invisible export industry with no tangible product (Page and Connell, 2006) or a multi-product industry that encompasses several different economic activities (Wall and Mathieson, 2006). An industry in turn is distinguished by a generic product and production process. Tourism is not a clearly identifiable sector of the economy in the system of national accounts, and thus official statistics about tourism are often contested (Theobald, 2005; Milne and Ateljevic, 2001). Most studies estimate the level of sectoral activity by adding together the economic activity of the hotel, restaurant and transportation subsectors. Although recreation, culture, shopping and leisure are central to many tourism experiences, expenditure on these “non-tourist” activities is often significant and results in a substantial amount of expenditure by tourists falling outside the International Standard Industrial Classification categories that constitute tourism. Thus, tourism’s value to the economy is not clear, and is hidden in other activities such as transportation and telecommunications.

The definition of a tourist is often also quite difficult to apply in practice, particularly in Africa. For instance, the characteristics of a trader who crosses borders informally are similar to those of a business tourist, as they both travel to another place to sell

and/or purchase goods without remuneration in the place they visit.¹ The distinctions are subtle and the implications of defining a person as a tourist are important. Chapter 4 elaborates more on this issue.

This report uses three basic forms of tourism in its analysis:

- **Domestic tourism.** Tourism undertaken by resident visitors within the economic territory of the country of reference, i.e. residents travelling only within their country.
- **Inbound tourism.** Tourism (international) undertaken by non-resident visitors within the economic territory of the country of reference, i.e. non-residents travelling within another country.
- **Outbound tourism.** Tourism (international) undertaken by residents visiting outside the economic territory of the country of reference, i.e. residents travelling within another country.

Furthermore, the report discusses continental and intraregional tourism. Continental tourism refers to tourism within Africa, whereas intraregional tourism refers to tourism within regional economic communities. Both continental and intraregional tourism are subsets of international tourism and are discussed in this report.

It should be noted that, as per UNWTO data series on inbound tourism expenditures, the total value of international tourism comprises the following elements: (a) inbound tourism expenditures on travel within the country of destination and (b) inbound tourism expenditures on international passenger transport services. That total (i.e. total inbound tourism expenditures) is what tourism export revenues refer to in this report. Inbound tourism expenditures on travel are commonly referred to as international tourism receipts.

1.2 Key characteristics of the tourism sector in Africa

Tourism is an important sector for African economies. The sector has expanded significantly since the mid-1990s, with the number of tourist arrivals to the continent doubling from 24 million between 1995 and 1998, to 48 million between 2005 and 2008, and increasing to 56 million between 2011 and 2014 (table 1). In terms of growth, international tourist arrivals to Africa grew by an average of 6 per cent per year during the period under review, 1995–2014. Figure 1 shows that international

¹ For example, Rogerson and van der Merwe (2016) refer to traders that travel from rural to urban areas in southern Africa to sell cultural goods as informal business tourists. They also find that informal sector business tourism in sub-Saharan Africa is substantial in scope.

Figure 1

Africa: International tourist arrivals, international tourism receipts and tourism export revenues, 1995–2014



Source: UNCTAD calculations, based on data from UNWTO, 2017.

tourist arrivals recorded particularly strong growth from 2002 up to the financial crisis in 2008/09.² While the crisis led to a setback, arrivals soon recovered to a new peak in 2010, before they dropped in the wake of the Arab Spring.³ Since then, arrivals have recovered but remain below the peak of 2010. Estimates for 2015 suggest that arrivals experienced another decrease, possibly linked to the Ebola outbreak⁴ and its impact on Africa (see box 1). As data coverage for 2015 is limited, the ability to quantify the magnitude of the decrease is still constrained.

There is a high degree of heterogeneity in the relevance of tourism across subregions and countries in Africa. Northern Africa has been the main tourist destination of the continent throughout the period under review. It received by far the highest number of arrivals,

- 2 The global financial and economic crisis of 2008/09 became evident in September 2008 with the failure, merger or conservatorship of several large financial firms in Europe and North America (Dullien et al., 2010).
- 3 The Arab Spring refers to a wave of popular uprisings across North Africa and the Middle East in 2010–2011 (Chair of the Ad Hoc Working Group on Conflict Prevention and Resolution in Africa, 2011).
- 4 The Ebola outbreak in West Africa, which occurred from December 2013 to January 2016, was declared no longer an emergency by the African Union Commission on 31 January 2016.

Table 1

Africa: International tourist arrivals, 1995–2015

(Thousands of people)

| | AVERAGE | | | | ANNUAL AVERAGE GROWTH RATES | | | |
|------------------------------|---------------|---------------|---------------|---------------|-----------------------------|----------|-----------|----------|
| | 1995– | 2005– | 2011– | 2015 | 1995– | 1995– | 2005– | 2011– |
| | 1998 | 2008 | 2014 | | 2014 | 1998 | 2008 | 2014 |
| Total Africa | 24 084 | 47 819 | 55 931 | 52 803 | 6 | 7 | 10 | 3 |
| Algeria | .. | .. | .. | .. | .. | .. | .. | .. |
| Angola | 32 | 205 | 564 | 592 | 22 | 83 | 16 | 9 |
| Benin | 145 | 183 | 226 | 255 | 4 | 3 | 2 | 5 |
| Botswana | 598 | 1 684 | 1 708 | .. | .. | 13 | 13 | .. |
| Burkina Faso | 138 | 268 | 221 | 163 | 4 | 9 | 4 | -7 |
| Burundi | 22 | 189 | 190 | 131 | 16 | -28 | 9 | 21 |
| Cabo Verde | 41 | 248 | 477 | 520 | 16 | 23 | 13 | 5 |
| Cameroon | 181 | 328 | 706 | .. | .. | 37 | .. | .. |
| Central African Republic | 18 | 18 | 79 | 121 | 12 | -33 | 35 | 14 |
| Chad | 27 | 53 | 96 | 120 | 8 | 30 | 32 | 17 |
| Comoros | 25 | 21 | 22 | 24 | -2 | 6 | -21 | 6 |
| Congo | 31 | 50 | 298 | .. | .. | -20 | 21 | 21 |
| Côte d'Ivoire | 250 | .. | .. | .. | .. | 17 | .. | .. |
| Democratic Rep. of the Congo | 39 | 53 | 181 | .. | .. | 11 | -7 | .. |
| Djibouti | 21 | 41 | 60 | .. | .. | 0 | 19 | .. |
| Egypt | 3 317 | 9 949 | 9 874 | 9 139 | 8 | 4 | 15 | -2 |
| Equatorial Guinea | .. | .. | .. | .. | .. | .. | .. | .. |
| Eritrea | .. | .. | .. | .. | .. | .. | .. | .. |
| Ethiopia | 116 | 325 | 643 | 864 | 12 | 5 | 18 | 14 |
| Gabon | 158 | 269 | .. | .. | .. | 16 | .. | .. |
| Gambia | 75 | 131 | 148 | 135 | 5 | 25 | 11 | 13 |
| Ghana | 316 | 553 | 886 | 897 | 7 | 7 | 18 | 1 |
| Guinea | 17 | 36 | 79 | 35 | .. | .. | -21 | -37 |
| Guinea-Bissau | .. | 13 | 36 | 44 | .. | .. | 51 | 0 |
| Kenya | 896 | 1 423 | 1 516 | 1 114 | 4 | -5 | -5 | -10 |
| Lesotho | 129 | 308 | 345 | .. | .. | 19 | .. | .. |
| Liberia | .. | .. | .. | .. | .. | .. | .. | .. |
| Libya | 57 | 49 | .. | .. | .. | -20 | -24 | .. |
| Madagascar | 95 | 327 | 225 | 244 | 6 | 18 | 11 | -3 |
| Malawi | 203 | 638 | 788 | 805 | 10 | 5 | 19 | 2 |
| Mali | 75 | 163 | 151 | 159 | 6 | 19 | 10 | 2 |
| Mauritania | .. | .. | .. | .. | .. | .. | .. | .. |
| Mauritius | 501 | 847 | 991 | 1 152 | 4 | 10 | 8 | 3 |
| Morocco | 2 866 | 6 922 | 9 762 | 10 177 | 8 | 7 | 11 | 4 |
| Mozambique | .. | 802 | 1 891 | 1 552 | .. | .. | 26 | -5 |
| Namibia | 462 | 868 | 1 151 | 1 388 | 6 | 29 | 7 | 9 |
| Niger | 53 | 60 | 109 | 135 | 5 | 5 | 5 | 19 |

Table 1 (contd.)

| | AVERAGE | | | | ANNUAL AVERAGE GROWTH RATES | | | |
|--------------------------------------|---------|--------|--------|--------|-----------------------------|-------|-------|-------|
| | 1995– | 2005– | 2011– | 2015 | 1995– | 1995– | 2005– | 2011– |
| | 1998 | 2008 | 2014 | | 2014 | 1998 | 2008 | 2014 |
| Nigeria | 707 | 1 162 | 600 | 1 255 | .. | 1 | 9 | .. |
| Rwanda | .. | 522 | 823 | 987 | .. | .. | .. | 10 |
| Sao Tome and Principe | 6 | 14 | 12 | .. | .. | -6 | -3 | .. |
| Senegal | 307 | 844 | 989 | 1 007 | 8 | 8 | 4 | 1 |
| Seychelles | 128 | 148 | 216 | 276 | 3 | 2 | 8 | 7 |
| Sierra Leone | 14 | 35 | 59 | 24 | 9 | -12 | -4 | -2 |
| Somalia | .. | .. | .. | .. | .. | .. | .. | .. |
| South Africa | 5 028 | 8 612 | 9 153 | 8 904 | 4 | 8 | 9 | 5 |
| South Sudan | .. | .. | .. | .. | .. | .. | .. | .. |
| Sudan | 33 | 363 | 597 | 741 | 22 | 4 | 22 | 8 |
| Swaziland | 292 | 834 | 919 | 873 | 9 | -3 | -3 | 3 |
| Togo | 68 | 84 | 286 | 273 | 9 | 13 | -4 | 1 |
| Tunisia | 4 247 | 6 685 | 6 815 | 5 359 | 3 | 5 | 3 | 7 |
| Uganda | 176 | 623 | 1 205 | 1 303 | 14 | 6 | 21 | 3 |
| United Rep. of Tanzania | 349 | 664 | 1 016 | 1 104 | 6 | 16 | 9 | 9 |
| Zambia | 283 | 784 | 910 | 932 | 8 | 30 | 8 | 2 |
| Zimbabwe | .. | .. | .. | .. | .. | .. | .. | .. |
| REGIONAL ECONOMIC COMMUNITIES | | | | | | | | |
| CEN–SAD | 13 628 | 28 996 | 32 342 | 31 117 | 6 | 5 | 9 | 1 |
| COMESA | 7 754 | 17 003 | 19 098 | 18 585 | 6 | 5 | 13 | 0 |
| EAC | 1 443 | 3 290 | 4 750 | 4 639 | 8 | 1 | 10 | 1 |
| ECCAS | 512 | 813 | 1 718 | 964 | 8 | 18 | 9 | -9 |
| ECOWAS | 2 201 | 3 778 | 4 115 | 4 901 | 5 | 7 | 8 | -4 |
| IGAD | 1 242 | 2 774 | 4 005 | 4 022 | 8 | -2 | 8 | 0 |
| SADC | 9 689 | 16 695 | 19 497 | 17 822 | 5 | 10 | 10 | 6 |
| AMU | 7 169 | 13 656 | 16 577 | 15 536 | 6 | 6 | 7 | 5 |
| REGIONAL CLASSIFICATIONS | | | | | | | | |
| Eastern Africa | 4 365 | 7 221 | 10 479 | 10 488 | 6 | 8 | 12 | 1 |
| Middle Africa | 491 | 624 | 1 528 | 833 | 7 | 21 | 10 | -12 |
| Northern Africa | 10 519 | 23 967 | 27 047 | 25 416 | 7 | 5 | 10 | 3 |
| Southern Africa | 6 508 | 12 229 | 12 762 | 11 165 | 5 | 9 | 9 | 8 |
| Western Africa | 2 201 | 3 778 | 4 115 | 4 901 | 5 | 7 | 8 | -4 |

Source: UNCTAD calculations, based on data from UNWTO.

followed by Southern and Eastern Africa. In 2011–2014, the shares of international tourist arrivals reached 47 per cent, 22 per cent and 20 per cent respectively for each of these subregions, while Western and Middle Africa accounted for only 7 per cent and 4 per cent, respectively. This distribution reflects the fact that the economies in Middle Africa depend mostly on mining and that services play a much smaller role in the subregion compared with all other subregions in Africa. It also suggests that tourism is more prominent in subregions with more developed infrastructure.

Considering individual countries, table 1 shows that, during 2011–2014, Egypt (9.9 million), Morocco (9.8 million), South Africa (9.2 million) and Tunisia (6.8 million) recorded the highest average numbers of international tourist arrivals. These four countries accounted for 64 per cent of all international tourist arrivals to Africa during 2011–2014, highlighting the high degree of concentration of arrivals.

Tourism in Africa has experienced not only strong growth in terms of arrivals but also in terms of expenditures and revenues. Inbound tourism expenditures on travel, that is international tourism receipts, recorded an annual average growth rate of 9 per cent from 1995 to 2014 in nominal terms (table 2). It should be noted, however, that figures for the initial years of the period may have followed a different methodology from that used in subsequent years given the strong and sudden increase after 2002. These receipts grew on average by 6 per cent per year in 1995–1998; growth then increased to 13 per cent per year in 2005–2008. With greater volatility following the financial crisis, receipts peaked in 2012 and recorded a yearly decline of 2 per cent per year in the period 2011–2014. As the samples used for 2013 and in particular 2014 are smaller, this decline must be interpreted with caution. Similar to arrivals, a decline in receipts is estimated for 2015.

The total value of tourism as an export sector is estimated by adding together international tourism receipts and inbound expenditures on international passenger transport services. Figure 1 shows that tourism export revenues experienced a similar but even more pronounced growth trajectory (also recording an average yearly growth rate of 9 per cent). In the past two decades, tourism export revenues more than tripled, increasing from \$14 billion between 1995 and 1998 to \$41 billion between 2005 and 2008, and rising to \$47 billion by 2011–2014 (table 2). Growth was particularly strong after 2002 and up to the financial crisis, and then experienced a decline before peaking in 2012. The decline thereafter needs to be considered with caution as data coverage is more limited.⁵

5 For instance, there is no data available for Ethiopia in 2013 and 2014. In 2012, the contribution of Ethiopia to the continent's total tourism export revenues, driven by its international passenger transport services, amounted to nearly 4 per cent.

The regional distribution of international tourism receipts and tourism export revenues is similar to that of arrivals. In 2011–2014, Northern Africa received on average 43 per cent of tourism export revenues, followed by Southern Africa (26 per cent) and Eastern Africa (20 per cent). Comparing export revenues with arrivals indicates that Southern Africa obtains more export revenues per arrival than Northern Africa, indicating that an important share of the tourism product on offer in Southern Africa may be more upmarket than in Northern Africa. For the continent, tourism export revenues per international tourist arrival increased, from an average of \$580 in 1995–1998 to \$850 in 2005–2008, and then stabilized at that level (in nominal terms); the level remained at \$850 in 2011–2014.

From 1995 to 2014, Africa experienced strong export growth (11.8 per cent per year) driven by the recent and unprecedented commodity boom. With tourism export revenues growing strongly (8.9 per cent per year) but less than total exports (table 2), their share in total exports decreased during the same period, declining from an average of 9 per cent in 1995–1998 to 8 per cent in 2005–2008, and further to 7 per cent in 2011–2014 (table 3).

The share of tourism export revenues varies greatly across subregions and countries. In 2011–2014, in Eastern Africa tourism export revenues accounted for 15 per cent of total export revenues, while in Middle Africa, for only 1 per cent. At a country level, tourism was a vital and dominant export sector, accounting for 30 per cent or more of total exports, in Sao Tome and Principe (89 per cent), the Gambia (43 per cent), the Comoros (41 per cent), Seychelles (36 per cent), Ethiopia (30 per cent), Mauritius (30 per cent) and Rwanda (30 per cent).

If focusing on services exports only, growth in tourism export revenues exceeded total services exports growth (8.3 per cent per year) between 1995 and 2015. The sector is a crucial contributor to services exports in many African countries and particularly in Southern, Eastern and Northern Africa, reaching an average contribution to services exports in these subregions of 62 per cent, 45 per cent and 45 per cent, respectively, in 2011–2014. For Africa as a whole, tourism export revenues accounted for 46 per cent of total services exports in 2011–2014, while in 2005–2008 when tourism experienced strong growth, it accounted for 53 per cent. The high contribution of tourism to services exports also reflects that tourism is a highly liberalized sector.

As an internationally traded service, inbound tourism has become a major trade category for many developing countries, and it is one of the main sources of foreign exchange income and a major component of exports. As money is brought into a country by foreign visitors, and money is taken out by local citizens visiting foreign destinations as

Table 2

Africa: International tourism receipts and tourism export revenues, 1995–2015^a (Millions of dollars)

| | INTERNATIONAL TOURISM RECEIPTS | | | | | | | | | | TOURISM EXPORT REVENUES | | | | | | | | | |
|--------------------------|--------------------------------|-----------|-----------|--------|--------|-----------------------------|-----------|-----------|-----------|-----------|-------------------------|-----------|-----------|--------|--------|-----------------------------|-----------|-----------|-----------|------|
| | Average | | | | | Annual average growth rates | | | | | Average | | | | | Annual average growth rates | | | | |
| | 1995–1998 | 2005–2008 | 2011–2014 | 2015 | 2016 | 1995–2014 | 1995–2008 | 2005–2008 | 2008–2014 | 2014–2015 | 1995–1998 | 2005–2008 | 2011–2014 | 2015 | 2016 | 1995–2014 | 1995–2008 | 2008–2014 | 2014–2015 | 2016 |
| Total Africa | 11 992 | 35 167 | 41 062 | 33 927 | 33 927 | 9 | 6 | 13 | -2 | -2 | 13 918 | 40 750 | 47 411 | 37 686 | 37 686 | 9 | 7 | 14 | -3 | -3 |
| Algeria | 45 | 237 | 234 | 308 | 308 | 12 | 23 | 18 | 8 | 8 | .. | 419 | 317 | 357 | 357 | .. | .. | -2 | 6 | 6 |
| Angola | 9 | 168 | 1 044 | 1 163 | 1 163 | 36 | -6 | 59 | 39 | 39 | 32 | 181 | 1 051 | 1 171 | 1 171 | 26 | 7 | 51 | 38 | 38 |
| Benin | 71 | 165 | 173 | 154 | 154 | 6 | -11 | 36 | -4 | -4 | 67 | 168 | 180 | 160 | 160 | .. | .. | 33 | -7 | -7 |
| Botswana | 142 | 556 | 895 | 948 | 948 | 12 | 6 | 1 | 4 | 4 | 150 | 560 | 898 | 950 | 950 | 12 | 4 | 2 | 4 | 4 |
| Burkina Faso | .. | 54 | 112 | .. | .. | .. | .. | 11 | 27 | 27 | .. | 61 | 157 | .. | .. | .. | .. | 20 | 20 | 20 |
| Burundi | 1 | 1 | 3 | 2 | 2 | 7 | -36 | -4 | 21 | 21 | 2 | 2 | 4 | 3 | 3 | 5 | -20 | -2 | 14 | 14 |
| Cabo Verde | 14 | 247 | 398 | 352 | 352 | 24 | 27 | 43 | 4 | 4 | 40 | 316 | 457 | 396 | 396 | 18 | 18 | 35 | 2 | 2 |
| Cameroon | 77 | 185 | 445 | .. | .. | .. | 27 | -1 | .. | .. | 115 | 220 | 469 | .. | .. | .. | 11 | -8 | .. | .. |
| Central African Republic | .. | 8 | 11 | .. | .. | .. | .. | 20 | .. | .. | 3 | 10 | 15 | .. | .. | .. | -4 | 17 | .. | .. |
| Chad | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | 26 | .. | .. | .. | .. | .. | -27 | .. | .. | .. |
| Comoros | .. | 30 | 41 | .. | .. | .. | .. | 15 | .. | .. | 22 | 30 | 41 | .. | .. | .. | -8 | 15 | .. | .. |
| Congo | 11 | 46 | 61 | .. | .. | .. | -13 | .. | .. | .. | 13 | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Côte d'Ivoire | 93 | 99 | 179 | 0 | 0 | 5 | 3 | 12 | 1 | 1 | 106 | 110 | 183 | .. | .. | .. | 2 | 11 | .. | .. |
| Dem. Rep. of the Congo | .. | 2 | 18 | .. | .. | .. | .. | -45 | 54 | 54 | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Djibouti | 6 | 8 | 22 | 31 | 31 | 8 | 17 | -1 | 8 | 8 | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Egypt | 3 045 | 8 683 | 7 976 | 6 065 | 6 065 | 7 | 0 | 18 | -10 | -10 | 3 381 | 9 443 | 8 721 | 6 897 | 6 897 | 7 | 1 | 20 | -9 | -9 |
| Equatorial Guinea | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | 3 | .. | .. | .. | .. | .. | -22 | .. | .. | .. |
| Eritrea | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | 63 | 58 | .. | .. | .. | .. | -13 | -10 | .. | .. |
| Ethiopia | 25 | 221 | 683 | .. | .. | .. | 28 | 29 | .. | .. | 164 | 787 | 1 989 | .. | .. | .. | -5 | 30 | .. | .. |
| Gabon | 17 | 9 | .. | .. | .. | .. | 17 | .. | .. | .. | 100 | 13 | .. | .. | .. | .. | 6 | .. | .. | .. |
| Gambia | 56 | 72 | 88 | 120 | 120 | .. | .. | 13 | 7 | 7 | 72 | 74 | 117 | 138 | 138 | .. | .. | 12 | 3 | 3 |
| Ghana | 81 | 881 | 840 | 819 | 819 | 21 | 169 | 3 | 7 | 7 | 100 | 934 | 997 | 911 | 911 | 18 | 102 | 4 | 6 | 6 |
| Guinea | 2 | 1 | 2 | .. | .. | .. | -34 | .. | .. | .. | 5 | 2 | 2 | .. | .. | .. | 49 | .. | .. | .. |
| Guinea-Bissau | 3 | 18 | 13 | .. | .. | .. | .. | 227 | .. | .. | .. | .. | 11 | .. | .. | .. | .. | .. | .. | .. |
| Kenya | 566 | 734 | 888 | .. | .. | 4 | 22 | 11 | -4 | -4 | 975 | 1 266 | 1 878 | .. | .. | 5 | 17 | 14 | -1 | -1 |
| Lesotho | 29 | 29 | 20 | 13 | 13 | -1 | -3 | 4 | -14 | -14 | 30 | .. | .. | .. | .. | .. | -5 | .. | .. | .. |
| Liberia | .. | 120 | 144 | 46 | 46 | .. | .. | 30 | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| Libya | 3 | 147 | .. | .. | .. | .. | 46 | -37 | .. | .. | 9 | 186 | .. | .. | .. | .. | .. | 64 | -35 | .. |
| Madagascar | 72 | 259 | 536 | .. | .. | .. | 16 | 23 | .. | .. | 114 | 271 | 540 | .. | .. | .. | 9 | 23 | .. | .. |
| Malawi | 24 | 29 | 31 | 35 | 35 | 1 | 10 | 3 | 0 | 0 | 28 | 45 | 35 | 39 | 39 | 2 | 4 | -4 | -1 | -1 |
| Mali | 24 | 205 | 186 | .. | .. | 14 | 0 | 23 | 3 | 3 | 27 | 209 | 189 | .. | .. | 14 | 1 | 25 | 2 | 2 |
| Mauritania | 18 | .. | 42 | 29 | 29 | .. | 21 | .. | .. | .. | .. | .. | 47 | 31 | 31 | .. | .. | .. | .. | .. |
| Mauritius | 477 | 1 159 | 1 433 | 1 432 | 1 432 | 8 | 4 | 20 | -2 | -2 | 665 | 1 494 | 1 725 | 1 679 | 1 679 | 7 | 2 | 16 | -3 | -3 |

| | INTERNATIONAL TOURISM RECEIPTS | | | | TOURISM EXPORT REVENUES | | | | |
|--------------------------------------|--------------------------------|--------|--------|--------|-----------------------------|--------|--------|--------|--|
| | Average | | | | Average | | | | |
| | Annual average growth rates | | | | Annual average growth rates | | | | |
| | 11 | 8 | 17 | -1 | 11 | 7 | 18 | -2 | |
| Morocco | 1 540 | 6 249 | 6 982 | 5 999 | 1 727 | 7 380 | 8 635 | 7 534 | |
| Mozambique | 57 | 156 | 183 | 193 | .. | 170 | 212 | 202 | |
| Namibia | 298 | 387 | 457 | 378 | .. | 466 | 572 | 472 | |
| Niger | 22 | 50 | 53 | .. | 27 | 53 | 55 | .. | |
| Nigeria | 39 | 255 | 564 | 412 | 67 | 411 | 636 | 470 | |
| Rwanda | 11 | 130 | 283 | 318 | 12 | 154 | 329 | 407 | |
| Sao Tome and Principe | 4 | 7 | 29 | 52 | .. | .. | 44 | 52 | |
| Senegal | 165 | 392 | 434 | .. | 171 | 481 | 492 | .. | |
| Seychelles | 141 | 264 | 377 | 392 | 198 | 349 | 443 | 483 | |
| Sierra Leone | 26 | 36 | 48 | 23 | .. | .. | .. | .. | |
| Somalia | .. | .. | .. | .. | .. | .. | .. | .. | |
| South Africa | 2 612 | 8 093 | 9 624 | 8 259 | 3 168 | 9 311 | 10 715 | 9 140 | |
| South Sudan | .. | .. | 1 | .. | .. | .. | .. | .. | |
| Sudan | 6 | 238 | 673 | 949 | .. | .. | .. | .. | |
| Swaziland | 43 | 53 | 20 | 14 | 48 | 53 | 20 | 14 | |
| Togo | 12 | 29 | 115 | .. | 15 | 33 | 220 | .. | |
| Tunisia | 1 580 | 2 487 | 2 173 | 1 381 | 1 893 | 3 270 | 2 841 | 1 869 | |
| Uganda | 119 | 406 | 1 055 | 1 149 | .. | 417 | 1 075 | 1 171 | |
| United Rep. of Tanzania | 428 | 1 066 | 1 739 | 2 231 | 374 | 1 082 | 1 781 | 2 253 | |
| Zambia | 35 | 524 | 567 | 660 | .. | .. | .. | .. | |
| Zimbabwe | .. | .. | .. | .. | 185 | 274 | 774 | 886 | |
| Regional economic communities | | | | | | | | | |
| CEN-SAD | 7 319 | 20 927 | 21 579 | 15 999 | 8 656 | 24 146 | 25 257 | 17 979 | |
| COMESA | 4 555 | 12 884 | 14 108 | 11 047 | 5 863 | 14 827 | 16 339 | 11 580 | |
| EAC | 1 124 | 2 336 | 3 968 | 3 700 | 1 175 | 2 920 | 4 983 | 3 834 | |
| ECCAS | 116 | 407 | 1 481 | 1 217 | 286 | 416 | 1 439 | 1 227 | |
| ECOWAS | 589 | 2 622 | 3 257 | 1 926 | 626 | 2 851 | 3 629 | 2 075 | |
| IGAD | 721 | 1 606 | 2 979 | 2 129 | 1 201 | 2 527 | 3 947 | 1 171 | |
| SADC | 4 334 | 12 742 | 16 708 | 15 718 | 4 794 | 14 255 | 18 630 | 17 289 | |
| AMU | 3 186 | 9 119 | 9 420 | 7 717 | 3 629 | 11 255 | 11 829 | 9 791 | |
| Regional classifications | | | | | | | | | |
| Eastern Africa | 1 929 | 4 983 | 7 344 | 6 443 | 2 613 | 6 398 | 9 591 | 7 123 | |
| Middle Africa | 116 | 406 | 1 479 | 1 215 | 284 | 414 | 1 435 | 1 223 | |
| Northern Africa | 6 218 | 18 040 | 18 037 | 14 702 | 7 010 | 20 697 | 20 514 | 16 657 | |
| Southern Africa | 3 123 | 9 117 | 10 915 | 9 612 | 3 386 | 10 389 | 12 205 | 10 576 | |
| Western Africa | 607 | 2 622 | 3 288 | 1 955 | 626 | 2 851 | 3 665 | 2 106 | |

Source: UNCTAD calculations, based on data from UNWTO.

a Receipt and revenue figures reflect nominal prices.

Table 3

Africa: Tourism export revenues as a percentage share of total exports and total services exports, 1995–2014 (Averages)

| | TOURISM EXPORT REVENUES AS A SHARE OF TOTAL EXPORTS | | | TOURISM EXPORT REVENUES AS A SHARE OF TOTAL SERVICES EXPORTS | | |
|--------------------------|--------------------------------------------------------|-----------|-----------|-----------------------------------------------------------------|-----------|-----------|
| | 1995–1998 | 2005–2008 | 2011–2014 | 1995–1998 | 2005–2008 | 2011–2014 |
| Total Africa | 9 | 8 | 7 | 46 | 53 | 46 |
| Algeria | .. | 1 | 0 | .. | 15 | 9 |
| Angola | 1 | 0 | 2 | 20 | 71 | 93 |
| Benin | 11 | 14 | 8 | 46 | 63 | 39 |
| Botswana | 6 | 10 | 11 | 68 | 84 | 73 |
| Burkina Faso | .. | 9 | 6 | .. | 72 | 35 |
| Burundi | 2 | 2 | 2 | 20 | 4 | 4 |
| Cabo Verde | 44 | 26 | 24 | 50 | 26 | 25 |
| Cameroon | 5 | 5 | 9 | 26 | 50 | 76 |
| Central African Republic | 1 | 5 | 6 | 5 | 18 | 16 |
| Chad | 8 | .. | .. | 45 | .. | .. |
| Comoros | 52 | 48 | 41 | 63 | 57 | 53 |
| Congo | 1 | .. | .. | 13 | .. | .. |
| Côte d'Ivoire | 2 | 1 | 1 | 19 | 11 | 19 |
| Dem. Rep. of the Congo | .. | .. | .. | .. | .. | .. |
| Djibouti | .. | .. | .. | .. | .. | .. |
| Egypt | 27 | 25 | 18 | 38 | 50 | 43 |
| Equatorial Guinea | 1 | .. | .. | 66 | .. | .. |
| Eritrea | 38 | .. | .. | 64 | .. | .. |
| Ethiopia | 19 | 31 | 30 | 44 | 60 | 68 |
| Gabon | 3 | 0 | .. | 44 | 9 | .. |
| Gambia | 68 | 63 | 43 | 83 | 70 | 70 |
| Ghana | 5 | 17 | 7 | 44 | 61 | 42 |
| Guinea | 1 | 0 | 0 | 4 | 2 | 2 |
| Guinea-Bissau | .. | .. | 5 | .. | .. | 28 |
| Kenya | 25 | 19 | 18 | 51 | 48 | 40 |
| Lesotho | 13 | .. | .. | 55 | .. | .. |
| Liberia | .. | .. | .. | .. | .. | .. |
| Libya | 0 | 0 | .. | 28 | 55 | .. |
| Madagascar | 14 | 14 | 18 | 41 | 31 | 43 |
| Malawi | 5 | 6 | 3 | 84 | 64 | 35 |
| Mali | 5 | 11 | 6 | 31 | 59 | 46 |
| Mauritania | .. | .. | 2 | .. | .. | 23 |
| Mauritius | 26 | 35 | 30 | 75 | 74 | 55 |
| Morocco | 18 | 27 | 23 | 68 | 59 | 56 |
| Mozambique | .. | 6 | 5 | .. | 39 | 34 |
| Namibia | .. | 14 | 10 | .. | 89 | 61 |
| Niger | 8 | 7 | 3 | 72 | 54 | 38 |

Table 3 (contd.)

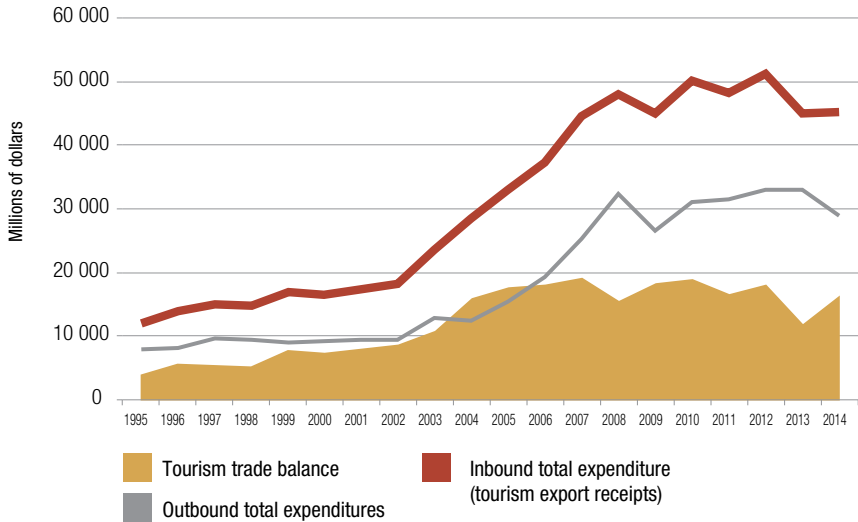
| | TOURISM EXPORT REVENUES AS A SHARE OF TOTAL EXPORTS | | | TOURISM EXPORT REVENUES AS A SHARE OF TOTAL SERVICES EXPORTS | | |
|--------------------------------------|--------------------------------------------------------|-----------|-----------|-----------------------------------------------------------------|-----------|-----------|
| | 1995–1998 | 2005–2008 | 2011–2014 | 1995–1998 | 2005–2008 | 2011–2014 |
| Nigeria | 0 | 1 | 1 | 9 | 21 | 25 |
| Rwanda | 12 | 36 | 30 | 35 | 61 | 67 |
| Sao Tome and Principe | .. | .. | 89 | .. | .. | 122 |
| Senegal | 12 | 18 | 13 | 41 | 48 | 39 |
| Seychelles | 55 | 43 | 36 | 78 | 81 | 63 |
| Sierra Leone | .. | .. | .. | .. | .. | .. |
| Somalia | .. | .. | .. | .. | .. | .. |
| South Africa | 9 | 13 | 9 | 62 | 69 | 62 |
| South Sudan | .. | .. | .. | .. | .. | .. |
| Sudan* | .. | .. | .. | .. | .. | .. |
| Swaziland | 5 | 3 | 1 | 44 | 17 | 8 |
| Togo | 3 | 4 | 12 | 16 | 15 | 45 |
| Tunisia | 23 | 17 | 13 | 72 | 70 | 59 |
| Uganda | .. | 23 | 24 | .. | 65 | 51 |
| United Republic of Tanzania | 29 | 28 | 22 | 67 | 65 | 61 |
| Zambia | .. | .. | .. | .. | .. | .. |
| Zimbabwe | 8 | 11 | 20 | .. | 92 | 199 |
| REGIONAL CLASSIFICATIONS | | | | | | |
| Eastern Africa | 16 | 19 | 15 | 45 | 55 | 45 |
| Middle Africa | 2 | 1 | 1 | 24 | 15 | 27 |
| Northern Africa | 14 | 10 | 9 | 47 | 52 | 45 |
| Southern Africa | 9 | 12 | 9 | 58 | 69 | 62 |
| Western Africa | 2 | 3 | 2 | 22 | 37 | 34 |
| REGIONAL ECONOMIC COMMUNITIES | | | | | | |
| CEN-SAD | 12 | 10 | 8 | 45 | 51 | 44 |
| COMESA | 15 | 12 | 11 | 42 | 50 | 41 |
| EAC | 20 | 23 | 21 | 44 | 56 | 48 |
| ECCAS | 2 | 1 | 1 | 24 | 15 | 27 |
| ECOWAS | 2 | 3 | 2 | 22 | 38 | 34 |
| IGAD | 18 | 13 | 13 | 44 | 48 | 33 |
| SADC | 9 | 9 | 8 | 53 | 64 | 60 |
| UMA | 9 | 7 | 7 | 60 | 55 | 49 |

Sources: UNCTAD, 2017 (total export revenues); UNWTO, 2017a (tourism export revenues).

a The Sudan includes South Sudan up to 2011.

Figure 2

Total inbound and outbound tourism expenditure, 1995–2014



Source: Based on data from UNWTO, 2017.

tourists (outbound tourism), the difference between inbound tourism expenditure and outbound tourism expenditure is known as the tourism trade balance with the rest of the world. Figure 2 shows that Africa’s tourism trade balance with the rest of the world has remained positive since 1995, i.e. more foreign exchange was earned than was lost due to tourism. Despite remaining positive, Africa’s tourism trade balance declined from a peak of \$19.1 billion in 2007 to \$16.3 billion in 2014. The countries with the highest tourism trade balance on the continent during 2011–2014 were Morocco (\$6.5 billion), Egypt (\$5.6 billion) and South Africa (\$3.6 billion).

The contribution of tourism to GDP and employment reflects the sector’s economic relevance. The tourism sector’s total contribution⁶ to the continent’s GDP doubled from \$69 billion between 1995 and 1998, to \$153 billion between 2005 and 2008, and rose to \$166 billion between 2011 and 2014 (table 4).⁷ As a share of GDP, tourism contributed 6.8 per cent to Africa’s GDP in 1995–1998,

6 See the glossary for the definition of total and direct contribution to GDP and employment.

7 The analysis of tourism’s contribution to GDP is expressed in constant prices (2005).

Table 4

Africa: Direct and total contribution of tourism to gross domestic product, 1995–2015
(Averages)

| | MILLIONS OF DOLLARS, IN REAL PRICES | | | | SHARE IN REAL GDP | | | |
|----------------------------|-------------------------------------|----------------|----------------|----------------|-------------------|------------|------------|------------|
| | 1995–1998 | 2005–2008 | 2011–2014 | 2015 | 1995–1998 | 2005–2008 | 2011–2014 | 2015 |
| TOTAL CONTRIBUTION | | | | | | | | |
| Total Africa | 69 191 | 153 514 | 166 319 | 177 988 | 6.8 | 9.6 | 8.5 | 8.3 |
| Eastern Africa | 9 148 | 19 814 | 26 791 | 30 088 | 8.5 | 12 | 10.9 | 10.7 |
| Middle Africa | 2 240 | 5 050 | 7 344 | 8 676 | 3.3 | 3.9 | 4.0 | 4.2 |
| Northern Africa | 33 949 | 77 503 | 74 882 | 75 260 | 8.6 | 12.9 | 11.1 | 10.6 |
| Southern Africa | 12 720 | 27 129 | 31 131 | 33 668 | 6.4 | 9.4 | 9.3 | 9.6 |
| Western Africa | 11 135 | 24 018 | 26 171 | 30 295 | 4.9 | 6.0 | 4.9 | 5.0 |
| DIRECT CONTRIBUTION | | | | | | | | |
| Total Africa | 29 845 | 65 035 | 69 755 | 73 453 | 2.9 | 4.0 | 3.5 | 3.4 |
| Eastern Africa | 3 858 | 8 061 | 10 851 | 12 235 | 3.6 | 4.9 | 4.5 | 4.4 |
| Middle Africa | 930 | 2 187 | 3 161 | 3 750 | 1.3 | 1.7 | 1.7 | 1.8 |
| Northern Africa | 15 772 | 35 985 | 34 696 | 34 364 | 4.0 | 6.0 | 5.2 | 4.9 |
| Southern Africa | 4 249 | 8 615 | 9 821 | 10 508 | 2.1 | 3.0 | 3.0 | 3.0 |
| Western Africa | 5 036 | 10 186 | 11 226 | 12 596 | 2.2 | 2.6 | 2.1 | 2.1 |

Source: UNCTAD calculations, based on data from the World Travel and Tourism Council.[1]

[1] The World Travel and Tourism Council provides estimates of the share of travel and tourism in GDP and employment. While the Council distinguishes between travel and tourism, tourism in this report encompasses travel; hence, it refers to tourism's contribution to GDP and employment.

9.6 per cent in 2005–2008 and 8.5 per cent in 2011–2014. Considering only its direct contribution to GDP, tourism accounted for 2.9 per cent in 1995–1998, 4 per cent in 2005–2008 and 3.5 per cent in 2011–2014. As noted previously, the sector was expanding strongly up to the financial crisis, contributing most in Northern, Eastern and Southern Africa.

Table 5 shows the total contribution of tourism to GDP as an average for the period 2011–2014 by individual countries and country categories. In 18 African countries, this share exceeded 10 per cent, illustrating the importance of tourism to these economies. This group includes all of Africa's small island developing States, four landlocked developing countries, eight least developed countries and five countries outside of these categories, namely Egypt, Kenya, Morocco, Namibia and Tunisia. This suggests

Table 5

Total contribution of tourism to gross domestic product, by country category, 2011–2014

| COUNTRY | SHARE OF TOURISM IN REAL GROSS DOMESTIC PRODUCT (AVERAGE 2011–2014) | COUNTRY CATEGORY | |
|----------------------------------|----------------------------------------------------------------------------------------|-------------------------|------|
| Algeria | 6.5 | | |
| Angola | 4.0 | LDC | |
| Benin | 6.0 | LDC | |
| Botswana | 11.3 | | LLDC |
| Burkina Faso | 3.5 | LDC | LLDC |
| Burundi | 5.6 | LDC | LLDC |
| Cabo Verde | 43.4 | SIDS | |
| Cameroon | 6.6 | | |
| Central African Republic | 6.4 | LDC | LLDC |
| Chad | 3.8 | LDC | LLDC |
| Comoros | 11.9 | SIDS | LDC |
| Democratic Republic of the Congo | 1.7 | LDC | |
| Congo | 4.3 | | |
| Côte d'Ivoire | 5.0 | | |
| Djibouti | .. | LDC | |
| Egypt | 12.5 | | |
| Equatorial Guinea | .. | LDC | |
| Eritrea | .. | LDC | |
| Ethiopia | 10.6 | LDC | LLDC |
| Gabon | 2.4 | | |
| Gambia | 20.5 | LDC | |
| Ghana | 7.7 | | |
| Guinea | 4.5 | LDC | |
| Guinea-Bissau | .. | LDC | |
| Kenya | 10.9 | | |
| Lesotho | 13.2 | LDC | LLDC |
| Liberia | .. | LDC | |
| Libya | 6.6 | | |
| Madagascar | 12.3 | LDC | |
| Malawi | 7.1 | LDC | LLDC |
| Mali | 9.4 | LDC | LLDC |
| Mauritania | .. | LDC | |
| Mauritius | 26.7 | SIDS | |
| Morocco | 18.4 | | |
| Mozambique | 7.2 | LDC | |
| Namibia | 14.7 | | |
| Niger | 3.3 | LDC | LLDC |
| Nigeria | 4.0 | | |
| Rwanda | 8.7 | LDC | LLDC |

Table 5 (contd.)

| COUNTRY | SHARE OF TOURISM IN REAL GROSS DOMESTIC PRODUCT (AVERAGE 2011–2014) | COUNTRY CATEGORY | |
|-----------------------------|------------------------------------------------------------------------------|------------------|----------|
| | | | |
| Sao Tome and Principe | 15.9 | SIDS | LDC |
| Senegal | 11.4 | | LDC |
| Seychelles | 61.5 | SIDS | |
| Sierra Leone | 5.6 | | LDC |
| Somalia | .. | | LDC |
| South Africa | 9.1 | | |
| South Sudan | .. | | LDC LLDC |
| Sudan | 5.1 | | LDC |
| Swaziland | 4.3 | | LLDC |
| Togo | 8.9 | | LDC |
| Uganda | 8.5 | | LDC LLDC |
| United Republic of Tanzania | 11.0 | | LDC |
| Tunisia | 15.1 | | |
| Zambia | 6.3 | | LDC LLDC |
| Zimbabwe | 10.9 | | LLDC |

Source: UNCTAD calculations, based on data from the World Travel and Tourism Council.

that tourism is a key sector in different types of countries, but particularly in African small island developing States. In fact, the three most tourism-driven countries in terms of the sectors' contribution to GDP are small island developing States: Seychelles (62 per cent), Cabo Verde (43 per cent) and Mauritius (27 per cent). These mostly relatively small economies are also among the most dependent on the export of services: Cabo Verde, Djibouti, the Gambia, Madagascar, Mauritius, Rwanda, Sao Tome and Principe and Seychelles (UNCTAD, 2015a).

The least tourism-dependent economies, in order, with a share of tourism in GDP of 4 per cent or lower, were the Democratic Republic of the Congo, Gabon, the Niger, Burkina Faso, Chad, Nigeria and Angola. Except for Burkina Faso, all of these economies are among the top 20 African oil-exporting economies. However, Angola (17 per cent), the Democratic Republic of the Congo (15 per cent) and Nigeria (14 per cent) were among the countries where tourism's contribution to GDP grew fastest in 2011–2014, along with Sao Tome and Principe (21 per cent per year) and the Sudan/South Sudan (16 per cent), but from a relatively low base.

Table 5 further indicates that countries where tourism makes a high contribution to GDP tend to have a greater reliance on source markets outside of Africa. The most

Table 6

Africa: Direct and total contribution to employment in tourism, 1995–2014

| | JOB IN TOURISM (THOUSANDS) | SHARE OF TOTAL EMPLOYMENT (PERCENTAGE) | ANNUAL AVERAGE GROWTH OF JOBS IN TOURISM (PERCENTAGE) |
|-----------------------------------------------------|---------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------|
| DIRECT CONTRIBUTION TO EMPLOYMENT IN TOURISM | | | |
| 1995–1998 | 4 505 | 2.2 | 5.2 |
| 2005–2008 | 8 654 | 3.3 | 2.5 |
| 2011–2014 | 8 845 | 2.9 | 0.3 |
| TOTAL CONTRIBUTION TO EMPLOYMENT IN TOURISM | | | |
| 1995–1998 | 10 513 | 5.2 | 5.7 |
| 2005–2008 | 20 466 | 7.9 | 4.4 |
| 2011–2014 | 21 188 | 7.1 | 1.0 |

Source: UNCTAD calculations, based on data from the World Travel and Tourism Council.

tourism-dependent countries during 2011–2014 (Seychelles, Cabo Verde, Mauritius, the Gambia, Morocco,) sourced more than 85 per cent of all international arrivals from outside the continent. The sector's dependency on source markets outside of Africa is also pronounced in Northern Africa as a subregion, where more than 8 out of 10 international tourists arrive from outside the continent. In contrast, in sub-Saharan Africa, only approximately one out of three international tourists arrives from outside the continent. This suggests that proximity to Europe is crucial for the tourist market in Northern Africa as well as for Cabo Verde and the Gambia, as several of these destinations specialize in a tourist product based on beach holidays and antiquities.

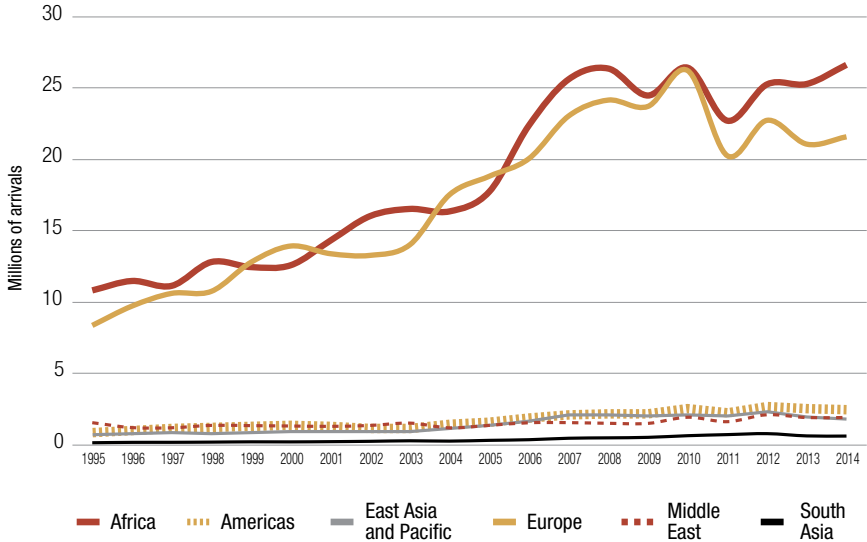
Figure 3 reflects that for Africa overall, the continental and the European markets are the most important source markets. Chapter 4 discusses the composition of international tourist arrivals in greater detail, showing that the continental market and intraregional markets are increasingly important.

Tourism has become an important employer in Africa. While in 1995–1998, tourism directly supported 4.5 million jobs, it supported more than 8.8 million jobs in 2011–2014 (table 6). Accounting for the sector's total contribution to employment, tourism supported more than 21 million jobs in 2011–2014, roughly 1 out of every 14 jobs in Africa, or 7.1 per cent. Job growth, however, slowed during the period under review, from 5.2 per cent per year in 1995–1998, to 2.5 per cent in 2005–2008 and 0.3 per cent in 2011–2014 (in terms of direct contribution). The recent slowdown may be the

Figure 3

Africa: Source markets by world region, 1995–2014

(Millions of international arrivals)



Source: UNCTAD calculations, based on data from UNWTO.

result of slower economic growth across the continent due to the end of the commodity boom, as well as the Arab Spring and the Ebola health crisis affecting the tourism industry in Africa.

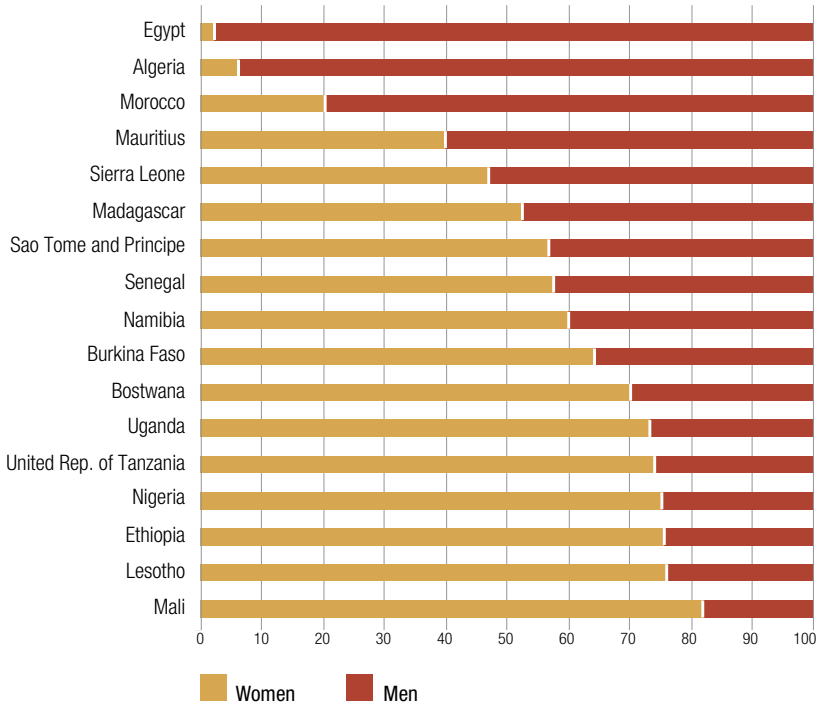
The scale of involvement of women in tourism in Africa is significant, in line with global trends. Global figures suggest that women make up approximately half of all jobs in the hotels and restaurants sector (UNWTO and UN Women, 2011).⁸

This trend is replicated in Africa as about 47 per cent of hotel and restaurant employees are women. Mali reported the highest female participation of all 172 countries surveyed by UNWTO, with women accounting for 82 per cent of all hotel and restaurant employment. With the exception of Northern Africa, the hotels and restaurants sector is an important employer for women in Africa and hence can contribute to more inclusive

⁸ Sex-disaggregated data are not available for all tourism and tourism-related jobs. The hotels and restaurants sector is thus used as a proxy.

Figure 4

Hotel and restaurant employees by sex, 2000–2012^a



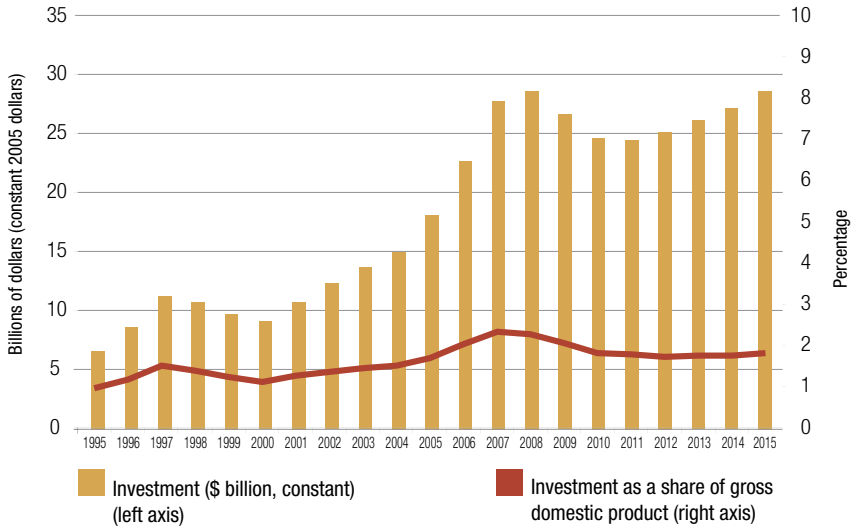
Source: UNCTAD calculations, based on data from UNWTO.
^a Data from the most recent year available used for each country.

growth (see chapter 3 for a more detailed discussion). Figure 4 shows the percentage of hotel and restaurant jobs held by women in African countries for which data were available in at least one year between 2000 and 2012.

For the sector to flourish, investments in tourism are required. Figure 5 shows that investment in tourism grew strongly from the year 2000 up to the financial crisis and reached an average of \$26 billion in the 2011–2014 period, 1.8 per cent of GDP. Tourism capital investment includes capital investment spending by all industries directly involved in travel and tourism. This also comprises investment spending by other industries on specific tourism assets such as new visitor accommodation, passenger transport equipment, restaurants and leisure facilities for specific tourism use.

Figure 5

Tourism: Capital investment in constant billions of dollars and as a share of gross domestic product, 1995–2015



Source: UNCTAD calculations, based on data from the World Travel and Tourism Council.

There is a perception that tourism is a sector that reacts strongly to economic, political, climatic and health crises, such as the financial crisis (2008/09), the Arab Spring (2011) or the recent Ebola outbreak (box 1). The fast rebound of tourist arrivals and expenditures after the financial crisis suggests that the sector can be resilient. The question thus is how stable tourism revenues are in relation to other external inflows and trade flows to the continent.

Tourism revenues appear to be a more stable source of external flows than foreign direct investment (FDI) and remittances. Table 7 shows the computed annual growth rates of three capital flows (official development assistance, remittances and FDI net flows) and two trade flows (revenues from commodities and manufactures exports), excluding outliers.⁹ The same exercise was conducted for tourism export revenues and expenditures on international passenger transport. The data series cover the period 1995–2014 and include a sample of 35 African countries for which data are available for the seven variables.

9 Approximately 5 per cent of the data set was considered an outlier (i.e. coefficients of variation greater than 6.0).

Table 7

Volatility of tourism inflows versus other external inflows

| | COEFFICIENT OF VARIATION |
|------------------------------------------------|---------------------------------|
| International passenger transport expenditures | -1.63 |
| Tourism export revenues | 1.46 |
| Remittances | 2.72 |
| Official development assistance | -0.05 |
| Foreign direct investment | 5.10 |
| Commodity export revenues | 5.00 |
| Manufactures export revenues | 3.12 |

Source: UNCTAD calculations, based on data from UNCTAD and UNWTO.

The coefficient of variation of the annual series of growth rates is computed for each of the African countries in the data set. Overall, the most inclusive measure of tourism revenues, tourism export revenues, is very stable compared with export revenues (whether manufactures or commodities) FDI and remittances. Of capital inflows, only official development assistance is more stable. International passenger transport expenditures also have a low coefficient of variation. Thus, both tourism revenues appear to be more stable and resilient to shocks than most other external and trade flows.

The stylized facts on tourism show that the sector has become an important contributor to GDP, employment and exports in Africa, though in recent years its expansion has slowed, and in 2015 the sector likely experienced a decline. Nonetheless, according to UNWTO and the World Travel and Tourism Council — the two key global tourism institutions — the sector's outlook for Africa is promising. UNWTO estimates that the number of tourist arrivals to the continent will grow to 134 million by 2030 (UNWTO, 2016a).¹⁰ With an expected growth rate of 5 per cent between 2010 and 2030, the sector is expected to contribute greatly to the continent's economic growth. It is forecast that North Africa will remain the major tourist destination, followed by East Africa, while growth in arrivals will be strongest in West and Central Africa (5.9 per cent), followed by East Africa (5.8 per cent). The World Travel and Tourism Council projects that travel and tourism will grow at 5.1 per cent annually from 2016 to 2026, contributing \$121.6 billion by 2026 to Africa's GDP, earning \$77.6 billion in exports and directly supporting over 11 million jobs. Hence, if properly harnessed, tourism could be a driver of economic growth and inclusive development.

¹⁰ The UNWTO Africa region does not include Egypt and Libya. These countries are included in the UNWTO Middle East region.

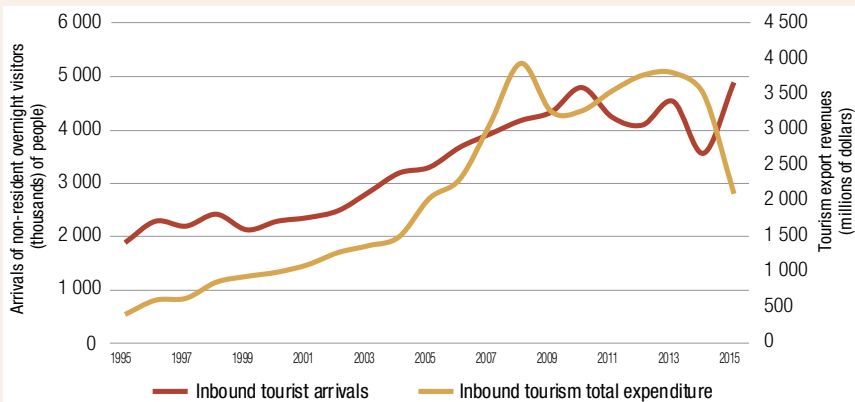
Box 1. The impact of Ebola on tourism in Africa

As is the case for most economic activities and sectors, health concerns and crises also have large and fast-acting impacts on tourism. The 2014 Ebola outbreak in Western Africa has had a very high cost for countries in the region affected by the disease in terms of tourism numbers and revenue lost. This impact was also felt across the entire African continent, with tourist arrivals and bookings falling in countries as far from the outbreak as South Africa and the United Republic of Tanzania.

In March 2014, the World Health Organization reported that authorities of Guinea had confirmed an outbreak of Ebola virus disease (United States of America, 2016). Described by the organization as “the most severe acute public health emergency seen in modern times” (World Health Organization, 2014), there were approximately 28,000 reported¹ cases of Ebola globally and 11,000 subsequent deaths during the outbreak, with most cases and deaths concentrated in Guinea, Liberia and Sierra Leone (World Health Organization, 2016). The three main source countries were finally declared Ebola-free in March 2016 (World Health Organization, 2016). Italy, Mali, Nigeria, Senegal, Spain, the United Kingdom of Great Britain and Northern Ireland and the United States of America all experienced limited local cases during the outbreak (United States of America, 2016).

Box figure 1

Western Africa: Tourism arrivals and expenditure, 1995–2015



Source: UNCTAD calculations, based on data from UNCTAD and UNWTO.

Box 1 (contd.)

Guinea, Liberia, Sierra Leone and the surrounding region have seen significant economic consequences of the outbreak. As shown in box figure 1, tourism arrivals fell by almost 1 million from 2013 to 2014, while tourism expenditure in West Africa has fallen by approximately \$1 billion since the outbreak. The threat of exposure to the disease and associated factors likely led tourists from within and outside Africa to cancel or postpone their trips to the affected countries and region. Beyond international arrivals, domestic tourism was also limited due to restrictions placed on movement between different districts within Sierra Leone by the central Government (Kongoley, 2015).

More positively, tourist numbers to the affected region have recovered quickly. This echoes the impact of other major health crises on tourism, such as the March 2003 outbreak in Asia of severe acute respiratory syndrome (SARS) (Siu and Wong, 2004). Health crises thus do not necessarily have a lasting impact on tourist numbers. However, lost tourism revenue remains significant in both the Ebola and SARS cases (see figure above).

Critically, these effects were not limited to the countries or region with the most significant numbers of Ebola cases. Forthcoming tourist arrivals were particularly affected across Africa, with a key safari bookings firm reporting that for more than half of 500 operators, bookings were down by 50 per cent on average in September 2014 (The New York Times, 2014). Bookings also fell in countries far from the epidemic centre such as Botswana, Kenya, South Africa and the United Republic of Tanzania.

The health risks posed to travellers to Ebola affected regions were real. Lack of awareness of the significant distance between travel locations and locations of the Ebola epidemic, however, likely led to tourists overestimating the threat of exposure. International tourists commonly book long-distance trips several months in advance; given that tourists (especially those from outside Africa) lack information and understanding on the quality and preparedness of African medical infrastructures for such crises, it was perhaps reasonable to assume that a distant location could have been affected by the disease by the time of undertaking travel. The risk to tourists though was very low throughout the outbreak (even for those travelling directly to areas in which cases were reported), given the need for direct contact with infected persons for transmission (World Health Organization, 2014). Perceptions of the Ebola threat played a major role in decreased tourist numbers. The existence of many alternative “safer” tourist destinations outside Africa further facilitated cancellation of travel plans (The Telegraph, 2014).

Several factors led to the declines in tourist arrivals. First, the real threat of exposure combined with fear and hysteria promoted by media coverage on non-African patients in the United States and the United Kingdom frightened some tourists away. Individual visits were postponed, and event and conference organizers were encouraged to change locations or cancel (BBC News, 2014a), likely discouraging some tourists from visiting Africa.

Box 1 (contd.)

Second, access to the affected countries and regions was severely limited by the suspension of international and regional flights to the region by multiple airlines (The Telegraph, 2014) and the closure of borders in the region, for example between Guinea and Senegal (Bloomberg, 2014).

Third, the travel bans put in place by more than 40 countries and many private firms, airlines and universities significantly contributed to lower tourism arrivals; the bans strongly advised nationals and employees against all non-essential travel to the affected region. Countries declared to be at “medium risk” of infection, such as Ethiopia, Kenya and Nigeria, were also affected by travel discouragement and bans.

Thirty-three countries, including 15 African countries, also limited visas or barred entry to people arriving from Guinea, Liberia and Sierra Leone during the crisis (Cable News Network, 2014). South Africa, for example, barred entry to all non-citizens arriving from these three countries. Intense screening was implemented in many airports around the world for all travellers arriving from West Africa, the effectiveness of which is debatable. This likely significantly decreased interest in travel to the region.

A Harvard–London School of Hygiene and Tropical Medicine Independent Panel, convened in 2015 to evaluate the global response to the Ebola crisis, cited unwarranted trade and travel restrictions as a major cause of the scale of the outbreak and its consequences. Implementing travel restrictions provides strong disincentives to reporting suspected outbreaks of diseases to the relevant authorities, both at the beginning of an outbreak and as it progresses through new regions, for fear of negative economic consequences. Closure of borders, airline suspensions and travel bans further complicated treatment efforts as they made evacuating infected personnel much harder, limiting the number of medical staff willing to work on the sick and the number of people who could be evacuated from major infection zones. Efforts to protect tourists and prevent transmission of the disease to new locations through the return of tourists may have weakened attempts to control the spread (Harvard–London School of Hygiene and Tropical Medicine, 2015).

The impact of Ebola on tourism in the affected West African region and across the entire African continent has been dramatic particularly in terms of lost tourism revenue, which will have lasting effects on the sector. The actual health threat, along with fear, access issues and travel bans were the main factors driving a decline in tourism. Travel bans likely exacerbated the severity of the outbreak by reducing the willingness of local and national stakeholders to report new cases of the disease and limiting control and treatment efforts. It is therefore important that awareness is raised among individual tourists, businesses and Governments regarding the actual level of risk posed to travellers to avoid damage to economies, livelihoods and public health in future crises.

1 The actual number of cases and deaths is widely believed to be higher; these figures are likely underestimates due to underreporting of suspected cases (The New York Times, 2014).

1.3 Tourism in national development plans

The previous section provided an overview of the economic importance of the tourism sector in Africa, showing that the sector expanded strongly from the period 1995–1998 to 2005–2008. While the global financial crisis had a negative impact on the sector, tourism recovered rather quickly and reverted to growth; more recently the sector experienced a slight decline. Overall, the data suggest that tourism in Africa has become an important contributor to economic growth, the continent's GDP, employment and exports. The sector's relevance, however, varies significantly across countries and subregions.

This section explores the status that tourism is assigned in national development plans and what ambitions Governments have for boosting the sector, highlighting the importance assigned to tourism and what developments may be expected in the tourism sector.

1.3.1 Mapping African tourism policy at the national level

National development plans outline a country's vision for its future, and identify planned policy and sector priorities. Mapping the prominence of different sectors in the plans is one way to gauge the role intended for the sectors in efforts to drive development and improve citizens' lives, and the likelihood of expansion of and investment in those sectors. Therefore, a non-exhaustive mapping exercise was conducted to review the role of tourism in the plans of 49 African countries.¹¹

All African countries reviewed intend that their tourism sector should grow or have some role in future development, as no plan failed to mention tourism. The degree to which tourism expansion and advancement has been planned by countries, however, varies significantly. The mapping exercise thus served to evaluate the clarity and planning of tourism programmes within the context of national development strategies.

Based on this criterion, national development plans fell into three groups:

Group 1. Plans that provide objectives for the tourism sector.

- For example, the Vision Burundi 2025 report says “a policy of development of tourism will be prepared to update tourist infrastructures and their logistics”.

Group 2. Plans that provide objectives and/or some planned policies aimed at achieving those objectives.

¹¹ This study by UNCTAD focused on national development plans primarily; poverty reduction strategy papers or similar documents were reviewed where national development plans were not yet finalized or fully implemented.

- For example, the Guinea-Bissau: Second National Poverty Reduction Strategy Paper (2011–2015) says “the main interventions proposed include... investing in training the youth through tourism schools... to prepare them for employment in the ecotourism sector”.

Group 3. Plans that provide objectives and/or policies, and detailed implementation plans.

- For example, the Second Medium-term Plan, 2013–2017, of Kenya includes details of specific programmes for the development of tourism (such as the Niche Products Programme and the Premium Parks Initiative) and a detailed budget and action plan.

The mapping exercise results for the 49 national development plans of African countries accessed show that 27 of the plans are in group 2, while 11 countries fall into both group 1 and group 3.¹²

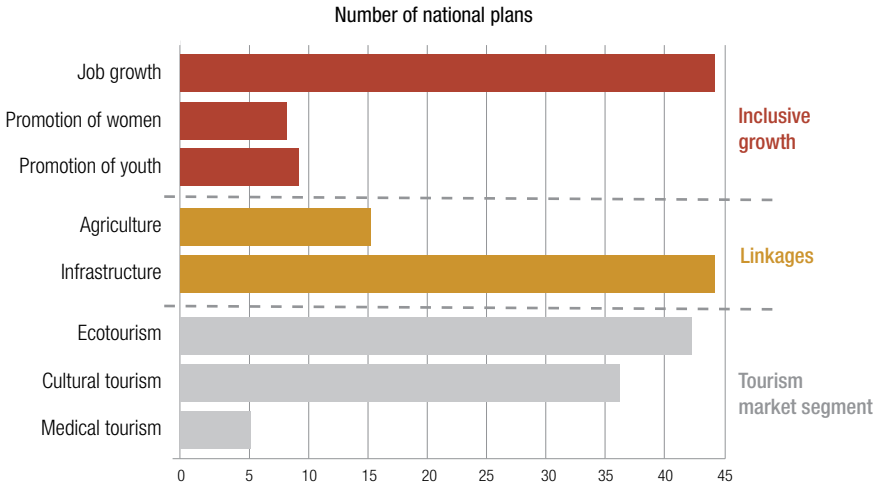
Though the sections on tourism in national development plans vary in planning detail, their content is broadly similar. The sections consider various opportunities for diversification within tourism and wider connections between tourism and inclusive economic development (as shown in figure 6). Regarding the connections to inclusive economic development, over 40 plans recognize the opportunities for and potential impact of tourism on job growth. Several plans also refer to women and youth (ages 15-24) in relation to their tourism sectors.

Many sections on tourism discuss two main intersectoral linkages: agriculture and infrastructure. Fewer plans link tourism growth to increased market opportunities for agricultural sectors, though this linkage is generally considered to be particularly relevant and strong. This may suggest that the potential of this linkage could be better exploited if at the policy level it were established more firmly. Over 40 plans recognize the relationship between, and highlight the paramount importance of, infrastructure and tourism development.

¹² The countries were as follows: group 1: Burkina Faso, Burundi, Cameroon, the Congo, Eritrea, the Gambia, Liberia, Libya, Madagascar, Mali and Nigeria; group 2: Algeria, Benin, the Comoros, the Democratic Republic of the Congo, Djibouti, Ethiopia, Gabon, Ghana, Guinea-Bissau, Lesotho, Malawi, Mauritania, Mauritius, Mozambique, Namibia, the Niger, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, South Africa, South Sudan, Swaziland, Tunisia, Uganda and Zambia; and group 3: Angola, Botswana, Cabo Verde, the Central African Republic, Chad, Equatorial Guinea, Guinea, Kenya, Somalia, Togo and the United Republic of Tanzania.

Figure 6

Tourism in national development strategies in Africa: Elements relating to inclusive growth, intersectoral linkages and tourism market segments



Source: UNCTAD calculations, based on data from UNCTAD, 2017, and UNWTO.

In terms of tourism diversification opportunities, expanding into the market segments of ecotourism and cultural tourism is recognized and intended in 43 and 37 plans, respectively. Medical tourism is also singled out by various plans, indicating that this is a market segment receiving increased attention (see chapter 2 for more detail).

These findings do not demonstrate conclusively the exact nature of ambitions and intentions for tourism as, in addition to national development plans, 23 African countries have separate tourism strategy documents.¹³ For instance, the Ethiopia: Building on Progress — A Plan for Accelerated and Sustained Development to End Poverty (2005/06–2009/10) briefly outlines the country’s tourism plans, while its Sustainable Tourism Master Plan 2015–2025 provides details. Separate tourism strategies account for the lack of detail provided on the sector in national development strategies, but the sector’s weight in policymaking and budgeting will likely depend on how it is included in overall national development plans. Where tourism is planned in a separate strategy,

13 A tourism strategy plan was defined as a plan that (a) focused solely on the development of tourism and (b) was authored by, or in partnership with, the relevant African Government.

it may not be a national priority as it is less likely to have been approved through a process of interministerial coordination, and is less likely to receive an appropriate portion of a country's budget.¹⁴

Other factors can gauge the ambitions of countries for the tourism sector, such as the availability and quality of tourism and hospitality schools. A total of 39 African countries have at least one such school or a dedicated relevant department in one of their universities, indicating ambitions to produce a workforce qualified to contribute to a successful tourism sector. It appears, however, that the quality and accessibility of those training facilities varies significantly and that more efforts are needed to develop sufficient human capital for tourism (see chapter 3).

Another factor is how countries invest in promoting their destination. A key element is the availability of information on the destination. It was found that 29 African countries have official government-run tourism websites, and 13 countries that lack government-run tourism portals have one or several privately owned tourism websites. This may indicate that more resources are needed for public tourism marketing, but also that the private sector has an interest in tourism and plays an important role in its development.

Overall, tourism has been given consideration in the national development strategies of most African countries. Fostering of tourism skills and marketing of African countries as desirable tourism destinations has laid the groundwork for the development of tourism. The opportunities for diversification that the sector offers and the links between inclusive economic development and tourism have notably been highlighted across Africa. These topics are explored further in this report.

14 The Government of South Africa indicates that among the main objectives of its national development plan are to build “consensus on the key obstacles... and what needs to be done to overcome those obstacles” and to create “a basis for making choices about how best to use limited resources” (South African Government News Agency, 2013).



CHAPTER 2

Fostering structural transformation through tourism

Sustainable development requires structural transformation towards more diversified economies and more inclusive growth. This chapter first explores whether the growth of tourism is associated with structural change and transformation. For this process to take place, tourism needs to offer viable alternatives to agriculture, including providing more stable and higher levels of income in sufficient numbers.

Secondly it considers how tourism can foster structural change. The role of linkages is paramount in this regard, as they promote the creation of jobs and economic opportunities that foster diversification into higher value activities and distribute incomes more broadly. The second part of the chapter thus examines how linkages between tourism, agriculture and infrastructure and market segments (ecotourism and cultural and medical tourism) may be strengthened.



Agriculture
and fishing



Infrastructure
(e.g. transport,
financial services)



Creative
industries



Utilities
(e.g. Internet,
electricity)



Furniture and
construction
materials



Services
(health,
entertainment)

Tourism

Linkages are
essential for successful
tourism development

Key elements of tourism competitiveness in top 3 destinations

- Affordable and extensive Internet connectivity
- Well-developed financial infrastructure



+10,000
medical tourists

from Madagascar, Seychelles
and Reunion Island received
medical treatment in Mauritius

2.1 Structural transformation and the growth of tourism

A key indicator of development is structural transformation, that is, shifting the composition of output and employment towards those economic sectors and activities with higher productivity and value added (UNCTAD, 2014a).

Successful and lasting structural transformation may be achieved through efficiency-enhancing investments in agriculture, so that people can leave the sector for employment in secondary and tertiary sectors without a fall in food production levels and a rise in food prices. On the demand side of the labour market, sectors that can absorb labour productively, such as industry or urban services, should be developed. Without such development, rural–urban migration may lead to more urban poverty, as shown in many studies (International Organization for Migration, 2015). Tourism may be an important facilitator of structural transformation, as the growth of labour-intensive services connected to tourism may help the productive re-allocation of surplus labour out of the primary sector.

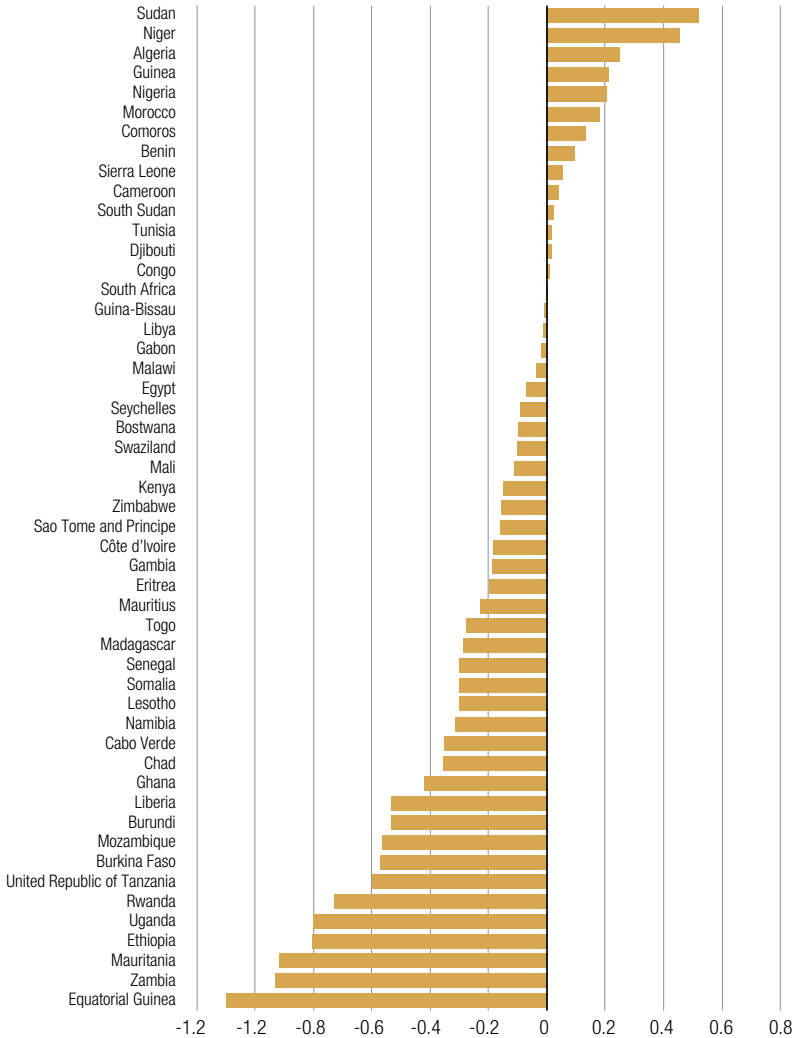
As shown in figure 7, a degree of structural transformation is occurring in many African countries, as measured by the average annual change in percentage points of the share of agricultural value added in total value added (in constant 2005 dollars). In most countries, this indicator is negative, indicating structural change. For example, the agricultural shares of Equatorial Guinea, Zambia and Mauritania declined by about 1 percentage point on average per year in 1995–2014. On the other end of the spectrum, the agricultural shares of the Sudan, the Niger and Algeria increased by almost 0.5 percentage point on average per year. The figures in terms of contribution of tourism to GDP suggest that most tourism-driven economies recorded some degree of structural change in this period, with the exception of Morocco and Tunisia.

Explorations of relationships between this indicator of structural change and tourism export revenues suggest that there is no simple relationship and that, in particular, there are clear differences across development levels.

As shown in figure 8, among African countries growth in tourism export revenues is negatively correlated with the share of agriculture in GDP, suggesting that tourism growth coincides with structural change. Tourism may offer new market opportunities that allow economies to diversify away from agriculture. As tourism has relatively low entry barriers for labour and low capital requirements, it can provide an alternative livelihood option, especially in rural areas. As a further illustration of the role of tourism in promoting structural change, box 2 details the transition of Mauritius from an agriculture-based economy to one that is oriented towards manufacturing and services.

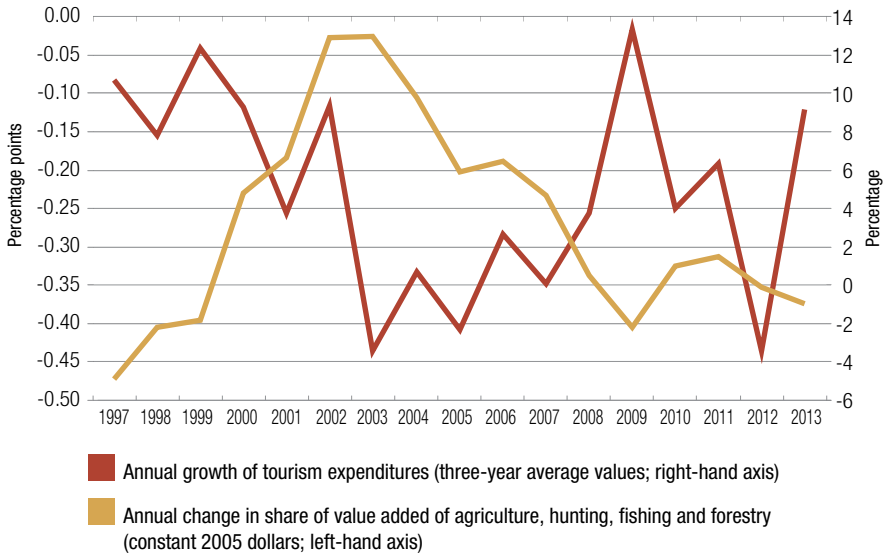
Figure 7

Structural change in Africa: Average annual change in share of value added of agriculture, hunting and forestry in total value added, 1995–2014 (Percentage points)



Source: UNCTAD calculations, based on data from UNCTADstat.

Figure 8
Structural change and growth of tourism in Africa, 1997–2013



Source: UNCTAD calculations, based on data from UNCTADstat.

Note: Angola and the Democratic Republic of the Congo are not included due to outliers. Central African Republic is not included due to lack of data.

2.2 The role of intersectoral linkages in structural transformation

In chapter 1, many of the stylized facts and the analysis of the tourism sector focused on the direct and indirect effects of tourist expenditures on the economy. Success in Africa in tapping into the potential of tourism for inclusive growth and sustainable development is largely contingent upon the ability to more broadly spread and share the benefits and opportunities in this sector, thereby minimizing the operation of tourism in isolation. A key aspect is the extent to which the tourism sector is integrated into national economies through intersectoral linkages that are strong and diverse and that have the potential to generate jobs, foster economic diversification and create export opportunities beyond the sector.

Box 2. Structural transformation in Mauritius

In the early 1970s, agriculture was the mainstay of the economy of Mauritius, with the sugar sector accounting for one third of employment, one third of export earnings and one quarter of GDP. The establishment of export processing zones in the 1970s and 1980s provided an impetus for economic diversification from agriculture to manufacturing. With strong productivity and sustained employment in manufacturing, by the 1980s, export processing zones accounted for more than 60 per cent of the gross export earnings of Mauritius, employing more people than the agricultural sector, and the growth rate of their value added was almost 30 per cent annually.

Between 1976 and 2010, primary sector production in Mauritius declined from 23 to 6 per cent of GDP, while the secondary sector (manufacturing, water, electricity and construction) expanded from 23 to 28 per cent of GDP and the tertiary sector (tourism and financial services) grew from 50 to 70 per cent of GDP.

In recent years, tourism and financial services have grown in importance. Since the mid-1990s, tourism has expanded rapidly, with tourist arrivals increasing from 437,000 in 1995 to 1.15 million in 2015 (see <http://statistics.unwto.org/news/2016-02-22/compendium-tourism-statistics-2016-edition>). In addition, the share of the hospitality subsector of GDP rose from 3.9 per cent in 1990 to 7.5 per cent in 2010.

Source: Zafar, 2011.

This section focuses on intersectoral linkages and examines how the sector's potential may be realized to promote local economic development by creating and stimulating enterprise development. The analysis of intersectoral linkages, which also explores constraints and opportunities in developing viable intersectoral linkages, is informed by national development plans, as most countries have identified agriculture, the development of infrastructure and certain market segments, including ecotourism and cultural and medical tourism, as priority areas in such plans, as noted in chapter 1. This section discusses how policy and regulatory frameworks, skills development, the private sector and support programmes might help to improve such linkages.

2.2.1 Linkages and their importance

Linkages between tourism and other productive sectors can stimulate employment and address rising levels of unemployment, poverty and social exclusion, as well as intractable environmental challenges on the continent. Tourism is a labour-intensive sector with low entry barriers and a strong absorptive capacity for job creation for both skilled and unskilled workers. The sector's projected robust growth may stimulate

further job creation and, given its higher contribution to GDP compared with its share of total employment, in 41 of 45 African countries, job creation through linkages between tourism and other sectors could result in improved livelihoods and income growth.

Linkages between tourism and other productive sectors and market segments also have the potential to spur local entrepreneurship through new business opportunities. In developing countries, as tourism enterprises comprise most businesses in key market segments such as accommodation, transport and tour operations, the growth of local tourism enterprises could yield significant economic benefits in local communities (Rogerson, 2013). In addition to stimulating employment and business opportunities for local suppliers and entrepreneurs, linkages can generate multiplier effects in other economic sectors and in communities in which tourism-related activities are undertaken. Economic opportunities in rural areas created in the tourism sector can contribute to poverty reduction, including among women and youth, and thereby play a role in fostering social inclusion while promoting rural development, and possibly helping to stem rural–urban migration.

Critically for Africa's least diversified economies, linkages between tourism and other productive sectors have the potential to promote economic diversification. Diversification into other productive sectors and activities can reduce the vulnerabilities of economies to external market dynamics while boosting productivity and increasing competitiveness. Strong linkages between tourism and other productive sectors and emerging market segments can be vital in promoting diversification, by raising the level of demand and creating new products and services, as well as markets, that can stimulate job creation and business opportunities, and generate new revenue streams for countries, as detailed in the next section.

2.2.2 Value addition in the tourism value chain

Tourism is an agglomeration of separate but related services. As shown in figure 9, the tourism value chain encompasses a variety of services based on country of origin, such as international travel booking, and on country of destination, such as transportation, accommodation, food and beverages, and handicrafts, among others, which can be further segmented into areas that have direct and indirect economic impacts. As part of strategies for the development of tourism, African countries may, in addition to putting in place incentives to attract tourists, aim at upgrading into the global tourism value chain by providing other services, such as supplying agricultural goods, rather than acting solely as destinations, and thereby compete with foreign suppliers in value chains.

Despite multiple linkages with other productive sectors in the value chain, tourism in Africa is characterized by weak intersectoral linkages owing to limited productive capacities across sectors. Dominance by foreign-owned firms, such as airlines, tour operators, travel agencies and hotel chains, and importation of inputs for use in the sector contribute to high economic and structural leakages, which impede the development of viable linkages at tourism destinations.

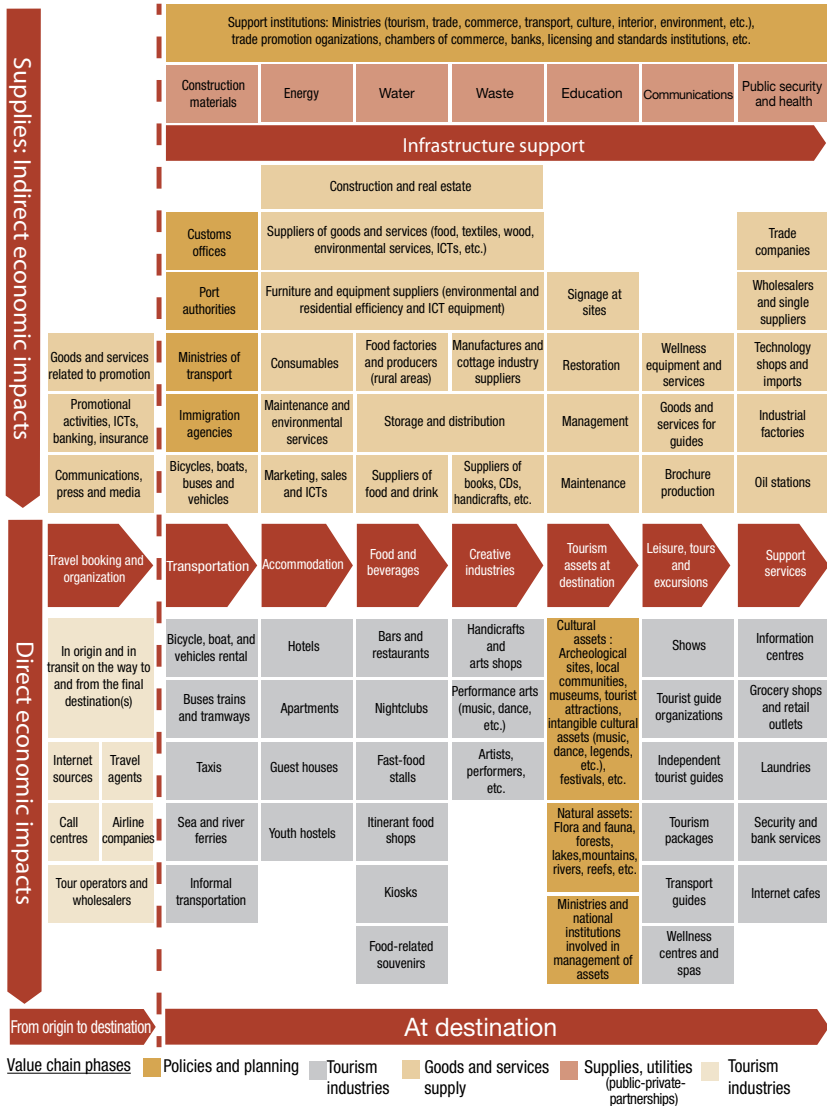
Economic leakages result from the importation of inputs into the sector in large part because of the inability of domestic firms in destination countries to supply goods and services to the sector, as well as from the repatriation of revenues to foreign countries by foreign-owned businesses, which source inputs globally rather than in local markets. For example, in Botswana, procurement by tourism establishments of agricultural inputs from intermediary suppliers who import an estimated 70 per cent of agricultural produce has not only contributed to weak linkages with smallholders (who supply less than one third of agricultural inputs), but has also contributed to economic leakages (Hunt et al., 2012). Structural leakages result from the retention of a substantial share of the travel, accommodation and recreation expenditures of tourists by foreign airlines, tour operators, travel agencies and hotel chains in the countries of origin of tourists, contributing to limited tourism revenues in destination countries.

Consequently, economic leakages contribute to significant losses in foreign exchange earnings and the limited retention of economic benefits in local communities in tourism destinations and, as a result of structural leakages, even fewer economic benefits accrue to local communities in which tourism-related activities take place.

Demand by the tourism sector for local goods and services from other productive sectors can help to ensure the latter's integration into the tourism value chain. Local procurement of inputs can generate business opportunities for local suppliers, with backward linkages indirectly creating employment and generating multiplier effects in other economic sectors. Forward linkages with sectors that stimulate markets for products or services consumed by tourists, such as handicrafts, shopping experiences and musical performances, among others, benefit local communities through employment and business opportunities generated by local enterprises and suppliers. Developing strong intersectoral linkages is crucial to ensuring a greater capture of tourist expenditures – a key determinant in facilitating the transfer of economic benefits from the sector to local communities, with incomes derived from employment and business opportunities contributing to improved livelihoods and poverty reduction.

In an effort to shed greater light on the breadth and depth of linkages between tourism and other sectors, and more specifically characterize the related value chain, an empirical analysis was conducted of value added flows related to tourism. Using data from the

Figure 9
Tourism value chain



Source: Based on UNWTO, 2013.

2015 Trade in Value Added database of the Organization for Economic Cooperation and Development (OECD) and UNWTO,¹⁵ the origin of value added in final demand by the tourism sector was examined by gauging the pattern of backward linkages to the rest of the economy, at both the domestic and international levels. This analysis shows the potential of the tourism sector to develop backward linkages with agriculture and services that can foster economic diversification and promote structural change.

As the database covers only two African countries — South Africa and Tunisia — the analysis includes, for comparison and to provide insights into the breadth and depth of intersectoral linkages, two developing countries in Asia — Indonesia and Thailand — that are broadly similar in terms of GDP per capita and significance of the tourism sector in the export structure and relative to GDP. This comparison, as shown in table 8, highlights both the potential opportunities and challenges for Africa in enhancing the contribution of tourism linkages to broader economic development.

The sectoral classification referred to in this section is based on the Trade in Value Added database and differs from the classification used elsewhere in this report. In this section, tourism refers specifically to hotels and restaurants, and corresponds to International Standard Industrial Classification of All Economic Activities, revision 3, item 55.¹⁶ Data from the database should be regarded as estimates rather than official statistics, primarily because their derivation hinges, from a statistical point of view, on the following two main assumptions:

- Production assumption, which assumes that for a given industry, all firms use the same goods and services to produce the same outputs (that is, a single production technique)
- Proportionality assumption, which assumes that, for a given product, the proportion of intermediates that an industry purchases from abroad is equal to the ratio of imports to total domestic demand in that product.¹⁷

Figure 10 shows the sectoral flows of value added in final demand by hotels and restaurants in South Africa and Tunisia, in comparison with Indonesia and Thailand.¹⁸

15 The database, which covers 61 economies and 34 industries for 1995, 2000, 2005 and 2008–2011 and is derived from the Intercountry Input–Output database of the OECD (which matches bilateral trade flows with national input–output and supply and use tables), provides insights into the nature and characterization of supply chains (OECD and UNWTO, 2017; see <http://www.oecd.org/sti/ind/tiva/tivasourcesandmethods.htm>).

16 See <http://unstats.un.org/UNSD/cr/registry/regcst.asp?Cl=2>.

17 Larger firms engaged in international trade are more likely to use foreign inputs. Assumptions in the Trade in Value Added database are likely to result in downward-biased estimates of the share of foreign value added content in exports.

18 Output and final demand data in figures 10, 11 and 12 are in millions of dollars at current prices with a basic price valuation.

Notwithstanding the significant expansion of the tourism sector in the 2000s, and the corresponding increase in final demand, in all four countries, the sectoral breakdown of value added demanded appears broadly similar and stable over time. Moreover, the figures underscore the dominant weight of the value added content sourced from hotels and restaurants (accounting for roughly half the final demand), as well as other types of services (accounting for another 20 per cent). Backward linkages from hotels and restaurants, agriculture and manufacturing are quantitatively less substantial (each representing an average 12 per cent of the total), and are relatively limited in South Africa and Tunisia, compared with Indonesia and Thailand.

The analysis also considers the extent to which tourism-related leakages in South Africa and Tunisia benefit other countries, including neighbouring States. Member countries of the OECD account for over half the foreign value added in the final demand by hotels and restaurants in South Africa, while a residual group (including, among others, all African countries excluding Tunisia) account for less than one third of foreign value added. Similarly, in Tunisia, member countries of the OECD account for approximately two thirds of foreign value added in final demand by hotels and restaurants, while the residual group account for about one fifth of foreign value added. Thus, neighbouring countries do not benefit significantly from leakages emanating from the tourism sectors in either South Africa or Tunisia.

Figure 11 presents more disaggregated data on value added in final demand by tourism in 2011 (the latest available year), distinguishing across source industries and by the domestic or foreign origin of value added content, thereby allowing for a more accurate analysis of intersectoral linkages and related leakages. Consistent with the general trends discussed above, figure 11 shows the heterogeneity in patterns of intersectoral linkages and leakages across countries. With regard to hotels and restaurants, while backward linkages within the same industry are prominent in all four countries, South Africa's higher dependence on foreign sources of value added is apparent, with foreign value added accounting for 45 per cent of final demand, compared with 8 per cent in Tunisia and approximately 10 per cent in Indonesia and Thailand. Despite some variability across countries, in terms of contribution of source industry domestically compared with internationally, figure 11 shows the significance of backward linkages with other services sectors. South Africa and Tunisia are consistent with Thailand, but less so with Indonesia, where the contribution of the domestic services sector to final demand by the tourism sector appears significantly higher, and leakages are thus correspondingly lower.

Table 8

Tourism, gross domestic product and exports, selected countries, 1995–2014

| | COUNTRY | 1995 | 2000 | 2005 | 2010 | 2014 |
|------------------------------------------------------------------------------------------|--------------|---------|---------|----------|----------|----------|
| International tourism receipts (percentage of total exports) | Indonesia | 9.9 | 7 | 5.4 | 4.6 | 5.8 |
| | South Africa | 7.7 | 9 | 12.7 | 9.6 | 9.6 |
| | Thailand | 13.2 | 12.2 | 9.4 | 10.5 | 14.9 |
| | Tunisia | 23 | 23.1 | 19.2 | 15.7 | 14.1 |
| Gross domestic product per capita (purchasing power parity; constant 2011 dollars) | Indonesia | 6 022.6 | 5 805.8 | 6 838.4 | 8 465.3 | 10 031.3 |
| | South Africa | 9 718.8 | 9 915.7 | 11 138.9 | 12 078.1 | 12 454.3 |
| | Thailand | 9 417.1 | 9 228.2 | 11 449.1 | 13 584.2 | 14 976.0 |
| | Tunisia | 6 238.4 | 7 690.2 | 8 867.4 | 10 528.2 | 10 913.1 |
| Exports of goods and services (percentage of gross domestic product) | Indonesia | 26.3 | 41 | 34.1 | 24.3 | 23.6 |
| | South Africa | 22.1 | 27.2 | 26.5 | 28.6 | 31.2 |
| | Thailand | 41.5 | 64.8 | 68.4 | 66.2 | 69.3 |
| | Tunisia | 44.9 | 39.6 | 44.9 | 50.5 | 45.6 |

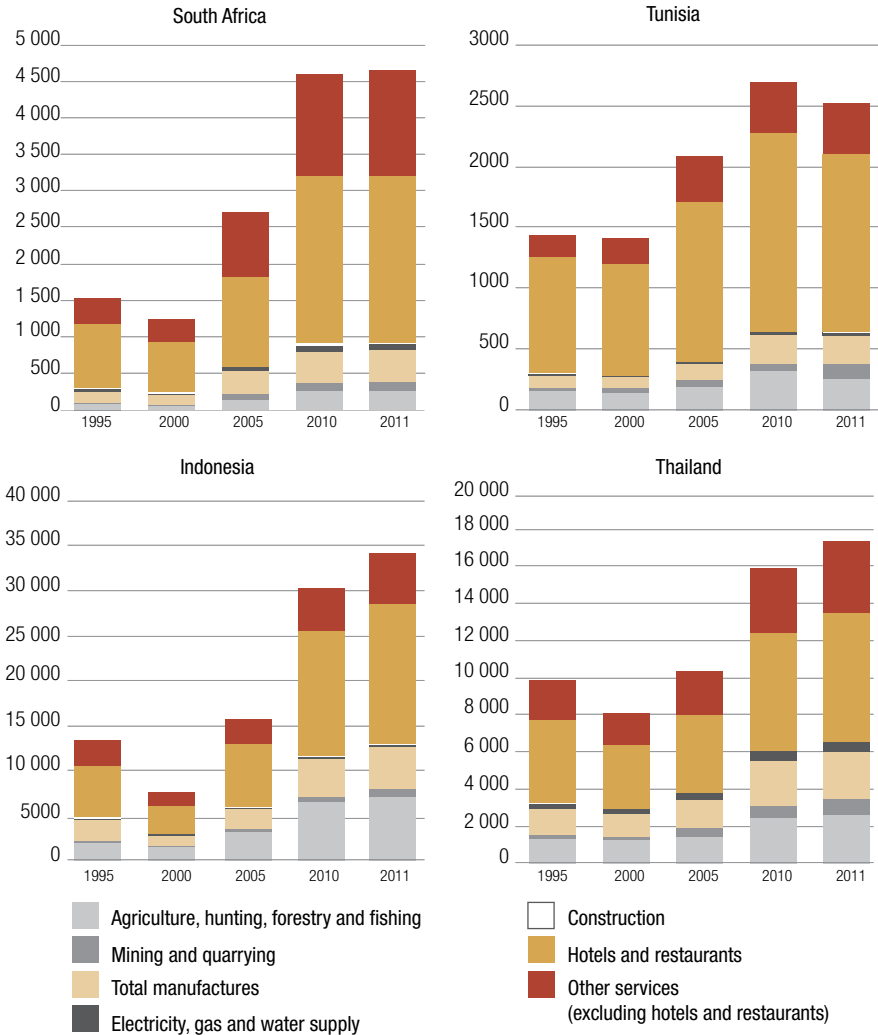
Source: UNCTAD calculations, based on World Bank, 2017.

With regard to the geographical origin of value added, South Africa differs markedly from the other three countries; on average, the contribution of foreign value added accounts for roughly half the final demand by hotels and restaurants, compared with only 20 to 25 per cent in the other countries, suggesting that South Africa's tourism sector is characterized by a higher degree of leakages, or put differently, has a higher level of dependence on international supply chains.

The gap between the two countries in Africa and the two countries in Asia seems more pronounced with regard to linkages with the agriculture and manufacturing industries. In both Indonesia and Thailand, the contribution of value added by the agricultural sector is not only greater, but seems overwhelmingly driven by the domestic agricultural sector. Conversely, in South Africa, and to a lesser extent in Tunisia, agricultural value added relative to total final demand is less prominent and is characterized by greater leakages, suggesting that the scope for the development of intersectoral linkages remains largely untapped (see section 2.2.3). Similarly, while the contribution of some manufacturing industries (such as food and beverages, textiles, chemicals and wood and paper), despite limited quantitative contributions to final demand by the tourism sector, tends to be generally higher and better linked to the domestic economy in Indonesia and Thailand than in South Africa, with the exception of the food industry in Tunisia.

Figure 10

Value added content in final demand by hotels and restaurants sector, by main source industry, selected countries, 1995–2011 (Millions of dollars)



Source: UNCTAD calculations, based on OECD and UNWTO, 2017.

Figure 12 presents a more nuanced analysis of selected intersectoral linkages in 1995 and 2011 in South Africa and Tunisia, which assesses the relevance of domestic backward linkages in selected source industries, overall significance of source industry in final demand by the tourism sector and the total value added content by source industry in final demand. With regard to the latter, a larger bubble and/or a shift of the bubble towards the top-right corner reflects expanded opportunities for domestic backward linkages with tourism.

In South Africa, for all industries considered, the growth in tourism, reflected in the overall increase in final demand, has potentially created opportunities for the development of intersectoral linkages, shown by the increase in bubble size over time. Such growing opportunities, however, have materialized only to a certain extent. With regard to food products, trade, transport and financial intermediation services, higher levels of final demand are combined with growing participation by domestic suppliers and producers and with a slight increase in the relative weight of the industry in final demand. This implies a combination of factors favouring the expansion of intersectoral linkages with the rest of the economy of South Africa. Conversely, in the agricultural and chemical sectors, the share of value added accounted for by foreign actors has increased, suggesting that these sectors have witnessed a move towards greater leakages over time.

In Tunisia, growth in tourism in the last decade has created broader scope for intersectoral linkages.¹⁹ Although starting from a higher level of domestic contributions, the country has experienced a slight contraction in the proportion of final demand by hotels and restaurants in domestic value added, partly offsetting the increasing scope for intersectoral linkages. Among the sectors considered, this is particularly evident with regard to chemicals and financial intermediation, which witnessed the increasing use of foreign sources of value added.

Based on the experiences of Indonesia and Thailand, the empirical analysis suggests that there is some scope for African countries to harness intersectoral linkages with the tourism sector to support the development of viable upstream industries, not only in the services sector, but also in agriculture and in some manufacturing segments. Given the degree of heterogeneity, intersectoral linkages need to take into consideration country-level and sector-level contexts. In addition, while the input–output structure of value chains influences intersectoral linkages, a conducive policy framework is nevertheless critical in fostering economic diversification and promoting local value addition, as discussed in the next section.

19 These observations relate to data for 2011 (the latest available year), but are broadly valid also for previous years. Although the effects of the popular uprisings in Tunisia in 2010 and 2011 on the tourism sector in Tunisia may have influenced the figures — notably through a generalized decline in tourism receipts — they are unlikely to offer a decisive explanation for the patterns seen.

Figure 11

Value added content in final demand by hotels and restaurants sector, by source industry and origin, selected countries, 2011

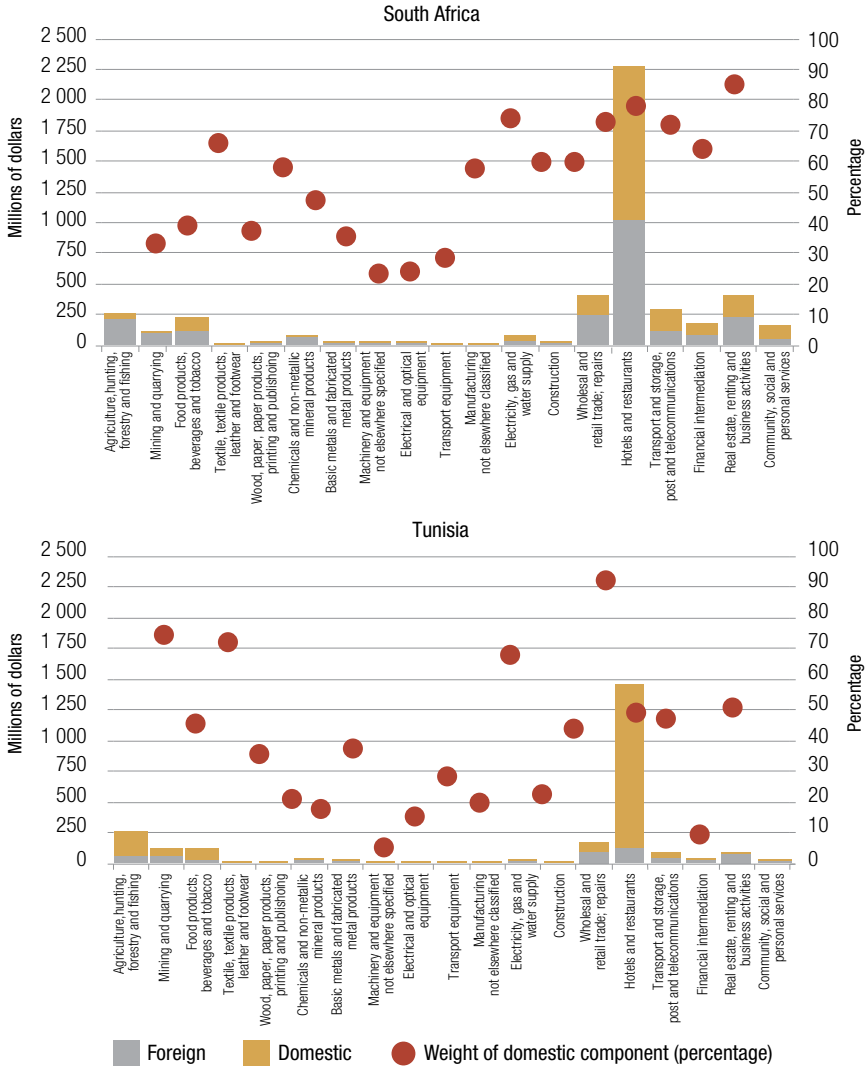
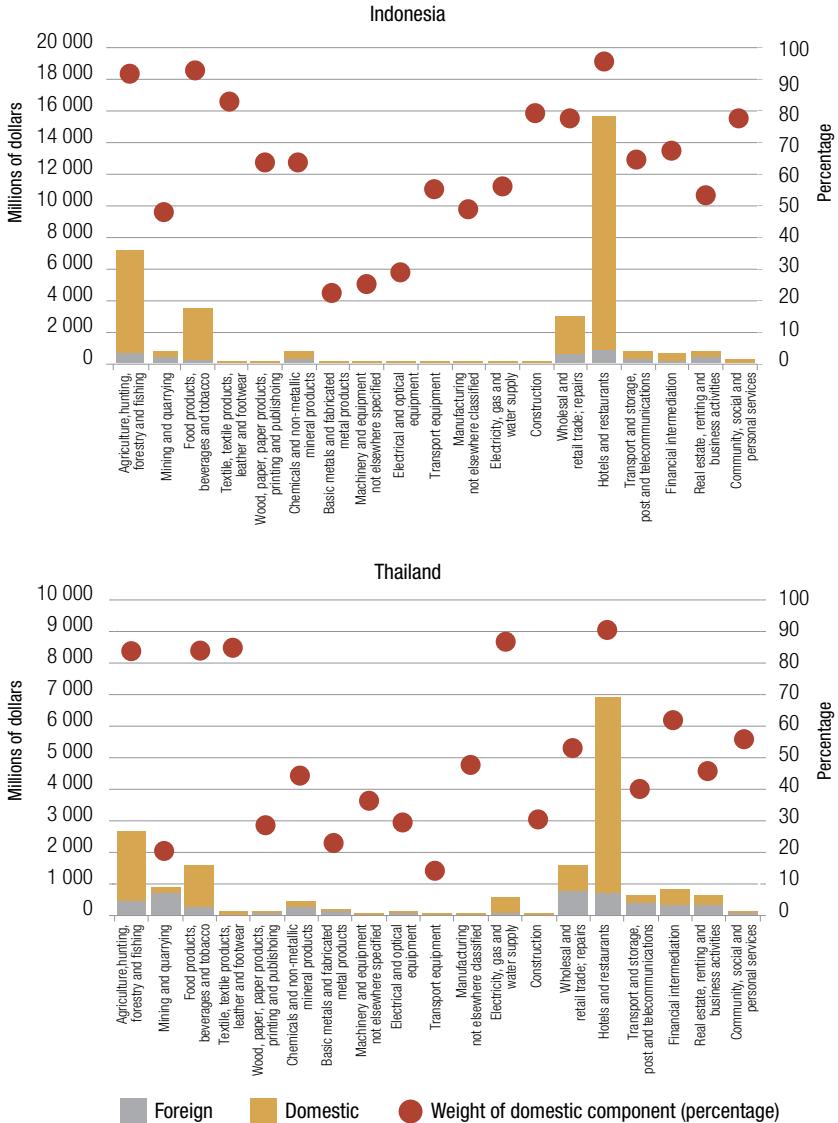


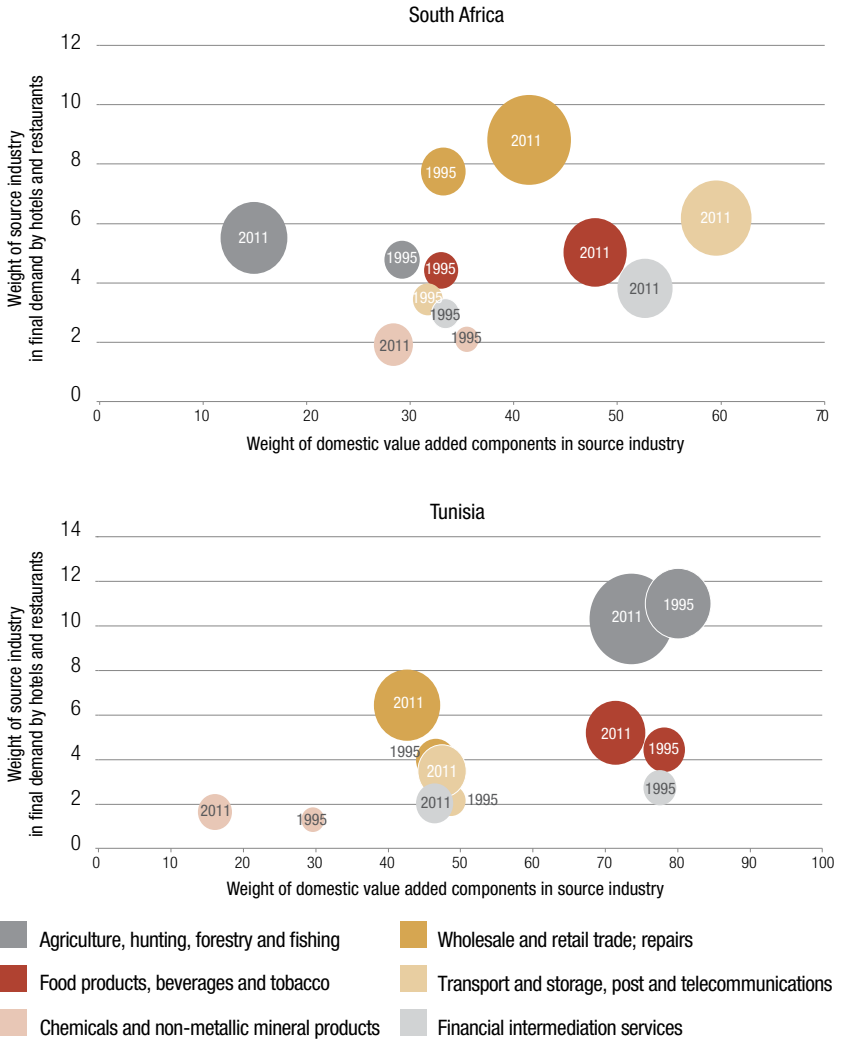
Figure 11 (contd.)



Source: UNCTAD calculations, based on OECD and UNWTO, 2017.

Figure 12

Evolution of selected intersectoral linkages with hotels and restaurants sector, South Africa and Tunisia, 1995 and 2011



Source: UNCTAD calculations, based on OECD and UNWTO, 2017.

2.2.3 Strengthening intersectoral linkages

Recognizing the importance of intersectoral linkages in contributing to sustainable development by creating jobs, fostering social inclusion and promoting environmental protection, this section explores the potential of developing strong linkages between tourism and established sectors (agriculture and infrastructure), and with different market segments such as ecotourism and cultural and medical tourism, that can promote economic diversification and structural transformation.

Agriculture and fishing

Agriculture, the mainstay of many African economies, accounts for 14 per cent of the continent's GDP and 60 per cent of its employment. As the tourism sector consumes a wide variety of inputs from agriculture, including fresh produce, processed agricultural products and flowers, and as food and beverages account for one third of tourist expenditure (Telfer and Wall, 1996), there is potential to develop viable agriculture–tourism linkages that can raise demand for products and services, and contribute to employment creation and business opportunities.

On the demand side, procurement by tourism establishments of local agricultural produce can strengthen local agricultural sectors, with backward linkages creating supply and employment opportunities. On the supply side, such procurement can provide a viable market and a reliable source of income for local agricultural producers. In addition to supporting the development of local linkages, the procurement of local products may be critical in preventing economic leakages associated with the import of inputs or the sourcing of inputs from intermediary suppliers. For example, in Ethiopia, strong backward linkages between tourism establishments and smallholders have been facilitated by a low level of imports due in part to government restrictions, thereby ensuring local procurement and contributing to the greater capture by poor households of tourists' food expenditures, with 44 per cent of hotel spending on food accruing to the poor (Mitchell and Coles, 2009).

There is potential to develop strong backward linkages in dynamic, high-value agricultural subsectors such as horticulture and organic farming, which have been underexploited to date by the tourism sector. As women in Africa participate largely in smallholder agriculture, engaging smallholders in the tourism value chain can be an important vehicle for advancing gender empowerment, in addition to fostering social inclusion.

Linkages with horticulture may be a growth area for women smallholders, who dominate the subsector, comprising at least 50 per cent of its paid workforce in Kenya, South Africa and Zambia (Maertens and Swinnen, 2010). Opportunities for women smallholders to

supply high-value horticultural products to tourism establishments can help to ensure a viable market for their products and more reliable and higher levels of income, with integration into the tourism value chain having positive spillover effects.

Organic farming, a rapidly growing agricultural subsector, is a potential area for the development of strong linkages. On the demand side, tourism establishments can provide a market for local organic produce and a competitive edge for smallholders. On the supply side, low entry barriers for pesticide-free produce can enable local organic smallholders to earn higher levels of income from high-value products, thereby improving rural livelihoods and helping to reduce poverty in rural communities (UNCTAD, 2006).

Demand for agricultural products and services consumed by tourists can also create strong forward linkages. Agritourism-related activities such as farm tours, animal feeding and horseback riding, complement traditional agriculture and offer opportunities for alternative and additional employment and stimulate business opportunities. While it is primarily associated with commercial agriculture, agritourism is increasingly practised by smallholders in, for example, Ghana and South Africa, and can be vital in promoting diversification from low-value to high-value activities (Eshun and Tettey, 2014; Rogerson and Rogerson, 2014). In addition, linkages between tourism and high-value activities such as agroprocessing have the potential to stimulate job creation and entrepreneurship, while transforming rural areas. On the demand side, procurement by tourism establishments of locally produced high-value processed goods can increase business opportunities for local agroprocessing enterprises and indirectly stimulate employment in such enterprises, while strengthening local industrial development through light manufacturing. On the supply side, agroprocessing enterprises can help to enhance skills development, boost productivity and generate multiplier effects in other areas, through demand for inputs from smallholders and from infrastructure (such as transport and storage), resulting in broader benefits in the rural economy (Barrett et al., 2001; UNCTAD, 2015b).

Fishing plays an important role in African economies. In addition to revenues generated through exports, fishing, if properly harnessed, can contribute to local economic development, with strong linkages between tourism and small-scale and artisanal fishing supporting local job creation and business opportunities. Returns from small-scale and artisanal fishing may be substantial, and incomes earned from employment and business opportunities contribute to improved livelihoods and local economic development. For example, in Ethiopia, the direct sale of fish to buyers from small-scale fishers is associated with a high level of income retention, with fishers retaining 80 per cent of income and annual gross margins averaging \$1,000 (Mitchell and Coles, 2009).

Diversification into other activities related to fishing can raise demand for products and services and generate new revenue streams, thereby stimulating job creation and the development of local enterprises. Such alternative activities (such as boat trips, bonefishing and line and sports fishing for tourists, and the sale of fish products to tourists and tourism establishments) can provide small-scale fishers an opportunity to supplement primary incomes. Similarly, activities such as snorkelling and scuba diving can help to boost marine tourism and may be critical in supporting the development of the ocean, or blue, economy, particularly in small-island developing States. For example, in Mauritius, the road map for the ocean economy identifies the country's strategy for harnessing marine tourism, fisheries and aquaculture.

Positive externalities associated with agriculture–tourism linkages include reduction of the ecological footprint of tourism establishments through the use of local sourcing. In addition, the more productive use of agricultural resources through agroprocessing can provide a basis for early stage industrialization, with a shift from informal (low-value) to formal (high-value) activities such as light manufacturing boosting productivity and providing an impetus for structural transformation in rural areas (UNCTAD, 2015b). Negative externalities include the fact that increased demand for local agricultural inputs may increase the cost of food and other products, as well as competition for water, land and other productive resources. With regard to fishing–tourism linkages, conflict may arise due to competition over the usage of the limited coastal resources important to both sectors. In addition, pollution, degradation of coastal and marine habitats and threats related to overfishing pose risks to the livelihoods of small-scale and artisanal fishers and the long-term sustainability of fishing.

To realize the potential of agriculture–tourism and fishing–tourism linkages to contribute to sustainable development, it is necessary to address constraints that hinder the development of such linkages. Such potential may be enhanced at the regional level through policy frameworks on agriculture and tourism. For example, the Comprehensive Africa Agriculture Development Programme and the Tourism Action Plan of the New Partnership for Africa's Development should aim to promote intersectoral linkages and align and integrate cross-sectoral issues, in order to build on complementarities between sectors.

On the demand side, limited capacity among suppliers to meet the health and safety standards of tourism establishments, including sanitary and phytosanitary standards, and to supply agricultural produce consistently and reliably, along with the preference of tourists for imported foods, restricts their ability to supply produce and impedes the development of viable local agriculture–tourism linkages (Hunt et. al., 2012; Rogerson, 2011; Torres and Momsen, 2004). In this regard, policy frameworks that emphasize local

sourcing by requiring tourism establishments to obtain inputs from local sources may be vital. For example, in South Africa, the National Responsible Tourism Development Guidelines issued in 2002 encourage the procurement of local goods and services from locally owned enterprises that meet quality, quantity and consistency standards. The private sector can also play a role in addressing constraints on the capacity of suppliers to provide inputs to the tourism sector. Tourism establishments may facilitate the integration of enterprises into the tourism value chain by raising awareness of their procurement requirements among suppliers, by providing advice on product safety and standards requirements and by mentoring enterprises to become viable suppliers. For example, international hotel chains are increasingly providing support to local suppliers to ensure compliance with their procurement requirements. At the subregional level, for example, as part of the Local Sourcing for Partnerships Programme of the Business Council of the COMESA, capacity-building workshops undertaken in partnership with international hotels aim to improve the knowledge of local small and medium-sized enterprises of food safety requirements in tourism, to enhance local sourcing and procurement. The Council has entered into buyer agreements with international hotels, which link local suppliers that have undergone training to the hotels, thereby increasing local sourcing (COMESA Business Council, 2016).

On the supply side, local producers are often unable to compete with imported foods in terms of quality, making them uncompetitive and creating disincentives for the development of agriculture–tourism linkages. Private-sector initiatives that facilitate linkages between buyers and suppliers and address underlying cross-sectoral constraints associated with the mismatch between supply and demand can help to ensure the capacity of local suppliers to participate in tourism value chains. In this regard, associations in the tourism and agricultural sectors that facilitate linkages between small-scale agricultural producers and buyers in tourism establishments play an important role. For example, in Egypt, Environmental Quality International, a private-sector organization, trains smallholders participating in the Siwa Sustainable Development Initiative in organic farming methods and certifies produce as organic, enabling farmers to supply high-value produce branded as organic to accommodation facilities and obtain higher prices for their produce (Hatem, 2008). Costs associated with obtaining organic produce certification required by some tourism establishments may be prohibitive for smallholders and create disincentives for such producers to supply products to the sector. In addition, underdeveloped road networks in rural areas in Africa can impede local agricultural suppliers from reaching markets, with high transaction costs affecting the competitiveness of such suppliers. Well-developed transport networks and infrastructure can help to ensure access to local markets by linking smallholder agricultural suppliers to buyers in the tourism sector and facilitate the

development of alternative activities such as agritourism. In addition to reliable transport, the availability of post-harvest handling and processing equipment can, for example, help to ensure the proper handling and storage of fish by fishers, thereby guaranteeing their quality and safety.

Infrastructure

Infrastructure and tourism are mutually supportive; infrastructure is critical for and an enabler of the development of tourism, and tourism can stimulate the development of infrastructure. While the comparative advantage of tourism lies in the natural resource endowments in destinations, the sector's competitiveness is largely determined by the degree to which such natural resources are complemented by access to and the availability of well-developed infrastructure at destinations.

The availability and quality of basic physical infrastructure, including well-developed airports, ports and road and railway networks, and access to supportive infrastructure such as sanitation, water and electricity supplies and telecommunications, which facilitate foundational services for other productive sectors, are critical to the growth and competitiveness of tourism. In addition to facilitating the travel of tourists to and within destinations, well-developed transport and infrastructure creates multiplier effects in other areas, while generating economic benefits that contribute to poverty reduction (Mitchell and Ashley, 2010). The availability of adequate water supplies and sanitation facilities, as well as hotels, aids in accommodating and providing for the comfort of tourists at destinations, while the availability of Information and Communication Technologies (ICTs), telecommunications and well-developed financial and health-care services can also help to ensure the competitiveness of tourism.

Underdeveloped and inadequate physical and supportive infrastructure in many countries in Africa impedes the development of the tourism sector. For example, as shown in table 9, sub-Saharan Africa lags behind the rest of the world in access to, affordability and use of ICTs and financial infrastructure. In addition to limited Internet connectivity, the high cost of Internet services, which exceeds the global average and the cost in other subregions, impedes the competitiveness of tourism. Countries with the highest number of tourist arrivals, such as Egypt, Morocco and South Africa, have the most affordable Internet rates and extensive connectivity, as well as higher numbers of fixed broadband users and automated teller machines, exceeding the average of the subregion.

Well-developed infrastructure is critical to economic diversification and structural transformation. Infrastructure may be harnessed to support the development of

linkages that may contribute to greater economic growth. Demand by the tourism sector for transport, energy, telecommunications, manufacturing and the construction of hotels, restaurants and other facilities can support the development of and contribute to job creation in other productive sectors. For example, demand for materials for hotel construction and inputs for hotel operations can create business opportunities for local suppliers, spurring local entrepreneurship and indirectly creating employment in enterprises.

As the availability of supportive infrastructure is a decisive factor in and a key determinant of tourists' length of stay, well-developed telecommunications, ICTs and financial and health-care services help to ensure the competitiveness of tourism and can promote the development of linkages and create demand for tourism-related products linked to other productive sectors. For example, meetings, incentives, conventions and exhibitions, a high-yield sector that has grown rapidly in several African countries (see table 10), has been linked to well-developed infrastructure. Well-developed air transport, hotel and conference-related infrastructure in Alexandria and along the Suez Canal has been linked to the growth of this sector in Egypt. Similarly, Morocco has become a regional hub in this sector, in large part due to the construction of new hotels in Agadir, Casablanca and Marrakesh, along with the expansion of road networks.

Investment in the meetings, incentives, conventions and exhibitions (MICE) sector can generate multipliers in the value chain of the sector (including in travel, professional conference organization and event management) and other sectors of the economy (such as hotel construction) and can yield additional economic benefits in terms of employment in the construction of conference and meeting facilities. For example, in Rwanda, the development of infrastructure has been crucial in catalysing the growth of this sector, as detailed in box 3.

In addition to enhancing the efficiency of tourism enterprises, ICTs are critical for the competitiveness of tourism, through the development of linkages and creation of demand for complementary tourism products, and can enhance the productivity of workers through skills acquisition while raising incomes. The availability of and access to broadband can facilitate business operations, such as, among other services, online reservations, with well-developed technological capabilities reducing the operational costs of enterprises. In addition to helping ensure the efficiency of enterprises and increase their productivity, access to ICTs can enhance their capacity to conduct transactions, such as online reservations, traditionally dominated by foreign entities, with technology thereby not only increasing competitiveness, but also potentially reducing structural leakages associated with the use of foreign travel agents.

Table 9

Information and communications technology and financial infrastructure profiles, selected countries, 2015

| | EGYPT | KENYA | MOROCCO | SOUTH AFRICA | SUB-SAHARAN AFRICA (EXCLUDING SEYCHELLES) | WORLD |
|--------------------------------------------------|-------|-------|---------|--------------|-------------------------------------------|-------|
| Internet users per 100 people | 36.0 | 46.0 | 57.0 | 52.0 | 22.4 | 44.0 |
| Fixed broadband subscribers per 100 people | 4.5 | 0.3 | 3.4 | 5.3 | 0.54 | 11.3 |
| Internet affordability per month (2013; dollars) | 7.0 | 35.0 | 12.0 | 17.0 | 41.0 | 21.0 |
| Automated teller machines per 100,000 adults | 13.8 | 10.2 | 26.1 | 69.3 | 6.14 | 40.5 |
| Secure Internet servers per 1 million people | 5.4 | 9.1 | 6.2 | 130.0 | 9.8 | 208.7 |

Source: World Bank, 2017.

Positive externalities associated with infrastructure linkages include the facilitation of basic services for other sectors, increased business efficiency and improved quality of life in local communities. However, the development of tourism, for example with regard to hotel and resort construction, can exert pressure on existing infrastructure, such as for the provision of water and energy resources, often exceeding local sustainable limits, with negative consequences for local communities. In addition, high costs of ICTs limit access to and use of broadband services, hampering the development of enterprises and their potential to access new markets or provide new products. In the absence of competitive markets in ICTs, telecommunications and financial services in some countries, the adoption of policies and regulatory frameworks that facilitate competition, reduce costs and enhance the operating environment for enterprises is required.

Investment is critical to the development of infrastructure and intersectoral linkages. For example, in 2015, investment by the African Development Bank in the aviation sector supported, in Ghana, the construction of a new terminal at Kotoka International Airport and the upgrade of Ho, Kumasi, Tamale and Wa airports and, in Kenya, the upgrade of Jomo Kenyatta International Airport, to facilitate the efficient handling of passengers and boost capacity, up to 20 million passengers per year.

Tax incentives can play a role in catalysing the development of infrastructure aimed at supporting the development of tourism. For example, the Gambia Investment and Export Promotion Agency has provided tax incentives aimed at attracting foreign and domestic investment to support the development of the meetings, incentives, conventions and exhibitions sector, including tax holidays for investors and tax breaks for direct inputs for investment related to the sector.

Table 10

Leading countries in Africa hosting international meetings, 2015

| | RANK | NUMBER OF MEETINGS |
|-----------------------------|-------------|---------------------------|
| South Africa | 1 | 108 |
| Morocco | 2 | 36 |
| Egypt | 3 | 22 |
| Kenya | 4 | 19 |
| Tunisia | 5 | 17 |
| United Republic of Tanzania | 6 | 16 |
| Ghana | 7 | 13 |
| Rwanda | 7 | 13 |
| Ethiopia | 8 | 12 |
| Nigeria | 9 | 9 |

Source: International Congress and Convention Association, 2015.

Note: International meetings refer to corporate (internal, external or both) and non-corporate (governmental and/or non-governmental organizations) meetings organized by international associations that take place on a regular basis and rotate between a minimum of three countries.

Vocational skills development can play a role in bridging the skills gap by ensuring the availability of well-trained personnel to meet the demand of the tourism sector and productive sectors in the tourism value chain. Well-trained local construction workers, for example, can reduce the demand for foreign employees in hotel and road construction, with local job creation reducing economic leakages.

2.2.4 Developing key tourism market segments

Ecotourism

Ecotourism — responsible travel to natural areas that helps to conserve the environment and improve the welfare of local people — is often associated with destinations in remote areas. As a dynamic subsector of tourism that is associated with environmental protection, ecotourism has the potential to contribute to sustainable development and to help ensure environmental sustainability. Owing to the vast and diverse natural landscapes, wildlife and protected areas on the continent, African countries have a competitive advantage in ecotourism that, if properly harnessed, can help to promote economic diversification and contribute to job creation and enterprise development, while helping to address underdevelopment in remote regions and intractable environmental challenges.

Box 3. The development of infrastructure in Rwanda

Rwanda's tourism sector – the fastest growing sector in the economy and the country's largest foreign exchange earner – has benefited from the development of infrastructure.

Kigali International Airport, ranked the third fastest-growing airport on the continent, has played a key role in this regard. Investment by the Government of Rwanda amounting to \$50 million for the expansion of the airport has also been critical to the growth of Rwand Air, enabling the carrier to expand to over 20 destinations on the continent. The upgrade of Kamembe International Airport completed in 2015 and the construction of Bugesera International Airport in 2018, at an estimated \$800 million funded through a public–private partnership, are aimed at further enhancing Rwanda's aviation capacity.

In addition to transport infrastructure, significant investment in ICTs, telecommunications and other tourism infrastructure, along with the growing presence of international hotel chains, boosting the supply of hotel rooms, have enhanced the sector's competitiveness. The development of ICTs has created demand for complementary tourism products linked to health, providing an impetus for the establishment of Rwanda as a regional centre for excellence in electronic health, biomedical engineering and health vaccines and immunization logistics.

Improvements in transport and supportive infrastructure have been crucial in promoting tourism diversification. Well-developed transport has provided an impetus for the meetings, incentives, conventions and exhibitions sector, with Kigali Convention Centre emerging as a leading destination for meetings and conferences in Africa. Business tourists comprise the largest share of visitors to Rwanda (39 per cent in 2012), and the sector has become increasingly important to the economy of Rwanda, generating \$49 million in 2013 and expected to triple to \$150 million in 2017.

Sources: Rwanda Development Board, 2017; Rwanda Civil Aviation Authority, 2017.

Forest reserves, for example, have a potential role to play in the formation of linkages to help promote local economic development through job creation and business opportunities (Manwa and Manwa, 2014). On the demand side, tourism establishments in forest reserves can create employment for unskilled workers, such as drivers, cleaners and housekeepers at accommodation facilities. On the supply side, in addition to increasing incomes in local communities, employment opportunities in tourism establishments can enhance employee skills and productivity. Similarly, demand by accommodation facilities for inputs from local suppliers and ancillary services, such as laundry, transport and construction (for example of lodges, camps and campsites) from locally owned enterprises, can support their development and create business opportunities, for example for local agricultural producers. In addition, opportunities to supply products and services to the tourism sector can help to ensure a sustainable market and increase incomes and other revenues in local communities derived from tourism-related activities, while minimizing economic leakages.

Joint ventures between ecotourism establishments and local communities such as wildlife conservancies may be effective mechanisms for ensuring that local communities derive economic benefits from tourism resources in their communities while minimizing leakages. For example, in Namibia, conservancies, which increased from 4 in 1998 to 66 in 2011, have generated significant returns for local communities through fees paid by tourism and hunting operators, incomes earned from employment in tourism establishments and supply chain opportunities with local enterprises. Revenues generated from fees paid by such operators, as well as wages paid by operators to local conservancy residents and non-cash benefits to conservancies and other incomes, increased from N\$1.1 million (\$75,620) in 1998 to N\$50 million (\$3.7 million) in 2011. In 2011, in addition to the revenues generated by conservancies, 1,512 full-time jobs and 11,223 part-time jobs were created, including 696 full-time and 1,608 part-time jobs in tourism enterprises operating in the conservancies. Joint ventures can also help to ensure the transfer of economic benefits to local communities through rents, royalties and lease fees. For example, in Namibia, in 2011, 32 joint-venture lodges provided a direct income to 603 locals employed as lodge staff and tour guides (38 of whom were part-time employees), almost half of whom were women, and generated revenues for conservancies through lease fees from private investors and rents from private operators, as well as from profits derived from lodge operations. Other activities such as trophy hunting created employment for 155 full-time employees, of whom 118 were men and 37 were women (Namibian Association of Community-Based Natural Resource Management Support Organizations, 2013).

In addition to creating demand for local products and services, ecotourism offers other prospects for product diversification. With the growing demand for personalized and experiential travel, wildlife and natural resources may be harnessed for product development targeted at various market segments, such as big game trailing and wildlife safaris for adventure seekers, and hiking and walking trails for leisure and business tourists. Rich natural resources in many African countries may be leveraged for nature-based tourism and the development of niche markets. For example, the continent's top birdwatching destinations, in Eritrea, Ethiopia, the Gambia, Madagascar, Namibia, South Africa and the United Republic of Tanzania, generate employment opportunities in tour guiding and business opportunities in local sightseeing and tour operator enterprises. The availability of diverse tourism products may be critical in prolonging the length of stay of visitors – a key determinant in ensuring a greater capture of tourist expenditures in local economies.

Ecotourism can contribute to environmental sustainability. Green tourism, which refers to the efficient use of energy and water resources, better waste management and the protection of biodiversity, offers opportunities for job creation in the tourism sector, and

enterprise development in green businesses (United Nations Environment Programme and UNWTO, 2012). Redesigning tourism products to minimize the sector's negative externalities with regard to environmental resources can help to ensure the sector's long-term sustainability while supporting economic growth and social development objectives. For example, in Sao Tome and Principe, environmentally friendly practices at the Bom Bom resort, such as the use of eco-friendly lights and recycling of bottles for construction, help to ensure energy efficiency and waste reduction, while reducing costs and offsetting the carbon footprint of tourism.

Positive externalities associated with ecotourism also include the promotion of rural economic development. As the vast majority of ecotourism resources are in remote rural areas that often have limited productive opportunities, employment and business opportunities created through the ecotourism market segment can result in substantial benefits in local communities. Moreover, demand for infrastructure, such as roads, aimed at facilitating access to ecotourism establishments and accommodation facilities for tourists, can benefit local communities through employment in and the use of local materials for construction, as well as improved transport infrastructure. In addition, environmentally friendly practices such as the use of recycled materials, local building materials and renewable sources of energy, as well as the safe disposal of waste and development of hotels with environmentally sensitive architectural designs, can help minimize the negative externalities associated with tourism. Finally, revenues generated from tourism establishments can provide an incentive to support the conservation of ecotourism resources, thereby helping to ensure environmental sustainability through the preservation of biodiversity.

With regard to negative externalities, activities such as the expansion of agriculture and grazing in areas adjacent to protected areas can exert pressure on environmental ecosystems, with encroachment on protected areas resulting in conflicts between humans and wildlife and creating disincentives in local communities to conserve the resources on which tourism depends (Manwa and Manwa, 2014). Further challenges can arise from rising levels of demand for land for the establishment of new accommodation facilities, such as lodges and hotels, along with the high level of demand in the tourism sector for water, energy and other resources, which may exceed local sustainability limits and have potentially negative consequences on the environment and local communities.

In order to realize the potential of ecotourism to contribute to sustainable development, constraints that impede the development of the market segment need to be addressed.

On the demand side, inadequate infrastructure, underdeveloped road networks and a lack of accommodation facilities in the remote rural regions where much of Africa's

ecotourism resources are found can constrain the development of linkages with ecotourism. The lack of policies and institutions to help ensure that ecotourism activities are not only carried out sustainably, but also meet local social and economic objectives, can impede the development of linkages. Policy frameworks that provide incentives aimed at promoting conservation while enabling communities to earn incomes and other benefits can contribute to the sustainable management of environmental resources. For example, in Namibia, the community-based natural resource management policy integrates community-based approaches in the management of natural resources (Namibian Association of Community-Based Natural Resource Management Support Organizations, 2013).

On the supply side, a lack of business management skills or financing among local entrepreneurs can hinder their capacity to start and operate businesses such as tour safaris and accommodation facilities. As demand for labour in ecotourism establishments is highly seasonal, the lack of a variety of skills (such as linguistic skills) in local communities can contribute to unemployment. Improving employee skills, business management know-how and entrepreneurial competence can contribute to skills development and support structural transformation. Business management skills, such as marketing and human resources and financial management, are indispensable for entrepreneurs and can help realize the potential of informal enterprises to operate viable and profitable enterprises. Similarly, training in tourism management aimed at formal enterprises, such as small-scale tour operators and accommodation facilities, and technical training for local suppliers, can help enhance the capacity of enterprises to operate viable tourism establishments. In addition, ensuring that individuals have a variety of transferable skills can allow them to take advantage of opportunities in different sectors and overcome the vulnerability in tourism associated with seasonal employment.

Policy measures can play an important role if there is a lack of incentives aimed at encouraging local sourcing, which can impede the development of viable linkages. For example, as a prerequisite for establishing and operating game parks and forest reserves, such establishments might be required to engage local communities in tourism-related activities, including through employment or supply opportunities for locally owned enterprises. Similarly, encouraging domestic ownership of tourism enterprises may be crucial in strengthening the development of local linkages. For example, in Zambia, the national tourism policy includes measures aimed at supporting the participation of local enterprises in tourism. Such measures can help ensure that local communities benefit from tourism, while reducing leakages. Finally, costs associated with obtaining certification to operate sustainable tourism establishments that adhere to environmental

and social performance standards may be prohibitive for small-scale ecotourism enterprises unable to afford certification and lacking capacity to adhere to performance standards. This poses challenges to the development of linkages. Governments interested in promoting community-based tourism enterprises in the ecotourism sector may consider offering community education programmes that advise locals on how to help preserve the environment.

Cultural tourism

Cultural tourism — travel to learn about the history and culture of a destination — demands creative goods and services, including cultural products such as handicrafts, performance arts and music, that can be harnessed for economic growth. Handicrafts are key cultural products consumed in the tourism industry. Owing to low entry barriers, and as handicrafts require a low level of capital investment, there is potential to develop viable linkages between tourism and local handicrafts sectors that create economic opportunities for local artisans.

On the demand side, hotels and restaurants can create business opportunities for local artisans who can supply handicrafts to furnish such establishments. Backward linkages can create business opportunities for semi-skilled and unskilled artisans in the informal sector.

On the supply side, the demand for handicrafts can help to ensure a sustainable market for locally made handicrafts, and increase incomes and improve livelihoods in local communities. Tourism establishments can also facilitate market opportunities for local handicrafts by organizing markets on their premises and through coordinated visits to local markets that allow tourists to source handicrafts directly from local artisans. In addition to supporting the development of enterprises in the informal sector and guaranteeing market access for local enterprises that may have limited economic opportunities, including women artisans, who dominate the handicrafts segment, access to markets can help to ensure the integration of handicrafts enterprises into the tourism value chain. Moreover, engaging directly with local artisans and informal enterprises with few or no intermediaries allows for a greater capture of tourist expenditures by local artisans and encourages the utilization of local skills and materials, with tourism thus generating an important source of income for semi-skilled and unskilled workers, while contributing to the preservation of local cultural heritages. Governments can play a role in helping to create an appropriate incentive structure and an enabling environment for firms (such as hotel and guest house operators) to actively engage in integrating local artisans into local tourism value chains and ensuring that they benefit economically from the sector.

Although a small share of tourist expenditures is on handicrafts, several studies suggest that the economic benefits that accrue to the poor are comparatively high. For example, in Ethiopia, the crafts sector captures the largest share of tourist expenditures; \$7 million (55 per cent) of \$12.7 million in tourist expenditures on crafts benefits poor households through income earned from employment or business opportunities (Mitchell and Ashley, 2009). In 2007, in Ethiopia, the average tourist spent \$50 on handicrafts, half of which was income accrued by local artisans (International Trade Centre, 2010). Trade in cultural products can play an important role in driving informal business tourism, a substantial and important dimension of such tourism in regions such as Southern Africa (Rogerson, 2016).

Rich cultural heritages in Africa may be harnessed to increase demand for diverse products and experiences and create markets based on cultural and recreational elements. Events and visits such as the following may be leveraged for income generation through employment and business opportunities, with cultural tourism thereby contributing to economic growth: music festivals in Cabo Verde, Mali and Senegal; film festivals in Burkina Faso and Nigeria; visits to cultural heritage sites, such as Kunta Kinteh Island in the Gambia and the Cradle of Humankind in South Africa; and visits to museums and galleries. Cultural events contribute to local economies while supporting cultural diversity, for example Sauti za Busara, a music festival in Zanzibar, United Republic of Tanzania, that highlights talent from the continent and diaspora populations.

Heritage tourism is a growing market segment with significant potential in product diversification. Heritage and cultural sites, which are often located in rural areas, can play a role in promoting local economic development. Africa has 90 world heritage sites recognized by the United Nations Educational, Scientific and Cultural Organization, and religious pilgrimage sites in Ethiopia, Morocco and Rwanda. Such resources may be leveraged for economic growth, yet a paradox of heritage tourism is that while such tourism highlights part of a culture that should be preserved for future generations, tourism is a commercial reality and the economic benefits may, unless properly managed, lead to destruction of a potentially fragile non-renewable heritage site.

With regard to demand, heritage tourism can stimulate local employment, directly through the employment of tour guides²⁰ and indirectly through the conservation of sites and the development of infrastructure such as cafes, restaurants and other facilities,

20 In many African countries, tour guides are mainly men. For example, in 2015, in Botswana, about 66 guides were women; in Kenya, the Professional Safari Guides Association estimated that 300 of 4,000 guides were women; and in the United Republic of Tanzania, fewer than 10 of about 2,000 guides were women. By contrast, in Rwanda, with regard to mountain gorilla guides and trackers, 11 of 70 guides were women (The Telegraph, 2015).

as well as the maintenance of associated infrastructure, such as upgrades of roads. Demand for ancillary services, such as accommodation, by visitors to heritage sites can spur the establishment of locally owned accommodation enterprises to meet the needs of overnight guests and generate multipliers by creating demand for inputs such as food and laundry supplies for use in accommodation facilities. The contribution of heritage tourism to local economies may be significant. For example, in South Africa, tourist visits to the Cradle of Humankind increased from 105,308 in 2006 to a peak of 142,985 in 2010 and declined to 127,287 in 2012; the contribution of heritage tourism to the local economy accounted for 17.6 per cent of local GDP in 2011 (Rogerson and van der Merwe, 2016).

Heritage tourism also offers opportunities for product development targeted at different market segments. In connection with visits to heritage and religious sites, there is potential to develop complementary sites, such as scenic routes and trails, aimed at adventure, leisure and business tourists, along with students visiting heritage sites, which have significant potential for the creation of linkages with and boosting the competitiveness of local tour operators and other businesses providing services to tourists, while ensuring that young people and local communities benefit through employment and other revenues. Economic opportunities arising from heritage tourism have the potential to transform underdeveloped regions in which related sites are often located, and provide an impetus for regions to strive to overcome economic stagnation and decline (Rogerson and van der Merwe, 2016).

In summary, in order to realize the potential for cultural tourism to contribute to development in Africa, certain constraints need to be overcome.

With regard to demand, inadequate infrastructure hinders the development of heritage tourism. Many world heritage sites are located in remote areas, and lack of investment in such sites and underdeveloped road networks hinder access and contribute to the underutilization of sites. Moreover, as many world heritage sites are under threat from human activities and climate change-related effects, such sites should be carefully managed to ensure their long-term sustainability. Lack of ancillary services such as accommodation facilities to house visitors often limit tourist visits to day trips, and such shorter stays limit opportunities to capture tourist expenditures.

Owing to the inadequate development of cultural tourism products, many cultural attractions and activities remain unknown by both domestic and international visitors, further hampering their development as viable tourism products and rendering the sites economically unproductive. Weak partnerships and inadequate mechanisms to facilitate links between performers and artisans and tourism establishments impede

their integration into the tourism value chain. In addition, the development of linkages may be hindered by limited customer service and managerial capacity, in particular a lack of skilled managers and creative industry professionals to promote local musical and cultural events and a lack of business management skills among local artisans. Business networks and business linkages programmes can help to amplify and strengthen intersectoral linkages by facilitating knowledge exchanges, creating resource links and providing information on tourism demand for products and services. For example, the Tourism Enterprise Programme in South Africa is a dedicated support initiative that helps to ensure that tourism enterprises can meet buyer requirements and facilitates commercially viable business transactions between tourism enterprises and other entities, helping to ensure the integration of enterprises in tourism value chains (Rogerson, 2013). Low levels of quality and variety of products and imported handicrafts imitations can constrain the development of linkages between tourism and the handicrafts sector. For example, in South Africa, the Cape Craft and Design Institute facilitates market access for informal handicrafts enterprises, including by the tourism sector.

Medical tourism

The private medical sector in Africa is diverse, and there is a lack of regulatory and accreditation frameworks, which can lead to a lack of consistency in quality. Private medical service providers, insurers and manufacturers play an important role, accounting for about 50 per cent of the provision of health-care services in Africa (International Finance Corporation, 2008).

Medical tourism — cross-border travel for medical purposes, including for medical services and elective procedures — is an emerging market segment that has expanded in recent years in several African countries, notably Egypt, Kenya, Mauritius, Morocco, South Africa and Tunisia. In Africa, the North–South dimension of medical tourism is characterized by tourists from Europe seeking low-cost, high-quality specialized medical services and cosmetic and reconstructive surgery in Mauritius, Morocco, South Africa and Tunisia (Connell, 2006). The South–South dimension is marked by African nationals seeking high-end specialized medical services and primary health-care services mainly in India and, increasingly, in other African countries. Estimates suggest that the intraregional medical tourism market segment in Africa is growing. In Mauritius, for example, more than 10,000 inbound medical tourists, mostly from Madagascar (28 per cent), Seychelles (15 per cent) and Reunion Island (14 per cent), received medical treatment in 2010 (Mauritius Board of Investment, 2017). In 2003–2008, an estimated 2.5 million inbound medical tourists received treatment in South Africa (Crush

et al, 2012). As detailed in box 4, Tunisia receives a large share of the continent's inbound medical tourists.

Demand by medical tourists for specialized medical care can stimulate job creation for highly skilled health professionals who provide such services. For example, in Mauritius, the availability of highly skilled medical personnel providing specialized treatment, in cardiology, dentistry, ophthalmology and cosmetic and reconstructive surgery, has been critical to the development of medical tourism. With regard to supply, the market segment can be an important driver of business development, with the demand for medical tourism providing an impetus for medical travel facilitation enterprises that link medical tourists to medical services. Moreover, demand for accommodation and transport services from medical tourists can foster the integration of health-care services into the tourism sector, with horizontal linkages contributing to economic benefits beyond the medical sector.

There is potential for the development of health insurance products that cover expenses for medical services in destination countries. Given the intraregional nature of medical tourism on the continent, there is the related potential to develop regional insurance products and create new business opportunities aimed at meeting the demand for regional medical services (International Finance Corporation, 2008). Examples of regional health plans include the joint Bupa International–Jubilee Insurance plans Explorer Health for private individuals and Business Explorer Health for corporate clients and the Aetna plan Africa Ultra Care for private individuals and corporate clients in Africa seeking treatment in Africa as well as in India, Pakistan and Sri Lanka.

Wellness tourism — travel for the pursuit of enhancing physical well-being — is a growing market segment in Africa and is linked to the growing demand for thalassotherapy, homeopathic treatments and traditional therapies from international and domestic tourists. Sub-Saharan Africa is among the fastest growing markets for wellness tourism, with significant growth in the number of wellness tourists and spa revenues (Global Wellness Institute, 2014). Egypt, Mauritius, Morocco, South Africa and Tunisia have developed niche markets in wellness tourism, and the market segment is increasingly emerging elsewhere on the continent, including in Gabon, the Gambia, Ghana, Kenya and Nigeria.

Positive externalities associated with medical tourism include the potential to generate significant revenues for Governments through foreign exchange earned and fees derived from the provision of visas. Medical tourism can allow for patient choice, privacy and confidentiality, and may result in higher levels of personal care. In some instances, medical tourism may prompt brain gain (UNCTAD, 2012). For example, promising

Box 4. Medical tourism in Tunisia

Tunisia has a robust medical tourism market and is a major exporter of health-care services. In recent years, inbound medical tourists have increased significantly, from an estimated 42,000 in 2003 to 150,000 in 2010, making Tunisia a leading medical tourism destination on the continent. At the same time, the contribution of the market segment has increased substantially. Direct health-care services exports, excluding revenues generated by private clinics and a few public establishments, increased from \$22 million in 2003 to \$82 million in 2010. Health care accounted for 6.2 per cent of GDP in 2010, with 54 per cent of the share allocated to the public sector and 46 per cent to the private sector. The value of private-sector spending amounted to \$1.2 billion.

Tunisia's competitiveness in health-care costs has been a key driver of North–South trade in health-care services from European countries, primarily from lower and middle-market segments that lack sufficient resources to seek treatment in their countries. Demand for plastic surgery and dental treatment, services that often have limited or no insurance coverage, has also fuelled North–South trade.

South–South trade in health-care services is primarily from neighbouring countries. In 2003, 81 per cent of Tunisia's inbound medical tourists were from Libya, and 3 per cent were from Algeria. Health-care services exports generated 10,480 jobs in 2003, including 5,430 in the tourism sector and 5,050 in the health sector. In 2010, health-care services exports generated 37,000 jobs, including 20,000 in subsistence and accommodation services, and about 10,000 medical jobs and approximately 8,000 hospital support staff jobs.

The Government of Tunisia has helped to catalyse the medical tourism sector. In 2009, the Government launched a strategy aimed at transforming the country into a regional medical hub by 2016, including by providing incentives such as the abolition of value added tax on medical treatment for non-Tunisian residents, tax exoneration for medical equipment and devices and a 50 per cent tax reduction on all investments related to medical institutions and infrastructure. More recently, as part of its Tunisia 2020: Road to Inclusion, Sustainability and Efficiency Plan, the Government has prioritized the development of wellness tourism, with key objectives that include direct job creation in thalassotherapy and the creation of indirect jobs.

Sources: Lautier, 2008; Lautier, 2013.

opportunities have enticed highly skilled medical professionals from the diaspora back to India, with the trend bridging a critical skills gap while strengthening India's health-care system. Medical tourism can provide an impetus for the development of and investment in health-care infrastructure. For example, Mauritius and, more recently, Ghana and Nigeria, have benefited from the development of hospital infrastructure by the Apollo Hospitals Group, India. Even for services in which the public sector plays a dominant role, the private sector can help to ameliorate resource limitations that frequently constrain capacity. For example, in Ghana, despite a shortage of nurses, public nursing schools have the resources to accept only about 50 per cent of qualified applicants. Although

their tuition fees are about 50 per cent higher than those of government institutions, demand for places in private institutions is robust and could help address the shortages (International Finance Corporation, 2008). Similarly, in South Africa, although there are restrictions on private sector involvement in doctor training, limited private–public partnerships are being initiated in order to respond to the shortage of doctors, to meet rising levels of student demand (Econex, 2015).

Negative externalities associated with medical tourism include the development of a two-tiered health-care system in destination countries, characterized by a well-funded private sector and a less well-resourced public sector. The development of a well-resourced private sector may prompt internal brain drain, as health-care professionals migrate from public health institutions to more lucrative opportunities in the private sector, possibly contributing to shortages in the health-care workforce in the public sector. For example, in South Africa, such shifts compound the challenges associated with the outmigration of health-care professionals. In underresourced health-care systems, investment in the private sector may occur at the expense of the public system, potentially straining capacities in weak health-care systems, with such developments possibly exacerbating social inequalities. However, reinvestment of medical tourism revenues in public health-care systems may offset the negative externalities associated with the growth of parallel private health-care systems. For example, in Kenya, the Health Tourism Strategy 2014–2018 recognizes that boosting inbound medical tourism from sub-Saharan Africa and beyond, and increasing health-care services exports through the provision of high-quality health-care services and infrastructure, can help improve its health-care sector and play a critical role in stemming outbound medical tourism and corresponding losses in revenues to health-care services imports.

To capitalize on the potential of medical tourism to contribute to sustainable development, certain constraints that impede its development should be addressed.

An inadequately trained workforce incapable of providing highly specialized medical services can hinder the development of medical tourism. For example, in Tunisia, inadequate skills in hospital administration have been identified as a constraint to the development of medical tourism. Advanced, highly specialized skills provided by strong academic institutions are crucial for developing competitive high-skill services (UNCTAD, 2004). This includes well-trained, highly skilled physicians and other health-care professionals to enhance the competitiveness of the medical tourism market segment.

Underdeveloped health-care services and other infrastructure, including ICTs, transport and financial services, can impede the development of medical tourism. Health-care system quality is a barrier to entry into the medical tourism market segment. As a

prerequisite for exporting health-care services, health-care systems require a minimum level of quality, and their capacity to treat the most vulnerable segments of the population is a key indicator in this regard (Lautier, 2013).

Prerequisites for the development of the market segment are security, stability and the availability of infrastructure, including efficient transport networks and well-developed air transport and accommodation facilities. For example, in Mauritius, ICTs, transport, financial services and telecommunications infrastructure have been critical to the development of medical tourism. Investment in infrastructure is critical to supporting the development of the market segment. Several countries have increasingly used tax incentives to help attract investment and catalyse the development of medical tourism. For example, such measures have been taken to support the development of a health-care complex in Marrakesh, Morocco, that offers specialized medical procedures, including in cardiology and radiology, and has an annual 5,000-patient capacity.

Other possible constraints on the development of medical tourism are weak regulatory frameworks to safeguard patient safety and ensure quality of care, a lack of legal frameworks (malpractice laws) aimed at protecting consumers in the event of professional errors and a lack of national and international accreditation bodies to help ensure compliance by institutions with international standards. Countries are increasingly taking steps to develop appropriate regulatory frameworks. For example, in Kenya, the Health Tourism Strategy 2014–2018 identifies the following as critical to development of the market segment: establishment of a national accreditation system for medical tourism consistent with international standards and enhancement of governance of the health sector.

2.3 Conclusions

This chapter shows how tourism can provide economic opportunities that promote economic diversification and foster structural change. In Africa, tourism can promote diversification to productive sectors and activities that can provide sustainable livelihoods, thereby fostering structural change. Tourism is an important driver of economic, social, and cultural development in Africa, particularly in remote rural areas and support economic development through strong intersectoral linkages. Developing strong linkages between tourism and agriculture and infrastructure, and further developing market segments such as ecotourism and cultural and medical tourism can create economic opportunities and generate new revenue streams. Moreover, strong intersectoral linkages can help to ensure the integration of local suppliers, producers and enterprises into the tourism value chain, with the economic opportunities created

broadly spreading benefits and ensuring that local communities can reap the benefits from incomes earned. In order to harness this potential, governments should consider the following actions.

Integrate policies on local sourcing with strategies to comply with international standards

Given the potential of intersectoral linkages, governments can support the development of strong linkages by implementing policies that encourage local sourcing, and by forging partnerships with the private sector that address underlying constraints on local suppliers. For example, it is critical to ensure that the necessary institutional and capacity-building systems are in place to help farmers and fishers to attain the sanitary and phytosanitary standards and organic produce certification requirements demanded by tourism establishments. Doing so helps to enable local suppliers to tap into higher value supply chains in tourism, often dominated by foreign suppliers.

Support the development of infrastructure

Well-developed infrastructure is vital, as infrastructure is integral to and an enabler of the development of tourism, and facilitates basic services for other productive sectors critical to the growth and competitiveness of tourism. Capital investment in tourism is rising. It is essential for local communities to benefit from infrastructure investments, such as improved access to water, sanitation, electricity, roads and ICT-related services. Policies are required to ensure that there is equitable use of and access to infrastructure services that mutually benefit both the tourism sector and local communities. Governments can help to stimulate the development of infrastructure by providing a sound regulatory environment. In addition, governments can provide tax incentives, grants and preferential loans, among others, aimed at catalysing investment for the development of viable, emerging market segments in tourism. Public–private partnerships can be an important financing mechanism that, if properly harnessed, can contribute to the development of infrastructure in Africa, and such partnerships are increasingly being used in Africa (UNCTAD, 2016a).

Encourage joint ventures

Support in the long term can be provided to the local private sector to operate hotels and compete with international hotel chains already present in countries. Joint ventures can be encouraged between local firms and international hotel operators, in order that ownership and management of hotels involve a mix of local and foreign capital. Local tour operators may provide online booking services, to enable tourists to purchase

tickets and destination packages directly from local suppliers rather than international tour operators, thereby generating greater local content in the tourism value chain. Finally, through the development of contractual arrangements that help smallholders exploit economies of scale through agglomeration (such as the formation of producer cooperatives) and the provision of finance, training and inputs (UNCTAD, 2015c), tourism can play an important role in linking farmers to markets and higher value supply chains.

Boost services exports

The tourism sector offers a promising avenue for boosting services exports for many African countries as part of economic diversification strategies. Tourism export revenues grew strongly in 1995–2014. The sector is the main contributor to Africa's services exports, and not only generates export revenues, but also demand within economies for services such as ICTs and energy that are critical for growth. Tourism is a dynamic sector; medical tourism, for example, is a rising market segment in several African countries. In countries that have the capacity to provide medical care to their most vulnerable population segments, the export of health-care services may be a viable alternative option for generating additional revenues for governments. If properly harnessed, this can complement the public health sector in helping to provide much-needed medical infrastructure, skills and technology.

African policymakers should consider tourism a central element of their economic development strategies. Policies that foster the development of tourism can generate a broad set of economy-wide benefits. In addition to generating economic opportunities and boosting growth in local communities, intersectoral linkages with tourism have the potential to foster social inclusion and reduce poverty and social inequalities among socially disadvantaged groups. Devising strategies that can foster the inclusion in tourism of women, youth and the poor is critical, and is detailed in chapter 3.





CHAPTER 3

Tourism and inclusive growth

The role that tourism can play in inclusive growth is the focus of this chapter. The chapter outlines what is meant by inclusivity and inclusive growth and then discusses how tourism could foster inclusive growth by providing opportunities to more vulnerable groups, particularly the poor, youth and women.



60–70%

Women in global tourism labour force



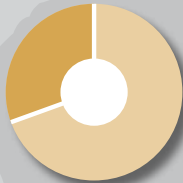
50%

Workers in global tourism industry are aged **25 or younger**

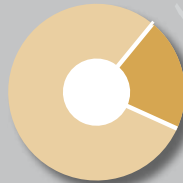


Female employers in Africa

30.5%
Women

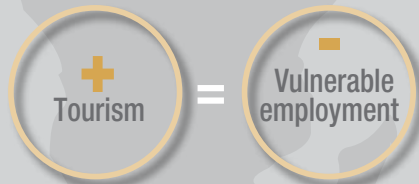


Tourism sector



20.8%
Women

All sectors



3.1 Vulnerability and inclusive growth

Achieving inclusive growth is the objective of most development strategies. Inclusive growth “allows opportunities for everyone to participate in the growth process while making sure that benefits are shared” (United Nations Development Programme, 2017). This implies that the vulnerability of populations must decrease as countries grow, as vulnerability is a major obstacle to inclusive development (UNCTAD, 2014b). Reducing vulnerability is also embodied in the overarching goal of the 2030 Agenda for Sustainable Development which aims to leave no one behind.

Vulnerable people do not automatically benefit from economic growth. Despite steady and unprecedented economic growth in Africa during the last 15 years, poverty, unemployment and inequality remain high across the continent, disproportionately affecting women and youth (African Development Bank, 2014). A significant reason for this exclusion in growth has been the phenomenon of jobless growth, driven by a lack of structural transformation (UNCTAD, 2014c).

There are population groups that are more vulnerable to exclusion than others. The most pronounced form of vulnerability is poverty, as the poor have the fewest buffers or resources to cope with hazards or shocks. Youth are another group that is comparatively vulnerable as youth are more likely to be affected by unemployment or underemployment and are resource constrained. The vulnerability of women is also high, as they are disproportionately represented among the poor; are more likely to be unemployed or underemployed; work more in the informal sector or are self-employed, and thus without access to social protection; have less voice and representation in social dialogue; continue to face constraints that limit their access to the labour market and productive assets; and are disproportionately affected by crisis (UNCTAD, 2014d). There are other vulnerable population groups, such as minorities and people with disabilities.

This chapter examines how tourism can foster inclusive growth through decent employment opportunities and job creation for the poor, youth and women. As these groups constitute large shares of the population, tackling their vulnerability can make major contributions to inclusiveness. These groups are also given special consideration in national development plans focusing on tourism (see chapter one). The sector’s capacity for employment creation, including for the poor, is recognized in most African national development plans that prioritize tourism. Several national development plans consider that tourism is particularly capable of offering opportunities for youth and women. Finally, the three groups feature prominently in the literature on tourism in developing countries.

3.2 Tourism and poverty alleviation

Previous chapters have shown that the tourism sector in Africa contributes significantly to GDP and employment. Several arguments support the notion that the sector can also support pro-poor growth – that is, growth “that enhances the ability of poor men and women to participate in, contribute to and benefit from growth” (Organization for Economic Cooperation and Development, 2006). Specifically, a range of tourism economic activities can provide a fairly high share of revenues to the poor (UNCTAD, 2013a). The ways in which tourism achieves this, and how this can be improved, is examined in this section.

First, the tourism sector is labour intensive. Compared with other sectors, tourism generates comparatively more jobs than other sectors, except agriculture (Overseas Development Institute, 2006). This is due to its capacity to create strong backward and forward linkages, as discussed in chapter 2. The International Labour Organization (ILO) estimates that for every 1 job created in the core areas of hotels, catering and tourism, approximately 1.5 additional jobs are created in sectors indirectly linked to tourism (ILO, 2010a); hence tourism is among the world’s top creators of jobs (ILO and UNWTO, 2009). Tourism jobs further require various skill levels, with a relatively high proportion being low-skilled positions (World Travel and Tourism Council, 2015). This is particularly relevant to the poor who may be excluded from other work due to a lack of sufficient employment experience or education. The pro-poor impact is however dependent on the wage level of employment opportunities (UNCTAD, 2013a).

Second, the “out-of-pocket expenditure” of tourism is more likely to reach the poor. Studies suggest that 25–50 per cent of spending in restaurants, shopping and handicrafts, and local transport and excursions reaches the poor, particularly when supplies for those pursuits are sourced locally (Overseas Development Institute, 2006).²¹ If leakages are adequately minimized (see chapter 2) and local people are integrated well into the tourism value chain, tourism provides opportunities for poor people and small businesses to sell goods and services directly to tourists. Tourism can provide access to income-generating opportunities, though these opportunities may constitute vulnerable employment (see below).

21 While out-of-pocket expenditure can be a low share of total tourist expenditure, this figure appears to vary across Africa. Out-of-pocket tourist expenditure on items such as food, shopping and excursions constitutes one third of the tourism value chain of the Gambia, whereas the figure is lower in markets such as Ethiopia, Mozambique and Uganda where these discretionary products are less available. The level of out-of-pocket expenditure also varies by tourists, with package tourists spending less out of pocket than non-package tourists (Mitchell and Faal, 2008).

Third, agriculture has the strongest linkage to tourism owing to the demand for food and agricultural products generated by tourists. Agriculture is the most labour intensive sector and the mainstay in rural areas where poverty is most pervasive and deepest; indeed, more than 70 per cent of the poor in Africa live in rural areas and rely on agriculture for food and livelihood (International Fund for Agricultural Development, 2011). Agricultural income is reported to sustain more households than jobs in hotels and restaurants (UNCTAD, 2013a), particularly when local agricultural products are effectively integrated into the tourism value chain. Increasing the demand for agricultural products through increased tourism may thus provide many additional income opportunities for poorer people, especially in rural areas.

Fourth, tourism tends to place great value on the warm climates, new environments and cultural products and history that often gives rural areas a comparative advantage over cities in attracting tourists (UNWTO, 2010). This is particularly likely among international tourists; while domestic and continental African tourists may be more interested in opportunities such as shopping tourism, international tourists more often travel to Africa for holiday purposes and so are likely more interested in experiencing new cultures, activities and environments (see chapter 4). As tourism brings its market directly into rural areas and communities, it offers opportunities to communities that are traditionally disconnected from the economic opportunities that cities create. Tourism can, of course, pose a risk to the natural and cultural resources of local communities. It is thus imperative that the development of tourism should include local communities from an early stage, as identified for example in the United Nations Educational, Scientific and Cultural Organization “Tourism, culture and development in West Africa” Programme (United Nations Educational, Scientific and Cultural Organization, 2004).

Finally, investment requirements for some tourism-related activities are relatively low. For instance, the production of handicrafts requires traditional knowledge²² and local materials but comparatively little finance or infrastructure. Similarly, the tourism sector has much demand for traditional music and tours of local areas, which depend on traditional knowledge and skills. Acquiring such local and traditional skills is not investment intensive and is conducive to providing opportunities for the poor.

The value of tourism jobs for poverty reduction can be appreciated through the case of Cabo Verde. Tourism in Cabo Verde has experienced strong growth over the past 15 years, with tourism export revenues increasing from \$64 million in 2000 to more than \$450 million in 2014. The sector’s contribution to GDP exceeded 43 per cent on

22 Traditional knowledge is “knowledge, know-how, skills and practices that are developed, sustained and passed on from generation to generation within a community, often forming part of its cultural or spiritual identity” (World Intellectual Property Organization, 2017).

average during 2011–2015. The income generated by a booming tourism sector led to a notable decrease in poverty rates and enabled the country to graduate in 2007 from the least developed countries category. Whereas in a 2001/02 survey, Cabo Verde had a poverty rate of 37 per cent, this fell to 27 per cent by 2007 (Overseas Development Institute, 2012). Poverty rates were lowest on the two islands which are the country's main tourist destinations.

Tourism offers a relatively high share of low-skilled jobs that provide access for population groups with lower levels of education, which has benefits and risks. Low-skilled work runs the risk of not being decent work.²³ One study, for example, argues that much employment from tourism is low-skilled employment and characterized as temporary and casual, with high staff turnover, long and difficult working hours and locations far from typical residential areas (Ferguson, 2009). Furthermore, harassment, stress, low wages and exploitation are often a concern (Baum, 2013).

However, the categorization of certain tourism jobs as “low-skilled” may be more representative of developed than developing countries. For example, frontline staff and receptionist positions require skills in information technology and foreign languages, while small tourism operators and traders require accounting and stock-management skills. These skills are more abundant in developed than in developing countries, making them thus more valued in developing countries. Furthermore, in developing countries, high staff turnover in the tourism sector may not necessarily reflect a negative aspect of that particular labour market. Skills gained by tourism employees may be transferable and contribute to regular job changes to exploit wage differences and seasonal tourist movements (MacCarthy, 2014).

Another concern relating to tourism work is whether it constitutes vulnerable employment. Vulnerable employment is defined by ILO as the sum of own-account workers (self-employed individuals who do not have any employees) and contributing family workers (individuals working for an establishment operated by a related person in the same household). In these positions, workers are less likely to have formal working arrangements; the positions thus lack key elements of decent work (ILO, 2010b). However, tourism could alleviate this concern, as ILO finds that in countries where the tourism sector is dominant, the vulnerable employment rate is lower. Tourism provides many wage and salaried positions, and thus could assist the many vulnerable workers in Africa (ILO, 2012a).

23 Decent work requires dignity, equality, a fair income and safe working conditions for all workers (ILO, 2015), as reflected in Sustainable Development Goal 8. It is distinct from the vulnerable work indicator, which focuses only and specifically on own-account workers and contributing family work.

What matters for tourism's capacity to alleviate poverty is that the poor do not get trapped in vulnerable tourism jobs with poor working conditions and jobs that are low-skilled and have low value added. Public policy can play an important role in promoting better working conditions. Governments can also help those in low skilled and vulnerable jobs move into higher, more value added positions through better training, both within and outside of private tourism enterprises. A similar role should be expected from national and international tourism firms, i.e. by creating incentives to invest in employee training. For instance, several countries have FDI policies with provisions for local content and employment and training of employees to promote skills and knowledge transfer.

3.3 Youth and tourism

Africa benefits from a young workforce, and owing to changes in its population structure, the continent will benefit from a demographic dividend. While this is an immense opportunity for the continent, its realization will depend on the creation of sufficient and decent jobs, especially for the young. With half of all workers in the hotels, catering and tourism sector being under the age of 25 (ILO, 2017a), tourism can contribute to absorbing the youth that are eager to work and grow.

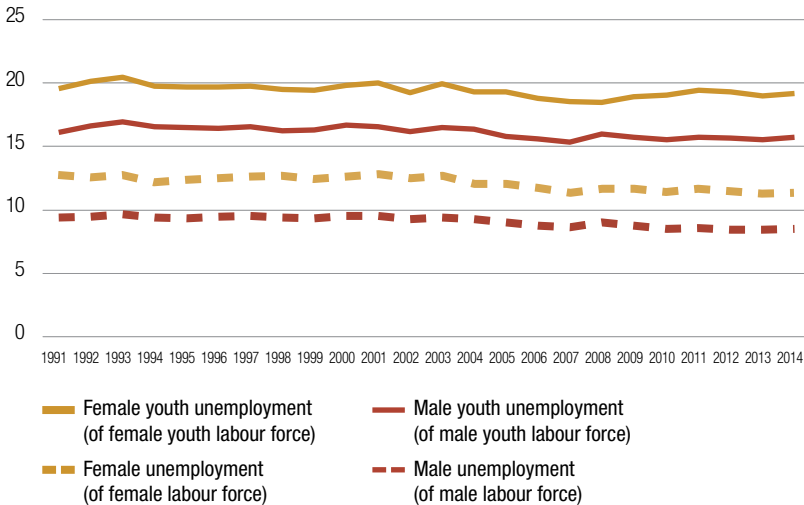
3.3.1 Youth and employment

Owing to declining mortality and fertility rates, the size and structure of the African population will be transformed. The proportion of working-age people (ages 15–64) will increase from 54 per cent of the overall population in 2010, to a peak of 64 per cent in 2090 (Drummond et al., 2014). This change in population structure is expected to provide Africa with a demographic dividend, that is, a boom in the working age population, which could rapidly accelerate economic growth if harnessed effectively.

The total number of young working people (ages 15–24) has increased rapidly in Africa, from 44 million in 1950 to 230 million in 2015, while its share in the total population has remained stable at around 19 per cent (Department of Economic and Social Affairs, 2015). According to forecasts, it is estimated that Africa will have almost 300 million more young people by 2060 (Department of Economic and Social Affairs, 2015). The continent has, however, struggled to provide employment opportunities for youth. While unemployment is a widespread phenomenon in Africa, figure 13 demonstrates that young people are particularly affected.

Amare (2014) finds that in Africa youth are twice as likely to be unemployed as their elders. In the last 25 years, the youth unemployment rate in Africa has fluctuated around 18 per cent. The employment challenge for youth in Africa, however, extends beyond

Figure 13
Africa: Unemployment rates by age and sex, 1991–2014
 (Percentage)



Source: World Bank, 2017.

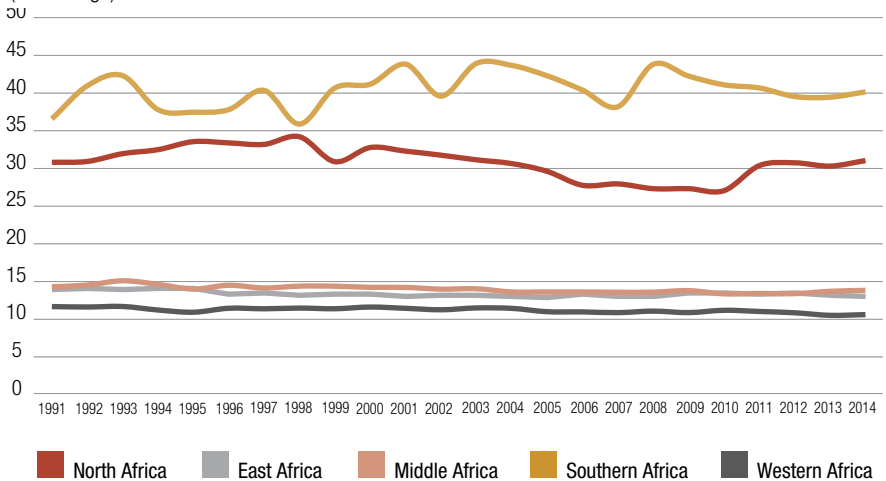
Note: Youth defined as comprising ages 15–24.

job creation, as underemployment of youth is also a widespread concern in rural areas and in the agricultural sector (Fox et al., 2016; UNCTAD, 2013b). Data from six African countries indicate that the average youth underemployment rate was approximately 15 per cent in 2011 (ILO, 2017a).

There are significant subregional variations in this. Figure 14 shows that youth unemployment is especially a concern in Northern and Southern Africa. In these subregions, young people also constitute a higher proportion of the total population than in other subregions, having already begun developing a significant demographic dividend. For the rest of Africa where youth populations and corresponding youth unemployment has yet to swell, there is a need to prepare accordingly.

Across Africa, unemployment rates are higher among young women than young men, reaching 19.2 per cent and 15.8 per cent respectively in 2014. Furthermore, unemployment is not only a major concern for the uneducated but also educated youth. Almost half of the 10 million graduates of African universities each year fail to

Figure 14
Africa: Youth unemployment rate by subregion, 1991–2014
 (Percentage)



Source: World Bank, 2017.

find a job (African Center for Economic Transformation, 2016). In the United Republic of Tanzania, unemployment rates are higher among people who have completed secondary education than those who have not (Amare, 2014). A total of 31.1 per cent of those unemployed in Egypt had completed tertiary-level education in 2013 (World Bank, 2017a).

These unemployment rates point to an apparent paradox of a chronic skills deficit reported by employers and the number of educated but unemployed youth. This suggests that there is a mismatch between the training and education received by young people and the skills most in demand by African employers. According to EY (2015), technical and professional skills are reportedly most in demand by employers across all sectors, including tourism, in Africa.

A demographic dividend is generally viewed as an enormous opportunity as the dependency ratio of the population decreases. But to realize the benefits of that dividend, jobs are needed and young workers must have skills that correspond with those jobs. It is thus imperative that countries prepare for this opportunity. Tourism can contribute to harnessing the demographic dividend through several means.

3.3.2 Enabling youth to participate in the tourism sector

In line with the discussion on poverty, tourism could provide significant employment opportunities to young people owing to its labour intensity and some of its underlying characteristics. Many tourism jobs are high-energy pursuits particularly suited to young able-bodied employees as they often demand long shifts of standing and walking (Baum, 2013). Additionally, the variety of jobs and associated transferable skills can make the tourism sector attractive to those beginning a career (London School of Economics, 2015). Some 25 per cent of African youth are illiterate (African Development Bank, 2011a) and the sector could also contribute to their employment via low-skilled jobs. While this may be an entry point, it cannot be an end in itself as these youth should be enabled to build up their skills.

A key factor for enabling youth to enter the tourism workforce and grow is the ability to acquire the skills needed and valued by the sector. Analysis of the national development plans has shown that most African countries (39 of the sample of 49 countries) have at least one tourism or hospitality school or a dedicated hospitality department at one of their universities. Though the quality of such training facilities varies, it indicates the countries' interest in the sector and awareness of the need for capacity-building in tourism. For instance, in Ghana, various institutions offer a range of courses in tourism and leisure management, but the country lacks an international-class tourism school. The Ghana Tourism Authority is thus seeking to establish a tourism school through a public–private partnership with an international hospitality institution, which could provide teaching relevant to industry demands (Oxford Business Group, 2017). The project aims to create a school that immerses students in practical tourism work, rather than using tourism education models in Africa focused on learning management and tourism-sector theories.

Enhancing hospitality schools is a positive externality for tourism employers who still often absorb staff training costs. Tourism business owners have indicated that the burden of staff training and development is currently too great (Khowala, 2015). The World Travel and Tourism Council (2015) also maintains that tourism firms globally and across Africa should invest significantly in employee training to address skills shortages in the tourism sector.

Compared with other world regions, youth in Africa have few opportunities to acquire practical relevant skills through vocational training. For instance, only about 3 per cent of African students are enrolled in technical vocational education and training courses, compared with 18 per cent of Chinese students (UNCTAD, 2014d).

ILO has recommended that informal apprenticeship systems²⁴ should be extended to the tourism sector to boost vocational attainment (ILO, 2012b). This could contribute to young talent being available to both large- and small-scale tourism enterprises and promote greater youth entrepreneurship in tourism.

3.4 Women, gender and tourism

This section examines the role of and opportunities available for women in the tourism sector in Africa. The section also discusses differential impacts of tourism on women and men to better understand the gender dimension of the sector.

3.4.1 Role of women and gender in African tourism policies

The role of women in African tourism policies is already appreciated and promoted by countries in Africa. On a national level, at least nine African national development plans explicitly consider how tourism could promote the role of women. Gendered strategies are also being adopted, such as gender mainstreaming exercises in Botswana in departments including the Ministry of Wildlife, Environment and Tourism (United Nations Development Programme, 2012).

At the regional level, the promotion of the role of women in tourism is featured in the most recent tourism and development plans of IGAD and SADC. SADC has also published a gender mainstreaming resource kit (SADC, 2009) which outlines ways to recognize the impact of policy (including tourism policy) on women, and the Regional Tourism Organization of Southern Africa hosts its annual Women in Tourism Conference to discuss further gendered tourism issues.

Featuring gender in tourism agendas is consistent with approaches of international bodies. For example, the UNWTO has a gender mainstreaming in tourism strategy aimed at improving gendered policies in national development strategies, while UNCTAD has considered the relevance of gender to tourism in several of its publications (UNCTAD, 2011; UNCTAD, 2014d), by looking at the impact of trade liberalization on men and women in different sectors.

3.4.2 Female labour participation in tourism

Women play a significant role in tourism industries. Globally, women make up approximately half of all jobs in the hotels and restaurants sector (UNWTO and UN

²⁴ According to ILO (2017b), an informal apprenticeship is a “system by which a young apprentice acquires the skills for a trade or craft in a micro [enterprise] or small enterprise learning and working side by side with an experienced practitioner [...] a training agreement that is embedded in local norms and traditions of a society”.

Women, 2011).²⁵ Figure 4 in chapter 1 shows that in most African countries with accessible data, women make up the majority of tourism employees. Notable exceptions in 2014 were Algeria, Egypt and Morocco where women represent just 17.4 per cent, 24.1 per cent and 27 per cent respectively of the total labour force (World Bank, 2017), indicating that low female labour participation is not unique to tourism in these countries.

Beyond direct employment, women constitute significant portions of sectors that are directly linked to tourism. Women make up approximately 70 per cent of agricultural labour in Africa. The global and African craft sector is also generally recognized to be a large employer of women and a sector that encourages female entrepreneurship (Matsinde, 2015). Such employment can provide supplementary income, for example during low farming seasons, and expand in response to demand from tourists.

Women are also significantly involved as tourism business owners and employers. Globally, the tourism sector has up to twice as many female employers than any other sector. Africa follows this trend, with 30.5 per cent female employers compared with 20.8 per cent overall. Botswana and Ethiopia are in the global top 10 countries for female employers in the hotels and restaurants sector, with more than 50 per cent of hotel and restaurant businesses run by women (UNWTO and UN Women, 2011).

3.4.3 Gender considerations in tourism employment

Tourism employment is not gender neutral in Africa, as women and men do not necessarily have the same opportunities in and benefits from the sector.

The sector is marked by horizontal segregation, whereby men and women dominate in different occupations of the same status. A total of 90 per cent of those employed in lower paid tourism occupations including servers, cleaners, travel agency sales persons and tour guides²⁶ are women. Men are more often employed as bartenders, porters, gardeners and maintenance and construction workers (Baum, 2013). Stereotypes of traditional female housework roles contribute to this segregation, with many “female” positions being extensions of typical domestic work such as cleaning and caring duties. Case studies indicate that this horizontal segregation is associated with women “crowding” into a more limited range of professions than men, increasing the supply of labour for female-dominated positions and thus increasing competition and suppressing wages (Casele and Posel, 2011).

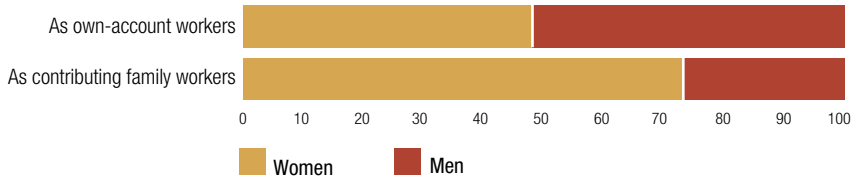
Ethnicity may intersect with gender to determine the jobs to which individuals have access. For example, a study of South Africa found that among all racial groups,

²⁵ This sector is treated as indicative of employment in the tourism sector in the following, given the lack of more relevant data.

²⁶ See chapter 2, footnote 18.

Figure 15

Africa: Women and men in vulnerable employment in the hotels and restaurants sector
(Percentage)



Source: UNWTO and UN Women, 2011.

black African women were least likely of all groups to be employed in male-dominated occupations across all sectors, suggesting that ethnicity can act as a contributor to horizontal segregation (Parashar, 2014). This occupational segregation is seen in the fourth quarterly national statistics of South Africa for 2016; in this case, the largest racial group employed in low-skilled employment is black African women (43.3 per cent, compared with 0.7 per cent of white women (Statistics South Africa, 2016)). This phenomenon has also been observed in some other African countries (see Brenton et al., 2013).

The tourism jobs dominated by men in Africa tend to be more gainful, stable, formal and secure than those occupied by women. First, the female-dominated jobs listed above are more often low-skilled compared with male jobs (Baum, 2013). Second, female wages are more often lower due to the above mentioned “crowding” effect. Third, women tend to have less value adding and less stable jobs than men (Baum, 2013). For instance, more women were made redundant from their positions than men in the tourism sector during the global financial crisis (UNCTAD, 2014d). The risk of abuse from customers is also higher for women since they are more likely to occupy positions that involve greater customer interaction.

Discrimination and harassment from superiors and colleagues exacerbates horizontal segregation by limiting female access to male-dominated fields. This calls for increasing awareness of gender-based discrimination in the workplace (European Commission, 2009).

Figure 15 indicates that women are more likely than men to engage in vulnerable employment in the tourism sector in Africa (UNWTO and UN Women, 2011). The figure

shows that slightly more men than women are own-account workers in the hotels and restaurants sector, while clearly more women than men are contributing family workers in this sector. A total of 73 per cent of all tourism contributing family workers are women. This raises concerns, as female contributing family workers often become dependent on male relatives who are more likely to own and run these enterprises. This restricts vulnerable women's access to the income and empowerment associated with employment more so than for vulnerable men. Women may also be contributing significantly to tourism enterprises and community development, unlike solo own-account workers, but reaping fewer benefits from their work than vulnerable men in this sector (ILO, 2012a).

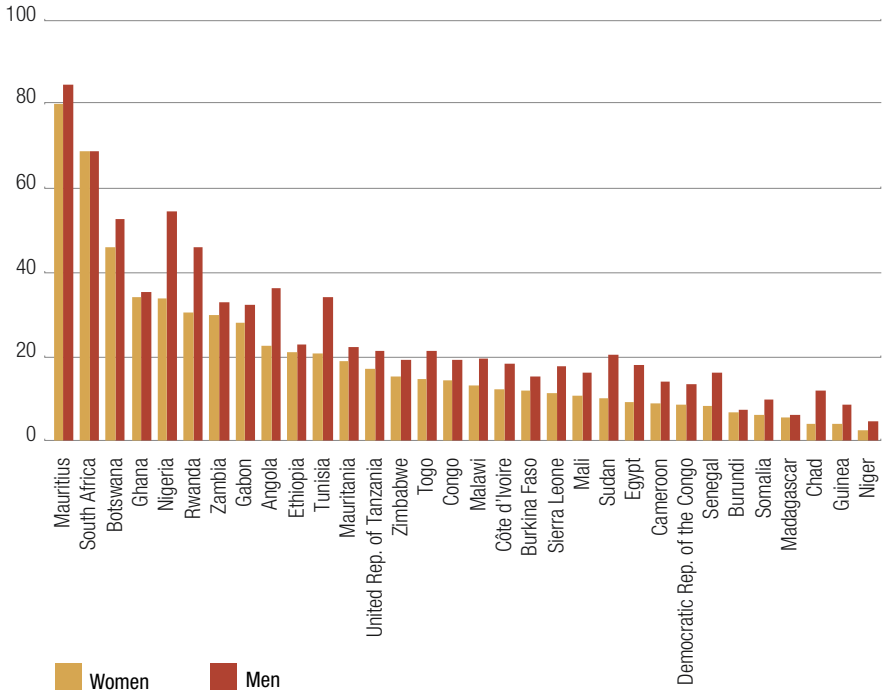
Vertical segregation, by which men dominate in higher status jobs, is also a concern in tourism. Although there are relatively many women in high-level leadership and management positions in the tourism sector in Africa compared with other sectors, there are still fewer women than men in these positions. Cultural biases, executive working hours, negative female perceptions of the role and demands of management, direct gender discrimination and a lack of female mentors may account for this (Nyaruwata and Nyaruwata, 2013). Women also have access to fewer career development opportunities than men, including appropriate training and empowerment programmes (Ferguson, 2009; Herath, 2011).

However, compared with other sectors, female leadership in tourism is relatively high. Women constitute 36 per cent of tourism ministers in Africa, the highest percentage seen anywhere in the world (UNWTO and UN Women, 2011). Meanwhile, in the private transportation, logistics and tourism sector, 28 per cent of middle management and 29 per cent of senior management positions are filled by women (Moodley et al., 2016). This may be the result of successful initiatives in several African countries. For instance, in Zimbabwe a national gender mainstreaming policy in tourism contributed to an increase in the number of women in management positions in three main hotel groups (4 out of 11 chief executive officers were women in 2011) by including gender considerations into policy planning (Madzara, 2011).

Tourism management opportunities will only be open to certain women, particularly those with higher educational attainment and extensive experience. Developing training programmes that can give greater management opportunities to more women is a long-term aim that should be promoted.

There is a considerable gender pay gap in the tourism sector. In the hotels and restaurants sector, women earn on average 10 per cent less than men worldwide as well as in Africa. Women's earnings as a percentage of men's earnings in Africa drops as low as 57 per cent in the hotels and restaurants sector in Botswana (UNWTO and

Figure 16
Percentage of men and women with an account at a financial institution, 2014



Source: World Bank, 2017.
 Note: Ages 15 and above.

UN Women, 2011). These gaps are high relative to other sectors (Ñopo et al., 2011). Several factors may contribute to this, including direct discrimination against women, higher female participation in informal and unpaid labour, restricted working hours for women with childcare responsibilities, crowding effects (Casele and Posel, 2011) and horizontal and vertical segregation.

Tackling the gender pay gap could contribute to enabling women to secure more solid incomes, especially as tourism jobs are comparatively well remunerated compared with most informal sector activities in Africa. In South Africa, for instance, the average

(self-reported) wage for hospitality workers is R11,769 (\$909) per month, far higher than the current R3,500 (\$270) per month minimum wage (Beaven, 2016).

The ability to set up a tourism-linked business and grow greatly depends on access to finance. Globally, approximately 80 per cent of the tourism workforce is located in small to medium-sized enterprises set up by men and women who recognize opportunities to exploit tourism markets in their communities (ILO, 2010a). These entrepreneurial opportunities are constrained in Africa, however, because of a lack of access to finance that could help found and grow tourism businesses.

While access to formal sources of finance is low across Africa for both women and men, in every country for which data is available, fewer women than men had access to an account at a financial institution (figure 16). While the African Development Bank's Growth-oriented Women Enterprises Development Programme seeks to increase female access to finance through local bank partnerships in selected countries, national and customary laws still provide critical barriers for women (African Development Bank, 2007). Policies that facilitate the growth and spread of banks, and improved access to banking technology, such as mobile telephones, will likely improve access to finance and thus entrepreneurship opportunities in tourism for women and men (JP, 2012).

Finally, lack of access to training and education constrain tourism employment and entrepreneurship. A prerequisite for access to training is often literacy. As two thirds of illiterate African adults are women (United Nations Educational, Scientific and Cultural Organization, 2017), they face more hurdles for accessing tourism training. UNCTAD (2015d) finds that literate women are also excluded from vocational and on-the-job training in particular that could increase their chances of securing higher-skilled jobs. Gender stereotypes, and as women's participation in the labour market can be intermittent, render firms reluctant to "invest" in women, reserving training for men. Further, time and mobility constraints exclude women from extension programmes and other employment support services. Overall, given the literacy, foreign language, information technology and economic skills that can be demanded in tourism, this deficit is a significant barrier to increasing female participation in tourism.

These gender considerations highlight differences in the opportunities and experiences of men and women in the tourism sector in Africa. Reducing these barriers would contribute to more equal opportunities and empowerment, and enable women to make a greater contribution to the sector. This is particularly true if decent work is championed in tourism policy. Importantly, though, women from different locations, ethnicities, income groups, etc. will face the challenges outlined in different ways and to different degrees as women are not a homogenous group.

3.4.4 Enriching tourism through higher female participation

Giving women greater access to economic opportunities in tourism is inherently valuable in itself and is essential to secure more inclusive growth. Enhancing women's inclusion in tourism provides various benefits to tourism itself and development more generally. Higher participation of women in tourism is positively associated with economic growth (UN Women, 2015). Facilitating employment of individuals from a wider pool of talent maximizes the productive capacities of firms and countries (UN-Habitat, 2010). Furthermore, enabling female labour participation decreases the fertility rate, which lowers dependency rates and increases savings and investments; this in turn boosts growth. It is estimated that these factors contributed to around one third of all East Asian per capita GDP growth between 1965 and 1990 (UN-Habitat, 2010). Similarly, total annual economic losses are estimated to be \$255 billion in Africa due to gender gaps in the labour market (Bandara, 2015). It is therefore important that female labour participation and access to female talent pools is facilitated and encouraged.

Women also have the capacity to contribute to tourism product diversification, particularly women in rural areas with strong community ties. Owing to their traditional skills (including farming and cooking) and cultural awareness, they have the potential to set up or join enterprises that provide cultural artefacts, handicrafts and agricultural and environmental services that enhance the variety of tourism services and products. In fact, these skills are in particular demand in the tourism sector, and for ecotourism pursuits in particular (UNWTO, 2012), which has seen a surge in demand for authentic travel experiences based on learning about the lives and traditions of local people (Expedia, 2013; see chapter 2).

These products and services may be produced and marketed from within their homes and communities. As women often face barriers to entering the labour market due to domestic responsibilities or cultural norms (especially in Northern Africa) that may confine them to their households or local areas, the tourism sector can provide employment opportunities that women are able to pursue while remaining in traditional carer roles. The similarities between household work and some tourism jobs make these jobs conducive to greater female autonomy by providing opportunities to gain income utilizing existing skills and resources. However, this does not suggest that women should be limited to these opportunities, but that it may offer opportunities for women who are seen as primary carers and have less mobility.

The Cultural Tourism Programme of the United Republic of Tanzania has established 41 cultural tourism enterprises that facilitate cultural tourism excursions led by local people in their natural environments. One such cultural tourism enterprise involves

women from the Mulala village (Arusha region) who organize various tourism activities such as tours of local cheese-making units and honey harvesting farms and guided hikes around local natural sites. The cultural practices and natural environment of these women are used to develop new tourism products and bring more income into the community (Cultural Tourism Programme, 2012). Agricultural products farmed by women can also be developed for new tourism markets. A project in Kenya targeted female cooperative groups with soft loans and training that has stimulated the involvement of 268 women in the growing of non-traditional produce sustained in part by new linkages with the tourism sector (ILO, 2012c).

In addition, there is evidence that suggests that empowering women through tourism can increase investments in local households, communities and public goods provision at all levels. For example, profits from a beach resort run by women in the Kilifi District of Kenya were used to build a subsidized health-care centre, a nursery school and a free water facility for the local area (UNWTO and UN Women, 2011). Evidence from around the world indicates that increasing the share of household income controlled by women (by increasing their earnings) increases the amount spent on child well-being (UN-Habitat, 2010).

Furthermore, women's entry into tourism could contribute to the protection of local environments and cultures. If rural women, for example, are encouraged to strengthen their engagement in local agricultural (particularly agrotourism)²⁷ and cultural tourism pursuits, more efforts will be made by those women to preserve the resources that enable such activities. This will help to avoid further degradation of natural resources, through the marketing of the particular beauty of a community to tourists, and erosion of local culture, through the protection and careful marketing of the culture by the true owners and creators of those cultural products.

A project in Burkina Faso entitled "Down the salt, fish, gold and cola routes" highlighted these two factors in practice. The project aimed at increasing tourist encounters with local people in Burkina Faso by encouraging the development of new tourist circuits into rural areas, granting rural communities access to new tourist markets. It recognized that in order to avoid damage to local cultural and social identities, it should strongly develop the provision of crafts, cuisine and the arts in those rural areas to conserve culture. It sought to develop those pursuits "especially insofar as these allow for the involvement of women", highlighting the strong relationship that exists between the promotion of women in tourism and the improvement and protection of communities (United Nations Educational, Scientific and Cultural Organization, 2004).

27 Agrotourism refers to tourism linked to agricultural products and facilities.

Female participation in tourism can be facilitated and boosted through various measures. First, it is important that women are considered for tourism employment at various skill levels. Efforts should be undertaken to improve working conditions in the sector so that tourism jobs comply with decent work requirements. It is also important to encourage training to enable tourism workers to aspire to higher value added jobs and a greater variety of jobs. Second, encouraging female entrepreneurship in tourism can create much value for the sector and would place women at the forefront of tourism innovation. As previously mentioned, tourism sectors around the world have up to twice as many female employers as any other sector (UNWTO and UN Women, 2011), highlighting women's excellence in this field and the benefits that could be reaped should they be supported effectively.

While women can contribute significantly to tourism and growth, growth must inherently seek to improve the positions of women for it to be inclusive. A primary aim of this section has been to identify ways in which tourism can increase the breadth of choice that women in Africa have regarding their occupations and everyday lives. Efforts should be made to continue to extend female choice and freedom beyond the measures outlined here. For example, although gaining access to a basic community-based tourism income will improve female bargaining power and autonomy, policymakers should be wary of women getting trapped into home-based traditional tourism positions.

3.5 Conclusions

This chapter shows that tourism has the potential to foster inclusion by providing economic and employment opportunities to often excluded and more vulnerable groups such as the poor, youth and women. Tourism has been found to be an inherently inclusive sector, therein offering an avenue to foster inclusive growth.

First, in countries where the tourism sector is dominant, the vulnerable employment rate is lower (ILO, 2012a). Hence expanding the tourism sector could assist the most vulnerable workers in Africa, and contribute to more decent work opportunities.

Second, tourism is a sector characterized by high female participation, and thus can contribute to economic growth (UN Women, 2015). Women make up half of tourism employees and contribute significantly to sectors that directly link to tourism, such as agriculture. Both directly or as a supplementary source of income, these tourism jobs contribute greatly to sustainable livelihoods. Critically, in Africa, women are also significantly involved as tourism business owners and employers, with 30.5 per cent of employers being female compared with 20.8 per cent overall. Further, female-dominated

tourism employment empowers women to drive future tourism growth as well as benefit from it.

Third, tourism is a sector that employs a large number of young people from a wide variety of educational attainment and skill levels. As the demographic dividend begins to emerge and grow in Africa, the tourism sector should be identified as having significant potential to effectively harness this labour and provide productive employment opportunities well-suited to young workers. If these new young workers are adequately prepared for the skills demanded by the sector, they can be better absorbed into the tourism labour market and contribute to stronger and more inclusive growth.

Lastly, tourism provides economic opportunities for lower skilled individuals including in rural areas that are traditionally located far from growing labour opportunities. The value placed by tourists on “authentic” experiences and products means tourism markets can be brought directly to poorer rural people who lack access to other formal markets. Moreover, as the poor are disproportionately represented in rural areas and in the agricultural sector, tourism demand for agricultural products can provide additional income for this group.

In the longer term, efforts should be made to enable those in tourism employment and enterprises to move beyond initial entry positions. Training and other empowerment opportunities should be provided to help vulnerable people move into more value added, more secure and higher positions within the workforce. The wide scope of tourism provides the room to give people meaningful choice over their source of income.

Given that the vulnerability of tourism employment is relatively low compared with other sectors, and that it offers the poor, women and youth opportunities to enter and thrive and a means to harness the emerging demographic dividend, tourism merits attention, investment and development.

CHAPTER 4

Increasing intraregional tourism by deepening regional integration

This chapter focuses on intraregional tourism and the supportive role of regional integration and shows that continental tourism in Africa is important in terms of scope and value, similarly to global trends. The chapter goes on to explore why intraregional tourism is important from a theoretical point of view, quantifying intraregional tourism and characterizing intraregional tourists to assess its current scope and potential. Then, the chapter examines the role of regional integration and how it can facilitate intraregional tourism, focusing the discussion on the free movement of persons, regional tourism policy, currency convertibility and air connectivity.



4/10

international tourists in **Africa**
originate from Africa



in Northern
Africa

2/10

international tourists
originate from Africa

in sub-Saharan
Africa

2/3

international tourists
originate from Africa



Regional integration supports intraregional tourism



through streamlined visa requirements



by opening up the skies



through convertible currencies



through tourism policy

4.1 Continental tourism

Much of the tourism industry in Africa has traditionally targeted international tourists from outside Africa. These source markets, in particular Europe and North America, offered comparatively affluent populations with sufficiently high incomes the opportunity to travel. Tourists from Europe and North America also brought sorely needed foreign exchange that made substantial contributions to the balance of payments of many African countries, including today. During the period 1995–2014, tourism export revenues have consistently contributed to more than 42 per cent of Africa’s services exports (chapter 1). The tourism industry and the tourism product have thus been predominantly structured and designed for international tourists from outside Africa.

Over the past 20 years, more Africans have obtained the means to travel and enjoy tourism as a result of increasing disposable incomes and better and more affordable transport. In 1995, 15.2 million Africans travelled abroad; this number increased to 19.2 million in 2000, 26.9 million in 2005, 36 million in 2010 and 44.3 million in 2014 (UNWTO, 2016a).²⁸ Outbound travel of Africans between 2005 and 2015 registered the second highest growth rate (6.2 per cent), following the 6.6 per cent growth rate of the Asia and the Pacific region (UNWTO, 2016a).

Much of Africa’s international travel has taken place within Africa. Figure 17 shows that almost 4 out of 10 international tourists to Africa originated from Africa in 2010–2013.²⁹ This share recorded an increase from 34.4 per cent in 2010 to 40.3 per cent in 2013. To distinguish between Northern and sub-Saharan Africa, the share of arrivals from the continent was much lower in Northern Africa but increased from 13.7 per cent in 2010 to 17.7 per cent in 2013. In sub-Saharan Africa, this share remained stable at around 64 per cent; thus approximately two out of three tourists to sub-Saharan Africa originate from the continent. Analysing the composition across African countries reveals that the share fluctuates significantly. While in 2013 international tourist arrivals from Africa to Cabo Verde accounted for less than 1 per cent of total international tourist arrivals, the respective share in Lesotho reached almost 95 per cent. On average, between 2010–2013 the share was less than 15 per cent in 7 countries: Cabo Verde, Morocco,

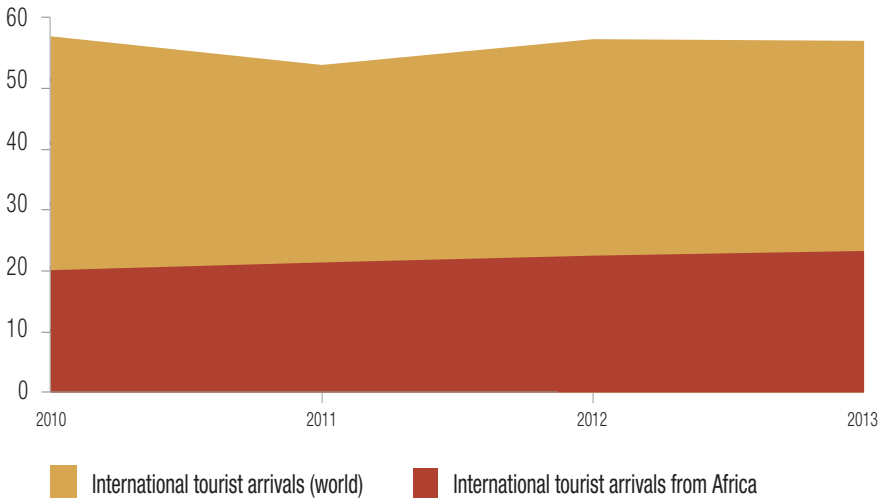
28 UNCTAD calculations, based on data from UNWTO, 2016a. Given that the UNWTO region of Africa does not include Egypt and Libya, outbound travel from these two countries was added to reflect the region as defined by UNCTAD.

29 Data are based on 31 African countries for which data on total international tourist arrivals in Africa and international tourist arrivals in Africa from other African countries were available for the period 2010–2013. Data of these 31 countries account for more than 90 per cent of total international tourist arrivals in Africa (chapter 1, table 1).

Figure 17

International tourist arrivals in Africa from the world and from within Africa, 2010–2013

(Millions)



Source: UNCTAD calculations, based on data from UNWTO, 2017.

Note: Sample includes 31 African countries for which data were available.

Egypt, the Gambia, Seychelles, Mauritius and the Sudan. These countries, with the exception of the Sudan, are major destinations of European tourists for leisure holidays, particularly beach holidays. The share exceeds on average 85 per cent in four countries, Lesotho, Rwanda, Swaziland and Zimbabwe. These countries are landlocked and distant from traditional tourist source markets.

As shown in figure 17, the absolute number of cross-border tourist arrivals from Africa to Africa slightly increased during the reference period while international arrivals slowed down in 2011 but picked up, albeit at a lower level, in 2012. This decline reflects the drop in arrivals from outside Africa in the wake of the Arab Spring. The drop is pronounced in Northern Africa, whereas in sub-Saharan Africa both arrivals from the continent as well as from outside Africa steadily increased.

While the share of continental tourists in total international tourist arrivals in Africa has been increasing, it is still below the global average. UNWTO estimates that worldwide four out of five arrivals originate from the same region (UNWTO, 2016a). Regional markets are thus significant in terms of their volume.

It is difficult to assess the value of continental tourism, owing to the scarcity of bilateral data on international tourism receipts. The only African country for which bilateral data on travel services exports are available is Tunisia. These data show that, for instance, in 2009 and 2010, average travel export revenue generated by tourists from Algeria amounted to \$112 per arrival; from Libya, \$157; from Morocco, \$235; and from Egypt, \$446. In contrast, international tourism receipts generated by inbound tourists amounted to \$345 per arrival during the same period. Some estimates on the value of regional tourists are provided in a South African quarterly performance report (South African Tourism, 2016). It shows that total foreign spending by subregion is highest for tourists arriving from Africa-land,³⁰ which includes members of the SADC region. For instance, in 2014, Africa-land accounted for 57 per cent of total foreign spending. The report also shows that in 2014, average spending per day was R600 for Africa-land tourists, R1,000 for Africa-air tourists and R800 for European tourists. Consequently, in South Africa and Tunisia, the value of continental and intraregional tourists in terms of their spending contributes greatly to tourism revenues, as discussed below.

International tourism is one component of tourism demand in Africa; the other is domestic tourism. According to UNWTO (2016a), there are about 5 to 6 billion domestic tourists worldwide, and the number is increasing. Domestic tourists thus greatly outnumber international tourists, which is also likely to be the case in Africa.³¹

In terms of spending, the comparison between international tourism receipts and domestic tourism spending in Africa suggests that both flows increased between 1995 and 2014, and that domestic spending has been higher than international tourism receipts, with a growing gap after 2003 (figure 18).³²

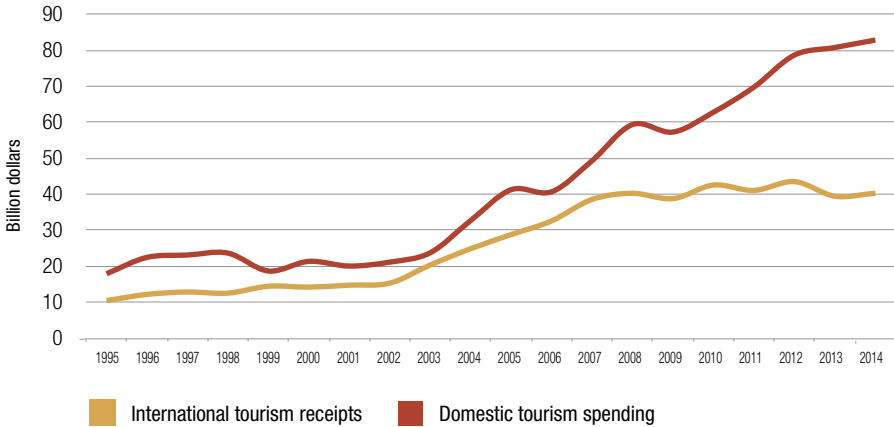
The literature and research on tourism and development, however, tends to focus on international tourism, owing to the higher per capita expenditure of international tourists

30 Includes the following countries from which tourists tend to arrive by land or ground transport: Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe (South African Tourism, 2016). Africa-air includes all other African countries plus the Middle East from where tourists typically arrive by air.

31 While statistics on domestic tourists are not available for Africa, the UNWTO dataset on domestic tourism allows inference. For Africa, the dataset includes trips within Egypt and South Africa, and shows that in 2014, these two countries jointly recorded 50.2 million domestic tourism trips. This number is relatively close to the total number of international tourist arrivals in Africa in 2014 (62.8 million) and suggests that domestic tourists in Africa outnumber international tourist arrivals.

32 Statistics on international tourism receipts are derived from UNWTO data, while those on domestic tourism spending are estimates based on data from the World Travel and Tourism Council. The two sources may use different spending categories, hence limiting comparison.

Figure 18
International tourism receipts compared with domestic tourism spending in Africa,
1995–2014 (Billion dollars)



Source: UNCTAD calculations, based on data from UNWTO, 2017 and World Travel and Tourism Council, 2017.

over domestic tourists and because the former are a source of foreign exchange. However, the contribution of domestic tourists is substantial, even on a per-trip basis. Data for recent years suggest that domestic tourism spending in South Africa per trip is about half the amount generated by an international tourist in terms of travel expenditure, whereas in Egypt the gap has narrowed to about 70 per cent (UNWTO, 2017; World Travel and Tourism Council, 2017).³³

Furthermore, it is expected that the regional demand for tourism services will increase, owing to the rise of disposable incomes and the middle class in Africa. UNWTO et al. (2015) estimate that 15 of the 19 countries expected to move from low-income to middle-income nations in the next 20 years are African. Along with higher disposable incomes, better transport and more relaxed visa policies will further underpin this trend and provide Africans with the means to travel abroad.

Hence, Africans are consuming considerable amounts of tourism services through intraregional, continental and domestic travel, and the numbers are increasing.

33 Domestic tourism spending is defined by the World Travel and Tourism Council as spending within a country by that country’s residents for business and leisure trips (see <https://tool.wttc.org/>).

This generates diverse economic opportunities, as discussed in the previous chapters. The remainder of this chapter focuses on regional integration, as it plays an important role in developing tourism within Africa. Regional integration can boost intraregional tourism through regional protocols and trade agreements that facilitate the movement of persons through more relaxed visa regimes or enable people to work abroad and set up a business. Similarly, regional bodies may tap the potential of regional tourism when they recognize its potential and plan for it systematically. Regional integration also aims to facilitate the exchange of currencies, and hence lowers transaction costs for tourists. Finally, regional integration can promote tourism in a region by investing in and facilitating transport, particularly air transport.

4.2 The case for intraregional tourism

Intraregional tourism has some characteristics that make it particularly valuable in relation to international tourism from outside Africa. An often-cited concern of international tourism is its high degree of leakage of some market segments, that is, the share of tourism income that is not retained in the local economy (see chapter 2). It is estimated that the average leakage for most developing countries is between 40 and 50 per cent of gross tourism earnings (UNCTAD, 2013a). Leakage occurs because of weak linkages and limits multiplier effects, thus reducing the sector's positive economic impact and development potential.

Compared with international tourism from outside Africa, intraregional and continental tourism build stronger local linkages, making greater use of locally supplied food and building materials and labour. Intraregional and continental tourism are also characterized by higher levels of local spending (Kiambo, 2014). This can be attributed to a greater demand by continental tourists — similarly to domestic tourists — for local food products because of similar tastes, and to possibly less demanding standards, which facilitates the market entry of local suppliers. Furthermore, continental tourists are more familiar with the local context and thus are more likely to venture out of hotels and resorts and spend money on local transport, entertainment, food and other services. As a result, intraregional and continental tourism have a lower degree of leakage than that of tourism from outside Africa.

Another concern with international tourism is its seasonality. Destinations in the South that depend on travellers from Europe and North America tend to record strong fluctuations, as they are visited during boreal winters. Continental tourism is more evenly distributed across the year and can thus reduce the effects of seasonality and contribute to more stable employment.

Intraregional tourism has social benefits. For example, a greater understanding and valuing of cultures, as well as closer economic ties, promote tolerance among nations. This is likely to diminish the potential of conflict and contribute to peace. Chapter 5 discusses this issue in detail.

4.3 Intraregional tourism: Scope and potential

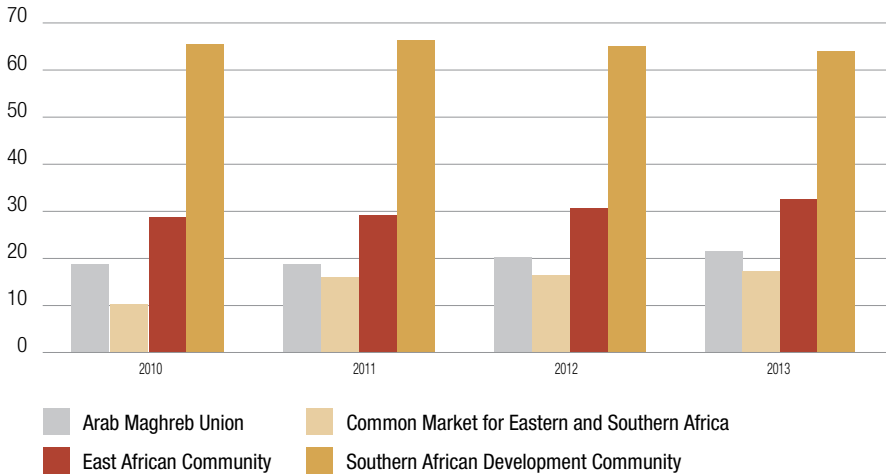
As stated previously, the number of African tourists is increasing steadily, and many Africans travel to destinations within Africa (figure 17). What is the actual magnitude of intraregional tourism? To answer this question, data on bilateral flows of international tourist arrivals were compiled specifically for this report. This data compilation is novel. The UNWTO database provides bilateral data for 43 of 54 African countries. However, some countries report such flows merely on an aggregate level (for example, Burundi reports international tourist arrivals from Africa without disclosing countries) or only single out a few countries, which limits the ability to use these data to calculate intraregional tourist arrivals. Data coverage also varies greatly, depending on the year. For these reasons, the calculation of intraregional tourism is limited to 2010–2013, and the analysis includes only regional economic communities for which the data of at least half of its members were available. The regional economic communities included are the Arab Maghreb Union (AMU), COMESA, the East African Community (EAC) and SADC.³⁴ These regional economic communities are informative for Eastern, Northern and Southern Africa, but omit developments in Western and Central Africa. Box 5 attempts to partially fill this gap by providing information on the Economic Community of West African States (ECOWAS), with a sample covering 2012 and 2013. Data coverage for Central Africa is insufficient for analysis. In light of these restrictions, the analysis focuses on shares, not absolute numbers.

The shares of intraregional tourist arrivals in total international tourist arrivals vary greatly among regional economic communities (figure 19). COMESA has the smallest share (on average, 15 per cent), while SADC has the largest (65 per cent). Those of the AMU, COMESA and EAC increased during the reporting period, while that of SADC decreased slightly. The comparatively high share of intraregional tourists in total tourist arrivals in SADC is due to several factors: It is farthest from traditional tourist source markets,

³⁴ Data are available for the following members of the above-mentioned regional economic communities: Algeria, Morocco and Tunisia (AMU); Egypt, Ethiopia, Madagascar, Mauritius, Rwanda, Seychelles, Swaziland, Uganda, Zambia and Zimbabwe (COMESA); Kenya, Rwanda, Uganda and the United Republic of Tanzania (EAC); and Angola, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, the United Republic of Tanzania, Zambia and Zimbabwe (SADC). See figures 19 and 20.

Figure 19

Intraregional tourist arrivals as a share of total international tourist arrivals in Africa, 2010–2013 (Percentage)



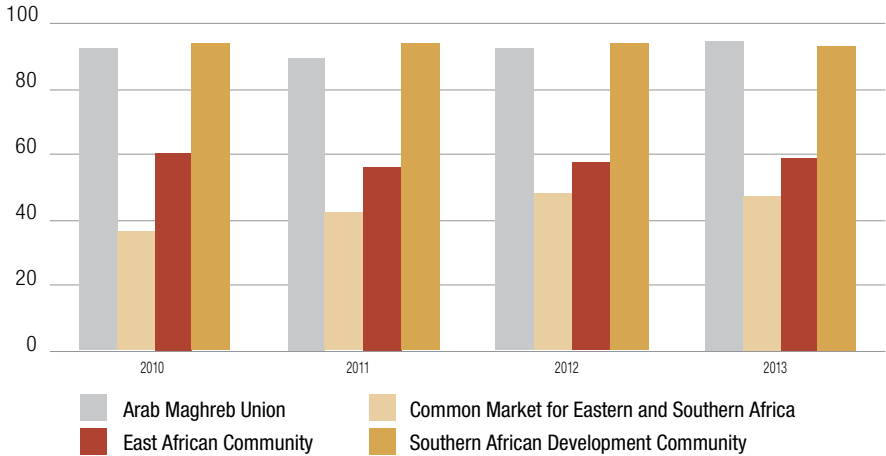
Source: UNCTAD calculations, based on data from UNWTO, 2017 and Kenya National Bureau of Statistics, 2016.

has relatively good transport infrastructure and networks, and includes a dominant and relatively affluent economy, South Africa. Furthermore, the Community has a comparatively high standard of living, which has been rising. Rogerson (2011) maintains that regional tourism is not a new phenomenon in South Africa and Southern Africa.

The importance of intraregional tourism in SADC is clearly reflected in figure 20, which depicts arrivals from Africa only. The figure shows the share of intraregional tourist arrivals in tourist arrivals from within the continent. In SADC and AMU, intraregional tourists account for nearly all international tourists arriving from the continent. In the latter, the dominant flows of intraregional tourists are arrivals from Algeria and Libya in Tunisia. According to the African Development Bank (2011b), Tunisia has been the preferred destination for Libyan tourists since 2003. Tunisia is also the main tourist destination for Algerians, recording a steep increase in 2014 and 2015.

Source markets from the continent are more diversified in EAC and COMESA. In EAC, intraregional tourist arrivals as a share of tourist arrivals from Africa fluctuated about 60 per cent, and that share is about twice that of intraregional tourist arrivals in all

Figure 20
Intraregional tourist arrivals as a share of tourist arrivals from within the continent, 2010–2013 (Percentage)



Source: UNCTAD calculations, based on data from UNWTO, 2017 and Kenya National Bureau of Statistics, 2016.

international tourist arrivals. In COMESA, the share of intraregional tourist arrivals in arrivals from within the continent grew from 36.7 per cent in 2010 to 47.5 per cent in 2013, three times greater than the share of intraregional tourist arrivals in all international tourist arrivals. Figure 20 shows that the shares have been remarkably stable during the reporting period in the AMU, EAC and SADC, whereas an increase was reported in COMESA.

Who are intraregional tourists? Are there some common patterns across the regional economic communities? A useful means of characterizing intraregional tourists is to analyse the purposes of their trips, that is, whether they travel for personal reasons³⁵ and/or business and professional reasons. The different categories matter, as they reflect different expenditure patterns. For instance, leisure tourists are likely to stay at a hotel and eat out in restaurants, while tourists visiting relatives are more likely to stay with their relatives and eat considerably less outside a home.

³⁵ Holidays, leisure and recreation, and other personal purposes such as visiting friends and relatives, religious pilgrimages, health and education.

Data on international tourist arrivals by purpose of travel are available at the aggregate level. Figure 21 shows that the main purpose of travel of all international tourist arrivals in Africa in 2014 was holidays, leisure and recreation (63 per cent), followed by other personal purposes (23 per cent) and business and professional purposes (14 per cent). Continental data – international arrivals from within Africa – by purpose of travel are not available, except in national reports. Some examples from Botswana, Kenya and South Africa are provided in panels b–e. Panel f shows that the purpose of international travel differs substantially from that of domestic travel in Egypt and South Africa, which are dominated by trips for other personal purposes.

In terms of intraregional travel, panels b–e of figure 21 are indicative. Panel b shows that leisure is an important purpose of African visitors arriving in South Africa by land, thus originating from other countries of SADC. The main leisure activities are shopping and social activities; few trips are motivated by watching wildlife, enjoying beaches or visiting natural attractions. This reflects the reality that shopping has become a prime regional travel motivation, for both personal and business reasons (Rogerson, 2011).³⁶ Johannesburg has turned into a regional shopping and trading hub for cross-border shoppers and traders.³⁷ As many neighbouring countries offer a much more limited choice of goods, a trip to a close destination that offers a much wider range of products can be a prime travel motivation. Conversely, cross-border traders purchase goods in South Africa for resale in their home economies, where such goods are not available or are in short supply (Rogerson, 2011). Nairobi is another illustration of this phenomenon – and this is a worldwide trend. According to UNWTO (2014), shopping has become a determining factor affecting choice of destination in developed and developing countries. Shopping, along with entertainment, business and sports tourism, are critical components of the growing concept of urban tourism.

Business tourists are another major category of regional tourists. Globalization and increasing regional integration have boosted economic ties and business flows across countries. While formal business tourists³⁸ are included in the business tourism category, there is another subcategory – informal cross-border traders³⁹ and migrant entrepreneurs.

36 Shopping should be understood in a broad sense, that is, shopping for a whole range of consumer goods, including clothing, groceries and appliances.

37 This is true for Africans arriving by both air and land.

38 Formal business tourism relates to travelling for purposes of meetings, incentives, conferences and exhibitions.

There is ongoing debate on whether such data have been accurately and reliably recorded. According to UNWTO (2016b), border, seasonal and other short-term workers, and long-term students should not be included in tourist arrivals data. However, several scholars suggest that cross-border traders should be included in the business tourist category. In the same vein as Gladstone (2005), Rogerson (2014) argues that the traditional definition of business tourism “excludes a vast array of informal sector business travel and tourists – international and domestic – which constitute a further critical element in Africa’s business tourism landscape”. These authors suggest that a distinction should be made between formal and informal sector tourism and that therefore, the business tourism category should also make a distinction between formal and informal sector business tourism. Furthermore, informal sector business tourism would predominantly include migrant entrepreneurs and cross-border traders.

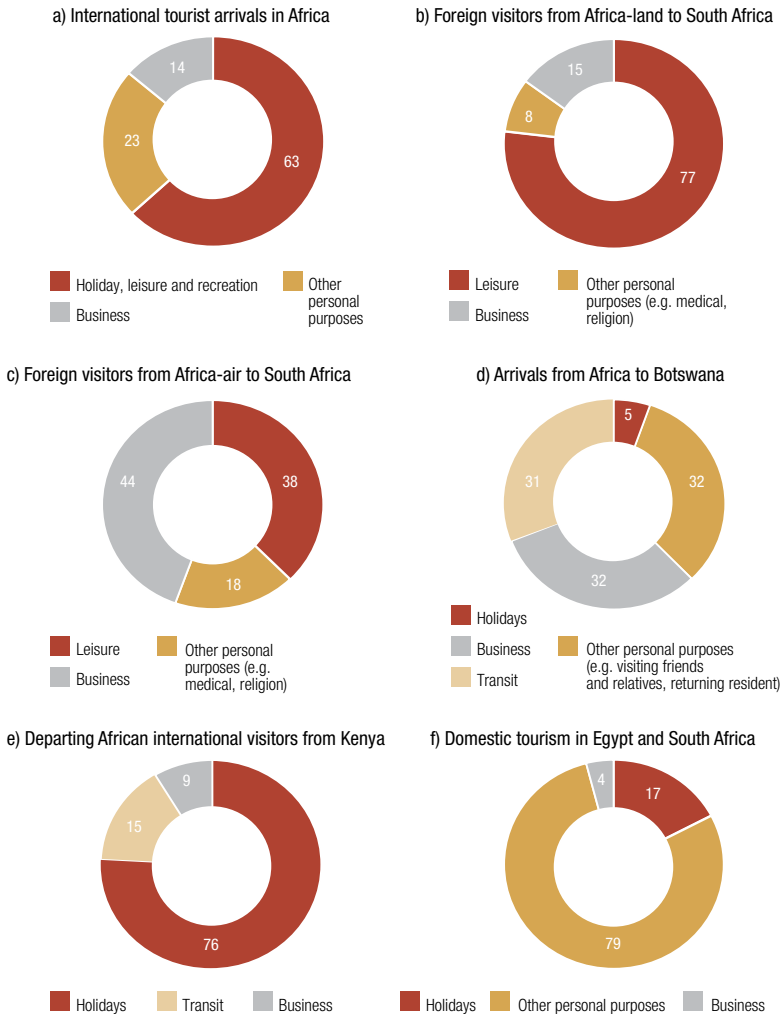
This distinction is relevant, both with respect to the large volume of informal business tourists in many African countries and in terms of the services they consume, their pattern and the impact they can have (Rogerson, 2014). According to the International Organization for Migration (2010) and Peberdy (2000), among others, informal business tourism is widespread between South Africa and other countries in Southern Africa, mainly Lesotho, Malawi, Mozambique, Swaziland and Zimbabwe. This is also reflected in Botswana, as more than half of its inbound business travellers originate from Zimbabwe, suggesting that many of these are informal cross-border traders (Statistics Botswana, 2016). In Western and Central Africa, business tourism represents the largest component of tourism economies (Twining-Ward, 2009; see box 5). In Northern Africa, there is a significant inflow of consumer goods to Tunisia from Libya through informal trade (African Development Bank, 2011b), suggesting that there are many informal traders and migrant entrepreneurs travelling between the two countries.

The debate on the categorization of tourists (for example whether or not a cross-border trader is a tourist) points to a capacity issue. The above-mentioned UNWTO methodology refers to those who should and should not be counted, suggesting that in practice there may be capacity constraints to identifying travellers belonging to this category and recording them as non-tourists.

Panel d (Botswana) shows that the category “other personal purposes” is important, in particular the subcategory “visiting friends and relatives”, which does not have its

39 According to various studies carried out in Africa, gender is an important consideration in cross-border trading, as most informal cross-border traders are women (Brenton and Isik, 2012; Njiwa et al., 2011). Women traders play a key role in food security across borders, and the incomes they earn from these activities are critical to their households (Brenton et al., 2013). However, cross-border trading is a high-risk activity for many women, as they often face poor conditions and harassment at border crossings (Njikam and Tchouassi, 2011).

Figure 21
Main purposes of travel to and within Africa and selected countries, 2014



Source: Kenya National Bureau of Statistics, 2016; South African Tourism, 2016; Statistics Botswana, 2016; UNWTO, 2017.

Note: Panels b–e: Based on national reports and their categorization of purposes of visit and entry. Panels a and f: Based on data from UNWTO, 2017 and its categorization of purposes of arrivals and trips. “Visiting friends and relatives” is recorded as “other personal purposes” in data from UNWTO, 2017, and Statistics Botswana, 2016, and as “leisure” in South African Tourism, 2016. In Panels a and f, business includes professional services.

own segment in the pie chart. The leisure subcategory “social”, reported in South Africa (part of panels b and c but not shown separately) could also relate to visiting friends and relatives. As migration levels are high in Africa, this subcategory is likely to be relevant between and within countries. For instance, in 2010 – prior to the Arab Spring – outflows of 451,000 tourists from Libya to Egypt and 1.8 million tourists from Libya to Tunisia were recorded. According to ILO, more than one million migrants worked in Libya before the uprising against the former regime of Libya, and the number predominantly included workers from neighbouring countries such as Chad, Egypt, the Sudan and Tunisia (www.afronline.org/?p=13645). Migrant workers are likely to visit relatives at home periodically and during festivities and thus contribute to tourist arrivals. This corroborates the observation that border crossings become busy during the holiday season.

Panels d and e consider “transit” a travel purpose. While this purpose is not always recorded separately, its wide use in Botswana and Kenya suggests that both are major transit countries.

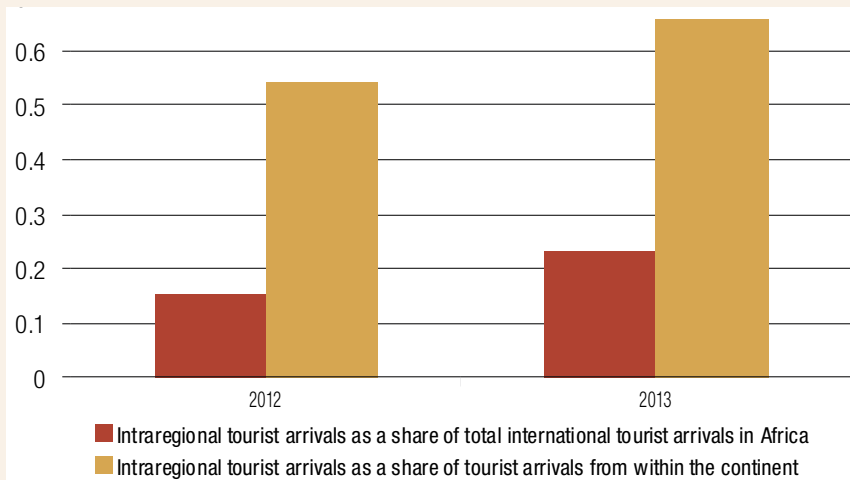
The analysis suggests that it is challenging to characterize the African regional tourist because of data limitations. Nonetheless, some inferences can be made. Urban tourism, shopping in particular, is becoming an increasingly common travel motivation. There are many cross-border shoppers and traders, the latter highlighting the debate on the definition of business tourists. Informal business tourists are likely to constitute a large share of tourists across Africa. Given migration flows, tourists visiting friends and relatives also account for high volumes. It is important to grasp the profile of regional tourists, given their large, increasing numbers, and the differences in expenditure patterns and demand from those of tourists from outside Africa.

Box 5. Intra-regional tourism in ECOWAS

Owing to the limited availability of data on bilateral flows of international tourist arrivals, the analysis of intra-regional tourism in ECOWAS is restricted to 2012 and 2013. For these two years, data are recorded for seven members of this regional economic community: Benin, Burkina Faso, Guinea, Mali, Nigeria, Sierra Leone and Togo. The share of intra-regional tourist arrivals in total international tourist arrivals increased from 2012 to 2013 but was small (15 per cent and 23 per cent respectively), similar to that of the AMU and COMESA (see figure). Intra-regional tourist arrivals, however, accounted for 54 per cent of all arrivals from the continent in 2012 and 66 per cent in 2013, suggesting that residents of the Community travel predominantly and increasingly within the Community.

Box figure 2

Intra-regional tourism in ECOWAS, 2012 and 2013 (Percentage)



Source: UNCTAD calculations, based on data from UNWTO, 2017.

The shares greatly depend on tourist flows to Nigeria, which accounted for 64 per cent of all intra-regional arrivals in 2012 and 74 per cent in 2013. Arrivals from Ghana and the Niger represent the largest flows during both periods. Given the economic power of Nigeria in the region of the Community, it can be assumed that its economy attracts many visitors for business purposes. According to data from the World Travel and Tourism Council, business spending in Nigeria grew by more than 300 per cent between 2000 and 2015, reaching almost the same amount as leisure spending. Twining-Ward (2009) suggests that in Western and Central Africa, business tourism represents the largest component of tourism economies. Furthermore, a great

Box 5 (contd.)

deal of business tourism is likely to occur informally, through cross-border traders and seasonal workers. It is therefore likely that many of the 300,000 tourists travelling from the Niger to Nigeria in 2013 belong to these categories. Unlike South Africa and its contribution to SADC, Nigeria is not a major tourist source country in ECOWAS.

In terms of absolute numbers, there are relatively few intraregional tourist arrivals in ECOWAS. According to the available sample, there are fewer intraregional tourists in the Community from the seven countries for which data are available than intraregional tourist arrivals in the AMU, COMESA, EAC and SADC. In addition, in the AMU and EAC, the sample of countries is smaller than in ECOWAS. This corroborates the finding that tourism contributes a smaller share to GDP in ECOWAS than in other regional economic communities, despite the fact that it is the most integrated regional economic community, enabling its citizens to move freely between member States. Factors contributing to this finding might be that, apart from Ghana, there is no major tourist destination in the Community that targets African tourists and is well developed. There also appears to be a lack of specific tourism policies targeting African nationals; there might also be less of a travel culture, compared with other regional economic communities such as SADC.

4.4 The role of regional integration in promoting intraregional tourism

As stated in the previous section, there are large volumes of intraregional tourists in Africa, and intraregional tourism makes a valuable contribution to the economy. Several factors at the regional level are favourable to intraregional tourism: an open visa regime, enabling the free movement of persons; a comprehensive regional tourism strategy; currencies that are convertible and can be easily exchanged; and convenient and affordable transport, in particular air transport.

The free movement of persons, currency convertibility and air transport are essential components of regional integration agendas, as well as the continent's efforts to deepen pan-African integration. The Treaty Establishing the African Economic Community (1991), also known as the Abuja Treaty, envisioned that African regional economic communities would establish common markets that would form the basis of a future continent-wide common market. Member States agreed in chapter VI of the Treaty "to adopt, individually, at bilateral or regional levels, the necessary measures, in order to achieve progressively the free movement of persons, and to ensure the enjoyment of the right of residence and the right of establishment by their nationals within the Community". The establishment of an African monetary union that would eventually lead to the creation of a single currency is contemplated in article 44, and the integration of air transport, in

article 61. The Assembly of the African Union at its twenty-fourth ordinary session (2015) recognized in commitment XXIV “the relevance of the objective of the Yamoussoukro Declaration on a new African civil aviation policy adopted on 7 October 1988 whose primary purpose was to create a conducive environment for the development of intra-African and international air services”.⁴⁰ Tourism in the context of regional integration is also highlighted in article 65 of the Abuja Treaty, which calls on member States to strengthen intra-African cooperation in tourism and to promote intra-African tourism.

4.4.1. Free movement of persons

Conceptually, the free movement of persons covers three main types of freedom: the freedom to move freely and without need for a visa or a resident permit in fellow member States, the right to reside in a member State other than the country of origin and the right to establish in one country and exercise employment there or undertake commercial and industrial activities (Economic Commission for Africa et al., 2012). This subsection discusses the relevance of the free movement of persons for the tourism industry and examines the progress made in implementing the provisions of the protocols on the free movement of persons at the regional economic community level and how the free movement of persons is framed at the pan-African and multilateral levels.

Free movement of persons and intraregional tourism

The free movement of persons is relevant to this discussion for two main reasons: First, it deals with the ability of tourists to enter their destination, and second, it enables people seeking employment in the tourism sector to work and investors to establish themselves at the tourist destination.

Entry and visa issues

Visa requirements are the central issue when considering the ability to enter a destination. The Africa Visa Openness Report 2016 (African Development Bank and African Union, 2016) notes that, on average, an African national requires visas at departure for 55 per cent of other African countries, can obtain visas on arrival in only 25 per cent of those countries and does not need a visa for only 20 per cent of those countries. North Americans, for example, can travel more easily to African countries than most Africans.

The processing of visas is costly in terms of time and monetary value. Relaxing visa requirements would thus allow visitors to save time and money, and thus make a destination more attractive and competitive for tourists and investors alike. Seychelles

40 Declaration of Yamoussoukro on a New African Air Transport Policy, available at <http://repository.uneca.org/bitstream/handle/10855/13773/Bib-55144.pdf?sequence=1>.

is an early visa reformer, allowing all foreign nationals to enter the country without a visa. This policy, aimed at boosting tourism, resulted in a steep increase in international tourism arrivals and an average annual growth rate of 6.7 per cent between 2011 and 2014, compared with 3.3 per cent between 1995 and 2014. Mauritius and Rwanda followed similar strategies by relaxing their visa regimes in 2013. Rwanda is also a pioneer in electronic visas, offering online visa applications and biometric border management.

Although visa openness is an enabler of tourism development, the correlation between visa openness and international tourist arrivals from Africa to Africa in 2013 is negative (-0.14). This is a result of the two most popular tourist destinations in Africa (South Africa and Tunisia), in terms of arrivals from Africa, having restrictive visa regimes applicable to tourists from Africa (table 11). Factors relating to tourism may weigh less than other considerations such as migration and security in the design of visa regimes in those countries. Another main factor contributing to the negative correlation is that few African countries have relatively open visa regimes for African visitors: Only three major tourist destinations, Mozambique, Rwanda and Uganda, offer such openness. Moreover, a comparison of arrivals in 2013 and 2010 does not suggest that more visa-open countries recorded higher increases in the number of African tourists. However, visa openness correlates (0.45) a country's share of tourism in GDP, suggesting that countries with a comparatively large tourism sector use more open visa regimes to reinforce tourism. While visa requirements are also an indicator in the World Economic Forum Travel And Tourism Competitiveness Index, the index correlates vaguely with visa openness (0.1, not shown in table 11).⁴¹

To boost regional tourism, several regional economic communities offer or are in the process of creating a universal tourist visa, a visa that is valid in all member countries that join the scheme. In the EAC, Kenya, Rwanda and Uganda launched an East African tourist visa, and it is expected that the other members will follow suit. In SADC, Botswana (park visits), Zambia and Zimbabwe have adopted the Kavango-Zambezi Transfrontier Conservation Area (KAZA) Univisa. ECOWAS is in the process of implementing a joint visa for non-citizens of the Community (Eco-visa), and the Economic Community of Central African States (ECCAS) has made some progress towards such an initiative.

According to a study published by UNWTO and the World Travel and Tourism Council in 2014, facilitative visa policy changes, such as improving the delivery of information, streamlining current processes, providing differentiated treatments for key market segments, implementing electronic visa programmes and establishing regional

41 The Travel and Tourism Competitiveness Index consists of 4 subindices, 14 pillars and 90 individual indicators. A higher value indicates higher competitiveness. For more information, see http://www3.weforum.org/docs/TT15/WEF_Global_Travel&Tourism_Report_2015.pdf.

Table 11

Visa openness, number of international tourist arrivals from Africa to Africa and share of tourism as a percentage of gross domestic product, 2010–2015

| COUNTRY | VISA OPENNESS SCORE (2015) | NUMBER OF INTERNATIONAL TOURIST ARRIVALS FROM AFRICA (2013) | NUMBER OF INTERNATIONAL TOURIST ARRIVALS FROM AFRICA (2010) | PERCENTAGE CHANGE IN NUMBER OF ARRIVALS (2013/2010) | TOURISM AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT (AVERAGE 2011–2015) |
|-------------------------|----------------------------|-------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------|
| Egypt | 0.000 | 705 966 | 942 484 | -25 | 12.3 |
| Angola | 0.033 | 224 345 | 76 668 | 193 | 4.1 |
| Sudan | 0.048 | 108 167 | 49 516 | 118 | |
| Ethiopia | 0.052 | 221 619 | 143 747 | 54 | 10.3 |
| Dem. Rep. of the Congo | 0.1 | 72 701 | 20 301 | 258 | 1.7 |
| Algeria | 0.111 | 622 134 | 329 997 | 89 | 6.5 |
| Morocco | 0.167 | 437 086 | 292 621 | 49 | 18.2 |
| Chad | 0.204 | 67 568 | 34 218 | 97 | 3.8 |
| Namibia | 0.222 | 912 861 | 714 287 | 28 | 14.8 |
| Congo | 0.226 | 261 759 | | | 4.3 |
| Tunisia | 0.237 | 3 289 726 | 3 028 890 | 9 | 14.6 |
| South Africa | 0.259 | 6 856 050 | 5 740 829 | 19 | 9.2 |
| Lesotho | 0.278 | 408 371 | 400 823 | 2 | 13.2 |
| Sierra Leone | 0.278 | 21 789 | 10 845 | 101 | 5.3 |
| Benin | 0.296 | 135 327 | 138 985 | -3 | 6.1 |
| Botswana | 0.315 | 1 182 191 | 1 787 369 | -34 | 11.3 |
| Swaziland | 0.315 | 1 169 763 | 1 218 054 | -4 | 4.4 |
| Zimbabwe | 0.319 | 1 570 799 | 1 951 981 | -20 | 10.9 |
| Niger | 0.333 | 69 514 | 47 702 | 46 | 3.3 |
| Nigeria | 0.348 | 1 293 082 | 4 231 789 | -69 | 4 |
| Côte d'Ivoire | 0.389 | 258 400 | 173 900 | 49 | 4.9 |
| Zambia | 0.419 | 720 465 | 583 357 | 24 | 6.4 |
| Burkina Faso | 0.456 | 107 708 | 128 237 | -16 | 3.6 |
| Gambia | 0.496 | 22 808 | 2 274 | 903 | 20.5 |
| United Rep. of Tanzania | 0.641 | 524 143 | 393 543 | 33 | 11.2 |

Table 11 (contd.)

| COUNTRY | VISA OPENNESS SCORE (2015) | NUMBER OF INTERNATIONAL TOURIST ARRIVALS FROM AFRICA (2013) | NUMBER OF INTERNATIONAL TOURIST ARRIVALS FROM AFRICA (2010) | PERCENTAGE CHANGE IN NUMBER OF ARRIVALS (2013/2010) | TOURISM AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT (AVERAGE 2011–2015) |
|------------|----------------------------|-------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------|
| Guinea | 0.7 | 20 405 | | | 4.5 |
| Kenya | 0.778 | 286 202 | 278 812 | 3 | 10.7 |
| Madagascar | 0.8 | 34 874 | 18 518 | 88 | 12.5 |
| Mauritius | 0.822 | 134 659 | 141 295 | -5 | 26.5 |
| Rwanda | 0.822 | 993 968 | 548 074 | 81 | 8.6 |
| Mozambique | 0.83 | 1 580 523 | 1 465 793 | 8 | 7.2 |
| Togo | 0.856 | 149 499 | 110 821 | 35 | 8.8 |
| Cabo Verde | 0.859 | 1 321 | 218 | 506 | 43.4 |
| Uganda | 0.863 | 935 983 | 677 774 | 38 | 8.6 |
| Mali | 0.874 | 53 102 | | | 9.4 |
| Seychelles | 1 | 24 451 | 17 870 | 37 | 61.6 |

Source: UNCTAD calculations based on African Development Bank and African Union, 2016; UNWTO, 2017; World Travel and Tourism Council, 2017.

Note: The sample contains 36 African countries for which data were available. The visa openness score is taken from the Africa Visa Openness Report 2016 and reflects visa regimes as at August 2015. The score is based on three weighted categories: no visa required, visa on arrival and visa required. A high score indicates high visa openness. International tourist arrivals from Africa to Africa are derived from UNWTO data. Given that the UNWTO region of Africa does not include Egypt and Libya, international tourist arrivals from these countries were added to reflect the region as defined by UNCTAD. The share of tourism in GDP is taken from World Travel and Tourism Council data.

agreements, helped increase tourist arrivals from the affected markets in a range of 5 to 25 per cent per year on average over a three-year period. Although the study was conducted in the economies of the Group of 20, its implications may also be relevant in the African context. The African Union (2016) considers the reduction or elimination of visa restrictions a priority, as follows:

Visa policies are among the most important governmental formalities influencing the free movement of people in Africa with a major negative impact on intra-Africa air transport and tourism demand. Therefore it is necessary that in the short term in order to improve mobility across Africa, member States need to: (a) scal[e] up

visa on arrival programmes learning from the experiences of Rwanda; (b) [simplify] the visa application process (offering e-visas); (c) [offer] long-dated visas (e.g. 10 years); (d) ensur[e] positive reciprocity between countries; and (e) [encourage] more visa-free regional blocks as exemplified by [the]EAC and ECOWAS.

Right to work and establish

Protocols on the free movement of persons are also relevant to workers seeking employment in the tourism sector abroad. Of particular importance is the type of professions for which provisions are granted and whether they are relevant to the tourism sector. The International Standard Classification of Occupations 2008 (ISCO-08) is useful for this analysis, as it groups them into categories of occupations based on tasks and duties performed and skill level. While ISCO-08 does not recognize and identify tourism occupations as such, owing to the special character of tourism as a cross-cutting economic activity (ILO, 2013), the subcategories are a useful point of reference. They allow some inferences about the types of jobs and occupations relevant to the sector. For instance, the subcategory hotel and restaurant managers under group managers, and several subcategories under group services and sales workers, can be assumed to be relevant to tourism. In the EAC, Kenya has committed to opening up the ISCO-08 groups of managers, professionals, technicians and associate professionals, and craft and related trades workers. While this creates employment opportunities for a range of professions and occupations related to the tourism sector, some of the core tourism occupations are not liberalized (group services and sales workers).⁴²

The right to establish is essential for investors in tourism. While protocols tend to grant more rights to investors and commercial entrepreneurs than to small business vendors, investors may still be unable to establish because of capital requirements. Capital requirements for doing business can range from \$80,000 to \$1 million (Economic Commission for Africa et al., 2012).

***Regional economic community protocols on the free movement of persons:
Ratification and implementation***

Each regional economic community recognizes the importance of the free movement of persons in its constitutive treaty and/or a specific protocol or agreement on the free movement of persons. Table 12 summarizes the relevant legal instruments on the free movement of persons, ratification rates of relevant protocols and status of implementation of some provisions in each regional economic community. The table shows that, with the exception of IGAD and the Community of Sahelo Saharan States (CEN-SAD), all

42 See www.eac.int/working-east-africa.

Table 12

Ratification and implementation of protocols on the free movement of persons in regional economic communities

| REGIONAL ECONOMIC COMMUNITY | RATIFICATION RATE | CURRENT ENTRY AND VISA REQUIREMENTS FOR FELLOW REGIONAL ECONOMIC COMMUNITY NATIONALS | DEVELOPMENTS CONCERNING THE RIGHT OF RESIDENCE AND RIGHT OF ESTABLISHMENT FOR FELLOW REGIONAL ECONOMIC COMMUNITY NATIONALS | COMMON PASS-PORT | REGIONAL TOURIST VISA |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------------------|
| AMU | Three of five member States have ratified the respective protocol on the free movement of persons. | Nationals do not require a visa for entry in 53 per cent of member States; nationals are issued a visa upon arrival in 20 per cent of member States. | Mauritania has not ratified the protocol but it is the only member State of AMU that guarantees the freedom of establishment and equal treatment of Mauritanians, foreign individuals and legal entities. | No | No |
| CEN-SAD | Draft agreement on free movement and establishment of persons within the territory of member States of the Community of Sahelo-Saharan States; a protocol on free movement inspired by texts of the Economic Community of West African States is being drawn up. | Nationals do not require a visa for entry in 51 per cent of member States; nationals are issued a visa upon arrival in 22 per cent of member States. Holders of diplomatic passports do not require a visa; plans being made to extend this privilege to students, business people, athletes and academics. | No | No | No |
| COMESA | Two of 20 member States have ratified the Protocol on the Free Movement of Persons, Labour, Services, Right of Establishment and Residence; 17 of 20 member States have ratified the Protocol on the Gradual Relaxation and Eventual Elimination of Visas. | Nationals do not require a visa for entry into 26 per cent of member States; nationals are issued a visa upon arrival in 30 per cent of member States. | No | No | No |

Table 12 (contd.)

| REGIONAL ECONOMIC COMMUNITY | RATIFICATION RATE | CURRENT ENTRY AND VISA REQUIREMENTS FOR FELLOW REGIONAL ECONOMIC COMMUNITY NATIONALS | DEVELOPMENTS CONCERNING THE RIGHT OF RESIDENCE AND RIGHT OF ESTABLISHMENT FOR FELLOW REGIONAL ECONOMIC COMMUNITY NATIONALS | COMMON PASS-PORT | REGIONAL TOURIST VISA |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------------------------------------------|
| EAC | All five member States have ratified the Protocol on the Establishment of the East African Community Common Market. | Nationals do not require a visa for entry in 80 per cent of member States; nationals are issued a visa upon arrival in 20 per cent of member States; special immigration counters. | For certain categories of professions, including professions of varying skills levels, workers from any member State are allowed to work in any other EAC State; right to social security benefits and to be accompanied by a spouse and children; right of establishment; a framework for mutual recognition of professional qualifications is being developed to move towards harmonizing employment policies and labour legislations. | Yes | East Africa Tourist Visa (Kenya, Rwanda, Uganda) |
| ECCAS | Four of 11 member States have ratified the respective protocol on the free movement of persons. | Nationals do not require a visa for entry in 45 per cent of member States; nationals are issued a visa upon arrival in 9 per cent of member States; separate passage for entry at borders. | The four member States that have ratified the protocol have also implemented the right of establishment. | Travel books or cards | In progress |
| ECOWAS | All 15 member States have ratified the respective protocol on the free movement of persons. | Visa-free entry for all ECOWAS citizens | Residence cards; right of establishment granted; progress made towards harmonizing education certificates, but equal treatment of nationals and migrant workers still a challenge in areas such as security of employment, job loss, re-employment and training | Travel certificates | In progress (Eco-visa) |
| IGAD | No protocol on the free movement of persons | Nationals do not require a visa for entry in 50 per cent of member States; nationals are issued a visa upon arrival in 50 per cent of member States. | No | No | No |
| SADC | Seven of 15 member States have ratified the Protocol on the Facilitation of Movement of Persons (not yet operational). | Nationals do not require a visa for entry in 65 per cent of member States; nationals are issued a visa upon arrival in 15 per cent of member States; provisions for member States to conclude bilateral agreements for visa exemptions. | In line with the Protocol on Employment and Labour of SADC, member States are encouraged to ensure that fundamental rights (labour, employment and social protection) are granted to migrant workers and their families. | No | KAZA Univisa (Zambia, Zimbabwe, park visits in Botswana) |

Source: Various sources, in particular Economic Commission for Africa et al., 2012 and 2016 and Africa Regional Integration Index, 2017.

the regional economic communities have adopted protocols on the free movement of persons. While the protocols are ambitious, the speed of ratification of the protocols has been uneven: All member States of ECOWAS and of EAC have ratified the protocol, but only two members of COMESA have ratified the protocol.

Most protocols contain provisions for a gradual implementation of the elimination of restrictions relating to visa regimes, the right of residence and the right of establishment. Progress has been made mainly in the area of visa regimes and processes. Each member State of ECOWAS grants visa-free entry for citizens of the Community, and all nationals of EAC and IGAD can travel to fellow member countries of the regional economic communities without visas or obtain them upon arrival. The ECOWAS and EAC also issue common passports, while ECCAS issues travel books or cards. Entry in several regional economic communities is facilitated through special immigration counters. In most of these communities, however, visa regimes are still far from achieving the African Union's aspiration to abolish visa requirements for all African citizens in Africa by 2018, as stated in Agenda 2063 and its call to action.

Progress has been slow in implementing the rights of residence and of establishment. A key factor explaining the slow progress in implementing the right to establish and to work, for example, relates to differing national labour market regulations. For instance, progress needs to be made towards the mutual recognition of skills and certificates, as a lack thereof discourages the cross-border movement of labour (Economic Commission for Africa et al., 2016). Progress has been made in the EAC towards the mutual recognition of some professions (accountants and architects), and in ECOWAS, towards harmonizing educational programmes and qualifications.

Another factor relates to differences in or lack of access to social security benefits. Even in ECOWAS, which is the most advanced regional economic community in terms of implementing protocols relating to the free movement of persons, there is still progress to be made in meeting commitments that grant migrant workers equal treatment with nationals in areas such as security of employment, job loss, re-employment and training (Economic Commission for Africa et al., 2012).

Provisions in protocols relating to the free movement of persons often apply solely to certain occupations, for example, those calling for highly skilled professionals such as managers and specialists. Such professionals are more likely to have capital to invest and create jobs in the host country, and to contribute to public revenue through taxes. Such provisions often do not apply to occupations calling for lesser skills, as some countries are concerned that their nationals may not be able to compete with foreign workers. Similarly, migration tends to be a significant concern for countries with

high unemployment rates and for regional economic communities whose members' economic development differs greatly. For example, South Africa still requires a visa for fellow nationals of SADC after 90 days in the country.

Commitment to the right to establish, work and reside also depends on whether members issue permits to accompanying spouses and children. The ECOWAS, EAC and SADC have made progress on this front.

The time necessary to enact national laws to operationalize regional commitments at the national level varies widely among countries. Owing to a lack of harmonized legislation and the lengthy processes of obtaining visas and permits, cross-border movements tend to be discouraged. Yet several countries have made progress. For instance, Kenya has reformed its national immigration laws to facilitate the free movement of persons within the EAC. Furthermore, various countries are members of more than one regional economic community; as a result, passing laws that are compatible with the various commitments and provisions is complex and challenging.

Progress in several regional economic communities has also been hindered by security concerns. Current large numbers of refugees, often originating from the region, are a result of political instability and/or ongoing border disputes. This has put a strain on the willingness to provide additional rights to citizens of a specific regional economic community.

Free movement of persons at the pan-African level

There is currently no framework regulating the free movement of persons across regional economic communities, and thus at the continental level. Consequently, there are only limited opportunities for movement across regional economic communities, at odds with Agenda 2063, which considers the free movement of persons a priority. Visa requirements are intended to be abolished by 2018 for all African citizens throughout Africa. To this end, the African Union Commission received instructions in January 2016 to issue an Africa Union passport to each Head of State by July 2016, and member States agreed to introduce a 30-day visa for all African citizens on arrival (African Development Bank and African Union, 2016).

To fill the lacuna for continental regulation on the movement of persons, the African Union Commission has prepared a draft protocol on the free movement of persons. The draft builds on advancements made in the regional economic communities with respect to the freedom of movement of persons and incorporates provisions inspired by the protocols of the regional economic communities where relevant. The draft proposes that nationals of States parties have the right to enter the territory of any other State party

to engage in trade in goods and services and investment. The categories of persons covered by the agreement would include the following:

- Business visitors
- Traders and investors
- Contractual service suppliers
- Intra-corporate transferees
- Independent service providers and technicians
- Interns and apprentices
- Any other categories of persons for whom a State party may wish to grant entry.

In 2017, the draft text will be discussed in the context of the Continental Task Force to benefit from inputs of the regional economic communities, after which it will be distributed to member States for formal negotiations in the Continental Free Trade Area Negotiating Forum.

4.4.2 Tourism policy at the regional and pan-African levels

Up to now, a modal approach has been taken in the discussion on how regional policies support intraregional tourism. Another approach would be to examine how tourism as a sector is addressed at the policy level of regional economic communities (that is to say, sectoral approach) and what role is given to intraregional tourism. This is important, as a comprehensive regional tourism policy is needed to provide a conducive framework and environment for regional tourism development. Ghimire (2001) argues that regional tourism cannot flourish and contribute to economic diversification and structural transformation if it is not integrated in regional planning processes. As mentioned earlier, tourism products and strategies have traditionally targeted international tourists from outside Africa. It is therefore not surprising that very few national development plans refer to intraregional or regional tourism.

Table 13 indicates whether tourism is mentioned in the regional development plans or strategies and constitutive treaties of regional economic communities, and whether such communities have specific tourism development plans or strategies. The table suggests that overall, regional economic communities in Eastern and Southern Africa consider tourism a priority in their regional development plans and invest resources in elaborating and/or implementing dedicated tourism plans. In contrast, tourism features less in regional economic communities in Central and West Africa.

The IGAD is the only regional economic community that has an explicit and up-to-date regional tourism plan. The Sustainable Tourism Master Plan for the IGAD Region covers

broad areas for the period 2013–2023. A key objective of the plan is to diversify tourism products and markets in domestic, regional and international tourist markets.

Tourism also has a high profile in SADC. A five-year tourism strategy was drawn up for the period 1995–1999; in 1996, the Regional Tourism Organization of Southern Africa was established to coordinate and implement the strategy. In 1998, the Community adopted the Protocol on the Development of Tourism in the Southern Africa Development Community. Tourism was then included in the Protocol on Trade in Services of SADC adopted in 2012 as one of six key sectors. In its Regional Infrastructure Development Master Plan (2012), tourism is featured as a separate sector, with a focus on transfrontier conservation areas. The initial protocol aimed to facilitate intraregional travel by easing visa restrictions and establish a regional body to market the SADC region as a collective tourism destination.

Given that the Treaty of COMESA identifies tourism as a priority sector, the regional economic community commissioned a study on the status of tourism development in the region. The study identified challenges and bottlenecks of tourism development in the region and found that the regional economic community had potential to attract large numbers of tourists and generate foreign exchange through tourism, and that most of its members prioritized tourism as an engine of growth and poverty reduction. In 2012, a tourism development forum was held to agree on an action plan for sustainable tourism development in the region. One agenda item was the relaxation of visa requirements, aimed at developing appropriate national frameworks to facilitate the adoption of a single tourist visa for the region.

The Treaty of the ECCAS also envisioned the preparation of a common policy on subregional tourism. An appendix to the Treaty is the Protocol on Cooperation in Tourism between member States of the ECCAS (1992).

Although the EAC does not have a designated tourism plan or strategy, tourism and wildlife management are identified as a priority in the fourth EAC Development Strategy (2011/12–2015/16) and in the EAC Common Market. The objective is to collectively promote and market the Community as a single tourist destination, while conserving and ensuring the sustainable utilization of wildlife and other tourist sites. It focuses on the idea of a regional brand that it intends to market internationally, including in new markets in Asia. Promoting the regional brand and opportunities arising from intraregional and domestic tourism are also core objectives of the East Africa Tourism Platform, a private sector body in East Africa. It is aimed at sensitizing the private sector to offer affordable tour packages and concessionary hotel rates to cater for domestic tourism needs (East Africa Tourism Platform, 2016).

Table 13

Tourism at the regional economic community policy level

| REGIONAL ECONOMIC COMMUNITY | IMPORTANCE OF TOURISM IN DEVELOPMENT PLANS OR STRATEGIES | TOURISM PLANS OR STRATEGIES |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| AMU | No development plan Treaty does not refer to tourism | No |
| CEN-SAD | No development plan | No |
| COMESA | Tourism is a programme priority in the Medium-Term Strategic Plan 2011–2015. Treaty identifies tourism as a priority sector and envisages cooperation in tourism development. | In progress |
| EAC | Fourth East African Community Development Strategy (2011/12–2015/16) identifies tourism and wildlife as a priority Treaty considers cooperation in tourism and wildlife management a priority | No, but tourism and wildlife is a priority |
| ECCAS | No development plan Treaty identifies tourism as an area for cooperation | Protocol on Cooperation in Tourism between member States of ECCAS |
| ECOWAS | Revised treaty features a chapter on cooperation in tourism | No |
| IGAD | Regional Strategy 2011–2015 identifies tourism as a priority sector; considers the preparation, adoption and implementation of the Sustainable Tourism Master Plan (2013–2023) as an achievement | Sustainable Tourism Master Plan for the IGAD Region (2013–2023) |
| SADC | Regional Indicative Strategic Development Plan (2005–2020) identifies tourism as a priority sector Treaty does not mention tourism specifically, but mentions services and trade as areas of cooperation | Protocol on the Development of Tourism in SADC (1998), five-year Tourism Development Strategy (1995–1999) |

Source: UNCTAD compilation, based on various sources, in particular the databases of regional economic communities and the Economic Commission for Africa.

In short, some regional economic communities have a shared and comprehensive vision and plan for tourism development in the region. The IGAD and SADC are the most advanced in this regard. A common feature of regional tourism plans or development plans is the goal to ease visa requirements so as to facilitate entry into the region for intraregional tourists as well as for tourists from outside the region, although the focus is often on the latter.

At the pan-African level, the potential of regional tourism as a key to a stronger African tourism industry is already recognized in the Abuja Treaty. Article 65 of the Treaty states that intra-African cooperation in tourism should be strengthened and intra-African tourism should be promoted. The Treaty also advocates the creation of an environment

that encourages capacity-building and the use of African skills and human resources in tourism development.

Consistent with this vision, the African Union and the New Partnership for Africa's Development consider tourism a priority area for economic transformation, as illustrated by the adoption at the Third Ordinary Session of the Assembly of the African Union in 2004 of a framework to foster sustainable tourism in Africa: the Tourism Action Plan. The first Ten-Year Implementation Plan 2014–2023 of Agenda 2063 foresees the full implementation of an African tourism strategy and the establishment of an African tourism organization. The removal of restrictions for mobility and visa were key elements of these pan-African tourism plans and strategies. Moreover, the Ten-Year Implementation Plan 2014–2023 set the target to at least double the contribution of tourism to GDP in real terms from 2014 to 2023. Given that the total contribution of tourism to GDP increased from 6.1 per cent in 1995 to 8.3 per cent in 2015, with a peak of 9.9 per cent in 2007, it may be difficult to achieve the target by 2023. This implies that the tourism sector would need to grow much faster than GDP and much faster than in recent years.

Regional economic community negotiations on liberalizing trade in tourism services

Another important consideration in the facilitation of tourism in regional economic communities is the pace and extent of their progress in liberalizing trade in tourism services at the regional level. Regional economic communities have placed emphasis primarily on liberalizing trade in goods — and to some extent on the movement of persons — with less attention given to the services sector (UNCTAD, 2015a). Progress has been made in the development of protocols that cater for trade in goods with the total elimination of tariffs on goods foreseen in virtually all regional economic communities. In addition, UNCTAD (2015a) notes the following:

... the opening up of services trade in the African regional context has been more gradual. This is partly because of the complexity of services trade negotiations, which require agreeing on a common set of rules to regulate the sector, but also due to the intrinsic nature of trade in services. To ensure adequate market access, domestic regulation often needs to be revised and reformed so that foreign services are not discriminated against. Given these intrinsic complexities, African countries in their respective subregions have preferred a more gradual approach through either sectoral or modal regulation.

All regional economic communities have instruments — treaties, protocols and agreements — relating to the liberalization of services. Several of these communities are actively engaged in negotiating such liberalization, including COMESA, EAC, ECOWAS

and SADC. However, their applied regimes in services are often already more liberal than their commitments under international trade agreements.

The services protocols of COMESA, EAC and SADC cover tourism services specifically. In the ongoing SADC negotiations, seven requests and nine offers have been made for trade in tourism services (SADC and GFA Consulting Group, 2014). While all offers cover areas of the category “tourism and travel-related services”, the requests are made mostly for areas in related categories, such as vehicle insurance, transport standards, visas and permits. This points to one of the challenges in making headway in the negotiation process. Given that provisions relevant to the tourism sector are cross-cutting and form part of other sectoral protocols, the negotiation process is dependent on progress made in negotiations concerning such other sectoral protocols.

Regional trade in services negotiations follow a similar framework to that of multilateral negotiations, that is to say, the General Agreement on Trade in Services. This implies that regional protocols should be compatible with the Agreement, as its commitments are legally binding obligations at the multilateral level. Currently, 43 African countries are part of the World Trade Organization and all, except for Madagascar and Mozambique, have made sectoral commitments concerning tourism and travel services. This is the most liberalized service category of all. Like tourism occupations, however, tourism and travel services cover a narrow range of services relevant to the tourism industry. They include the subcategories hotels and restaurants (including catering), travel agencies and tour operator services, tourist guide services and others. Therefore, many services regarded as integral to the tourism sector are not included under tourism services (World Trade Organization, 1998). Examples are recreational, cultural and sporting services, car rentals (classified under transport services) and computer reservations systems (classified under business services). Efforts to liberalize the tourism sector are thus limited and hampered by efforts to negotiate, or the lack thereof, in other sectors.

The decision of 17 December 2011 of the World Trade Organization, Preferential Treatment to Services and Services Suppliers of Least Developed Countries (WT/L/847), commonly known as the least developed countries services waiver, is relevant in this context. While the waiver was initially granted for 15 years, the tenth Ministerial Conference of the Organization, held in Nairobi in 2015, extended it until the end of 2030. The preference offers presented constitute a significant and widely acclaimed development and provide opportunities for the least developed countries in several sectors of interest to them (Rodríguez Mendoza et al., 2016). One third of the preferences are offered in Mode 4, in line with the Hong Kong Ministerial Declaration (2005)⁴³ instructing members of the World Trade Organization to “... give priority to the

43. Adopted at the sixth Ministerial Conference of the World Trade Organization in Hong Kong, China.

sectors and modes of supply of export interest to least developed countries, particularly with regard to movement of service providers under Mode 4”.

Rodríguez Mendoza et al. (2016) find that only a small number of preferences are offered in tourism. Tourism export potentials related to Mode 4 (tour guides and business visitors) and Mode 3 (restaurants, hotels and travel agencies) are not provided the desired additional space among the set of preferences offered. However, the authors also recognize that the main mode of supply for tourism – Mode 2 – encounters relatively few difficult obstacles.

Following on observations made in chapter 3, there is also a gender dimension to be considered with regard to services trade. Coste and Nihel in Brenton et al. (2013) argue that trade in services offers new opportunities for women in Africa; therefore, the liberalization of services trade can increase employment and income opportunities for women. Given that a considerable number of women are employed in the more tradable services sectors such as tourism (hotels and restaurants), wholesale and retail trade, and information technology services, trade can have significant gender-related impacts. However, Coste and Nihel maintain that “the outcomes achieved by women depend on the economic, social and political conditions that shape their ability to participate in such activities”. Initiatives aimed at identifying and addressing gender-based constraints could have a major impact on poverty alleviation (UNCTAD and Enhanced Integrated Framework, 2014).

4.4.3 Currency convertibility

Several regional economic communities strive to deepen their integration through monetary unions, which implies that the currencies of fellow member States would be characterized by fixed exchange rates and convertibility. The COMESA, ECOWAS, SADC and EAC have produced blueprints for establishing their own monetary unions (UNCTAD, 2014e); other regional economic communities already have a shared currency. The West African Economic and Monetary Union uses the West African CFA franc,⁴⁴ which is pegged to the euro and is interchangeable with the Central African CFA franc of the Central African Economic and Monetary Community. Moreover, Lesotho, Namibia and Swaziland are pegged at par to the South African rand, which implies that they align their monetary policy with that of South Africa. At the continental level, the Abuja Treaty envisaged the establishment of an African monetary union, which eventually would lead to the creation of a single currency. The Constitutive Act of the African Union has provided for the creation of the African Central Bank, whose purpose

44 Currency used in the African Financial Community.

is to build a common monetary policy and single African currency as a way to accelerate economic integration.

If regional economic communities pursue the avenue of deepening integration towards monetary unions, what might currency convertibility imply for tourism? The European experience is insightful in this regard, as Europe has a long history of convertible currencies and of introducing a single currency. Its experience suggests that the introduction of the single currency boosted tourism in the eurozone (Gil-Pareja et al., 2007) (Ledesma Rodríguez et al., 2012). It may be argued that in the absence of currency convertibility, the burden of exchanging one currency for another is a transaction cost for tourists similar to that of dealing with visa requirements. The lack of currency convertibility or currency restrictions may also have an impact on the financing of tourism development, as international investors face higher costs because of currency restrictions. Nkuepo (2012) states that Africa's multiple and non-convertible currencies are an especially important barrier to trade in Africa.

This section therefore examines the impact of currency restrictions on inbound tourism in Africa to determine how monetary integration could impact on tourism development in the region and the continent. This analysis aims to provide an indication of the impact that deeper integration through monetary unions could have on tourism. It does not, however, suggest that countries should remove currency restrictions and liberalize their capital accounts for the sake of tourism, as such policies would depend on a range of other variables.

Currency restrictions

Currency restrictions may be introduced to prevent capital flight or to support exchange rates. They are a common instrument in economies with managed exchange rates and where market forces imply more supply than demand for the local currency, so that rates fall and capital flows out without restrictions.

Currency restrictions typically involve banning or limiting domestic citizens from holding foreign currency, setting exchange rates differently from market rates, banning currency exchange or limiting it to currency exchange retailers approved by the Government, banning or limiting the use of foreign currency within the country and limiting the amount of money that may be imported or exported.

The International Monetary Fund defines and measures currency restrictions in the context of its articles of agreement, which task the Fund with monitoring and reporting on multiple currency practices.⁴⁵ Many different measures are subsumed under currency

45 The results are reported in the Annual Report on Exchange Arrangements and Exchange Restrictions database.

restrictions, for instance, the use of multiple exchange rates or significant deviations from market rates.

Data on currency restrictions are available for a sample of 52 African countries for the period 2005–2015. Twenty-nine countries had no restrictions in any of these years, 10 had restrictions in all years, 6 had restrictions between 1 and 6 years, and 7 had restrictions between 7 and 10 years (table 14). Regarding the countries with restrictions in some years, restrictions were introduced in Burundi (2006), Gabon (2009), Ghana (2012), Malawi (2006), Mauritania (2015), Sierra Leone (2009) and Swaziland (2007). Restrictions were abolished in Botswana (2007), Egypt (2006), Malawi (2015), Mauritania (2006), Mozambique (2011), Nigeria (2015) and the Sudan (2007).

Observing the response of tourism revenues to currency restrictions

If local currency is scarce or costly, it may be expected that expenditures on inbound tourism will suffer, or possibly even that more visitors will stay away. However, not all tourist expenditures necessarily respond equally strongly to changes in currency restrictions. In particular, international passenger transport expenditures are often purchased abroad in the country of origin and paid in foreign currency. Currency restrictions have little influence on this transaction, which does not require exchanging money from foreign to local currency.

In contrast, in-country travel expenditures (international tourism receipts) are likely to be more sensitive to currency restrictions, given that this spending category requires local currency. Therefore, international tourism receipts are used here to observe the effect of currency restrictions on the growth of inbound tourism expenditures.

Figure 22 shows the growth of inbound tourism expenditures in subsamples of countries with no currency restrictions in the period 2005–2015, and currency restrictions in some of the years or in all of the years during that period. To make the data comparable across countries, they have been converted to annual growth data. The breakdown of country-year observations is as follows: total expenditures or tourism export revenues (962), international tourism receipts (984) and international passenger transport expenditures (855).

The data suggest that in the period 2005–2015, growth of international tourism receipts was highest in African countries without currency restrictions, somewhat lower in countries with currency restrictions in 1 to 6 years, clearly lower in countries with currency restriction in 7 to 10 years, and lowest in countries with currency restrictions in all 11 years. The pattern is different for expenditures on international passenger transport, which supports the assertion that currency restrictions have little influence on

Table 14

Currency restrictions, 2005–2015

| RESTRICTIONS IN ALL 11 YEARS | RESTRICTIONS IN 1–6 YEARS | RESTRICTIONS IN 7–10 YEARS | NO RESTRICTIONS |
|-----------------------------------------|--------------------------------------|---------------------------------------|---------------------------------|
| Angola | Egypt | Gabon | Algeria, Benin, Burkina Faso, |
| Democratic Republic of the Congo | Botswana | Sierra Leone | Cabo Verde, Cameroon, |
| Eritrea | Mauritania | Malawi | Central African Republic, Chad, |
| Ethiopia | Seychelles | Sudan | Comoros, Côte d'Ivoire, |
| Guinea | Ghana | Swaziland | Djibouti, Equatorial Guinea, |
| Somalia | Mozambique | Nigeria | Gambia, Guinea-Bissau, |
| South Sudan | | Burundi | Kenya, Lesotho, Liberia, Libya, |
| Tunisia | | | Madagascar, Mali, Mauritius, |
| Zambia | | | Morocco, Namibia, Niger, |
| Zimbabwe | | | Rwanda, Sao Tome and Principe, |
| | | | Senegal, South Africa, Togo, |
| | | | United Republic of Tanzania |

Source: International Monetary Fund, 2015.

Note: Restrictions refer to dealings between central banks, and do not concern individuals. Restrictions may include measures to maintain the exchange rate below the market rate or to implement multiple exchange rates.

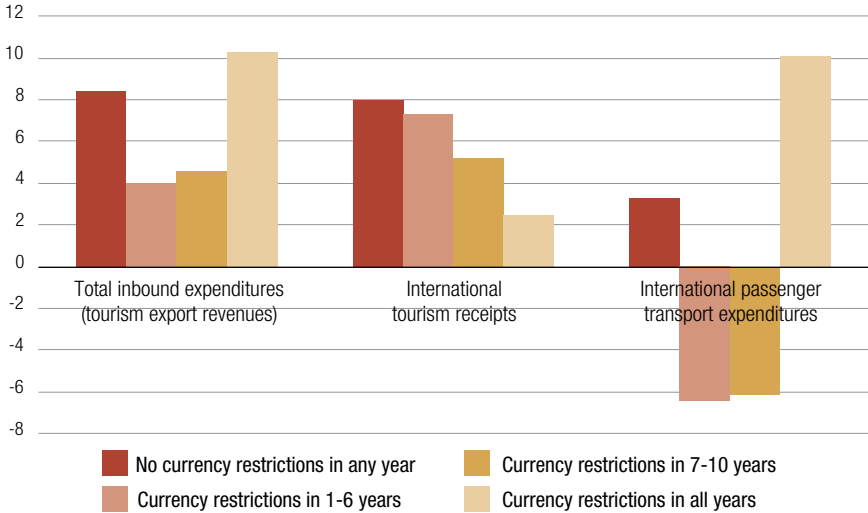
the purchase of international travel. The combined response – that is the response of currency restrictions to total inbound expenditures (tourism export revenues) – suggests that there is no linear relationship between currency restrictions and total inbound tourism expenditures. For this reason, international tourism receipts are used in this analysis.

Another factor to be considered is whether currency restrictions are more likely to occur in countries with political instability and violence. This can be measured by using, for instance, the political stability and absence of violence and terrorism index, which measures perceptions of the likelihood of political instability and/or politically motivated violence, including terrorism. Higher values indicate perceptions of more stability and absence of violence or terrorism. In a sample of 52 African countries, the score is on average higher in countries without currency restrictions than in the total sample mean and in countries with currency restrictions. It thus appears that currency restrictions are more common when there is a likelihood of political instability and violence.

Figure 22

Average annual growth in inbound tourism in African countries, 2005–2015

(Percentage)



Source: UNCTAD calculations, based on data from UNWTO, 2017.

While these observations are indicative of a relationship between currency restrictions and international tourism receipts, the strength and causality of the relationship is best established with a regression analysis, as discussed in the following subsection.

Analysing the impact of currency restrictions on inbound tourism

Ideally, an analysis of the impact of currency restrictions on inbound tourism would study changes in the growth of inbound tourism expenditures surrounding the introduction or abolishment of currency restrictions. Given that such events were too rare to be statistically analysed in a meaningful way during the period 2005–2015 in Africa, an alternative approach must be applied. Therefore, the analysis considers the effects of the presence or absence of currency restrictions, rather than the transition in or out of currency restriction policies. Selecting those country-year observations for which growth rates of international tourism receipts and data on currency restrictions are available

reduces the number of observations to 388. Adding more control variables results in a sample of 239 observations for 33 African countries (table 15). Based on these data, panel data models of the following form are estimated:

$$E_{it} = K + \beta_1 \cdot C_{it} + \beta_2 \cdot X_{it} + T_t + \varepsilon_{it} \quad (1)$$

where E is international tourism receipts for year t in country i , K is an intercept, C is a binary variable capturing currency restrictions and X_{it} are control variables. Currency restrictions in year t are regressed on the relative increase in expenditures from year $t-1$ to year t , to observe the immediate effect of restrictions, if any. This appears to be the most appropriate specification, since effects with longer lags are unlikely. Time-fixed effects T_t are included, but not country-fixed effects, due to multicollinearity concerns.⁴⁶ Standard errors (ε) are clustered by country to increase the efficiency of the estimate. The β_1 is the effect of currency restrictions on inbound tourism expenditures and other proxies for inbound tourism.

Other possible determinants or covariates of changes in tourist spending are accounted for. The first two are the country's overall development level (captured in real GDP per capita income levels) and annual GDP per capita income growth (a business cycle indicator). The third is the exchange rate of the local currency in dollars, which may make tourist spending in local currency more or less attractive in terms of dollars. The fourth is total trade (the sum of export and imports, as a ratio to GDP). Since tourist spending includes spending related to business trips, more trade should be associated with more tourist spending.

Another control variable is the difference between the capital account balance and the current account balance (errors and omissions). This captures the extent to which international payments such as trade and investment flows, and foreign tourist expenditures, are subject to measurement error. But its significance goes beyond that of a statistical balancing item; it is commonly used as a proxy for unobserved cross-border financial flows, such as capital flight. In the context of this report, if local money can move undetected across a border, this implies low effectiveness of currency controls. Currency unions such as the African Financial Community offer full currency convertibility. A binary variable indicating membership in the African Financial Community currency zone is added to the model. Lastly, the political stability and absence of violence and terrorism indicator is added for peace and stability.

46 This is because the binary currency restrictions variable is already included and varies too little over time per country to allow for additional country-fixed effects without causing significant multicollinearity, which then becomes evident in very large variance inflation factors.

The results of the regression analysis are presented in table 15. A univariate model is included in column 1. Control variables are then added consecutively in columns 2–5. The coefficient on currency restrictions is always negative and, once the changes in trade and exchange rates are controlled, it is highly significant. Among the control variables, real income growth and the exchange rate are most robustly associated with growth in inbound tourism expenditures: As one dollar obtains more local currency units, this stimulates growth in inbound tourism expenditures. Other control variables are not significant. UNCTAD findings show that in the average African economy in 2005–2015, the introduction of currency restrictions was associated with 10 per cent lower growth in international tourism receipts.

This correlation, however, cannot simply be interpreted as evidence of a causal relation. An unobserved third variable could influence both currency restrictions and international tourism receipts, undermining causal interpretations. To address this, the analysis uses available data on inbound tourism expenditures for international passenger transport items, which are often purchased abroad in the country of origin and paid in foreign currency. Currency restrictions will have little influence on this spending category. Therefore, the difference between international tourism receipts and inbound tourism expenditures on international passenger transport is used as an alternative dependent variable. This specification makes it unlikely that some unobserved third variable could cause both currency restrictions and the dependent variable. The results (not shown) indicate that this difference in growth rates between international tourism receipts and inbound tourism expenditures on international passenger transport responds strongly to currency restrictions, even controlling for the exchange rate effect, which is also strong. The coefficient is negative and highly significant. Hence, the analysis provides evidence that currency restrictions cause lower growth of international tourism receipts.

What are the implications of this analysis?

First, it is important to note the limitations of the analysis. One limitation relates to the choice of the dependent variable: international tourism receipts. As the analysis focuses on the spending category most sensitive to currency restrictions, it increases the probability that there will be a stronger effect of currency restrictions than the overall effect on inbound tourism. Therefore, the 10 per cent effect is an upper bound of the effect on total spending.

Second, the results should be interpreted as an indication of the impact that deeper integration through monetary unions could have on tourism. It does not suggest that countries should remove currency restrictions and liberalize their capital accounts for the sake of tourism. Such policies would have much broader implications and depend

Table 15

Impact of currency restrictions on international tourism receipts

| VARIABLES | DEPENDENT VARIABLE: ANNUAL GROWTH OF INTERNATIONAL TOURISM RECEIPTS (PER CENT) | | | | |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------|------------------------------|-------------------------------|-------------------------------|
| | (1) | (2) | (3) | (4) | (5) |
| | Currency restrictions (0/1) | -2.08 (3.84) | -6.04 (4.10) | -10.22 ^a (3.52) | -11.15 ^a (3.39) |
| Real GDP per capita (dollars, purchasing power parity-based) | | -0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) | 0.00 (0.00) |
| Real GDP per capita growth (percentage) | | 1.77 ^a (0.43) | 2.19 ^a (0.54) | 2.22 ^a (0.52) | 2.32 ^a (0.53) |
| Exchange rate (local currency units relative to the dollar) | | | -0.00 ^a (0.00) | -0.00 ^a (0.00) | -0.00 ^a (0.00) |
| Trade (imports + exports, percentage of GDP) | | | -0.05 (0.06) | -0.04 (0.06) | -0.03 (0.06) |
| Errors and omissions (percentage of GDP) | | | 0.08 (0.11) | 0.10 (0.12) | 0.11 (0.12) |
| Political stability and absence of violence and terrorism (index) | | | | -1.70 (1.99) | -1.72 (2.04) |
| CFA membership (0/1) | | | | | 3.66 (4.24) |
| Constant | -14.49 ^b (5.92) | -16.38 ^c (8.70) | -4.99 (8.12) | -7.62 (7.74) | -10.41 (8.97) |
| Number of observations | 388 | 383 | 239 | 239 | 239 |
| Number of countries | 45 | 45 | 33 | 33 | 33 |
| Adjusted R-squared (coefficient of determination) | 0.066 | 0.102 | 0.143 | 0.144 | 0.147 |

Note: Robust standard errors are in parentheses; year-fixed effects are included but not reported.

a Probability is less than 0.01. *b* Probability is less than 0.05. *c* Probability is less than 0.1.

on a range of other variables. In fact, recent developments, such as postponing the introduction of the Eco in the West African Monetary Zone to 2020 and introducing renewed currency restrictions, suggest that removing currency restrictions is a less desirable policy option when international commodity markets deteriorate. Greater and lasting currency convertibility requires stable sources of foreign financing. It is perhaps no coincidence that currency restrictions are more common in those African economies that are also highly commodity-dependent.

4.4.4 Air transport

Air connectivity is crucial for tourism development, not only in Africa but for any tourist destination. In 2015, more than half (54 per cent) of all overnight visitors worldwide reached their destination by air, and the trend points to a gradual increase in the share of

air transport (UNWTO, 2016a). In Africa, however, air connectivity is particularly relevant, as large distances and poor road transportation increase tourism's dependence on air transportation. In comparison, ground transport is much denser and of better quality in developed countries. Moreover, the relevance of air transport goes far beyond the tourism sector; it is a catalyst for socioeconomic development and integration in Africa.

Despite this relevance, air connectivity is one of the major constraints to the growth of tourism in Africa. First, air service to and within Africa is limited, with relatively few airlines dominating the market. Although the continent comprises 15 per cent of the world's population, it is served by only 4 per cent of the world's scheduled air service seats (SH and E, 2010). The gaps in air service coverage are particularly acute for intra-African connectivity, with West and Central Africa reporting the most infrequent and irregular schedules, often with multiple-stop itineraries (Christie et al., 2014). Furthermore, the number of long-haul flights per week correlates with the performance of countries, and proximity to a regional hub, such as Johannesburg or Nairobi, is an important factor for air service to neighbouring destinations.

Second, air service to and within Africa is expensive. According to an air transport sector study by SH and E (2010), air fares in Africa are more than double the comparable distance air fares in the domestic United States market, or about 50 per cent higher than what a counterpart in Latin America would pay. According to the study, the high fares are predominantly a result of the power of monopolies or duopolies to set artificially high market rates, while other factors such as higher business risks of operating in Africa, higher airport taxes and charges, diseconomies of scale due to small market sizes and ineffective management of airlines and airports further contribute to high fares. Some reduction in air fares and better availability of flights across Africa could, however, be achieved with the emergence of low-cost carriers and charters. However, cost and flight availability remain major constraints on scheduled air service.

Third, safety and security continue to be major concerns. According to the International Air Transport Association, the airline accident rate in Africa (1:471,000) was twice that of the rest of the world (Brogden, 2009). While the gap has been closing, and the best African airlines are among the safest in the world, the all-accident rate is still higher than the global average (UNWTO et al., 2015). According to the African Union (African Union, 2016), 42 African States are still non-compliant with Abuja aviation safety targets for Africa.⁴⁷ Poor safety and security regimes come at a high cost, as they result in more expensive insurance premiums and the inability to develop code sharing and other business arrangements; furthermore, they discourage potentially high-yield international customers and private-sector investors (Schlumberger, 2010).

47 See www.icao.int/safety/afiplan/Documents/AFCAC%20DP%20%20SC%2012.pdf.

Irregular and infrequent routing of airlines, high costs and concerns about safety and security hamper the competitiveness of destinations. The damaging effects of the lack of air connectivity and the opportunities that air transport offers for regional integration have long been recognized by African Governments, but opening up the skies has been a lengthy process. Air services between African States have been predominantly regulated on the basis of restrictive bilateral agreements. Closer cooperation among African airline companies was sought through the Yamoussoukro Declaration (1988), whose primary purpose was to create a conducive environment for the development of intra-African and international air services. However, the Declaration envisaged only a gradual elimination of traffic rights, and it was only a decade later, when the Yamoussoukro Decision was reached in 1999, that the policy focus shifted towards liberalizing access to intra-African air service markets (Schlumberger, 2010). The Decision commits the 44 signatory countries to deregulating air services and opening regional air markets to transnational competition within Africa. In addition, the Decision allows the multilateral exchange of up to the fifth freedom of air traffic rights, that is, among others, the right of foreign airlines to fly into another country, pick up passengers and take them on to a third country.

Although the Decision was endorsed by Heads of States and Governments in 2000 and became fully binding in 2002, the implementation of the Agreement has been slow. Schlumberger (2010) states that: “The reasons for not applying the Yamoussoukro Decision range from non-implementation of certain elements of the decision, for example, establishing competition rules, a dispute settlement mechanism, and an operational monitoring body, to simply ignoring it by continuing to agree to traditional restrictive bilaterals...”. Schlumberger further argues that the implementation of the Decision has seen two realities. On the one hand, there has been little progress in the implementation of public policy at the pan-African level, as many of the key policy elements have not been developed. On the other hand, many countries have opened up by applying the Decision at the bilateral level.

Regional economic communities are given a key role in implementing the Yamoussoukro Decision. Regional and subregional groupings are encouraged to pursue and intensify their efforts to implement the Decision at the regional level, the underlying idea being that once they have applied the Decision, they can start to agree on liberalizing air traffic between them. Furthermore, at the World Air Transport conference on the challenges and opportunities of liberalization, held in Montreal, Canada in 2003, African States noted that with reference to competition regulation, a core element of the Decision, the implementation of the Decision should be carried out through regional economic groupings.

Schlumberger (2010) argues that progress at the regional level has been uneven: Arab States in Northern Africa have not begun liberalizing air services among themselves, yet Morocco, which is not a Yamoussoukro State Party, is the most active nation with respect to liberalizing and extending its air services. In Western Africa, ECOWAS has not yet taken significant steps toward liberalizing air services, while the smaller West African Economic and Monetary Union has gone beyond the principles of the Decision. In Central Africa, the Central African Economic and Monetary Community has implemented all the necessary legislative and regulatory elements to comply with the provisions of the Yamoussoukro Decision. In Southern and East Africa, the most progress has been achieved by COMESA. Establishing a joint competition authority is the last obstacle to full implementation. The EAC has revised bilaterals to conform to the Decision, but implementation is pending. In SADC, progress has been slower owing to concerns that South African Airways might eliminate competition. However, it is encouraging that South Africa's domestic market has prospered since full competition was established.

The importance of air transport and air connectivity was again highlighted during the commemoration of the fiftieth anniversary of the Organization of African Unity and African Union in 2013, where African leaders decided to give stronger and more ambitious impetus to the continent's socioeconomic development and integration agenda. The African Union Agenda 2063, which was drawn up at that time, included projects with great potential for fostering development. Among these projects were “[a] the creation of a single African air transport market, taking into account the special role and importance of air transport in achieving the goals of the Agenda on speeding up the socioeconomic development and integration of Africa, and (b) the free movement of people and the African passport” (African Union, 2016). In 2014, the African Union Executive Council adopted decision EX.CL/Dec.821 (XXV), which makes the implementation of the Yamoussoukro Decision the foundation for the establishment of a single African air transport market. In 2015, the Heads of States and Governments adopted the Declaration on the Establishment of a Single African Air Transport Market, which ensures its establishment by African airlines by 2017 and facilitates air connectivity thorough implementation of the Yamoussoukro Decision. The African Union (2016) reports that 13 member States have signed the Solemn Commitment.

The possible benefits of the Yamoussoukro Decision have not yet been reaped (UNWTO et al., 2015; African Development Bank, 2015). According to a study commissioned by the International Air Transport Association to estimate the increase in air traffic and the

48 Algeria, Angola, Egypt, Ethiopia, Ghana, Kenya, Namibia, Nigeria, Senegal, South Africa, Tunisia and Uganda.

benefits that would accrue if 12 African countries⁴⁸ implemented the Yamoussoukro Decision, the total air traffic flow would increase by 81 per cent, or by about 5 million passengers a year. The additional services generated by liberalization between these 12 markets would provide another 155,000 jobs in aviation, tourism and the wider economy, and about \$1.3 billion in GDP (UNWTO et al., 2015).

The analysis suggests that significant potential benefits would be achieved if restrictions on establishing air routes did not apply. Such benefits would add to an expanding African air transport market. According to the International Air Transport Association's 20-year forecast for air passenger growth between 2014 and 2034, passenger numbers will grow at 4.7 per cent per year from, to and within Africa (UNWTO et al., 2015). This increase is due to factors related to price and connectivity and rising standards of living, leading to an expanding middle class and strong population growth.

To reap such benefits, Governments would need to tackle several challenges. The African Union (2016) suggests several measures: First, Governments need to have the political will to open up their air transport markets. According to the Solemn Commitment by African Union Member States to the Implementation of the Yamoussoukro Decision towards the Establishment of a Single African Air Transport Market by 2017, States are required to inform each other formally upon the liberalization of their respective air transport markets and to take immediate action to remove any restrictions in their bilateral air services agreements that are contrary to the Yamoussoukro Decision. Furthermore, support for more States to subscribe to the Commitment should be mobilized. Second, member States must be able to comply with the Safety and Security Standards and Recommended Practices of the International Civil Aviation Organization. Notable success stories, such as Ethiopian Airlines or Sal Airport in Cabo Verde, demonstrate that Africa can compete with the best airlines and airports in the world. Third, given that regional economic communities are the building blocks of African integration, the African Union should support dialogue between such communities and the Executive Agency of the Yamoussoukro Decision to draft a memorandum of cooperation on the full implementation of the Decision and management of the single African air transport market. Fourth, it is necessary that the regulatory texts of the Yamoussoukro Decision be compiled, published and disseminated. Regulations are required on competition rules; consumer protection; the dispute-settlement mechanism; and the powers, functions and operations of the Executive Agency.

Finally, aviation has a large carbon footprint and thus challenges environmental and climate change-related objectives. This is a dilemma for the tourism sector, as the sector depends on a country's air connectivity and the natural resources. A study by the United

Nations Environment Programme (2011) warns that “the tourism sector’s growing consumption of energy, especially in travel and accommodation, and its dependence on fossil fuels has important implications for global GHG [greenhouse gas] emissions and climate change as well as for future business growth.” The agency estimates that tourism generates about 5 per cent of total greenhouse gas emissions, primarily from tourist transport (75 per cent) and accommodation (21 per cent). However, intraregional tourists have a comparatively lower carbon footprint than tourists travelling from outside the region, owing to shorter distances. This may provide a further incentive to focus on attracting intraregional tourists.

4.5 Conclusions

This chapter has discussed intraregional tourism and how to develop it further by deepening regional integration. It has found that intraregional tourism is growing and offers opportunities for economic and export diversification when the potential of intraregional tourism is recognized at the regional economic community and national levels. It is necessary to make more progress towards implementing the free movement of persons and opening up the skies to facilitate access to tourism destinations and make such destinations more competitive.

Data on tourism flows in Africa show that continental tourism is characterized by large volumes of tourists and high value. Continental tourism increased steadily from 2010 to 2013, and it is expected to continue growing. Currently, about 4 of 10 international tourists in Africa originate from within the continent. This indicates that a significant amount of international tourism takes place within the region or continent, reflecting similar global trends.

Volumes of intraregional tourist arrivals and their share in total international tourist arrivals, and total international tourist arrivals from within the continent, vary greatly across regional economic communities. SADC, which has extensive experience in intraregional tourism and is the most distant from traditional tourist source markets, has the highest share of intraregional tourist arrivals in total international tourist arrivals. Such arrivals also account for nearly all international tourist arrivals from Africa in the AMU, but represent a small share of all international tourist arrivals. This reflects the fact that the AMU is a prime destination of European travellers. Intraregional tourism in the EAC, COMESA, and ECOWAS is also on the rise.

It is challenging to characterize the African tourist owing to data limitations with regard to regional arrivals by purpose of travel. Nonetheless, some inferences about bilateral

flows and national reports can be made. Urban tourism, in particular shopping, is an increasing travel motivation. Business travellers comprise both formal and informal business tourists. With regard to the latter, cross-border traders are a significant subcategory in Africa, but there is a debate on whether cross-border traders should be counted as tourists. Tourist arrivals may also include short-term or seasonal migrants, who are likely to be high in number owing to migration flows in Africa. Similarly, long-term migrants visiting friends and relatives are a major tourist category. The distinction between the categories is blurred, as a trip abroad may be motivated by several purposes, and accuracy of recording such data is a challenge. It is therefore important to better understand the nature of regional tourists, given their large and increasing numbers, and different expenditure patterns and demand, compared with tourists from outside Africa.

It has been argued that tourism in Africa targets mainly tourists from abroad. Because of the growth of continental, intraregional and domestic tourism, the tourism product and tourism strategies should be adjusted to cater to these groups. Most tourism activity in Africa takes place domestically, similarly to global patterns, but continental and intraregional tourism are essential in terms of international trade. Continental and intraregional tourism offer an opportunity to strengthen local linkages and reduce leakage, as continental and intraregional tourists are likely to have more similar tastes and greater demand for local products than tourists from outside Africa. To seize these opportunities, the potential of African tourism should be recognized at the regional economic community level, and tourism development planned comprehensively.

Although most national development plans identify tourism as a priority sector, the importance of tourism in regional development plans is highlighted only in COMESA, EAC, IGAD and SADC. With the exception of the EAC, these regional economic communities have developed, or are in the process of developing, a regional tourism plan. Furthermore, tourism is given more emphasis in Eastern and Southern Africa than in Central and Western Africa.

The free movement of persons is central to tourism development, as it facilitates entry to a destination and enables people to seek employment and establish a business linked to tourism. All African regional economic communities except IGAD and CEN-SAD have a protocol on the free movement of persons, but ratification and implementation rates vary greatly. ECOWAS and EAC are the most advanced. Overall, most progress has been achieved with regard to entry or the removal of visa requirements. The rights to work and establish in fellow member States of regional economic communities still encounter multiple hurdles. Integration has not yet led to the liberalization of the core tourism professions.

Easing and eliminating visa requirements is a major priority in plans of regional economic communities and pan-African development. While progress has been made, the goal of enabling all African nationals to enter all African nations visa-free by 2018 remains a major challenge. Seychelles is a notable exception. Visa openness correlates with the share of travel and tourism in GDP not with international tourist arrivals. This suggests that visa openness is only one dimension of a destination's competitiveness, yet its potential for stimulating tourism development should be recognized. Seychelles' results show that visa openness can boost tourism development, and estimates for Rwanda, for example, point in the same direction.

Regional economic communities have made some progress in negotiating trade in services and trade in tourism services but, in practice, trade is often more liberalized. In the Continental Free Trade Area, trade in services negotiations and the establishment of a protocol on the free movement of persons are only in their initial stages. This hampers opportunities for tourism to grow at the intraregional and regional levels and for a fuller role to be played for inclusive growth.

This chapter analysed the impact of currency restrictions on inbound tourism in Africa. As regional economic communities pursue a path towards deepening integration and move towards monetary unions, the chapter discussed how the elimination of currency restrictions can affect inbound tourism. The results of the analysis suggest that the introduction of currency restrictions in 2005–2015 may be associated with 10 per cent lower growth in international tourism receipts. However, capital controls and exchange rate policies are influenced by many other factors besides the development of tourism.

The final section of this chapter discussed air connectivity and its relevance for tourism. Air transport is key to tourism development, as most tourists reach their destination by air, but intra-African air connectivity is limited and costly, especially in Central and Western Africa. African States are encouraged to implement the Yamoussoukro Decision to deregulate air services and open regional air markets to transnational competition within Africa, and to establish a single African air transport market. Most importantly, however, steps should be taken to ensure safety and security standards, as the all-accident rate in Africa is still higher than the global average. Nonetheless, the best African airlines, such as Ethiopian Airlines, are among the safest in the world.

To conclude, the development of tourism within Africa could benefit from further progress in regional integration. For example, the transaction costs associated with reaching and entering a destination, and travelling within it, could be reduced by improving air transport and facilitating the free movement of persons and currency convertibility. Moreover, tourism policies that place a value on intraregional and continental tourism and comprehensive planning could help tap the growing potential of African tourism.



CHAPTER 5

Tourism, peace and development in Africa

United Nations Member States have formally recognized the importance of peace in advancing development, namely in Goal 16 of the Sustainable Development Goals, which relates to the promotion of peace, justice and strong institutions, as these are key conditions for achieving other development goals. In addition, the Nairobi Maafikiano adopted at the fourteenth session of the United Nations Conference on Trade and Development (2016) aims to give due account to cross-cutting issues such as good governance at all levels, freedom, peace and security and respect for human rights (UNCTAD, 2016b, article 14 (a)).

This chapter builds on the existing literature to quantitatively investigate the relationship between peace, stability and tourism in Africa, and highlights central messages from the analysis conducted.



5.1 Tourism can be a driver for peace

While it is generally well established that peace leads to the development of tourism, there has been mixed evidence regarding whether tourism contributes to peace. Tourism is thought to be a vital force for world peace, as it bridges cultural differences between people; weakens prejudices, reduces conflicts and tensions by challenging negative stereotypes; leads to improved intercultural attitudes; and ultimately contributes to world peace (Amir, 1969; Amir and Garti, 1977; Nyaupane et al., 2008; Pratt and Liu, 2016). However, most studies on the relationship between peace and tourism have been descriptive in nature, and few efforts have been devoted to causality analysis (Pratt and Liu, 2016). This has led to continuing debate among researchers, tourism practitioners and policymakers on the relationship between peace and the development of tourism.

Tourism has played a significant role as a driver of peace in different contexts. For example, with regard to the Democratic People's Republic of Korea and the Republic of Korea, which have been the focus of much research related to peace and tourism, tourism may be "a viable way of opening a path to peace" (Crompton and Kim, 1990). Tourism has the potential to reduce the risks of conflict and enhance peace by raising the stakes with regard to employment creation and social and economic development. In this regard, in times of unrest, the rallying of tourism stakeholders of various political beliefs under a common cause can result in political influence, as shown by the example of the protection of the tourism sector in Kenya (Lagat et al., 2014). Concerned about the impact of political unrest during election periods on the tourism sector, industry stakeholders in Kenya have made efforts to promote peace during elections. These efforts were consolidated in the Election Period Operating Procedures programme executed jointly by the Ministry of East African Affairs, Commerce and Tourism, Kenya Police Service, Kenya Wildlife Service and private-sector association Kenya Tourism Federation (Kenya Tourism Federation, 2010). The programme is a communications system that aims to ensure that tourists do not cross zones where there is unrest and has resulted in the safeguarding of the large contributions of the tourism sector to the country's economy.

However, the benefits of tourism are not automatic; tourism can also generate conflict. For example, where there is a contested heritage, it is difficult to use tourism as a driver of peace (Gelbman, 2010; Gelbman and Maoz, 2012). In addition, tourism may cause new divisions, as contentions for scarce resources can lead to increased intercommunity rivalry (Pratt and Liu, 2016). In Cyprus, for example, there is evidence that tourism has been used as a tool for conflict, expropriation and exclusion (Scott, 2012). Analysis of

post-conflict situations in Croatia, Rwanda and Sri Lanka has outlined both motivating and inhibiting factors influencing the engagement of the private sector in peacebuilding. The private sector also has a role to play in this regard. In such circumstances, private sector stakeholders can engage in the development of tourism on the basis of coping and doing no harm, rather than on the basis of actively engaging in conflict transforming or peacebuilding activities (Alluri, 2009; Joras et al., 2009).

5.2 Measuring peacefulness in Africa

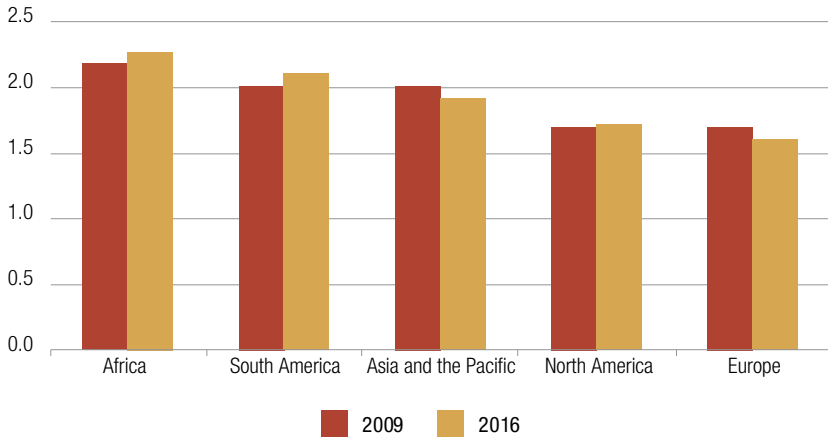
The Global Peace Index of the Institute for Economics and Peace measures global peace under three broad themes, namely the level of safety and security in society, the extent of domestic and international conflict and the degree of militarization. Under the Index, factors may be both internal, such as levels of violence and crime within a country, and external, such as military expenditure and war. The assertion is that low crime rates, minimal incidences of terrorist acts and violent demonstrations, harmonious relations with neighbouring countries, a stable political scene and a small proportion of the population that is internally displaced or has refugee status may be equated with peacefulness, which is measured by 22 indicators.⁴⁹ Countries considered more peaceful have lower index scores.

According to this methodology, as shown in figure 23, in 2016, Africa's average Global Peace Index score was 2.3, and had risen in 2016 compared with 2009. However, this masks wide variations in country performance. In comparison, in 2016, the average score was 2.1 in South America, 1.9 in Asia and the Pacific, 1.7 in North America and 1.6 in Europe, all lower than the average score in Africa. The range of scores has widened since 2009, with Europe considered more peaceful and Africa and South America less peaceful. With regard to subregions in Africa, in 2016, on average, Northern Africa was considered the least peaceful and Southern Africa, the most peaceful.

The Political Stability and Absence of Violence and Terrorism Index of the World Bank measures perceptions of the likelihood of various political instability events, ranging from terrorist acts to revolutions. The indicator (estimates) ranges from approximately -2.5 (weak) to 2.5 (strong). As shown in figure 24, most countries in Africa fall within the weak range of scores. Those with the lowest scores are States in conflict or post-conflict situations, such as Somalia, South Sudan and Libya. The strongest performers are well-established democracies, such as Botswana, Mauritius and Namibia.

49 Indicators are ranked from 1 to 5. Individual indicators are then weighted according to an expert panel's judgment of their importance. The scores are tabulated into two weighted sub-indices, namely internal peace, weighted at 60 per cent of a country's final score, and external peace, at 40 per cent.

Figure 23

Africa: Global Peace Index by region, 2009 and 2016

Source: UNCTAD calculations, based on Institute for Economics and Peace, 2017, and World Bank, 2017.

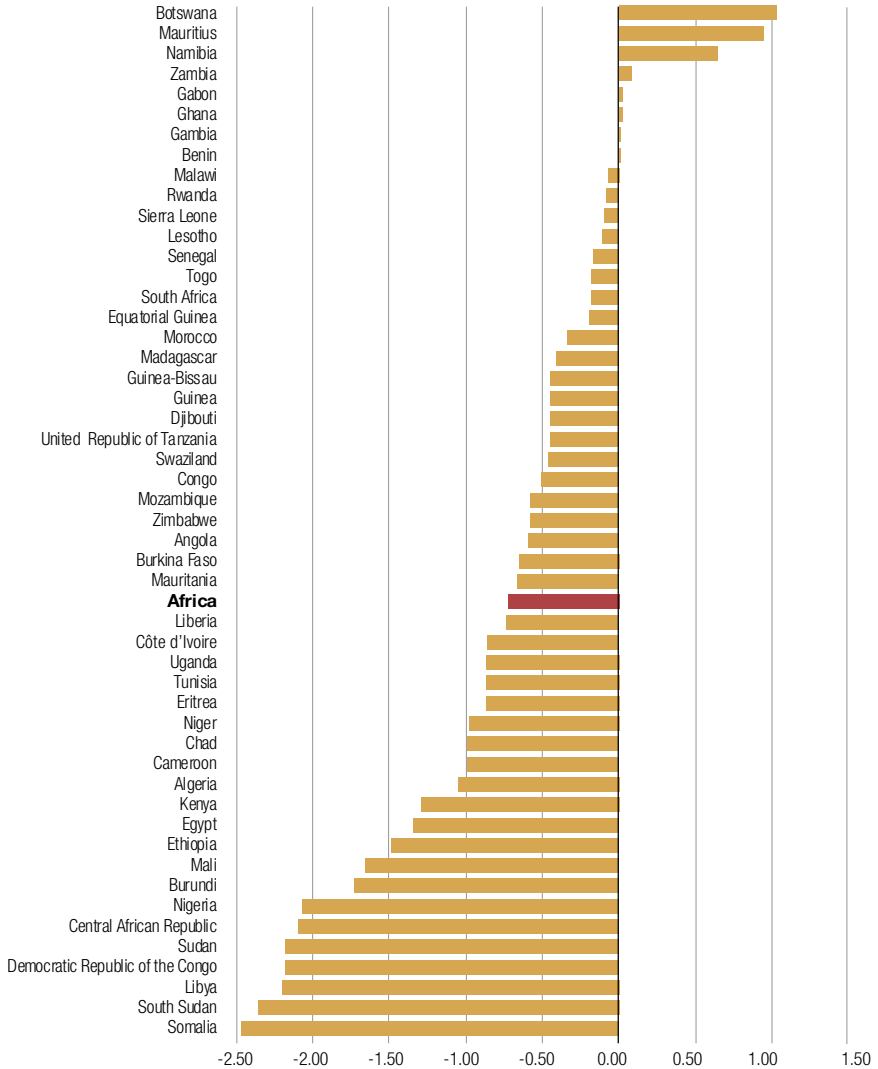
5.3 Political unrest and conflict significantly harm the tourism sector

The economic impact of political instability may be significant and long lasting, presenting a negative image of a tourist destination, even if instability may have been of short duration. The reporting of conflict and political instability can have an impact on the investment and marketing decisions of tour operators, resulting in the scaling back of operations as a result of lower bookings, among others. A vicious circle can develop whereby political unrest leads to lower demand, declining private investment as investors lose confidence and falling public investment as security concerns cause funds to be reprioritized. This can negatively impact a country as a tourism destination and reduce its appeal to tourists. Tourism receipts can decline even more steeply than tourist numbers as the nature of tourist profiles changes. For example, wealthier, security-sensitive tourists might be supplanted by more price-conscious, risk-taking tourists.

For example, UNCTAD calculations based on data from UNWTO (2016a) show that in Egypt, the bomb attacks in Sharm El Sheikh in 2005 and the bomb attacks in Dahab

Figure 24

Africa: Political Stability and Absence of Violence and Terrorism Index, 2015



Source: UNCTAD calculations, based on World Bank, 2017.

Note: The following countries are not included due to a lack of available data: Cabo Verde, Comoros, Sao Tome and Principe, and Seychelles.

in 2006, resulted in an 8 per cent fall in foreign tourism receipts in 2006 (BBC News, 2011). Similarly, following political instability in Tunisia, total tourism receipts in 2009–2011 declined by 27 per cent on average, from \$3.5 billion in 2009 to \$2.5 billion in 2011, implying a decline in per tourist expenditure. The number of tourists from the United Kingdom to Tunisia fell from 423,000 in 2010 to 360,000 in 2011, the year of the Arab Spring; the amount spent fell from \$294 million in 2010 to \$236 million in 2014 (BBC News, 2015). In Egypt, there were 9.5 million visitors in 2013, a sharp drop from a record 14.7 million in 2010 (BBC News, 2014b; UNWTO, 2016a).

Domestic tourism may also decline in times of political turbulence, as citizens tend to save their disposable income in anticipation of uncertain economic times ahead. For example, UNCTAD calculations based on data from UNWTO (2016a) found that in Nigeria, with the inception of the Boko Haram insurgency, total domestic travel and tourism spending fell by 35 per cent in 2009 compared with spending in 2008.

Countries affected by political unrest tend to experience a decline in the number of international tourist arrivals and tourism receipts. The social and economic consequences of political turmoil and a lack of peace can thus have significant effects on the growth of tourism.

5.4 Effects of tourism on peace in Africa

This section analyses the relationship between peace and tourism in Africa with the use of panel data models.

The Global Peace Index and the Political Stability and Absence of Violence and Terrorism Index serve as proxies for peace. Two indicators are used to measure the development of tourism, namely international tourist arrivals and international tourism receipts. Data is analysed for the period 2002–2014, for which there is a complete and consecutive time series. To empirically examine whether the development of tourism could lead to a higher level of peacefulness in Africa, the following specification is tested:

$$Y_{it} = \beta_0 + \beta_1 X_{it} + \beta_2 X_{it} \times \text{regiondummy} + \beta_3 X_{it} \times \text{conflict intensitydummy} + \delta_1 + \lambda_t + \theta Z_t + U_{it} \quad (2)$$

where Y_{it} is the dependent variable and is either GPI_{it} or $PSAVT_{it}$, where GPI is the Global Peace Index and $PSAVT$ is the Political Stability and Absence of Violence and Terrorism Index. X_{it} is the independent variable of interest and is either T_Arr_{it} (international tourist arrivals) or T_Rev_{it} (tourism export revenues). As there are two specifications for each of the independent and dependent variables, four possible specifications are tested. When the Global Peace Index is a proxy for peace (dependent variable),⁵⁰ Z_t is a set of control

50 When the GPI is a proxy for peace (dependent variable), a log-log model is used to interpret the regression coefficients, which represent elasticity.

variables that include GDP per capita, FDI and urban population as a percentage of total population. β_0 is the constant term that shows the common effects not accounted for by the independent variable. β_1 is the elasticity of the bilateral relationship between peace and international tourist arrivals. δ_i is unobserved individual effects across countries. λ_t is unobserved individual effects across years. U_{it} is the error term. For the model to reflect subregional differences, the UNCTAD subregional classification for African countries (Eastern, Western, Middle, Southern and Northern) is used. The independent variable of interest tourism is interacted⁵¹ with dummy variables that indicate whether a given country is located in the considered regions. β_2 is the additional effect that tourism would have on peace if a given country were located in Eastern, Western, Middle or Southern Africa, compared with the effect of being located in Northern Africa (the variable excluded from the model). In addition, the econometric analysis takes into consideration a measure of the intensity of conflicts on the continent, which indicates whether in a given year a country has faced armed conflict or civil war or has had an established peace.⁵² The tourism variable is interacted with dummy variables that reflect the intensity of conflict in a given country. β_3 is the additional effect that tourism would have on peace if a given country were facing an armed conflict or civil war, compared with the effect of benefiting from an absence of conflict (the variable excluded from the model).

The literature regarding the relationship between peace and tourism suggests that there is a bidirectional causal relationship between both variables. To address the endogeneity problem, an instrumental variable (two-stage least squares) approach is used, and the findings indicate that if tourist arrivals and revenues increase, peace improves.⁵³ A negative elasticity indicates a positive relationship between peace and tourism. The findings also show that the potential improvement of the level of peace as a result of an improvement in tourism performance is more pronounced in Africa than in the global

51 Interaction variables introduce an additional level of regression analysis by allowing researchers to explore the synergistic effects of combined predictors. Adding interaction terms to a regression model can greatly expand understanding of the relationships among the variables in the model and allow more hypotheses to be tested.

52 Data for this variable is from Uppsala Conflict Data Programme and International Peace Research Institute, Oslo, 2016.

53 Specifically, if tourist arrivals increase by 1 per cent, peace improves by -0.00111 per cent (-0.111/100). The results of the instrumental variable regression model to examine the causal direction of peace and the development of tourism are provided in box 6, which shows that if peace increases by 1 per cent, tourism revenues improve by 0.54 per cent (model 8). Therefore, the impact of peace on tourism is much greater than the impact of tourism on peace. Four models are tested, in which proxies using two indicators for peace and tourism are used, as in the original analysis (table 16).

context. In the global context, a study of the relationship between peace and tourism in 111 countries in 2008–2012 found that a 1 per cent increase in tourist arrivals led to only a 0.031 per cent improvement in peace (Pratt and Liu, 2016). A potential explanation of this finding is that as there is a lower level of peacefulness in Africa, there is a higher level of peacefulness still to be gained, partially through the improvement of tourism.

Table 16 shows the results of the instrumental variable regression on four specifications, where the Global Peace Index and Political Stability and the Absence of Violence and Terrorism Index are proxies for the dependent variable peace, and international tourist arrivals (T_Arr) are the proxy for the independent variable of interest tourism. The set of control variables are taken into consideration, as are the set of interaction variables between tourist arrivals and dummy variables that indicate the subregional classification for African countries and between tourist arrivals and dummy variables that reflect the intensity of conflict.⁵⁴

Models 1 and 2 show that there is an additional positive effect from tourist arrivals on peace if a given country is in Eastern or Western Africa compared with Northern Africa (the variable excluded from the model). However, if a country is located in Middle Africa, the impact of tourist arrivals on peace is less important than for a country in Northern Africa. The results may thus be interpreted as follows: the effect of tourist arrivals on peace is much more pronounced in Eastern and Western Africa (and to a lesser extent in Middle Africa) than in Northern Africa; and in Southern Africa, there is no evidence for an additional significant effect from tourist arrivals on peace.

With regard to the effect of the intensity of conflict on the relationship between peace and tourism, model 2 shows that the effect of tourist arrivals on peace (with the Global Peace Index, as a measure of negative peace,⁵⁵ as a proxy) is less pronounced in countries facing either an armed conflict or a civil war, compared with countries in which there is an established peace (the variable excluded from the model). These results confirm the expectation that the development of tourism starts to have a significant positive effect on peace only when countries move away from armed conflict or civil war towards a peaceful environment.

Models 1 and 2 show that GDP per capita is negatively associated with peace (positively associated with the Global Peace Index). However, the effect of FDI on peace is not

54 A logarithmic transformation is applied for all variables. Thus, the regression coefficients represent semi-elasticity.

55 Negative peace is defined as the absence of war, conflict and/or violence; positive peace is a more active notion, perceived with regard to social justice (see box 6).

Table 16

**Instrumental variable (two-stage least squares) regression findings:
Peace as beneficiary of tourism**

| | PEACE AS DEPENDENT VARIABLE | | | |
|----------------------------------------|-----------------------------|----------------------|-----------------------------------------------------------------|----------------------|
| | GLOBAL PEACE INDEX | | POLITICAL STABILITY AND ABSENCE OF VIOLENCE AND TERRORISM INDEX | |
| | Model 1 | Model 2 | Model 3 | Model 4 |
| T_Arr (international tourist arrivals) | -0.022 (-1.61) | -0.005 (-0.47) | -0.111*** (-3.86) | -0.100*** (-3.77) |
| T_Arr x easterndummy | -0.032*** (-5.53) | -0.021*** (-3.93) | 0.141*** (7.04) | 0.104*** (5.46) |
| T_Arr x westerndummy | -0.020*** (-3.29) | -0.009 (-1.60) | 0.106*** (4.96) | 0.070*** (3.47) |
| T_Arr x middledummy | 0.005 (0.63) | 0.020*** (2.72) | -0.036 (-1.23) | -0.054** (-2.00) |
| T_Arr x southerndummy | -0.002 (-0.46) | 0.006 (1.11) | 0.139*** (6.27) | 0.088*** (4.17) |
| T_Arr x armed conflictdummy | | 0.023*** (6.23) | | -0.126*** (7.50) |
| T_Arr x civil wardummy | | 0.038*** (4.95) | | -0.217*** (-5.26) |
| Gross domestic product | -0.096*** (-4.88) | -0.084*** (-4.85) | 0.321*** (5.44) | 0.36*** (6.61) |
| Foreign direct investment | 0.002 (-0.70) | 0.000 (0.05) | -0.033** (-2.42) | -0.015 (-1.23) |
| Urban population | | | 0.563*** (4.58) | 0.278** (2.37) |
| Constant | 1.59 (13.30) | 1.31 (11.58) | -4.42 (13.00) | -3.46 (-10.42) |
| R2 | 0.3099 | 0.4659 | 0.3696 | 0.4672 |
| Number of observations | 186 | 186 | 413 | 413 |

Notes: Values in parentheses represent z-test statistics, while *, ** and *** indicate a 10, 5 and 1 per cent significance level, respectively. A logarithmic transformation is applied for all variables.

significant. In addition, subregional differences between countries, as well as conflict intensity, do not appear to affect the relationship between peace (with the Global Peace Index as a proxy) and the development of tourism (with tourism export revenues as a proxy).

For robustness checks, political stability and absence of violence and terrorism is also used as a measure of peace. Models 3 and 4 show that GDP per capita and urban population rates are positively associated with peace. However, FDI is negatively associated with peace, which may partly be explained by the potential impact of

multinational enterprises and FDI inflows to African countries mainly concerned with the extraction of natural resources. This may be a source of internal conflict within a country if the control of such resources is contested (Collier, 2007, 2010).

With regard to the effect of subregional differences, models 3 and 4 show that the effect of tourist arrivals on peace is much more pronounced in Eastern, Western and Southern Africa than in Northern Africa (the variable excluded from the model). However, for countries in Middle Africa, the impact of tourist arrivals on peace is less important than for countries in Northern Africa. These results support those obtained when using the Global Peace Index as a proxy.

With regard to the effect of the intensity of conflict on the relationship between peace and tourism, model 4 shows that the effect of tourist arrivals on peace (with the Political Stability and Absence of Violence and Terrorism Index as a proxy) is less pronounced in countries facing an armed conflict or civil war, compared with countries in which there is an established peace (the variable excluded from the model). These results support those obtained when using the Global Peace Index as a proxy.

The tourism literature shows that the sector is considered to be a beneficiary of peace and that causality between peace and tourism may be in both directions. Therefore, an instrumental variable regression is conducted to examine the impact of peace on tourism (box 6). The findings indicate that the impact of peace on tourism is much greater than the impact of tourism on peace. These results confirm the bidirectional causal relationship between peace and tourism.

5.5 Tourism can help sustain peace after conflict

The 2030 Agenda for Sustainable Development calls on all countries to foster peaceful, just and inclusive societies and asserts that there can be no sustainable development without peace and no peace without sustainable development. This highlights the development-reversing effects of conflict. Several studies have attempted to explain, from a theoretical point of view, how tourism may contribute to peace. Overall, it has been suggested that this contribution is through contact with different groups of people as facilitated by tourism. Such contact is a driver of greater understanding and camaraderie among people, which leads to improved intercultural attitudes, reduced intergroup tension and world peace (Amir and Garti, 1977; Durko and Petrick, 2016; Pettigrew, 1998).

Areas affected by conflict might be able to leverage the historical significance of war by promoting dark tourism attractions (Anson, 1999; Butler and Baum, 1999). Dark

Box 6. Data and methodology

The Global Peace Index is a measure of negative peace as opposed to positive peace. Positive peace may indicate greater international understanding, cultural learning, friendliness, harmony and active cooperation across people and groups (Galtung, 1969; Pratt and Liu, 2016). Data on the Global Peace Index are available starting from 2007. However, as the Index does not include data for all African countries in 2007, the sample period 2008–2014 is used when the Index serves as a proxy for peace.

The Political Stability and Absence of Violence and Terrorism Index is used by the World Bank along with five other indicators to prepare worldwide governance indicators.^a The Index values range from approximately -2.5 (weak) to 2.5 (strong). The Index is used in the analysis due to the availability of data over a longer period; the period 2002–2014, for which a complete and consecutive time series is available, is considered. In addition, the Index represents an appropriate measure of peace, as it relies on perceptions of the likelihood of political instability and/or politically motivated violence, which are the main determinants of peace in African countries, where politics and struggles to achieve political goals play an important role with regard to stability levels.

Box table 1

Instrumental variable (two-stage least squares) regression findings: Tourism as beneficiary of peace

| | TOURISM AS DEPENDENT VARIABLE | | | |
|--------------------------------------------------------------------|----------------------------------|-------------------|---------------------------|--------------------|
| | T_ARR | | T_REV | |
| | (INTERNATIONAL TOURIST ARRIVALS) | | (TOURISM EXPORT REVENUES) | |
| | Model 5 | Model 6 | Model 7 | Model 8 |
| Global Peace Index | -1.86*** (-4.08) | | -12.8 (-0.91) | |
| Political Stability and Absence of Violence and Terrorism Index | | 0.17** -2.24 | | 0.54*** -3.23 |
| Gross domestic product | 0.56*** -7.32 | 0.001** -4.42 | 0.94* -1.83 | 0.001** -2.13 |
| Foreign direct investment | 0.02 -1 | 0.004 -12.29 | 0.06 -0.36 | 0.001* -1.93 |
| Urban population | | -0.002 (-0.78) | | -0.002 (-0.51) |
| Constant | -117.2 (-1.38) | -40.51 (-1.00) | 8.77 -0.78 | -203.76 (-2.53) |
| R2 | 0.444 | 0.3341 | 0.01 | 0.1022 |
| Number of observations | 186 | 564 | 191 | 200 |

Source: UNCTAD calculations, based on World Bank, 2017.

Note: Values in parentheses represent z-statistics, while *, ** and *** indicate a 10, 5 and 1 per cent.

Box 6 (contd.)

To ensure that the Political Stability and Absence of Violence and Terrorism Index is in line with the Global Peace Index for use in the first part of the empirical analysis, the correlation coefficient between the indices is measured; the coefficient equals -0.82 and is significant at a 1 per cent level. This strong negative correlation may be explained by the fact that a higher value under the Global Peace Index (a measure of negative peace) may be interpreted as a low level of peace, while a higher value under the Political Stability and Absence of Violence and Terrorism Index indicates a greater degree of peace. Data on T_Arr and T_Rev are available for 2008–2014 and 2002–2014.

As shown in the figure, the empirical analysis first uses the Global Peace Index as a proxy for peace. The indicators T_Arr and T_Rev serve as proxies for the development of tourism, with a sample of 31 African countries for T_Arr and 32 countries for T_Rev. The sample period is 2008–2014 for both, providing 186 and 192 observations, respectively.

The empirical analysis then uses the Political Stability and Absence of Violence and Terrorism Index as a proxy for peace. Data are available for 54 African countries. However, data on tourism indicators are unavailable for 7 African countries.^b Information on both peace and the development of tourism in 2002–2014 is available for only 47 African countries,^c providing 564 observations.

- a The indicators are a research dataset that summarizes views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in both developed and developing countries. Data are gathered from a number of international organizations, nongovernmental organizations, think tanks, survey institutes and private-sector firms. The project reports aggregate and individual governance indicators for over 200 countries and territories in 1996–2015, for the following six dimensions of governance: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law and control of corruption. Details on the underlying data sources, aggregation method and interpretation of the indicators are provided in a methodology paper (Kaufmann et al., 2010).
- b Equatorial Guinea, Guinea-Bissau, Liberia, Libya, Mauritania, Somalia and South Sudan.
- c Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, South Africa, Sudan, Swaziland, Togo, Tunisia, Uganda, United Republic of Tanzania, Zambia, Zimbabwe.

tourism may be defined as the act of travel to sites associated with death, suffering and the seemingly macabre (Stone, 2006), or as visitations to places where tragedies or historically noteworthy deaths have occurred that continue to impact people's lives (Tarlow, 2005). In addition, sites related to natural or human made disasters may become not only sites of remembrance, but also tourism attractions in themselves (Kang et al., 2012). Dark tourism sites encompass sites as varied as battlefields and those related to murder and mass death, along with cemeteries, graveyards and mausoleums. Dark tourism sites in Africa include the following: in Ghana, Elmina Castle and the slave market in Salaga; in Rwanda, the Kigali Genocide Memorial; in Senegal, the House of Slaves; and in South Africa, the District Six Museum and Robben Island.

The installation of peace parks represents another tourism-oriented strategy that aims to encourage peace between bordering countries (Gelbman, 2010; Gelbman and Maoz, 2012). Such parks may serve as dark tourism sites if they celebrate the end of a war (Kang et al., 2012). While international borders are generally seen as barriers to the development of tourism, the creation of transborder conservation zones can serve as symbolic and literal demonstrations of international cooperation and sustainable development (Weed, 1994). Goal 16 does not specifically refer to tourism, yet it can promote cultural understanding, strengthen cultural identities and stimulate entrepreneurial activity, which helps to avoid conflicts and to sustain peace.

5.6 Negative perceptions of the continent should be managed if tourism is to flourish

Africa's tourism sector is growing strongly, yet currently accounts for only 4.5 per cent of global international tourist arrivals and about 3 per cent of international tourism receipts (UNWTO, 2016a). The region lags behind the rest of the world in attracting both international tourists and revenue, despite an abundance of cultural heritages and natural resources suitable for both leisure and adventure tourism. This is due not only to the quality of infrastructure and depth of poverty, along with ineffective tourism marketing campaigns, but also to negative media perceptions of the continent that have an impact on popular impressions of Africa outside of the continent and, therefore, the attraction of its tourism sector.

As detailed in chapter 1, the outbreak of Ebola virus disease is an example of negative perceptions in media about the scale of the problem in Africa. This led thousands of travellers to cancel visits, even to countries located thousands of miles from the nearest

outbreak. Similarly, in 2014, coastal tourism in Kenya declined following a United States travel warning that prohibited government employees from visiting coastal areas (African Development Bank et al., 2015). Travel bans are thus another example of how negative perceptions of the continent – even if unintended – can adversely impact the prospects of Africa’s tourism industry. Travel warnings are issued when a government wishes to ensure that its citizens carefully consider whether they should travel to a given country. Examples of reasons for issuing a travel warning include unstable governments, civil war and ongoing intense crime or violence. Although travel warnings do not prohibit citizens from visiting a destination, their indefinite status can have long-term effects on a tourist destination and lasting effects on the tourism sector, since a decline in tourist arrivals can result in unemployment and exacerbate existing instability. For example, in 1996–2015, the Department of State of the United States issued more travel warnings for African countries than for countries on any other continent; of the 80 countries for which travel warnings were issued, 30 were in Africa (African Development Bank et al., 2015). In October 2015, the Russian Federation issued an indefinite ban on all air travel to Egypt, which greatly impacted tourist arrivals in Egypt (The Economist, 2016). This highlights that it is important for African policymakers to pay greater attention to the increasing levels of intraregional and domestic tourism in order to reduce the continent’s dependence on international tourism.

A number of academic studies attest to the importance and impact of tourist perceptions based on destination image (Gibson et al., 2008; Rajesh, 2013). However, researchers have not yet developed effective models for promoting or rebranding countries or regions with negative images. A study on South Africa’s image and its effects in promoting the country as a tourist destination proposed relevant marketing strategies and promotion through events and deeds such as sports events, and found that while some elements related to trade, investment or tourism could be influenced, others, such as those related to history or geography, could not (Marshalls, 2010). Increased involvement by governments is needed to promote destinations, as the economic importance of a country’s image is significant in boosting the tourism industry. Changing entrenched country images and perceptions is a complex, challenging and important concept for African tourism and the international relations or marketing of the continent (Marshalls, 2010).

Many people do not closely heed travel warnings and any related updates, relying instead on global public media outlets. However, few positive stories about progress and growth or attractions and events in Africa appear in the international media (The Economist, 2000; The Independent, 2013). Africa-related news delivered by global public media outlets often presents a continent stricken by famine, poverty and

disease, and excludes items on vibrant cultures, rapidly growing innovations in ICTs and telecommunications and modern development. African governments and tourism authorities should challenge such perceptions. As Africa comprises 54 countries, the practice of singling out a problem in one country and generalizing it as a situation affecting the entire continent should be challenged more vigorously. African citizens need to make greater efforts to tell the continent's stories, rather than allowing foreign media outlets to do so exclusively. To some extent, media in Africa should reinforce efforts to challenge the image presented by global public media outlets. African media and stakeholders in the tourism industry may address this by actively contributing to a process of challenging stereotypes and educating the public about Africa.

The African Union and member States need to address bottlenecks related to safety and security, infrastructure, travel services and accommodation, among others. There is a need to improve the perception of the African continent and, in partnership with the private sector, tour operators and other stakeholders should be prepared, where necessary, to redesign existing exhibitions and promotional initiatives in the tourism sector. The global media is a powerful and influential stakeholder in the sector and, where possible, dynamic and proactive cooperation between governments, private sector actors and media is critical. Destination image-building and perception management should be an ongoing dialogue with people worldwide.

5.7 Policies can play a role in creating a virtuous circle of peace and the development of tourism

There is support for the hypothesis that the development of tourism can lead to peace in Africa, with room for substantial improvement of this positive relationship. In light of these results, African countries should implement policies that strengthen the sector, as such policies can contribute to both peace and the development of tourism. The analysis detailed in this chapter shows the bidirectional causal relationship between peace and tourism, and that the impact of peace on tourism is much greater than the impact of tourism on peace. These results are consistent with a prior study of 111 countries in 2008–2012 (Pratt and Liu, 2016).

A positive effect from the development of tourism on peace in Africa is more pronounced in Eastern, Western and Southern Africa than in Northern Africa (see table 16). In addition, there is evidence that the effect of tourism on peace is less pronounced in countries facing a deterioration in overall stability (involving the presence of armed conflicts and civil war), compared with countries in which there is an established peace.

This indicates that the development of tourism may begin to have a significant positive effect on peace only when countries move away from armed conflict or civil war towards a more peaceful environment.

To generate a virtuous circle, whereby peace contributes to tourism, which then contributes to peace, which further spurs the development of tourism, a number of conditions should be fulfilled.

First, as shown in pioneer studies that applied the intergroup contact hypothesis to the tourism sector, for tourism to play a role in improving intercultural understanding, there should be a supportive atmosphere, and interactions should be voluntary and among participants who share common goals (Anastasopoulos, 1992; De Kadt, 1979; Krippendorf, 1987; Pizam et al., 1991).

Second, to counter the risks associated with political unrest, countries should devise comprehensive multi-stakeholder planning and crisis management procedures, for example tight security around tourist areas and the availability of safe shelters for tourists. Similarly, countries should include tourism in national disaster management plans in collaboration with appropriate national and regional institutions if efforts to revitalize the sector, for example through infrastructure finance and new marketing initiatives, are to be successful. Some countries, such as Botswana, Kenya, South Africa and Swaziland, have included tourism in their national disaster management plans. For example, South Africa has established a tourism safety task group that includes the Department of Environmental Affairs and Tourism, the South African Police Service and the South African Tourism Board. The tourism sector in Africa needs to transition from a paradigm of crisis management towards a culture of disaster prevention.

Third, since in areas previously affected by conflict, the historical significance of war may be leveraged by promoting dark tourism attractions, African policymakers should valorize the potential of dark tourism sites to educate the population, especially youth, about the importance of peace and reconciliation.

Fourth, following a political crisis, African Governments should help to revitalize the tourism sector, particularly tourism-related small and medium-sized enterprises, through a broad stimulus package, including low interest rates for loans, fiscal policies and promotional trips for foreign tour operators, to help restore confidence in the destination. Significant efforts to rebrand the destination, given its political perception in the marketplace, should be explored, together with a shift in focus from traditional tourist markets to new segments less susceptible to the impact of political unrest. For example, a shift from international tourism to a greater emphasis on domestic tourism may be considered, as the latter might be less susceptible to the effects of political turbulence.

Fifth, African Governments should consider implementing strategies that help to address negative perceptions of the continent in global public media outlets that adversely affect the development of tourism. African citizens should make greater efforts to tell the continent's stories, rather than allowing foreign media outlets to do so exclusively.

Lastly, stronger regional efforts to achieve peace are important, as the effects of political unrest on tourism can reach beyond national borders, for example if a country is considered part of an overall itinerary and tourists substitute one destination country for another.



CHAPTER 6

Main messages and recommendations

This report examines some of the key policy issues underlying the role that tourism can play in Africa's development process. It finds that tourism can be an engine for transformative and inclusive growth and a complement to development strategies aimed at fostering economic diversification and structural transformation within the right policy context. This chapter recapitulates some of the main findings, key messages and policy recommendations of the report.



“Africa is in the best ever position as a global tourism player. Most African countries, even where tourism is the main economic activity, lack strategically integrated product development and regional tourism policies.

This report helps address these issues.

Going forward, African tourism needs to be grounded in sound interregional and intraregional policies, and should promote strong intersectoral linkages.

Tourism in isolation will struggle to prosper.”

Carmen Nibigira, Regional Coordinator,
East Africa Tourism Platform

6.1 Main findings

The main findings of this report are as follows:

- **Tourism is a dynamic and fast growing sector**

Since 1995, the sector has expanded significantly, with the number of tourist arrivals to the continent doubling from 24 million in 1995–1998 to 48 million in 2005–2008, and increasing to 56 million in 2011–2014. Tourism export revenues, which include inbound tourism expenditures and international passenger transport services, have experienced a similar growth trajectory. Tourism export revenues more than tripled, increasing from \$14 billion in 1995–1998 to \$41 billion in 2005–2008, and rising to \$47 billion in 2011–2014. Moreover, tourism export revenues per arrival increased from an average of \$580 in 1995–1998 to \$850 in 2011–2014. Africa's tourism sector has grown strongly, but with more volatility following the global financial crisis (2008/09). Tourism export revenues peaked in 2012 and also appear to be more resilient to shocks than other financial flows such as FDI or remittances.

- **Tourism boasts virtually uninterrupted growth**

Tourism's total contribution to Africa's GDP, which includes direct contributions and indirect impacts, increased from an average \$69 billion in 1995–1998 to \$166 billion in 2011–2014, that is, from 6.8 per cent of GDP to 8.5 per cent of GDP. Tourism's direct contribution to GDP primarily reflects the economic activity generated by industries such as hotels, travel agencies, airlines and other passenger transportation services and restaurants, and related leisure industries. Tourism's direct contribution to Africa's GDP was \$30 billion in 1995–1998 (2.9 per cent of GDP), increasing to \$70 billion in 2011–2014 (3.5 per cent of real GDP). The annual average rate of growth of tourism's direct contribution to real GDP was 2.6 per cent in 2011–2014. By 2015, the sector's direct contribution to the continent's GDP had increased to \$73 billion and is forecast to rise to \$121 billion by 2026 (World Travel and Tourism Council, 2016). In 2011–2014, tourism attracted on average capital investment of \$26 billion (1.8 per cent of GDP), rising to about \$30 billion in 2016.

- **Tourism is a key driver of growth in small island developing States and other economies**

Tourism is a key sector in different countries, but particularly in African SIDS. In fact, the three most tourism-driven countries in terms of the sector's contribution to national GDP are all SIDS: Seychelles (62 per cent), Cabo Verde (43 per cent) and Mauritius

(27 per cent). These mostly relatively small economies are also among the most dependent on the export of services. For African SIDS, it is critical that they better exploit the benefits of tourism, which requires developing a comprehensive tourism strategy integrated into their national development plans. In several SIDS, tourism is a promising foreign exchange earning activity, but also introduces tensions with regard to the local population and ecological sustainability, which though not limited to SIDS, is critical, given their greater vulnerability to the impacts of climate change. However, a creative, sustainable expansion of tourism can mitigate such tensions, while achieving a degree of environmentally friendly development, as in Sao Tome and Principe. Tourism is also an important sector in a variety of other non-small island developing State economies, although African oil-exporting economies are the least dependent on tourism.

- **Tourism is a major category of international trade in services**

The share of the services sector in Africa's GDP was 50.5 per cent on average in 2011–2014, making it the biggest contributor to output. In 2011–2014, tourism export revenues accounted for 46 per cent of services exports and 7 per cent of total exports. This also reflects that tourism is a liberalized sector. Tourism export revenues grew strongly at 9 per cent per year in 1995–2014, while services exports grew at 8.3 per cent per year in the same period. The report finds that Africa's tourism trade balance with the rest of the world has remained positive since 1995, that is, more foreign exchange has been earned than what was lost due to tourism.

- **One out of 14 jobs are supported by the tourism industry**

Tourism's total contribution to employment in 2011–2014, generated more than 21 million jobs, or roughly 1 out of 14 jobs in Africa (7.1 per cent of total employment). Tourism generated 8.8 million jobs directly;⁵⁶ this is forecast to rise to 11.7 million jobs, an increase of 2.5 per cent per year, between 2016 and 2026 (World Travel and Tourism Council, 2016). Tourism is a labour-intensive sector with low entry barriers and a strong absorptive capacity for job creation for both skilled and unskilled workers. The sector's projected robust growth may stimulate further job creation and diversification of an economy.

- **Tourism is critical to inclusive growth across the continent**

Tourism can play an important role in the global fight to reduce poverty and achieve the Sustainable Development Goals. Beyond generating economic benefits and boosting

56 This includes employment by hotels, travel agencies, airlines and other passenger transportation services, and restaurants and related leisure industries.

productive capacities, tourism has the potential to foster inclusion by reducing poverty and inequalities among vulnerable groups such as the poor, youth and women. Tourism is a labour-intensive sector that can impact poverty through wage employment and local sourcing of labour and material inputs to the sector. Tourism is a critical source of employment for youth and women, as it employs comparatively high shares of women and youth. On a global level, women make up between 60 and 70 per cent of the tourism labour force, and 50 per cent are aged 25 or younger. This is also reflected in Africa as the hotels and restaurants sector is a leading employer of women; even at the management level, the tourism sector in Africa has more female employers than any other sector and hence can contribute to more inclusive growth. Tourism can also impact poverty through stronger agricultural linkages that expand the sale of foodstuffs, goods and services to the sector, and through dynamic effects arising through better infrastructure (for example roads, information and communications technology) that contribute to rural development. Strong tourism–agriculture intersectoral linkages can support poor rural communities and women, who dominate this sector (and are often well placed as employees or entrepreneurs to provide tourist-relevant products), and thus stimulate wage employment opportunities in the rural non-farm economy. The diversity of tourism is its strength; it can integrate vulnerable groups – whether skilled or unskilled – into its value chain and can itself be strengthened by the product diversification that labour diversity provides.

- **Fostering greater value addition within the tourism value chain will strengthen intersectoral linkages**

Leakage is the way in which revenue generated by tourism is lost to other countries' economies. There is some heterogeneity in the patterns of leakages and intersectoral linkages across countries. Overall, South Africa's higher degree of leakages emerges strikingly, with foreign value added sources accounting for roughly half of the final demand by the hotels and restaurants sector (taken as a proxy for the tourism sector), compared with only 20–25 per cent in the case of Tunisia, and two Asian comparators, namely Indonesia and Thailand (see chapter 2). This suggests that the South African tourism sector is characterized by a more pronounced dependence on international supply chains. A similar pattern of dependence on foreign value added sources also arises in relation to several intersectoral linkages, notably with agriculture and light manufacturing. Not only do these industries account for a lower share of hotels' and restaurants' final demand in South Africa and Tunisia compared with their Asian counterparts, the weight of foreign value added sources also appears to be relatively higher, highlighting some untapped potential to harness tourism's backward linkages with the rest of the economy.

- **Intraregional tourism is growing and is significant in terms of volume and value**

According to the data compiled on intraregional tourist arrivals specifically prepared for this report, almost 4 out of 10 international tourists to Africa in 2010–2013 originated from within the continent. This share rose from 34.4 per cent in 2010 to 40.3 per cent in 2013. Although the share of regional tourists in total international tourist arrivals has been increasing in Africa, it is still below the global average. In Northern Africa, 8 out of 10 tourists come from outside the continent, in sub-Saharan Africa it is about 1 out of 3; continental tourism flows are rising steadily. Destinations in the South that depend on travellers from Europe and North America tend to record strong fluctuations, as they are visited during boreal winters. Regional tourism is more evenly distributed across the year and can thus smooth seasonality effects and contribute to more stable employment. Given the increase of continental, intraregional and domestic tourism, the tourism product and strategies need to be adjusted to cater to these groups. Moreover, in terms of tourism spending since 2006, domestic spending is both higher and growing faster than international tourism receipts. As regional economic communities continue to deepen integration and move towards monetary unions, the report examines how removing currency restrictions could impact on inbound tourism. The results of the analysis suggest that the introduction of currency restrictions in 2005–2015 may be associated with a 10 per cent lower growth in international tourism receipts. However, capital controls and exchange rate policies are also influenced by many other factors besides tourism development. If 12 African countries were to implement the 1999 Yamoussoukro Decision, Open Skies for Africa could create an extra 155,000 jobs, result in an increase of almost 5 million passengers, contribute almost \$1.3 billion to the continent's GDP and generate \$1 billion in consumer benefits (Intervistas Consulting, 2014).

- **Tourism improves peacefulness**

The report finds that the potential for improvement in peacefulness levels as a result of progress in tourism performance is more pronounced in Africa compared with the worldwide context. This is because there is less peace in Africa (on average) and therefore more peace to be gained, in part through the development of tourism. The positive effect of the development of tourism on peacefulness is found to be more pronounced in Eastern, Southern and Western Africa than in Northern Africa. In addition, there is evidence that the effect of the development of tourism on peacefulness is less pronounced in countries facing a deterioration of their overall stability, that is, where there are conditions of armed conflict or civil war, compared with countries in which there is an established peace.

6.2 Main policy recommendations

The policy analysis and discussion underlying this report can be summarized in seven main messages.

First, African countries can harness the dynamism of the tourism sector to promote structural transformation. In part, regional demand for tourism services is increasing owing to the rise of disposable incomes and the middle class. Along with higher disposable incomes, better transport and facilitated access to visas would further underpin this trend and provide Africans the means to travel abroad. Moreover, new segments of the tourism market are developing such as medical tourism, which can provide the impetus for the development of and investment in health-care infrastructure, as in Ghana, Mauritius and Nigeria. Africa's tourism sector is dynamic and largely demand driven, and thus requires some government support in partnership with the private sector if the sector is to become more competitive and developed. Attracting private investment in partnership with provision by the State of finance to address sector bottlenecks, facilitation of air passenger access, and basic infrastructure and skilled labour will require integration of the sector into national development plans and into the communities concerned. Both governments and local actors will have a critical role to play.

Governments could begin by reducing visa bureaucracy and improving information and communications technology, security, underdeveloped health care, airlines and transport infrastructure. Support in the long term can be provided to the local private sector to operate hotels and compete with international hotel chains present in the country. Joint ventures can be encouraged between local firms and international hotel operators so that ownership and management of hotels involves a mix of local and foreign capital. Local tour operators can provide online booking services so that tourists purchase tickets and destination packages directly from local suppliers rather than through international tour operators (that is, generating greater local content into tourism value chains). The tourism sector offers a promising avenue for boosting services exports for many African countries as part of their economic diversification strategies. Investments in tourism-related infrastructure have important employment effects. Hotel, airport, road and wider construction projects can provide opportunities for more labour-intensive activities through direct public procurement practices. Especially where rural tourism is prevalent and building activities use local materials, local technologies and local small-scale enterprises have much greater potential to generate employment. Similarly, although it is an employment-intensive activity, waste management is another neglected (often underfunded) but crucial area, especially where mass market tourism or ecologically sensitive development is envisaged.

Second, countries can reduce leakages out of the tourism sector by fostering economic diversification. Developing strong intersectoral linkages is crucial to ensuring greater capture of tourists' expenditures – a key determinant in facilitating the transfer of economic benefits from the sector to local communities, with incomes derived from employment and business opportunities contributing to improved livelihoods and poverty reduction. There is clearly some scope for African countries to harness intersectoral linkages of tourism to support the development of viable upstream industries, not only within the services sector, but also in agriculture and in some manufacturing segments. Given the degree of heterogeneity, intersectoral linkages of tourism need to take into consideration country- and sector-level contexts. While the input–output structure of the value chain influences intersectoral linkages with tourism, a conducive policy framework remains critical in fostering economic diversification, local sourcing and promoting local value addition. Such a policy framework would focus on the effectiveness of existing national strategies (for trade, finance, investment, technology and job creation) in promoting economic growth, which partly relies upon multisectoral investment and technological upgrading at the national level. Productive investment is also critical, to drive growth, job creation, innovation and trade. As highlighted by UNCTAD (2016a), finance is critically needed to provide firms with the capital they need to develop, and facilitate private and public investments in infrastructure, plants and equipment to foster greater competitiveness. As UNCTAD has noted, reaching the levels of development needed to fulfil the Sustainable Development Goals and to achieve the continent's agreed long-term Agenda 2063 goals will require action by all development partners acting together in a revitalized Global Partnership for Sustainable Development (UNCTAD, 2016b).

Third, tourism can contribute to more inclusive growth if the appropriate policy framework is in place. Tackling poverty requires promoting decent work within both the formal and the informal economy. Tourism can provide significant opportunities for the poor as it is a labour-intensive sector in which expenditure is more likely to reach them. Furthermore, rural areas in which most poor communities are concentrated have a comparative advantage in attracting tourism, with locals potentially well positioned to provide popular tourism products such as music, handicrafts and tours. Linkages between local communities and suppliers must be fostered to better integrate the poor into the tourism value chain.

Youth unemployment is another critical concern as Africa has a young population. Tourism is playing an important role in generating jobs for young people, although a key challenge for the sector concerns matching the education and skills of young people with the jobs available. Active efforts to enhance tourism and hospitality schools will make them more employable in this sector, while being a positive externality for tourism

employers who often absorb staff training costs. Additional measures to promote more vocational skills training, such as informal apprenticeship schemes, would enhance these measures.

Women tend to be disproportionately engaged in the most vulnerable and poorest paid activities and are challenged by vertical segregation, unequal pay, discrimination and less access to finance and education. However, women active in tourism appear to face better odds than in any other sector. Women in return contribute significant benefits to tourism itself – actively encouraging female participation in tourism can improve tourism product diversification and the protection of local cultures and environments. Female participation can be boosted by providing training to increase the choice of jobs available to women and their chances for promotion, and by improving working conditions to promote the well-being of women in lower positions. Women’s entrepreneurship should also be encouraged to better harness their skills, to promote innovation in the sector and growth.

Fourth, African leaders should focus on strengthening the development of continental and intraregional tourism. Intraregional tourism in Africa is increasing and offers opportunities for economic and export diversification, if its potential is recognized at the regional economic community and national levels. African countries would benefit if they made further progress on the free movement of persons and the liberalization of air transport services. This would facilitate greater access to tourism destinations and boost their destinations’ competitiveness. It also requires regional economic communities and countries to plan comprehensively for this segment of tourism. As the negotiations for the creation of a continental free trade area concerning goods and services progresses, governments should ensure that specific attention is devoted to tourism, as it accounts for the major share of Africa’s trade in services exports. If, as envisaged in Agenda 2063, tourism is to help increase Africa’s share of the global trade in goods and services, it will require the development of regional integrated tourism policies, to be implemented in a concerted manner across regional economic communities, and a continental tourism platform to set service standards and coordinate supportive frameworks between regions to ensure Africa’s improved competitiveness in the global tourism business. This could also include developing new products specifically for the African market (see chapters 2 and 4). Overall, this would require a shift in focus to place greater emphasis on the importance of African tourists and their tastes.

Fifth, regional collaboration on tackling crises is critical to growth in the tourism sector and to preserving peace. To counter the risks associated with political unrest, countries should devise comprehensive multi-stakeholder planning and crisis management

procedures (for example tight security around tourist areas and the availability of safe shelter for tourists). Similarly, countries need to include tourism in national disaster management plans through appropriate national and regional institutions if efforts to revitalize the sector after a crisis (for example through infrastructure finance and new marketing initiatives) are to be successful. There is a case to be made for stronger regional efforts to achieve peace, as the effects of political unrest on tourism can spill over borders, especially where a country is considered part of an overall itinerary and tourists substitute one destination country for another.

Sixth, Africa should continue to raise levels of investment in the tourism sector if it is to achieve the targets of the African Tourism Strategy of Agenda 2063. The African Union and the New Partnership for Africa's Development consider tourism a priority area for economic transformation. In 2004, Africa adopted the Tourism Action Plan of the New Partnership for Africa's Development, which is a framework to foster sustainable tourism on the continent. Subsequently, in the First Ten-Year Implementation Plan 2014–2023 of Agenda 2063, full implementation of an African tourism strategy and the establishment of an African tourism organization were envisaged, with a target to at least double the contribution of tourism to GDP in real terms from 2014 to 2023. Given that the total contribution of tourism to GDP increased from 6.8 per cent in 1995–1998 to 8.5 per cent in 2011–2014, with a peak of 9.6 per cent in 2005–2008, it will be challenging to achieve the target by 2023. At this rate, the tourism sector would need to grow much faster than GDP and more rapidly than it has since the global financial crisis. The recommendations outlined in this report are intended to contribute to the realization of the targets of an African tourism strategy under Agenda 2063.

Finally, there is an urgent need to address the lack of tourism data. This could be undertaken as part of ongoing efforts to improve macroeconomic data collection. African Governments, in collaboration with development partners, need to develop and implement effective methods of collecting tourism data to accurately assess the sector's contribution to social and economic development. However, at present, many countries are experiencing a severe shortage of basic tourism statistics. There is little information on how different components of the tourism sector contribute to its aggregate impact, the distribution of such impacts or how they may be increased. Considering the large amount of data required for evaluating supply- and demand-related aggregates, it remains a challenge to effectively disaggregate available data to evaluate how economic impact varies by type of tourist, type of tourism or the structure of the sector. There is a dearth of available data on tourism activities categorized by gender and an inconsistent measurement of flows of cross-border traders (a sub-category of business tourists) on the continent. In part, accurate measurement of the effects of tourism policy analysis is

also hindered because the sector is not designated as an industry in standard economic accounts. This highlights the need of government for improved data, for enhanced quantitative and economic policy analysis of the sector.

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Tourism – in terms of its contribution to gross domestic product, employment and trade – is an important sector in many African economies, and its growth is increasingly driven by tourists originating from the continent itself. However, most African countries still face significant challenges and constraints in exploiting the potential of tourism services in trade and economic development. The *Economic Development in Africa Report 2017: Tourism for Transformative and Inclusive Growth* examines the role that tourism can play in Africa’s development process. It identifies the main barriers to unlocking the potential of tourism in Africa to help structurally transform the continent’s economy and provides policy recommendations on how to overcome them. In sum, tourism can be an engine for inclusive growth and a complement to development strategies aimed at fostering economic diversification and structural transformation within an appropriate policy context.

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“On the occasion of the International Year of Sustainable Tourism for Development, this insightful and timely report highlights the importance of the tourism sector in Africa, and proposes clear policies on how to better harness such potential and build a better and more inclusive future for Africa and its people.”

Taleb Rifai, Secretary-General, World Tourism Organization

“This important report on tourism, inclusive growth and regional integration is essential reading for policymakers, academics and tourism practitioners concerned with job creation and the future of economic and social development in Africa.”

Christian M. Rogerson, Professor, School of Tourism and Hospitality,
University of Johannesburg, South Africa

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