

# Enhancing Africa's Tourism Competitiveness



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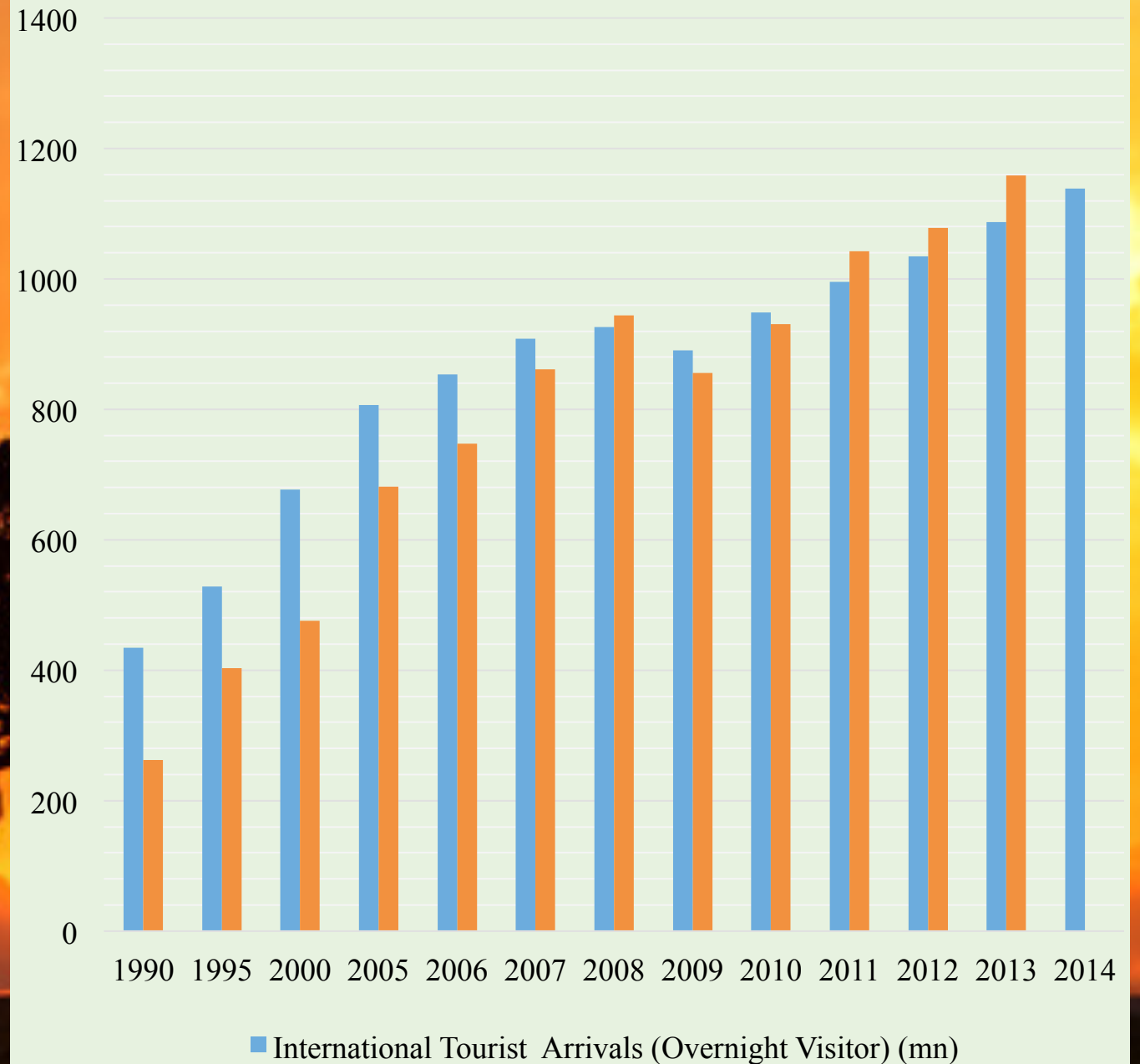
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# Introduction

Despite occasional shocks, the global tourism industry has continued to experience expansion becoming one of the largest and fastest-growing economic sectors in the world. Eg

International tourist arrivals rising steadily from 25 million in 1950 to 278 million in 1980, 528 million in 1995 and 1138 million in 2014.

Tourism receipts rising from US\$262 billion in 1990 to reach US\$ 1,159 billion in 2013.



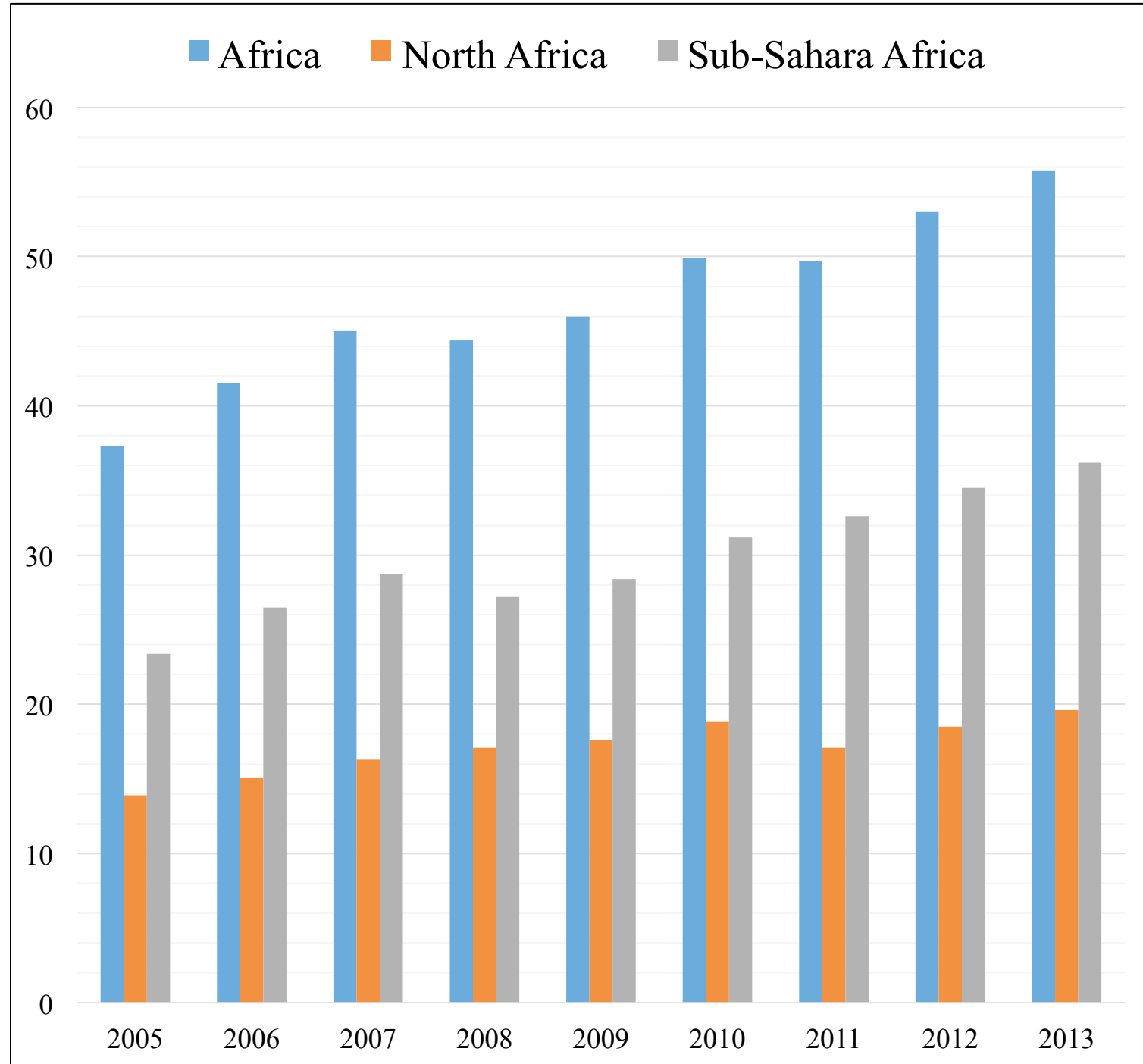
- Important to note is that arrivals in emerging destinations (mainly in Asia-Pacific, Middle East and Africa) are expected to increase at twice the rate of those in advanced economies!!!
  - Today, the rate of growth in the arrivals in emerging destinations stands at +4.4% a year compared to +2.2% in the advanced destinations.
  - This will result in the market share of emerging economies increasing from 30% in 1980 to 47% in 2013 and reaching 57% by 2030
- (ref: UNWTO, 2015).



# AFRICA...

...has been experiencing growth in the tourism sector despite facing a number of major challenges that have resulted in occasional slumps in growth.

For instance, between 2005 and 2013, Africa witnessed a 49.6% growth in international tourist arrivals with the SSA region recording 54.7% growth while the North Africa region recorded 41.0% growth.



# *from 6 to 11 countries in 5 years!!!*

In 2005, only six out of the 54 countries in Africa received over 1 million tourists, i.e. South Africa (6.8 million), Tunisia (6 million), Morocco (5.5 million), Zimbabwe (1.9 million), Algeria (1.2 million) and Kenya (1.1 million) accounting for almost 70 per cent of all international arrivals in the region

....in 2010, eleven countries had crossed the one million international visitors mark, accounting for almost 70 per cent of all international arrivals into the region.

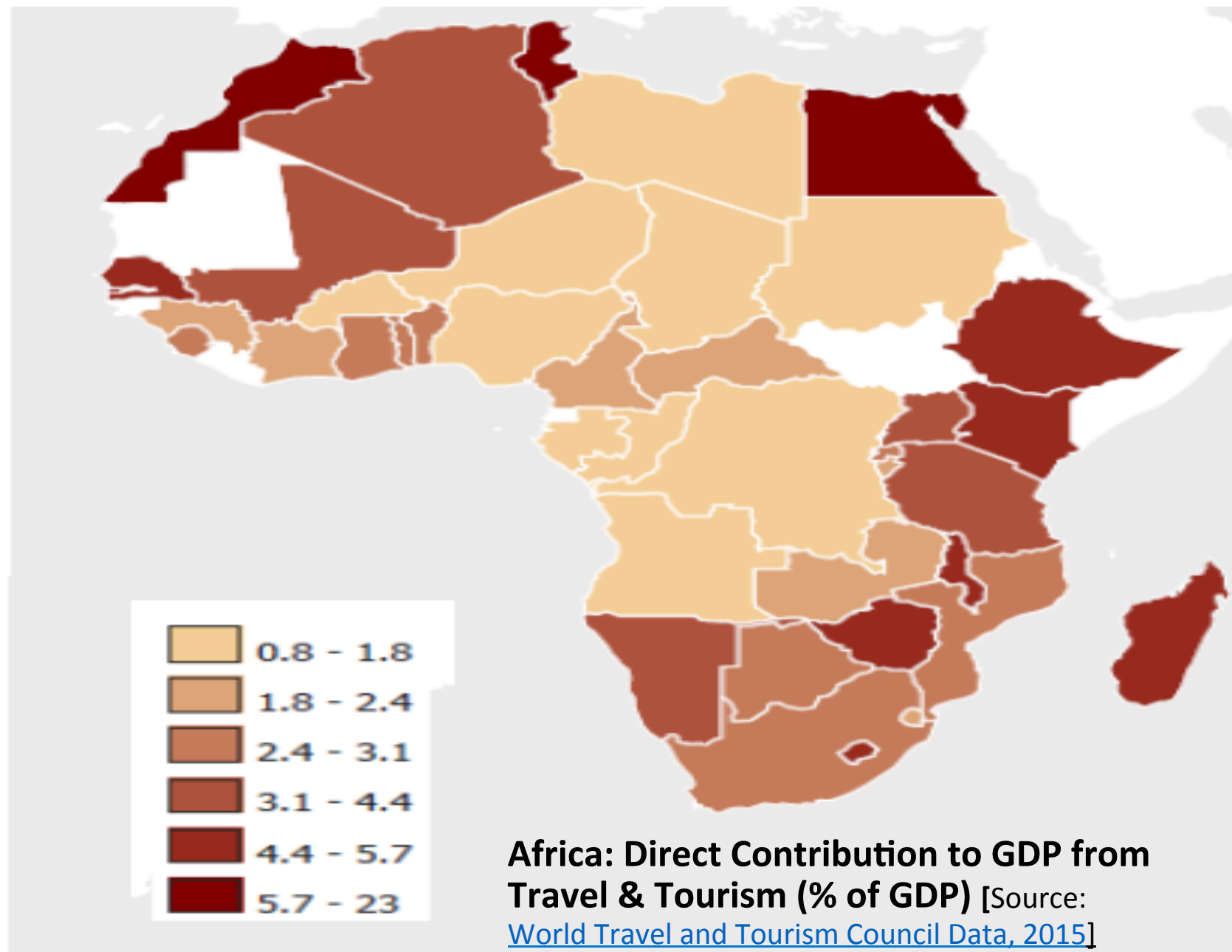
[Source: UNWTO, 2006; 2011]

	Country	International Tourists Arrivals (‘000)
1	Egypt	14051
2	Morocco	9288
3	South Africa	8074
4	Tunisia	6902
5	Zimbabwe	2239
6	Botswana	2145
7	Algeria	2070
8	Mozambique	1718
9	Nigeria	1555
10	Kenya	1470
11	Swaziland	1078

# Result.... Significant Contribution to Africa's GDP

- Eg.

in 2013, the sector's contribution to GDPs in Africa ranged between 4.5% on the lower level in Burundi and 56.5% on the higher level for Seychelles.



# Result ...and a generator of employment...

...in 2013, more than 2.79 million people were directly employed by the tourism industry in Africa's top five destination countries alone!

Country	Direct Tourism Employment* as % of Total Workforce (2013)		Direct, Indirect, and Induced Tourism Employment** as % of Total Workforce (2013)*	
	% of Total Workforce	Total Directly Employed in Tourism	% of Total Workforce	Total Employed in Tourism (Direct, Indirect and Induced)
Seychelles	22.7	9,700	56.5	24,100
Mauritius	10.8	62,000	23.9	137,500
Cape Verde	14.5	32,000	38.4	84,500
Morocco	7.6	814,000	16.7	1,798,000
Tunisia	6.6	228,000	13.8	473,000

SOURCE: WTTC ( 2013)



**Despite of this impressive performance...**



# 1. Africa's share of international tourism remains low...

In 2013 for instance, the region's share of global international tourist arrivals and receipts was about 5% and 3% respectively

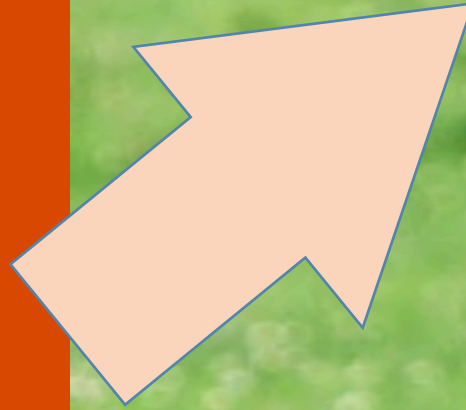


2.

Intra-Africa tourist arrivals remains relatively low compared to other regions...

In 2009, regional visitors accounted for 46% of all international tourist arrivals in the region compared to the global average of about 80%

...about four out of five worldwide arrivals originating from the same region. In 2013 for instance, 77% of international tourists travelled within their region (UNWTO, 2014).



### 3. Low Visitor Spending...

### Average visitor' spending in selected African destinations

...Whereas the global average spend per visitor has continued to rise from a low of US\$ 604 in 1990 to US\$ 1 066 in 2013, the figure for Africa has demonstrated a downward trend, declining from US\$ 684 in 2007 to US\$ 613 in 2013



...indicative of shorter lengths of stay, low-end visitors being attracted to the region, low priced products being availed to the market, or limited tourist product range that limits the visitor spending options.

Destinations	International Tourist Arrivals (1000)				International Tourism Receipts (US\$ Million)				Average visitor spend(US\$)			
Year	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
<b>World (million)</b>	948	995	1035	1087	931	1042	1078	1159	982	1047	1042	1066
<b>Africa</b>	49938	49646	52948	55799	30389	32680	34325	34216	609	658	648	613
<b>North Africa</b>	18756	17058	18464	19582	9661	9589	10018	10235	515	562	543	523
<b>Egypt</b>	14051	9497	11196	9174	12528	8707	9940	6044	892	917	888	659
<b>Morocco</b>	9288	9342	9375	10046	6703	7281	6703	6850	722	779	715	682
<b>Tunisia</b>	6902	4785	5950	6269	2645	1914	2227	2210	383	400	374	353
<b>SSA</b>	31181	32588	34484	36217	20728	23090	24307	23981	665	709	705	662
<b>Tanzania</b>	754	843	1043	-	1255	1353	1713	1880	1664	1605	1642	-
<b>Mauritius</b>	935	965	965	993	1282	1488	1477	1321	1371	1542	1531	1330
<b>South Africa</b>	8074	8339	9188	9510	9070	9547	9994	9238	1123	1145	1088	971
<b>Uganda</b>	946	1151	1197	1206	784	960	1135	1184	829	834	948	982
<b>Kenya</b>	1470	1750	1619	1520	800	926	935	-	544	529	578	-
<b>Zimbabwe</b>	2239	2423	1794	1833	634	662	749	851	283	273	418	464

A photograph of several wine bottles. The focus is on the necks of the bottles, which are wrapped in dark material. A string of decorative tassels is draped across the necks. The tassels are made of a textured material, with one being bright red and another being gold. The background is softly blurred, showing more bottles and warm, yellowish light.

# Diagnosing and Addressing the Bottlenecks...


# 1...Lack of prioritization

...despite the impressive multipliers and track record that tourism has demonstrated in Africa and elsewhere, a number of countries in Africa have not yet fully appreciated the economic and social importance of the sector

[See: the World Bank's 2013 report on Africa Tourism ]



Thus



Need for continued advocacy to convince policy makers of the sector's significance

## 2. Poor Treasury Support to Tourism

In most African countries, it is sad that the tourism sector gets the lowest budget even in countries where tourism is their mainstay. This poses a huge threat to the survival and eventual sustainability of the sector.

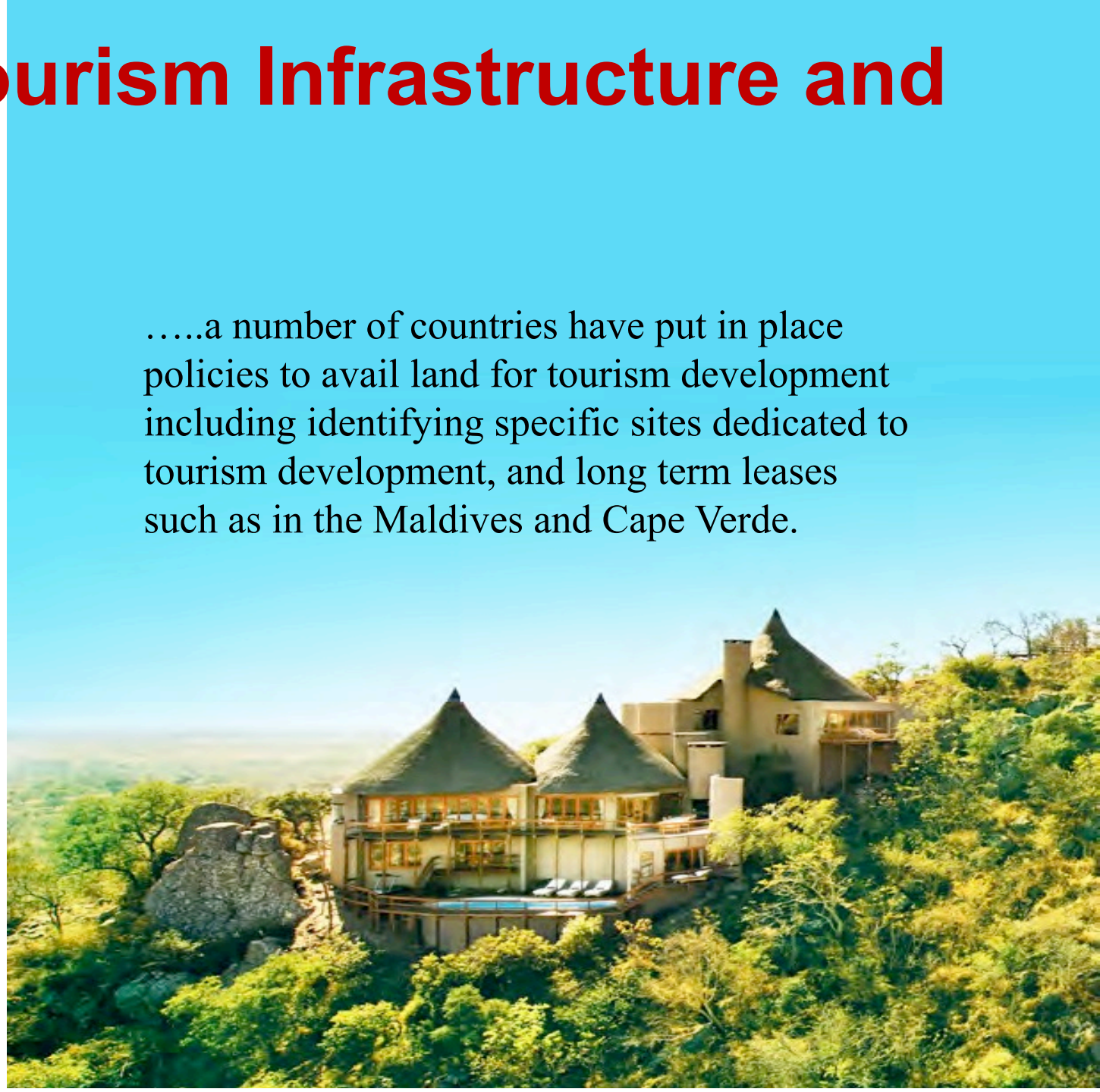


### 3. Underdeveloped Tourism Infrastructure and limited product range

Limited investment in tourism owing to...

unfavourable policy framework and investment environment including property rights, access to land for investment, insecurity, political instability (see: Ernst and Young, 2010).

.....a number of countries have put in place policies to avail land for tourism development including identifying specific sites dedicated to tourism development, and long term leases such as in the Maldives and Cape Verde.



## 4. Lack of timely and reliable tourism data affecting availability of important planning data input.

- Including...

basic data on international and domestic arrivals and departures, and tourist expenditures; data for different subsectors of the industry e.g. accommodation capacity, occupancy, room rates; small and medium-sized enterprises; capacity and performance of key attractions; and other decision making data such as market research, surveys, and system-atic monitoring (including benchmark development).

[see: World Bank's 2013 report on Africa's Tourism]





# 5...Poor Destination Accessibility

**Resulting from**

- **Poor Intra-African Air Connectivity**

There are very few flights connecting major cities in Africa. We need to overhaul the entire air transport system within Africa, and engender more airlines to fly within Africa.

- **Poor ground infrastructure network**
- **Restrictive, expensive and inefficient visa processes**



**Thankfully, the AU  
Agenda 2063  
seeks to address  
these challenges!**

# 6. Wide human resource capacity demand vs supply gap

For instance, the World Bank Group noted in 2010 that, though SSA has a large pool of young workers with more than 10 million new job seekers every year, the hotel and restaurant industry often suffers from a discrepancy between training supply and demand

- Same noted by the WEF TTCI



Region	Country	WEF Global rank out of 140 economies
North Africa	Egypt	99
	Morocco	72
SSA	South Africa	139
	Botswana	138
	Zimbabwe	134
	Kenya	124
	Nigeria	119
	Uganda	118
	Seychelles	85
	Mauritius	68

Table: Competitiveness of the T&T labour force quality in selected top African destinations [Source: W.E.F 2013 TTCI Report]

# 7...the challenge of price competitiveness.

a number of African destinations are faced with the challenge of price competitiveness particularly on flights and hotel accommodation.

- For instance, airfares and charter tours are more expensive when compared to other World regions (50% and 20-30% respectively) [World Bank 2013 report on African tourism]
- flights are almost 50 percent more expensive to SSA even where shorter distances were involved [Twining-Ward, 2010]
- the cost of tours to SSA is 25-35 percent higher than tours to other parts of the world [Twining-Ward, 2010]

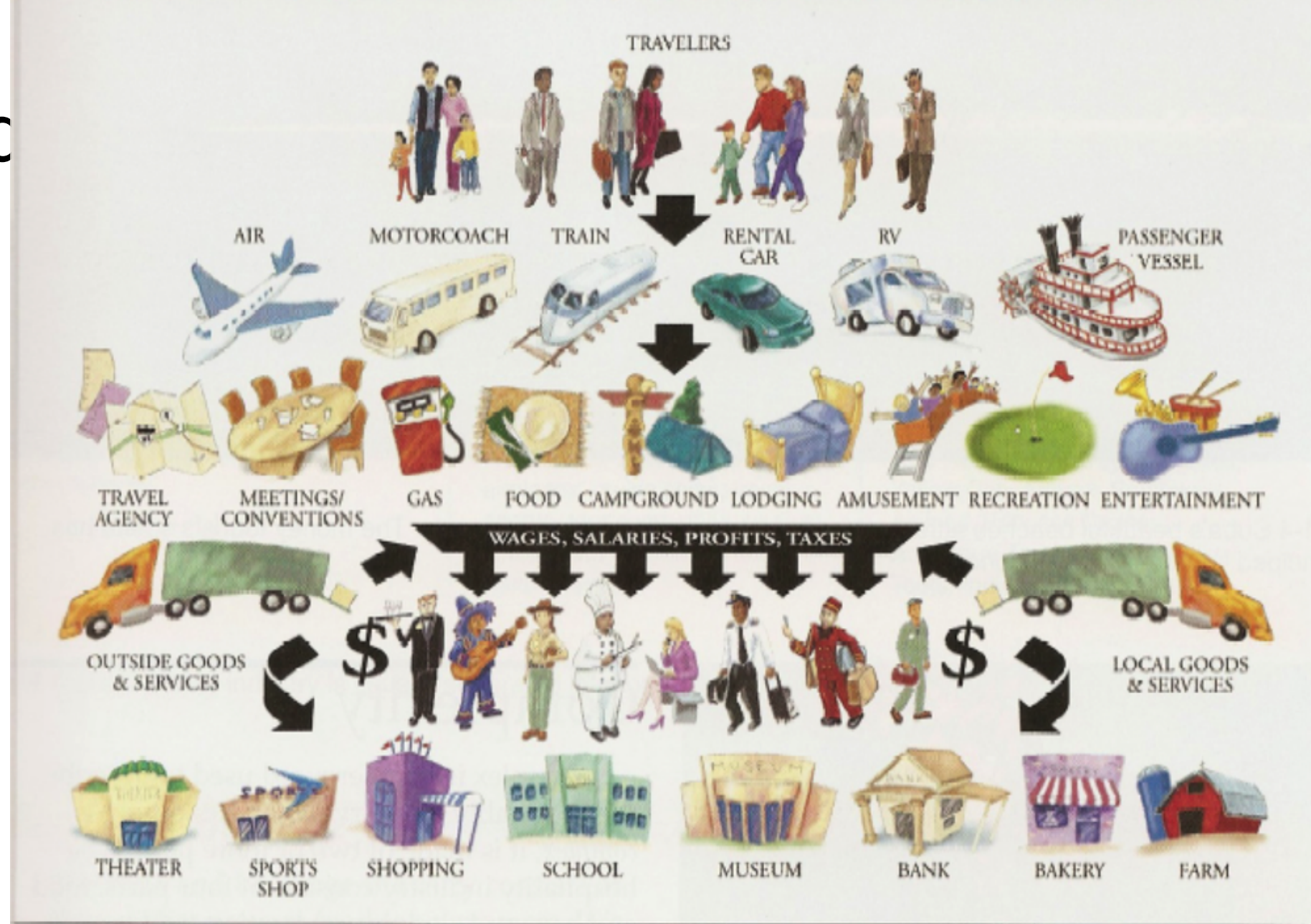
Why?

- lack of competition in the airline industry
- the need for imported goods and services
- high import duties (*need for local content policy?*)
- hotel development costs and the costs of debt financing which is usually passed on to the end consumer, resulting in higher room rates

[See: Ernst and Young, 2010]

# Going forward

Deliberate strategies to address the above challenges urgently needed **to unlock tourism potential in Africa** and **unlock the host of missed opportunities**



1-3 The money that tourists spend is important to the economy.

*The End*

**Thank you for  
your  
attention!!!**

