

**PAPER ON FINANCIAL AND ECONOMIC
PERSPECTIVES FOR SUSTAINABLE TOURISM
DEVELOPMENT
AT IIP 2ND AFRICAN CONFERENCE ON PEACE
THROUGH TOURISM: “ COMMUNITY TOURISM –
GATEWAY TO POVERTY REDUCTION”**

INTRODUCTION

I wish to begin my presentation by discussing a few elements of cooperation in tourism in the East African Region. The identified priority areas in the East African Community include tourism and Wildlife Conservation. The importance of Tourism and Wildlife conservation stems from the fact that the source of foreign exchange for the three EAC partner States.

According to the EAC Development strategies of 1997-2000 and 2001-2005, if well managed and developed, this sector could become a direct and indirect sources of economic growth and development due to the inter-linkages the sector has with the rest of the economy.

While searching for conducive climate to foster tourism activities in mutually beneficial manner, the effects of liberalisation and globalisation of the world economy on the sector must be simultaneously examined. Mindful of the expected World Trade Organisation (WTO) liberalisation of international trade in goods and services, the EAC must get prepared for eventual and obvious competition as a result of globalised economy.

Considering the potential of tourism in generating employment, foreign exchange, its positive linkage with industry, agriculture, transport etc. and the implications of WTO agreements, regional cooperation in the development and promotion of tourism should, therefore, receive great attention.

The present level at which tourism is in terms of its performance and contribution to GDP could be raised substantially if joint measures are taken. It is important to note that the major benefit of the three countries is the complementarity in their tourism assets and amenities, which are not optimally utilised.

It is clear that the number of tourists coming to East Africa is not commensurate with the existing tourist attraction sites.

In order to increase the number of tourists, the thrust of the tourism strategy should be to make tourists satisfied with the services offered i.e. comfort of travel, comfort in hotel accommodation and the excitement of the sites that they visit. Behind this strategy are the increased business activities for the people and this means an increase in employment opportunities and income.

GLOBAL TRENDS

Tourism is one of the largest industries in the world (World Tourism Organization [WTO], 1998), and it continues to grow. From 1950 through 1998 international tourist arrivals have increased 25 fold, whereas the corresponding receipts from tourists have increased 211 fold worldwide. On the other hand, employment in tourism worldwide has shown a corresponding increase. In addition to the dramatic

increase in international tourist arrivals, per capita expenditures of these tourists have also increased. With rising income levels, more leisure time, increases in life expectancy, advances in technology, and the shrinking of travel time, international tourism is still expected to continue to grow in the current millennium.

TOURISM WINGS

Tourism is a multifaceted sector and can therefore be classified into a variety of areas, to include:

- Tourism as a human experience,
- Tourism as a social behavior,
- Tourism as a geographic phenomenon,
- Tourism as an economic resource,
- Tourism as an industry, and
- Tourism as a business.

We in the East African Community do indeed recognise all the above various categories as being of key potential in all aspects of development in the region, as we endeavour to coordinate, harmonize and facilitate the joint utilisation and development of the national tourism sectors of the three Partner States of the Community.

Why Tourism

Irrespective of its diverse impacts we focus on tourism because we are convinced it has a significant influence not only on the institutions, people and facilities that are engaged in tourism activities but also on the local host communities. We are more particularly interested in tourism key positive characteristics, which include the following:

- (i) Tourism is a labour intensive industry, which generates employment opportunities at semi-skilled, technical and managerial levels. This is a very important aspect as most of the labour force in East Africa is non-skilled.
- (ii) Tourism consists of predominantly small-scale businesses, in spite of the fact that there has been increasing investment and involvement in the sector by multinationals and local medium size and some big-size companies,
- (iii) Tourism is a relatively decentralized industry that is highly capable of diversifying regional economies, and hence is more suitable in affording the region equitable development.
- (iv) Tourism is a relatively less-pollutant industry, which if properly managed, can enhance the conservation and promotion of our natural and cultural heritage,
- (v) Tourism is an important vehicle for promoting cultural exchanges that enhance international understanding and goodwill among the diverse peoples of the world. I think

this line of understanding is the basis upon which we strongly and entirely agree with our partners in development, globally, and essentially with IIPT that indeed we can all enhance peace and development via tourism.

- (vi) Inherently, tourism activities act as catalysts for the development of other sectors of the economy – i.e. tourism provide strong forward and backward linkages, and is therefore conducive in inducing macroeconomic incentives and motivations for development in the region.

ROLE OF TOURISM IN REGIONAL ECONOMIC DEVELOPMENT

Our view on the role of tourism in regional economic development is quite an optimistic one, and is based on the World Tourism Organization (WTO) forecasts and trends on international tourism up to 2020. While international tourist arrivals are reported to have increased from approximately 25 million in 1950 to 625 million in 1998, worldwide, which is an increase of 2,500 percent, a WTO¹ survey envisions that:

- (i) International tourism arrivals worldwide by 2020 will be 1.6 billion, with spending in excess of 2 trillion U.S. dollars;
- (ii) The percentage of the traveling population involved in international travel will increase from 3.5% in 1998 to 7% by 2020;

¹ WTO, 1998a

- (iii) Europe will continue to be the largest international tourism region, although by 2020 its market share will have been eroded significantly;
- (iv) By 2020 China will become the largest receiver of international tourists;
- (v) Among the various international tourism market segments, eco-tourism, cultural tourism, theme-based tourism, adventure tourism, and the cruise tourism will grow in importance; and
- (vi) Tourism as a sector will grow at a faster rate than all other sectors in the global economy.

In East Africa, growth in tourism activities has led to increased demand for goods and services in the agricultural, textiles, beverage, transport and communications, manufacturing and entertainment sectors in all the three Partner States of the East African Community.

Among other things therefore, tourism plays and will continue to play the following key roles in the economic development of the region:

Contribution to GDP

For example, in Tanzania and Uganda, earnings from tourism accounted for 7.5% and 4.5% of GDP, respectively, while its contribution stood at 11% of GNP in Kenya, in the second half of the 1990s.

Employment Creation

The industry is labour intensive and hence its expansion generates more job opportunities than an equivalent expansion in other sectors of the economy. It is estimated that well over 100,000 people in Kenya are currently deriving their livelihood from tourism. In Tanzania, tourism sector is estimated to directly support over 50,000 jobs, while in Uganda about 10,000 people are employed in the hospitality industry.

Tourism earnings

Foreign exchange earnings have been increasing steadily over the past ten years representing an appreciable growth rate. While tourism is sensitive to the level of economic activity in the tourist generating countries, it provides higher and stable earnings than those from primary products.

Tourism and Development of Infrastructure

The benefits accruing from investments in such infrastructure and superstructure as airports, hotels and restaurants, road networks, communications, power and water supply as well as other related public utilities are widely shared with other sectors of the economy, resulting into greater economic efficiency.

Tourism and Regional Development

Tourism has been cited as a major promoter of international goodwill and understanding as well a prime means of developing social and cultural understanding on the local level. The industry contributes significantly to international commerce and also in enhancing good

relations between East African countries and the rest of the world. Tourist get to know more about the cultures of the people of East Africa, their history, their environment, the languages, their foods and general way of doing things which, overall, contribute enormously towards enhancing world peace and understanding.

SUSTAINABLE TOURISM DEVELOPMENT

The concept of sustainable tourism was introduced in response to the publication of the Bruntland Report (1990), and the ensuing debate on sustainable development, which stated thus:

“ Sustainable tourism development can be thought of as meeting the needs of present tourist and host regions while protecting and enhancing opportunity for the future. ... Sustainable tourism development is envisaged as leading to management of all resources in such a way that we can fulfil economic, social and aesthetic needs while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems”.

This definition clearly calls upon all involved to ensure that in the long term there is need to strike a balance between a development strategy which uses tourism as a motor of economic growth and one which emphasises the preservation of the environmental resource base.

FINANCIAL AND ECONOMIC PERSPECTIVES

A truly sustainable tourism development strategy must therefore create accountability of the tourism industry to the locally defined development visions and objectives. Such development should be such that it benefits the local communities that serve as tourist destinations through increased positive contribution of tourism business and consumption activity, where reduced tourism's negative impacts that accompany such development.

There are different problem areas of the interaction between tourism and sustainable development. In East Africa, and indeed in most regions of the world, we find complex forms of interaction regarding:

- (a) Tourism as a macro-economic factor, having increased its importance as a consequence of structural adjustment and the opening of national economies;
- (b) The conservation of nature as a precondition for nature tourism, but also profiting from income derived from tourism; and
- (c) The interests and attitudes of the local population, being integrated or disregarded in different cases of tourism development.

Among other effects, tourism development may cause interruption of local customs and lifestyles, lead to spread of infectious diseases, cause changes in local demographics, and tilt the local housing and labour markets. These are though socio-economic processes totally

independent of tourism, like rapid population growth, urbanisation and industrialisation, which may also degrade tourism resources. This situation is sometimes aggravated by the fragility of the natural and social environment in which tourism is nurtured and developed.

Moreover, it is important to note that tourism as an economic sector has the ability to evolve and manage the negative effects due to its capacity to create wealth, build inter-personal relations and transfer to knowledge, impacts that are normally recorded over time.

The sensitive tourism development issues that need to be addressed in order to ensure sustainable tourism development include among others:

- (a) Inequitable distribution of tourism revenues and in some cases displacement of pre-existing local settlements by tourism developments;
- (b) Equal access to local coastal and recreational resources;
- (c) Concerns related to lack of foreign tourist sensitivity to cultural traditions and sites.

A truly sustainable tourism development strategy must therefore create accountability of the tourism industry to the locally defined development visions and objectives.

It is worth noting that even the most recent and more attractive form of tourism known as “eco-tourism”, does not fully appeal to the concept of sustainable development. This is so because eco-tourism can be a major source of degradation to the local ecological, economic and social systems. For example, the intrusion of large

numbers of foreigners with high-consumption and high-waste habits into natural areas, or into towns with inadequate waste management infrastructure, about which is eco-tourism, can degrade the natural areas at a more faster rate that is far much greater than that caused by the host communities themselves.

Green tourism, in contrast to “eco-tourism”, which relies on travel to distant locations, seeks to provide recreational attractions and hospitality facilities to local people within their local regions, thereby reducing tourism-related travel. While green tourism has the positive economic effect of stimulating local economic activity, it reduces the flow of foreign currency to developing nations and any resulting economic benefits that may accrue to developing towns and cities from these revenue flows.

Moreover, the costs and benefits of promoting conservation and tourism and the conflicts, dichotomies and antagonism generated by this policy may be symbolized by notches of interdependencies between positive and negative effects on population, conservation and tourism.

Overall, one thing is certain: An intact and protected environment is a prerequisite for tourism development in many countries, the East African region being no exception. But also, various studies have shown that tourism, as an efficient income, employment and foreign exchange generating factor, will remain a necessary instrument for environmental protection.

Solutions to tourism-related pollution in the travel and tourism industry are technologically available. Overcoming economic barriers

to their implementation may require government regulation, the development of economic instruments and industry self-regulation.

On the other hand, financing sustainable tourism development should be a shared responsibility of all stakeholders. Partnerships may be created to empower different players to access much-needed financial envelopes for establishment and strengthening of viable business.

While financial, credit and insurance houses would traditionally be looked upon to provide life in the industry, it is equally a responsibility of tourism promoters and income generating activities as a result of tourism product consumption to support its development.

Rentals could be very useful especially in respect to transportation, conference facilities as well as cultural in- and outdoor activities. Returns on such rentals could be used to finance tourism development in areas vulnerable to changes due to internal and external factors such as cultural values and maintenance of constructive engagement in case of conflict prone regions. Peace is the pillar and fundamental prerequisite for flourishing and sustainable tourism development. Investment in the institutions that propagate and promote peace would be a welcome move and should be encouraged.

CONCLUSION

There is no doubt that tourism will continue to play a major role in the world economy. We must have faith that properly planned tourism will be a positive factor in national development; creating challenging employment and distributing wealth to all sectors of society. It will have flow-through effects and will serve as a catalyst for growth in other sectors such as agriculture, transportation and construction. These positive effects will be substantially enhanced if tourism is planned and co-ordinated on a regional basis in case of the East African Community.

N C Weggoro
East African Community
Arusha
Tanzania
E-mail: weggoro@eachq.org; cweggoro@yahoo.com
Telephone: +255 272504253/58